

ORDINANCE NO. 1053

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA, AMENDING CHAPTERS 5.56 AND 17.43 TO THE LANCASTER MUNICIPAL CODE RELATING TO THE REGULATION OF CANNABIS COMMERCIAL ACTIVITY

WHEREAS, in October of 2015, Governor Brown signed into law the Medical Marijuana Regulation and Safety Act, which established a comprehensive State licensing and regulatory framework for the cultivation, manufacture, transportation, testing, storage, distribution, and sale of medical cannabis and which provided that local jurisdictions could permit or prohibit some or all commercial medical cannabis activity; and

WHEREAS, in November of 2016, the citizens of the state of California voted to approve Proposition 64, the “Control, Regulate and Tax Adult Use of Marijuana Act” (AUMA), which authorized individuals who do not have a physician’s recommendation for medicinal cannabis to possess and use marijuana and/or concentrated cannabis subject to certain restrictions, and which provided that local jurisdictions have the authority to allow or prohibit adult-use cannabis commercial activity (e.g., commercial cultivation, manufacturing, retail store-fronts, etc.); and

WHEREAS, on February 28, 2017, the City Council approved the Medical Cannabis Cultivation Facilities Ordinance No. 1019, adding Chapters 5.56 and 17.43 to the Lancaster Municipal Code (LMC), which allowed for cultivation and manufacturing facilities, for medical cannabis only, within the City subject to approval of a local license and a Conditional Use Permit (CUP) in the industrial zones or any adopted specific plan that permits industrial uses; and

WHEREAS, on February 28, 2017, City Council additionally adopted Resolution 17-05 setting the maximum number of local licenses and conditional use permits issued pursuant to Chapter 5.56 and 17.43 of the City’s Municipal Code, respectively, at ten (10); and

WHEREAS, in June of 2017, the State Legislature passed, and the Governor signed, Senate Bill 94, the “Medicinal and Adult-Use Cannabis Regulation and Safety Act” (MAUCRSA), which was intended to harmonize and consolidate the provisions of the medicinal and adult-use laws to allow for uniform procedures for state licensing, and through which local jurisdictions continue to have the authority to allow, limit, or prohibit adult-use and/or medicinal commercial cannabis activity; and

WHEREAS, on August 14, 2018, the City Council adopted Resolution 18-46, eliminating the maximum number of licenses and CUPs that may be issued and authorizing the City Manager to determine the number to be issued; provided, however, that the City Manager shall report back to the City Council after each multiple of ten (10) local licenses and CUPs are issued pursuant to Chapters 5.56 and 17.43 of the City’s Municipal Code, respectively; and

WHEREAS, to align its regulations regarding cannabis commercial activity with the MAUCRSA and other applicable state law, while also attempting to minimize its negative impacts, the City now desires to amend its existing regulations to do the following: (a) allow both medical and non-medical cannabis cultivation and manufacturing facilities; (b) allow approved cannabis cultivation and/or manufacturing facilities to self-transport their own cannabis and cannabis products to facilities outside of the City; and (c) address possible multi-section facilities which may contain separate suites rented or leased by individual tenant cultivators and/or manufacturers.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LANCASTER DOES ORDAIN AS FOLLOWS:

Section 1. Chapters 5.56 (“Medicinal Cannabis Cultivators”) and 17.43 (“Medical Cannabis Cultivation Facilities”) of the Lancaster Municipal Code are hereby repealed and replaced with new Chapters 5.56 and 17.43 (each titled “Commercial Cannabis Activity”), as set forth in Exhibit “A” attached collectively hereto and incorporated herein by reference.

Section 2. Chapter 5.60 (“Nonmedical Marijuana”) of the Lancaster Municipal Code is hereby repealed.

Section 3. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published and posted pursuant to the provisions of law in that regard and this Ordinance shall take effect 30 days after adoption.

I, Britt Avrit, MMC, City Clerk of the City of Lancaster, do hereby certify that the foregoing ordinance was regularly introduced and placed upon its first reading on the 13th day of November, 2018, and placed upon its second reading and adopted at a regular meeting of the City Council on the 11th day of December, 2018 by the vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED:

BRITT AVRIT, MMC
City Clerk
City of Lancaster

R. REX PARRIS
Mayor
City of Lancaster

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF LANCASTER)

CERTIFICATION OF ORDINANCE
CITY COUNCIL

I, _____, _____ City of Lancaster, California, do hereby certify that this is a true and correct copy of the original Ordinance No. 1053, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this _____ day of _____, _____.

(seal)

EXHIBIT “A”

CHAPTER 5.56
COMMERCIAL CANNABIS ACTIVITY

Sections:

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5.56.010 - Purpose and intent.

Commercial cannabis activity shall be permitted as set forth in this chapter and Chapter 17.43 of the Code. Licensure and location approval shall be required pursuant to and in accordance with this Chapter, Chapter 17.43 of the Code, and any and all regulations promulgated by the City Manager to implement the provisions of this chapter and/or Chapter 17.43. The purpose of this Chapter is to align the City’s regulation of commercial cannabis activity with applicable state law and to regulate the types of commercial cannabis activity permitted under state law. This Chapter is enacted specifically in response to the state laws that permit commercial cannabis activity and the objective of this Chapter is to minimize its negative impacts.

5.56.020 - Definitions.

A. The following terms shall be defined as follows:

“Adult-Use” or “Adult-use cannabis” means cannabis or cannabis product that is used or intended to be used by adults who are over twenty-one (21) years of age and who do not possess a physician’s recommendation for medicinal cannabis.

“Applicant” means a person applying for a City commercial cannabis license.

“Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salts, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtain from cannabis. For the purpose of this Chapter, “cannabis” does not mean industrial hemp as that term is defined by Section 81000 of the California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.

“Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. Resin from granular trichomes from a cannabis plant is a concentrate for purposes of this Chapter.

“Cannabis cultivation facility” means a facility wherein cannabis is propagated, planted, grown, harvested, dried, cured, graded, labeled, tagged for tracking or trimmed, or that does all or any combination of those activities.

“Cannabis dispensary” or “dispensary” means a premises where cannabis, cannabis products, or devices for the use of cannabis or cannabis products are offered, either individually or in any combination, for retail sale, including an establishment that delivers cannabis and cannabis products as part of a retail sale.

“Cannabis distribution facility” means any facility or location, not associated with a Primary or Tenant License, where the primary purpose is the procurement, sale, and transport of cannabis and cannabis products between entities.

“Cannabis facility” means collectively any cannabis cultivation facility and/ or manufacturing facility, as those terms are defined in this Chapter. For purposes of this chapter, “cannabis facility” and “facility” may be used interchangeably.

“Cannabis manufacturing facility” means a facility where the production of cannabis concentrate, or preparation, propagation, compounding and/or packaging of manufactured cannabis is conducted, either directly or indirectly or by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis.

“Cannabis product,” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

“Canopy” means the total combined indoor area for all locations on a property where cannabis is being cultivated, as measured by the horizontal extent of the plant or combination of plants at the widest point and measured in a straight line. This does not include aisles or walkways.

“Cultivation” means any activity involving the propagation, planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

“Delivery” means the commercial transfer of cannabis or cannabis products from a dispensary to a purchaser. “Delivery” also includes the use by a cannabis facility of any technology platform owned and controlled by the cannabis facility, that enables purchasers to arrange for or facilitate the commercial transfer by a licensed dispensary of cannabis or cannabis products.

“Distribution” means the procurement, sale, and transport of cannabis and cannabis products between licensed cannabis business entities.

