

ORDINANCE NO. 3240-22

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
REDONDO BEACH, CALIFORNIA, ADDING CHAPTER 6 TO
TITLE 6 OF THE REDONDO BEACH MUNICIPAL CODE TO
REGULATE COMMERCIAL CANNABIS BUSINESSES**

WHEREAS, the City of Redondo Beach has historically and continues to currently ban all commercial cannabis activities except for deliveries and personal cultivation in order to protect the public health and safety of City residents; and

WHEREAS, in November of 2016, a majority of the voters of the City of Redondo Beach voted in favor of Proposition 64, known as the "Control, Regulate and Tax Adult Use of Marijuana Act"; and

WHEREAS, arising out of the passage of Proposition 64 and the promulgation of regulations and licensing structures by the state, the City Council had indicated it could revisit its ban as state licensing of such businesses and created a Cannabis Taskforce to review potential regulations; and

WHEREAS as a result of a recent citizen sponsored initiative measure that, if passed, would repeal the City's existing ban on commercial cannabis activities and establish new regulations that, among other things, would restrict the City's ability to regulate such uses and allow certain existing unpermitted and illegal cannabis businesses to continue operating while eliminating the City's ability to deny these uses or impose any operational conditions, the City must move more quickly than initially planned to bring forward a more protective ballot measure; and

WHEREAS, passing a City Council sponsored commercial cannabis ordinance would maintain the City's ability to develop important policy positions, business and land use regulations, and health and safety permits to preserve the quality of life that Redondo's residents, visitors and business community desire and expect; and

WHEREAS a critical companion to this ordinance is a City Council sponsored measure to adopt a Cannabis Business Tax, without the passage of which the City would be financially unable to address the secondary effects of commercial cannabis businesses; and

WHEREAS, this Ordinance is necessary to provide the City of Redondo Beach Police Department clearly established legal authority to protect the public and deter potential criminal cannabis activity; and

WHEREAS, on April 20, 2017 the Planning Commission held a noticed public hearing and took public testimony regarding regulatory options surrounding commercial and personal use of cannabis in the City of Redondo Beach (or "City") pursuant to the passage of the AUMA; and

WHEREAS, on May 18, 2017, the Planning Commission continued the public hearing and after further public input and discussion the Commission directed City staff to return with resolutions recommending the adoption of:

- (1) an ordinance restricting outdoor personal cultivation to secured locations or lockable out buildings only;
- (2) an ordinance disallowing all commercial cannabis activities in the City of Redondo Beach to allow staff to study and create appropriate guidelines for the operation of commercial cannabis facilities in the City;
- (3) an amendment to the City's existing medical cannabis regulations to allow the delivery of medical cannabis to qualified patients in the City; and

WHEREAS, in order to create comprehensive and cohesive local system of commercial cannabis regulations, the City enacted a temporary ban while City staff and the Cannabis Taskforce studied all aspects of permitted commercial cannabis activities; and

WHEREAS, on October 5, 2021 the Cannabis Steering Committee presented their findings to the City Council; and

WHEREAS, on March 3, 2022 the Planning Commission considered the draft commercial cannabis regulations and zoning amendments and made recommendations to the Council for consideration; and

WHEREAS, on May 10, 2022, the City Council reviewed draft amendments and directed staff to make changes in addition to engaging an outside consultant to review the ordinances; and

WHEREAS, staff made some of those changes and is leaving it to the City Council's discretion to make any of the other suggested amendments or their own changes to this and the other two (2) proposed ordinances; and

WHEREAS, this ordinance reflects the direction received from the Council and the consultant.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The above recitals are true and correct, and the recitals are incorporated herein by reference as if set forth in full.

SECTION 2. FINDINGS

1. In compliance with the California Environmental Quality Act of 1970, as amended (CEQA), and State and local guidelines adopted pursuant thereto, the zoning amendments qualify for CEQA exemption under Section 15060(c)(2) because the activity will not result in direct or reasonable foreseeable physical change in the

environment and Section 15060(c)(3) as the activity is not a considered a project under CEQA Section 15378.

