



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and City Council **DATE:** May 9, 2022

FROM: Matthew Bronson, City Manager

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SUBJECT: Introduction, First Reading, and Public Hearing of an Ordinance to Amend the Grover Beach Municipal Code Article III (Public Welfare, Morals & Conduct), Chapter 18 (Commercial Cannabis Activity) to Allow for Onsite Cannabis Consumption Areas

RECOMMENDATION

Introduce and conduct a public hearing and first reading, by title only, an Ordinance amending the Grover Beach Municipal Code (GBMC) Article III (Public Welfare, Morals & Conduct), Chapter 18 (Commercial Cannabis Activity) to allow for onsite cannabis consumption areas and schedule the second reading and adoption of the Ordinance at the next regularly scheduled City Council meeting.

BACKGROUND

On May 10, 2021, the Council received an update on several policy issues related to the commercial cannabis industry including consideration of onsite consumption at existing retail sites in the City, following requests from existing retailers. The Council expressed interest in allowing existing cannabis retailers to operate onsite cannabis consumption areas and directed staff to return with additional information. In response to this interest, staff identified several policy and regulatory issues for Council input and policy direction.

Staff returned to the Council on January 10, 2022 and received input and direction regarding the allowance of on-site cannabis consumption areas, tax collection, and other clean-up items from a proposed ordinance amendment. Since that meeting, the California Department of Cannabis Control (DCC) has release draft rules and regulations and adopted other regulations and definitions necessitating an update of definitions and other areas of the existing commercial cannabis activities ordinance. The proposed ordinance amendments are discussed below.

Chapter 18 – Commercial Cannabis Activity

The sections proposed to be updated to Article III, Chapter 18 are provided by section number with a brief description of the proposed amendment. The ordinance also contains minor edits for consistency and grammatical purposes. Below is a summary of these proposed amendments:

Section 4000.20. Definitions

This section is amended to add new provisions to allow on-site consumption areas within the existing retail spaces. Other amendments provide definitions for premise, permittee, and other terms utilized in the implementation of the ordinance, in addition to alignment of new rules and

regulations by the State that further define the processes for infusion, selling, and self-service display. These definitions have been updated for purposes of consistency with State law.

Section 4000.30. Cannabis activity prohibited in any zone other than authorized in Chapter 4 of Article IX of the Grover Beach Municipal Code and personal possession and cultivation

This section is amended to clarify that the use of “hoop houses” and other temporary growing structures are not permitted for personal cannabis cultivation on residential properties, as the City Council has previously provided direction that outdoor cultivation is prohibited for personal use.

Section 4000.40. License and Permits

Based on direction from the Council, the proposed amendment to this section would establish July 1 of each year as the annual date for renewing commercial cannabis permits rather than the renewal date being set on the date the permittee received their initial commercial cannabis permit. This would assist businesses and staff by creating an annual date which is more easily tracked and coincides with the annual payment of the cannabis regulatory fee.

Section 4000.50. Security Measures

Proposed amendments include clarification that the Police Chief will manage and execute security measures, which is currently managed by the City Manager. This proposed amendment allows for the Police Chief to execute these measures as they are more familiar with day-to-day operations. Additional language is added to regulate self-service kiosks and prohibit firearms on premises.

Section 4000.51. Cannabis Consumption Areas.

Based on Council direction, this proposed new section addresses the ability for the four existing cannabis retailers to allow for ancillary, onsite consumption areas where customers can purchase and consume cannabis products. Proposed regulations include:

- Must be connected to or within an existing retail space.
- Prohibition of the sale and consumption of alcohol.
- Consumption area to close to new customers one hour prior to close, with consumption to cease 30 minutes before close (similar to a last call).
- Consumption area access is restricted to 21 years of age or older, no exceptions.
- Retailers cannot force an employee to enter any designated “smoking areas” as a condition of their employment.
- Retailers are to make arrangements for safe transportation for intoxicated customers.
- Retailers must comply with California retail food code for pre-packaged food items.
- Retailers are required to ensure employees are trained and identify impairment in customers, or when a customer has consumed too much and establish procedures on ensuring safe transport.

Section 4000.52. Cannabis Consumption Areas Building and Construction Standards.

This section establishes standards for the construction of cannabis consumption areas including requirements for ventilation systems, separation of retail and consumption spaces, and regulations for the operation of outdoor consumption areas. Proposed standards include:

- Separate ventilation systems to ensure air is not re-circulated into other retail areas
- Air must be directly exhausted to the outside and utilize a filtration system that eliminates odor and smoke.
- Consumption areas must be completely separated from the remainder of the retail areas through, walls, doors, etc.

- Outdoor consumption area performance standards including outdoor ventilation systems and must not be visible from the public right of way.

Section 4000.53. Cannabis Special Events Permit

The currently operating retailers have held various small events including anniversaries, sales, and other small on-site events that are limited to an issuance of a Temporary Use Permit. The State has recently finalized regulations to allow “special events” through special state licenses where people can sell and consume cannabis onsite. A Commercial Cannabis Event organizer license is required to be issued by the State. The existing retailers have inquired about holding such events over a 1-2 day period which is currently not permitted in the ordinance. The proposed amendment would allow such events to take place, on private property, with additional regulations regarding security, and other review protocols similar to the existing special event permit.

Section 4000.200. Operating Requirements for All Commercial Cannabis Uses.

Amendments to this section provide for consistency with proposed onsite consumption areas. Other amendments to this section include alignment of permit renewal requirements.

ALTERNATIVES

The Council has the following alternatives to consider:

1. Introduce and conduct first reading, by title only, an Ordinance amending the Grover Beach Municipal Code (GBMC) Article III (Public Welfare, Morals & Conduct), Chapter 18 (Commercial Cannabis Activity) to allow for onsite cannabis consumption areas and schedule the second reading and adoption of the Ordinance at the next regularly scheduled City Council meeting.; or
2. Provide direction for additional language, if necessary, for the Commercial Cannabis Activity Ordinance; or
3. Provide alternative direction.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act and a notice was advertised in the *New Times* on April 28, 2022. In addition, a notice was sent to all property owners within 300 feet of the four retailers given the Council’s direction to provide additional notice beyond what is required for ordinances.

Attachments

1. Ordinance
2. Correspondence

ORDINANCE NO. 22-

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GROVER BEACH AMENDING CHAPTER 18, ARTICLE III OF THE GROVER BEACH MUNICIPAL CODE AMENDING SECTION 4000.20, SECTION 4000.30, SUBSECTION (A) OF SECTION 4000.40, ~~SUBSECTION (A) AND SUBSECTION (D) OF SECTION 4000.50, SUBSECTION (A) OF SECTION 4000.60, SECTION 4000.70, SECTION 4000.160, SUBSECTION (A), (E), (I) OF SECTION 4000.200~~, AND ADDING NEW SECTIONS 4000.51, 4000.52, AND 4000.53 TO MAKE REVISIONS CONSISTENT WITH RECENT STATE LAW CHANGES AND ENACT REGULATIONS REGARDING ON-SITE CONSUMPTION AREAS AND SPECIAL COMMERCIAL CANNABIS EVENTS.

WHEREAS, the City of Grover Beach is a General Law city organized pursuant to Article XI of the California Constitution; and

WHEREAS, pursuant to the authority granted the City by Article XI, Section 7 of the California Constitution, the City has the police power to adopt regulations designed to promote the public convenience or the general prosperity, as well as regulations designed to promote the public health, the public morals or public safety; and

WHEREAS, comprehensive zoning regulations and regulations upon the use of land, businesses and property lie within the City's police power; and

WHEREAS, the Federal Controlled Substances Act, 21 U.S.C. Sections 801 et seq. classifies marijuana as a Schedule 1 Drug and makes it unlawful, under federal law, for any person to cultivate, manufacture, distribute, dispense, or possess with intent to manufacture, distribute or dispense, marijuana (cannabis); and

WHEREAS, the Federal Controlled Substances Act contains no exemption for the cultivation, manufacture, distribution, dispensation or possession of cannabis for medicinal purposes or otherwise; and

WHEREAS, notwithstanding federal law, in 1996, the voters of the State of California approved Proposition 215 (codified as California Health and Safety Code Section 11362.5 and titled the "Compassionate Use Act of 1996"), the intent of Proposition 215 being to enable persons who are in need of marijuana for medical purposes to be able to obtain and use it without fear of state criminal prosecution under limited, specified circumstances; and

WHEREAS, in 2004, Senate Bill 420 was enacted (codified as California Health and Safety Code Section 11362.7 et seq. and titled the "Medical Marijuana Program Act" to clarify the scope of the Compassionate Use Act of 1996 ("CUA"); and

