

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY AMENDING MORENO VALLEY MUNICIPAL CODE BY REVISING CHAPTER 5.05 TO CHANGE APPEAL PROCEDURES, ADD NEW DEFINITION OF OWNER AND PROVISIONS FOR CANNABIS MICRO-BUSINESS PERMIT

WHEREAS, the City of Moreno Valley 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 and safety; and

WHEREAS, consistent with that authority the City Council lawfully adopted Ordinance 926 which became effective in December of 2017 and established a regulatory process for Commercial Cannabis Business Permits in the City by adding Chapter 5.05 to the Municipal Code; and

WHEREAS, the City Council now finds it in the best interest of the City, its residents and business owners to amend some of the provisions in Chapter 5.05 to achieve greater consistency with the Land Use regulations for Commercial Cannabis Activities to be added to Title 9 of the City Municipal Code and to revise the appeal process for permit related decisions; and

WHEREAS, all of the preambles in Ordinance 926 are still true and accurate and included in these amendments as if fully set forth herein.

NOW THEREFORE, BE IT HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF MORENO VALLEY AS FOLLOWS:

PART 1. Chapter 5.05 of Title 5, Commercial Cannabis Activity Section 5.05.050 Definitions, is hereby amended revising sub-section (p) and (ay) and by adding subsection (av) and renumbering the remaining (a) subsections as follows:

(p) "Commercial cannabis activity" includes the dispensing, cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale, including micro-businesses, of medicinal and adult-use cannabis and cannabis products as provided for in this division.

(av) "Micro-Business" means " a location with a combination of at least three of the following four commercial cannabis activities: manufacturing, cultivation (limited to 10,000 sq ft), distribution and dispensary.

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

(ax) "Operation" means any act for which licensure is required under the provisions of this division, or any commercial transfer of cannabis or cannabis products.

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

(1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.

(2) The manager of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) An individual who will be participating in the direction, control, or management of the person applying for a licensed business, or who has a financial interest in the business other than a fixed lease of real property.

(az) "Package" means any container or receptacle used for holding cannabis or cannabis products.

(azz) "Patient" or "qualified patient" shall have the same definition as California Health and Safety Code Section 11362.7 et seq., as it may be amended, and which means a person who is entitled to the protections of California Health & Safety Code Section 11362.5.

PART 2. Municipal Code Chapter 5.05 is further amended in various Sections as set forth below:

5.05.070. Cannabis Employee Permit Required

- (a) Any person who is an employee or who otherwise works or volunteers within a commercial cannabis business must be legally authorized to do so under applicable state law.
- (b) Any person who is an employee or who otherwise works or volunteers within a commercial cannabis business must obtain a commercial cannabis employee work permit from the City prior to performing any work at any commercial cannabis business.
- (c) Applications for a commercial cannabis employee work permit shall be developed, made available, and processed by the Chief Financial Officer/City Treasurer (CFO) or his/her designee(s), and shall include, but not be limited to, the following information:
 - (1) Name, address, and phone number of the applicant;

- (2) Age and verification of applicant. A copy of a birth certificate, driver's license, government issued identification card, passport or other proof that the applicant is at least twenty-one (21) years of age must be submitted with the application;
 - (3) Name, address of the commercial cannabis businesses where the person will be employed, and the name of the primary manager of that business;
 - (4) A list of any crimes enumerated in California Business and Professions Code Section 26507(b)(4) for which the applicant has been convicted;
 - (5) Name, address, and contact person for any previous employers from which the applicant was fired, resigned, or asked to leave and the reasons for such dismissal or firing;
 - (6) The application shall be accompanied by fingerprints and a recent photograph of the applicant in a form and manner as required by the CFO or his/her designee(s).
 - (7) A signed statement under penalty of perjury that the information provided is true and correct.
 - (8) If applicable, verification that the applicant is a qualified patient or primary caregiver.
 - (9) A fee paid in an amount set by resolution of the City Council in an amount necessary to cover the costs of administering the employee work permit programs. The fee is non-refundable and shall not be returned in the event the work permit is denied or revoked.
- (d) The CFO or his/her designee(s) shall review the application for completeness, shall conduct a background check to determine whether the applicant was convicted of a crime or left a previous employer for reasons that show the applicant:
- (1) Is dishonest; or
 - (2) Has committed a felony or misdemeanor involving fraud, deceit, embezzlement; or
 - (3) Was convicted of a violent felony, a crime of moral turpitude; or

- (4) The illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substances Act, except for cannabis related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.