2. The amendments to the Zoning Ordinance are consistent with the General Plan.
3. The amendments to the Coastal Land Use Plan Implementing Ordinance are consistent with the City's Local Coastal Plan (LCP).
4. These amendments do not require a vote of the people under Article XXVII of the City Charter.

NOW, THEREFORE, THE PLANNING COMMISSION OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 3. AMENDMENT TO CODE. Chapter 6 shall be added to Title 6 of the Redondo Beach Municipal Code and shall read as follows:

“Chapter 6 COMMERCIAL CANNABIS ACTIVITY

Section 6-2.00 Commercial Cannabis Retailer Permit Regulations.

Section 6-2-01 Definitions. The technical terms and phrases used in this Chapter are defined in Redondo Beach Municipal Code Section **10-2.1626**.

Section 6-2.02 Commercial cannabis permit required to engage in commercial cannabis activity. No person may operate a commercial cannabis business or engage in commercial cannabis activity within the City of Redondo Beach including cultivation, processing, manufacturing, testing, sale, delivery, distribution, or transportation of cannabis or a cannabis product unless the person (1) has a valid commercial cannabis retailer permit from the City of Redondo Beach; (2) has any and all valid state or local permits; and (3) is currently in compliance with all applicable state and local laws and regulations pertaining to the commercial cannabis business and the commercial cannabis activity, including holding the necessary state licenses to engage in commercial cannabis activity.

6-2.03 Application Procedure.

(a) The city may, in its sole discretion, approve and direct the issuance of a notice inviting applications, a request for applications, or similar solicitation inviting persons interested in operating commercial cannabis activities in the city to apply for a Development Agreement.

(b) Whether to issue a solicitation for applications, and whether to approve or deny any such application shall be subject to the sole and absolute discretion of the City Council. The manner of accepting applications, the manner of application review, shall be determined by the City Manager or designee. The criteria utilized in evaluating or scoring any application for a Development Agreement shall be that specified in this ordinance, elsewhere in the Redondo Beach Municipal Code, or in the solicitation for applications issued by the City

Council. Subject to the discretion of the City Council, the solicitation may include provisions pertaining to: the information required to be submitted by applicants, including but not limited to the application information specified in the regulations for a license from the Department, the city's application review, vetting, and approval processes; the review and scoring criteria that will be utilized by the city in distinguishing among applicants; applicant background checks and verification requirements; conditions of approval; security features and requirements; operating guidelines, standards, limitations, and requirements; site improvement obligations; maintenance requirements; book, accounting, and record keeping requirements; and/or a draft Development Agreement.

(c) A Development Agreement approved by the City Council is required before any person operates a retail site in the city. Said Development Agreement shall set forth the terms and conditions under which the commercial cannabis activities may be undertaken, in addition to the terms and conditions otherwise set forth in this ordinance. Subject to the agreement of any state Permittee and approval of the City Council, such additional terms and conditions of the Development Agreement may include, but are not limited to, public outreach and education requirements, community service requirements, the payment of mutually agreeable fees and charges, development and operating plans (including site plan, floor plan, and elevations), security measures, operating standards and procedures, site location and design standards, and such other terms and conditions as may be agreed upon by a Permittee and the City Council, as well as those that the City Council deems necessary to protect and promote the public health, safety, and welfare of the community.

(d) In addition to a Development Agreement, no person shall operate a retail site until a conditional use permit has been approved by the planning commission or City Council. The application process for the conditional use permit shall be the same as is generally applicable to conditional use permits in the city, provided that a Development Agreement between the Permittee and the city shall be a condition precedent to approving a conditional use permit.

(e) Nothing in this ordinance is intended or shall be construed as requiring the City Council to approve any Development Agreement(s) or to otherwise allow commercial cannabis activities in the city. No application for a Development Agreement will be accepted except during the times specified by the City Council in a solicitation for applications. The City Council's solicitation for, review of, and approval of any application for a Development Agreement is discretionary, and nothing in this ordinance is intended or shall be interpreted as rendering commercial cannabis activities a "by-right" land use in the city.

