

CITY of LAGUNA WOODS CITY COUNCIL AGENDA

Regular Meeting
Wednesday, August 17, 2016
2:00 p.m.

Laguna Woods Village Community Center
Board Room
24351 El Toro Road
Laguna Woods, California 92637

Noel Hatch
Mayor

Shari L. Horne
Mayor Pro Tem

Cynthia Conners
Councilmember



Bert Hack
Councilmember

Carol Moore
Councilmember

Welcome to a meeting of the Laguna Woods City Council!

This meeting may be recorded, televised, and made publically available.

Public Comments: Persons wishing to address the City Council are requested to complete and submit a speaker card to City staff. Speaker cards are available near the entrance to the meeting location. Persons wishing to address the City Council on an item appearing on this agenda will be called upon at the appropriate time during the item's consideration. Persons wishing to address the City Council on an item *not* appearing on the agenda will be called upon during the "Public Comments" item. Persons who do not wish to submit a Speaker Card, or who wish to remain anonymous, may indicate their desire to speak from the floor. Speakers are requested, but not required, to identify themselves.

Americans with Disabilities Act (ADA): It is the intention of the City to comply with the ADA. If you need assistance to participate in this meeting, please contact either the City Clerk's Office at (949) 639-0500/TTY (949) 639-0535 or the California Relay Service at (800) 735-2929/TTY (800) 735-2922. The City requests at least two business days' notice in order to effectively facilitate the provision of reasonable accommodations.

REGULAR MEETING SCHEDULE

The Laguna Woods City Council regularly meets on the third Wednesday of each month at 2 p.m.

AGENDA POSTING AND AVAILABILITY

Regular and Adjourned Regular Meetings: Pursuant to California Government Code Section 54954.2 of the Ralph M. Brown Act, the City of Laguna Woods posts agendas at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, California 92637; on the City’s website (www.cityoflagunawoods.org); and, at other locations designated by Resolution No. 02-33, at least 72 hours in advance of regular and adjourned regular meetings. Agendas and agenda materials are available at Laguna Woods City Hall during normal business hours and on the City’s website. Printed copies of agendas and agenda materials are provided at no charge in advance of meetings. After meetings have occurred, a per page fee is charged for printed copies.

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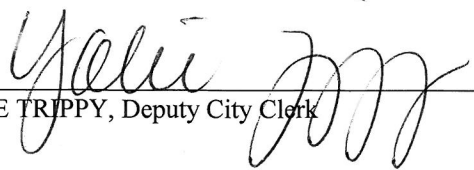
FOR ADDITIONAL INFORMATION

For additional information, please contact the City Clerk’s Office at (949) 639-0500/TTY (949) 639-0535, cityhall@cityoflagunawoods.org, or 24264 El Toro Road, Laguna Woods, California 92637.

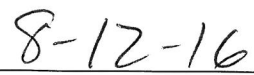
AFFIDAVIT OF POSTING

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LAGUNA WOODS)

I, Yolie Trippy, Deputy City Clerk, City of Laguna Woods, hereby certify under penalty of perjury that this agenda was posted at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, California 92637; on the City’s website (www.cityoflagunawoods.org); and, at other locations designated by Resolution No. 02-33, pursuant to California Government Code Section 54954.2 of the Ralph M. Brown Act.



YOLIE TRIPPY, Deputy City Clerk



Date

I. CALL TO ORDER

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. PRESENTATIONS AND CEREMONIAL MATTERS

4.1 100th Birthday – Anne Edwards

Recommendation: Approve and present the commendation.

V. PUBLIC COMMENTS

About Public Comments: This is the time and place for members of the public to address the City Council on items *not* appearing on this agenda. Pursuant to State law, the City Council is unable to take action on such items, but may engage in brief discussion, provide direction to City staff, or schedule items for consideration at future meetings.

VI. CONSENT CALENDAR

About the Consent Calendar: All items listed on the Consent Calendar are considered routine and will be enacted by one vote. There will be no separate discussion of these items unless a member of the City Council, City staff, or the public requests that specific items be removed from the Consent Calendar for separate discussion and consideration of action.

6.1 City Council Minutes

Recommendation: Approve the City Council meeting minutes for the regular meeting on July 20, 2016.

6.2 City Treasurer's Report

Recommendation: Receive and file the City Treasurer's Report for the month of July 2016.

6.3 Warrant Register

Recommendation: Approve the warrant register dated August 17, 2016 in the amount of \$1,120,680.38.

6.4 Fiscal Year 2016-17 Budget Adjustment

Recommendation: Approve a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, INCREASING THE ADOPTED FISCAL YEAR 2016-17 BUDGET FOR THE GENERAL FUND FOR PURPOSES RELATED TO THE GENERAL PLAN COMPREHENSIVE UPDATE PROJECT

6.5 City Hall Building Maintenance and Reconfiguration

Recommendation: Authorize the City Manager to execute agreements with Veteran Ed's for City Hall building maintenance and reconfiguration, in an amount not to exceed \$70,000 for Fiscal Year 2016-17, subject to approval as to form by the City Attorney.

6.6 Building Inspection, Permit Counter, and Building Official Services

Recommendation: Approve an amendment to the agreement with CivilSource, Inc. for building inspection and permit counter services and authorize the City Manager to execute the amendment, subject to approval as to form by the City Attorney. (Note: The amendment also pertains to building official services.)

6.7 Laguna Woods Civic Support Fund

Recommendation: Ratify the bylaws for the Laguna Woods Civic Support Fund, as adopted and recommended by the Laguna Woods Civic Support Fund Board of Directors.

VII. PUBLIC HEARINGS

7.1 Medical Marijuana Dispensaries Ordinance

Recommendation:

1. Receive staff report.

AND

2. Open public hearing.

AND

3. Receive public testimony.

AND

4. Close public hearing.

AND

5. Take one of the following actions:

- A. Adopt an ordinance – read by title with further reading waived – entitled:

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858, EXTENDING A MORATORIUM ON ESTABLISHING, LOCATING, OR OPERATING MEDICAL MARIJUANA DISPENSARIES FOR THE PURPOSE OF PURSUING PROHIBITION THEREOF

OR

- B. Adopt an ordinance – read by title with further reading waived – entitled:

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858, EXTENDING A MORATORIUM ON ESTABLISHING, LOCATING, OR OPERATING MEDICAL MARIJUANA DISPENSARIES

FOR THE PURPOSE OF FURTHER STUDY AND
ANALYSIS

VIII. CITY COUNCIL BUSINESS

IX. CITY COUNCIL REPORTS AND COMMENTS

About City Council Comments and Reports: This is the time and place for members of the City Council to provide reports on meetings attended including, but not limited to, meetings of regional boards and entities to which they have been appointed to represent the City and meetings attended at the expense of the City pursuant to California Government Code Section 53232.3. Members of the City Council may also make other comments and announcements.

- 9.1 Coastal Greenbelt Authority
Councilmember Conners; Alternate: Mayor Pro Tem Horne
- 9.2 Orange County Fire Authority
Mayor Hatch
- 9.3 Orange County Library Advisory Board
Councilmember Moore; Alternate: Mayor Pro Tem Horne
- 9.4 Orange County Mosquito and Vector Control District
Mayor Pro Tem Horne
- 9.5 San Joaquin Hills Transportation Corridor Agency
Councilmember Hack; Alternate: Councilmember Conners
- 9.6 South Orange County Watershed Management Area
Councilmember Moore; Alternate: Mayor Hatch
- 9.7 Other Comments and Reports

X. CLOSED SESSION

- 10.1 The City Council will meet in closed session under the authority of California Government Code Section 54956.9(d)(4) to consider the potential initiation of litigation in one case.
- 10.2 The City Council will meet in closed session under the authority of California Government Code Section 54956.8 to conference with

its real property negotiator.

PROPERTY:

Santa Maria Avenue generally west of Santa Vittoria Drive to its westernmost terminus.

CITY NEGOTIATOR:

Christopher Macon, City Manager

NEGOTIATING PARTIES:

Golden Rain Foundation of Laguna Woods

Third Laguna Hills Mutual

ISSUE UNDER NEGOTIATION:

Real property negotiations in response to inquiries made by the Negotiating Parties, including terms, conditions, and price.

XI. CLOSED SESSION REPORT

XII. ADJOURNMENT

Next Regular Meeting:

Wednesday, September 21, 2016 at 2 p.m.

Laguna Woods City Hall

24264 El Toro Road, Laguna Woods, California 92637

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4.1

**COMMENDATION –
100TH BIRTHDAY – ANNE EDWARDS**

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**City of Laguna Woods
Certificate of Commendation
Anne Edwards
100th Birthday**

WHEREAS, Anne Edwards celebrated her 100th birthday on August 8, 2016; and

WHEREAS, Anne Edwards has witnessed many technological innovations and changes in our world, including the advent of air travel, development of the automobile, and the widespread use of electricity; and

WHEREAS, Anne Edwards enjoyed a long career serving as a ministerial practitioner in Pasadena and at the Center for Spiritual Living in Laguna Hills; and

WHEREAS, Anne Edwards moved to Laguna Woods Village (which, at the time, was known as Leisure World Laguna Hills) in 1988 with her late-husband; and

WHEREAS, Anne Edwards' passion to help others continued long after her retirement with service as an office volunteer at Hospice of Saddleback Valley.

NOW, THEREFORE, BE IT RESOLVED that the Laguna Woods City Council does hereby deem it an honor and a pleasure to extend this certificate of commendation to Anne Edwards on the occasion of her 100th birthday, with congratulations and best wishes for many more joyous years to come.

Dated this 17th day of August, 2016

Noel Hatch
Mayor

Attest: Yolie Trippy
Deputy City Clerk

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6.1-6.7
CONSENT CALENDAR SUMMARY

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City of Laguna Woods Agenda Report

TO: Honorable Mayor and City Councilmembers
FROM: Christopher Macon, City Manager
FOR: August 17, 2016 Regular Meeting
SUBJECT: Consent Calendar Summary

Recommendation

Approve all proposed actions on the August 17, 2016 Consent Calendar by single motion and City Council action.

Background

All items listed on the Consent Calendar are considered routine and will be enacted by one vote. There will be no separate discussion of these items unless a member of the City Council, staff, or the public requests that specific items be removed from the Consent Calendar for separate discussion and consideration of action.

Summary

The August 17, 2016 Consent Calendar contains the following items:

- 6.1 Approval of the City Council meeting minutes for the regular meeting on July 20, 2016.
- 6.2 Approval of a motion to receive and file the City Treasurer's Report for the month of July 2016.
- 6.3 Approval of the warrant register dated August 17, 2016 in the amount of \$1,120,680.38. A list of warrants is included in the agenda packet; detailed information about individual warrants is available at City Hall.

- 6.4 Approval of a resolution increasing the adopted Fiscal Year 2016-17 budget for the General Fund for purposes related to the General Plan Comprehensive Update Project. The proposed budget adjustment would increase the General Fund budget by \$9,560 in order to accommodate additional expenses related to ensuring that the General Plan Housing Element remains compliant with State law and reflective of local issues. As work on the General Plan Comprehensive Update Project has progressed, staff has identified the need to update data analysis in the Housing and Population Background Report, as well as programs in the Housing Element. As required by law, the updates would be reviewed by the State Department of Housing and Community Development. The updates would also require City Council approval.
- 6.5 Authorization for the City Manager to execute agreements with Veteran Ed's for City Hall building maintenance and reconfiguration, in an amount not to exceed \$70,000 for Fiscal Year 2016-17, subject to approval as to form by the City Attorney. Veteran Ed's is a licensed general contractor that was selected to repair and reconfigure City Hall's deteriorated second floor office area and break room, based on cost, familiarity with government contract requirements, and ability to complete the work in a timely manner. Veteran Ed's is also a disabled, Veteran-owned business with expertise in asbestos abatement. The recommendation would formally authorize agreements for work necessary to allow the City to safely reoccupy the second floor.
- 6.6 Approval of an amendment to the agreement with CivilSource, Inc. for building inspection and permit counter services and authorization for the City Manager to execute the amendment, subject to approval as to form by the City Attorney. The proposed amendment would allow CivilSource, Inc., which provides the majority of the City's building services, to also provide building official services. CivilSource, Inc. has agreed to do so at the same hourly rate charged by the current provider of building official services. Staff believes that having a second consulting firm available to provide building official services will enhance the quality and continuity of services.
- 6.7 Ratification of the bylaws for the Laguna Woods Civic Support Fund, as adopted and recommended by the Laguna Woods Civic Support Fund Board of Directors. The Laguna Woods Civic Support Fund Board of Directors met on August 2, 2016 and adopted bylaws establishing various governance and management practices. The bylaws require ratification by the City Council.

6.1
CITY COUNCIL MINUTES

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**CITY OF LAGUNA WOODS CALIFORNIA
CITY COUNCIL MINUTES
REGULAR MEETING
July 20, 2016
2:00 P.M.
Laguna Woods Village Community Center Board Room
24351 El Toro Road
Laguna Woods, California 92637**

I. CALL TO ORDER

Mayor Hatch called the Regular Meeting of the City Council of the City of Laguna Woods to order at 2:00 p.m.

II. ROLL CALL

COUNCILMEMBER: PRESENT: Conners, Hack, Moore, Horne, Hatch
 ABSENT: -

STAFF PRESENT: City Manager Macon, Assistant City Attorney Patterson,
 Administrative Services Director/City Treasurer Cady, Deputy
 City Clerk Trippy

III. PLEDGE OF ALLEGIANCE

Councilmember Hack led the flag salute.

IV. PRESENTATIONS AND CEREMONIAL MATTERS

4.1 Clown Week – August 1-7, 2016

Laguna Woods Senior Clown Alley members and Councilmembers made comments.

Moved by Councilmember Conners, seconded by Mayor Pro Tem Horne, and carried unanimously on a 5-0 vote, to approve and present the proclamation for Clown Week.

Mayor Hatch made comments.

V. PUBLIC COMMENT

Ari Grayson, candidate for the 37th Senate District, introduced himself and expressed his gratitude for the work performed by law enforcement.

Councilmembers briefly responded to Mr. Grayson's comments.

Donovan Higbee, representative from Congresswoman Mimi Walter's Office, introduced himself and stated that he is looking forward to working with the City.

Franklin Smith, resident, discussed potential uses for the former Hometown Buffet site. He also stated that he is raising funds for a Tournament of Roses parade float.

Councilmembers and staff briefly responded to Mr. Smith's comments.

VI. CONSENT CALENDAR

Moved by Councilmember Moore, seconded by Councilmember Conners, and carried unanimously on a 5-0 vote, to approve Consent Calendar Items 6.1 – 6.4.

6.1 City Council Minutes

Approved the City Council meeting minutes for the regular meeting on June 15, 2016 and the adjourned regular meeting on June 29, 2016.

6.2 City Treasurer's Report

Received and filed the City Treasurer's Report for the month of June 2016.

6.3 Warrant Register

Approved the warrant register dated July 20, 2016 in the amount of \$423,567.77.

6.4 Fiscal Year 2016-17 Budget Adjustments

Approved a resolution entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, MODIFYING THE COMMITTED FUND BALANCES FOR THE PAID LEAVE CONTINGENCY FUND AND THE GENERAL FUND CONTINGENCY FUND FOR FISCAL YEAR 2016-17

VII. PUBLIC HEARINGS – None

VIII. CITY COUNCIL BUSINESS

8.1 Appointment of League of California Cities 2016 Annual Business Meeting Delegate and Alternate Delegates

Mayor Hatch introduced the item.

Councilmembers discussed the item and staff answered related questions.

Moved by Councilmember Conners, seconded by Councilmember Moore, and carried unanimously on a 5-0 vote, to appoint Mayor Pro Tem Horne as the delegate, Councilmember Moore as the first alternate, and Mayor Hatch as the second alternate at the League of California Cities 2016 Annual Business Meeting.

IX. CITY COUNCIL REPORTS AND COMMENTS

9.1 Coastal Greenbelt Authority

Councilmember Conners stated that there had been no meeting since the last meeting.

9.2 Orange County Fire Authority

Mayor Hatch provided a report.

Councilmembers and staff commented on the report.

9.3 Orange County Library Advisory Board

Councilmember Moore stated that there had been no meeting since the last meeting.

9.4 Orange County Mosquito and Vector Control District

Mayor Pro Tem Horne provided a report.

Councilmembers commented on the report.

Franklin Smith, resident, encouraged the community to take caution with squirrels.

9.5 San Joaquin Hills Transportation Corridor Agency

Councilmember Hack provided a report.

Mayor Hatch commented on the report.

9.6 South Orange County Watershed Management Area

Councilmember Moore stated that there had been no meeting since the last meeting.

9.7 Other Comments and Reports

Councilmember Moore reported on a recent Southern California Association of Governments meeting.

Councilmember Hack commented on Councilmember Moore's report.

X. CLOSED SESSION

- 10.1 The City Council met in closed session under the authority of California Government Code sections 54956.9(d)(2) and (e)(1) to discuss potential exposure to litigation in two cases.
- 10.2 The City Council met in closed session under the authority of California Government Code sections 54957(b)(1) to consider the following: Public Employee Performance Evaluation – City Manager.

XI. CLOSED SESSION REPORT

The City Council reconvened in open session at 3:55 p.m. Assistant City Attorney Patterson stated that there was no reportable action under Government Code Section 54957.1.

XII. ADJOURNMENT

The meeting was adjourned at 3:55 p.m. The next regular meeting will be at 2:00 p.m. on Wednesday, August 17, 2016 at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, California 92637. *(Note: The location of the next regular meeting was subsequently changed to the Laguna Woods Village Community Center Board Room, 24351 El Toro Road, Laguna Woods, CA 92637.)*

YOLIE TRIPPY, Deputy City Clerk

Adopted: August 17, 2016

NOEL HATCH, Mayor

6.2
CITY TREASURER'S REPORT

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City of Laguna Woods
City Treasurer's Report
For the Month Ended July 31, 2016

ITEM 6.2

INVESTMENTS AND CASH ON HAND

	Beginning Balances As of 6/30/16	Earnings & Receipts	Disbursements	Other Adjustments	Ending Balances As of 7/31/16
Investments - Interest and Income Bearing					
Local Agency Investment Fund (LAIF) (Notes 1 and 2)	\$ 10,764,030	\$ 14,169	\$ (250,000)	\$ -	\$ 10,528,199
Other Portfolio Investments - None this period	-	-	-	-	-
Total Investments	\$ 10,764,030	\$ 14,169	\$ (250,000)	\$ -	\$ 10,528,199
Cash and Cash Equivalents					
Analyzed Checking Account	\$ 396,652	\$ 629,846	\$ (857,904)	\$ -	\$ 168,594
Petty Cash	767	225	(167)	-	825
Total Cash and Cash Equivalents	\$ 397,419	\$ 630,071	\$ (858,071)	\$ -	\$ 169,419
TOTAL INVESTMENTS, CASH AND CASH EQUIVALENTS	\$ 11,161,449	\$ 644,240	\$ (1,108,071)	\$ -	\$ 10,697,618

Summary of Total Investments, Cash and Cash Equivalents:

	General Fund	Special Revenue	Totals
LAIF	\$ 10,082,468	\$ 445,731	\$ 10,528,199
Analyzed Checking	\$ (656,639)	\$ 825,233	\$ 168,594
Petty Cash	\$ 825	\$ -	\$ 825
Totals	\$ 9,426,654	\$ 1,270,964	\$ 10,697,618

Notes:

Note 1 - LAIF / During this period there was a transfer of \$250,000 from the LAIF account to the City's checking account.

Note 2 - LAIF / LAIF reports interest earnings quarterly. Interest of \$14,169 for the quarter of April 2016 through June 2016 was received this month.



City of Laguna Woods
City Treasurer's Report
 For the Month Ended July 31, 2016

ITEM 6.2

OTHER FUNDS - HELD IN TRUST

	Beginning Balances As of 6/30/16	Contributions / (Withdrawals)	Administrative Fees & Investment Expense	Unrealized Gain / (Loss)	Ending Balances As of 7/31/16
Other Post-Employment Benefits (OPEB) Trust					
Held in and administered by the CalPERS California Employers' Retiree Benefit Trust (CERBT)	\$ 64,815	\$ -	\$ (5)	\$ 1,279	\$ 66,089
Total Other Funds - Held in Trust	\$ 64,815	\$ -	\$ (5)	\$ 1,279	\$ 66,089

City Treasurer's Certification

I, Margaret A. Cady, City Treasurer, do hereby certify:

- That all investment actions executed since the last report have been made in full compliance with the City's Investment of Financial Assets Policy; and
- That the City is able to meet all cash flow needs which might reasonably be anticipated for the next 12 months.