Discovery of these facts showing that the applicant is dishonest or has been convicted of those types of crimes are grounds for denial of the permit. Where the applicant's sentence (including any term of probation, incarceration, or supervised release) for possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance is completed, such underlying conviction shall not be the sole ground for denial of a commercial cannabis work permit. Furthermore, an applicant shall not be denied a permit if the denial is based solely on any of the following (i) a conviction for any crime listed in subsection (d) (4) above for which the applicant has obtained a certificate of rehabilitation pursuant to Chapter 3.5 (commencing with Section 4852.01) of Title 6 of Part 3 of the California Penal Code or (ii) a conviction that was subsequently dismissed pursuant to Sections 1203.4, 1203.4a, or 1203.41 of the California Penal Code or any other provision of state law allowing for dismissal of a conviction.

- (e) The CFO or his/her designee(s) shall issue the commercial cannabis work permit or a written denial to the applicant within thirty (30) days of the date the application was deemed complete. In the event the cannabis work permit can't be issued within this time period then the CFO or his/her designee(s) may issue a temporary work permit for an employee upon completing a preliminary background check and if the business can demonstrate to the CFO or his/her designee(s) that the employee is necessary for the operation of the business. The temporary permit may be immediately revoked by the CFO or his/her designee(s) upon determination that the applicant has failed the background check or upon the issuance of the permanent work permit.
- (f) A work permit shall be valid for a twelve (12) month period and must be renewed on an annual basis. Renewal applications shall contain all the information required in subsection (b) above including the payment of a renewal application fee in an amount to be set by resolution of the City Council.
- (g) In the event a person changes employment from one commercial cannabis business in the City to another, the work permit holder shall notify the CFO or his/her designee(s) in writing of the change within ten (10) days, or the work permit shall be suspended or revoked and such person shall not be permitted to work at any commercial cannabis business in the City.

- (h) The City may immediately revoke the commercial cannabis work permit should the permit holder be convicted of a crime listed in subsection (c) and (d) above or if facts become known to the CFO or his/her designee(s) that the permit holder has engaged in activities showing that he or she is dishonest.
- (i) The CFO or his/her designee(s) is hereby authorized to promulgate all regulations necessary to implement the work permit process and requirements.
- (j) The applicant may appeal the denial or revocation of a commercial cannabis work permit by filing a notice of appeal with the City Clerk within ten (10) days of the date the applicant received the notice of denial, which appeal shall be conducted as set forth in Section 5.05.140 of this Title.
- (k) The CFO or his/her designee(s) shall issue a permit in the form of a personal identification card that can be worn in a prominent and visible location. The identification card shall be maintained in good and readable condition at all times.

Section 5.05.090 Initial Application Procedure.

- (a) The City Council shall adopt by resolution the procedures to govern the application process, and the manner in which the decision will ultimately be made regarding the issuance of any commercial cannabis business permit(s), which resolution shall include or require the CFO to provide detailed objective review criteria to be evaluated on a point system or equivalent quantitative evaluation scale tied to each set of review criteria ("Review Criteria"). The resolution shall authorize the CFO or his/her designee(s) to prepare the necessary forms, adopt any necessary rules to the application, regulations and processes, solicit applications, conduct initial evaluations of the applicants, and to make a final determination on the issuance of the permits.
- (b) At the time of filing, each applicant shall pay an application fee established by resolution of the City Council, to cover all costs incurred by the City in the application process.
- (c) After the initial review, ranking, and scoring under the Review Criteria, the CFO or his/her designee(s) will make a final determination in accordance with Chapter 5.05.090. CFO's decision is appealable to the City Manager in accordance with the provisions of Section 5.05.150.