“Edible cannabis product” means manufactured cannabis that is intended to be used, in whole or in part, for human consumption, including, but not limited to, chewing gum, but excluding products set forth in Division 15 (commencing with Section 32501) of the Food and Agricultural Code. An edible cannabis product is not considered food as defined by Section 109935 of the Health and Safety Code or a drug as defined by Section 109925 of the Health and Safety Code.

“Good Cause” for purposes of denying, revoking or refusing to renew or reinstate a Primary or Tenant License includes, but is not limited to, the following:

1. The Licensee or Applicant has violated any of the terms, conditions or provisions of this Chapter, of state law, of any regulations and/or rules promulgated pursuant to state law, any applicable local rules and/or regulations, or any special terms or conditions placed upon its conditional use permit, state license, and/or Primary or Tenant License;
The Licensed Premises have been operated in a manner that adversely affects the public health, safety or welfare or the safety of the immediate neighborhood in which the establishment is located, causes adverse economic impacts, increased crime, increased incidence of communicable disease, decreased property values and/or an increase in the number of transients in the area;
3. The Licensee or Applicant has knowingly made false statements, misrepresentations or material omissions on an application form, renewal form, or any other document submitted to the City;
4. Issuance of the License would impair the health, safety or welfare of the public, cause negative impacts to property values, impair the City’s ability to prevent crime associated with cannabis, and/or impair the City’s ability to ensure that cannabis grown remains secure and does not find its way to minors or illicit markets.
5. The Applicant or Licensee’s criminal history does not indicate that the Applicant or Licensee is of good moral character; or the Applicant or Licensee has been convicted of an offense that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made. In determining which offenses are substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, the City may consider, without limitation, the factors as set forth in Section 26057 of the Business and Professions Code;
6. The Licensee or Applicant is employing or being financed in whole or in part by any person whose criminal history indicates that person is not of good moral character;
7. The Applicant or Licensee has failed or refused to allow City officials to inspect security recordings, activity logs, or business records, of the licensed premises;
8. The Licensee has failed to adequately reconcile its inventory, such that shortages in its cannabis and/or cannabis product cannot be accounted for in the paper and/or electronic inventory tracking system(s);
9. The Applicant or Licensee is owned by, has an officer or director who is, or is employing or financed in whole or in part by, a licensed physician making recommendations for medical cannabis;
10. The Applicant or Licensee has had a Primary or Tenant License revoked or has had more than one suspension on its Primary or Tenant License by the City; or
11. The Applicant or Licensee operated a cannabis business in violation of this Chapter, Chapter 17.43, or any other applicable state or local law.

“Legal parcel” means a parcel of land for which one legal title exists. Where contiguous legal parcels are under common ownership or control, such legal parcels may at the option of the property owner be counted as a single parcel for purposes of this Chapter.

“Licensee” means a person who has been issued a state license, Primary License and a conditional use permit pursuant to this Chapter.

“Manufacturer” means a person that conducts the production, preparation, propagation, or compounding of manufactured cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its container.

“Medicinal cannabis” or “medicinal cannabis product” means cannabis or a cannabis product, respectively, intended to be sold for use pursuant to the Compassionate Use Act of 1996 (Section 11362.5 of the Health and Safety Code) by a medicinal cannabis patient in California who possesses a physician’s recommendation. For purposes of this chapter, “medicinal” and “medical” may be used interchangeably.

“Multi-section cannabis facility” means a cannabis cultivation and/or manufacturing facility that consists of multiple cannabis cultivation and/or manufacturing suites rented or leased to one or more persons other than the Primary Licensee, each of whom holds a Tenant License and who operates subject to the Primary License and the conditional use permit.

“Person,” as used in this chapter, means and includes any individual, partnership or any kind, corporation, limited liability company, association, joint venture or other organization or entity, however formed.

“Primary License” means a cannabis regulatory permit issued by the City pursuant to this chapter, which is held by a person who will operate a cannabis facility or a multi-section cannabis facility.

“State law(s)” shall mean and include California Health and Safety Code Section 11362.5 (Compassionate Use Act of 1996); California Health and Safety Code Sections 11362.7 through 11362.83 (Medical Cannabis Program Act); California Business and Professions Code Sections 26000 through 26231.2 (Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”)), and all other applicable laws of the state of California.

“State license,” “license,” or “registration” means a state license issued pursuant to MAUCRSA.

“State licensing authority” shall mean the Bureau of Cannabis Control within the California Department of Consumer Affairs, the California Department of Public Health, the California Department of Food and Agriculture, or any other state agency responsible for the issuance, renewal, or reinstatement of a license issued under MAUCRSA or the agency authorized to take disciplinary action against such license.

“Tenant” means a person who rents or leases a suite from a Primary Licensee at a multi-section cannabis facility.

“Tenant License” means a cannabis regulatory permit issued by the City pursuant to this chapter to a person who rents or leases a suite from a Primary Licensee.

“Testing Laboratory” has the same meaning as that term is defined by Section 26001(as) of the Business and Professions Code and shall mean a laboratory, facility or entity that offers or performs tests of cannabis or cannabis products and that is both of the following:

- (1) Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state;
 - (2) Licensed by the Bureau of Cannabis Control.
- B. Words and phrases not specifically defined in this code shall have the meaning ascribed to them as defined in the following sources:
1. The Compassionate Use Act of 1996 (California Health and Safety Code Section 11362.5);
The Medical Cannabis Program Act (California Health and Safety Code Sections 11362.7 through 11362.83); and
 3. The Medicinal and Adult-Use Cannabis Regulation and Safety Act (California Business & Professions Code Sections 26000 through 26231.2) as may be amended from time to time.

5.56.030 - Permissible cannabis commercial activity; number of permissible facilities.

- A. Subject to this Chapter, Chapter 17.43 and all other applicable state and local laws and regulations, a person may operate an indoor cannabis cultivation and/or manufacturing facility within the City.
- B. A Primary or Tenant Licensee may engage in distribution of cannabis and/or cannabis products, provided such distribution is solely for purposes of procuring, selling and/or transporting cannabis and/or cannabis product for said Licensee’s facility. .
- C. The maximum number of Primary Licenses issued by the City may be limited by resolution of the City Council. Such limitation may be based on number of Primary Licenses, the aggregate area of cannabis facilities, or any other measure determined by the City Council.
- D. Testing laboratories, accredited and licensed as required pursuant to MAUCRSA, may be operated within the City.

5.56.040 - Prohibited commercial cannabis activity.

Within the City, it shall be unlawful to operate a cannabis distribution facility, cannabis dispensary, cannabis delivery business, or outdoor cannabis cultivation facility.

5.56.050 - License required.

It is unlawful for a person to operate a cannabis facility or suite without first having obtained a Primary or Tenant License. It is unlawful for a person to operate a cannabis testing laboratory without having first obtained a business license pursuant to Chapter 5.04 of the Code. A person must have a current and valid license at all times such person is transacting business.

5.56.060 - Other licenses, permits, approvals required.

- A. A Licensee shall only operate at a location for which a conditional use permit has been approved for use as a cannabis facility, in accordance with the procedures set forth in Chapter 17.43.
- B. A testing laboratory must first obtain accreditation and state licensure as required pursuant to MAUCRSA prior to applying for, and being issued, a City business license, and must hold current and valid accreditation and state licensure at all times the laboratory is conducting business.
- C. Prior to commencing cannabis facility or testing laboratory operations, a person shall obtain all approvals, permits and licenses required by other local agencies, including without limitation, the Los Angeles County Department of Public Health and the Los Angeles County Fire Department.
- D. Prior to commencing cannabis facility operations, a person shall obtain all requisite state licenses, permits and approvals, and must maintain current and valid requisite state licenses at all times such person is operating a cannabis facility. Until such time as the applicable state agencies begin issuing permanent licenses, a cannabis facility shall obtain and maintain a current and valid temporary state license.