WHEREAS, the Medical Marijuana Program Act ("MMPA") promulgates rules wherein counties and cities can adopt and enforce rules and regulations consistent with its provisions; and

WHEREAS, in 2011, Assembly Bill 2650 was enacted (codified as California Health and Safety Code Section 11362.768) affirming that counties and cities can under state law adopt ordinances that control and restrict the location and establishment of a medical marijuana cooperative, collective, dispensary, operator, establishment, or provider; and

WHEREAS, in 2015, California enacted three bills – Assembly Bill 243; Assembly Bill 266; and Senate bill 643 – that collectively established a comprehensive state regulatory framework for the licensing and enforcement of cultivation, manufacturing, retail sales, transportation, storage, delivery, and testing of medicinal cannabis in California. This regulatory scheme was known as the Medical Cannabis Regulation and Safety Act (MCRSA); and

WHEREAS, In November, 2016, Proposition 64 was enacted and entitled “The Adult Use of Marijuana Act” (“AUMA”) (codified as amendments to California Health and Safety Code, Business and Professions Code, Revenue and Taxation Code and Food and Agricultural Code). The intent of Proposition 64 being to establish a comprehensive system to decriminalize, control and regulate the cultivation, processing, manufacturing, distribution, testing, and sale of nonmedical marijuana, including marijuana products, for use by adults 21 years and older, and to tax the commercial growth and retail sale of marijuana, as well as other marijuana related activities; and

WHEREAS, June 27, 2017, the State Legislature adopted the State Budget along with a number of trailer bills including Senate Bill no. 94 which enacted “The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA). This bill repealed MCRSA and included certain provisions of MCRSA in the licensing provisions of AUMA. Under this bill, these consolidated provisions make up the MAUCRSA and includes the regulations for both medical and nonmedical cannabis uses; and

WHEREAS, Sections 26054 and 26200 of the California Business and Professions Code establishes regulations for setback requirements for Commercial Cannabis Activity consistent with local regulations and again affirming that counties and cities can under state law adopt ordinances that control, restrict or ban the location and establishment of any Commercial Cannabis Activity licensed under MAUCRSA; and

WHEREAS, the California Supreme Court held in *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.* (2013) 56 Cal. 4th 729, 753 (“*Inland Empire*”) that the objectives of the CUA and MMPA were modest and that those acts did not create a broad right to access medical marijuana, and *Inland Empire* goes on to provide that neither the CUA nor the MMPA “expressly or impliedly preempts the authority of California cities and counties, under their traditional land use and police powers, to allow, restrict, limit, or entirely exclude” the distribution of medical marijuana. (Id. At p. 762.); and

WHEREAS, the Court of Appeal, Third Appellate District, held in *James Maral, et al. v. City of Live Oak* (2013) 221 Cal.App.4th 975, that the reasoning of *Inland Empire* applies to the cultivation of medical marijuana as well as its distribution, as both are addressed in the CUA and the MMPA; and

WHEREAS, with limited exceptions, neither the Compassionate Use Act (CUA), the Medical Marijuana Program Act (MMPA), the Medical Cannabis Regulation and Safety Act (MCRSA), the Adult Use of Marijuana Act (AUMA) or the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) require or impose an affirmative duty or mandate upon local governments to allow, authorize or sanction the establishment and the operation of facilities for distribution, cultivation, manufacturing or processing medical or non-medical marijuana within its jurisdiction, and

WHEREAS, notwithstanding the comprehensive nature of both the Adult Use of Marijuana Act and the Medicinal and Adult-Use Cannabis Regulation and Safety Act, both Acts under state law protect the ability of local entities to maintain reasonable control over medical and non-medical marijuana activities; and

WHEREAS, the City Council desires to establish reasonable land use controls and reasonable regulations on the operation of cannabis related businesses and personal use which are intended to operate in conjunction with the City of Grover Beach Development Code's land use regulation and which are intended to address the negative impacts and nuisance impacts of cannabis-related businesses and use; and

WHEREAS, mindful of the fact that marijuana possession and use is prohibited under federal law and partially decriminalized under state law, it is the Council's intention that nothing in this ordinance shall be construed, in anyway, to expand the rights of anyone to use or possess marijuana under state law; engage in any public nuisance; violate federal law, or engage in any activity in relation to the cultivation, distribution, testing or consumption of cannabis that is otherwise illegal. It is further the intent of the City Council of the City of Grover Beach to maintain local control over these matters to the fullest extent permitted by law; and

NOW THEREFORE, BE IT HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF GROVER BEACH AS FOLLOWS:

PART 1. Section 4000.20 of Chapter 18, Article III of the Grover Beach Municipal Code, Commercial Cannabis Uses, is hereby amended as follows:

Section 4000.20. Definitions. When used in this Chapter, the following words shall have the meanings ascribed to them in this section. Any reference to California statutes includes any regulations established thereunder and is deemed to include any successor or amended version of the referenced statute or regulatory provision.

(A) "Accrediting body" means a nonprofit organization that requires conformation to ISO/IEC 17025 requirements and is a signatory to the International Laboratory Accreditation Cooperative Mutual Recognition Arrangement for Testing.

(B) "Applicant" for purposes of this ordinance means an Owner applying for or renewing a local Commercial Cannabis Permit.

(C) "Branded merchandise" means clothing, hats, pencils, pens, keychains, mugs, water bottles, beverage glasses, notepads, lanyards, cannabis accessories, or other types of merchandise approved by the Bureau with the name or logo of a commercial cannabis business licensed pursuant to the Act. Branded merchandise does not include items containing cannabis or any items that are considered food as defined by Health and Safety Code section 109935.

(D) "Cannabis" means all parts of the Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from marijuana. "Cannabis" also means marijuana as defined by Section 11018 of the California Health and Safety Code as enacted by Chapter 1407 of the Statutes of 1972. "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacturing, salt, derivative, mixture, or preparation of the mature stalks (except

the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Chapter, "Cannabis" does not mean industrial hemp as that term is defined in Section 11018.5 of the California Health and Safety Code.

(E) "Cannabis accessories" as defined in Health and Safety Code section 11018.2. means any equipment, products or materials of any kind which are used, intended for use, or designed for use in planting, propagating, cultivating, growing, harvesting, manufacturing-compounding, converting, producing, processing, preparing, testing, analyzing, packaging-repackaging, storing, smoking, vaporizing, or containing cannabis, or for ingesting, inhaling, or otherwise introducing cannabis or cannabis products into the human body.

(F) "Cannabis concentrate" means manufactured cannabis that has undergone a process to concentrate the cannabinoid active ingredient, thereby increasing the product's potency. An edible cannabis product is not considered food, as defined by Section 109935 of the California Health and Safety Code, or a drug, as defined by Section 109925 of the California Health and Safety Code.

(G) **"Cannabis Consumption Business Permit" means an annual permit issued by the City of Grover Beach to a Permittee allowing for the consumption of cannabis and cannabis products in a designated consumption area located on a state and locally licensed type 10 (Retail) or type 12 (Microbusiness) premise.**

(H) "Cannabis Product" as used in this Chapter means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, edible, topical or other product containing cannabis or concentrate cannabis and other ingredients.

(I) "Certificate of Accreditation" means a certificate issued by an accrediting body to a licensed testing laboratory, entity, or site to be registered in the state and permitted by the City.

(J) "Commercial Cannabis Activity" or "Commercial Cannabis Use" includes cultivation, nursery, possession, manufacture (Level one and two), processing, storing, laboratory testing, labeling, retailers and microbusinesses including wholesale and retail sale of cannabis or a cannabis product **or an ancillary consumption area located on a retail or microbusiness premise** distribution, transportation and approved licenses enumerated and defined within Division 10. Chapter 1 (commencing with Section 26000) of the California Business and Professions Code, and ultimately issued a "A-Type" or "M-Type" license consistent with Section 26050 (b) of the California Business and Professions Code, as amended.

(K) "Commercial Cannabis Business" means any business or operation which engages in Commercial Cannabis Activity.

(L) "Commercial Cannabis Permit or Permit" means a permit issued by the City of Grover Beach pursuant to this Chapter to a Commercial Cannabis Business that authorizes a Person to conduct Commercial Cannabis Activity within the City.

(M) **Cannabis Consumption Permit" means a Cannabis Consumption Business Permit or a Cannabis Consumption Special Event Permit.**

(N) **Cannabis Consumption Special Event Permit" means a permit issued by the City Manager to a Permittee or entity allowing for the consumption of cannabis or cannabis products during a Special Event, as defined in Article III of the Grover Beach Municipal Code, or during any event in which a Designated Cannabis Consumption Area may be temporarily located on private property.**

(O) **"Consuming" or "Consumption" means smoking, vaping, eating, drinking, chewing, applying topically or otherwise ingesting.**

(P) "Cultivation" means any activity involving the propagation, planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

(Q) "Cultivation site" means a facility where cannabis is propagated, planted, grown, harvested, dried, cured, graded, or trimmed, or that does all or any combination of those activities, that holds a valid state license pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA).