Margaret A Cady

 Margaret A. Cady, City Treasurer

8/9/16

 Dated

6.3 WARRANT REGISTER

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**CITY OF LAGUNA WOODS
WARRANT REGISTER
8/17/2016**

ITEM 6.3

Number	Date	Vendor Name	Description	Amount
<i>Automatic Bank Debits</i>				
Debit	7/13/2016	ADP PAYROLL SERVICES	Payroll / Pay Period Ended 7/8/2016	\$42,760.44
Debit	7/13/2016	CALPERS - RETIREMENT	Retirement Contributions / Pay Period Ended 7/8/2016	2,115.69
Debit	7/22/2016	ADP PAYROLL SERVICES	Payroll Processing Fees / Pay Period Ended 7/8/2016	200.60
Debit	7/18/2016	CALPERS - RETIREMENT	PERS Unfunded Liability - FY 2016-17	17,961.00
Debit	6/30/2016	BANK OF AMERICA	Bank Fees - June 2016	21.00
Debit	8/01/2016	CALPERS - HEALTH	Employee Benefit Program / August 2016	3,044.48
Debit	7/21/2016	COUNTY OF ORANGE	Law Enforcement Services / June 2016	196,216.08
Debit	7/25/2016	COUNTY OF ORANGE	Law Enforcement Services / July 2016	215,469.98
Debit	8/8/2016	COUNTY OF ORANGE	Law Enforcement Services / August 2016	215,469.98
Debit	7/27/2016	ADP PAYROLL SERVICES	Payroll / Pay Period Ended 7/22/2016	31,915.77
Debit	7/27/2016	CALPERS - RETIREMENT	Retirement Contributions / Pay Period Ended 7/22/2016	2,126.20
Debit	8/5/2016	ADP PAYROLL SERVICES	Payroll Processing Fees / Pay Period Ended 7/22/2016	154.76
<i>Warrants:</i>				
118173	07/06/2016	CYNTHIA CONNERS	Auto Allowance / July 2016	300.00
118174	07/06/2016	COUNTY OF ORANGE	Supplemental Law Enforcement Services / May and June 2016	5,959.44
118175	07/06/2016	DELTA DENTAL OF CALIFORNIA	Employee Benefits Program / July 2016	293.37
118176	07/06/2016	EL TORO WATER DISTRICT	Ridge Route Dog Park Irrigation / June 2016	20.76
118177	07/06/2016	HACK, BERT	Auto Allowance / July 2016	300.00
118178	07/06/2016	ROBERT NOEL HATCH	Auto Allowance / July 2016	300.00
118179	07/06/2016	SHARI HORNE	Auto Allowance / July 2016	300.00
118180	07/06/2016	MANAGED HEALTH NETWORK	Employee Benefits Program / July 2016	14.63
118181	07/06/2016	PRINCIPAL FINANCIAL GROUP	Long-Term Disability Insurance / July 2016	323.59
118182	07/06/2016	SOUTHERN CALIFORNIA EDISON	City Hall Utilities / June 2016	1,924.22
118183	07/06/2016	SOUTHERN CALIFORNIA EDISON	Irrigation Controllers / June 2016	26.67
118184	07/06/2016	VISION SERVICE PLAN OF AMERICA	Employee Benefits Program / July 2016	120.18
118185	07/13/2016	JEANNE ALLEN	Taxi Voucher Refund	25.00
118186	07/13/2016	AT&T	Telephone / 458-3487 / June 2016	34.21
118187	07/13/2016	AT&T	Telephone / 452-0600 / June 2016	794.61
118188	07/13/2016	AT&T	Telephone / 639-0500 / June 2016	204.68
118189	07/13/2016	AT&T	Telephone / 770-9359 / June 2016	18.60
118190	07/13/2016	AT&T	White Pages / July 2016	4.53
118191	07/13/2016	MARGARET CADY	Reimbursement - Postage	53.62
118191	07/13/2016	MARGARET CADY	Overpaid Payroll Tax Refund	31.55
118192	07/13/2016	COUNTY OF ORANGE	LAFCO Cost Allocation / FY 2016-17	1,961.34
118193	07/13/2016	MARGOT DREXLER	Taxi Voucher Refund	77.50
118194	07/13/2016	JOHN EGERTER	Taxi Voucher Refund	32.50
118195	07/13/2016	EL TORO WATER DISTRICT	Landscape Irrigation / May 2016	3,919.87
118196	07/13/2016	EL TORO WATER DISTRICT	Landscape Irrigation / June 2016	6,141.84

**CITY OF LAGUNA WOODS
WARRANT REGISTER
8/17/2016**

ITEM 6.3

Number	Date	Vendor Name	Description	Amount
118197	07/13/2016	GOLDEN STATE OVERNIGHT	Mailing Services / May 2016	20.57
118198	07/13/2016	MONICA JOHNSON	Taxi Voucher Refund	25.00
118199	07/13/2016	MANJULA KAMDAR	Taxi Voucher Refund	16.00
118200	07/13/2016	MYUNG SOON KIM	Taxi Voucher Refund	50.00
118201	07/13/2016	JANE LAWSON	Taxi Voucher Refund	56.50
118202	07/13/2016	BARBARA LILJA	Taxi Voucher Refund	134.00
118203	07/13/2016	HENRY OU	Taxi Voucher Refund	50.00
118204	07/13/2016	PETTY CASH	Replenish Petty Cash	224.93
118205	07/13/2016	FRANICS SKIDMORE	Taxi Voucher Refund	20.00
118206	07/13/2016	SOCAL REHAB PROPERTY	Reissued Payment / Waste Diversion Refund	250.00
118207	07/13/2016	MILDRED SUPPE	Taxi Voucher Refund	25.00
118208	07/13/2016	THE GAS COMPANY	City Hall Utilities / June 2016	22.46
118209	07/13/2016	MARY WESTPHALEN	Taxi Voucher Refund	12.00
118210	07/13/2016	ADOLPH ZUKOR	Taxi Voucher Refund	14.50
118211	07/20/2016	360 BUSINESS CONSULTING	Website Hosting / July 2016	200.00
118212	07/20/2016	IRMA ACKER	Taxi Voucher Refund	13.50
118213	07/20/2016	ADVANCED PERMIT SERVICES	Refund of Overpayment / Building Permit	58.00
118214	07/20/2016	ANDERSONPENNA PARTNERS, INC.	Code Enforcement Services / June 2016	1,508.00
118215	07/20/2016	APRIL BAUMGARTEN	Reimbursement - Mileage and Per Diem, CJPIA Public Works Academy	55.94
118216	07/20/2016	JACK BERGER	Taxi Voucher Refund	77.50
118217	07/20/2016	SHIRLEY BRODSKY	Taxi Voucher Refund	25.00
118218	07/20/2016	WILLIAM BROWN	Taxi Voucher Refund	24.00
118219	07/20/2016	CAA	Water Quality Consulting Services / June 2016	5,781.00
118220	07/20/2016	CAPTIONING UNLIMITED	Closed Captioning / City Council Meetings	500.00
118221	07/20/2016	CEP AMERICA AUC PC	Pre-Employment Physical Examination / Baumgarten	45.00
118222	07/20/2016	BRANDON CHAE	Waste Diversion Deposit Refund	500.00
118223	07/20/2016	CITIES DIGITAL	Laserfiche Annual Contract / August 2016 through August 2017	660.00
118224	07/20/2016	CIVIL SOURCE	Building Inspection Services / May - June 2016	70,583.75
118224	07/20/2016	CIVIL SOURCE	Engineering Services - Santa Maria Avenue Bioswale Project / January 2016	1,277.50
118225	07/20/2016	CMRK, INC.	Refund of Overpayment / Building Permit	50.00
118226	07/20/2016	COPYFORCE	Printing Services / Building Plans	24.72
118227	07/20/2016	CSG CONSULTANTS, INC.	Plan Check Services / June 2016	1,317.50
118228	07/20/2016	JEAN DARVIN	Taxi Voucher Refund	68.00
118229	07/20/2016	PATEL DINESHCHANDRA	Taxi Voucher Refund	50.00
118230	07/20/2016	DISABILITY ACCESS CONSULTANTS	ADA Transition Planning Services	1,700.00
118231	07/20/2016	MARC DONOHUE	Administrative Services / June 2016	350.00
118232	07/20/2016	ANN FOWLER	Taxi Voucher Refund	15.00
118233	07/20/2016	JOANNE FROBISH	Taxi Voucher Refund	50.00
118234	07/20/2016	GILMAN GEBO	Taxi Voucher Refund	25.00
118235	07/20/2016	CHARLOTTE GLICKMAN	Taxi Voucher Refund	50.00

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Number	Date	Vendor Name	Description	Amount
118236	07/20/2016	IILDIKO GOOD	Taxi Voucher Refund	12.00
118237	07/20/2016	SHIRLEY GOORMAN	Taxi Voucher Refund	50.00
118238	07/20/2016	WILLIAM GRIFFIN	Public Safety & CDBG Consulting Services / May-July 2016	4,992.00
118239	07/20/2016	JOYCE HARDING	Taxi Voucher Refund	50.00
118240	07/20/2016	ANN HEAD	Taxi Voucher Refund	74.00
118241	07/20/2016	LOIS HINEBAUGH	Taxi Voucher Refund	50.00
118242	07/20/2016	PAULINE HUDSON	Taxi Voucher Refund	12.00
118243	07/20/2016	ICMA MEMBERSHIP RENEWALS	Int'l City/County Management Assoc. Membership / FY 2016-17 / City Manager	1,378.50
118244	07/20/2016	ICMA RETIREMENT CORPORATION	Quarterly Plan Fee / July - September 2016	125.00
118245	07/20/2016	DOROTHY JEFFERIES	Taxi Voucher Refund	23.00
118246	07/20/2016	CALVIN KAJKAWA	Taxi Voucher Refund	16.00
118247	07/20/2016	KONICA MINOLTA	Copier Lease / July 2016	483.84
118248	07/20/2016	THE KOREA TIMES LA, INC.	Election Public Notice - Korean Language Translation	300.00
118249	07/20/2016	LILLEY PLANNING GROUP	Building Official Services / June 2016	4,719.00
118250	07/20/2016	HELEN MASKELL	Taxi Voucher Refund	40.00
118251	07/20/2016	GERALDINE MCINTOSH	Taxi Voucher Refund	50.00
118252	07/20/2016	LINDA MILLER	Taxi Voucher Refund	20.00
118253	07/20/2016	SHARON MONFORT	Taxi Voucher Refund	50.00
118254	07/20/2016	MYKATON CONSTRUCTION	Waste Diversion Deposit Refund	250.00
118255	07/20/2016	NIEVES LANDSCAPE, INC.	City Hall Landscape Maintenance / July 2016	325.00
118256	07/20/2016	ORKIN	Pest Control Services / June 2016	108.16
118257	07/20/2016	PEAK LIGHTING & ELECTRIC, INC.	Residential Streetlight Maintenance / June 2016	682.89
118258	07/20/2016	PV MAINTENANCE, INC.	Catch Basin Cleaning / June 2016	2,244.00
118259	07/20/2016	QUIKSHIP	Office Supplies	349.78
118260	07/20/2016	SUSAN SAFER	Taxi Voucher Refund	25.00
118261 - 118270		CHECK VOIDS	Printing Error	0.00
118271	07/20/2016	TEAM ONE MANAGEMENT	Janitorial Services / June 2016	635.00
118272	07/20/2016	BEVERLY TURNER	Taxi Voucher Refund	25.00
118273	07/20/2016	TYLER TECHNOLOGIES, INC.	Financial Software Maintenance / FY 2016-17	3,077.00
118274	07/20/2016	WAGE WORKS	125 Cafeteria Plan / June 2016	100.00
118275	07/20/2016	JOYCE WOSKIN	Taxi Voucher Refund	13.00
118276	07/20/2016	TSONG-MIN YEH	Taxi Voucher Refund	12.50
118277	07/20/2016	SUELLEN ZIMA	Taxi Voucher Refund	12.00
118278	07/20/2016	SIEMENS INDUSTRY, INC.	Traffic Signal Maintenance / May - June 2016	1,294.00
118279	07/20/2016	GLADYS SLIVERMAN	Taxi Voucher Refund	12.00
118280	07/20/2016	SONITROL	City Hall Fire Monitoring / July 2016	64.38
118281	07/20/2016	SOUTHERN CALIFORNIA EDISON	Irrigation Controllers / June 2016	25.69
118282	07/20/2016	SOUTHERN CALIFORNIA EDISON	Residential Streetlights / June 2016	1,528.16
118283	07/20/2016	SOUTHERN CALIFORNIA EDISON	Right of Way / June 2016	2,099.35
118284	07/20/2016	SOUTHERN CALIFORNIA EDISON	Traffic Signal Control / May - June 2016	900.10

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Number	Date	Vendor Name	Description	Amount
118285	07/20/2016	SOUTHERN CALIFORNIA EDISON	Traffic Signal Control / May - June 2016	355.31
118286	07/20/2016	SOUTHERN CALIFORNIA EDISON	Ridge Route Dog Park / June 2016	50.22
118287	07/20/2016	STAPLES	Office Supplies	38.99
118288	07/27/2016	MARTIN ARONAUER	Taxi Voucher Refund	19.50
118289	07/27/2016	B. FOSTER CONSTRUCTION, INC	Refund / Cancelled Building Permits	99.00
118290	07/27/2016	ROSALYN BAUTZER	Taxi Voucher Refund	55.00
118291	07/27/2016	IRWIN B BORNSTEIN, CPA	Financial Consulting Services / June 2016	935.00
118292	07/27/2016	C & C PLUMBING	Refund of Overpayment / Building Permit	28.00
118293	07/27/2016	MARGARET CADY	Reimbursement - Registration Fee, CalPERS Education Forum / October 2016	350.00
118293	07/27/2016	MARGARET CADY	Reimbursement - American Institute of CPAs Dues / FY 2016-17	250.00
118293	07/27/2016	MARGARET CADY	Reimbursement - Postage	38.82
118294	07/27/2016	CALIFORNIA BLDG STANDARDS COMMISSION	Building Permit Fee Assessment / April - June 2016	832.50
118295	07/27/2016	CALIFORNIA YELLOW CAB	Taxi Voucher Services / June 2016	20,082.00
118296	07/27/2016	CAPTIONING UNLIMITED	Closed Captioning / City Council Meetings	100.00
118297	07/27/2016	CITY OF ALISO VIEJO	Dairy Fork Constructed Wetland Project / May 2016 - June 2016	9,484.74
118298	07/27/2016	CITY OF LAGUNA BEACH	Animal Control & Shelter Services / July 2016	8,043.00
118299	07/27/2016	CIVIL SOURCE	El Toro Traffic Signal Synchronization Project / January - May 2016	28,227.50
118299	07/27/2016	CIVIL SOURCE	Moulton Parkway Traffic Signal Synchronization Project / January - May 2016	62,339.14
118300	07/27/2016	COUNTY OF ORANGE	800MHz Communication Charges / April - September 2016	574.00
118301	07/27/2016	CRITTER BUSTERS, INC	Animal Trapping Services / July 2016	2,200.00
118302	07/27/2016	DEPARTMENT OF CONSERVATION	Strong Motion Instrumentation & Seismic Hazard Mapping Fee / April - June 2016	715.96
118303	07/27/2016	MEHRAN DINYARI	Waste Diversion Deposit Refund	250.00
118304	07/27/2016	DONNA'S RADIUS MAPS	Public Notice Radius Mailing - Commercial Zoning Code Update Project	2,500.00
118305	07/27/2016	MARC DONOHUE	Administrative Services / April - May 2016	450.00
118306	07/27/2016	GLORIA DUTHIE	Taxi Voucher Refund	15.00
118307	07/27/2016	EILEEN GARNREITER	Taxi Voucher Refund	25.00
118308	07/27/2016	CAROL GREGER	Taxi Voucher Refund	75.00
118309	07/27/2016	KBKONCEPT	Waste Diversion Deposit Refund	750.00
118310	07/27/2016	LA OPINION	Election Public Notice - Spanish Language Translation	391.56
118311	07/27/2016	MILDRED LEVINE	Taxi Voucher Refund	25.00
118312	07/27/2016	MICHAEL BAKER INTERNATIONAL	General Plan Comprehensive Update Project / June 2016	3,269.25
118312	07/27/2016	MICHAEL BAKER INTERNATIONAL	Planning Services / April 2016	7,697.50
118313	07/27/2016	CONSTANCE OLSEN	Taxi Voucher Refund	11.50
118314	07/27/2016	ONISKO & SCHOLZ, LLP	Forensic Accounting Services / June 1-15, 2016	2,345.00
118315	07/27/2016	PV MAINTENANCE INC	Street Maintenance Services / June 2016	15,840.49
118316	07/27/2016	MAXINE QUITIQUIT	Taxi Voucher Refund	50.00
118317	07/27/2016	SADDLEBACK WINDOWS AND DOORS	CDBG Energy Efficiency & Improvement Program / FY 2015-16	9,050.00
118317	07/27/2016	SADDLEBACK WINDOWS AND DOORS	CDBG Energy Efficiency & Improvement Program / FY 2016-17	5,282.00
118318	07/27/2016	FRANICS SKIDMORE	Taxi Voucher Refund	44.50
118319	07/27/2016	SOUTHERN CALIFORNIA WATER	Southern California Water Committee Quarterly Meeting / Councilmember Hack	70.00

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Number	Date	Vendor Name	Description	Amount
118320	07/27/2016	STAPLES	Office Supplies	462.13
118321	07/27/2016	THE TRAFFIC SAFETY STORE	Wheel Stops for City Hall	155.20
118322	07/27/2016	VECTUS	City Hall Internet Service / July 2016	309.38
118323	07/27/2016	WM CURBSIDE, LLC	HHW, Medicine and Sharps Program / June 2016	3,983.30
118324	07/27/2016	WORLD JOURNAL	Election Public Notice - Chinese Language Translation	400.00
118325	07/27/2016	VICTORIA YANG	Taxi Voucher Refund	12.00
118326	07/27/2016	DORIS ZELON	Taxi Voucher Refund	100.00
118327	08/03/2016	AC ALMOND	Refund of Deposit / Site Development Permit	298.29
118328	08/03/2016	ANDERSONPENNA PARTNERS, INC.	Landscape Inspection Services / June 2016	4,572.75
118329	08/03/2016	SUZANNE BAILEY	Taxi Voucher Refund	10.00
118330	08/03/2016	BASTIAN ACCOUNTING & BOOKKEEPING	Law Enforcement Deployment Study	9,750.00
118331	08/03/2016	CAA	Water Quality Consulting Services / June 2016 - Additional Service	1,179.00
118332	08/03/2016	CALIFORNIA YELLOW CAB	NEMT Taxi Voucher Services / June 2016	12,875.00
118333	08/03/2016	CIVIL SOURCE	Traffic & Engineering Services / June 2016	13,130.00
118334	08/03/2016	CALIFORNIA MUNICIPAL TREASURERS ASSOCIATION	Annual Membership Dues / City Manager and Administrative Services Director	155.00
118335	08/03/2016	AZAM COHEN	Taxi Voucher Refund	25.00
118336	08/03/2016	CYNTHIA CONNERS	Auto Allowance / August 2016	300.00
118337	08/03/2016	COPYFORCE	Printing Services - Taxi Voucher Books / FY 2016-17	4,424.76
118338	08/03/2016	CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS	Annual GASB Update / Administrative Services Director and Senior Accountant	60.00
118339	08/03/2016	DELTA DENTAL OF CALIFORNIA	Employee Benefits Program / August 2016	293.37
118340	08/03/2016	EL TORO WATER DISTRICT	Fire Code Requirement - Backflow - City Hall / July 2016	28.00
118341	08/03/2016	EL TORO WATER DISTRICT	City Hall Water & Sewer Services / July 2016	101.56
118342	08/03/2016	BEGONA ERICKSON	Taxi Voucher Refund	15.00
118343	08/03/2016	ANNA GLICK	Taxi Voucher Refund	40.00
118344	08/03/2016	GOLDEN STATE OVERNIGHT	Mailing Services / July 2016	14.09
118345	08/03/2016	MARY GREER	Taxi Voucher Refund	100.00
118346	08/03/2016	HACK, BERT	Auto Allowance / August 2016	300.00
118347	08/03/2016	RACHEL HALE	Taxi Voucher Refund	25.00
118348	08/03/2016	ROBERT NOEL HATCH	Auto Allowance / August 2016	300.00
118349	08/03/2016	HENKELS & MCCOY	Refund of Permit Deposit / Encroachment Permit	2,000.00
118350	08/03/2016	SHARI HORNE	Auto Allowance / August 2016	300.00
118351	08/03/2016	DORIS IRION	Taxi Voucher Refund	11.00
118352	08/03/2016	KONE, INC.	City Hall Elevator Maintenance / July 2016	246.98
118353	08/03/2016	KONICA MINOLTA BUSINESS	Copier Services / 2nd Quarter 2016	514.92
118354	08/03/2016	MANAGED HEALTH NETWORK	Employee Benefits Program / August 2016	14.63
118355	08/03/2016	JANE NING	Taxi Voucher Refund	90.00
118356	08/03/2016	ONISKO & SCHOLZ, LLP	Forensic Accounting Services / June 16-30, 2016	3,022.49
118357	08/03/2016	ORKIN	Pest Control Services / July 2016	108.16

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Number	Date	Vendor Name	Description	Amount
118358	08/03/2016	PEAK LIGHTING & ELECTRIC, INC.	Residential Streetlight Maintenance / July 2016	682.89
118359	08/03/2016	PRINCIPAL FINANCIAL GROUP	Long-Term Disability Insurance / August 2016	323.59
118360	08/03/2016	RAINTREE REALTY, LLC	Refund of Permit Deposit / Site Development Permit	453.61
118361	08/03/2016	RUTAN & TUCKER, LLP	Legal Services / June 2016	7,542.72
118362	08/03/2016	DORIS SANNER	Taxi Voucher Refund	45.00
118363	08/03/2016	SIEMENS INDUSTRY, INC.	Traffic Signal Maintenance / June 2016	357.00
118364	08/03/2016	SONITROL	City Hall Fire Monitoring / August 2016	64.38
118365	08/03/2016	SOUTHERN CALIFORNIA EDISON	City Hall Utilities / July 2016	2,365.20
118366	08/03/2016	SOUTHERN CALIFORNIA EDISON	Irrigation Controllers / July 2016	104.33
118367	08/03/2016	SOUTHERN CALIFORNIA EDISON	Irrigation Controllers / July 2016	28.00
118368	08/03/2016	SOUTHERN CALIFORNIA WATER COMMITTEE	Annual Membership Dues	750.00
118369	08/03/2016	STAPLES	Office Supplies	451.47
118370	08/03/2016	MONICA SWICK	Taxi Voucher Refund	50.00
118371	08/03/2016	VECTUS	City Hall Internet Service / August 2016	499.00
118372	08/03/2016	VISION SERVICE PLAN OF AMERICA	Employee Benefits Program / August 2016	120.18
Total Bank Debits and Warrants:				<u>\$1,119,322.27</u>

Credit Card Statement Detail / June 6 - July 5, 2016

	Annual California JPIA Risk Management Educational Forum - Room Reservations: Mayor Hatch, Mayor Pro Tem Horne, Councilmembers Connors and Moore, City Hyatt Hotels - Indian Wells Manager, and Administrative Services Director/City Treasurer	1,299.00
	FedEx Office Scanning Services	34.30
Total Credit Cards:		<u>\$1,333.30</u>

Petty Cash Expenditure Detail

US Postal Service Postage	24.81	
Total Petty Cash:		<u>\$24.81</u>

TOTAL \$1,120,680.38

6.4

FISCAL YEAR 2016-17 BUDGET ADJUSTMENT

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RESOLUTION NO. 16-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA, INCREASING THE ADOPTED FISCAL YEAR 2016-17 BUDGET FOR THE GENERAL FUND FOR PURPOSES RELATED TO THE GENERAL PLAN COMPREHENSIVE UPDATE PROJECT

WHEREAS, the Fiscal Year 2016-17 Budget was adopted by the City Council on June 29, 2016; and

WHEREAS, City Council action is required to increase fund-level budget appropriations adopted as a part of the Fiscal Year 2016-17 Budget; and

WHEREAS, the City Council also approves department-level budget appropriations within the General Fund; and

WHEREAS, an increase in the General Fund budget is necessary in order to accommodate additional expenses related to ensuring that the General Plan Housing Element remains compliant with State law and reflective of local issues, as a part of the General Plan Comprehensive Update Project.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The Fiscal Year 2016-17 budget appropriation authorized, on a fund level, for the General Fund is hereby increased by \$9,560 from \$5,406,555 to \$5,416,115.

SECTION 2. The Fiscal Year 2016-17 budget appropriation authorized, on a department level, within the General Fund's Planning & Environmental Services Department is hereby increased by \$9,560 from \$896,551 to \$906,111. The amount of the increase shall be considered non-operating and used to support General Plan Comprehensive Update Project services from Michael Baker International.

SECTION 3. The Deputy City Clerk shall certify to the adoption of this resolution.

PASSED, APPROVED AND ADOPTED on this XX day of XX 2016.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, Deputy City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LAGUNA WOODS)

I, YOLIE TRIPPY, Deputy City Clerk of the City of Laguna Woods, do
HEREBY CERTIFY that the foregoing **Resolution No. 16-XX** was duly adopted
by the City Council of the City of Laguna Woods at a regular meeting thereof, held
on the XX day of XX 2016, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

YOLIE TRIPPY, Deputy City Clerk

6.5
CITY HALL BUILDING MAINTENANCE AND
RECONFIGURATION (NO REPORT)

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6.6
**BUILDING INSPECTION, PERMIT COUNTER,
AND BUILDING OFFICIAL SERVICES**

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THE FOLLOWING TEXT SHALL BE ADDED TO:

EXHIBIT "A"
SCOPE OF SERVICES

Building Official Services

CONSULTANT shall provide building official services, including, but not limited to:

- Managing contract building inspection, permit counter, and building plan review functions;
- Enforcing and interpreting building codes, ordinances, regulations, policies, and standards;
- Overseeing implementation of building codes, ordinances, regulations, policies, and standards;
- Evaluating and making determinations related to the use of alternate means and materials;
- Responding to concerns and complaints from residents, businesses, and other parties;
- Preparing, compiling, and disseminating qualitative and quantitative documentation and data, including procedures, correspondence, reports, inventories, logs, records, and photographs;
- Preparing Senate Bill 1473 and Strong Motion Instrumentation Program (SMIP) fee reports;
- Conducting process reviews and evaluations and making related recommendations to the City regarding the efficient, effective, and economical conduct of building services;
- Providing testimony and evidence for administrative and legal proceedings;
- Assisting with training, community events, and business and public outreach;
- Providing permit counter and building plan review services;
- Conducting emergency (e.g., fire damage) and other building inspections, as needed; and
- Fulfilling duties as set forth in the California Building Code and other applicable codes.

At all times, CONSULTANT's building official personnel shall possess the following minimum qualifications:

- Building Official certification (CBO) from the International Code Council; and
- Two (2) years of building official experience in the state of California; or
- Such other experience, education, certification, and/or training to demonstrate knowledge of the duties and skills required of a building official, as determined adequate by City staff.

CONSULTANT shall provide or ensure that its building official personnel possess a cellular telephone on which they can be reliably contacted at no additional cost to CITY.

CONSULTANT shall be available to provide training and outreach to CITY, applicants, and other parties on matters related to building official services, upon request.

CONSULTANT shall participate in and cooperate with CITY fee studies by providing requested information or data promptly and without additional charge to CITY, upon request.