5.56.070 - Primary and Tenant License application process.

- A. Requirements for all Primary and Tenant License applicants.

The Applicant shall file an application with the City Manager or designee upon a form provided by the City and shall pay an application fee as established by resolution adopted by the City Council as amended from time to time. The application shall include a statement by the Applicant that he or she certifies under penalty of perjury that all of the information contained in the application is true and correct. The City shall not receive or act upon an application for the issuance of a Primary or Tenant License pursuant to this Chapter until a completed application and the fee established by resolution of the City Council is submitted to the City. An Applicant shall have an opportunity to cure any incomplete application within ten (10) days of written notice of incompleteness by the City. An application for a Primary or Tenant License shall include at least the following:

1. Proof of organizational status, such as articles of incorporation, taxpayer or employer identification number, by-laws, organizational minutes, partnership agreements, and other documentation as may be required by the City.
Proof of having paid for and obtained an electronic fingerprint scan, known as Live Scan; which will be used to conduct a criminal background investigation. Live Scan documentation shall be required of the Applicant, any management personnel responsible for the day-to-day operations and activities of the cannabis facility, and any shareholder, partner, member, officer and/or director.

3. Documentation establishing that the Applicant is, or will be, entitled to possession of the premises for which application is made. Evidence of lawful possession consists of a properly recorded deed, lease, evidence of ownership of the premises, or other written documents acceptable to the City. Applicants for a Tenant License may provide a rental agreement, lease, or notarized letter from the Primary Licensee stating that Tenant applicant shall be authorized to occupy the premises and operate a cannabis facility in the designated suite or unit, subject to issuance of the Tenant License. The licensed premises shall only be the geographical area that is specifically and accurately described in executed documents verifying lawful possession. Licensees are not authorized to relocate to other areas or units within a building structure without first filing a change of location or modification of premises application, obtaining a conditional use permit for the new premises, paying the fee established by resolution of the City Council and obtaining approval from the City.
4. An operating plan for the proposed cannabis cultivation facility (or suite or unit within a multi-section facility) including the following information:
 - a. A general description of the types of products and services to be provided by the facility;
 - b. A floor plan designating all interior dimensions and the layout of the facility, suite or unit, including all limited access areas, areas of ingress and egress, and all security camera locations. Such floor plan shall also show the principal uses of the floor area depicted therein and shall identify all areas where plants will be located;
 - c. An employee list;
 - d. Name of third-party tracking software the facility, suite or unit will use to track the cannabis;
 - e. A detailed description of the type of cultivation processes to be utilized, including, without limitation, all nutrients, chemicals and other materials;
 - f. A specific description of the types of manufacturing products, activities, extraction and/or infusion methods to be conducted, specific equipment to be utilized, whether and which volatile solvents will be used, and what percentage of the facility will be used for such activity.
5. A security plan for the proposed facility, suite or unit including, at a minimum, the following security requirements:
 - a. Video surveillance. The facility, suite or unit must be equipped with a video surveillance system that meets all of the requirements set forth in this subsection.
 - i. Security cameras and digital storage of recordings shall be maintained in good condition and used in an on-going manner, twenty-four (24) hours per day, seven days per week.
 - ii. The security system must maintain at least one hundred twenty (120) concurrent hours of digitally recorded video for each security camera in the Licensed Premises. Security footage should be stored in an MPEG4, MJPEG, H.264, or another format approved by the City in writing.
 - iii. Security Cameras must provide adequate and sufficient coverage for the facility, which must include but need not to be limited to, all restricted and limited access areas, all areas of ingress and egress, the public areas, storage areas, and any other areas as required by this Chapter and the MAUCRSA.

- iv. The video surveillance system must be equipped with a failure notification system that provides prompt notification to a security company licensed by the Department of Consumer Affairs, Bureau of Security & Investigative Services, of any surveillance interruption or complete failure of the surveillance system that lasts longer than fifteen (15) minutes. The licensed alarm company must promptly report any such notification to the City's Public Safety Department.
- v. The video surveillance system shall have sufficient battery backup to support a minimum of four (4) hours of recording in the event of a power outage.
- vi. The video surveillance system shall stream a live feed accessible to the City and Los Angeles County Sheriff's Department via a secure Internet portal, virtual private network or other form of secure remote access.
- b. Alarm system. The facility, suite or unit shall have an audible interior and exterior security alarm system installed on all perimeter entry points and perimeter windows, operated, and monitored by a security company licensed by the Department of Consumer Affairs, Bureau of Security & Investigative Services, and approved by the City. "Perimeter entry points" includes, regardless of size, all doors, windows, hatches and/or points at which systems (such as HVAC systems) enter a structure.
- c. Signage requirement. The facility must comply with the following signage requirements.
 - i. A sign shall be posted in a conspicuous place near each point of public access which shall be not less than twelve (12) inches wide and twelve (12) inches long, composed of letters not less than one inch in height, stating "All Activities Monitored by Video Camera."
 - ii. Limited access areas shall be clearly identified by the posting of a sign which shall be not less than twelve (12) inches wide and twelve (12) inches long, composed of letters not less than a half inch in height, which shall state, "Limited Access Area- Authorized Personnel Only."
- d. Lighting. The facility's, suite's or unit's entrance(s) and all window areas shall be illuminated during evening hours. The Applicant shall comply with the City's lighting standards regarding fixture type, wattage, illumination levels, shielding, and other restrictions, and secure the necessary approvals and permits as needed.
- e. Commercial-grade locks. All points of ingress and egress to a facility, suite or unit shall ensure the use of commercial-grade, nonresidential door locks and/or window locks.
- f. Onsite security staff twenty-four (24) hours a day, seven days a week.
6. Written Authorization for the City to seek verification of the information contained within the application and to conduct the background check(s).
7. Any additional information that the City may request to process and fully investigate the application. The additional information must be provided to the City no later than ten (10) days after the date of the request unless otherwise specified by the City. Failure to provide such additional information by the requested deadline may result in denial of the application.

B. Additional requirements for multi-section Primary License applicants.

In addition to the requirements set forth in subsection A of this section, applicants for a multi-section facility Primary License shall provide a statement acknowledging and agreeing that the applicant shall be liable and responsible for the conduct of its Tenants and tendering to the City the annual surcharge amount attributable to its Tenant Licensees. The applicant shall further provide a statement attesting that the Primary Licensee shall enter into a written rental agreement, lease or other agreement with each of its Tenants that incorporates, includes a copy of, and expressly requires the Tenant to comply with Chapter 5.56 and 17.43 of this Code, including, without limitation, the Tenant's obligation to do the following:

1. Pay to the Primary Licensee the annual surcharge amount attributable to the Tenant Licensee's activities;
2. Comply with the employee license requirements set forth in this chapter;
3. Defend and indemnify the City as set forth in Section 17.43.130 of this Code; and
4. Comply with the inspection requirements set forth in Sections 5.56.140 and 17.43.140 of this Code.

5.56.080 - Grounds for denial, suspension, revocation or refusal to renew; conditions of approval.