6-2.04 Fees and Charges.

(a) Each applicant or Permittee shall timely and fully pay all fees set forth in this ordinance. Failure of an applicant to pay the requisite fees is grounds for denial, and the failure of a Permittee to pay the requisite fees shall constitute a breach of the Development Agreement, and is grounds for revocation of the conditional use permit. Except as otherwise provided herein, the amount of each fee shall be established by resolution of the City Council.

(1) Application fee to cover the city's costs incurred in the initial acceptance and review of an application for a Development Agreement, due and payable in full at the time an application is submitted.

(2) Processing fee(s) to cover the costs incurred in the review, investigation, scoring, and/or selection of an applicant for the award of a Development Agreement shall be due and payable in full at the time an application is submitted. The city may charge a separate processing fee for each round of the application review and selection process. Such Agreement shall be granted in accordance with evaluation criteria specified by the City Council in a notice inviting applications, a request for proposal ("RFP"), or similar solicitation.

(b) In addition to the fees specified in subsection (a), applicants and Permittees shall timely pay all other applicable fees, including, but not limited to, fees associated with processing applications for conditional use permits, Development Agreements, building permits, and plan checks, as well as the city's cost of preparing a Development Agreement.

(c) In addition to the fees set forth in this ordinance, a Development Agreement may provide for a Permittee to pay the city a fair share contribution towards the city's costs incurred. Such costs may include, without limitation, enforcing the provisions of this ordinance, inspecting for and remediating any direct or secondary negative impacts of the commercial cannabis activities, and mitigating impacts to the city's existing public facilities caused by the commercial cannabis facility. If applicable, the remediation payments described in this ordinance shall be memorialized in a Development Agreement, and paid by a Permittee to the city in strict accordance with the terms thereof.

6-2.05 Development Agreement and Operating Standards.

(a) Permittees, and the premises upon which commercial cannabis activities are operated, shall strictly comply with this ordinance, the Development Agreement, the conditional use permit, the Act, and anything else required by the Department or the State licensing authority. To the extent of a conflict among any of the foregoing, the more restrictive provision shall control unless a different intent is clear from context.

(b) A fee of no more than 5% of gross receipts may be required in the Development Agreement. Such a fee shall be negotiated with Permittees and incorporated into the subsequent Development Agreement. This fee is to sunset upon the establishment of a local commercial cannabis tax.

(c) All premises where commercial cannabis activities are operated shall comply with the following minimum development and operating standards:

(1) Commercial cannabis activities shall occur in a fully enclosed and permanent building, as described in this ordinance.

(2) Persons under the age of twenty-one (21) shall be prohibited from the premises at all times, other than as lawful customers permitted under State law in the case of Medicinal cannabis retailers. If such retail establishment sells Medicinal cannabis, persons under the age of twenty-one (21) and over the age of eighteen (18) shall be permitted to enter the establishment only after verification that they possess a valid Medical Marijuana ID card.

(3) A premises shall notify patrons of the following through the posting of a sign outside the premises posted in a conspicuous location near the entrance of the building:

(i) That loitering on and around the premises is prohibited by California Penal Code § 647(e).

(ii) That patrons must immediately leave the site upon concluding the reason for their visit, and may not consume cannabis or cannabis products on the premises.

(iii) That patrons may be subject to prosecution under federal law.

(iv) That the use of cannabis or cannabis products may impair a person's ability to drive a motor vehicle or operate machinery.

(4) Permittees shall provide the name and phone number of an on-site staff person who shall be responsible for notification of any operational problems or emergencies associated with the premises or the operation thereof to the Police Department and City Manager.

(5) All commercial cannabis businesses shall be operated within the specific part of the premises specified in the Development Agreement and/or conditional use permit. No commercial cannabis activities shall take place in an area exceeding the square footage authorized in the controlling Development Agreement, conditional use permit, or the licensee's license; whichever is most restrictive.