(d) THE CITY 'S RESERVATION OF RIGHTS:

The City reserves the right to reject any or all applications. Prior to permit issuance, the City may also modify, postpone, or cancel any request for applications, or the entire program under this title, at any time without liability, obligation, or commitment to any party, firm, or organization, to the extent permitted under California state law. Persons submitting applications assume the risk that all or any part of the program, or any particular category of permit potentially authorized under this Title, may be cancelled at any time prior to permit issuance. The City further reserves the right to request and obtain additional information from any candidate submitting an application. In addition to any other justification provided a failure to comply with other requirements in this Title, an application RISK BEING REJECTED for any of the following reasons:

- (1) Proposal received after designated time and date.
- (2) Proposal not containing the required elements, exhibits, nor organized in the required format.
- (3) Proposal considered not fully responsive to this request for permit application.

Section 5.05.120. Renewal Applications.

- (a) An application for renewal of a commercial cannabis business permit shall be filed at least sixty (60) calendar days prior to the expiration date of the current permit.
- (b) The renewal application shall contain all the information required for new applications.
- (c) The applicant shall pay a fee in an amount to be set by the City Council to cover the costs of processing the renewal permit application, together with any costs incurred by the City to administer the program created under this Title.
- (d) An application for renewal of a commercial cannabis business permit shall be rejected if any of the following exists:
 - (1) The application is filed less than sixty (60) days before its expiration.

- (2) The commercial cannabis business permit is suspended or revoked at the time of the application.
 - (3) The commercial cannabis business has not been in regular and continuous operation in the four (4) months prior to the renewal application.
 - (4) The commercial cannabis business has failed to conform to the requirements of this Title, or of any regulations adopted pursuant to this Title.
 - (5) The permittee fails or is unable to renew its State of California license.
 - (6) If the City or state has determined, based on substantial evidence, that the permittee or applicant is in violation of the requirements of this Title, of the City Ordinance, or of the state rules and regulations, and the City or state has determined that the violation is grounds for termination or revocation of the commercial cannabis business permit.
- (e) The CFO or his/her designee(s) is authorized to make all decisions concerning the issuance of a renewal permit. In making the decision, the City Manager or his/her designee(s) is authorized to impose additional conditions to a renewal permit, if it is determined to be necessary to ensure compliance with state or local laws and regulations or to preserve the public health, safety or welfare. Appeals from the decision of the City Manager or his/her designee(s) shall be handled pursuant to Chapter 5.05.140.
- (f) If a renewal application is rejected, a person may file a new application pursuant to this Title no sooner than one (1) year from the date of the rejection.

Section 5.05.140. Appeals

Unless specifically provided elsewhere to the contrary, whenever an appeal is provided for in this Title from a decision of the CFO or his/her designee(s), the appeal shall be conducted as prescribed in this Section.

Section 5.05.150. Written request for Appeal.

- (a) Within ten (10) calendar days after the date of a decision of the CFO or his/her designee(s) to revoke, suspend or deny a permit, or to add

conditions to a permit, an aggrieved party may appeal such action to the City Manager by filing a written appeal with the City Clerk setting forth the reasons why the decision was not proper. City Manager may hear the appeal him/herself or appoint a Hearing Officer to conduct the hearing.

- (b) At the time of filing the appellant shall pay the designated appeal fee, established by resolution of the City Council from time to time.

Section 5.05.160. Appeal Hearing.

- (a) Upon receipt of the written appeal, the City Clerk shall set the matter for appeal before the City Manager. The City Manager shall review the matter de novo, and shall conduct the hearing pursuant to the procedures set forth by the City.
- (b) The appeal shall be held within a reasonable time after the filing the appeal, but in no event later than ninety (90) days from the date of such filing. The City shall notify the appellant of the time and location at least ten (10) days prior to the date of the hearing.
- (c) At the hearing, the appellant may present any information they deem relevant to the decision appealed. The formal rules of evidence and procedure applicable in a court of law shall not apply to the hearing.
- (d) At the conclusion of the hearing the City Manager may affirm, reverse or modify the decision appealed. The decision of the City Manager (or Hearing Officer if appointed by the City Manager) shall not be appealable to the City Council and be final decision and exhaustion of administrative remedies for the appellant.