- A. The City Manager or designee shall reject an application for a Primary or Tenant License upon a finding of Good Cause, as defined in section 5.56.020.
- B. The City Manager or designee may place conditions upon the approval of any Primary or Tenant License which are, in the opinion of the City Manager or designee, reasonably related to the protection of the health, safety and welfare of (i) the neighborhood in which the proposed cannabis facility is to be located and/or (ii) the general public.
- C. All persons who are engaged in or who are attempting to engage in cannabis activity in any form shall do so only in strict compliance with the terms, conditions, limitations and restrictions of this Chapter, Chapter 17.43, and all other applicable state and local laws and regulations.
- D. The City Manager or designee is authorized to make policies and procedures consistent with this Chapter concerning the applications, the application process, the information required of Applicants, the application procedures, and the administration and procedures to be used and followed in the application process.
- E. A Primary or Tenant License issued by the City constitutes a revocable privilege. The Applicant has the burden of proving its qualifications for a Primary or Tenant License at all times.
- F. The City Manager or designee may summarily suspend, revoke or refuse to renew a Primary or Tenant License if any of the following occur:
 1. The City Manager or designee makes a finding of Good Cause concerning the Licensee, as defined in section 5.56.020;
 2. The City Manager or designee determines that the Licensee has failed to comply with this Chapter, Chapter 17.43 of this Code or any condition of approval, or a circumstance or situation has been created that would have permitted the City Manager or designee to deny the Primary License;
 2. Operations cease for more than ninety (90) calendar days;
 3. Ownership is changed without securing a new Primary License;

4. The facility, suite or unit fails to maintain one hundred twenty (120) concurrent hours of security recordings;
5. The Licensee fails or refuses to allow inspection of the premises, security recordings, books, records or other documents by authorized City officials; and/or
6. The Licensee fails to possess and/or maintain all current and valid requisite state and county licenses. 5.56.090 - Modification or other material changes.

In addition to any requirements in this Chapter, a modification of a cannabis facility, and/or change of manager, location or other material change of the cannabis cultivation facility, suite or unit shall comply with the following:

- A. The Licensee shall report the proposed modification of cannabis cultivation facility, and/or change of manager, location or other material change of the cannabis cultivation facility, suite or unit to the City Manager or designee on forms prescribed by the local licensing authority, pay the fee established by resolution of the City Council and receive written approval from the City Manager or designee prior to any such transfer or change.
- B. In the event of a transfer of ownership interest in the Primary or Tenant Licensee, a new license application must be submitted, with all other information and documentation required for said application. The City shall require a criminal background check for any new owner or manager of a cannabis facility, suite or unit that was not previously performed pursuant to this Chapter. Should certain information or documentation remain applicable to the facility under new ownership, the applicant shall attest in writing to same, and shall identify specifically which information or documentation so applies.
- C. A Licensee shall not make physical change, alteration, or modification of the cannabis facility, suite or unit that materially or substantially alters the cannabis facility, suite or unit from the plans approved by the City without paying the fee established by resolution of the City Council and obtaining the prior written approval of the City. Material changes include, but are not limited to: a decrease in the number of security cameras, the relocation of a security camera identified in the application submitted pursuant to Section 5.56.070, an increase or decrease in the total square footage of the cannabis facility, suite or unit or the addition, sealing off, or relocation of a wall, common entryway, doorway, or other means of public ingress and/or egress. Applications for modifications of a cannabis facility, suite or unit shall be made on forms prescribed by the City. The City may deny a requested material modification if, in its sole discretion, it determines that such modification poses or has the likelihood of posing a hazard to public health, safety or welfare.
- D. For a change of location, a Licensee may apply to the City to change the location previously approved for such Primary or Tenant License to any other place in the City. Applications for changes of location shall be made on forms prescribed by the City. A change in location of a cannabis facility is subject to all zoning and distance requirements set forth in this Chapter and Chapter 17.43 and any and all other applicable local and state laws and regulation. It is unlawful to relocate any cannabis facility at any such place or location until the City grants express permission and the City has approved a conditional use permit for the new location.
- E. With the exception of a suite or unit within a multi-section facility, a Primary Licensee shall not sublet any portion of a licensed premises for any purpose without prior written City approval. A Tenant Licensee shall not sublet any portion of the Licensee's suite or unit.

5.56.100 - Renewal of a Primary or Tenant License.

- A. A cannabis facility Licensee may apply for the renewal of a Primary or Tenant License no less than sixty (60) days prior to the License's expiration date. The City may elect to administratively continue a Primary or Tenant License past its expiration date, provided that the Licensee has tendered all requisite fees and has submitted a renewal application that is complete but pending final action by the City.
- B. An application for renewal will only be accepted if it is accompanied by the requisite fees.
- C. Each application for renewal shall include updated information for any part of the application that has undergone a change in circumstance since the original application, last renewal filing, or modification, and shall recertify all information submitted in prior application(s).
- D. Unless the City has expressly authorized in writing the renewal of the Primary or Tenant License, a License is immediately invalid upon expiration and the cannabis cultivation facility shall cease operations until such time as a current and valid License is issued.
- E. All Primary and Tenant Licenses are valid for one year. A Primary or Tenant License may be valid for less than the applicable license term if revoked, suspended, voluntarily surrendered, or otherwise disciplined.

5.56.110 - Limitations on City's liability.

To the fullest extent permitted by law, the City shall not assume any liability whatsoever, with respect to approving any Primary or Tenant License pursuant to this Chapter or the operation of any cannabis facility, suite or unit approved pursuant to this Chapter. As a condition of approval a Primary or Tenant License as provided in this Chapter, the Applicant shall:

- A. Execute an agreement indemnifying the City from any claims, damages, liabilities or other obligations of any kind whatsoever, associated with the operation of the cannabis facility;
- B. Maintain insurance in the amounts and of the types that are acceptable to the City Manager or designee, with such additional insured endorsements as may be required by the City;
- C. Agree to defend, at its sole expense and with counsel of the City's choice, any action against the City, its agents, officers, and/or employees related to the approval of a Primary License; and
- D. Agree to reimburse the City for any court costs and attorney fees that the City may be required to pay as a result of any legal challenge related to the City's approval of a Primary License.
- E. Deposit with the City and maintain security of at least twenty thousand dollars (\$20,000.00) that may be used by the City as, when and to the extent necessary to satisfy the Applicant's obligations under this Section 5.56.110. The security required by this paragraph shall be in the form of cash or any other form approved by the City in its sole and absolute discretion.

- F. Expressly acknowledge in writing that (i) the City incurs no liability whatsoever as a result of the City's issuance of a Primary or Tenant License pursuant to this Chapter, a conditional use permit pursuant to Chapter 17.43 and/or approval of the security plan required by this Chapter, (ii) the Applicant is aware that the cultivation of cannabis and/or the manufacture of cannabis products may violate federal law, including, without limitation, the Controlled Substances Act, 21 U.S.C. § 801 et seq., and the Applicant assumes all liability for such violation.

5.56.120 - Additional terms and conditions.

Based on the information set forth in the application, the City Manager or designee may impose reasonable terms and conditions on the proposed operations of the cannabis facility in addition to those specified in this Chapter.

5.56.130 - Operational requirements.

A Primary or Tenant Licensee must operate the Licensee's cannabis facility, suite or unit in full compliance with the requirements set forth in this Chapter at all times. Failure to comply with any of these requirements shall be considered grounds for suspension and/or revocation of a Primary or Tenant License.