(6) All exterior windows, doors, loading and unloading docks or bays, and any points of ingress or egress to the premises where the commercial cannabis business will be operated, shall be secured from unauthorized entry by commercial grade, nonresidential locks, and in a manner specifically approved by the Police Department. The exterior of each of the foregoing areas shall be illuminated during twilight hours.

(7) The ingress and egress points of any storage areas for cannabis or cannabis products shall be locked and secured at all times, and shall be under the control of and accessible only to Permittee's authorized personnel as disclosed to the City.

(8) Each Permittee shall implement a track-and-trace system, compliant with the Act, to record the chain of supply of cannabis or cannabis products from "seed-to-sale."

(9) The exterior appearance of the premises, including but not limited to the design, color, landscaping, screening, architectural treatments, signage, and other such aesthetic features of the premises shall comply with the standards applicable to the underlying zoning district, as may be modified or supplemented through the Development Agreement and/or conditional use permit. Except as modified herein, or in a Development Agreement or conditional use permit, the premises shall comply with the development standards applicable to the underlying zoning district.

(10) A valid Development Agreement.

(11) All exterior signage on the premises shall comply with city standards, the Development Agreement and/or conditional use permit. Should these provisions conflict, the terms of the Development Agreement shall control.

(12) The exterior of the premises shall comply with the city's generally applicable lighting standards including, without limitation, fixture type, wattage, illumination levels, shielding; and associated approvals and permits.

(13) All waste generated by or resulting from commercial cannabis activities shall be disposed of as required by law, and Pending disposal such waste shall be stored in a locked and secure area that is under the control of and accessible only to Permittee's authorized personnel.

(14) On-site sales of alcohol or tobacco products, and consumption of food, alcohol, tobacco, cannabis, or cannabis products on the premises is strictly prohibited except that employees may eat in an area separate from the sales floor on their breaks.

(15) The premises shall provide an odor absorbing ventilation and exhaust system so that odor generated inside the structure where commercial cannabis activities are taking place cannot be detected outside the structure, anywhere on adjacent property, public rights-of-way, or within any other unit or structure on the premises where commercial cannabis activities are not taking place.

(16) Be provided with adequate electricity, sewerage, disposal, water, fire protection, and storm drainage facilities for the intended purpose.

(17) Whether or not Applicants have obtained a property for the purposes of their commercial cannabis business prior to their selection, shall have no bearing on their selection.

(18) The Permit Administrator shall have the power and authority to promulgate rules, regulations, and requirements consistent with the provisions of this chapter and other law in connection with the issuance of a registration certificate. The Permit Administrator may designate an employee of his or her department to make decisions and investigate and act pursuant to this chapter.

6-2.06 No transfer or change in ownership of location.

(a) Permittees may not sell, transfer, pledge, assign, grant an option, or otherwise dispose of, in whole or in part, their rights under or interest in a Development Agreement. It is strictly prohibited for any Owner to sell, transfer, pledge, assign, grant an option, or otherwise dispose of, in whole or in part, their ownership interest in the licensed cannabis business for a minimum period of three (3) years from the start of operation. No Permittee may allow for a separate entity to manage or operate their business or act as their agent in their place. Permittee may only transfer ownership after the initial period of time and with prior discretionary approval of the City Council. Before approving any such request, City may require the purchaser, assignee, or transferee to provide the same information and materials that are required of an initial applicant, including the payment of associated fees.

(b) Before exercising any rights under a Development Agreement, Permittees shall demonstrate proof of lawful possession of the premises where commercial cannabis activities are proposed to take place. Such evidence shall consist of properly executed deeds of trust, leases, licenses, or similar documents evidencing the Permittee's right to possession and use of the premises. Subject to the criteria specified by the City Council in its solicitation for applications, a Development Agreement shall be awarded contingent upon an applicant's subsequent identification of a premises that is acceptable to the City; or, subject to an applicant's provision of an option, letter of intent, or similar instrument executed by the current owner of the proposed premises in favor of a Permittee or applicant, authorizing commercial cannabis activities to be operated therein.