THE FOLLOWING TEXT SHALL BE ADDED TO:

EXHIBIT "B"
COMPENSATION

Table 1-3: Compensation Schedule

Building Official Services	
Building Official	\$78 per hour ¹

¹ Hourly rates are not subject to minimums or maximums and are all inclusive. CONSULTANT shall not receive separate compensation for supplies or equipment; provision of required cellular telephones; voice or data line usage; mileage or other travel-related expenses; or, any other expense related to the provision of the services described in this AGREEMENT.

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6.7

LAGUNA WOODS CIVIC SUPPORT FUND

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**BYLAWS OF
LAGUNA WOODS CIVIC SUPPORT FUND**

A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

ADOPTED ON AUGUST 2, 2016

1. Name of Corporation

1.1. The name of this Corporation shall be “Laguna Woods Civic Support Fund.”

1.2. The business of this Corporation may be done under business names other than that which is set forth in Section 1.1. of these Bylaws; provided, however, that both the decision to conduct business under other business names and the selection of any such other business names shall be subject to a two-thirds majority vote of the Board of Directors at a duly noticed public meeting thereof and ratification by the City Council of the City of Laguna Woods (“City”) at a duly noticed public meeting thereof.

2. Principal Office of Corporation

2.1. The principal office for the transaction of the activities and affairs of this Corporation shall be located at such location within the City of Laguna Woods as the Board of Directors may designate by resolution. Initially, and until such time as otherwise designated by resolution, the principal office of this Corporation shall be 24264 El Toro Road, Laguna Woods, California 92637. Any change of the principal office shall be noted on these Bylaws opposite this Section 2 or, alternatively, these Bylaws may be amended to state the new principal location.

3. Purpose of Corporation

3.1. The specific and primary purpose of this Corporation shall be to raise and distribute funds to support programs, projects, and services of the City, as well as to function as a “friends of the library” group in support of the Laguna Woods branch of the County of Orange’s public library system. The act of distributing funds shall be interpreted broadly and shall include making donations to the City, County of Orange, or other organizations, as well as contracting for or otherwise providing services to third parties consistent with the purpose set forth in this Section 3.

3.2. Programs, projects, and services for which this Corporation may raise and distribute funds shall include, but not be limited to, those pertaining to public art, cultural affairs, human relations, social services, recreation, transportation, public parks, public infrastructure, public safety, and economic development (e.g., business attraction, retention, and promotion) in the City, as well as library services provided at the Laguna Woods branch of the County of Orange’s public library system.

3.3. All programs, projects, and services for which this Corporation raises or distributes funds shall be available to or benefit residents of the City, irrespective of which residential community they reside in.

3.4. This Corporation must receive prior written authorization from the City Council of the City for each program, project, or service for which this Corporation raises or distributes funds.

3.5. The general purposes of this Corporation are the following:

- a) To receive, hold, and disburse gifts, bequests, devises, grants, and other funds to accomplish its specific and primary purpose;
- b) To enter into, make, and perform, and carry out contracts which are deemed necessary to accomplish its specific and primary purpose; and
- c) To own, lease, and maintain real and personal property which is deemed necessary to accomplish its specific and primary purpose.

3.6. This Corporation shall not, except to an insubstantial degree in conformance with applicable laws, engage in any activities or exercise any powers that are not in furtherance of its purpose as set forth in this Section 3.

4. Limitations on Corporate Activities

4.1. This Corporation shall be organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, as may be amended from time to time (“Code”). This Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or by a corporation whose contributions are deductible under Section 170(c)(2) of the Code.

4.2. This Corporation shall be organized and operated as a nonprofit public benefit corporation within the meaning of California Nonprofit Public Benefit Corporation

Law (set forth at California Corporation Code Section 5110 *et seq.*), as may be amended from time to time or replaced by a successor statute. Corporate activities shall conform to the requirements thereof.

4.3. This Corporation is expressly prohibited from each of the following:

- a) Activities to raise or distribute funds for programs, projects, or services that are not offered or provided by the City or supportive of the Laguna Woods branch of the County of Orange's public library system.
- b) Activities to raise or distribute funds for programs, projects, or services for which the City Council of the City has not specifically authorized support from this Corporation. Such authorizations shall be made in writing.
- c) Activities to raise or distribute funds for programs, projects, or services that certain City residents may be precluded from based on which residential community they reside in (*e.g.*, programs, projects, and services that are only available to residents of a particular residential community).
- d) Activities to participate in, intervene in, or attempt to influence any political campaign on behalf of or in opposition to any candidate for public or private elected or appointed office, legislation, ballot measure, initiative, or similar voted matter (*e.g.*, publication or dissemination of materials with the purpose of attempting to influence legislation). This Corporation shall be nonprofit and nonpartisan.
- e) Activities to raise or distribute funds for religious organizations or religious purposes.

5. City Support of Corporation

5.1. To the extent provided for by the City Council of the City and these Bylaws, and to the extent allowable by law, the City, members of the City Council of the City, and City staff may support this Corporation in all manners except making direct fundraising appeals of or to third-parties. Members of the City Council of the City and City staff may participate in the design, development, and administration of fundraising campaigns and events, but shall not make direct fundraising appeals of or to third-parties. For the purpose of this Section 5, "fundraising" shall include any activity in which support is sought from any person or entity of either a monetary, service, or in-kind nature, exclusive of services for which this Corporation contracts.

5.2. The Board of Directors shall reasonably, fully, and timely cooperate with the City and its agents and contractors to allow for the performance of their duties.

5.3. The City may audit or inspect, or cause to be audited or inspected, the financial statements or any other aspect of this Corporation's activities, at any time, without limitation or restriction. In such instances, the Board of Directors shall reasonably, fully, and timely cooperate with the City and its agents and contractors.

5.4. The City may solicit legal advice or counsel in connection with its support of this Corporation. In such instances, the Board of Directors shall reasonably, fully, and timely cooperate with the City and its agents and contractors, and acknowledges the City's right to follow and act in accordance with advice and counsel received, including to the extent that it may differ from directives of the Board of Directors.

5.5. The City reserves the right to terminate its involvement with this Corporation, either fully or in part, and with or without cause, with 30 calendar days written notice to the Board of Directors. In such instances, all officer positions held by City staff shall become vacant and the City's responsibilities pursuant to these Bylaws shall end, to the extent specified in termination notice, upon its effective date. Unless the termination notice provides otherwise, Sections 3.4, 4.3(b), and 21.1 of these Bylaws (requiring authorization from the City Council of the City to raise or distribute funds for programs, projects, or services, or amend these Bylaws) shall automatically terminate upon the effective date that the City terminates its involvement with this Corporation. The City shall not be liable for incomplete or unfinished work.

6. Members of the Board of Directors of Corporation

6.1. Subject to these Bylaws and federal and state law, all corporate powers shall be exercised by or under the authority of, and the business and affairs of this Corporation shall be controlled and conducted by, the Board of Directors.

6.2. The authorized number of members of the Board of Directors of this Corporation ("Directors") shall be not less than two and not more than seven. The Board of Directors may include the following:

- a) Up to two members of the City Council of the City, appointed by a majority vote of the City Council at a duly noticed public meeting thereof; and
- b) Up to three residents of the City, appointed by a majority vote of the City Council at a duly noticed public meeting thereof; and

- c) Up to two persons representing businesses or organizations with a physical location in the City or that provide regular and ongoing services to residents of the City, appointed by a majority vote of the City Council of the City at a duly noticed public meeting thereof.

6.3. Directors shall be appointed for terms of up to 12 months.

6.4. No person serving on the Board of Directors shall at any time be an interested person. An interested person is (i) any person being compensated by this Corporation for services rendered to it within the previous twelve (12) months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reimbursement paid to a Director for reasonable and necessary expenses incurred on behalf of this Corporation or (ii) any brother, sister, mother, father, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person. Violations of the provisions of this Section 6.4 shall not affect the validity or enforceability of any transaction entered into by this Corporation.

6.5. A vacancy on the Board of Directors shall occur in the event of:

- a) The expiration of a Director's term; or
- b) The resignation of a Director, when made in writing to the Board of Directors, Chair of the Board, Chief Executive Officer, or Secretary; or
- c) The cessation of a Director to meet the minimum residency or occupational standards set forth in Section 6.2 of these Bylaws; or
- d) The death of a Director; or
- e) The declaration by resolution, approved by a majority vote of the Board of Directors at a duly noticed public meeting thereof, of a vacancy in the office of a Director who has been (i) convicted of a felony, (ii) declared of unsound mind by a court order, or (iii) found by final order or judgment of any court to have breached a duty under federal or state law including, but not limited to, the California Nonprofit Public Benefit Corporation Law; or
- f) The removal of a Director, with or without cause, by a two-thirds majority vote of the City Council of City at a duly noticed public meeting thereof.

6.6. A vacancy on the Board of Directors shall be filled in the manner prescribed in Section 6.2 of these Bylaws for regular appointment of such Director, provided that such vacancies shall be filled as they occur. No reduction in the number of Directors shall have the effect of removing any Director prior to the expiration of his or her term of office.

7. Actions of the Board of Directors of Corporation

7.1. The Board of Directors shall meet a minimum of once a year at the principal office of this Corporation or at such other location within the City selected by the Board of Directors in accordance with Section 2.1 of these Bylaws.

7.2. All meetings of the Board of Directors and standing committees thereof shall comply with the noticing and other requirements of the Ralph M. Brown Act.

7.3. A majority of Directors shall constitute a quorum to conduct business, except to adjourn. The majority of the quorum present at a duly noticed public meeting may take action and such action shall be an act of the Board of Directors, subject to the more stringent provisions of this Corporation's articles of incorporation and the California Nonprofit Corporation Law, including, without limitation, those provisions relating to (i) approval of contracts or transactions in which a Director has a direct or indirect material financial interest, (ii) appointment of committees, and (iii) indemnification of Directors. A meeting at which a quorum is initially present may continue to transact business, despite the withdrawal of one or more Directors from the meeting, provided that actions are approved by at least a majority or two-third majority of the required quorum for that meeting, as may be required by these Bylaws. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Notice of the time and place of holding an adjourned meeting shall be given in accordance with the Ralph M. Brown Act.

7.4. This Corporation shall not compensate Directors for their services, but may reimburse Directors for their reasonable and necessary expenses incurred on behalf of this Corporation, in accordance with such rules, standards, and procedures as may be established by a majority vote of the Board of Directors at a duly noticed public meeting.

7.5. Subject to the provisions of the California Nonprofit Corporation Law and any limitations in the articles of incorporation and these Bylaws, the business and affairs of this Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors; provided, however,

that in order to preserve the nonprofit status of this Corporation, neither the Board of Directors nor any member thereof shall do any act, or authorize or suffer the doing of any act by an officer of this Corporation, on behalf of this Corporation, which is inconsistent with the articles of incorporation, these Bylaws or the purpose of this Corporation. Any such act or acts shall be null and void.

8. Officers of Corporation

8.1. The officers of this Corporation shall be a Chair of the Board, Vice Chair of the Board, Chief Executive Officer, Chief Financial Officer, and Secretary. The offices of Chair of the Board and Vice Chair of the Board shall be filled by Directors. The Board of Directors may create other offices by resolution, with such other titles and such other duties as it determines and deems advisable. Any number of offices may be held by the same person, except that no person serving as the Secretary or the Chief Financial Officer may serve concurrently as the Chair of the Board.

8.2. The Chair of the Board shall be appointed by a majority vote of the Board of Directors at a duly noticed public meeting. The Chair of the Board shall preside over Board of Directors meetings, attest to the Board of Directors' approval of meeting minutes, and have such other powers and perform such other duties as the Board of Directors or these Bylaws may require.

8.3. The Vice Chair of the Board shall be appointed by a majority vote of the Board of Directors at a duly noticed public meeting. The Vice Chair of the Board shall serve as the Chair of the Board in his or her absence and have such other powers and perform such other duties as the Board of Directors or these Bylaws may require.

8.4. The Chief Executive Officer shall be the City Manager of the City or his or her designee. The Chief Executive Officer shall serve as the general manager of this Corporation and shall supervise and direct all administrative activities and affairs, in accordance with policies established and direction provided by a majority vote of the Board of Directors at a duly noticed public meeting. The Chief Executive Officer may support this Corporation in all manners except making direct fundraising appeals of or to third-parties.

8.5. The Chief Financial Officer shall be the City Treasurer of the City or his or her designee. The Chief Financial Officer shall supervise and direct all financial activities and affairs of this Corporation, in accordance with policies established and direction provided by a majority vote of the Board of Directors at a duly noticed public meeting. The Chief Financial Officer shall report to the Chief Executive

Officer and may support this Corporation in all manners except making direct fundraising appeals of or to third-parties.

- a) The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of this Corporation. The books of account shall be open to inspection by any Director at all reasonable times.
- b) The Chief Financial Officer shall prepare and file, or cause to be prepared and filed, such financial statements and reports as are required by law, by these Bylaws, or by the Board of Directors. The Chief Financial Officer shall send or cause to be given to the Directors such financial statements and reports as are required to be given by law, by these Bylaws, or by the Board of Directors.
 - 1) An annual report shall be prepared in conformity with the requirements of Sections 6321 and 6322 of the California Nonprofit Corporation Law, or any successor statutes. The annual report shall be sent to each Director of this Corporation, and such other persons as are designated by the Board of Directors, no later than 120 days after the close of the fiscal year.
- c) The Chief Financial Officer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of this Corporation with such depositories as the Board of Directors may designate.
- d) The Chief Financial Officer shall disburse and invest, or cause to be disbursed or invested, this Corporation's funds as the Board of Directors may order.
- e) The Chief Financial Officer render to the Board of Directors or any officer of this Corporation, or cause to be rendered, when requested, a timely account of all transactions as Chief Financial Officer and of the financial condition of this Corporation
- f) The Chief Financial Officer shall have such other powers and perform such other duties as the Board of Directors or these Bylaws may require.

8.6. The Secretary shall be the City Clerk of the City or his or her designee. The Secretary shall be responsible for certain corporate functions. The Secretary shall report to the Chief Executive Officer and may support this Corporation in all manners except making direct fundraising appeals of or to third-parties.

- a) The Secretary shall keep, or cause to be kept, at the principal office of this Corporation for public inspection (i) a book of all minutes of meetings and resolutions of the Board of Directors and standing committees of the Board of Directors, (ii) a copy of this Corporation's articles of incorporation, (iii) a copy of these Bylaws, (iv) this Corporation's annual state and federal financial statements and reports, and (v) the seal of this Corporation, if any.
- b) The Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors and of standing committees of the Board of Directors that the Ralph M. Brown Act or these Bylaws requires to be given.
- c) The Secretary shall have such other powers and perform such other duties as the Board of Directors or these Bylaws may require.

8.7. Any officer shall have the ability to call a meeting of the Board of Directors, subject to noticing and other requirements set forth in the Ralph M. Brown Act.

8.8. A vacancy in the office of Chair of the Board or Vice Chair of the Board shall occur in the event of:

- a) The expiration of an officer's term as a Director; or
- b) The resignation of an officer, when made in writing to the Board of Directors, Chair of the Board, Chief Executive Officer, or Secretary; or
- c) The death of an officer; or
- d) The declaration by resolution, approved by a majority vote of the Board of Directors at a duly noticed public meeting thereof, of a vacancy in an office of this Corporation for an officer who has been (i) convicted of a felony, (ii) declared of unsound mind by a court order, or (iii) found by final order or judgment of any court to have breached a duty under federal or state law including, but not limited to, the California Nonprofit Public Benefit Corporation Law; or
- e) The removal of an officer, with or without cause, by a majority vote of the Board of Directors at a duly noticed public meeting thereof.

8.9. A vacancy in the office of Chair of the Board or Vice Chair of the Board shall be filled in the manner prescribed in these Bylaws for regular appointment of such office, provided that such vacancies shall be filled as they occur.

9. Members of Corporation

9.1. This Corporation shall have no “members” as that term is defined by Section 5056 of the California Corporation Code and shall be governed solely by its Board of Directors. In accordance with Section 5310(b) of the California Corporation Code, any action that would otherwise require approval by a majority of all members shall only require approval of the Board of Directors. There shall be no meetings of members as such. The persons constituting the Board of Directors may, at any given time and from time to time, act in their capacity as members pursuant to this Section 9.1, at meetings of the Board of Directors.

9.2. This Corporation may refer to individuals or entities associated with it as “members” even though those individuals or entities are not voting members. No such reference to “members” shall constitute any individual or entity a member within the meaning of Section 5056 of the California Corporation Code.

10. Fiscal Year

10.1. The fiscal year of this Corporation shall commence on January 1 and conclude on the immediately following December 31.

11. Budgets

11.1. Prior to the commencement of each fiscal year, the Board of Directors shall adopt a budget setting forth the estimated operating, capital, and other expenditures required in connection with, and the estimated receipts from, the activities of this Corporation for such fiscal year; provided, however, that during its first fiscal year, the Board of Directors shall adopt a budget for that initial year within four months of the first meeting of the Board of Directors. Budgets shall require approval of either a majority of the Board of Directors, inclusive of all members of the City Council of City serving thereon, or a two-third majority of the Board of Directors, at a duly noticed public meeting thereof.

11.2. No expenditure may be made or obligation incurred which, when added to any other expenditure for the fiscal year of this Corporation, exceeds the adopted budget for that fiscal year by more than \$5,000.00 or any line item specified in the adopted budget by more than five percent (5%), without the prior approval of a majority of the Board of Directors, inclusive of all members of the City Council of City serving thereon, or a two-third majority of the Board of Directors, at a duly noticed public meeting thereof.

12. Deposits

12.1. All funds of this Corporation shall be deposited from time-to-time to the credit of this Corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

13. Payments and Instruments

13.1. Except as otherwise provided by law, these Bylaws or a resolution, written policy, or minute order of the Board of Directors, checks, drafts, promissory notes, orders for the payment of money, and any other evidence of indebtedness of this Corporation shall be signed by the Chair of the Board and countersigned by the Chief Executive Officer or Chief Financial Officer.

13.2. Except as otherwise provided by law or these Bylaws, the Board of Directors may authorize any officer or agent of this Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of this Corporation. Such authority shall be made in writing and may be general or confined to specific instances. Unless authorized, no Director, officer, agent, or other person shall have any power or authority to bind this Corporation by any contract or engagement or to pledge its credit or render it liable monetarily for any purpose or in any amount.

14. Dedication of Assets

14.1. The property of this Corporation is irrevocably dedicated to public and charitable purposes and no part of the net income or assets of this Corporation shall ever inure to the benefit of any Director, officer, or member thereof, or to the benefit of any private person, provided however that this Corporation is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Section 3 of these Bylaws. Upon the dissolution or “winding up” of this Corporation, its assets (other than trust funds) remaining after payment, or provision for payment, of all debts and liabilities of this Corporation shall be distributed to (i) the City, provided that it is then an organization described in Section 170(c)(1) of the Code or the corresponding provision of any future United States internal revenue law, to be used for public purposes, and/or (ii) one or more nonprofit corporations organized and operated for the benefit of the residents of the City, such corporation or corporations to be selected by the Board of Directors, subject to approval of the City Council of the City. Such nonprofit corporation(s) must be exempt from federal income tax under Section 501(c)(3) of the Code or the corresponding provision of any future

United States internal revenue law, and be organized and operate exclusively for charitable, scientific, literary, and/or educational purposes.

15. Use of City Logo and City Titles

15.1. The City's logo shall not be used in fundraising materials or collateral without prior written authorization of the City Council of City. The City titles of any member of the City Council of City or the City titles of any member of City staff shall not be used in fundraising materials or collateral.

16. Non-Discrimination

16.1. Neither this Corporation, nor any Director or officer in the performance of his or her duties, shall discriminate, in any way, against any person on the basis of race, color, religious creed, national origin, ancestry, sex, age, physical handicap, medical condition, sexual orientation or marital status.

17. Application of Conflict of Interest Laws

17.1. Notwithstanding any other provision of these Bylaws, this Corporation shall comply with the Political Reform Act of 1976, California Government Code Section 81000, *et seq.* This Corporation shall operate as if it is an "agency" and each Director and officer shall operate as if he or she is a "designated employee" as defined in the Political Reform Act. Each Director and officer shall comply with the conflict of interest reporting and disqualification requirements of the Political Reform Act. The Board of Directors shall adopt, periodically review, and if necessary, amend, a "conflict of interest code" as such term is defined in the Political Reform Act.

17.2. Directors who are also members of the City Council of City shall comply with the provisions of California Government Code Section 1090, *et seq.* and this Corporation shall operate as if it is a "body" of which the applicable Director is a member. No Director shall be financially interested in any contract made by him or her in his or her official capacity as a Director or made by this Corporation. Nor shall any Director be a purchaser at any sale or vendors at any purchase made by him or her in his or her official capacity as a Director or made by the Board of Directors. The prohibitions in this Section 17.2 shall be interpreted in the same manner as the prohibitions contained in California Government Code Section 1090, *et seq.* Every contract made in violation of this Section 17.2 by a Director may be avoided at the instance of any party except the Director interested therein.

18. Compliance with California Public Records Act

18.1. This Corporation shall comply with the provisions of the California Public Records Act, California Government Code Section 6250 *et seq.* This Corporation shall operate as if it is a “Local Agency” as that term is used in the California Public Records Act, and as such, shall be subject to all obligations and exemptions under the California Public Records Act.

19. Indemnification of Directors, Officers, Employees, and Agents

19.1. To the fullest extent permitted by law, this Corporation shall indemnify any present or former Director, officer, employee, or other “agent” of this Corporation, as that term is defined in Section 5238 of the California Nonprofit Corporation Law, against all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in Section 5238 of the California Nonprofit Corporation Law, and including an action by or in the right of this Corporation, by reason of the fact that the person is or was a person described in that section. “Expenses,” as used in these Bylaws, shall have the same meaning as in Section 5238(a) of the California Nonprofit Corporation Law.

19.2. On written request to the Board of Directors by any person seeking indemnification under Section 5238(b) or Section 5238(c) of the California Nonprofit Corporation Law, the Board of Directors shall promptly determine under Section 5238(e) of the California Nonprofit Corporation Law whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met and, if so, the Board of Directors shall authorize indemnification. If the Board of Directors cannot authorize indemnification because the number of Directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of Directors who are not parties to that proceeding, application shall be made by this Corporation or the agent or the attorney or other person rendering a defense to the agent to the court in which the proceeding is or was pending for a determination, whether or not the application by the agent, attorney, or other person is opposed by this Corporation.

19.3. To the fullest extent permitted by law and except as otherwise determined by the Board of Directors in a specific instance, expenses incurred by a person seeking indemnification under Sections 19.1 and 19.2 of these Bylaws in defending any proceeding covered by those sections shall be advanced by this Corporation before final disposition of the proceeding, on receipt by this Corporation of an undertaking

by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by this Corporation for those expenses.

19.4. The Board of Directors shall have the power, but not the obligation, to purchase and maintain insurance in accordance with Section 5238(i) of the California Nonprofit Corporation Law and to the full extent permitted by law on behalf of its Directors, officers, employees, or other “agent” of this Corporation, as that term is defined in Section 5238 of the California Nonprofit Corporation Law, against any liability asserted against or incurred by any Director, officer, employee, or agent in such capacity or arising out of the Director’s, officer’s, employee’s, or agent’s status as such.

20. Construction and Definition of Bylaws

20.1. Unless the context requires otherwise, the general provisions, rules of construction, and definitions set forth in the California Nonprofit Public Benefit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, and the term “person” includes both a legal entity and a natural person, and vice versa for all references.

21. Amendment of Bylaws

21.1. No amendment of these Bylaws shall be valid unless adopted by a two-thirds majority vote of the Board of Directors at a duly noticed public meeting thereof and then ratified by the City Council of the City at a duly noticed public meeting thereof.

22. Certificate of Secretary

22.1. A certificate of the Secretary shall be affixed to the original, or most recent amended version of the Bylaws, such Certificate to be in the following form:

I, *[Secretary’s Name]*, certify that I am the duly appointed and acting Secretary of the Laguna Woods Civic Support Fund, a California Nonprofit Public Benefit Corporation, that the Bylaws attached hereto, consisting of *[Number of Pages]* pages, are the bylaws of this Corporation as adopted by the Board of Directors on *[Date]* and ratified by the City Council of the City on *[Date]*, and that they have not been amended or modified since such adoption and ratification.