(R) **Customer** has the meaning set forth in Section 26001 of the California Business and Professions Code, as may be amended from time to time.

(S) "Delivery" means the commercial transfer of cannabis or cannabis products to a customer. "Delivery" also includes the use by a retailer of any technology platform owned and controlled by the retailer.

(T) **Designated Cannabis Consumption Area** means a designated area on the premises of a Cannabis retailer or microbusiness where customers may smoke or consume cannabis.

(U) **Designated Cannabis Consumption Area Ventilation System** means a ventilation system capable of removing all detectable odors, smoke and by-products of combustion.

(V) "Dispensing" means any activity involving the retail sale of cannabis or cannabis products from a licensed retailer (State license Type 10) or a microbusiness with a retail use. (State license type 12).

(W) "Distribution" means the procurement, sale, and transport of cannabis or cannabis products between entities licensed pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act as amended.

(X) "Distributor" means a Person licensed under the Medicinal and Adult-Use Cannabis Regulation and Safety Act to engage in the business of purchasing cannabis from a licensed cultivator, or cannabis products from a licensed manufacturer, for sale to a licensed retailer or microbusiness.

(Y) "Dried flower" means all dead cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.

(Z) "Edible cannabis product" means manufactured cannabis that is intended to be used, in whole or in part, for human consumption. An edible cannabis product is not considered food as defined by Section 109935 of the California Health and Safety Code or a drug as defined by Section 109925 of the California Health and Safety Code.

(AA) **Firearm** means any device as defined in California Penal Code 16520, as may be amended from time to time.

(BB) "Good Cause" for purposes of refusing or denying an initial application for a Commercial Cannabis Permit, **for suspending or** revoking a Commercial Cannabis Permit, or for refusing or denying renewal or reinstatement of a Permit, or for Rating Applicants for purposes of issuance of a Permit means:

- (1) The Applicant has violated any of the terms, conditions or provisions of this Chapter, of State Law, or any regulations and rules established pursuant to State Law, any applicable rules and regulations, or any special terms or conditions placed upon its Use Permit, State License or Local Permit;
- (2) Failure to provide information required by the City of Grover Beach;
- (3) The Permitted Premises have been operated in a manner that adversely affects

- the public health, safety or welfare or the safety of the immediate neighborhood in which the establishment is located;
- (4) The Applicant has knowingly made false or misleading statements, misrepresentations or material omissions as part of an interview process, on an application form to request issuance of a Permit or renewal form, or any other document submitted to the City;
 - (5) The Commercial Cannabis Business is not created, organized or operated in strict compliance with all applicable laws and regulations;
 - (6) The Applicant fails to meet the requirements of this Chapter, or the conditions of the Use Permit;
 - (7) The operation of the proposed Commercial Cannabis Business at the proposed location is prohibited by a state or local law or regulation;
 - (8) The **City Manager Council** has found consistent with Section 4000.160 that the Applicant's criminal history reflects a conviction of an offense that is substantially related to the qualifications, functions or duties of the business or profession for which the application is made and has found the Applicant is not suitable for issuance of a Permit;
 - (9) The Applicant was found to have a felony or misdemeanor conviction involving fraud, deceit, embezzlement, dishonesty, violent behavior, moral turpitude or **has** committed crimes serving as a basis for denial of a Permit consistent with Section 4000.160. A conviction within the meaning of this section means a plea or a guilty verdict, a conviction or diversion following a plea of nolo contendere or a conviction later expunged by the court;
 - (10) The Applicant was found to have a felony or misdemeanor conviction for hiring, employing, or using a minor in transportation, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 - (11) The Applicant was found to have a felony or misdemeanor conviction for drug trafficking with enhancements pursuant to Section 11370.4 or 11379.8 of the Health and Safety code.
 - (12) The Applicant is employing or being financed in whole or in part by any Person whose criminal history indicates that Person would not be issued a Permit consistent with Section 4000.160 of this Chapter;
 - (13) The Applicant or their employees fail to allow inspection of the business facilities, security recordings, activity logs, or business records of the Permitted Premise by City Officials;
 - (14) The Applicant's business is owned by, or has an officer or director who is a licensed physician making recommendations for Medical Cannabis;
 - (15) The Applicant has had a local Permit or State Cannabis License revoked or has had more than one suspension on its local Permit by the City; or
 - (16) The Applicant operated or is operating a Commercial Cannabis Business in violation of Section 4000.40 of this Chapter;
 - (17) The Applicant or the operator listed in the application is less than twenty-one (21) years of age.

(CC) **Hoop House” means the use of a structure with structural members that are made of flexible and somewhat rigid construction materials, typically PVC pipe or similar material. The ends may be covered or left open and the material covering the structural**

members is readily removable and is typically removed and re-affixed frequently.

(DD) "Greenhouse" means a structure with walls and roof made primarily of transparent material, such as glass, in which plants requiring regulated climatic conditions are grown.

(EE) **"Infuse" means a process by which cannabis, cannabinoids, or cannabis concentrates are directly incorporated into a consumable product or incorporated into a product formulation to produce a cannabis product.**

(FF) **"Intoxicated" means someone who under the influence of alcohol or drug(s) as defined in California Penal Code Section 647(f) and as amended from time to time.**

(GG) "License" means the issuing of a license by the State of California, or one of its departments or divisions, under the Medicinal and Adult-Use Cannabis Regulation and Safety Act to engage in Commercial Cannabis Activity.

(HH) "Live plants" means living cannabis flowers and plants, including seeds, sprouts, immature plants (including unrooted clones), and vegetative stage plants.

(II) "Manufacturer" means a Person that conducts the production, preparation, propagation, or compounding of manufactured cannabis, as defined in this section, or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its container, that holds a valid state license pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act.

(JJ) "Manufactured cannabis" means raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate or manufactured product intended for internal consumption or topical application.

(KK) "Manufacturing site" means a location that produces, prepares, propagates, or compounds cannabis or cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and is owned and operated by a Person issued a license by the State of California, or one of its departments or divisions, for these activities.

(KK) "Medical cannabis", "medical cannabis product," or "cannabis product" means a product containing cannabis, including, but not limited to, concentrates and extractions, intended to be sold for use by medical cannabis patients in California pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the California Health and Safety Code (as the same may be amended from time-to-time). For purposes of this Chapter, "medical cannabis" does not include industrial hemp as defined by Section 81000 of the California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.

(LL) (LL) "Microbusiness" (State license Type 12) shall mean a use for the cultivation of cannabis on an area less than 10,000 square feet and to act as a licensed distributor, Level 1 manufacturer, and retailer under state and local law, or any combination of at least three (3) uses listed herein provided such licensee can demonstrate compliance with all requirements imposed by the Medicinal and Adult-Use Cannabis Regulation and Safety Act on licensed cultivators, distributors Level 1 manufacturers, and retailers to the extent the licensee engages in such activities. **A consumption area may be permitted as an ancillary use to retailer in connection to the microbusiness, on the same premise.**

(MM) "Mixed-Light Building" shall mean the cultivation of cannabis using light deprivation and/or artificial lighting below a rate of 25 watts per square foot.

(NN) (NN) "Moral Turpitude," crimes are defined as acts of baseness, vileness or depravity in the private and social duties, they are contrary to the accepted and customary rule of moral, right and duty between people. Crimes involving moral turpitude require the criminal intent of

the offender to cause great bodily injury, defraud, deceive, deprive an owner of property, or to act in a lewd manner or with recklessness.

(OO) "Nursery" means a licensee that produces only clones, immature plants, seeds, and other agricultural products used specifically for the planting, propagation, and cultivation of cannabis.

(PP) "Owner" means any of the following:

- (1) Owner or owners of a proposed facility, includes all Persons or entities having ownership interest of 5 percent or more, other than a security interest, lien, or encumbrance on property that will be used by the facility.
- (2) If the owner is an entity, "owner" includes within the entity each Person participating in the direction, control, or management of, or having a financial interest in the proposed facility.
- (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 of 5 percent or more.
- (4) Owner will also include any consultants, agents, or contractors hired for the purpose of assisting in the preparation and submittal of an application for a Commercial Cannabis Permit or in the operations and management of a Commercial Cannabis Business.

(QQ) "Person" means an individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit and includes the plural as well as the singular number.