Section 5.05.170 Permittee Selection Process.

- (a) The City Council shall adopt by resolution a procedure guideline and Review Criteria by which the top applicants in each category of each commercial cannabis business will be evaluated by the CFO or his/her designee.
- (b) The top final applicants for each category may be invited to attend a meeting with the CFO or his/her designee where they may be expected to make a presentation introducing their team and providing an overview of their proposal. In order to provide adequate time, presentations may be divided over more than one meeting over multiple days as determined to be necessary.

- (c) At least ten (10) days prior to such a meeting, notice of the meeting may be sent to all property owners located within three hundred (300) feet of the proposed business locations of each of the finalists to be considered by the CFO.
- (d) Official issuance of the commercial cannabis business permit(s), however, is conditioned upon the prevailing candidate(s) obtaining all required land use approvals. The candidate(s) shall apply to the City's Community Development Department to obtain any required land use approvals or entitlements for the permittee's location, if any. Land use approvals shall include compliance with all applicable provisions of CEQA. The CFO or his/her designee(s) shall formally issue the commercial cannabis business permit(s) once the Community Development Director or his/her designee(s) affirms that all of the required land use approvals have been obtained.
- (f) Issuance of a commercial cannabis business permit does not create a land use entitlement. The commercial cannabis business permit shall only be for a term of twelve (12) months from the effective date, and shall expire at the end of the twelve (12) month period unless it is renewed as provided herein. Furthermore, no permittee may begin operations, notwithstanding the issuance of a permit, unless all of the state and local laws and regulations, including but not limited to the requirements of this Title and of the permit, have been complied with and until a state license is available and obtained by the permitted operator, including compliance with all provisions of the Medical Cannabis Collective Laws as set forth at Section 5.05.060.
- (g) Notwithstanding anything in this Title to the contrary, the City reserves the right to reject any or all applications if it determines it would be in the best interest of the City, taking into account any health, safety and welfare impacts on the community. Applicants shall have no right to a commercial cannabis business permit until a permit is actually issued, and then only for the duration of the permit's term. Each applicant assumes the risk that, at any time prior to the issuance of a permit, the City Council may terminate or delay the program created under this Title.
- (h) If an application is denied, a new application may not be filed for one (1) year from the date of the denial.
- (i) Each person granted a commercial cannabis business permit shall be required to pay the permit fee established by resolution of the City Council, to cover the costs of administering the commercial cannabis business permit program created in this Title along with any other fees set by the City to cover other related costs.

5.05.180 Change in location; updated registration form.

- (a) Any time the dispensing, cultivation, manufacturing, transportation and distribution location specified in the regulatory permit is changed, the applicant shall re-register with the CFO or his/her designee(s). The process and the fees for re-registration shall be the same as the process and fees set forth for registration in sections 5.05.090 and 5.05.120.
- (b) Within fifteen (15) calendar days of any other change in the information provided in the registration form or any change in status of compliance with the provisions of this chapter, including any change in the commercial cannabis business ownership or management members, the applicant shall file an updated registration form with the CFO or his/her designee(s) for review along with a registration amendment fee, as set forth in section 5.05.090 and 5.05.120.

Section 5.05.190. Transfer of Cannabis Business Permit.

- (a) The owner of a cannabis business permit shall not transfer ownership or control of the permit to another person or entity unless and until the transferee obtains an amendment to the permit from the CFO or his/her designee stating that the transferee is now the permittee. Such an amendment may be obtained only if the transferee files an application with the CFO or his/her designee in accordance with all provisions of this Chapter (as though the transferee were applying for an original cannabis business permit) accompanied by a transfer fee in an amount set by resolution of the City Council (or if not set, shall be the same amount as the application fee), and the CFO or his/her designee determines, after hearing, in accordance with this section that the transferee passed the background check required for permittees and meets all other requirements of this Chapter.
- (b) Commercial cannabis business permits issued through the grant of a transfer by the CFO or his/her designee shall be valid for a period of one year beginning on the day the CFO or his/her designee approves the transfer of the permit. Before the transferee's permit expires, the transferee shall apply for a renewal permit in the manner required by this Chapter.
- (c) Changes in ownership of a permittee's business structure or a substantial change in the ownership of a permittee business entity (changes that result in a change of more than 51% of the original ownership), must be approved by the CFO or his/her designee through the transfer process contained in this subsection (a). Failure to comply with this provision is grounds for permit revocation.