(c) Commercial cannabis activities may only take place within the area, building, structure, and portion of the premises that is specifically described in Development Agreement and/or conditional use permit. A Permittee shall not relocate, move, or otherwise alter the location of its operations from the specific area so identified without obtaining prior approval from the City; regardless of any possessory interest or right to possession to such additional areas. No Permittee shall add additional or contiguous units or areas, thereby altering the initially approved premises, without prior approval of the City Council.

(d) Permittee shall not sublet, transfer, or otherwise assign any portion of any approved premises for any purpose, unless the City Council grants prior approval of such amendment.

(e) Permittee shall not make any physical change, alternation, or modification to the approved premises that, in the opinion or discretion of the building official, materially or substantively alters the location or usage of the premises from the plans approved in the Development Agreement and/or conditional use permit, without the advanced approval of the City Council. For purposes of this subsection, the phrase "materially or substantively alters" shall mean any physical change, alternation, or modification to the area of the premises identified in the Development Agreement or conditional use permit for the operation of commercial cannabis activities that either: (1) increases the capacity or scope of commercial cannabis activities by five percent (5%) or more; or (2) requires a building permit.

(f) Permittees shall not have a common owner.

6-2.07 Minimum Security Requirements.

(a) Permittees shall comply with the security standards and requirements set forth in this ordinance, the Development Agreement, the conditional use permit, and the Act. If any of the foregoing are inconsistent, the most restrictive provision shall control unless a different intent is clear from context.

(b) Security Standards are as follows:

(1) Owner shall establish a security system that prevents 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 and establishing limited access areas accessible only to authorized commercial cannabis business personnel.

(2) Panic buttons shall be installed in all commercial cannabis businesses.

(3) Sensors shall be installed to detect entry and exit from all secure areas.

(4) 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.

(5) All Security Personnel shall be vetted through and approved by the Police Department.

(c) All Premises where commercial cannabis activities are operated and their personnel shall comply with the following minimum security standards:

(1) Security Cameras.

a. Security cameras shall be installed and maintained on the premises in a good working condition, and shall be capable of producing digitally recorded documentation in a format approved by the Police Department.

b. All security cameras on the premises shall be in use twenty-four (24) hours per day, seven (7) days per week. Permittees are responsible for ensuring that all surveillance equipment is properly functioning and maintained so that the playback quality is suitable for viewing and the surveillance equipment is capturing the identity of all individuals and activities in the monitored areas.

c. All video surveillance equipment shall have sufficient battery backup to support a minimum of four (4) hours of recording in the event of a power outage.

d. The areas of the premises to be covered by the security cameras include, but are not limited to: (1) all storage areas for cannabis or cannabis products; (2) all areas where commercial cannabis activities are operated; (3) each location where weighing, packaging, transport, preparation, or tagging activities occur; (4) the interior and exterior of all points of ingress or egress to storage areas; (5) all doors and windows; (6) loading and unloading bays, the interior and exterior of all points of ingress or egress to the structure on the premises where commercial cannabis activities are operated, and (7) all points of ingress or egress to the premises.

e. Surveillance recording equipment must be housed in a designated, locked, and secured room or other enclosure with access limited to authorized employees or local law enforcement agencies for appropriate purposes.

f. All entrances and exits to the facility shall be recorded from both indoor and outdoor vantage points.

g. At least one camera shall be dedicated to recording the access points to the secured surveillance recording area.

h. Permittees shall keep a current list of all authorized employees and personnel who have access to the surveillance system and/or room on the premises.

i. Permittees shall keep a surveillance equipment maintenance activity log to record all service activity, including the identity of the individual performing the service, the service date and time, and the reason for service. Such records shall be maintained on the premises and shall be made available to the city upon request.