(RR) **Permittee” means any person or business to whom a Cannabis Regulatory Permit is issued under this article and any authorized agent, employee or designee of such person or business.**

(SS) **“Premises” has the meaning set forth in Section 26001 of the California Business and Professions Code, as may be amended from time to time.**

(TT) **“Preparing” or “Preparation” means the heating, re-heating, or serving of cannabis products.**

(UU) "Promotional materials" means any form, letter, circular, pamphlet, publication, or other written material directed to a customer or prospective customer to induce retail sales. Promotional material does not include permitted signs, displays, decorations, cannabis accessories, or cannabis goods furnished by a licensed cultivator, licensed manufacturer, licensed distributor, licensed microbusiness, or licensed cannabis event organizer to a retail licensee for advertising purposes. Promotional materials shall have no intrinsic or secondary value.

(VV) "Rating" means a process wherein the City Council considers numerous applications for a Commercial Cannabis Permit that are greater than the number of permits allocated or authorized by ordinance. The City will implement a process as established by Council wherein they rate the applicants based upon information submitted by the applicant, criminal history defined as a component of Good Cause, and oral interviews. Staff will rate the applicants and submit recommendations to Council for consideration. Council may use their sole discretion in using the information submitted by staff or other factors in considering issuance of permits when the applications are greater in number than the number of allowable permits by ordinance. Wherein a total number of Commercial Cannabis Permits are established by ordinance, nothing

in this section nor in Section 4.10.045 of the Grover Beach Municipal Code obligates the Council to issue the total number of authorized permits. Council at their discretion may issue any number of permits up to the maximum number of permits authorized by ordinance.

(WW) "Retailer" (State license Type 10) means a use for the retail sale and delivery of cannabis or cannabis products to customers. This use is for operations within a fixed location and may consist of a facility open to the general public or may be for delivery only with a facility. **A consumption area may be permitted as an ancillary use in connection with the retailer, on the same premise.**

(XX) **"Self-Service Display" means the open display or storage of cannabis or cannabis products or accessories in a manner that is accessible to customers other than with the assistance of the Cannabis retailer or an employee of the Cannabis retailer. A vending machine, refrigerator and storage cabinet are forms of Self-Service Displays.**

(YY) **"Sell", "Sale" and "to sell" have the meaning set forth in Section 26001 of the California Business and Professions Code, as may be amended from time to time.**

(ZZ) **"Smoke" or "Smoking" has the meaning set forth in Section 11362.3 of the California Health and Safety Code, as may be amended from time to time.**

(AAA) "Stacking" means the practice of growing marijuana plants on platforms or tables and stacking them in multiple layers on top of each other.

(BBB) "State License" or "license" means a state license issued pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act.

(CCC) "Testing Laboratory" means a facility, entity, or site in the state that offers or performs tests of cannabis or cannabis products and that is both of the following:

- (1) Holds a valid Certificate of Accreditation by an Accrediting Body that is independent from all other Persons involved in the cannabis industry in the state.
- (2) Registered with the State Department of Public Health.

(DDD) "Topical cannabis" means a product intended for external use. A topical cannabis product is not considered a drug as defined by Section 109925 of the California Health and Safety Code.

(EEE) "Transport" means the transfer of cannabis or cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting Commercial Cannabis Activity authorized by the Medicinal and Adult-Use Cannabis Regulation and Safety Act.

(FFF) "Transporter" means a Person issued a state license by the State of California, or one of its departments or divisions, to transport cannabis or cannabis products in an amount above a threshold determined by the State of California, or one of its departments or divisions, that have been issued a State license pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act. (Ord. 17-06; Am.Ord. 17-10; Am. Ord. 18-03; Am. Ord. 18-05; Am. Ord. 19-06)

PART 2. Section 4000.30 of Chapter 18, Article III of the Grover Beach Municipal Code, Commercial Cannabis Uses, is hereby amended as follows:

Section 4000.30. Cannabis Activity prohibited in any zone other than authorized in Chapter 4 of Article IX of the Grover Beach Municipal Code and personal possession and cultivation.

(A) Notwithstanding anything to the contrary contained in the Grover Beach City Municipal Code, Commercial Cannabis Activity shall not be a permitted use in any zone of the city other

than authorized in Chapter 4 of Article IX of the Grover Beach Municipal Code .~~Further notwithstanding anything contrary contained in the Grover Beach Municipal Code, a violation of this Chapter and/or any provision thereof shall not be subject to criminal penalties but may only be enforced by civil and or administrative proceedings.~~

- (B) Notwithstanding subsection (a) above, this section shall not be intended to preclude or limit personal possession or use of six living marijuana plants and possession of the marijuana produced by the plants consistent with paragraph (3) of subdivision (a) of Health and Safety Code Section 11362.1. Moreover, in accordance with Health and Safety Code section 11362.2, not more than six living plants may be planted, cultivated, harvested, dried, or processed within a single private residence, or upon the grounds of that private residence, at one time. The limitation of six living plants per residence is a maximum number of plants allowed at any residence no matter how many Persons reside within that residence. No person owning, leasing, occupying or having charge or possession of any premises within a residential zone or used for residential purposes shall cause, allow or permit the indoor cultivation for personal use of cannabis on the premises, unless it is conducted in accordance with the following provisions:
- (1) All cultivation of cannabis must take place within a single room of a residential structure or within a detached accessory building wherein the City has issued a building permit for construction of the building. No cultivation of cannabis shall be allowed within a garage of a residential structure, **or within hoop houses constructed on a property.**
 - (2) Indoor grow lighting system must not exceed 3,800 watts; be shielded to confine light and glare to the interior of the structure; and complies with the City's Building and Fire Code.
 - (3) Odors shall not be detectable from adjacent properties, residences, or public rights-of- way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, patios, balconies, or any other areas available for use by common tenants, or the visiting public, or within any other residential unit.
 - (4) Cannabis cultivation must be concealed from public view at all stages of growth and there shall be no exterior evidence of cultivation occurring at the premises from a public right-of-way or from an adjacent parcel.
 - (5) The cannabis cultivation must not create offensive odors; create excessive dust, heat, noise, smoke, traffic, or other impacts that are disturbing to people of normal sensitivity residing or present on adjacent or nearby property or areas open to the public; or be hazardous due to the use or storage of materials, processes, products or wastes.
 - (6) Cannabis cultivation areas, inside a residence, must be kept locked when not occupied.

PART 3. Subsection (A) of Section 4000.40 of Chapter 18, Article III, of the Grover Beach Municipal Code, Commercial Cannabis Uses, is hereby amended as follows:

Section 4000.40. Licenses and Permits.

- (A) In addition to the requirements which may be imposed pursuant to this Chapter, no Person shall engage in Commercial Cannabis Activity or open or operate a Commercial

Cannabis Business without possessing both a Commercial Cannabis Permit issued by the City Manager and a license issued by the State of California or one of its departments or divisions. Commercial Cannabis Activity shall be permitted in the City of Grover Beach only as expressly provided in this Chapter and Article IX and if not expressly permitted by this Chapter and Article IX shall be prohibited.

- (1) An application for a Commercial Cannabis Business permit shall be consistent with this chapter, section and regulations adopted by Council.
- (2) **A Commercial Cannabis Permit shall be issued pursuant to this Chapter upon issuance of final building Certificate of Occupancy. Permittee shall be responsible for the prorated portion of fees owed consistent with the Master Fee Schedule within 30 days of issuance of final building occupancy.**
- (3) **Commercial Cannabis Permits shall expire July 1 of each calendar year, unless otherwise defined on the permit.**
 - a. **Existing permittees with valid permits expiring after July 1, 2022, shall pay prorated fees owed, consistent with the Master Fee Schedule at the time of permittee's renewal date. Permit shall be valid from the date of renewal to July 1, 2023.**
- (4) In the event of an application for renewal of a Commercial Cannabis Permit, it shall be filed prior to the expiration date of the permit with the City Manager or their designee. The permit's term will be extended until such time the City takes action.
- (5) An application for renewal of a Commercial Cannabis Permit shall be rejected if any of the following exists:
 - a. The Commercial Cannabis Permit is suspended or revoked at the time of the application.
 - b. The City Manager **based on substantial evidence**, finds Good Cause to reject the permit. ~~as defined with the application process resolution approved by Council.~~
 - c. Any other Commercial Cannabis Permit held by the applicant is suspended or revoked at the time of the application for the subject Permit being considered by the City.
 - d. The Commercial Cannabis Business has not been in regular and continuous operation in the four (4) months prior to the renewal application **being received by the City.**
 - e. The Commercial Cannabis Business fails to conform to the requirements of this Chapter, any regulations adopted pursuant to this Chapter or the conditions imposed as part of any Use Permit or zoning requirements.
 - f. The permittee fails to renew its State of California license **or the state license has been revoked or suspended.**
- (6) If a renewal application is rejected for reasons other than Good Cause, a Person may file a new application pursuant to this Chapter.
- (7) Prior to commencing operation, a Commercial Cannabis Business shall be subject to a mandatory building inspection and must obtain all required permits or approvals which would otherwise be required including, but not

limited to, a Commercial Cannabis Permit, building permit(s), and a valid Use Permit, required by the Grover Beach Municipal Code.