Executed on *[Date]* at Laguna Woods, California.

7.1
**MEDICAL MARIJUANA DISPENSARIES
ORDINANCE**

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City of Laguna Woods

Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager
David B. Cosgrove, City Attorney

FOR: August 17, 2016 Regular Meeting

SUBJECT: Medical Marijuana Dispensaries Ordinance

Recommendation

1. Receive staff report.

AND

2. Open public hearing.

AND

3. Receive public testimony.

AND

4. Close public hearing.

AND

5. Take one of the following actions:

A. Adopt an ordinance – read by title with further reading waived – entitled:

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY
OF LAGUNA WOODS, CALIFORNIA PURSUANT TO CALIFORNIA

GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858,
EXTENDING A MORATORIUM ON ESTABLISHING, LOCATING,
OR OPERATING MEDICAL MARIJUANA DISPENSARIES FOR THE
PURPOSE OF PURSUING PROHIBITION THEREOF

OR

B. Adopt an ordinance – read by title with further reading waived – entitled:

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY
OF LAGUNA WOODS, CALIFORNIA PURSUANT TO CALIFORNIA
GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858,
EXTENDING A MORATORIUM ON ESTABLISHING, LOCATING,
OR OPERATING MEDICAL MARIJUANA DISPENSARIES FOR THE
PURPOSE OF FURTHER STUDY AND ANALYSIS

Background

The City presently has a regulatory ordinance permitting medical marijuana dispensaries, codified at Section 13.26.025 of the Laguna Woods Municipal Code. The ordinance was adopted in 2008 and subsequently amended in 2012.

At a special meeting on September 10, 2015, the City Council adopted an urgency ordinance that imposed a moratorium on the establishment, location, or operation of medical marijuana dispensaries for a 45-day period (September 10, 2015 through October 24, 2015). Then, at a special meeting on October 13, 2015, the City Council adopted an ordinance extending the moratorium through September 8, 2016. During the moratorium, all operation of Section 13.26.025 of the Laguna Woods Municipal Code is suspended and the City may not issue regulatory permits in furtherance of the establishment, location, or operation of a medical marijuana dispensary within the City. The agenda reports from the meetings on September 10, 2015 and October 13, 2015, as well as the ordinance adopted on October 13, 2015, are included as attachments A, B, and C, respectively.

For reasons, and in light of findings, set forth in the ordinances, and in accordance with applicable sections of State law, the moratorium was deemed necessary for the immediate preservation of the public health, safety, and welfare, to prohibit any uses that may be in conflict with a contemplated zoning proposal that the City is considering or intends to study within a reasonable time.

As described in the ordinances, the moratorium is intended to provide the City time to study the effect of medical marijuana dispensaries on the community, and to assess its ability to draft and adopt regulations consistent with its inherent police power to determine, for purposes of the public health, safety, and welfare, the appropriate uses of land within its jurisdiction.

Discussion

Since September 10, 2015, staff has undertaken a number of investigations related to medical marijuana dispensaries, including reviewing federal law and enforcement policies, examining the Medical Marijuana Regulation and Safety Act, discussing medical marijuana dispensary experiences and policies with a number of other cities, meeting with the Orange County Sheriff's Department, meeting with a representative of Law Enforcement Against Prohibition (a non-profit organization that advocates for the regulation and control of marijuana and other drugs), and conducting preliminary research on the availability and types of testing of marijuana products for potential use in medicinal contexts. Earlier results of many of those investigations were reported in the October 13, 2015 agenda report.

Since October 13, 2015, staff has continued the investigations requested by the City Council with a particular focus on analyzing pending and potential changes in State law related to medical marijuana, as well as public safety and land use implications related to any prospective future establishment, location, or operation of medical marijuana dispensaries within Laguna Woods. A summary of federal law, and the results of staff's investigations follow.

A. Federal Law

Without question, marijuana is, and remains, illegal under federal law. It remains classified as a Schedule 1 controlled substance under the Controlled Substances Act (21 USC §§ 801 *et seq*). As indicated in the agenda reports dated September 10, 2015 and October 13, 2015, the California Supreme Court has held that bans on medical marijuana dispensaries are permissible under a city's inherent zoning power, but it has, thus far, declined to reach the issue whether permitting such dispensaries would violate the Controlled Substances Act or California Government Code Section 37100¹.

¹ California Government Code Section 37100, which relates broadly to cities' legislative powers, provides: "The legislative body may pass ordinances not in conflict with the Constitution and

Notwithstanding federal illegality, some 20 states and the District of Columbia have legalized or decriminalized certain marijuana-related activity. Such actions have been a contributing factor in the promulgation of revised federal enforcement policies. Specifically, on August 29, 2013, Deputy Attorney General James J. Cole issued a directive to all United States Attorneys entitled *Guidance Regarding Marijuana Enforcement*. The Cole Memorandum reaffirms the federal illegality of marijuana, but also indicates that the United States Department of Justice is committed to using its limited investigative and prosecutorial resources to address what it has determined to be “priority threats,” including:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or illegal activity;
- Preventing violence and use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public land; and
- Preventing marijuana possession or use on federal property.

The aforementioned priorities were further referenced in a memorandum from the United States Department of Treasury, Financial Crimes Enforcement Network, dated February 14, 2014. The Treasury Memorandum provides guidance to various financial institutions that might deal with medical marijuana dispensaries operating under state law, and requires different forms of “suspicious activity reports” depending upon individual facts and circumstances relating to the individual medical marijuana dispensary customers of financial institutions.

From those memoranda, one might infer that the current risk of federal enforcement against both medical marijuana dispensaries operating consistent with state law,

laws of the State or the United States.” The City Council may, therefore, not pass an ordinance directly in conflict with either federal or State law.

and cities that adopt enabling regulations, is diminished, particularly if local regulatory efforts are directed at avoiding the priority federal threats identified above. It should be noted, however, that the aforementioned limitations on federal enforcement do not change congressional legislative policy under the Controlled Substances Act, nor do they confer immunity on any party from any federal criminal prosecution or forfeiture action. Further, federal enforcement policies may change at any time, potentially with the impending shift in presidential administrations. Still, it can reasonably be inferred that the formal and public definition of enforcement priorities for medical marijuana-related activities undertaken pursuant to state law signals at least a present federal intention to eschew strict enforcement, perhaps to see how state law and experiences with medical marijuana dispensing and usage develop.

In fall 2015, staff contacted the local United States Attorney's Office to inquire whether the Cole Memorandum was still in effect, and to solicit any guidance federal enforcement authorities had with respect to medical marijuana dispensaries. The United States Attorney's Office confirmed that the Cole Memorandum is still applicable, but (not surprisingly) declined to provide further guidance.

B. State Law

Staff's agenda report dated September 10, 2015 provided background regarding the California Compassionate Use Act (Health and Safety Code Section 11362.5) and the Medical Marijuana Program (Health and Safety Code Section 11362.7). A major reworking of the regulatory scheme enacted by those statutes is underway as a result of the Medical Marijuana Regulation and Safety Act ("MMRSA").

The MMRSA actually consists of three different pieces of legislation, Assembly Bill 243 (Wood), Assembly Bill 266 (Bonta), and Senate Bill 643 (McGuire). Each of the bills was chaptered into law and supported by the League of California Cities, California Police Chiefs Association, and Cannabis Industry Association. The California State Sheriffs' Association took a neutral position.

The MMRSA provides for comprehensive state licensing and regulation of medical marijuana cultivation, transportation, and distribution. It places the Department of Food and Agriculture in charge of licensing indoor and outdoor cultivation sites, mandates the Department of Pesticide Regulation to develop pesticide standards for cultivation, and requires the Department of Public Health to develop standards for the production and labeling of edible products.

The MMRSA also creates a Bureau of Medical Marijuana Regulation within the Department of Consumer Affairs. It contemplates a dual licensing system, with the State issuing licenses and local governments issuing permits for medical marijuana dispensaries, beginning in 2018. It requires the Department of Consumer Affairs to license dispensaries, distributors, and transport entities dealing with medical marijuana, and provides restrictions on holding more than one such license in the medical marijuana cultivation and distribution chain. It also enacts medical marijuana testing standards and ties the validity of state licenses to local permits (i.e., a state license becomes invalid if a local permit is denied or revoked). Under the MMRSA, local governments retain the right to choose whether to permit or prohibit medical marijuana dispensaries.

The MMRSA is a game-changer for California law. It provides a comprehensive state licensing and oversight authority for medical marijuana, from grower to patient. Regulations include uniform requirements related to security, health, and safety, as well as quality assurance and testing protocols. It also specifically authorizes local governments to regulate medical marijuana dispensaries, including the ability to charge taxes and fees. Taxes remain subject to voter-approval.

In many respects, for local governments favoring allowance of medical marijuana dispensaries, the systems that will be established under the MMRSA take much of the guesswork out of how to tailor local regulations to comply with State law. Those systems offer a defined regulatory framework within which local regulations and revenue measures are specifically contemplated and authorized. With current federal enforcement policies drawing heavily on whether local medical marijuana activities comply with state law, those systems also afford some additional predictability on exposure under federal law.

That being said, there is still much work to be done at the State level to implement the MMRSA. In its “Overview of the Governor’s Proposals to Implement the Medical Marijuana Regulation and Safety Act” dated February 18, 2016 (Attachment D), the State Legislative Analyst’s Office candidly admitted:

“The scope and complexity of new state-level activities required by the act, however, are significant. Undertaking such activities requires considerable coordination among agencies and affects multiple areas of statewide importance—including public health, public safety, and environmental protection. Moreover, there remains uncertainty regarding the ultimate size of the regulated medical marijuana industry and other unknown factors, such as

whether voters will opt to legalize recreational marijuana in the coming years. Given these potential challenges and uncertainties, we believe close monitoring over the status, pace, and effectiveness of MMRSA implementation will be an important task for the Legislature in the coming years.”

Obviously, the “important task” the Legislative Analyst’s Office identified for the Legislature is equally (or more) important for local entities such as the City, who are on the front line not only of the implementation of the State regulatory scheme, but also the land use and financial impacts of this emerging industry. The City still does not have a complete picture of how the State regulatory structure will look, or operate.

C. Proposition 64 (Control, Regulate, and Tax Adult Use of Marijuana Act)

On June 30, 2016, the Control, Regulate, and Tax Adult Use of Marijuana Act qualified as a statewide ballot measure for the November 8, 2016 General Election. It was later designated Proposition 64 and is described as follows:

“Legalizes marijuana and hemp under state law. Designates state agencies to license and regulate marijuana industry. Imposes state excise tax on retail sales of marijuana equal to 15% of sales price, and state cultivation taxes on marijuana of \$9.25 per ounce of flowers and \$2.75 per ounce of leaves. **Exempts medical marijuana from some taxation.** Establishes packaging, labeling, advertising, and marketing standards and restrictions for marijuana products. Allows local regulation and taxation of marijuana. Prohibits marketing and advertising marijuana to minors. Authorizes resentencing and destruction of records for prior marijuana convictions. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Net reduced costs ranging from tens of millions of dollars to potentially exceeding \$100 million annually to state and local governments related to enforcing certain marijuana-related offenses, handling the related criminal cases in the court system, and incarcerating and supervising certain marijuana offenders. Net additional state and local tax revenues potentially ranging from the high hundreds of millions of dollars to over \$1 billion annually related to the production and sale of marijuana. Most of these funds would be required to be spent for specific purposes such as substance use disorder education, prevention, and treatment.” (California Secretary of State)

While Proposition 64 relates primarily to the legalization of marijuana for adults for non-medicinal purposes, its passage would also newly exempt medical marijuana from sales and use tax. In that scenario, other than a nominal amount of property tax, the City's only new sources of revenue to offset new costs associated with providing law enforcement and other City services for or as a result of prospective medical marijuana dispensaries, would be: 1) regulatory fees, 2) a voter-approved tax, and/or 3) individual development agreements with applicants.

Staff does not believe that the City has adequate financial means to provide any level of reasonable assurance that the costs associated with medical marijuana dispensaries could be accommodated within the City's budget, absent some additional level of taxation or other financial arrangement. The passage of Proposition 64 would have a material impact on staff's analysis of the financial viability of potential medical marijuana dispensary regulations. It is a present unknown element that inhibits staff's ability to offer a cogent, strategic, and long-term plan for the role of medical marijuana in the City's overall land uses. Staff, therefore, recommends that the City Council refrain from committing the City to any specific affirmative action prior to the time that the outcome of the statewide vote on Proposition 64 is known.

D. Law Enforcement Deployment Study

One of the studies requested by the City Council at the meeting on October 13, 2015, was a "deployment study to assess the availability of existing local law enforcement resources to respond to potential adverse secondary effects generated by medical marijuana dispensaries, as well as to assess the potential to align permitted hours of operation accordingly." The deployment study will, in many ways, be a foundational document for the other studies requested by the City Council, as well as the potential development of medical marijuana dispensary regulations. In light of the recent, significant increases in the City's law enforcement costs, which were driven, in large part, by an overextension of locally assigned law enforcement personnel, staff believes that it is imperative to consider carefully the availability of deputies to handle a potentially increased call volume, as well as the fiscal ramifications thereof. A reemergence of equity concerns on the part of the surrounding cities that would be required to provide law enforcement personnel to augment the City's assigned personnel, if unavailable or insufficient, could have dramatic and deeply impactful fiscal consequences.

The City's deployment of law enforcement personnel was modified effective July 1, 2015, to include an additional patrol shift and two additional full-time deputies. That deployment schedule was not fully implemented until September 2015, while the Orange County Sheriff's Department undertook a recruitment to fill the new positions. Accordingly, the City was not able to begin the deployment study until a sufficient amount of time had passed to generate data adequate to analyze under the modified deployment schedule. In July 2016, the City awarded a contract to the Center for Public Safety Management ("CPSM") to complete a deployment study using data from September 2015 through June 2016 (10 months).

CPSM is a highly qualified, independent consultant. CPSM is the exclusive provider of public safety technical assistance for the International City/County Management Association and has conducted more than 240 law enforcement studies for jurisdictions throughout the country, ranging in size from much smaller than Laguna Woods to as large as Indianapolis, Indiana. Other California clients have included the cities of Alameda, Carlsbad, Hermosa Beach, Santa Ana, and Santa Clara. The deployment study is scheduled for completion in November 2016.

E. Traffic and Parking Analysis

Another of the studies requested by the City Council at the meeting on October 13, 2015, was an "analysis of traffic and parking for operating, permitted medical marijuana dispensaries, to help assess accessibility, parking demand, and traffic flow characteristics, to help staff determine what land use designations, zoning districts, and surrounding uses, would most compatibly allow medical marijuana dispensaries to integrate with the City's existing uses." Staff has gathered a variety of information related to traffic and parking, and has also crafted a scope of work for parking surveys at Orange County-based medical marijuana dispensaries. Parking surveys are being conducted by Michael Baker International, a planning and engineering firm.

Staff anticipates that the parking surveys will be complete by the end of October 2016. This process was slowed by complications in obtaining permission to survey parking conditions at medical marijuana dispensaries operating within the City of San Diego. Staff had originally pursued surveying locations within the City of San Diego, largely because San Diego has more established, lawfully permitted medical marijuana dispensaries than currently exist in Orange County. (The first permitted medical marijuana dispensary opened in San Diego in March 2015, as opposed to August 2015 in the City of Santa Ana.) Unfortunately, the logistics of a

shared effort with San Diego did not come to fruition, and ultimately, staff chose to conduct the parking surveys in Santa Ana, at lawfully permitted medical marijuana dispensaries that have been operational for at least 10 months.

F. Zoning and Distance Requirements

The City Council requested that staff review “zoning designations in which existing permitting jurisdictions permit medical marijuana dispensaries, and their distance requirements from potentially sensitive uses.” Staff has substantially completed that review and has preliminarily determined that the Community Commercial district (“CC”) would most appropriately accommodate medical marijuana dispensaries, given the nature of the operation and high level of anticipated demand for lawfully permitted medical marijuana dispensaries in South Orange County. The CC district is the largest and highest intensity non-residential district. This approach would be consistent with the approach taken in the City’s existing ordinance.

The MMRSA requires that medical marijuana dispensaries be located “beyond at least a 600-foot radius from a school, as required by Section 11362.768 of the Health and Safety Code.” For the purpose of that requirement, the term “school” means “any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive, but does not include any private school in which education is primarily conducted in private homes” (Health and Safety Code Section 11362.768(h)).

The MMRSA distance requirement is substantially less restrictive than the City’s current ordinance, which prohibits medical marijuana dispensaries within 1,000 feet of another medical marijuana dispensary, any school, daycare, nursery, playground, or property zoned planned, or otherwise designated for such use, or any youth-oriented establishment. Staff has not completed its review of distance requirements from all potentially sensitive uses, but has preliminarily determined that deference to the State’s standard for distance requirements from schools would be acceptable, in the absence of compelling evidence that an additional 400 feet is necessary.

G. Other Studies and Activities

The City Council has also requested that staff investigate “the operating hours of medical marijuana dispensaries in other jurisdictions, along with similar medically-

related businesses (including pharmacy counters), to help strike a balance between convenient access to medical marijuana and the prevention of sales to minors or recreational users.” Staff has surveyed medical marijuana dispensaries operating in the City of Santa Ana, as well as pharmacies in and around Laguna Woods, for their regular hours of operation, and has secured preliminary information on this topic. In isolation, however, this information is only partially helpful. The results of this survey still have to be compared and evaluated in light of the findings of the Law Enforcement Deployment Study, to place operations hours within the context of probable requests for police services.

Staff also met with a representative from HdL’s Medical Marijuana Management Program to discuss revenue implications, fiscal accountability, the calculation and establishment of regulatory fees, and taxation issues related to medical marijuana dispensaries. Staff has had several similar conversations with staff from Clear Source Financial Consulting, particularly with respect to regulatory cost recovery.

H. Potential Actions

1. Potential Prohibition.

As staff advised on September 10, 2015, and again on October 13, 2015, the City’s legally safest course, and the one followed by most Orange County cities, would be to prohibit medical marijuana dispensaries. In the City’s case, that would take the form of a repeal of the medical marijuana dispensary regulatory ordinance. Such bans have been authorized by the California Supreme Court in *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.* (2013) 56 Cal. 4th 729. They are also specifically authorized under the MMRSA. Repealing the regulatory ordinance would place the City on well-defined legal ground, help insulate against the adverse secondary effects that the City is advised such uses may generate, and allow the City to monitor the development of State law, and developing federal enforcement policies, with a minimum of legal risk. If this is the City Council’s direction, staff requests that the moratorium be extended to allow for consideration and adoption of an appropriate ordinance (Attachment E).

It is important to note that the operation of medical marijuana delivery services and personal cultivation for use as provided for in the Compassionate Use Act would not be affected by such a prohibition. Only physical medical marijuana dispensaries – none of which currently exist – would be prohibited.

2. Continued Regulatory Approach.

If it is the City Council's preference to continue to maintain a regulatory approach, staff believes that additional study is still required, and that the potential development of regulations must logically follow both the evolution of the State's regulatory mechanisms under the MMRSA, and the outcome of voter action on Proposition 64. The regulatory issues, and the City's ability to respond to medical marijuana dispensing operations, will also be heavily informed by the outcome of the City's Law Enforcement Deployment Study. The additional studies are more specifically outlined in Resolution No. 15-05 and supplemented by discussion in this agenda report. Such action would be consistent with the pursuit of regulations that seek to mitigate local concerns and potential adverse secondary effects, with an eye toward protecting public health, safety, and welfare, as well as quality of life and patient access.

In this scenario, staff recommends that the existing moratorium be extended for approximately six months, through March 17, 2017 (Attachment F). While State law permits a moratorium extension of up to another year, staff believes that six months would effectively allow for a four-month period following the November 8, 2016 election for the City Council to either adopt regulations or prohibit medical marijuana dispensaries. Pursuant to State law, the moratorium could be shortened or lifted in advance of that date, but it could not be extended again. No extension of the moratorium would obligate the City Council to adopt permitting regulations.

Environmental Review

The adoption of either proposed ordinance and extension of the moratorium is not a project under the requirements of the California Environmental Quality Act (CEQA), pursuant to Section 15061(b)(3) of the CEQA Guidelines.

Fiscal Impact

Prohibition of medical marijuana dispensaries could be accommodated in the City's existing budget.

On October 28, 2015, the City Council appropriated \$35,090 for medical marijuana-related studies and analysis services. If the City Council chooses to extend the moratorium for further study and analysis, additional funds may be

required. If that were the case, a resolution adopting an amended budget would be agendized for City Council consideration at a future meeting.

- Attachments:
- A – Agenda Report from September 10, 2015
 - B – Agenda Report from October 13, 2015
 - C – Ordinance No. 15-05
 - D – State MMRSA Implementation Status Document
 - E – Proposed Ordinance for Pursuit of Prohibition
 - F – Proposed Ordinance for Further Study and Analysis

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City of Laguna Woods Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager
David B. Cosgrove, City Attorney

FOR: September 10, 2015 Special Meeting

SUBJECT: Medical Marijuana Dispensaries Ordinance

Recommendation

1. Receive staff report.

AND

2. Open public hearing.

AND

3. Receive public testimony.

AND

4. Close public hearing.

AND

5. Adopt an ordinance – read by title with further reading waived – entitled:

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858, ADOPTING A MORATORIUM ON ESTABLISHING, LOCATING, OR OPERATING MEDICAL MARIJUANA DISPENSARIES

Background

The City presently has a regulatory ordinance permitting medical marijuana dispensaries, codified at Section 13.26.025 of the Laguna Woods Municipal Code. The ordinance was adopted in 2008 and subsequently amended in 2012.

Discussion

1. The City's Medical Marijuana Dispensary Ordinance.

The regulatory ordinance permitting medical marijuana dispensaries requires an applicant to undergo a background check from the Police Chief, and requires the Police Chief's input with respect to the acceptability of the applicant's background, suitability of the proposed location, format and location of security cameras, and other matters as may be determined appropriate by the Police Chief. The ordinance also provides that in the event that an applicant is not the legal owner of a property, an application must be accompanied by a notarized acknowledgement from the applicable property owner that a medical marijuana dispensary will be operated on the property. City staff believes that latter provision has proven to be a significant hurdle to past parties interested in locating dispensaries in Laguna Woods.

To date, the City has not received a completed application for a medical marijuana dispensary. With the medical marijuana dispensary bans that exist in almost all other Orange County cities, as well as the interest in permitted medical marijuana dispensary facilities currently experienced by the City of Santa Ana and others; recovery in the local real estate market since the regulatory ordinance was originally enacted in 2008; and, information that City staff has received that one or more properties in the City are being marketed for sale for purchase by prospective medical marijuana dispensary permit applicants, City staff believes that renewed interest in locating a medical marijuana dispensary within Laguna Woods will result in one or more applications being received soon.

2. The City's Land Use Regulatory Review Process.

The City is in the process of updating its overall land use regulatory structure. On April 16, 2014, the City Council adopted an update of the General Plan Safety Element. On December 17, 2014, the City Council adopted a Climate Adaptation Plan. On July 29, 2015, the City Council adopted an update of the General Plan Conservation Element. On May 20, 2015 the City Council adopted an update of the Building & Planning Services Fee Schedule.

The City’s land use regulatory analysis is ongoing. On June 24, 2015, City Council included within its budget and work plan for Fiscal Year 2015-16, a General Plan Comprehensive Update Project and a Commercial Zoning Code Uses and Parking Standards Update Project. Staff is presently working to advance those directives.

3. Communication from the Orange County Sheriff’s Department.

Realizing that local conditions pointed to the probability of a medical marijuana dispensary seeking to locate in Laguna Woods, and in analyzing how the present regulatory climate for medical marijuana dispensaries fits within a broader scheme of the City’s review of land uses generally, City staff consulted with the Sheriff’s Department regarding its contemplated role in the medical marijuana dispensary permitting process. That consultation resulted in a letter from the Sheriff’s Department dated August 24, 2015 (Attachment A).