j. The system shall be capable of recording all pre-determined surveillance areas in any lighting conditions.

k. Video surveillance equipment shall, at a minimum, consist of digital or network video recorders, cameras capable of meeting the requirements described in this ordinance, video monitors, digital archiving devices, a color printer, and the capability to produce still color photograph from any camera image, live or recorded. The date and time shall be embedded on all surveillance recordings without significantly obscuring the picture. The time on the surveillance video is to be measured in accordance with the official United States time established by the National Institute of Standards and Technology and the U.S. Naval Observatory.

l. Video surveillance systems must be equipped with a failure notification system that provides prompt notification of any prolonged surveillance interruption and/or the complete failure of the surveillance system to the Permittee and Police Department.

m. All surveillance recordings must be kept for a minimum of ninety (90) days and be in a format that can be easily accessed for viewing. Video recordings must be archived in a format that ensures authentication of the recording as a legitimately captured video, and ensures no alteration of the recorded image has taken place.

n. After the ninety-day (90) surveillance video retention period has lapsed, surveillance video recordings must be erased or destroyed prior to being discarded or disposed of for any other purposes. Surveillance video recordings may not be destroyed if the permittee(s) knows, or should have known of a pending criminal, civil, or administrative investigation, or any other proceedings for which the recording may contain relevant information.

o. Upon request, Permittees shall make available to the Police Department or local law enforcement agency, for law enforcement purposes, all information related to security alarm systems, recordings, monitoring, and/or system activity.

p. Permittees may utilize off-site monitoring and video recording storage, or an independent third-party service, to satisfy the requirements of this ordinance, provided the standards exercised at the remote location meet or exceed all standards for on-site monitoring set forth herein.

q. The cannabis business shall be responsible for ensuring that the security surveillance camera footage is compatible with the city's software and hardware and remotely accessible by the Chief of Police. Alarm systems shall send real time alerts directly to the Police Department.

(2) Alarm System.

a. The premises shall be equipped with a reliable, commercial alarm system that is operated and monitored by a security company or alarm business twenty-four (24) hours a day, seven (7) days a week, operating in full compliance with this ordinance.

b. Permittees shall maintain on the premises up to date and current records and existing contracts with third party alarm system or security services providers that: (1) describe the location and operation of each security alarm system, (2) a schematic of security zones, (3) the name of the alarm company, and, if different from the name of the alarm company, (4) the name of any vendor monitoring the premises.

c. At a minimum, the alarm system shall monitor all exterior points of access into the structure on the premises where commercial cannabis activities are operated, including but not limited to windows and doors.

(3) Security Guard. At all times a premises is open to the public, at least one security guard shall be present who is licensed, possesses a valid department of consumer affairs "security guard card".

(4) Records. All records applicable to the surveillance system, alarm system, and track-and-trace system shall be maintained on the premises, and available for inspection upon request by the Police Department or other local law enforcement personnel for law enforcement purposes or to ensure compliance with this ordinance, the Act, or the Regulations.

6-2.08 County Health Permit. The City shall work with The County of Los Angeles to adopt the county's Cannabis Compliance and Enforcement Program and require the city's cannabis Permittees to obtain the county's health permit prior to operation.

6-2.09 Criminal Penalties.

(a) Any violation of any provision of this ordinance shall be deemed a misdemeanor and shall be enforced pursuant to Title 1, Chapter 2 of Redondo Beach Municipal Code.

(b) Separate offenses for each day. Any person who violates any provision of this ordinance shall be guilty of a separate offense for each and every day during any portion of which any such person commits, continues, permits, or causes a violation thereof, and shall be penalized accordingly.

(c) Use or activity prohibited by State law. Nothing in this ordinance shall be deemed to permit or authorize any use or activity which is otherwise prohibited by State law

6-2.10 Violations.

(a) The city may initiate abatement proceedings as authorized by this ordinance or state law to correct or cure any violation of this ordinance. The city shall be entitled to recover its courts costs and reasonable attorneys' fees in the event of a court order or judgment of abatement is entered in favor of the city.