- (8) Revocation, termination, non-issuance or suspension of a license issued by the State of California, or any of its departments or divisions, shall immediately terminate the ability of a Cannabis Business to operate within the City of Grover Beach until the State of California, or its respective department or division, reinstates or issues the State license.
- (9) Any Person prior to possessing, planting, cultivating, harvesting, drying or processing marijuana plants or possessing the marijuana produced from those plants consistent with paragraph (3) of subdivision of Health and Safety Code Section 11362.1, shall contact the City of Grover Beach Police Department and Register consistent with the procedures established by the Department. There shall be a processing fee as established in the City of Grover Beach's Master Fee Schedule. (Ord. 17-06; Am. Ord. 18-03; Am. Ord. 18-05; Am. Ord. 19-06)

PART 4. Section 4000.50 of Chapter 18, Article III, of the Grover Beach Municipal Code, Commercial Cannabis Uses, is hereby amended as follows:

Section 4000.50. Security Measures. The City Chief of Police or their designee is authorized to establish regulations necessary to implement the requirements and fulfill the policies of this Chapter related to Commercial Cannabis Businesses including, but not limited to, the following subjects:

(A) A permitted Commercial Cannabis Business shall implement security measures to both deter and to prevent unauthorized entrance into areas containing cannabis or cannabis products and theft of cannabis or cannabis products at the Commercial Cannabis Business. Except as may otherwise be determined by the **Chief of Police** ~~City Manager~~ or their designee, these security measures shall include, but shall not be limited to, all of the following:

- (1) All public access to the facility must be through a secured single point of entry. Entry into a facility with a M-Type State license from the outside must be completed through a secured vestibule area that is designed to allow for identification confirmation prior to entry into the main lobby area.
- (2) Preventing Persons from remaining on the premises of the Commercial Cannabis Business if they are not engaging in the activity expressly related to the operations of the Commercial Cannabis Business.
- (3) Establishing limited access areas accessible only to authorized Commercial Cannabis Business personnel.
- (4) Except for live growing plants which are being cultivated at a cultivation facility, all cannabis and cannabis products shall be stored in a secured and locked room, safe, or vault, except for limited amounts of cannabis used for display purposes or immediate sale at a retailer or microbusiness with a retail use. All cannabis and cannabis products, including live plants which are being cultivated, shall be kept in a manner as to prevent diversion, theft, and loss.
- (5) **Self-Service Displays of cannabis, products containing cannabis and cannabis infused food or drink are not allowed in any retail or consumption areas. Samples of cannabis or cannabis products may be made available to**

the customer by an employee of the cannabis retailer.

- (6) Installing 24-hour security surveillance cameras of at **High Definition (720P or greater)** ~~least HD~~-quality to monitor all entrances and exits to and from a secure area and to monitor all interior spaces within the Commercial Cannabis Business which are open and accessible to the public. The security surveillance cameras shall be remotely accessible to the Grover Beach Police Department and shall be compatible with the Grover Beach Police Department's software and hardware and remote real-time, live access to the video footage from the cameras shall be provided to the Grover Beach Police Department. Video recordings shall be maintained by the business for a minimum of ninety (90) days.
- (7) Sensors shall be installed to detect entry and exit from all secure areas.
- (8) Panic buttons shall be installed in all Commercial Cannabis Businesses.
- (9) Having a professionally installed, maintained, and monitored alarm system.
- (10) Any bars installed on the windows or the doors of the Commercial Cannabis Business shall be installed on the interior or exterior of the building if allowed by the California Building Code **and consistent with approved use permit.**
- (11) All Security personnel, whether employed by the Commercial Cannabis Business or contracted by the Commercial Cannabis Business, shall be subject to the prior review and approval of the Chief of Police or their designee.
- (12) **Firearms Not Allowed. Firearms are prohibited on the premises of all cannabis facilities. This provision does not apply to on-duty peace officers engaged in official duty. Armed security officers will only be permitted with the expressed written permission of the Chief of Police.**
- (13) Each Commercial Cannabis Business shall have the capability to remain secure and operational during a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage.
- (14) All deliveries of cannabis products shall be made within **a secured area as required in Article IX Section 4.10.045.** ~~an enclosed area not open to the public.~~
 - (B) Each Commercial Cannabis Business shall identify a liaison to the Grover Beach Police Department who shall be reasonably available to meet with the Chief of Police or their designees regarding security measures and operational issues.
 - (C) As part of the application and permitting process, each Commercial Cannabis Business shall have a transportation plan describing the procedures for safely and securely transporting cannabis and cannabis products and currency.
 - (D) A Commercial Cannabis Business shall notify the Chief of Police or their designee within twenty-four (24) hours after discovering any of the following:
 - (1) Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations established by the Chief of Police or their designee.
 - (2) Diversion, theft, loss, or any criminal activity **or attempted criminal activity** involving the Commercial Cannabis Business or any agent or employee of the Commercial Cannabis Business.
 - (3) The loss or unauthorized alteration of records related to cannabis, or employees or agents of the Commercial Cannabis Business.
 - (4) Any other breach of security.

PART 5. Section 4000.51 of Chapter 18, Article III, of the Grover Beach Municipal Code, Commercial Cannabis Uses, is added as follows:

Section 4000.51. Cannabis Consumption Area. The following establishes operating standards for on premise consumption areas.

(A) **No Permittee shall allow the on-site consumption of cannabis or cannabis products in a manner inconsistent with this Chapter, any permit condition(s) imposed by the City, or inconsistent with any rules, regulations, or guidelines promulgated by the Chief of Police or their designee.**

(B) **Building permits shall be required for any interior or exterior modifications to existing buildings. At the time of building permit submittal, an updated security plan shall be required consistent with Section 4000.50. A certificate of occupancy and amended Commercial Cannabis Permit shall be issued prior to operation of a consumption area.**

(C) **Consumption areas may be located inside an existing building or located outside in compliance with Subsection 4000.52(A)(5) and California Business and Professions Code Section 26200 (g) as amended.**

(D) **Use of or consumption of cannabis or cannabis products brought into the Designated Cannabis Consumption Area that are not purchased from the retailer or microbusiness located on the premises is prohibited. The Permittee must ensure that a customer does not bring cannabis or cannabis products onto the premises that have not been purchased from the retail or consumption establishment.**

(E) **Permittees may establish a membership program that allows a customer to utilize a storage locker/humidor inside the Designated Cannabis Consumption Area to store cannabis and cannabis products on-site as long as the products were purchased from the Permittee's retail or microbusiness facility and were not previously removed from the premises. Each locker/humidor shall only be used to store cannabis and cannabis products for one customer at a time. The locker/humidor must be secured to prevent access by anyone else, other than business management, when not in use by the member.**

(F) **The Designated Cannabis Consumption Area shall be separate from, but reside within or be connected to the existing permitted cannabis retailer or microbusiness.**

(G) **The Designated Cannabis Consumption Area shall not be directly accessible from the primary outside entrance to the cannabis retailer or microbusiness and may not be visible from the fronting street or store front. The only entrance to the Designated Cannabis Consumption Area must be from within the retail establishment. The exit from the consumption area must meet the same requirements as the exit from the retail establishment.**

(H) **Required Signage. Permittee is required to post the following signage:**

- (1) **Identification of the Designated Cannabis Consumption Area shall consist of signage that is posted outside the designated consumption room entrance(s) and is at a minimum of 12" x 12" with a minimum lettering of 1" in height and states "Consumption Area – No One Under 21 Years of Age Allowed.**
- (2) **"We reserve the right to refuse entry or service for reasons including visible intoxication".**
- (3) **"It is against the law to drive while impaired".**

- (4) “No Alcohol, Tobacco or Employee Consumption Allowed”.
- (5) Emergency Incident/Entry - All customers must cease cannabis consumption until emergency personnel have completed their services and left the cannabis business premises”.
- (6) Permittee shall post signage of the phone numbers for local taxicab companies, ride share companies or other public transportation options for the consumers use.
- (7) Additional signage as deemed necessary by the City of Grover Beach may be required.