In the aforementioned letter, the Sheriff’s Department makes clear its position that medical marijuana dispensaries are inconsistent with federal law and often operated in a manner that is inconsistent with state law. The Sheriff’s Department further indicates a lack of support for any municipal code provision that would allow the establishment of medical marijuana dispensaries for reasons including described “adverse secondary effects” and conditions compromising the “health and welfare of the community and negatively [impacting] the residents’ quality of life.” Accordingly, the Sheriff’s Department urges repeal of the City’s regulatory ordinance and, likewise, recommends that the City consult with the cities of Dana Point, Laguna Hills, and Lake Forest, all of which have had prior experience with medical marijuana dispensaries and their effects.

The Sheriff’s Department states that while it will conduct a LiveScan background check that it believes is consistent with its contractual obligations under the City’s law enforcement services contract, it will not “review or approve any security plan of a dispensary, and will not determine the ‘acceptability’ of any applicant and the ‘suitability’ of the proposed location.”

4. Federal and California Law regarding Medical Marijuana.

The adverse secondary effects alleged by the Sheriff’s Department arise against a developing but still somewhat uncertain legal background regarding a city’s ability to permit medical marijuana dispensaries.

The California Supreme Court in *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.*, (2013) 56 Cal. 4th 729, noted that under the federal Controlled Substances Act, marijuana is considered as a drug, without accepted medical use and treatment, and without any medical necessity exception to prosecution and conviction under federal law. Notwithstanding, California has had medical marijuana legislation for some time. In 1996, the electorate enacted the Compassionate Use Act, Health and Safety Code Section 11362.5. That Act decriminalized possession and cultivation of marijuana for medical purposes, under specified circumstances. In 2004, the California Legislature adopted the Medical Marijuana Program, Health and Safety Code Section 11362.7, which expanded the Compassionate Use Act, provided for identification cards for qualified patients and their caregivers, and decriminalized collective cultivation and various possession, processing, transportation and distribution prohibitions.

Despite the broad legislative statements of intent in the Compassionate Use Act and Medical Marijuana Program, courts have taken a more limited view of their practical impact. The California Supreme Court has specifically denied that either ensures Californians of a right to obtain and use marijuana for medical purposes, and has upheld the authority of cities to regulate, and even ban, medical marijuana dispensaries, under their traditional local zoning power (*City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.*, *supra*; 56 Cal. 4th 729, 749.).

Although the law is clear that a city can ban medical marijuana dispensaries, it is significantly less clear how, and whether, a city may permit them. In the *Riverside* case, the California Supreme Court specifically declined to pass on the City of Riverside's argument that, if the Compassionate Use Act and Medical Marijuana Program were construed to require local jurisdictions to accommodate medical marijuana dispensaries, they would be pre-empted by federal law. The California Supreme Court likewise refused to consider whether Government Code Section 37100 forbids a city from adopting ordinances authorizing local land use for medical marijuana dispensaries, as being potentially in conflict with federal law.

The cities of Long Beach and Santa Ana both have enacted medical marijuana dispensary permit regulations, based on a lottery assignment of eligible locations. The Long Beach ordinance was overturned by the appellate court in *Pack v. Superior Court of Los Angeles*, (2011) 199 Cal. App. 4th 1070, indicating it was inconsistent with, and pre-empted by, Federal law (the opinion has subsequently been de-published). Santa Ana's lottery system is currently the subject of litigation, *Dillon, et al. v. City of Santa Ana*, Orange County Superior Court Case No. 30-

2015-00786940. In the *Dillon* case, a preliminary injunction was denied on June 19, 2015, which would have prevented the City from permitting medical marijuana dispensaries that won the lottery. The case is now proceeding through pleading and discovery phases and is being monitored by City staff.

5. The Potential Moratorium for Further Study of Dispensary Uses.

City staff believes that the overall situation described herein leaves the City in an uncertain and compromised position with respect to its medical marijuana dispensary permitting regulations. As a practical matter, without the cooperation of the Sheriff's Department, the City cannot fulfill the portions of its regulatory ordinance that call for participation of the Police Chief. It is uncertain the extent to which the City could privately contract with investigative or other public safety consultants for similar services, and whether the information gleaned from such private consultants would yield the same level of efficacy and safety in terms of reviews that might otherwise be conducted by the Sheriff's Department. The result raises the prospect of incomplete reviews of medical marijuana dispensaries, which is particularly troubling given the roster of adverse secondary effects that the Sheriff's Department alleges such medical marijuana dispensaries pose.

There are a number of other practical land use questions that also arise regarding the establishment, location, and operation of medical marijuana dispensaries in Laguna Woods. It is City staff's understanding that medical marijuana dispensaries that formerly operated in other South Orange County cities received significant amounts of traffic, which could reasonably be expected to be compounded if a lone South Orange County permitted medical marijuana dispensary were to arise within Laguna Woods. As such, City staff believes that it needs to undertake analysis of parking and traffic demands from those types of operations, to avoid unsafe traffic turning movements, parking or stopping, and to assure that adequate parking and access to such facilities is required, to avoid negative effects on surrounding uses.

City staff would also like to pursue the Sheriff's Department's recommendation of discussion with neighboring cities regarding their experiences with the municipal service and public safety demands attendant to medical marijuana dispensaries. Issues such as appropriate lighting; hours of operation; distance from potentially sensitive surrounding uses; the nature, format, and availability of security camera monitoring; and, the balance between patient privacy and the safety of medical marijuana dispensary patrons and surrounding uses, all require further study.

At today's meeting, City staff is recommending adoption of an urgency ordinance adopting a moratorium on the establishment, location, or operation of medical marijuana dispensaries (Attachment B). Such moratoria are authorized under Government Code Section 65858, which requires a finding that there is a current and immediate threat to public health, safety, or welfare, and that the approval of use permits or entitlements for use otherwise required in order to comply with the ordinance would result in that threat to public health, safety, or welfare.

Here, City staff believes that the required findings are met for the reasons stated in this agenda report, and as further elaborated on in the proposed urgency ordinance. Under present statements from the Sheriff's Department regarding its level of participation with respect to the City's regulatory ordinance, the City would have to apply either a truncated or amended permit application review process that would likely result in a review less thorough than that originally contemplated as required under the regulatory ordinance. The adverse secondary effects alleged by the Sheriff's Department certainly pose the types of threat to public health, safety, or welfare contemplated under the urgency ordinance, and City staff requires time to investigate the background information upon which the Sheriff's Department's letter has been issued, as well as to investigate the experience of other cities.

If the City Council chooses to adopt the urgency ordinance, the moratorium would be in effect for a period of 45 days. City staff would be required to provide a report to the City Council on measures taken to alleviate the conditions leading to the urgency ordinance 10 days before it expires. If conditions warrant, the moratorium could be extended for up to 10 months and 15 days, upon a regular noticed public hearing otherwise consistent with standard zoning measure requirements. Should the conditions that led to the initial enactment of the urgency ordinance persist, the moratorium could be extended for up to another year beyond that.

City staff is aware that there are strong and deeply-held opinions on all sides of the medical marijuana dispensaries issue; however, the City's land use policies must deal with the legal uncertainty on the subject, the uncertainty with respect to the City's regulatory ordinance and the role of its Police Chief, and the prospect of adverse secondary effects that have been raised by the City's law enforcement services provider. City staff believe that a moratorium would allow further study, discussion with other cities that have experience with medical marijuana dispensaries, and further development of the City's updated land use regulatory structure, in order to determine whether or how medical marijuana dispensaries might compatibly be integrated into the City's land use.

Environmental Review

The adoption of the proposed urgency ordinance and moratorium is not a project under the requirements of the California Environmental Quality Act (CEQA), pursuant to Section 15601(b)(3) of the CEQA Guidelines.

Fiscal Impact

Fiscal impacts associated with the proposed urgency ordinance and moratorium are uncertain at this time. For City staff to take measures to alleviate the conditions leading to the urgency ordinance, and provide associated reporting, it is anticipated that costs would be incurred for services including legal, planning, and traffic engineering, as well as potential public safety services and public noticing. City staff would seek to accommodate such costs in the City's budget.

Attachments: A – Orange County Sheriff's Department Letter
B – Proposed Ordinance

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City of Laguna Woods Agenda Report

TO: Honorable Mayor and City Councilmembers

FROM: Christopher Macon, City Manager
David B. Cosgrove, City Attorney

FOR: October 13, 2015 Special Meeting

SUBJECT: Medical Marijuana Dispensaries Ordinance

Recommendation

1. Receive staff report.

AND

2. Open public hearing.

AND

3. Receive public testimony.

AND

4. Close public hearing.

AND

5. Take one of the following actions:

A. Adopt an ordinance – read by title with further reading waived – entitled:

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY
OF LAGUNA WOODS, CALIFORNIA PURSUANT TO CALIFORNIA

GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858,
EXTENDING A MORATORIUM ON ESTABLISHING, LOCATING, OR
OPERATING MEDICAL MARIJUANA DISPENSARIES FOR THE
PURPOSE OF PURSUING PROHIBITION THEREOF

OR

B. Adopt an ordinance – read by title with further reading waived – entitled:

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY
OF LAGUNA WOODS, CALIFORNIA PURSUANT TO CALIFORNIA
GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858,
EXTENDING A MORATORIUM ON ESTABLISHING, LOCATING, OR
OPERATING MEDICAL MARIJUANA DISPENSARIES FOR THE
PURPOSE OF FURTHER STUDY AND ANALYSIS

Background

The City presently has a regulatory ordinance permitting medical marijuana dispensaries, codified at Section 13.26.025 of the Laguna Woods Municipal Code. The ordinance was adopted in 2008 and subsequently amended in 2012.

At a special meeting on September 10, 2015, the City Council adopted an urgency ordinance that imposed a moratorium on the establishment, location, or operation of medical marijuana dispensaries for a 45-day period (September 10, 2015 through October 24, 2015). During the moratorium, all operation of Section 13.26.025 of the Laguna Woods Municipal Code is suspended and the City may not issue regulatory permits in furtherance of the establishment, location, or operation of a medical marijuana dispensary within the City. The agenda report from the meeting on September 10, 2015, a letter from the Orange County Sheriff that was attached thereto, and the urgency ordinance are included as attachments A, B, and C.

For reasons, and in light of findings, set forth in the ordinance, and in accordance with applicable sections of State law, the moratorium was deemed necessary for the immediate preservation of the public health, safety, and welfare, to prohibit any uses that may be in conflict with a contemplated zoning proposal that the City is considering or intends to study within a reasonable time.

As described in the ordinance, the moratorium was intended to provide the City time to study the effect of medical marijuana dispensaries on the community, and to

assess its ability to draft and adopt regulations consistent with its inherent police power to determine, for purposes of the public health, safety, and welfare, the appropriate uses of land within its jurisdiction.

Discussion

Since September 10, 2015, staff has undertaken a number of investigations related to medical marijuana dispensaries, including reviewing federal law and enforcement policies, examining California’s proposed Medical Marijuana Regulation and Safety Act (which, at the time of this writing, is currently on the Governor’s desk for signature or veto), discussing medical marijuana dispensary experiences and policies with a number of other cities, meeting with the Orange County Sheriff’s Department, meeting with a representative of Law Enforcement Against Prohibition (a non-profit organization that advocates for the regulation and control of marijuana and other drugs), and conducting preliminary research on the availability and types of testing of marijuana products for potential use in medicinal contexts. The results of staff’s investigations are organized under the subheadings below.

A. Federal Law

Without question, marijuana is, and remains, illegal under federal law. It remains classified as a Schedule 1 controlled substance under the Controlled Substances Act (21 USC §§ 801 *et seq*). As indicated in the agenda report dated September 10, 2015, the California Supreme Court has held that bans on medical marijuana dispensaries are permissible under a city’s inherent zoning power, but it has, thus far, declined to reach the issue whether permitting such dispensaries would violate the Controlled Substances Act or California Government Code Section 37100¹.

Notwithstanding federal illegality, some 20 states and the District of Columbia have legalized or decriminalized certain marijuana-related activity. Such action has been a contributing factor in the promulgation of revised federal enforcement policies.

Specifically, on August 29, 2013, Deputy Attorney General James J. Cole issued a directive to all United States Attorneys entitled *Guidance Regarding Marijuana Enforcement*, which is included as Attachment D. The Cole Memorandum reaffirms the federal illegality of marijuana, but also indicates that the Department of Justice

¹ California Government Code Section 37100, which relates broadly to cities’ legislative powers, provides: “The legislative body may pass ordinances not in conflict with the Constitution and laws of the State or the United States.” The City Council may, therefore, not pass an ordinance directly in conflict with either federal or State law.

is committed to using its limited investigative and prosecutorial resources to address what it has determined to be “priority threats,” including:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or illegal activity;
- Preventing violence and use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public land; and
- Preventing marijuana possession or use on federal property.

The aforementioned priorities were further referenced in a memorandum from the Department of Treasury, Financial Crimes Enforcement Network, dated February 14, 2014, which is included as Attachment E. The Treasury Memorandum provides guidance to various financial institutions that might deal with medical marijuana dispensaries operating under state law and requires different forms of “suspicious activity reports” depending upon individual facts and circumstances relating to the individual dispensary customers of financial institutions.

From those memoranda, one might infer that the current risk of federal enforcement against both medical marijuana dispensaries operating consistent with state law, and cities that adopt enabling regulations, is diminished, particularly if local regulatory efforts are directed at avoiding the priority federal threats identified above. It should be noted, however, that the aforementioned limitations on federal enforcement do not change congressional legislative policy under the Controlled Substances Act, nor do they confer immunity on any party from any federal criminal prosecution or forfeiture action. Further, federal enforcement policies may change at any time, potentially with the impending shift in presidential administrations.

The formal and public definition of enforcement priorities for marijuana-related activities undertaken pursuant to state law signals at least a present federal intention

to eschew strict enforcement, perhaps to see how state law and experiences with medical marijuana dispensing and usage develop.

Staff contacted the local United States Attorney's Office to inquire whether the Cole Memorandum was still in effect, and to solicit any guidance federal enforcement authorities had with respect to medical marijuana dispensaries. The United States Attorney's Office confirmed that the Cole Memorandum is still applicable, but (not surprisingly) declined to provide further guidance.

B. California Medical Marijuana Law

Staff's agenda report dated September 10, 2015 provided background regarding the California Compassionate Use Act (Health and Safety Code Section 11362.5) and the Medical Marijuana Program (Health and Safety Code Section 11362.7). A major reworking of those statutes appears to be in the making with the potential enactment of the Medical Marijuana Regulation and Safety Act ("MMRSA").

The MMRSA actually consists of three different pieces of legislation, Assembly Bill 243 (Wood), Assembly Bill 266 (Bonta), and Senate Bill 643 (McGuire). Each of the bills has passed the California Legislature and, as of the time of this writing, are on the Governor's desk for signature or veto. The bills are joined, meaning that all must be signed or all will fail. City staff understands that the Governor is expected to sign each of the bills, which is the action endorsed by the League of California Cities, California Police Chiefs Association, and Cannabis Industry Association. The California State Sheriffs' Association has taken a neutral position.

If signed into law, the MMRSA would provide for comprehensive state licensing and regulation of medical marijuana cultivation, transportation, and distribution. It would place the Department of Food and Agriculture in charge of licensing indoor and outdoor cultivation sites, mandate the Department of Pesticide Regulation to develop pesticide standards for cultivation, and require the Department of Public Health to develop standards for the production and labeling of edible products.

The MMRSA would also create a Bureau of Medical Marijuana Regulation within the Department of Consumer Affairs. It contemplates a dual licensing system, with the State issuing licenses and local governments issuing permits for medical marijuana dispensaries, beginning in 2018. It would require the Department of Consumer Affairs to license dispensaries, distributors, and transport entities dealing with medical marijuana, and provide restrictions on holding more than one such license in the medical marijuana cultivation and distribution chain. It would also

enact medical marijuana testing standards and tie the validity of state licenses to local permits (i.e., a state license becomes invalid if a local permit is denied or revoked). Under the MMRSA, local governments would retain the right to choose whether to permit or prohibit medical marijuana dispensaries.

The MMRSA looks to be a bit of game-changer for California law. It would provide a comprehensive state licensing and oversight authority for medical marijuana, from grower to patient. Regulations would include uniform requirements related to security, health, and safety, as well as quality assurance and testing protocols. It would also specifically authorize local governments to regulate medical marijuana dispensaries, including the ability to charge taxes and fees.

In many respects, for local governments favoring allowance of medical marijuana dispensaries, the systems contemplated under the MMRSA would take much of the guesswork out of how to tailor local regulations to comply with State law. Those systems would offer a defined regulatory framework within which local regulations and revenue measures are specifically contemplated and authorized. With current federal enforcement policies drawing heavily on whether local medical marijuana activities comply with state law, those systems would also afford some additional predictability on exposure under federal law.

C. Communications with Other Jurisdictions

Staff has spent a substantial amount of time since September 10, 2015 interviewing and communicating with other cities having experience in medical marijuana issues. Staff reached out to both cities that permit medical marijuana dispensaries (Santa Ana, San Diego) and those that do not (Dana Point, Lake Forest). In addition, staff met with Orange County Sheriff Sandra Hutchens.

A number of common themes emerged from the communications conducted. Taken together, this information indicates to staff that if the City Council is interested in maintaining a regulatory approach to medical marijuana dispensaries, significant additional study would be required to develop regulations to protect the public health, safety, and welfare of residents, patients, and other affected parties, alike. It is staff's opinion that the City's existing regulatory ordinance is not only at an impasse due to the Orange County Sheriff's Department's unwillingness to be fully involved, but also inadequate, having not benefitted from the significant body of knowledge and practical experience garnered by other jurisdictions since its initial adoption in 2008, as medical marijuana dispensaries have become increasingly common.

The following are some of the recurring themes of the comments that staff received:

1. *Dispensaries Are Highly-Funded, Cash-Based Businesses*

It is clear to staff that while the particulars may vary amongst individual medical marijuana dispensaries, medical marijuana is a highly funded and growing industry. The demand for medical marijuana, coupled with restrictions on federally-chartered banking and credit card companies, results in large numbers of transactions of a primarily cash basis. That means that dispensaries frequently have large amounts of cash on-site, and patients travelling to dispensaries can be expected to do so with cash in-hand. Reports were that some dispensaries handled upwards of \$100,000 each week, with cash stored both on-site and at associated off-site locations.

The prevalence and influx of cash presents a number of security challenges, which are further evidenced by the reportedly frequent presence of armed guards and weapons at medical marijuana dispensaries. While armed guards and weapons can be lawfully present, the practice nevertheless speaks to a potential recognition of, and perceived susceptibility to, robbery and other crime. As a result, staff believes that if the City Council is interested in maintaining a regulatory approach, limitations should be placed on the amount of cash permitted to be on-site at any given time, and the proximity of dispensaries to banks and automatic teller machines where patients may obtain cash, thus creating potential secondary targets for robbery.

2. *Unpermitted Dispensaries Tend to Congregate, which May Be Indicative of Tendencies that would Also Attend Permitted Dispensaries*

Multiple jurisdictions advised that once a single, unpermitted medical marijuana dispensary opened in a specific neighborhood or location, other nearby dispensaries soon followed. One city indicated that it had as many as seven dispensaries operating on a single commercial property at one point. Whether related to convenience for patients, or a perception that a particular jurisdiction was “friendly” to dispensaries, the presence of a single dispensary tended to be a catalyst for others. This appeared to be more common in jurisdictions without permitting ordinances, which indicates that factors such as patient convenience, location, and market may drive dispensary siting decisions more than considerations of permissible zoning or permitting.

If the City Council is interested in maintaining a regulatory approach, staff believes that consideration should be given to limiting the maximum number of dispensaries and evaluating the compatibility of dispensaries relative to zoning districts, in order to promote land use balance in the city.

3. *Dispensaries Are Reported to Generate Substantial Adverse Secondary Effects, though Empirical Support for this Perception is Thin*

Medical marijuana dispensaries are widely regarded amongst government agencies as having the potential to generate adverse secondary effects. While it should be noted that no jurisdiction with whom staff spoke had specific statistical support for an increase in crime directly attributable to dispensaries, the anecdotal and personal experiences of the professionals with whom staff spoke were unequivocal. There is a lack of significant history with jurisdictions *explicitly* permitting dispensaries in Orange County and, as a result, most of the anecdotal and personal experiences shared related to unpermitted dispensaries. Still, all parties that staff interviewed, including Law Enforcement Against Prohibition, acknowledged that if unregulated, dispensaries raised the prospect of generating adverse secondary effects

In addition to robberies, which are believed to be underreported, a common adverse secondary effect cited was illegal transactions involving eligible medical marijuana patients transferring product to others, frequently in a dispensary's parking lot. On-site use of medical marijuana products was reportedly prevalent and some incidents of drugged-driving were reported in the immediate vicinity of dispensaries.

Staff concurs with the notion that some level of adverse secondary effects are likely to occur in Laguna Woods, from even lawfully operating medical marijuana dispensaries. Those effects may occur for reasons sometimes beyond the control of dispensary operators, including the actions of patients once medical marijuana has been purchased. Staff also believes that significant traffic could be expected at any Laguna Woods dispensary, because surrounding jurisdictions have enacted bans, and in some cases, have a demonstrated history of strict enforcement against any such uses. This higher level of expected traffic could correlate to higher levels of monitoring and enforcement efforts for the City².

What remains unresolved is the City's ability to mitigate potential adverse secondary effects through some application of State law and local regulation. If the City Council is interested in maintaining a regulatory approach, staff would anticipate an intensive effort to draft regulations that would include additional outreach to public and private parties regarding best practices. It would also be informative to monitor experiences with permitted dispensaries in Santa Ana (first permitted dispensary

² Even lawfully operating dispensaries would involve periodic monitoring, to assure compliance with conditions of approval and operations that maintain compliance with State law.

opened in August 2015) and San Diego (first permitted dispensary opened in March 2015), as well as other cities with more mature permit processes (e.g., Berkeley, Oakland, Richmond, West Hollywood).

While the Orange County Sheriff's Department has indicated that the need for law enforcement services will not automatically increase as a result of the permitting of one or more medical marijuana dispensaries, the potential for adverse secondary effects raises the distinct potential for a future escalation in staffing levels that could strain or exceed the City's financial resources absent a commensurate reduction in service levels elsewhere in the organization. Depending on the nature of the effects generated, a strain could also be placed on Orange County Sheriff's Department deputies assigned to the cities of Aliso Viejo, Laguna Hills, and other nearby cities, if the City's regular staffing proves insufficient to respond.

If the City Council is interested in maintaining a regulatory approach, the unknown extent to which potential adverse secondary effects may occur and the associated financial challenges that could be posed by increased enforcement activity, lead staff to recommend that the City Council consider pursuing a ballot measure to impose a supplemental tax on dispensaries (Santa Ana's Measure BB allows for an up to 10% business license tax on gross receipts, which is currently being collected at 5%), as well as a deployment study to most effectively align permitted hours of operations for dispensaries with available law enforcement resources.

4. Traffic and Parking Require Additional Study

The observable demand for medical marijuana dispensaries, coupled with feedback from other jurisdictions regarding local traffic and parking impacts and the lack of permitted dispensaries in South Orange County, leads to a staff concern about the adequacy of the limited traffic and parking standards contained in the City's existing regulatory ordinance. If the City Council is interested in maintaining a regulatory approach, staff recommends that a traffic and parking demand analysis be undertaken, including on-site traffic and parking counts at permitted dispensaries, in order to establish standards to mitigate potential adverse secondary effects.

5. Product Accessibility to Minors Is a Particular Concern

Regardless of individual opinions on the worth of marijuana for medicinal purposes, demand for its recreational use is undeniable. Jurisdictions frequently cited concerns with the perceived ease with which medical marijuana patient identification cards can be obtained (a factor beyond the control of medical marijuana dispensaries) and

the transfer of products from eligible medical marijuana patients to others, including minors. Those concerns exacerbated with dispensaries located near high schools (Laguna Hills High School is located just south of Laguna Woods). One jurisdiction's local school district reported a dramatic drop in drug-related school expulsions and suspensions following the closure of unpermitted dispensaries.