(b) Any person violating any of the provisions of this ordinance shall be guilty of a misdemeanor.

(c) The remedies provided herein are not to be construed as exclusive remedies. The city is authorized to pursue any proceedings or remedies provided by law.

(d) Violations declared a public nuisance. Each and every violation of the provisions of this chapter is hereby deemed unlawful and a public nuisance.

6-2.11 Audits. No later than February 15 of every calendar year, each Permittee shall file with the city one copy of an audit of its operations for the previous calendar year, completed and certified by an independent certified public accountant in accordance with generally accepted auditing and accounting principles. The audit shall include, but not be limited to, a discussion, analysis, and verification of each of the records required to be maintained pursuant to this ordinance.

6-2.12 Records.

(a) Permittees shall maintain records at the premises accurately and truthfully documenting the following:

(1) Each owner and operator of a commercial cannabis business shall maintain a current register of the names and the contact information (including the full names, address, and telephone number) of anyone owning, holding an interest in or managing 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 city manager or his/her designee upon a reasonable request.

(2) All receipts of the premises, including but not limited to all payments, purchases, contributions, reimbursements, and reasonable compensation, whether in cash or in kind, concerning commercial cannabis activities, whether among licensees or otherwise.

(3) Commercial cannabis businesses must record all commercial cannabis activity in the track and trace system as required by state law.

(4) Proof of compliance with the Act and regulations, including but not limited to the license issued by the Department authorizing a Permittee to operate commercial cannabis activities on the premises.

(5) Any other required documentation described in the Development Agreement required to be maintained on the premises.

(6) The foregoing records shall be maintained by Permittees for a period of seven (7) years and shall be made available by the Permittee to the Police Department, other local law enforcement, or the city manager upon request. If such records are not produced as requested, the city may seek a search warrant, subpoena, or court order to compel access thereto. The records shall be stored at the premises in a manner capable of being reproduced promptly and accurately. Any loss, damage or destruction of the records shall be reported to the Police Department within twenty-four hours.

(b) Upon institution of a city-wide cannabis tax, it shall be the duty of every owner and operator of a commercial cannabis business to keep all records as may be necessary to determine the amount of tax due hereunder and shall preserve the same for a period of four years. The Finance Director shall have the right to inspect such records at all reasonable times. The Finance Director shall determine the mode and method of recordkeeping required to assist the tax collector to perform the duties required of him under this section. At the time of permit renewal, 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 Finance Director. The Finance Director shall be authorized to engage a third-party to perform such audit(s).

6-2.13 Compliance with laws.

Nothing in this chapter shall be construed as authorizing any actions that violate state or local law with respect to the operation of a commercial cannabis business. It shall be the responsibility of the owners and operators of the commercial cannabis business to ensure that the commercial cannabis business is, at all times, operating in a manner compliant with all applicable state and local laws, any subsequently enacted state law or regulatory, licensing, or certification requirements, and any additional operating procedures or requirements which may be imposed as conditions of approval of the commercial cannabis permit. Nothing in this chapter shall be construed as authorizing any actions that violate state law regarding the operation of a commercial cannabis business. Except as otherwise provided herein, this ordinance incorporates the requirements of the Act. In the event of any conflict between the provisions of this ordinance and the provisions of the foregoing, the more restrictive provision shall control.

6-2.14 Interpretation. The provisions of this ordinance shall be read to be consistent with all the provisions of state and local law, and their implementing regulations, as well as the other provisions of this ordinance.

6-2.15 Severability. Should any provision of this ordinance, or its application to any persons or circumstance, be determined by a court of competent jurisdiction to be unlawful, unenforceable, or otherwise void, that determination shall have no effect on any other provision of this ordinance or the application of this ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

6-2.16 Limitation of Liability

(a) To the fullest extent permitted by law, the city shall not assume any liability whatsoever, with respect to receiving, reviewing, processing, denying, or approving any application to operate commercial cannabis activities under this ordinance.