(I) Any employee or agent of the City of Grover Beach, Five Cities Fire Authority, San Luis Obispo County Public Health Agency, or the Department of Cannabis Control may enter and inspect the premises of a permittee during business hours and without notice.

(J) Permittee shall not authorize or allow the on-site sale, possession or consumption of alcoholic beverages or tobacco products on the premises.

(K) No Permittee shall authorize or allow the on-site consumption of cannabis or cannabis products outside of normal business operating hours, as such hours may be established by law, regulation or required as a condition of the permit.

(L) No Permittee shall consume cannabis or cannabis products while on duty or while working on the premises.

(M) The Designated Cannabis Consumption Area will close to new consumers one hour prior to the close of the retail business. Consumption of cannabis and cannabis products on premises will cease 30 minutes prior to the close of the retail business.

(N) Permittees shall post one or more notices of sufficient size, lettering and prominence to advise customers that the consumption of cannabis products outside of the designated cannabis consumption area is prohibited.

(O) Access to the area where the consumption of cannabis products is allowed shall be restricted to persons 21 years of age or older.

(P) Cannabis consumption shall not be visible from any public place, city right of way or any nonage-restricted area on or near the premises.

(Q) Permittees shall package and seal a customer’s unused cannabis or cannabis products in accordance with Section 4000.190 of this Chapter prior to the customer leaving the Designated Cannabis Consumption Area.

(R) Permittees shall attempt to make arrangements or partnerships with ridesharing services or other forms of public/private transportation to help impaired or intoxicated customers find safe transportation when needed.

(S) A Permittee shall comply with laws governing cannabis businesses and retail food establishments, including but not limited to, the California Retail Food Code.

(T) A Permittee with a Cannabis Consumption Permit may not require employees to enter the Designated Cannabis Smoking Room as a condition of their employment. A Permittee shall ensure that all Designated Cannabis Consumption Area employees are properly trained in the consumption area operations, policies and procedures and can identify impairment in consumers or when a customer is consuming too much cannabis and may become impaired.

(U) The Chief of Police or their designee may immediately suspend a Permittee’s

permit to operate a Designated Cannabis Consumption Area for any violations of this Article, local regulations, Department of Cannabis Control Regulations or state laws. If a suspension is issued, the Permittee may request a meeting to take place with the Chief of Police or their designee within 10 calendar days to review the reasons for the suspension and the steps for corrective action. If the Permittee is unable to obtain a mutually agreeable determination of corrective actions with the Chief of Police, and the permit remains suspended, the Permittee may file an appeal of the permit suspension with the City Manager consistent with the procedural process for conducting appeals contained within Sections 1408 through 1413 of this Chapter 4 of Article I of the Grover Beach Municipal Code.

PART 6. Section 4000.52 of Chapter 18, Article III, of the Grover Beach Municipal Code, Commercial Cannabis Uses, is added as follows:

Section 4000.52. Cannabis Consumption Building and Construction Standards. The following establishes ventilation standards for areas of a retailer or microbusiness that contains a designated consumption area.

(A) The Designated Cannabis Consumption Area that permits smoking of cannabis must meet the following ventilation standards:

- (1) The Designated Cannabis Consumption Area must have a separate heating, ventilation and air-conditioning (HVAC) system such that none of the air in the Designated Cannabis Consumption Area will be recirculated into other parts of the cannabis business premises.**
- (2) The air from the Designated Cannabis Consumption Area must be directly exhausted to the outdoors by a filtration system that, at a minimum, eliminates all odors and smoke.**
- (3) Smoke from the Designated Cannabis Consumption Area must not drift to other portions of the cannabis business premises.**
- (4) The Designated Cannabis Consumption Area must be completely separated from the remainder of the cannabis business premises by solid partitions or glazing without openings other than doors, and all doors leading to the Designated Cannabis Consumption Area must be self-closing. All doors must be installed with a gasket to provide a seal where the door meets the stop and the room shall remain under negative pressure in relation to the other spaces of the cannabis business premises.**
- (5) Cannabis consumption areas that are located outside shall meet the following performance standards:**
 - i. An odor absorbing ventilation and exhaust system must be installed so that odor generated from the outdoor consumption area is not detected outside the property or lease area boundaries, or anywhere on adjacent property or public rights-of-way, or within any other unit located within the same building as the cannabis use.**
 - ii. Designated Cannabis Consumption Area shall not be visible from the public right-of-way**
- (6) The Designated Cannabis Consumption Area must meet health and safety standards as approved by the Chief of Police.**

PART 7. Section 4000.53 of Chapter 18, Article III, of the Grover Beach Municipal Code, Commercial Cannabis Uses, is added as follows:

Section 4000.53. Temporary Cannabis Special Event Permit Requirements.

(A) **A permit for a temporary Cannabis Special Event, or Temporary Cannabis Consumption Special Event may be issued by the City Manager to a Permittee or entity allowing for the sale of cannabis, consumption of cannabis products, or a combination of both during a Special Event, as defined in Article III of the Grover Beach Municipal Code. A designated cannabis consumption area during a special event, may be temporarily located on private property.**

(B) **A Cannabis Special Event Permit shall only be issued for a single day or up to two consecutive days. A Permittee or entity shall only be issued a Cannabis Special Event Permit for up to four days annually.**

(C) **A Cannabis Special Event shall not be hosted on the property of the City or City Right of Way; any school, child-care establishment, alcohol or drug treatment facility, any cannabis business that is not a licensed retail or microbusiness, or any location that is situated in a residential zone as defined in Article IX Development Code**

(D) **Permittee or entity desiring to host a Cannabis Special Event must be a California Department of Cannabis Control licensed cannabis event organizer**

(E) **An application for a Cannabis Special Event Permit must be received by the Chief of Police no less than 90 days prior to the first scheduled day of the temporary cannabis event.**

(F) **The Chief of Police or their designee shall have full discretion and responsibility for directing the Permittee, entity or event organizers on the establishment of security measures and practices to ensure public safety.**

(G) **All Security Officers assigned to work at the Cannabis Consumption Special Event must be a California State licensed security officer and be in possession of a guard card issued by the California Bureau of Security and Investigative Services (BSIS).**

(H) **An event Security Plan shall be included in the application for a Cannabis Consumption Special Event. The Security Plan shall minimally include,**

- (1) **Contact information for the Security Team Leaders**
 - (2) **Emergency contact information for the event organizer**
 - (3) **Emergency contact information for every vendor at the event**
 - (4) **A site plan that identifies all ingress/egress locations, secured storage areas, medical areas, Incident Command Management area**
 - (5) **The Security Plan shall be reviewed and approved by the Chief of Police or their designee a minimum of ten (10) days prior to the start of the event. Any changes to the plan shall be coordinated with the Grover Beach Police Department.**
 - (6) **The Chief of Police or their designee may require implementation of additional security measures based on the special event characteristics.**
- (I) **The Fire Chief or their designee shall have full discretion and responsibility for directing the Permittee, entity or event organizers on the establishment of any health or medical responsibilities and practices for the event.**

(J) **A Permittee, entity or event organizer shall comply with all regulations of the Grover Beach Municipal Code, State laws and Department of Cannabis Control Regulations.**

(K) **The Chief of Police, Fire Chief or their designees shall have the ability to revoke a Cannabis Consumption Special Event Permit when in their opinion the event presents a nuisance or danger to public safety and well-being.**

(L) **Only persons, aged 21 or older, with valid identification, may attend a Cannabis Special Event. A licensed cannabis event organizer shall maintain a clearly legible sign not less than 12” x 12” in size, reading “No Persons Under 21 Allowed” at each public entrance to any area where the sale or consumption of cannabis or cannabis products is allowed.**

(M) **The Permittee, entity or event organizer shall ensure that cannabis consumption is not visible from any public place or non-age restricted area.**

(N) **Sale, possession or consumption of alcohol or tobacco shall not be allowed on the permitted premises.**

(O) **The consumption of cannabis or cannabis products brought it from outside the permitted premises and not authorized by the vendors or event organizers is prohibited.**

PART 8. Subsection (A) of Section 4000.60 of Chapter 18, Article III, of the Grover Beach Municipal Code, Commercial Cannabis Uses, is hereby amended as follows:

Section 4000.60. Employees; Employee Work Permits; Identification.