While the regulations adopted by the City Council in 2008 sought to limit the sale of medical marijuana to Laguna Woods residents, that provision was subsequently removed from the regulatory ordinance in the interest of constitutionality. The City Attorney advises that it remains unadvisable to consider such a territorial limit.

D. Testing Availability and Protocols

At the meeting on September 10, 2015, a concern was raised about the dispensing of medical marijuana products whose potency and purity is unknown to the patient. Staff conducted preliminary research of the types of testing commercially available, to see if it would make sense to require such testing as a part of potentially revised City regulations. It appears that such testing includes the following:

1. *Potency Testing*

Potency testing informs patients about the concentration of active cannabinoids. Testing for THC, as well as other chemical components, is available, which medical users claim helps direct appropriate dosage for appropriate symptoms.

2. *Pesticide Testing*

Pesticides are used in both indoor and outdoor growing operations. Pesticide testing permits identification of both the types and levels of pesticides, to test insecticide or fungicide constituents that may harm health.

3. *Microbiological Screening*

The climate conditions that foster the cultivation of cannabis can also germinate bacteria and fungi. Microbiological screening can be performed to identify yeasts, molds, coliforms, and bacteria, such as salmonella.

4. *Terpene Analysis*

Different strains of cannabis have different aromatic compounds that are said to produce different physical effects. Terpene analysis allows for characterization to distinguish various strains, said to be used for treatment of various symptoms.

5. *Residual Solvent Testing*

Solvents are sometimes used in preparation of concentrated forms of cannabis (wax, hash or other oils, etc.), where after the concentrated product is produced, solvents (acetone, hexane, butane, propane, isopropanol, and others) are removed using heat or vacuum processes. Residual solvent testing can detect both the quality of solvents used and the effectiveness of the solvent removal efforts.

To date, staff has not generated information about the costs of those various tests, or analyzed what impact they might have on the accessibility of medical marijuana to patients. One concern staff has with potentially requiring medical marijuana product testing is that it would effectively dictate a violation of federal law (i.e., transport of medical marijuana for ultimate use). Securing the benefits of laboratory testing therefore poses legal risk³. That risk might be shielded, somewhat, with potential passage and implementation of the Medical Marijuana Regulation and Safety Act, which specifically requires the establishment of quality assurance testing protocols prior to transporting a product. Unless and until that State law becomes effective, however, any regulations requiring laboratory testing would entail some risk.

E. Potential Actions

As staff advised on September 10, 2015, the City's legally safest course, and the one followed by most Orange County cities, would be to prohibit medical marijuana dispensaries. In the City's case, that would take the form of a repeal of the medical marijuana dispensary regulatory ordinance. Such bans have been authorized by the California Supreme Court in *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.* (2013) 56 Cal. 4th 729. Repealing the regulatory ordinance would place the City on well-defined legal ground, help insulate against the adverse secondary effects that the City is advised such uses may generate, and allow the City to monitor the development of State law, and developing federal enforcement policies, with a minimum of legal risk. If this is the City Council's direction, staff requests that the existing moratorium be extended to allow for consideration and

³ This was one of the factors that led to the prior invalidation of the Long Beach medical marijuana dispensary regulations. The court found that by mandating laboratory testing, the city effectively compelled transportation of marijuana products, in contravention of federal law.

adoption of an appropriate ordinance (Attachment F). The operation of medical marijuana delivery services and personal cultivation for use as provided for in the Compassionate Use Act would not be affected by such a prohibition; only physical dispensaries – none of which currently exist – would be prohibited.

If it is the City Council's preference to continue to maintain a regulatory approach, staff believes that significant additional study is still required. That study would be consistent with the pursuit of regulations that seek to mitigate local concerns and potential adverse secondary effects, with an eye toward protecting public health, safety, and welfare, as well as quality of life and patient access. In this scenario, staff recommends that the existing moratorium be extended for a period of 10 months and 15 days (Attachment G). The moratorium could be shortened or lifted in advance of that date, should the additional study be completed and regulations adopted by the City Council. Such moratorium extension could be accompanied by direction to staff to undertake the following actions, all of which are recommended:

1. Review and thorough analysis of the provisions of the California Medical Marijuana Regulation and Safety Act, if enacted, including monitoring the activities of the departments of Consumer Affairs, Food and Agriculture, Pesticide Regulation, and Public Health, as they develop a more comprehensive statewide scheme for medical marijuana licensing, permitting, and control.
2. Analysis of traffic and parking for operating, permitted medical marijuana dispensaries, to help assess accessibility, parking demand, and traffic flow characteristics, to help staff determine what land use designations, zoning districts, and surrounding uses, would most compatibly allow medical marijuana dispensaries to integrate with the City's existing uses.
3. Review of the zoning designations in which existing permitting jurisdictions permit medical marijuana dispensaries, and their distance requirements from potentially sensitive uses.
4. Gathering of information on the availability and cost of laboratory services for testing the potency and purity of medical marijuana products, and the feasibility, desirability, and effectiveness of limiting permitted medical marijuana dispensaries to the sale of certified or otherwise tested products.
5. Monitoring of developments in federal enforcement practices on medical marijuana dispensaries operating under color of state law.

6. Investigation of the operating hours of medical marijuana dispensaries in other jurisdictions, along with similar medically-related businesses (including pharmacy counters), to help strike a balance between convenient access to medical marijuana and the prevention of sales to minors or recreational users.

7. Completion of a deployment study to assess the availability of existing local law enforcement resources to respond to potential adverse secondary effects generated by medical marijuana dispensaries, as well as to assess the potential to align permitted hours of operation accordingly.

8. Negotiation of processes and standards for in-depth background checks of potential medical marijuana dispensaries with the Orange County Sheriff's Department and/or potential private investigative services.

9. Assessment and analysis of the City's ability to implement a business license tax or other charge on medical marijuana dispensaries, at least in part to help fund oversight and enforcement efforts, and the procedural requirements (including potential Proposition 218 voter approval) for same.

10. Development of regulations and fees for City Council consideration, informed by the preceding studies and investigations, and intended to adequately mitigate potential adverse secondary effects resultant of the primarily cash basis of medical marijuana dispensaries, traffic and parking demand, and other public health, safety, and welfare concerns, while preserving quality of life and patient access. (The City Council would be under no obligation to adopt permitting regulations.)

Environmental Review

The adoption of either proposed ordinance and extension of the moratorium is not a project under the requirements of the California Environmental Quality Act (CEQA), pursuant to Section 15061(b)(3) of the CEQA Guidelines.

Fiscal Impact

Prohibition of medical marijuana dispensaries could be accommodated in the City's existing budget.

It is estimated that the development of regulations for City Council consideration, including all of the associated actions recommended by staff, would require one-time expenditures of \$35,090 for planning, deployment, legal, and fee study-related

services over the next 10 months and 15 days. If that is the action taken, a resolution adopting an amended budget would be brought before the City Council at a future meeting. The cost of a potential ballot measure related to taxation of dispensaries has not yet been calculated.

- Attachments:
- A – Agenda Report from September 10, 2015
 - B – Orange County Sheriff’s Department Letter
 - C – Urgency Ordinance, Ordinance No. 15-03
 - D – United States Attorney’s Office “Cole Memorandum”
 - E – Department of Treasury, Financial Crimes Enforcement Network Memorandum
 - F – Proposed Ordinance for Pursuit of Prohibition
 - G – Proposed Ordinance for Further Study and Analysis

Previous Meetings

ORDINANCE NO. 15-05

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858, EXTENDING A MORATORIUM ON ESTABLISHING, LOCATING, OR OPERATING MEDICAL MARIJUANA DISPENSARIES FOR THE PURPOSE OF FURTHER STUDY AND ANALYSIS

WHEREAS, in 2008, the City adopted a regulatory process for medical marijuana dispensaries, codified in Section 13.26.025 of the Laguna Woods Municipal Code, which potentially allows medical marijuana dispensaries in the City's community commercial (CC) and professional and administrative office (PA) zoning districts; and

WHEREAS, to date, the City does not have any medical marijuana dispensaries operating within its jurisdiction; and

WHEREAS, under subsections (i)(d)(1) and (j)(1) of Section 13.26.025 of the Laguna Woods Municipal Code, the City's regulatory process for issuance of a permit to operate a medical marijuana dispensary calls for the City's Police Chief (provided under contract with the Orange County Sheriff's Department) to approve components of the applicant's "security plan", make a determination as to the "acceptability" of the applicant's background, and make a determination as to the "suitability" of the proposed location of the dispensary; and

WHEREAS, in a letter dated August 24, 2015, the Orange County Sheriff's Department advised the City that it does not believe that the tasks assigned to it under the City's medical marijuana dispensary permitting ordinance are included within the City's law enforcement services contract, and except as to limited background investigations specifically called for under such contract, the Orange County Sheriff declines to perform such services, for the reasons stated in the letter; and

WHEREAS, the Orange County Sheriff Department's letter also advised that, in its experience, medical marijuana dispensaries have numerous "adverse secondary effects" on communities, many of which, should they be legitimately ascribed to the presence of medical marijuana dispensaries, would present an immediate threat to public health, safety, or welfare; and

WHEREAS, in 2013, the California Supreme Court ruled in *City of Riverside v. Inland Empire Patients Health & Wellness Ctr., Inc.* that cities can prohibit medical marijuana dispensaries in their jurisdictions as part of their “broad authority to determine, for purposes of the public health, safety, and welfare, the appropriate uses of land within a local jurisdiction’s borders” (56 Cal.4th 729, 738); and

WHEREAS, the California Supreme Court’s decision in *City of Riverside* did not address the extent to which State and Federal law “forbid[] a city to adopt ordinances authorizing the use of local land for operation of medical marijuana facilities because such ordinances would ‘conflict with the ... laws of ... the United States’” (*Id.*, at 762, fn. 14); and

WHEREAS, to date, there are no published decisions that address the extent to which a city can permit medical marijuana dispensaries in its jurisdiction; and

WHEREAS, the Governor of California recently signed three bills into law (collectively titled the “Medical Marijuana Regulation and Safety Act”) that will substantially rework existing State laws relating to medical marijuana (i.e., the Compassionate Use Act [Health and Safety Code Section 11362.5] and the Medical Marijuana Program [Health and Safety Code Section 11362.7]); and

WHEREAS, the City is in the process of a broad analysis and updating of its General Plan, zoning, and land use regulations, which has included adoption of a Safety Element, a Climate Adaptation Plan, a Conservation Element, and a Building and Planning Services Fee Schedule. In addition, City Council has included in the Fiscal Year 2015-16 Budget and Work Plan a comprehensive update of the General Plan and Commercial Zoning Code Uses and Parking Standards Update; and assessment of the compatibility of medical marijuana dispensary uses in various zoning districts of the City, or at all, is timely given the revisions and analysis the City is undertaking with respect to other land uses in its jurisdiction; and

WHEREAS, in light of the foregoing, among other issues, on September 10, 2015, the City Council adopted Ordinance No. 15-03 as an urgency ordinance imposing a 45-day moratorium to suspend the allowance of medical marijuana dispensaries, and any establishment, location, or operation of any such facility, in order to undertake further investigation and study various issues relating to the potential siting and operation of a medical marijuana dispensary within the city limits of Laguna Woods; and

WHEREAS, in Ordinance No. 15-03, the City Council found and declared there is a current and immediate threat to the public health, safety, or welfare that calls for a temporary moratorium on any allowance or permitting of medical marijuana dispensaries within the City's jurisdiction; and

WHEREAS, the moratorium established by adoption of Ordinance No. 15-03 is set to expire on its own terms on October 24, 2015; and

WHEREAS, Government Code Section 65858 authorizes the extension of an urgency ordinance by adoption, after a public hearing, of another urgency ordinance to prohibit uses of land which may conflict with a contemplated zoning proposal which the legislative body, planning commission, or planning department is considering or studying, or intends to study, within a reasonable time; and

WHEREAS, on October 13, 2015, the City Council held a duly noticed public hearing concerning an extension of the moratorium established by Ordinance No. 15-03; and

WHEREAS, on October 13, 2015, the City Council received and considered a report prepared by staff, and as required pursuant to Government Code Section 656858(d), describing the measures that have been taken and progress made to date to alleviate the conditions which led to the imposition of the moratorium by adoption of Ordinance No. 15-03; and

WHEREAS, as set forth in the report prepared by staff, which was considered by the City Council, during the period since the adoption of Ordinance No. 15-03, City staff has undertaken a number of investigations related to medical marijuana dispensaries, including reviewing federal law and enforcement policies, examining California's proposed "Medical Marijuana Regulation & Safety Act," discussing medical marijuana dispensary experiences and policies with a number of other cities, meeting with the Orange County Sheriff's Department, meeting with a representative of Law Enforcement Against Prohibition (a non-profit organization that advocates for the regulation and control of marijuana and other drugs), and conducting preliminary research on the availability and types of testing of marijuana products for potential use in medicinal contexts; and

WHEREAS, City staff needs additional time to investigate many other issues relating to the potential establishment, location, or operation of medical marijuana dispensaries within the city limits of Laguna Woods including, but not limited to, the compatibility of dispensaries relative to zoning districts, financial challenges that

could be posed by increased enforcement activity, and traffic and parking demand, and considering and weighing the propriety and impact of prohibiting the operation of medical marijuana dispensaries within the city of Laguna Woods; and

WHEREAS, after consideration of all of the information, evidence, and testimony presented at the public hearing held on October 13, 2015, the City Council finds and declares that the current and immediate threat to the public health, safety, or welfare described in the findings adopted pursuant to Ordinance No. 15-03 still exists and it is therefore necessary to extend the moratorium as additional time is needed to address the current and immediate threat that prompted the moratorium adopted by Ordinance No. 15-03 and to complete the tasks set forth in the report prepared by staff; and

WHEREAS, extension of the moratorium will allow City staff to effectively study, and City staff intends to study in the near future and within a reasonable time, the issues set forth in Ordinance No. 15-03 and the report prepared by staff.

THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. In adopting this Ordinance, the City Council finds and determines that each of the recitals to this Ordinance and Ordinance No. 15-03 are true and correct, are adopted herein as findings, and that the adoption of this Ordinance is necessary to protect the public safety, health and welfare, as those terms are defined in Government Code Sections 36937(b) and 65858(a) in at least the following respects:

A. In 1996, California voters approved Proposition 215 (Health and Safety Code section 11362.5, et. seq.), entitled “The Compassionate Use Act of 1996” (“Act”), to enable persons who are in need of marijuana for specified medical purposes to obtain and use marijuana under limited, specified circumstances.

B. In 2003, the State legislature enacted Senate Bill 420 to clarify the provisions of the Act and empower local governments to adopt and enforce regulations consistent with Senate Bill 420 in this field.

C. In 2008, the City adopted a permitting process for medical marijuana dispensaries, codified in Section 13.26.025 of the Laguna Woods Municipal Code, which allows medical marijuana dispensaries in the City’s community commercial (CC) and professional and administrative office (PA) zoning districts, subject to the issuance of a regulatory permit.

D. Under subsections (i)(d)(1) and (j)(1) of Section 13.26.025 of the Laguna Woods Municipal Code, the City cannot issue a permit to operate a medical marijuana dispensary unless the Orange County Sheriff's Department, acting as the City's Police Chief, has approved components of the applicant's "security plan", made a determination as to the "acceptability" of the applicant's background, and made a determination as to the "suitability" of the proposed location of the dispensary. In a letter dated August 24, 2015, the Orange County Sheriff's Department advised the City that it "will not review or approve any security plan of a dispensary, and will not determine the 'acceptability' of any applicant and the 'suitability' of the proposed location."

E. The Orange County Sheriff Department's letter also indicated that, in its experience, medical marijuana dispensaries have numerous "adverse secondary effects" on communities.

F. While the City has made a conscientious effort to plan for specific uses within all zone districts and to anticipate conflicts between competing land uses in order to protect the public's health, safety and welfare, the City Council is concerned that the City's current permitting process for medical marijuana dispensaries may not be effective without the contemplated participation of the Orange County Sheriff's Department, and may not provide sufficient development regulations for the establishment, location, or operation of medical marijuana dispensaries.

G. In 2013, the California Supreme Court ruled that cities and counties can *prohibit* medical marijuana dispensaries in their jurisdictions as part of their "broad authority to determine, for purposes of the public health, safety, and welfare, the appropriate uses of land within a local jurisdiction's borders." (*City of Riverside v. Inland Empire Patients Health & Wellness Ctr., Inc.* (2013) 56 Cal.4th 729, 738.)

H. The California Supreme Court did not address the extent to which State and Federal law may "*forbid*[]" a city to adopt ordinances authorizing the use of local land for operation of medical marijuana facilities because such ordinances would 'conflict with the ... laws of ... the United States.'" (*City of Riverside, supra*, at 762, fn. 14.)

I. To date, there are no published decisions that address the extent to which a city can permit medical marijuana dispensaries in their jurisdiction.

J. The fact the Governor has signed the Medical Marijuana Regulation and Safety Act into law will substantially rework existing State laws relating to medical marijuana (i.e., the Compassionate Use Act [Health and Safety Code Section

11362.5] and the Medical Marijuana Program [Health and Safety Code Section 11362.7]).

K. The City Council finds that allowing the establishment, location, and operation of medical marijuana dispensaries without the ability to implement existing security safeguards in the Laguna Woods Municipal Code, and in the face of assertions that permitting such facilities could result in the creation of adverse secondary effects.

L. Among other issues, City staff needs additional time to continue to study the issues identified in Ordinance No. 15-03 and the report prepared by staff, which include without limitation:

1. Review and thorough analysis of the provisions of the California Medical Marijuana Regulation and Safety Act, if enacted, including monitoring the activities of the departments of Consumer Affairs, Food and Agriculture, Pesticide Regulation, and Public Health, as they develop a more comprehensive statewide scheme for medical marijuana licensing, permitting, and control.
2. Analysis of traffic and parking for operating, permitted medical marijuana dispensaries, to help assess accessibility, parking demand, and traffic flow characteristics, to help staff determine what land use designations, zoning districts, and surrounding uses, would most compatibly allow medical marijuana dispensaries to integrate with the City's existing uses.
3. Review of the zoning designations in which existing permitting jurisdictions permit medical marijuana dispensaries, and their distance requirements from potentially sensitive uses.
4. Gathering of information on the availability and cost of laboratory services for testing the potency and purity of medical marijuana products, and the feasibility, desirability, and effectiveness of limiting permitted medical marijuana dispensaries to the sale of certified or otherwise tested products.
5. Monitoring of developments in federal enforcement practices on medical marijuana dispensaries operating under color of state law.

6. Investigation of the operating hours of medical marijuana dispensaries in other jurisdictions, along with similar medically-related businesses (including pharmacy counters), to help strike a balance between convenient access to medical marijuana and the prevention of sales to minors or recreational users.
7. Completion of a deployment study to assess the availability of existing local law enforcement resources to respond to potential adverse secondary effects generated by medical marijuana dispensaries, as well as to assess the potential to align permitted hours of operation accordingly.
8. Negotiation of processes and standards for in-depth background checks of potential medical marijuana dispensaries with the Orange County Sheriff's Department and/or potential private investigative services.
9. Assessment and analysis of the City's ability to implement a business license tax or other charge on medical marijuana dispensaries, at least in part to help fund oversight and enforcement efforts, and the procedural requirements (including potential Proposition 218 voter approval) for same.
10. Development of regulations and fees for City Council consideration, informed by the preceding studies and investigations, and intended to adequately mitigate potential adverse secondary effects resultant of the primarily cash basis of medical marijuana dispensaries, traffic and parking demand, and other public health, safety, and welfare concerns, while preserving quality of life and patient access.

M. In order to allow the City consider, study, and adopt any appropriate regulations for medical marijuana dispensaries, it is necessary to continue to suspend the operation and effectiveness of Section 13.26.025 of the Laguna Woods Municipal Code, and to continue to temporarily prohibit the establishment, location, and operation of medical marijuana dispensaries within the City's jurisdiction.

N. Extending the moratorium will provide the City time to study the effect of medical marijuana dispensaries on the community, and to assess its ability to draft and adopt regulations consistent with its inherent police power to determine, for purposes of the public health, safety, and welfare, the appropriate uses of land within its jurisdiction.

SECTION 2. The moratorium established by Ordinance No. 15-03 expires on October 24, 2015. Commencing upon the expiration of Ordinance No. 15-03, the moratorium established by Ordinance No. 15-03 is hereby extended and shall continue for a period of the earlier of [A] ten (10) months and fifteen (15) days from and after the expiration of Ordinance No. 15-03, i.e., to September 8, 2016 (unless extended pursuant to Government Code Section 65858), or [B] the effective date of an ordinance adopted by the City Council amending the Zoning Code to address the potential establishment, location, or operation of medical marijuana dispensaries within the city limits of Laguna Woods.

SECTION 3. The penalties that are set forth in the Laguna Woods Municipal Code shall apply to violations of the provisions of this Ordinance.

SECTION 4. This Ordinance is declared to be an urgency ordinance by authority conferred on the City Council of the City of Laguna Woods by Government Code sections 36934, 36937, and 65858, and shall be in full force and effect immediately upon its adoption by a four-fifths vote of the City Council.

SECTION 5. At least ten (10) days prior to the expiration of the moratorium as extended by this Ordinance, staff shall prepare, and the City Council shall consider and receive and file, a written report pursuant to Government Code Section 65858(d) describing the measures taken to alleviate the condition or conditions which led to the adoption of this Ordinance.

SECTION 6. The City Council finds and determines that the adoption of this Ordinance is not a project under the requirements of the California Environmental Quality Act (CEQA), pursuant to Section 15061(b)(3) of the CEQA Guidelines.

SECTION 7. If any section, subsection, subdivision, paragraph, sentence, clause or phrase, or portion of this Ordinance is, for any reason, held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance irrespective of the fact that one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional or invalid or ineffective. To this end the provisions of this Ordinance are declared to be severable.

SECTION 8. The Deputy City Clerk shall certify as to the adoption of this Ordinance and shall cause this Ordinance to be published or posted as required by law.

PASSED, APPROVED AND ADOPTED this 13th day of October 2015.



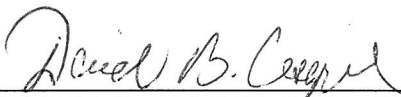
CYNTHIA S. CONNERS, Mayor

ATTEST:



YOLIE TRIPPY, Deputy City Clerk

APPROVED AS TO FORM:




DAVID B. COSGROVE, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LAGUNA WOODS)

I, YOLIE TRIPPY, Deputy City Clerk of the City of Laguna Woods, do HEREBY CERTIFY that the foregoing **Ordinance No. 15-05** was duly adopted and passed at a special meeting of the City Council on the 13th day of October 2015 by the following vote to wit:

AYES: COUNCILMEMBERS: Connors, Hatch, Hack, Horne, Moore
NOES: COUNCILMEMBERS: -
ABSENT: COUNCILMEMBERS: -



YOLIE TRIPPY, Deputy City Clerk

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February 18, 2016

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

LAO
75
YEARS OF
SERVICE

**The 2016-17 Budget:
Overview of
Governor's Proposals to
Implement the
Medical Marijuana
Regulation and Safety Act**





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Executive Summary

- ☑ ***This Document Summarizes Proposals and Highlights Important Legislative Considerations.*** After providing some background information, this document summarizes the administration's planned approach for implementing the Medical Marijuana Regulation and Safety Act (MMRSA) and the associated budget decisions before the Legislature. We then provide a more detailed description of the proposed funding, staffing, and activities for each of the affected state departments. We conclude by highlighting issues and uncertainties for the Legislature to consider as the state begins implementation.

- ☑ ***State Launching New, Large-Scale Regulatory Effort.*** In 2015, the Legislature enacted MMRSA, a package of legislation establishing a new regulatory framework for medical marijuana cultivation and use in California. The Governor's budget for 2016-17 includes \$25 million and 126 positions across six state departments to implement MMRSA.