- A. General obligation to operate in compliance. A Licensee shall comply fully with all of the applicable restrictions and mandates set forth in applicable state and local laws and regulations, as well as the operating plan and security plan submitted pursuant to Section 5.56.070.
- B. General obligation to pay taxes. A Licensee shall pay any applicable sales tax pursuant to federal, state, and local law, and all other legally required taxes and fees required by this Code.
- C. General obligation for compliant facilities. A Licensee's facility, suite or unit, as well as all operations as conducted therein, shall fully comply with all applicable rules, regulations, and laws including, but not limited to, this Chapter and Chapter 17.43 of the Code requiring application and issuance of a conditional use permit, the California Revenue and Taxation Code, the Americans with Disabilities Act, and all applicable state laws.
- D. Inspection of records. A Licensee shall make its books, records and all other documents related to its operation available for inspection by any City officer, city official and/or law enforcement officer for purposes of determining compliance with the requirements of this Chapter.
- E. Secure storage of product. Cannabis or cannabis product possessed by a Licensee shall be kept and stored in a secured manner within a limited access area or restricted access area at all times in compliance with the security plan approved pursuant to Section 5.56.070.

- F. Prohibition on cannabis consumption on premises. On-site smoking, ingestion, or consumption of cannabis shall be prohibited on the premises of all cannabis cultivation facilities, suites and/or units. The term “premises” as used in this subsection includes the actual building, as well as any accessory structures, common areas and parking areas. A sign shall be posted at each entrance of a cannabis cultivation facility that clearly and legibly states, “Smoking, ingestion, or consumption of cannabis on these licensed premises or in their vicinity is prohibited and a violation of the Lancaster Municipal Code.”
- G. Prohibition on alcohol sales, distribution, or consumption on licensed premises. A Licensee shall not sell, provide, store, or distribute any product that would require that the seller possess a license issued by the California Department of Alcoholic Beverage Control.
- H. Display of license. A Licensee shall display a copy of its Primary or Tenant License issued pursuant to this Chapter in a conspicuous place at the entrance to the licensed premises.
- I. No physician evaluations on licensed premises. A Licensee shall not permit a physician to evaluate patients or to provide recommendations for medical cannabis within its licensed premises. Cannabis facilities shall not offer or provide any form of remuneration to a physician who recommends medical cannabis.
- J. Community relations designee. A Licensee must provide the City Manager or his/her designee with the name, phone number, facsimile number, and email address of an on-site community relations representative or staff person or other representative to whom the City can provide notice if there are operating problems associated with the facility or refer members of the public who may have complaints or concerns regarding the facility.
- K. Seed to sale tracking required. A Licensee must utilize third-party software that tracks all sales, transfers, purchases, receipts, deliveries of cannabis and cannabis products. The software must be capable of producing electronic shipping manifests, tracking all cannabis inventory in possession of the facility, promptly identifying a discrepancy in the stock, and tracking cannabis back to its source in the event of a serious adverse event.
- L. Unique identifiers. A cannabis facility must comply with the unique identification program required pursuant to MAUCRSA; provided, however, that any unique identification program shall, pursuant to Section 11362.777(f)(2) of the Health and Safety Code, adhere to the requirements set by the California Department of Food and Agriculture and be the equivalent to those administered by the California Department of Food and Agriculture.
- M. Employee permits. No person shall be employed by or at cannabis facility, suite or unit, without a valid cannabis facility employee permit issued by the City to such person. A Primary or Tenant Licensee shall promptly supplement the information provided as part of its application pursuant to Section 5.56.070 with the names of all employees within ten (10) days of any change in the information originally submitted.

1. The City Manager shall grant, deny and renew cannabis facility employee permits. The application for a permit shall be made on a form provided by the City Manager, or his or her designee. The completed application shall contain the following information and be accompanied by the following documents:
 - a. The employee's legal name and any other names used by the employee;
 - b. The employee's age, date and place of birth;
 - c. The employee's present residence address and telephone number;
 - d. Whether the employee has been convicted of a criminal offense;
 - e. Date, issuing state and number of state issued driver's license or identification card and social security number;
 - f. Satisfactory written proof that the employee is at least twenty-one (21) years of age;
 - g. Proof of having paid for and obtained a Live Scan;
 - h. A color photograph clearly showing the employee's face;
 - i. If the application is made for the purpose of renewing a permit, the employee shall the permit number to be renewed.

The completed application shall be accompanied by a non-refundable application fee adopted by resolution of the City Council as may be amended from time to time.

3. If the City determines that the employee application is incomplete, the City Manager shall notify the employee of such fact, including the reasons the application is not complete. The applicant shall have ten (10) calendar days to complete the application properly.
5. The City Manager or designee shall grant, deny, revoke or refuse to renew an employee permit application and so notify the employee. The City Manager shall grant the application and issue the permit unless the application is denied for one or more of the following reasons:
 - a. The employee has knowingly made any false, misleading, or fraudulent statement of a material fact in the application for a permit or in any report or document required to be filed with the application or has omitted information reasonably necessary for issuance of the permit;
 - b. The employee is under twenty-one (21) years of age;
 - c. The cannabis facility employee permit is to be used for employment in a business prohibited by state or local laws, ordinances, or regulations;
 - d. Within the preceding ten years, the employee has been convicted of one or more of the following crimes:
 - i. Possession of a controlled substance for sale pursuant to Health and Safety Code Section 11351.
 - ii. Sale of a controlled substance pursuant to Health and Safety Code Section 11352.
 - iii. Any violent crime, as defined by Penal Code Section 667.5.
 - iv. Any crime considered a "strike" pursuant to Penal Code Section 1192.7(c).
 - v. Such other crimes or offenses as may be determined by the City Council by resolution.

- e. The applicant's or permittee's criminal history does not indicate that applicant or permittee is of good moral character.
- 6. The cannabis cultivation facility employee permit, if granted, shall state on its face the name of the person to whom it is granted, and the expiration date. The City shall provide each person issued a facility employee permit with identifying information as determined appropriate by the City. The permit shall be available for inspection at all times during which the employee is on the premises of the cannabis facility.

5.56.140 - Inspections.

- A. Recordings made by security cameras, books, records and all other documents related to a cannabis cultivation facility's, suite's or unit's operation shall be made immediately available to the City Manager or designee upon request; no inspection warrant, search warrant or subpoena shall be needed to view the materials.

5.56.150 - Appeals.

- A. Any decision regarding the denial, suspension or revocation of or refusal to renew a Primary or Tenant License or employee permit may be appealed by filing a written appeal on a City-approved form, and paying the applicable fee, with the City Clerk within ten (10) calendar days from the date of the decision. The basis for the appeal must be specified in detail on the appeal form. If a timely appeal is filed, the effect of the decision shall be stayed pending the outcome of the appeal, unless the City Manager specifically finds that the public health and safety is endangered, in which case the decision shall take effect immediately.
- B. Failure of the City Manager to receive a timely appeal constitutes a waiver of the right to contest a decision; in this event, the decision is final and binding.
- C. As soon as practicable after a timely appeal is filed, the City Manager shall fix a date, time and place for a hearing. The hearing shall be conducted by an independent and impartial hearing officer. Written notice of the time and place for the hearing shall be served by first class mail, at the return address indicated on the appeal form, at least ten (10) calendar days prior to the date of the hearing.
- D. An appellant may request, in writing, that the City Manager reschedule the hearing if the request is made at least twenty-four (24) hours prior to the hearing. The City Manager shall grant one continuance of the hearing date.
- E. Failure of an appellant to appear at the scheduled hearing shall constitute the appellant's waiver of the right to appeal. In this event, the decision is final and binding.