(A) Work permit required. Any Person who is an employee or who otherwise works or volunteers within a Commercial Cannabis Business must obtain a work permit from the Chief of Police ~~City Manager~~ or their designee. The Chief of Police ~~City Manager~~ or their designee is hereby authorized to establish all regulations necessary to implement the work permit process contemplated in this section including, but not limited to, the reasons for denial of a work permit to any Person. A work permit shall be valid for a twelve (12) month period and must be renewed on an annual basis. Applications for work permits shall be submitted under oath and shall contain a statement of the past criminal record, if any, of the applicant and such information as may be deemed necessary by the Chief of Police ~~City Manager~~ or their designee to determine whether the applicant is a Person to be issued a work permit. The Applicant will be required to submit to Live Scan fingerprinting and a photograph for the purpose of the City performing a background investigation and issuance of a Work Permit. In the event a Person changes employment from one Commercial Cannabis Business within the city to another, the work permit holder shall notify the Chief of Police or their designee(s) in writing of the change of employment within ten (10) days of such change or the work permit shall be suspended or revoked and such Person shall not be permitted to work within any Commercial Cannabis Business within the City.

PART 9. Section 4000.70 of Chapter 18, Article III, of the Grover Beach Municipal Code, Commercial Cannabis Uses, is hereby amended as follows:

Section 4000.70. Right to Occupy and to Use Property. As a condition precedent to the City's issuance of a Commercial Cannabis Permit pursuant to this Chapter, any Person intending to open and to operate a Commercial Cannabis Business shall provide evidence of the legal right to occupy and to use the proposed location. In the event the proposed location is leased from another Person, the applicant for a permit under this Chapter shall provide a signed and notarized statement

from the owner of the property to demonstrate the property owner has acknowledged and has consented to the operation of a Commercial Cannabis Business on the property. Evidence of lawful possession consists of properly executed grant deeds, ~~of trust~~, leases, evidence of ownership of the premises, or other written documents acceptable to the City Manager.

PART 10. ~~Subsections A through C of~~ Section 4000.160 of Chapter 18, Article III, of the Grover Beach Municipal Code, Commercial Cannabis Uses, is hereby amended as follows:

Section 4000.160. Commercial Cannabis Permit Application Procedures and Application Requirements. Permittee Selection Process; Criteria for Review; Renewal, Suspension, or Revocation of a Permit: In addition to those requirements set forth in this section and elsewhere in this Chapter, the City Council ~~may~~ ~~shall~~ by resolution or ordinance adopt such forms, fees, and procedures as are necessary to implement this Chapter with respect to the initial selection, future selection, investigation process, renewal, rating of applicants, revocation, and suspension of Commercial Cannabis Permits.

(A) For purposes of Suspension of Revocation, the Chief of Police may suspend or revoke a Commercial Cannabis Permit for Good Cause consistent with the provisions of this Chapter 18, In the event a Commercial Cannabis Permit is either suspended or revoked, an appeal may be requested consistent with Section 4000.51 of this Chapter.

(B) An application for issuance or renewal of a Commercial Cannabis Permit shall contain the following requirements:

- (1) The printed full name, signature, date of birth and present address and telephone number of all Persons and entities responsible for the operation of the Commercial Cannabis Business including managers, corporate officers, investors, any Person with an ownership interest, any member of a board of directors, any general or limited partner, and/or any member of a decision-making body for the Commercial Cannabis Business.
- (2) The address to which correspondence from the City of Grover Beach is to be sent.
- (3) The names and addresses of all businesses operated by and the employment of the applicant(s) for the five (5) years immediately preceding the date of the application.
- (4) Any litigation in which the applicant(s) has been involved within the five (5) years immediately preceding the date of the application and a statement of whether any business currently operated by the applicant(s) or operated by the applicant(s) within the five (5) years immediately preceding the date of the application has been investigated or the permit or license authorizing the operation of such business has been revoked or suspended within the five (5) years immediately preceding the date of the application.
- (5) The address of any Commercial Cannabis Business currently being operated by the applicant(s), or any of them, or which have been previously operated by them within the last five (5) years.
- (6) The names and telephone numbers of the Person(s) to be regularly engaged in the operation of the proposed Commercial Cannabis Business, whether an employee, volunteer or contractor. The application shall also have the names

- and telephone numbers of those Persons having management and supervisory responsibilities for the proposed Commercial Cannabis Business.
- (7) Odor control devices and techniques to prevent odors from marijuana from being detectable off-site.
 - (8) Procedures for identifying, managing, and disposing of contaminated, adulterated, deteriorated or excess cannabis product.
 - (9) Procedures for inventory control to prevent diversion of cannabis and cannabis product, employee screening, storage of cannabis and cannabis product, personnel policies, and record-keeping procedures.
 - (10) A detail of the procedures to be utilized at the facility including a description of how chemicals and fertilizers will be stored, handled, used and disposed of; manufacturing methods, the transportation process, inventory procedures, and quality control procedures.
 - (11) A site plan and floor plan of the Commercial Cannabis Business denoting the property lines and the layout of all areas of the Commercial Cannabis Business including storage, cultivation, manufacturing, testing, distributing, reception/waiting, and all ancillary support spaces, and the relationship of the facility to adjacent properties and land uses.
 - (12) An operations and security plan in conformance with Section 4000.50.
 - (13) Standard operating procedures detailing how operations will comply with state and local regulations, how safety and quality of products will be ensured, record-keeping procedures for financing, testing, and adverse event recording, and product recall procedures.
 - (14) Proposed hours of operation.
 - (15) Recycling and Waste disposal information.
 - (16) Medical recommendation verification and youth access restriction procedures.
 - (17) A statement in writing by the applicant that he or she certifies under penalty of perjury that all the information contained in the application is true and correct.
 - (18) Detailed description of energy and water usage plan enumerating best practices and leading industry practices in efficient utilization of both resources.

(C) The City Manager may deny an application **for the issuance, or renewal of** a Commercial Cannabis Permit for Good Cause or if the applicant has been convicted of an offense that is substantially related to the qualifications, functions or duties of the business or profession for which the application is made, except that if the City Manager determines that the applicant is otherwise suitable to be issued a permit and granting the permit would not compromise public safety, the City Manager may conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the applicant, and shall evaluate the suitability of the applicant to be issued a license based on the evidence found through the review. In determining which offenses are substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, the City Manager will include, but not be limited to, the following:

- (1) A felony or misdemeanor conviction for the illegal use, possession, distribution, manufacture, transportation, cultivation or similar activity related to a controlled substance as defined in the Federal Controlled Substances Act.

- (2) A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
- (3) A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code

PART 11. Subsections A through I of Section 4000.200 of Chapter 18, Article III, of the Grover Beach Municipal Code, Commercial Cannabis Uses, is hereby amended as follows:

Section 4000.200. Operating Requirements for All Commercial Cannabis Uses. In addition to those operating requirements specifically set forth elsewhere in this Chapter and except as may otherwise be expressly set forth in this Chapter, the following operating requirements shall apply to all Commercial Cannabis Businesses operating in the City of Grover Beach.

(A) Restriction on Consumption. Cannabis shall not be consumed on the premises of any Commercial Cannabis Businesses, **with the exception of licensed retailer or microbusiness with an approved Cannabis Consumption Area Permit consistent with Section 4000.51.** ~~unless medically necessary or elsewhere in the City of Grover Beach other than within private residences.~~

(B) No cannabis or cannabis products shall be visible from the exterior of the property or building. No outdoor storage of cannabis or cannabis products is permitted at any time.

(C) Reporting and Tracking of Product and of Gross Sales. Each Commercial Cannabis Business shall have in place a point-of-sale tracking system to track and to report on all aspects of the Commercial Cannabis Business including, but not limited to, such matters as cannabis tracking, inventory data, and gross sales (by weight and by sale) and shall ensure that such information is compatible with the City's record-keeping systems. The system must have the capability to produce historical transactional data for review by the City of Grover Beach. All information provided to the City pursuant to this subsection shall be confidential and shall not be disclosed, except as may otherwise be required under law.

(D) All cannabis and cannabis products sold, distributed or manufactured shall be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with the State and local regulations.

(E) Sale of Cannabis Accessories and Non-Cannabis Goods. In addition to cannabis goods, a licensed retailer may display and sell cannabis accessories and the licensee's branded merchandise inside their retail space. The licensee may provide promotional materials to customers or prospective customers. The licensee shall not sell branded merchandise until receiving written approval from the **Department** of Cannabis Control and the City. **Other non-cannabis goods such as pre-packaged water and food may be sold and served in designated consumption. Areas.**

(F) Emergency Contact. Each Commercial Cannabis Business shall provide the City Chief of Police or their designee with the name, telephone number (mobile preferred, if available) of an on-site employee or owner to whom emergency notice can be provided.

(G) Signage and Notices.

(1) In addition to the requirements otherwise set forth in this section, business identification signage for a Commercial Cannabis Business shall conform to the requirements of Article IX of the Grover Beach Municipal Code, including, but not limited to, an issuance of a City of Grover Beach sign permit.