(b) As a condition of submitting an application for a Development Agreement, and as a further condition of approval, each applicant or Permittee, as applicable, shall: (1) agree to indemnify the city and its elected and appointed officers, employees, and representatives, from and against any claims, damages, injuries, or liabilities of any kind relating to or arising from an application, the city's denial or approval of an application, or the

operation of commercial cannabis activities; (2) waive any and all claims, damages, injuries, or liabilities of any kind against the city and its elected and appointed officers, employees, and representatives; (3) agree to defend, at its sole cost and expense, any action against the city and/or its elected and appointed officers, employees, and representatives, relating to or arising from an application, denial or approval of an application, or the operation of a commercial cannabis activity; and (4) agree to reimburse the city for any court costs and attorneys' fees (with legal counsel of the city's choice) incurred in any legal challenge relating to an application, the denial or approval of any application, or the operation of a commercial cannabis activity.

6-2.17 Suspension, revocation or modification of permits.

(a) Commercial cannabis permits may be suspended, revoked or modified for any violation of any state or local law and/or any rule, regulation, and/or standard adopted pursuant to this chapter or in this Code, whether committed by the Permittee or any employee or agent of the Permittee.

(b) A decision of the city to suspend, revoke or modify a commercial cannabis permit is appealable to a hearing officer and any appeal must be filed with the city manager at least ten (10) working days prior to the commencement date of the permit revocation or modification.

(1) The City Clerk shall not accept an appeal, and no hearing shall be held, unless the appellant has paid a filing fee, in an amount set by resolution of the City Council, to defray the cost of such appeal. Any appeal without the timely payment of fees shall be considered to be untimely.

(2) The scope of the appeal hearing pursuant to this section shall be limited to those issues raised by the appellant in the written appeal, as submitted pursuant to subsection (a) of this section.

(3) Upon receipt of a timely filed appeal, the City Clerk shall set the matter for hearing before the City Manager. The hearing shall be held not fewer than fifteen (15) calendar days and not more than thirty (30) calendar days from the date of the appeal request. The hearing may be continued from time to time upon the mutual consent of the parties.

(4) The appellant shall be provided with notice of the time and place of the appeal hearing, as well as a copy of all relevant materials at least fifteen (15) calendar days prior to the hearing.

(5) An appeal shall stay all proceedings in furtherance of the appealed action. Following appeal, the decision of the hearing officer may be appealed to the city council. A decision of the city council shall be the final decision of the city.

(c) Any premises, or portion of a premises, for which the cannabis public health permit has been suspended or revoked shall close, cease doing business, and remain closed until the cannabis Health Permit has been reinstated or reissued by the City Health Officer.

(d) Additionally, when there is an imminent threat to public health, safety or welfare, the city manager or his/her designee, may take immediate action to temporarily suspend a commercial cannabis permit issued by the city, pending a hearing before the city

manager or his/her designee within ten (10) working days of suspension. The decision of the City Manager may be appealed to the City Council, whose decision shall be final.”

SECTION 4. Any provisions of the Redondo Beach Municipal Code, or appendices thereto, or any other ordinances of the City inconsistent herewith, to the extent of such inconsistencies and no further, are hereby repealed.

SECTION 5. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

SECTION 6. This ordinance shall be published by one insertion in the official newspaper of said city, and same shall go into effect and be in full force and operation from and after thirty (30) days after its final passage and adoption.

PASSED, APPROVED AND ADOPTED this 6th day of September, 2022.

William C. Brand, Mayor

APPROVED AS TO FORM:

ATTEST:

Michael W. Webb, City Attorney

Eleanor Manzano, City Clerk

ATTEST:

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that Ordinance No. 3240-22 was introduced at a regular meeting of the City Council held on the 16th day of August, 2022, and approved and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 6th day of September, 2022, and there after signed and approved by the Mayor and attested by the City Clerk, and that said Ordinance was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, CMC
City Clerk