- F. Appeal hearings are informal, and formal rules of evidence and discovery do not apply. The hearing officer shall accept testimony and consider any relevant evidence presented by the City Manager or his or her designee concerning the grounds for the contested decision. The hearing officer shall take the testimony of the appellant, and/or his or her witnesses, and will consider any other evidence the hearing officer deems reliable, relevant and not unduly repetitious. The appellant may represent himself or herself or be represented by anyone of his or her choice, including counsel, at his or her sole expense. The appellant may bring an interpreter to the hearing at his or her sole expense.
- G. The hearing officer shall make findings based on the record of the hearing, and shall prepare a written decision, based on those findings, to uphold, dismiss or modify the City Manager's decision concerning the denial, suspension or revocation of Primary or Tenant License or employee permit. A copy of the written decision shall be served on the appellant by first class mail within ten (10) business days after the hearing.
- H. The decision of the hearing officer shall be the final administrative decision. The superior court is the sole reviewing authority and an appeal of the hearing officer's decision is not appealable to the City Council. The written decision shall contain the following statement: "Judicial review of the director's decision is subject to the time limits set forth in California Code of Civil Procedure, section 1094.6."

5.56.160 – Licenses, permits not transferable.

Notwithstanding any provision to the contrary set forth in this Chapter, Primary and Tenant Licenses and employee permits issued pursuant to this Chapter are not transferable.

5.56.170 – Violations; Public Nuisance.

- A. It is unlawful and shall constitute a public nuisance to engage in or conduct any commercial cannabis activity in violation of any condition of a License, this Chapter, Chapter 17.43, or any other applicable local or state law.
- B. Any violation of any of the provisions of this Chapter shall constitute a misdemeanor violation and upon conviction thereof any violation shall be punishable by a fine not to exceed one thousand dollars (\$1,000.00), or by imprisonment for a period of not more than six months, or by both such fine and imprisonment. Each day a violation is committed or permitted to continue shall constitute a separate offense.
- C. The City may issue an administrative citation for each violation of this Chapter pursuant to the procedures set forth in Chapter 9.48; provided, however, that notwithstanding the provisions of Section 9.48.060(E), the penalty amounts of administrative citations issued for violations of this Chapter shall be as follows, which city council may periodically adjust by resolution:
 - 1. For the first administrative citation, the penalty shall be ten thousand dollars (\$10,000.00);
For the second and any subsequent administrative citation, the penalty shall be twenty thousand dollars (\$20,000.00).

- D. The remedies provided herein are not to be construed as exclusive remedies, and in the event of violation, the City may pursue any proceedings or remedies otherwise provided by law. Any administrative citation issued pursuant to this chapter shall not prejudice or adversely affect any other civil, administrative or criminal action that may be brought to correct or abate any unlawful nuisance condition or use caused by a Licensee, permittee or cannabis facility. A civil or criminal action may be brought concurrently with any other process regarding the same violation.

5.56.180 - Regulations.

The City Manager is authorized to promulgate such regulations as may be necessary or convenient to implement this Chapter.

5.56.190 - Severability.

If any section, subsection, paragraph, sentence, clause or phrase of this chapter is declared by a court of competent jurisdiction to be unconstitutional or otherwise invalid, such decision shall not affect the validity of the remaining portions of this chapter. The city council declares that it would have adopted this chapter, and each section, subsection, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections, phrases, or portions be declared invalid or unconstitutional.

CHAPTER 17.43
COMMERCIAL CANNABIS ACTIVITY

Sections:

- 17.43.010 Purpose.
- 17.43.020 Relationship to other laws.
- 17.43.030 Definitions.
- 17.43.040 Permissible cannabis commercial activity; number of permissible facilities.
- 17.43.045 Prohibited commercial cannabis activity.
- 17.43.050 Cannabis facilities conditionally permitted.
- 17.43.060 Primary License and conditional use permit required to operate.
- 17.43.070 Conditional use permit application process; Cannabis License Agreement requirement.
- 17.43.080 Grounds for denial of conditional use permit.
- 17.43.090 Transfer of ownership interest to a new owner; modification of licensed premises and other material changes.
- 17.43.100 Appeals.
- 17.43.110 Permitted zones, distance requirements and other conditions for approval.
- 17.43.120 Confidentiality of information.
- 17.43.130 Limitations on City's liability.
- 17.43.140 Inspections.
- 17.43.150 Violations and enforcement.
- 17.43.160 Revocation of conditional use permit.
- 17.43.170 Public nuisance.
- 17.43.180 Regulations

17.43.010 - Purpose.

- A. The purpose of this Chapter is to regulate all “commercial cannabis activity” in the City, as that term is defined in Section 26001(k) of the Business and Professions Code, to the extent authorized by state law and in a manner designed to minimize negative impacts on the City and neighboring uses, and promote the health, safety, morals, and general welfare of residents and businesses within the City. The purpose of this Chapter is also to align the City’s regulation of commercial cannabis activity with applicable state law and to regulate the types of commercial cannabis activity permitted under state law. This Chapter is enacted specifically in response to the state laws that permit commercial cannabis activity and the objective of this Chapter is to minimize its negative impacts.
- B. This Chapter is further adopted and established pursuant to the specific authority granted to the City in Section 7 of Article XI of the California Constitution and Division 10 of the Business and Professions Code. This Chapter, together with Chapter 5.56 and all other applicable law, shall govern all commercial cannabis activity that occurs within the City.

17.43.020 - Relationship to other laws.

In the event of a conflict between the provisions of this Chapter and the provisions of any other applicable state or local law, the more restrictive provision shall control.

17.43.030 - Definitions.

- A. The following terms shall be defined as follows:

“Adult-Use” or “Adult-use cannabis” means cannabis or cannabis product that is used or intended to be used by adults who are over twenty-one (21) years of age and who do not possess a physician’s recommendation for medicinal cannabis.

“Applicant” means a person applying for a City commercial cannabis license.

“Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salts, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtain from cannabis. For the purpose of this Chapter, “cannabis” does not mean industrial hemp as that term is defined by Section 81000 of the California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.

“Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. Resin from granular trichomes from a cannabis plant is a concentrate for purposes of this Chapter.

“Cannabis cultivation facility” means a facility wherein cannabis is propagated, planted, grown, harvested, dried, cured, graded, labeled, tagged for tracking or trimmed, or that does all or any combination of those activities.

“Cannabis dispensary” or “dispensary” means any business, office, store, or other retail “storefront” component of any cannabis cooperative or collective that dispenses, distributes, exchanges, sells or provides cannabis.

“Cannabis distribution facility” means any facility or location, not associated with a Primary or Tenant License, where the primary purpose is the procurement, sale, and transport of cannabis and cannabis products between entities.

“Cannabis facility” means collectively any cannabis cultivation facility and/ or manufacturing facility, as those terms are defined in this Chapter. For purposes of this chapter, “cannabis facility” and “facility” may be used interchangeably.

“Cannabis manufacturing facility” means a facility where the production of cannabis concentrate, or preparation, propagation, compounding and/or packaging of manufactured cannabis is conducted, either directly or indirectly or by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis.

“Cannabis product,” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

“Canopy” means the total combined indoor area for all locations on a property where cannabis is being cultivated, as measured by the horizontal extent of the plant or combination of plants at the widest point and measured in a straight line. This does not include aisles or walkways.

“Cultivation” means any activity involving the propagation, planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

“Delivery” means the commercial transfer of cannabis or cannabis products from a dispensary to a purchaser. “Delivery” also includes the use by a cannabis facility of any technology platform owned and controlled by the cannabis facility, that enables purchasers to arrange for or facilitate the commercial transfer by a licensed dispensary of cannabis or cannabis products.

“Distribution” means the procurement, sale, and transport of cannabis and cannabis products between licensed cannabis business entities.

“Edible cannabis product” means manufactured cannabis that is intended to be used, in whole or in part, for human consumption, including, but not limited to, chewing gum, but excluding products set forth in Division 15 (commencing with Section 32501) of the Food and Agricultural Code. An edible cannabis product is not considered food as defined by Section 109935 of the Health and Safety Code or a drug as defined by Section 109925 of the Health and Safety Code.