(2) No signs placed on the premises of a Commercial Cannabis Business shall

obstruct any entrance or exit to the building or any window.

(3) Each entrance to a Commercial Cannabis Business shall be visibly posted with a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the Commercial Cannabis Business is prohibited.

(H) Minors. Persons under the age of twenty-one (21) years shall not be allowed on the premises of a Commercial Cannabis Business and shall not be allowed to purchase any Cannabis or Cannabis Concentrate products, except anyone under twenty-one (21) years of age but at least eighteen (18) years of age or older shall only be allowed within a Commercial Cannabis Business if the business holds a state issued M-Type license and entry is authorized in accordance with the Medicinal and Adult Use Cannabis Regulation and Safety Act.

It shall be unlawful and a violation of this Chapter for any Person to employ any other Person at a Commercial Cannabis Business who is not at least twenty-one (21) years of age.

The entrance to the Commercial Cannabis Business shall be clearly and legibly posted with a notice that no Person under the age of twenty-one (21) years of age is permitted to enter upon the premises of the Commercial Cannabis Business unless the Commercial Cannabis Business is a M-Type license issued by the state wherein it shall be posted that no Person under the age of eighteen (18) is permitted to enter upon the premises. Persons 18, but under 21, must be in possession of a valid medical marijuana identification card or valid doctor's recommendation.

(I) Odor Control. Odor control devices and techniques shall be incorporated in all Commercial Cannabis Businesses and apply to personal growth, cultivation or processing of marijuana, to the extent necessary, to ensure that odors from marijuana are not detectable offsite. Commercial Cannabis Businesses shall provide an odor absorbing ventilation and exhaust system so that odor generated inside the Commercial Cannabis Business that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the Commercial Cannabis Business. As such, Commercial Cannabis Businesses must install and maintain the following equipment or any other equipment which the Chief of Police or his designee determines has the same or better effectiveness:

(1) An exhaust air filtration system with odor control that prevents internal odors from being emitted externally;

(2) An air system that creates negative air pressure between the Commercial Cannabis Business's interior and exterior so that the odors generated inside the Commercial Cannabis Business are not detectable on the outside of the Commercial Cannabis Business.

(3) **Air filtration and odor control systems shall be certified annually by a licensed mechanical engineer as part of the annual Commercial Cannabis Permit renewal.**

PART 12. Severability. If any section, subsection, subdivision, paragraph, sentence, clause, or phrase of this Ordinance or any part thereof is for any reason held to be in violation of the law, such decision shall not affect the validity of the remaining portion of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared in violation of the law.

PART. 13. Repeal of Conflicting Ordinances. All ordinances and parts of ordinances in conflict with those sections amended or added herein are hereby repealed.

PART 14. Effective Date. This Ordinance shall become effective at 12:01 a.m. on the thirty first day (31) ~~thirty (30) days~~ after the date of its adoption, and within fifteen (15) days after its adoption, it shall be published once, together with the names of the Council Members voting thereon, in a newspaper of general circulation within the City.

INTRODUCED at a regular meeting of the City Council held on _____ and **PASSED, APPROVED,** and **ADOPTED** by the City Council on _____ on the following roll call vote, to wit:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

**** D R A F T ****

JEFF LEE, MAYOR

Attest:

WENDI SIMS, CITY CLERK

Approved as to Form:

DAVID P. HALE, CITY ATTORNEY

County of San Luis Obispo Tobacco Control Coalition



April 14th, 2022

RE: Proposed Ordinance to Allow Cannabis Lounges in Grover Beach

Dear Chief Peters,

On behalf of the San Luis Obispo County Tobacco Control Coalition, I am writing you regarding the proposed ordinance to permit cannabis lounges with on-site consumption in Grover Beach.

Our coalition has sought suggestions from the Public Health Law Center (PHLC) for information regarding the proposed cannabis lounge ordinance in the City of Grover Beach. PHLC has provided the following concerns and educational information which our coalition would like to recommend be considered when finalizing the lounge ordinance to minimize deleterious impacts on public health. We appreciate you reviewing the following information and considering ways in which the ordinance can 1) prevent secondhand cannabis smoke exposure on the premises, 2) prohibit youth access and 3) Regulate labeling, marketing, and advertising.

Below is information from PHLC. I want to be clear that the PHLC does not lobby or provide legal representation or advice. This information is for educational purposes only.

Providing safe on-site consumption

Knowing the proposed business model and how the retail dispensary and cannabis lounge will be set up will help in developing regulations to ensure that cannabis consumption is safe on-site – both for customers and for employees. For example, will cannabis consumption be allowed inside the dispensary or in a separate facility adjacent to the dispensary? Will smoking or vaping cannabis be allowed on the premises? Will cannabis products be sold in the dispensary and lounge, or just the lounge? Will customers be allowed to bring cannabis products into the lounge from outside the premises? If so, how can proprietors ensure that the cannabis was purchased from a licensed cannabis sales facility? How will violations be handled and who are the designated enforcement agents?

Also, since different people can experience vastly different effects from the same product, it would be important to clarify how much of what type/potency cannabis can be served to a customer at any one time. In Nevada, lounges can only sell "[single-serving" cannabis edibles and infused products](#)", which means consumers can't bring home any leftovers. Will the Grover Beach policy limit the amount of cannabis product a customer is allowed to purchase and consume at a lounge in one visit and will customers be prohibited from removing product from the premises?

Lounges will need to display clear and explicit signage about the policy requirements in conspicuous areas throughout the premises and could take related measures to educate customers and the general public about the policy. Signage could not only describe the lounge rules/policy requirements (e.g., the prohibition on alcohol and tobacco use on the premises), but could indicate consequence for failure to comply (e.g., violators are subject to fines up to \$XX).

Training materials will need to be prepared and staff training conducted regarding consumable cannabis products (identifying types, brands, ingredients, etc.) and related relevant issues such as health risks and symptoms, safety concerns, compliance procedures, and enforcement practices. Similar training may need to be provided to enforcement agents or officers.

Preventing secondhand cannabis smoke exposure

Will cannabis smoking or vaping be permitted on the premises? Clearly, from a public health perspective, we would advise against this. As you know, [numerous studies](#) have shown that ventilation and other engineering interventions cannot fully protect customers and employees from secondhand smoke exposure. Because of this, we would encourage the adoption of the same standards for secondhand cannabis smoking and vaping as those that apply to tobacco, and consequently prohibit indoor cannabis smoking and vaping.

If, however, the lounge does allow cannabis smoking, will it be restricted to a designated area (such as [San Francisco's "smoking room"](#), with specific health, safety, and ventilation standards), a designated outdoor space, or a separate building altogether (such as [Palm Springs' "cannabis lounge facilities"](#))? If cannabis smoking is allowed outside, it should be in an area not visible from any public place or any area where minors would be present.

The California-specific [model ordinance for tobacco- and smoke-free outdoor areas](#) includes several provisions that you might want to consider for the Grover Beach policy, if they're not included in the proposed draft.

Prohibiting youth access

The Grover Beach cannabis lounge policy would need to ensure that effective security measures and periodic compliance checks are in place to prevent minors from accessing the establishment. This might mean assessing the effectiveness of related measures for the retail dispensaries and strengthening them, if necessary.

In addition, the policy might also consider prohibiting the on-site sale of cannabis products, such as flavored products (e.g., edibles, concentrates, infused beverages and other) that are known to be attractive to young people and that could serve as a source of initiation for youth use. Such sales restrictions would echo [similar flavored tobacco product restrictions](#) that a growing number of local communities are adopting around the U.S. We include sample language for restricting sales of tobacco products [here](#); similar provisions could be adapted for cannabis products.

Regulating labeling, marketing, and advertising

The "Marketing and Advertising" section in "Getting it Right from the Start" does a good job describing the importance of 1) prohibiting untrue or misleading cannabis product marketing and advertising materials and 2) ensuring that essential health warnings are included on labels, packaging, and in-store advertising signs and displays. First Amendment issues may be implicated in some advertising and marketing restrictions, and it might be helpful to seek advice from an attorney familiar with California law in this area. At any rate, the cannabis lounge policy

**County of San Luis Obispo
Tobacco Control Coalition**



should ensure that, in the interest of public health and safety, the public has access to accurate and complete information on all cannabis products sold and consumed in the establishment.

We hope that you will consider these recommendations when drafting the ordinance. If you have any questions, please feel free to contact me at jmalber@calpoly.edu.

Sincerely,

A handwritten signature in cursive script that reads "Julia Alber". The signature is written in black ink and is positioned below the word "Sincerely,".

Julia Alber

Chair, San Luis Obispo Tobacco Control Coalition