- ☑ ***LAO Bottom Line: Proposed Approach Consistent With Legislation, Ongoing Oversight Will Be Important.*** Our review did not identify any major concerns with the Governor's proposed approach to implementing MMRSA. The scope and complexity of new state-level activities required by the act, however, are significant. Undertaking such activities requires considerable coordination among agencies and affects multiple areas of statewide importance—including public health, public safety, and environmental protection. Moreover, there remains uncertainty regarding the ultimate size of the regulated medical marijuana industry and other unknown factors, such as whether voters will opt to legalize recreational marijuana in the coming years. Given these potential challenges and uncertainties, we believe close monitoring over the status, pace, and effectiveness of MMRSA implementation will be an important task for the Legislature in the coming years.

Background



Medical Marijuana Legal in California for Nearly 20 Years

- Voters passed Proposition 215 in November 1996, making it legal for individuals to cultivate and possess marijuana in California for medical purposes only, specifically with a recommendation from a licensed physician.
- In 2003, the Legislature authorized the formation of medical marijuana cooperatives—nonprofit organizations that cultivate and distribute marijuana for medical uses to their members through dispensaries.



Marijuana Cultivation Significant in California, Has Had Environmental Impacts

- Estimates suggest California has twice as many outdoor grow sites than any other state, with much of the cultivation activity located in the northern part of the state.
- Cultivation sites on both public and private lands have had damaging environmental effects, including diverting water from and contaminating watersheds that are home to sensitive fish and wildlife species.



Federal Government Generally Does Not Prosecute Marijuana Users Who Follow State Law

- While any marijuana cultivation or use is illegal under federal law, current federal policy is not to prosecute marijuana users and businesses that act in compliance with state marijuana laws so long as federal priorities are upheld (including not distributing to minors or transporting across state lines).



Overview of MMRSA



MMRSA Passed by Legislature in 2015, Took Effect January 2016

- Implemented via three pieces of legislation: Chapters 688, 689, and 719 of 2015 (AB 243, Wood; AB 266, Bonta; and SB 643, McGuire).



Establishes New Regulatory Framework for Medical Marijuana Industry

- Implements new structure for licensing and enforcement of medical marijuana cultivation, product manufacturing, testing, transportation, storage, and distribution. Assigns various responsibilities to both state and local governments.
- Authorizes state and local governments to collect specified fees and taxes, as well as issue penalties for violations. State departments can establish licensing fees to cover regulatory costs.
- Requires state to set standards for labeling, testing, and packaging medical marijuana products and to develop an information technology (IT) system to track such products throughout the supply chain.
- Institutes system for regulating, monitoring, and reducing environmental impacts of marijuana cultivation.
- Phases out medical marijuana cooperatives within a few years and replaces them with state-licensed businesses.



Overview of MMRSA

(Continued)



Establishes New State Regulatory Entity, New Special Fund

- Creates Bureau of Medical Marijuana Regulation (BMMR) within DCA. Tasks five other departments with various responsibilities (described on subsequent pages).
- Establishes Medical Marijuana Regulation and Safety Act Fund (MMRSAF) to receive fees and penalties assessed under the act, and to be used for associated regulatory and enforcement activities. Provides one-time loan of up to \$10 million from the General Fund to the MMRSAF to begin implementation of the act.

Overview of Governor's 2016-17 Proposals

Summary of Governor's 2016-17 Proposals for Implementing MMRSA

(Dollars in Thousands)

Department	Funding		Total	Staffing	Primary Responsibilities
	General Fund	Special Fund			
DFW	\$7,655	—	\$7,655	31	Monitor and reduce environmental impacts of marijuana cultivation.
SWRCB	5,200	\$472 ^a	5,672	35	Regulate the environmental impacts of marijuana cultivation on water quality and instream flows.
DCA	—	3,800 ^b	3,800	25	License and enforce marijuana distributors, transporters, and dispensaries.
CDFA	—	3,400 ^b	3,400	18	Regulate marijuana cultivation and issue licenses to growers.
DPH	—	3,400 ^b	3,400	14	Regulate medical marijuana product manufacturers and testing laboratories.
DPR	—	700 ^c	700	3	Develop pesticide use guidelines for the cultivation of marijuana.
Totals	\$12,855	\$11,772	\$24,627	126	

^a Waste Discharge Permit Fund.

^b Medical Marijuana Regulation and Safety Act Fund.

^c Department of Pesticide Regulation Fund.

MMRSA = Medical Marijuana Regulation and Safety Act; DFW = Department of Fish and Wildlife; SWRCB = State Water Resources Control Board; DCA = Department of Consumer Affairs; CDFA = California Department of Food and Agriculture; DPH = Department of Public Health; and DPR = Department of Pesticide Regulation.



Provides \$24.6 Million, 126 Positions Across Six State Departments

- Roughly half of funding from MMRSF, half from General Fund.



Governor Proposes Multiyear Implementation Plan

Governor's Multiyear MMRSA Rollout Plan					
<i>(In Millions)</i>					
Department	2015-16^a	2016-17	2017-18	2018-19	After 2018-19
DFW	—	\$7.7	\$5.8	\$5.8	\$5.8
SWRCB	—	5.7	6.7	5.7	5.7
DCA	\$1.6	3.8	4.1	0.5 ^b	0.5 ^b
CDFA	3.3	3.4	3.4	3.4	3.4
DPH	0.5	3.4	2.5	5.7	5.3
DPR	—	0.7	0.7	0.7	0.7
Totals	\$5.4	\$24.6	\$23.1	\$21.8	\$21.4

^a From Medical Marijuana Regulation and Safety Act Fund, appropriated to DCA in Chapter 688 of 2015 (AB 243, Wood). Funding for CDFA and DPH provided as reimbursements from DCA.

^b The administration intends to submit additional funding requests for DCA once it has a better estimate of ongoing workload needs. Funding likely will exceed amount displayed.

MMRSA = Medical Marijuana Regulation and Safety Act; DFW = Department of Fish and Wildlife; SWRCB = State Water Resources Control Board; DCA = Department of Consumer Affairs; CDFA = California Department of Food and Agriculture; DPH = Department of Public Health; and DPR = Department of Pesticide Regulation.



Some Upfront Start-Up Costs Expected to Decrease in Future Years

- Funding proposals for 2016-17 and 2017-18 include one-time costs such as equipment for DFW and DPH and consulting services for SWRCB.
- However, DPH funding increases in 2018-19 largely due to phasing in of staff.



Funding Levels to be Revisited in Future Years Depending on Workload

- For DCA in particular, the administration intends to submit additional funding requests in future years when ongoing workload needs become more certain. Additionally, the administration has not yet requested funding to support anticipated development and operation of an IT project to track products, licenses, and enforcement actions.



Department of Fish and Wildlife

Primary Responsibility: Monitor and reduce environmental impacts of marijuana cultivation.

Proposed Funding:

- 2016-17: \$7.7 million General Fund (includes \$1.9 million for one-time equipment purchase).
- 2017-18 and thereafter: \$5.8 million General Fund.

Proposed Staffing:

- 2016-17 and thereafter: 31 new permanent positions.

Primary Activities



Expand Watershed Enforcement Program and Participate in Multiagency Task Force (\$4.7 Million, 26 Positions). Perform specialized environmental investigations targeting legal and illegal marijuana cultivation sites. Team would include DFW law enforcement officers and environmental scientists, and work in collaboration with staff from other state and local agencies. Activities to include intelligence gathering and follow-up for legal actions and prosecutions, site-specific environmental assessments, and eradication and/or remediation of cultivation sites. Expands existing pilot program currently operating in seven counties—with an existing staff of 13—to cover entire state.



Protect Instream Flows (\$0.9 Million, 5 Positions). Research and identify amount of instream flows needed for fish spawning, migration, and rearing in areas where marijuana cultivation is occurring. Develop criteria and policies to ensure needed flows are maintained, including working with SWRCB staff to inform decisions on water rights registrations and permitting.



State Water Resources Control Board

Primary Responsibility: Regulate the environmental impacts of marijuana cultivation on water quality and instream flows.

Proposed Funding:

- 2016-17 and thereafter: \$5.7 million (\$5.2 million General Fund, \$472,000 Waste Discharge Permit Fund).
- 2017-18: Additional \$1 million General Fund one time for consulting services.

Proposed Staffing:

- 2016-17 and thereafter: 35 positions.

Primary Activities



Protect and Enforce Water Quality and Participate in Multiagency Task Force (\$1.8 Million, 13 Positions). Perform inspections and investigations of marijuana grow sites and develop evidence to support water quality enforcement actions. Engage in stakeholder outreach and coordinate with other federal, local, and state agencies (such as DFW) to develop and implement a permit system that would provide a pathway for medical marijuana cultivators to come into compliance with state regulations regarding water quality and supply. Expand existing pilot program currently operating in seven (primarily northern) counties—with an existing staff of 11—to cover more of the state.



Protect Instream Flows (\$3.9 Million, 22 Positions). Establish interim instream flow requirements to provide immediate protection of fishery resources. Work with DFW to develop criteria for regional instream flow policies until the longer and more in-depth process for setting ongoing instream flow requirements can be completed. Expand the registration program and processing of water right registrations and applications for permits associated with medical marijuana cultivation.



Department of Consumer Affairs

Primary Responsibility: License medical marijuana distributors, transporters, and dispensaries, and conduct enforcement of BMMR licensees.

Proposed Funding:

- 2015-16: \$1.6 million MMRSF.
- 2016-17: \$3.8 million MMRSF (includes \$350,000 for study).
- 2017-18: \$4.1 million MMRSF (includes \$492,000 for study).
- 2018-19 and 2019-20: \$492,000 MMRSF for study (total funding level to be revisited based on workload).

Proposed Staffing:

- 2015-16: 9.7 positions.
- 2016-17 and 2017-18: 25 positions.
- 2018-19 and thereafter: To be revisited based on workload.

Primary Activities



License Medical Marijuana Distributors, Transporters, and Dispensaries. Establish a new regulatory program for marijuana distributors, transporters, and dispensaries under BMMR. Budget-year funding would support initial BMMR startup activities, including (1) developing regulations, such as licensing requirements and fee structure; (2) conducting outreach to local law enforcement; and (3) developing the initial planning documents for an interagency IT solution to support marijuana licensing and enforcement. Out-year activities to also include licensing entities that transport, store, distribute, and sell marijuana, as well as taking enforcement actions against BMMR-licensed entities that violate the law.



Conduct Study. Contract with the California Marijuana Research Program to study marijuana's impacts on motor skills.



California Department of Food and Agriculture

Primary Responsibility: Regulate medical marijuana cultivation and issue licenses to growers.

Proposed Funding:

- 2015-16: \$3.3 million MMRSF (reimbursed from DCA, includes \$2 million one time for environmental impact report).
- 2016-17 and thereafter: \$3.4 million MMRSF.

Proposed Staffing:

- 2015-16: 5.5 positions.
- 2016-17 and thereafter: 18 positions.

Primary Activities



Regulate Cultivation of Medical Marijuana (\$3.4 Million, 18 Positions). Establish new regulatory program to (1) license and establish fees for both indoor and outdoor cultivation, (2) establish a “seed-to-sale” program using unique identifiers to track the movement of medical marijuana products through the distribution chain, (3) perform an environmental impact report, and (4) work in consultation with DFW and SWRCB to develop environmental stewardship guidelines for growers. Activities to include (1) performing inspections of cultivators, (2) taking enforcement actions against cultivators as necessary, and (3) ensuring weighing or measuring devices used in connection with the sale or distribution of medical marijuana meet required standards.



Department of Public Health

Primary Responsibility: Develop and enforce regulations and standards for medical marijuana product manufacturers and testing laboratories.

Proposed Funding:

- 2015-16: \$457,000 MMRSF (reimbursed from DCA).
- 2016-17: \$3.4 million MMRSF (includes \$1.2 one time for laboratory equipment).
- 2017-18: \$2.5 million MMRSF.
- 2018-19: \$5.7 million MMRSF (includes \$270,000 one time for vehicle purchases).
- 2019-20: \$5.3 million MMRSF.

Proposed Staffing:

- 2015-16: 6 positions.
- 2016-17: 14 positions.
- 2017-18: 16 positions.
- 2018-19 and thereafter: 37 positions.

Primary Activities



License Medical Marijuana Manufacturers. Establish new regulatory program to annually licensing medical marijuana manufacturers and conduct investigations and inspections of manufacturers. Develop standards, regulations, and procedures governing a variety of manufacturing activities such as transportation processes and quality control procedures, as well as standards for production and labeling of all edible marijuana products. Work with CDFA on developing a data system to share information on licensees.



License and Register Medical Marijuana Testing

Laboratories. Establish new regulatory program to (1) annually license and register marijuana testing laboratories, (2) conduct research on marijuana product safety and survey other states' regulations and requirements, (3) develop and validate standard methods for testing medical marijuana including for potential contaminants, and (4) serve as a reference laboratory for medical marijuana manufacturing enforcement. Develop and enforce licensing fee program for testing laboratories. Work with CDFA to develop a data system to store and share information on licensed laboratories.



Department of Pesticide Regulation

Primary Responsibility: Develop pesticide use guidelines for the cultivation of medical marijuana.

Proposed Funding:

- 2016-17 and thereafter: \$700,000 Department of Pesticide Regulation Fund.

Proposed Staffing:

- 2016-17 and thereafter: 3 positions.

Primary Activities



Develop Guidelines for Safe Pesticide Use on Medical Marijuana (\$420,000, 3 Positions). Develop guidelines for the use of pesticides in medical marijuana cultivation and for pesticide residue levels in harvested marijuana. Two staff toxicologists to conduct risk assessments—scientific reports requiring the review and analysis of technical data on pesticides—for people exposed to pesticides in marijuana cultivation and processing facilities, and for consumers who smoke or eat medical marijuana products. One position to coordinate with the United States Environmental Protection Agency (U.S. EPA) to register pesticides for use in medical marijuana cultivation using an approach outside the typical U.S. EPA registration process.



Develop and Distribute Educational Materials (\$280,000). Contract with a vendor to assess current marijuana cultivation practices and develop safe pest management practices for medical marijuana. This information would be incorporated into pest management guidelines and other educational tools and materials to be used in outreach to growers.



Issues for Legislative Consideration

The new state-level activities required by MMRSA are significant in both scope and complexity. Below, we highlight several potential challenges and uncertainties associated with implementing MMRSA, which could result in unforeseen problems in the future. As such, close monitoring over the status, pace, and effectiveness of MMRSA implementation will be an important task for the Legislature in the coming years.

- Governor's Approach Appears Consistent With Legislation.*** Funds most initial startup activities required by legislation. Our review did not identify any major concerns or inconsistencies.
- Implementation Will Require Substantial Amount of Cross-Agency Coordination.*** The administration appears to be prioritizing communication and alignment of various efforts, but numerous activities will need to be coordinated across multiple departments. For example, at least three departments—CDFA, DPH, and DCA—will have to coordinate to develop regulations, licensing fee structures, and an IT system to track medical marijuana production from cultivation through distribution and sale.
- Implementation Will Require Substantial Amount of Coordination With Locals.*** The administration plans to actively engage with local governments, but aligning state and local policies and efforts will require ongoing communication and coordination. For example, DFW wardens will need to coordinate with local law enforcement and prosecutors to ensure investigations of cultivation sites are conducted safely, legally, and effectively.
- Ongoing Regulatory Costs Still Unclear.*** Amount of workload departments ultimately will experience depends on many unknown factors, including the ultimate size of the regulated medical marijuana industry, the number of authorized dispensaries, and the scale of environmental impacts. Follow-up proposals are expected in the coming years, including for what could be a significant new IT project.



Issues for Legislative Consideration

(Continued)

- Timely Implementation May Be a Challenge.*** Given scope of new responsibilities, departments may have difficulty promulgating regulations, developing fee structures, and crafting new policies and guidelines.

- Other Factors Could Change Landscape.*** The potential exists for factors outside of the Legislature's control to alter current plans for implementing MMRSA. For example, potential voter expansion of legalized marijuana use could change the regulatory role of the state, perhaps requiring additional resources or modified regulations. Alternatively, a change in federal drug policy could complicate the state's approach to overseeing medical marijuana production and use.



LAO Contact Information

Rachel Ehlers **(916) 319-8330** **Rachel.Ehlers@lao.ca.gov**
Department of Fish and Wildlife

Shawn Martin **(916) 319-8362** **Shawn.Martin@lao.ca.gov**
State Water Resources Control Board
California Department of Food and Agriculture
Department of Pesticide Regulation

Helen Kerstein **(916) 319-8364** **Helen.Kerstein@lao.ca.gov**
Department of Consumer Affairs

Meredith Wurden **(916) 319-8306** **Meredith.Wurden@lao.ca.gov**
Department of Public Health

ORDINANCE NO. 16-XX

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858, EXTENDING A MORATORIUM ON ESTABLISHING, LOCATING, OR OPERATING MEDICAL MARIJUANA DISPENSARIES FOR THE PURPOSE OF PURSUING PROHIBITION THEREOF

WHEREAS, in 2008, the City adopted a regulatory process for medical marijuana dispensaries, codified in Section 13.26.025 of the Laguna Woods Municipal Code, which potentially allows medical marijuana dispensaries in the City’s community commercial (CC) and professional and administrative office (PA) zoning districts; and

WHEREAS, to date, the City does not have any medical marijuana dispensaries operating within its jurisdiction; and

WHEREAS, under subsections (i)(d)(1) and (j)(1) of Section 13.26.025 of the Laguna Woods Municipal Code, the City’s regulatory process for issuance of a permit to operate a medical marijuana dispensary calls for the City’s Police Chief (provided under contract with the Orange County Sheriff’s Department) to approve components of the applicant’s “security plan”, make a determination as to the “acceptability” of the applicant’s background, and make a determination as to the “suitability” of the proposed location of the dispensary; and

WHEREAS, in a letter dated August 24, 2015, the Orange County Sheriff’s Department advised the City that it does not believe that the tasks assigned to it under the City’s medical marijuana dispensary permitting ordinance are included within the City’s law enforcement services contract, and except as to limited background investigations specifically called for under such contract, the Orange County Sheriff declines to perform such services, for the reasons stated in the letter; and

WHEREAS, the Orange County Sheriff Department’s letter also advised that, in its experience, medical marijuana dispensaries have numerous “adverse secondary effects” on communities, many of which, should they be legitimately ascribed to the presence of medical marijuana dispensaries, would present an immediate threat to public health, safety, or welfare; and

WHEREAS, in 2013, the California Supreme Court ruled in *City of Riverside v. Inland Empire Patients Health & Wellness Ctr., Inc.* that cities can prohibit medical marijuana dispensaries in their jurisdictions as part of their “broad authority to determine, for purposes of the public health, safety, and welfare, the appropriate uses of land within a local jurisdiction’s borders” (56 Cal.4th 729, 738); and

WHEREAS, the California Supreme Court’s decision in *City of Riverside* did not address the extent to which State and Federal law “forbid[] a city to adopt ordinances authorizing the use of local land for operation of medical marijuana facilities because such ordinances would ‘conflict with the ... laws of ... the United States’” (*Id.*, at 762, fn. 14); and

WHEREAS, to date, there are no published decisions that address the extent to which a city can permit medical marijuana dispensaries in its jurisdiction; and

WHEREAS, in October of 2015, the Governor of California signed three bills into law (collectively titled the “Medical Marijuana Regulation and Safety Act” or the “MMRSA”) that substantially reworked existing State laws relating to medical marijuana (i.e., the Compassionate Use Act [Health and Safety Code Section 11362.5] and the Medical Marijuana Program [Health and Safety Code Section 11362.7]); and

WHEREAS, although the MMRSA took effect January 1, 2016, the State anticipates it will need until January of 2018 to set up the necessary agencies, information systems, and regulations to implement and administer many aspects of the MMRSA (such as issuing State licenses for dispensary and cultivation operations); and

WHEREAS, on June 30, 2016, the Control, Regulate, and Tax Adult Use of Marijuana Act (later designated as “Proposition 64”) qualified as a statewide ballot measure for the November 8, 2016 General Statewide Election, which primarily relates to the statewide legalization of marijuana for adults for non-medicinal (*i.e.*, recreational) purposes; and

WHEREAS, if adopted by the voters, Proposition 64 will also exempt medical marijuana from sales and use tax; and

WHEREAS, the City is in the process of a broad analysis and updating of its General Plan, zoning, and land use regulations, which has included adoption of a Safety Element, a Climate Adaptation Plan, a Conservation Element, and a Building

and Planning Services Fee Schedule. In addition, City Council has included in the Fiscal Year 2015-16 Budget and Work Plan a comprehensive update of the General Plan and Commercial Zoning Code Uses and Parking Standards Update; and assessment of the compatibility of medical marijuana dispensary uses in various zoning districts of the City, or at all, is timely given the revisions and analysis the City is undertaking with respect to other land uses in its jurisdiction; and

WHEREAS, in light of the foregoing, among other issues, on September 10, 2015, the City Council adopted Ordinance No. 15-03 as an urgency ordinance imposing a 45-day moratorium to suspend the allowance of medical marijuana dispensaries, and any establishment, location, or operation of any such facility, in order to undertake further investigation and study various issues relating to the potential siting and operation of a medical marijuana dispensary within the city limits of Laguna Woods; and

WHEREAS, on October 13, 2015, the City Council adopted Ordinance No 15-05 extending the moratorium through September 8, 2016; and

WHEREAS, in Ordinances Nos. 15-03 and 15-05, the City Council found and declared there is a current and immediate threat to the public health, safety, or welfare that calls for a temporary moratorium on any allowance or permitting of medical marijuana dispensaries within the City’s jurisdiction; and

WHEREAS, the moratorium established by adoption of Ordinances Nos. 15-03 and 15-05 are set to expire on their own terms on September 8, 2016; and

WHEREAS, Government Code Section 65858 authorizes the extension of an urgency ordinance by adoption, after a public hearing, of another urgency ordinance to prohibit uses of land which may conflict with a contemplated zoning proposal which the legislative body, planning commission, or planning department is considering or studying, or intends to study, within a reasonable time; and

WHEREAS, on August 17, 2016, the City Council held a duly noticed public hearing concerning an extension of the moratorium established by Ordinances Nos. 15-03 and 15-05; and

WHEREAS, on August 17, 2016, the City Council received and considered a report prepared by staff, and as required pursuant to Government Code Section 656858(d), describing the measures that have been taken and progress made to date

to alleviate the conditions which led to the imposition of the moratorium by adoption of Ordinances Nos. 15-03 and 15-05; and

WHEREAS, as set forth in the report prepared by staff, which was considered by the City Council, during the period since the adoption of Ordinances Nos. 15-03 and 15-05, City staff has undertaken a number of investigations related to medical marijuana dispensaries, including reviewing federal law and enforcement policies, examining California’s “Medical Marijuana Regulation & Safety Act,” examining Proposition 64, discussing medical marijuana dispensary experiences and policies with a number of other cities, meeting with the Orange County Sheriff’s Department, meeting with a representative of Law Enforcement Against Prohibition (a non-profit organization that advocates for the regulation and control of marijuana and other drugs), conducting preliminary research on the availability and types of testing of marijuana products for potential use in medicinal contexts, commissioning a deployment study to assess the availability of existing local law enforcement resources to respond to potential adverse secondary effects generated by medical marijuana dispensaries, as well as to assess the potential to align permitted hours of operation accordingly, commissioning traffic and parking analysis, and others; and

WHEREAS, after consideration of all of the information, evidence, and testimony presented at the public hearing held on August 17, 2016, the City Council finds and declares that the current and immediate threat to the public health, safety, or welfare described in the findings adopted pursuant to Ordinances Nos. 15-03 and 15-05 still exists and it is therefore necessary to extend the moratorium so that City staff can prepare and the City Council can consider an ordinance that would amend the Zoning Code to prohibit the establishment, location, or operation of medical marijuana dispensaries within the city limits of Laguna Woods.

THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. In adopting this Ordinance, the City Council finds and determines that each of the recitals to this Ordinance and Ordinances Nos. 15-03 and 15-05 are true and correct, are adopted herein as findings, and that the adoption of this Ordinance is necessary to protect the public safety, health and welfare, as those terms are defined in Government Code Sections 36937(b) and 65858(a) in at least the following respects:

A. In 1996, California voters approved Proposition 215 (Health and Safety Code section 11362.5, et. seq.), entitled “The Compassionate Use Act of 1996” (“Act”),

to enable persons who are in need of marijuana for specified medical purposes to obtain and use marijuana under limited, specified circumstances.

B. In 2003, the State legislature enacted Senate Bill 420 to clarify the provisions of the Act and empower local governments to adopt and enforce regulations consistent with Senate Bill 420 in this field.

C. In 2008, the City adopted a permitting process for medical marijuana dispensaries, codified in Section 13.26.025 of the Laguna Woods Municipal Code, which allows medical marijuana dispensaries in the City’s community commercial (CC) and professional and administrative office (PA) zoning districts, subject to the issuance of a regulatory permit.

D. Under subsections (i)(d)(1) and (j)(1) of Section 13.26.025 of the Laguna Woods Municipal Code, the City cannot issue a permit to operate a medical marijuana dispensary unless the Orange County Sheriff’s Department, acting as the City’s Police Chief, has approved components of the applicant’s “security plan”, made a determination as to the “acceptability” of the applicant’s background, and made a determination as to the “suitability” of the proposed location of the dispensary. In a letter dated August 24, 2015, the Orange County Sheriff’s Department advised the City that it “will not review or approve any security plan of a dispensary, and will not determine the ‘acceptability’ of any applicant and the ‘suitability’ of the proposed location.”

E. The Orange County Sheriff Department’s letter also indicated that, in its experience, medical marijuana dispensaries have numerous “adverse secondary effects” on communities.

F. While the City has made a conscientious effort to plan for specific uses within all zone districts and to anticipate conflicts between competing land uses in order to protect the public’s health, safety and welfare, the City Council is concerned that the City’s current permitting process for medical marijuana dispensaries may not be effective without the contemplated participation of the Orange County Sheriff’s Department, and may not provide sufficient development regulations for the establishment, location, or operation of medical marijuana dispensaries.

G. In 2013, the California Supreme Court ruled that cities and counties can *prohibit* medical marijuana dispensaries in their jurisdictions as part of their “broad authority to determine, for purposes of the public health, safety, and welfare, the appropriate

uses of land within a local jurisdiction’s borders.” (*City of Riverside v. Inland Empire Patients Health & Wellness Ctr., Inc.* (2013) 56 Cal.4th 729, 738.)

H. The California Supreme Court did not address the extent to which State and Federal law may “*forbid*[] a city to adopt ordinances authorizing the use of local land for operation of medical marijuana facilities because such ordinances would ‘conflict with the ... laws of ... the United States.’” (*City of Riverside, supra*, at 762, fn. 14.)

I. To date, there are no published decisions that address the extent to which a city can permit medical marijuana dispensaries in their jurisdiction.

J. Effective January 1, 2016, the Medical Marijuana Regulation and Safety Act substantially reworks existing State laws relating to medical marijuana (i.e., the Compassionate Use Act [Health and Safety Code Section 11362.5] and the Medical Marijuana Program [Health and Safety Code Section 11362.7]).

K. The State anticipates it will need until January of 2018 to set up the necessary agencies, information systems, and regulations to implement and administer many aspects of the MMRSA (such as issuing State licenses for dispensary and cultivation operations).

L. If adopted by the voters at the General Statewide Election on November 8, 2016, Proposition 64 will, among other things, legalize non-medical (i.e., recreational) marijuana for adults for under State law and exempt medical marijuana from sales and use tax.

M. The City Council finds that allowing the establishment, location, and operation of medical marijuana dispensaries without the ability to implement existing security safeguards in the Laguna Woods Municipal Code, and in the face of assertions that permitting such facilities could result in the creation of adverse secondary effects.

N. In order to allow the City consider, study, and adopt any appropriate regulations for medical marijuana dispensaries, it is necessary to continue to suspend the operation and effectiveness of Section 13.26.025 of the Laguna Woods Municipal Code, and to continue to temporarily prohibit the establishment, location, and operation of medical marijuana dispensaries within the City’s jurisdiction.

O. Extending the moratorium will allow City staff to prepare and the City Council to consider an ordinance that would amend the Zoning Code to prohibit the

establishment, location, or operation of medical marijuana dispensaries within the city limits of Laguna Woods.

SECTION 2. The moratorium established by Ordinance No. 15-05 expires on September 8, 2016. Commencing upon the expiration of Ordinance No. 15-05, the moratorium established by Ordinance No. 15-05 is hereby extended and shall continue for a period of the earlier of [A] December 31, 2016, or [B] the effective date of an ordinance adopted by the City Council amending the Zoning Code to address the potential establishment, location, or operation of medical marijuana dispensaries within the city limits of Laguna Woods.

SECTION 3. The City Council hereby directs City staff to prepare a draft of an ordinance that, if adopted, would amend the Zoning Code to prohibit the establishment, location, or operation of medical marijuana dispensaries within the city limits of Laguna Woods. The City Council further directs City staff to present the draft of the ordinance to the City Council within ninety (90) days of the effective date of this Ordinance.

SECTION 4. The penalties that are set forth in the Laguna Woods Municipal Code shall apply to violations of the provisions of this Ordinance.

SECTION 5. This Ordinance is declared to be an urgency ordinance by authority conferred on the City Council of the City of Laguna Woods by Government Code sections 36934, 36937, and 65858, and shall be in full force and effect immediately upon its adoption by a four-fifths vote of the City Council.

SECTION 6. At least ten (10) days prior to the expiration of the moratorium as extended by this Ordinance, staff shall prepare, and the City Council shall consider and receive and file, a written report pursuant to Government Code Section 65858(d) describing the measures taken to alleviate the condition or conditions which led to the adoption of this Ordinance.

SECTION 7. The City Council finds and determines that the adoption of this Ordinance is not a project under the requirements of the California Environmental Quality Act (CEQA), pursuant to Section 15061(b)(3) of the CEQA Guidelines.

SECTION 8. If any section, subsection, subdivision, paragraph, sentence, clause or phrase, or portion of this Ordinance is, for any reason, held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any

part thereof. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance irrespective of the fact that one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional or invalid or ineffective. To this end the provisions of this Ordinance are declared to be severable.

SECTION 9. The Deputy City Clerk shall certify as to the adoption of this Ordinance and shall cause this Ordinance to be published or posted as required by law.

PASSED, APPROVED AND ADOPTED this XX day of XX 2016.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, Deputy City Clerk

APPROVED AS TO FORM:

DAVID B. COSGROVE, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LAGUNA WOODS)

I, YOLIE TRIPPY, Deputy City Clerk of the City of Laguna Woods, do
HEREBY CERTIFY that the foregoing **Ordinance No. 16-XX** was duly adopted
and passed at a regular meeting of the City Council on the XX day of XX 2016 by
the following vote to wit:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

YOLIE TRIPPY, Deputy City Clerk

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ORDINANCE NO. 16-XX

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS, CALIFORNIA PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858, EXTENDING A MORATORIUM ON ESTABLISHING, LOCATING, OR OPERATING MEDICAL MARIJUANA DISPENSARIES FOR THE PURPOSE OF FURTHER STUDY AND ANALYSIS

WHEREAS, in 2008, the City adopted a regulatory process for medical marijuana dispensaries, codified in Section 13.26.025 of the Laguna Woods Municipal Code, which potentially allows medical marijuana dispensaries in the City’s community commercial (CC) and professional and administrative office (PA) zoning districts; and

WHEREAS, to date, the City does not have any medical marijuana dispensaries operating within its jurisdiction; and

WHEREAS, under subsections (i)(d)(1) and (j)(1) of Section 13.26.025 of the Laguna Woods Municipal Code, the City’s regulatory process for issuance of a permit to operate a medical marijuana dispensary calls for the City’s Police Chief (provided under contract with the Orange County Sheriff’s Department) to approve components of the applicant’s “security plan”, make a determination as to the “acceptability” of the applicant’s background, and make a determination as to the “suitability” of the proposed location of the dispensary; and

WHEREAS, in a letter dated August 24, 2015, the Orange County Sheriff’s Department advised the City that it does not believe that the tasks assigned to it under the City’s medical marijuana dispensary permitting ordinance are included within the City’s law enforcement services contract, and except as to limited background investigations specifically called for under such contract, the Orange County Sheriff declines to perform such services, for the reasons stated in the letter; and

WHEREAS, the Orange County Sheriff Department’s letter also advised that, in its experience, medical marijuana dispensaries have numerous “adverse secondary effects” on communities, many of which, should they be legitimately ascribed to the presence of medical marijuana dispensaries, would present an immediate threat to public health, safety, or welfare; and

WHEREAS, in 2013, the California Supreme Court ruled in *City of Riverside v. Inland Empire Patients Health & Wellness Ctr., Inc.* that cities can prohibit medical marijuana dispensaries in their jurisdictions as part of their “broad authority to determine, for purposes of the public health, safety, and welfare, the appropriate uses of land within a local jurisdiction’s borders” (56 Cal.4th 729, 738); and

WHEREAS, the California Supreme Court’s decision in *City of Riverside* did not address the extent to which State and Federal law “forbid[] a city to adopt ordinances authorizing the use of local land for operation of medical marijuana facilities because such ordinances would ‘conflict with the ... laws of ... the United States’” (*Id.*, at 762, fn. 14); and

WHEREAS, to date, there are no published decisions that address the extent to which a city can permit medical marijuana dispensaries in its jurisdiction; and

WHEREAS, in October of 2015, the Governor of California signed three bills into law (collectively titled the “Medical Marijuana Regulation and Safety Act” or the “MMRSA”) that substantially reworked existing State laws relating to medical marijuana (i.e., the Compassionate Use Act [Health and Safety Code Section 11362.5] and the Medical Marijuana Program [Health and Safety Code Section 11362.7]); and

WHEREAS, although the MMRSA took effect January 1, 2016, the State anticipates it will need until January of 2018 to set up the necessary agencies, information systems, and regulations to implement and administer many aspects of the MMRSA (such as issuing State licenses for dispensary and cultivation operations); and

WHEREAS, on June 30, 2016, the Control, Regulate, and Tax Adult Use of Marijuana Act (later designated as “Proposition 64”) qualified as a statewide ballot measure for the November 8, 2016 General Statewide Election, which primarily relates to the statewide legalization of marijuana for adults for non-medicinal (*i.e.*, recreational) purposes; and

WHEREAS, if adopted by the voters, Proposition 64 will also exempt medical marijuana from sales and use tax; and

WHEREAS, the City is in the process of a broad analysis and updating of its General Plan, zoning, and land use regulations, which has included adoption of a Safety Element, a Climate Adaptation Plan, a Conservation Element, and a Building

and Planning Services Fee Schedule. In addition, City Council has included in the Fiscal Year 2015-16 Budget and Work Plan a comprehensive update of the General Plan and Commercial Zoning Code Uses and Parking Standards Update; and assessment of the compatibility of medical marijuana dispensary uses in various zoning districts of the City, or at all, is timely given the revisions and analysis the City is undertaking with respect to other land uses in its jurisdiction; and

WHEREAS, in light of the foregoing, among other issues, on September 10, 2015, the City Council adopted Ordinance No. 15-03 as an urgency ordinance imposing a 45-day moratorium to suspend the allowance of medical marijuana dispensaries, and any establishment, location, or operation of any such facility, in order to undertake further investigation and study various issues relating to the potential siting and operation of a medical marijuana dispensary within the city limits of Laguna Woods; and

WHEREAS, on October 13, 2015, the City Council adopted Ordinance No 15-05 extending the moratorium through September 8, 2016; and

WHEREAS, in Ordinances Nos. 15-03 and 15-05, the City Council found and declared there is a current and immediate threat to the public health, safety, or welfare that calls for a temporary moratorium on any allowance or permitting of medical marijuana dispensaries within the City’s jurisdiction; and

WHEREAS, the moratorium established by adoption of Ordinances Nos. 15-03 and 15-05 are set to expire on their own terms on September 8, 2016; and

WHEREAS, Government Code Section 65858 authorizes the extension of an urgency ordinance by adoption, after a public hearing, of another urgency ordinance to prohibit uses of land which may conflict with a contemplated zoning proposal which the legislative body, planning commission, or planning department is considering or studying, or intends to study, within a reasonable time; and

WHEREAS, on August 17, 2016, the City Council held a duly noticed public hearing concerning an extension of the moratorium established by Ordinances Nos. 15-03 and 15-05; and

WHEREAS, on August 17, 2016, the City Council received and considered a report prepared by staff, and as required pursuant to Government Code Section 656858(d), describing the measures that have been taken and progress made to date

to alleviate the conditions which led to the imposition of the moratorium by adoption of Ordinances Nos. 15-03 and 15-05; and

WHEREAS, as set forth in the report prepared by staff, which was considered by the City Council, during the period since the adoption of Ordinances Nos. 15-03 and 15-05, City staff has undertaken a number of investigations related to medical marijuana dispensaries, including reviewing federal law and enforcement policies, examining California’s “Medical Marijuana Regulation & Safety Act,” examining Proposition 64, discussing medical marijuana dispensary experiences and policies with a number of other cities, meeting with the Orange County Sheriff’s Department, meeting with a representative of Law Enforcement Against Prohibition (a non-profit organization that advocates for the regulation and control of marijuana and other drugs), conducting preliminary research on the availability and types of testing of marijuana products for potential use in medicinal contexts, commissioning a deployment study to assess the availability of existing local law enforcement resources to respond to potential adverse secondary effects generated by medical marijuana dispensaries, as well as to assess the potential to align permitted hours of operation accordingly (the “Law Enforcement Deployment Study”), commissioning traffic and parking analysis, and others; and

WHEREAS, staff needs additional time to complete the Law Enforcement Deployment Study and investigate many other issues relating to the potential establishment, location, or operation of medical marijuana dispensaries within the city limits of Laguna Woods including, but not limited to, the compatibility of dispensaries relative to zoning districts, financial challenges that could be posed by increased enforcement activity, and traffic and parking demand; and

WHEREAS, after consideration of all of the information, evidence, and testimony presented at the public hearing held on August 17, 2016, the City Council finds and declares that the current and immediate threat to the public health, safety, or welfare described in the findings adopted pursuant to Ordinances Nos. 15-03 and 15-05 still exist and it is therefore necessary to extend the moratorium as additional time is needed to address the current and immediate threat that prompted the moratorium adopted by Ordinances Nos. 15-03 and 15-05 and to complete the tasks set forth in the report prepared by staff; and

WHEREAS, extension of the moratorium will allow City staff to effectively study, and City staff intends to study in the near future and within a reasonable time, the issues set forth in Ordinances Nos. 15-03 and 15-05 and the report prepared by staff.

THE CITY COUNCIL OF THE CITY OF LAGUNA WOODS DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. In adopting this Ordinance, the City Council finds and determines that each of the recitals to this Ordinance and Ordinances Nos. 15-03 and 15-05 are true and correct, are adopted herein as findings, and that the adoption of this Ordinance is necessary to protect the public safety, health and welfare, as those terms are defined in Government Code Sections 36937(b) and 65858(a) in at least the following respects:

A. In 1996, California voters approved Proposition 215 (Health and Safety Code section 11362.5, et. seq.), entitled “The Compassionate Use Act of 1996” (“Act”), to enable persons who are in need of marijuana for specified medical purposes to obtain and use marijuana under limited, specified circumstances.

B. In 2003, the State legislature enacted Senate Bill 420 to clarify the provisions of the Act and empower local governments to adopt and enforce regulations consistent with Senate Bill 420 in this field.

C. In 2008, the City adopted a permitting process for medical marijuana dispensaries, codified in Section 13.26.025 of the Laguna Woods Municipal Code, which allows medical marijuana dispensaries in the City’s community commercial (CC) and professional and administrative office (PA) zoning districts, subject to the issuance of a regulatory permit.

D. Under subsections (i)(d)(1) and (j)(1) of Section 13.26.025 of the Laguna Woods Municipal Code, the City cannot issue a permit to operate a medical marijuana dispensary unless the Orange County Sheriff’s Department, acting as the City’s Police Chief, has approved components of the applicant’s “security plan”, made a determination as to the “acceptability” of the applicant’s background, and made a determination as to the “suitability” of the proposed location of the dispensary. In a letter dated August 24, 2015, the Orange County Sheriff’s Department advised the City that it “will not review or approve any security plan of a dispensary, and will not determine the ‘acceptability’ of any applicant and the ‘suitability’ of the proposed location.”

E. The Orange County Sheriff Department’s letter also indicated that, in its experience, medical marijuana dispensaries have numerous “adverse secondary effects” on communities.

F. While the City has made a conscientious effort to plan for specific uses within all zone districts and to anticipate conflicts between competing land uses in order to protect the public’s health, safety and welfare, the City Council is concerned that the City’s current permitting process for medical marijuana dispensaries may not be effective without the contemplated participation of the Orange County Sheriff’s Department, and may not provide sufficient development regulations for the establishment, location, or operation of medical marijuana dispensaries.

G. In 2013, the California Supreme Court ruled that cities and counties can *prohibit* medical marijuana dispensaries in their jurisdictions as part of their “broad authority to determine, for purposes of the public health, safety, and welfare, the appropriate uses of land within a local jurisdiction’s borders.” (*City of Riverside v. Inland Empire Patients Health & Wellness Ctr., Inc.* (2013) 56 Cal.4th 729, 738.)

H. The California Supreme Court did not address the extent to which State and Federal law may “*forbid*[] a city to adopt ordinances authorizing the use of local land for operation of medical marijuana facilities because such ordinances would ‘conflict with the ... laws of ... the United States.’” (*City of Riverside, supra*, at 762, fn. 14.)

I. To date, there are no published decisions that address the extent to which a city can permit medical marijuana dispensaries in their jurisdiction.

J. Effective January 1, 2016, the Medical Marijuana Regulation and Safety Act substantially reworks existing State laws relating to medical marijuana (i.e., the Compassionate Use Act [Health and Safety Code Section 11362.5] and the Medical Marijuana Program [Health and Safety Code Section 11362.7]).

K. The State anticipates it will need until January of 2018 to set up the necessary agencies, information systems, and regulations to implement and administer many aspects of the MMRSA (such as issuing State licenses for dispensary and cultivation operations).

L. If adopted by the voters at the General Statewide Election on November 8, 2016, Proposition 64 will, among other things, legalize non-medical (i.e., recreational) marijuana for adults for under State law and exempt and exempt medical marijuana from sales and use tax.

M. The City Council finds that allowing the establishment, location, and operation of medical marijuana dispensaries without the ability to implement existing security

safeguards in the Laguna Woods Municipal Code, and in the face of assertions that permitting such facilities could result in the creation of adverse secondary effects.

N. Among other issues, City staff needs additional time to continue to study the issues identified in Ordinances Nos. 15-03 and 15-05 and the report prepared by staff, which include without limitation:

1. Review and thorough analysis of the provisions of the California Medical Marijuana Regulation and Safety Act, including monitoring the activities of the departments of Consumer Affairs, Food and Agriculture, Pesticide Regulation, and Public Health, as they develop a more comprehensive statewide scheme for medical marijuana licensing, permitting, and control.
2. Review and thorough analysis of the provisions of the proposed Proposition 64, including analyzing whether and, if so, how the City can generate revenue to offset new costs associated with providing law enforcement and other City services for or as a result of prospective established medical marijuana dispensaries if it is not permitted to tax the sale of medical marijuana.
3. Analysis of traffic and parking for operating, permitted medical marijuana dispensaries, to help assess accessibility, parking demand, and traffic flow characteristics, to help staff determine what land use designations, zoning districts, and surrounding uses, would most compatibly allow medical marijuana dispensaries to integrate with the City's existing uses.
4. Review of the zoning designations in which existing permitting jurisdictions permit medical marijuana dispensaries, and their distance requirements from potentially sensitive uses.
5. Gathering of information on the availability and cost of laboratory services for testing the potency and purity of medical marijuana products, and the feasibility, desirability, and effectiveness of limiting permitted medical marijuana dispensaries to the sale of certified or otherwise tested products.
6. Monitoring of developments in federal enforcement practices on medical marijuana dispensaries operating under color of state law.

7. Investigation of the operating hours of medical marijuana dispensaries in other jurisdictions, along with similar medically-related businesses (including pharmacy counters), to help strike a balance between convenient access to medical marijuana and the prevention of sales to minors or recreational users.
8. Completion of the Law Enforcement Deployment Study to assess the availability of existing local law enforcement resources to respond to potential adverse secondary effects generated by medical marijuana dispensaries, as well as to assess the potential to align permitted hours of operation accordingly.
9. Negotiation of processes and standards for in-depth background checks of potential medical marijuana dispensaries with the Orange County Sheriff's Department and/or potential private investigative services.
10. Assessment and analysis of the City's ability to implement a business license tax or other charge on medical marijuana dispensaries, at least in part to help fund oversight and enforcement efforts, and the procedural requirements (including potential Proposition 218 voter approval) for same.
11. Development of regulations and fees for City Council consideration, informed by the preceding studies and investigations, and intended to adequately mitigate potential adverse secondary effects resultant of the primarily cash basis of medical marijuana dispensaries, traffic and parking demand, and other public health, safety, and welfare concerns, while preserving quality of life and patient access.

O. In order to allow the City consider, study, and adopt any appropriate regulations for medical marijuana dispensaries, it is necessary to continue to suspend the operation and effectiveness of Section 13.26.025 of the Laguna Woods Municipal Code, and to continue to temporarily prohibit the establishment, location, and operation of medical marijuana dispensaries within the City's jurisdiction.

P. Extending the moratorium will provide the City time to study the effect of medical marijuana dispensaries on the community, and to assess its ability to draft and adopt regulations consistent with its inherent police power to determine, for purposes of the public health, safety, and welfare, the appropriate uses of land within its jurisdiction.

SECTION 2. The moratorium established by Ordinance No. 15-05 expires on September 8, 2016. Commencing upon the expiration of Ordinance No. 15-05, the moratorium established by Ordinance No. 15-05 is hereby extended and shall continue for a period of the earlier of [A] March 17, 2017, or [B] the effective date of an ordinance adopted by the City Council amending the Zoning Code to address the potential establishment, location, or operation of medical marijuana dispensaries within the city limits of Laguna Woods.

SECTION 3. The penalties that are set forth in the Laguna Woods Municipal Code shall apply to violations of the provisions of this Ordinance.

SECTION 4. This Ordinance is declared to be an urgency ordinance by authority conferred on the City Council of the City of Laguna Woods by Government Code sections 36934, 36937, and 65858, and shall be in full force and effect immediately upon its adoption by a four-fifths vote of the City Council.

SECTION 5. At least ten (10) days prior to the expiration of the moratorium as extended by this Ordinance, staff shall prepare, and the City Council shall consider and receive and file, a written report pursuant to Government Code Section 65858(d) describing the measures taken to alleviate the condition or conditions which led to the adoption of this Ordinance.

SECTION 6. The City Council finds and determines that the adoption of this Ordinance is not a project under the requirements of the California Environmental Quality Act (CEQA), pursuant to Section 15061(b)(3) of the CEQA Guidelines.

SECTION 7. If any section, subsection, subdivision, paragraph, sentence, clause or phrase, or portion of this Ordinance is, for any reason, held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance irrespective of the fact that one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional or invalid or ineffective. To this end the provisions of this Ordinance are declared to be severable.

SECTION 8. The Deputy City Clerk shall certify as to the adoption of this Ordinance and shall cause this Ordinance to be published or posted as required by law.

PASSED, APPROVED AND ADOPTED this XX day of XX 2016.

NOEL HATCH, Mayor

ATTEST:

YOLIE TRIPPY, Deputy City Clerk

APPROVED AS TO FORM:

DAVID B. COSGROVE, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LAGUNA WOODS)

I, YOLIE TRIPPY, Deputy City Clerk of the City of Laguna Woods, do
HEREBY CERTIFY that the foregoing **Ordinance No. 16-XX** was duly adopted
and passed at a regular meeting of the City Council on the XX day of XX 2016 by
the following vote to wit:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

YOLIE TRIPPY, Deputy City Clerk