“Good Cause” for purposes of denying, revoking or refusing to renew or reinstate a Primary or Tenant License includes, but is not limited to, the following:

1. The Licensee or Applicant has violated any of the terms, conditions or provisions of this Chapter, of state law, of any regulations and/or rules promulgated pursuant to state law, any applicable local rules and/or regulations, or any special terms or conditions placed upon its conditional use permit, state license, and/or Primary or Tenant License;
The Licensed Premises have been operated in a manner that adversely affects the public health, safety or welfare or the safety of the immediate neighborhood in which the establishment is located, causes adverse economic impacts, increased crime, increased incidence of communicable disease, decreased property values and/or an increase in the number of transients in the area;
3. The Licensee or Applicant has knowingly made false statements, misrepresentations or material omissions on an application form, renewal form, or any other document submitted to the City;

4. Issuance of the License would impair the health, safety or welfare of the public, cause negative impacts to property values, impair the City's ability to prevent crime associated with cannabis, and/or impair the City's ability to ensure that cannabis grown remains secure and does not find its way to minors or illicit markets.
5. The Applicant or Licensee's criminal history does not indicate that the Applicant or Licensee is of good moral character; or the Applicant or Licensee has been convicted of an offense that is substantially related to the qualifications, functions, or duties of the business or profession for which the application is made. In determining which offenses are substantially related to the qualifications, functions, or duties of the business or profession for which the application is made, the City may consider, without limitation, the factors as set forth in Section 26057 of the Business and Professions Code;
6. The Licensee or Applicant is employing or being financed in whole or in part by any person whose criminal history indicates that person is not of good moral character;
7. The Applicant or Licensee has failed or refused to allow City officials to inspect security recordings, activity logs, or business records, of the licensed premises;
8. The Licensee has failed to adequately reconcile its inventory, such that shortages in its cannabis and/or cannabis product cannot be accounted for in the paper and/or electronic inventory tracking system(s);
9. The Applicant or Licensee is owned by, has an officer or director who is, or is employing or financed in whole or in part by, a licensed physician making recommendations for medical cannabis;
10. The Applicant or Licensee has had a Primary or Tenant License revoked or has had more than one suspension on its Primary or Tenant License by the City; or
11. The Applicant or Licensee operated a cannabis business in violation of this Chapter, Chapter 5.56, or any other applicable state or local law.

"Legal parcel" means a parcel of land for which one legal title exists. Where contiguous legal parcels are under common ownership or control, such legal parcels may at the option of the property owner be counted as a single parcel for purposes of this Chapter.

"Licensee" means a person who has been issued a state license, Primary License and a conditional use permit pursuant to this Chapter.

"Manufacturer" means a person that conducts the production, preparation, propagation, or compounding of manufactured cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its container.

"Medicinal cannabis" or "medicinal cannabis product" means cannabis or a cannabis product, respectively, intended to be sold for use pursuant to the Compassionate Use Act of 1996 (Section 11362.5 of the Health and Safety Code) by a medicinal cannabis patient in California who possesses a physician's recommendation. For purposes of this chapter, "medicinal" and "medical" may be used interchangeably.

"Multi-section cannabis facility" means a cannabis cultivation and/or manufacturing facility that consists of multiple cannabis cultivation and/or manufacturing suites rented or leased to one or more persons other than the Primary Licensee, each of whom holds a Tenant License and who operates subject to the Primary License and the conditional use permit.

“Person,” as used in this chapter, means and includes any individual, partnership or any kind, corporation, limited liability company, association, joint venture or other organization or entity, however formed.

“Primary License” means a cannabis regulatory permit issued by the City pursuant to this chapter, which is held by a person who will operate a cannabis facility or a multi-section cannabis facility.

“State law(s)” shall mean and include California Health and Safety Code Section 11362.5 (Compassionate Use Act of 1996); California Health and Safety Code Sections 11362.7 through 11362.83 (Medical Cannabis Program Act); California Business and Professions Code Sections 26000 through 26231.2 (Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”)), and all other applicable laws of the state of California.

“State license,” “license,” or “registration” means a state license issued pursuant to MAUCRSA.

“State licensing authority” shall mean the Bureau of Cannabis Control within the California Department of Consumer Affairs, the California Department of Public Health, the California Department of Food and Agriculture, or any other state agency responsible for the issuance, renewal, or reinstatement of a license issued under MAUCRSA or the agency authorized to take disciplinary action against such license.

“Tenant” means a person who rents or leases a suite from a Primary Licensee at a multi-section cannabis facility.

“Tenant License” means a cannabis regulatory permit issued by the City pursuant to this chapter to a person who rents or leases a suite from a Primary Licensee.

“Testing Laboratory” has the same meaning as that term is defined by Section 26001(as) of the Business and Professions Code and shall mean a laboratory, facility or entity that offers or performs tests of cannabis or cannabis products and that is both of the following:

- (1) Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state;
- (2) Licensed by the Bureau of Cannabis Control.

B. Words and phrases not specifically defined in this code shall have the meaning ascribed to them as defined in the following sources:

1. The Compassionate Use Act of 1996 (California Health and Safety Code Section 11362.5);
The Medical Cannabis Program Act (California Health and Safety Code Sections 11362.7 through 11362.83); and
3. The Medicinal and Adult-Use Cannabis Regulation and Safety Act (California Business & Professions Code Sections 26000 through 26231.2) as may be amended from time to time.

17.43.040 - Permissible cannabis commercial activity; number of permissible facilities.

A. Subject to this Chapter, Chapter 5.56 and all other applicable state and local laws and regulations, a person may operate an indoor cannabis cultivation and/or manufacturing facility within the City.

B. A Primary or Tenant Licensee may engage in distribution of cannabis and/or cannabis products, provided such distribution is solely for purposes of procuring, selling and/or transporting cannabis and/or cannabis product for said Licensee’s facility.

- C. The maximum number of Primary Licenses issued by the City may be limited by resolution of the City Council. Such limitation may be based on number of Primary Licenses, the aggregate area of cannabis facilities, or any other measure determined by the City Council.
- D. Testing laboratories, accredited and licensed as required pursuant to MAUCRSA, may be operated within the City. Notwithstanding any provision of state laws or regulations, testing laboratories in the City shall only test cannabis and cannabis products.

17.43.045 - Prohibited commercial cannabis activity.

Within the City, it shall be unlawful to operate a cannabis distribution facility, cannabis dispensary, cannabis delivery business or outdoor cannabis cultivation facility.

17.43.050 - Cannabis facilities conditionally permitted.

Cannabis facilities, as defined herein, shall be conditionally permitted within the City, subject to the requirements of this Chapter, Chapter 5.56 and all other applicable state and local laws.

17.43.060 - Primary License and conditional use permit required to operate.

- A. Cannabis facilities shall only be permitted to operate in the City following application, investigation, verification, notice and public hearing, approval and issuance of both a Primary License issued by the City in accordance with the criteria and procedures set forth in Chapter 5.56 and a conditional use permit issued in accordance with the criteria and procedures set forth in this Chapter and any policies, procedures and/or regulations promulgated by the City Manager to implement the provisions of this Chapter and Chapter 5.56. No land use entitlement, permit (including building permit) approval, site plan, certificate of occupancy, zoning clearance, or other land use authorization for a cannabis cultivation facility shall be granted, permitted or valid unless a conditional use permit is first obtained and issued under this Chapter.
- B. All persons who are engaged in or who are attempting to engage in cannabis commercial activity shall do so only in strict compliance with the terms, conditions, limitations and restrictions of Chapter 5.56, this Chapter and all other applicable state and local laws and regulations.
- C. The City Manager is authorized to make policies and procedures consistent with this Chapter concerning the applications, the application process, the information required of Applicants, the application procedures and the administration and procedures to be used and followed in the application and hearing process.