- (d) A permittee may change the form of business entity without applying to the CFO or his/her designee for a transfer of permit, provided that either:
1. The membership of the new business entity is substantially similar to original permit holder business entity (at least 51% of the membership is identical), or
 2. If the original permittee is an unincorporated association, mutual or public benefit corporation, agricultural or consumer cooperative corporation and subsequently transitions to or forms a new business entity as allowed under the MAUCRSA and to comply with Section 5.05.060, subdivision (b), provided that the Board of Directors (or in the case of an unincorporated association, the individual(s) listed on the City permit application) of the original permittee entity are the same as the new business entity.

Although a transfer is not required in these two circumstances, the permit holder is required to notify the CFO in writing of the change within ten (10) days of the change. Failure to comply with this provision is grounds for permit revocation.

- (e) No commercial cannabis business permit may be transferred when the CFO or his/her designee has notified the permittee that the permit has been or may be suspended or revoked.
- (f) Any attempt to transfer a commercial cannabis business permit either directly or indirectly in violation of this section is hereby declared void, and such a purported transfer shall be deemed a ground for revocation of the permit.

Section 5.05.260. Records and Recordkeeping.

- (a) Each owner and operator of a commercial cannabis business shall maintain accurate books and records in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis (at or before the time of the renewal of a commercial cannabis business permit issued pursuant to this Title), or at any time upon reasonable request of the City, each commercial cannabis business shall file a sworn statement detailing the number of sales by the commercial cannabis business during the previous twelve-month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes paid or due to be paid. On an annual basis, each owner and operator shall submit to the City a financial audit of the business's operations conducted by an

independent certified public accountant. Each permittee shall be subject to a regulatory compliance review and financial audit as determined by the City Manager or his/her designee(s).

- (b) Each owner and operator of a commercial cannabis business shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the commercial cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the commercial cannabis business. The register required by this paragraph shall be provided to the CFO or his/her designee(s) upon a reasonable request.
- (c) Prior to state licensing, each commercial cannabis business shall maintain a record of all persons, patients, collectives and primary caregivers served by the commercial cannabis business, for a period of no less than four (4) years. Once a state license is obtained, the commercial cannabis business must maintain such records only to the extent permitted or required by MAUCRSA.
- (d) All commercial cannabis businesses shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the growing and production or manufacturing, laboratory testing and distribution processes until purchase as set forth in MAUCRSA.
- (e) Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPPA) regulations, each commercial cannabis business shall allow the City of Moreno Valley officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted commercial cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated by the City. The City may require the materials to be submitted in an electronic format that is compatible with the City's software and hardware.

Section 5.05.270. Security Measures.

- (a) A permitted commercial cannabis business shall implement sufficient security measures to deter and prevent the unauthorized entrance into areas containing cannabis or cannabis products, and to deter and prevent the theft of cannabis or cannabis products at the commercial cannabis business. Except as may otherwise be determined by the CFO or his/her

designee(s), these security measures shall include, but shall not be limited to, all of the following:

- (1) Preventing individuals from remaining on the premises of the commercial cannabis business if they are not engaging in an activity directly related to the permitted operations of the commercial cannabis business.
- (2) Establishing limited access areas accessible only to authorized commercial cannabis business personnel.
- (3) 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. All cannabis and cannabis products, including live plants that are being cultivated, shall be kept in a manner as to prevent diversion, theft, and loss,
- (4) Installing 24-hour security surveillance cameras of at least HD-quality to monitor all entrances and exits to and from the premises, all interior spaces within the commercial cannabis business which are open and accessible to the public, all interior spaces where cannabis, cash or currency, is being stored for any period of time on a regular basis and all interior spaces where diversion of cannabis could reasonably occur. The commercial cannabis business shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the CFO or his/her designee(s), and that it is compatible with the City's software and hardware. In addition, remote and real-time, live access to the video footage from the cameras shall be provided to the CFO or his/her designee(s). Video recordings shall be maintained for a minimum of forty-five (45) days, and shall be made available to the CFO or his/her designee(s) upon request. Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the site of the commercial cannabis business.
- (5) Sensors shall be installed to detect entry and exit from all secure areas.
- (6) Panic buttons shall be installed in all commercial cannabis businesses.
- (7) Having a professionally installed, maintained, and monitored alarm system.

- (8) Any bars installed on the windows or the doors of the commercial cannabis business shall be installed only on the interior of the building.
 - (9) Security personnel shall be on-site 24 hours a day or alternative security as authorized by the CFO or his/her designee(s). Security personnel must be licensed by the State of California Bureau of Security and Investigative Services personnel and shall be subject to the prior review and approval of the CFO or his/her designee(s), with such approval not to be unreasonably withheld.
 - (10) Each commercial cannabis business shall have the capability to remain secure 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.
- (b) Each commercial cannabis business shall identify a designated security representative/liaison to the City of Moreno Valley, who shall be reasonably available to meet with the CFO or his/her designee(s) regarding any security related measures or and operational issues.
 - (c) As part of the application and permitting process each commercial cannabis business shall have a storage and transportation plan, which describes in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, and any currency.
 - (d) The commercial cannabis business shall cooperate with the City whenever the CFO or his/her designee(s) makes a request, upon reasonable notice to the commercial cannabis business, to inspect or audit the effectiveness of any security plan or of any other requirement of this Title.
 - (e) A commercial cannabis business shall notify the CFO or his/her designee(s) 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 promulgated by the City Manager or his/her designee(s).
 - (2) Diversion, theft, loss, or any 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, registering qualifying patients, primary caregivers, or employees or agents of the commercial cannabis business.
- (4) Any other breach of security.

Section 5.05.310. Miscellaneous Operating Requirements.

- (a) Commercial cannabis businesses may operate only during the hours specified in the land use entitlement obtained under Title 9 and documented in the commercial cannabis business permit issued by the City.
- (b) Cannabis shall not be consumed by any retail customer on the premises of any commercial cannabis businesses.
- (c) No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall be visible from the exterior of any property issued a commercial cannabis business permit, or on any of the vehicles owned or used as part of the commercial cannabis business. No outdoor storage of cannabis or cannabis products is permitted at any time.
- (d) Reporting and Tracking of Product and of Gross Sales. Each commercial cannabis business shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City. The commercial cannabis business shall ensure that such information is compatible with the City's record-keeping systems. In addition, the system must have the capability to produce historical transactional data for review. Furthermore, any system selected must be approved and authorized by the CFO or his/her designee(s) prior to being used by the permittee.
- (e) 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.
- (f) There shall not be a physician located in or around any commercial cannabis business at any time for the purpose of evaluating patients for the issuance of a cannabis recommendation or card where applicable.
- (g) Prior to dispensing medicinal cannabis or medicinal cannabis products where applicable to any person, the commercial medicinal cannabis

business shall obtain verification from the recommending physician that the person requesting medicinal cannabis or medicinal cannabis products is a qualified patient.

- (h) Emergency Contact. Each commercial cannabis business shall provide the CFO or his/her designee(s) with the name, telephone number (both land line and mobile, if available) of an on-site employee or owner to whom emergency notice can be provided at any hour of the day.
- (i) 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 the City of Moreno Valley Municipal Code, including, but not limited to, seeking the issuance of a City 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 except as provided in 5.05.310(c).
 - (4) Business identification signage shall be limited to that needed for identification only, and shall not contain any logos or information that identifies, advertises, or lists the services or the products offered. No commercial cannabis business shall advertise by having a person holding a sign and advertising the business to passersby, whether such person is on the premises of the commercial cannabis business or elsewhere including, but not limited to, the public right-of-way.
 - (5) Signage shall not be directly illuminated, internally or externally. No banners, flags, billboards or other prohibited signs may be used at any time.
 - (6) In accordance with state law and regulations or as stipulated in the City of Moreno Valley regulatory permit, holders of a commercial cannabis business permit shall agree that, as an express and ongoing condition of permit issuance and subsequent renewal, the holder of the permit must be in compliance with all signage and advertising regulations contained in this Code and as may be

adopted by Resolution of the City Council. This paragraph is not intended to place limitations on the ability of a commercial cannabis business to advertise in other legally authorized forms, including on the internet, in magazines, or in other similar ways.

- (j) Minors.
 - (1) 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 serve as a driver for a mobile delivery service. It shall be unlawful and a violation of this Title for any person to employ any person at a commercial cannabis business who is not at least twenty-one (21) years of age.
 - (2) 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.
- (k) Odor Control. Odor control devices and techniques shall be incorporated in all commercial cannabis businesses to ensure that odors from cannabis are not detectable off-site. Commercial cannabis businesses shall provide a sufficient 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 Community Development Director or his/her designee(s) determine is a more effective method or technology:
 - (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.
- (l) Display of Permit and City Business License. The original copy of the commercial cannabis business permit issued by the City pursuant to this Title and the City issued business license shall be posted inside the commercial cannabis business in a location readily-visible to the public.

- (m) Background Check. Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which authorizes City authorities to access state and local summary criminal history information for employment, licensing, or certification purposes; and authorizes access to federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation, every person listed as an owner, manager, supervisor, employee or volunteer, of the commercial cannabis business must submit fingerprints and other information deemed necessary by the CFO or his/her designee(s) for a background check by the City of Moreno Valley's Police Department. Pursuant to California Penal Sections 11105(b)(11) and 13300(b)(11), which requires that there be a requirement or exclusion from employment, licensing or certification based on specific criminal conduct on the part of the subject of the record. No person shall be issued a permit to operate a commercial cannabis business or a related work permit unless they have first cleared the background check, as determined by the Police Department or his/her designee(s), as required by this section. A fee for the cost of the background investigation, which shall be the actual cost to the City of Moreno Valley to conduct the background investigation as it deems necessary and appropriate, shall be paid at the time the application for a commercial cannabis business permit is submitted.
- (n) Loitering. The owner and/or operator of a commercial cannabis business shall prohibit loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises.
- (o) Permits and other Approvals. Prior to the establishment of any commercial cannabis business or the operation of any such business, the person intending to establish a commercial cannabis business must first obtain all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such commercial cannabis business intends to establish and to operate.
- (p) If a commercial cannabis business permittee is operating as a collective or cooperative under Health and Safety Code Section 11362.775, subdivision (a), members of the applicant authorized to possess cannabis shall sign an agreement with the commercial cannabis business which states that members shall not distribute cannabis or cannabis products to non-members or in violation of the "Memorandum for all United States Attorneys," issued by the United States Department of Justice, from James M. Cole, Deputy Attorney General and any other applicable state and federal laws, regulations, or guidelines.

- (q) If the commercial cannabis business permittee is operating as a collective or cooperative under Health and Safety Code Section 11362.775, subdivision (a), the commercial cannabis business shall terminate the membership of any member violating any of the provisions of this Title.

Section 5.05.320. Other Operational Requirements.

The CFO or his/her designee may develop other commercial cannabis business operational requirements or regulations as are determined to be necessary to protect the public health, safety and welfare.

Section 5.05.380. Community Relations.

- (a) Each commercial cannabis business shall provide the name, telephone number, and email address of a community relations contact to whom notice of problems associated with the commercial cannabis business can be provided. Each commercial cannabis business shall also provide the above information to all businesses and residences located within one hundred (100) feet of the commercial cannabis business.
- (b) After the first year of operation, the owner, manager, and community relations representative from each such commercial cannabis business shall meet with the CFO or his/her designee(s) when and as requested by the CFO or his/her designee(s).
- (c) Commercial cannabis businesses to which a permit is issued pursuant to this Title shall develop a city approved public outreach and educational program for youth organizations and educational institutions that outlines the risks of youth addiction to cannabis, and that identifies resources available to youth related to drugs and drug addiction.

Section 5.05.410. Inspection and Enforcement.

- (a) The CFO, or his/her designee(s) charged with enforcing the provisions of the City of Moreno Valley Code, or any provision thereof, may enter the location of a commercial cannabis business at any time, without notice, and inspect the location of any commercial cannabis business as well as any recordings and records required to be maintained pursuant to this Title or under applicable provisions of State law.
- (b) It is unlawful for any person having responsibility over the operation of a commercial cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a

commercial cannabis business under this Title or under state or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a commercial cannabis business under this Title or under state or local law.

- (c) The CFO, or his/her designee(s) charged with enforcing the provisions of this Title may enter the location of a commercial cannabis business at any time during the hours of operation and without notice to obtain samples of the cannabis to test for public safety purposes. Any samples obtained by the City of Moreno Valley shall be logged, recorded, and maintained in accordance with established procedures by the City of Moreno Valley CFO or these regulations.

Section 5.05.440. Each violation a separate offense.

Each and every violation of this Title shall constitute a separate violation and shall be subject to all remedies and enforcement measures authorized by the City of Moreno Valley Municipal Code. Additionally, as a nuisance per se, any violation of this Title shall be subject to injunctive relief, any permit issued pursuant to this Title being deemed null and void, disgorgement and payment to the City for any monies unlawfully obtained, costs of abatement, costs of investigation, attorney fees, and any other relief or remedy available at law or in equity. The City of Moreno Valley may also pursue any and all remedies and actions available and applicable under state and local laws for any violations committed by the commercial cannabis business or persons related to, or associated with, the commercial cannabis activity. Additionally, when there is determined to be an imminent threat to public health, safety or welfare, the CFO, or his/her designee(s), may take immediate action to temporarily suspend a commercial cannabis business permit issued by the City, pending a hearing before the City Manager, or his/her designee(s).

PART 3. Section 5.05.365. Operating Requirements for Cannabis Micro-Businesses is added as follows:

- (a) A Cannabis Micro-Business must operate with at least three of the four allowed uses, cultivation (not to exceed 10,000 sq.ft.), manufacturing, distribution and retail dispensing.
- (b) Micro-business shall comply with all of the operational requirements of this Chapter for each of the commercial cannabis activities that are present on site of the micro-business.
- (c) Micro-business shall comply with all applicable state laws with regard to its licensing and operation, as well as the provisions of City Municipal Code Title 5 and 9.

PART 4. 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 5. It is the intent of this amendment to have the CFO become the issuing official for the Commercial Cannabis Permits under this Chapter and the City Manager to be the appellate review for the CFO's decisions. Any part of Chapter 5.05 that does not reflect that intent can be ministerially revised and the omission treated as a clerical error.

PART 6. This Ordinance shall become effective 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 on April 3rd, 2018 and PASSED, APPROVED, and ADOPTED by the City Council on April 17th, 2018 by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dr. Yxstian Gutierrez, Mayor

ATTEST:

Pat Jacquez-Nares, City Clerk

APPROVED AS TO FORM:

21
Ordinance No.
Date Adopted:

Martin D. Koczanowicz, City Attorney

ORDINANCE JURAT

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) §
CITY OF MORENO VALLEY)

I, Pat Jacquez-Nares, City Clerk of the City Council of the City of MORENO VALLEY, California, do hereby certify that the foregoing Ordinance No. , was introduced at a regular meeting of the City Council of the City of MORENO VALLEY held on the 3rd day of April, 2018 and was passed by the City Council of the City of MORENO VALLEY at a regular meeting held the 17th day of April, 2018, by the following vote:

AYES:

NOES:

ABSENT: None

ABSTAIN: None

(Council Members, Mayor Pro Tem and Mayor)

PAT JACQUEZ-NARES, CITY CLERK

(SEAL)