17.43.070 - Conditional use permit application process; Cannabis License Agreement requirement.

- A. Prior to initiating operations and as a continuing requisite to operating a cannabis facility, the Applicant shall obtain a conditional use permit under the terms and conditions set forth in this Chapter. The Applicant shall file an application for a conditional use permit with the City's Development Services Department on the official form supplied by the City and shall pay the applicable application fee as established by resolution of the City Council, as may be amended from time to time. The provisions of Chapter 17.32 that govern conditional use permits generally shall apply to conditional use permits applied for and/or issued under this Chapter; provided, however, that to the extent of any conflict or inconsistency between Chapter 17.32 and this Chapter, the provisions of this Chapter shall control.
- B. An application for a conditional use permit shall include at least the following information:
 1. Environmental plan. An environmental plan indicating how cultivation and/or manufacturing will be conducted in accordance with state and local laws related to hazardous material disposal, land conversion, grading, electricity usage, water usage, and agricultural discharges.

Emergency response plan. An emergency response plan which complies with this Code and California Fire Code Section 401, and sets out standard operating procedures to be followed by all individuals in case of a fire, chemical release, chemical spill, or other emergency.
 3. Primary License. Proof that the Applicant has been provisionally approved for a Primary License for the proposed licensed premises, or a statement that the Applicant is applying for a Primary License for the proposed licensed premises concurrently with the conditional use permit application.
 4. Context aerial map. An aerial map stating the distances between the proposed cannabis facility and the nearest school, park and church.
 5. Address of cannabis facility. The address of the location of the proposed cannabis facility.
 6. Site plan and floor plan. A site plan and floor plan of the proposed cannabis facility denoting all uses of areas of the cannabis facility, including any and all storage, employee areas, exterior lighting, restrooms, security cameras, areas of ingress and egress, signage, limited access areas, and restricted access areas.
 7. Interior improvements. Plans and specifications for the interior of the proposed licensed premises if the building to be occupied is in existence at the time of the application. If the building is not in existence or alteration to the building is required at the time of the application, the Applicant shall file a plot plan and a detailed sketch for the interior and shall further submit an architect's drawing of the building to be constructed or renovated.
 8. Owner and manager information. The name and address of any person who is an owner, a manager and person responsible for the day-to-day operations of the proposed cannabis facility. The application shall also contain a statement as to whether any individual included in this list has been convicted of a crime or crimes, the nature of such offense(s), and the sentence(s) received for such conviction(s).

9. Property owner information and acknowledgement. The name and address of the person that owns the real property upon which the proposed cannabis facility is to be operated. In the event the Applicant does not legally own the property, the application must be accompanied by a notarized acknowledgement from the person who owns the property that a cannabis facility will be operated on his or her property.
10. Operating plan. An operating plan for the proposed cannabis facility that includes at least the following information:
 - a. A description of the design of the proposed licensed premises evidencing that the design conforms to applicable City laws.
 - b. A detailed description of the type of cultivation processes to be utilized, including, without limitation, all nutrients, chemicals and other materials.
 - c. A specific description of the types of manufacturing products, activities, extraction and/or infusion methods, packaging, specific equipment to be utilized, whether and which volatile solvents will be used, and what percentage of the facility will be used for such activity.
 - d. A description of the source of power (electric utility company, solar, diesel generators), the size of the electrical service or system, and the total demand to be placed on the system by all proposed uses on-site.
 - e. Verification of all water sources used by the proposed cannabis facility and verification that the proposed cannabis facility does not and will not utilize water that has been or is illegally diverted from any stream, creek, or river.
 - f. Evidence of compliance with all applicable environmental laws and regulations, including, without limitation, those pertaining to air and water quality.
 - g. Any additional document(s) or information reasonably requested by the City.
11. Security plan. A security plan that, to the satisfaction of the City, addresses how the Applicant intends to comply with and implement all requirements of this Chapter, Chapter 5.56 (including, but not limited to, Section 5.56.070(5)) and the MAUCRSA, including, but not limited to, a description of how the security measures are sufficient to ensure the safety of on-site managers and employees, protect the proposed licensed premises from diversion and theft, and ensure that all buildings where cannabis is cultivated or stored and/or where cannabis products are manufactured, packaged and stored are secured sufficiently to prevent unauthorized entry, and not less than the following requirements:
 - a. A diagram indicating all areas to be covered by the 24-hour security cameras which shall include, but are not limited to, all limited and restricted access areas, all areas of ingress and egress, the public areas, storage areas, all doors and windows, and any other areas as required by this Chapter and the MAUCRSA.
 - b. An explanation of the methods the cannabis facility will undertake to ensure cannabis and cannabis products are under secure control of the cannabis facility's staff at all times.

12. Odor filtration system. Verification that the proposed cannabis facility will be equipped with an odor filtration system that meets the following requirements:
 - a. A cannabis facility shall install or provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the cannabis facility that is distinctive to its operation is not detected or detectable outside the cannabis facility, anywhere on adjacent property or public rights-of-way, on or about any exterior or interior common area walkways, hallways, breeze-ways, foyers, lobby areas, or any other areas available for common use by tenants or the visiting public, or within any other unit located within the same building as the cannabis facility.
 - b. For enforcement purposes, the standard for determining what constitutes an unlawful odor under this subsection shall be whether such an odor would be deemed offensive to a reasonable individual on an ongoing or periodic basis and personally detectable by City staff or law enforcement personnel.
 13. Declaration. A statement in writing by the Applicant that he or she certifies under penalty of perjury that all the information contained in the application is true and correct.
 14. Acknowledgement. Authorization for the City to seek verification of the information contained within the application.
 15. Any such additional and further information as is deemed necessary by the City to administer this Section or this Chapter.
- C. The City staff shall review, verify and investigate all information on the application and prepare a report for the Planning Commission incorporating the findings of such investigation and verification, including, but not limited to, the suitability of the proposed location, and the Applicant's compliance with the requirements of this Chapter, Chapter 5.56 and all other applicable state and local laws and regulations. The Applicant shall be solely responsible for the cost of any environmental report, study or other document determined by the City to be necessary in order to process the application. Upon the City's demand, the Applicant shall deposit with the City the estimated cost of the environmental report, study or other document determined by the City to be required by applicable law.
- D. An application for a conditional use permit shall be accompanied by a Cannabis License Agreement completed and executed by the Applicant. The City's approval of the Cannabis License Agreement shall be a condition precedent to the effectiveness of a conditional use permit under this Chapter.

17.43.080 - Grounds for denial of conditional use permit.

- A. The Planning Commission shall not hold a public hearing on or approve any application for a conditional use permit to operate a cannabis facility unless the City has provisionally approved Applicant's Primary License pursuant to Chapter 5.56.
- B. In addition to the findings set forth in Section 17.32.090 of this Code, a conditional use permit shall only be granted subject to certain conditions to protect the health, safety and general welfare of the neighborhood or community, subject to the following findings:
 1. The cannabis facility as well as all operations as conducted therein, fully comply with all applicable environmental, building, electrical, zoning and fire Codes, accessibility requirements of the Americans with Disability Act, and all other applicable City and state laws and regulations; and

2. The cannabis facility complies with and meets all operating criteria required pursuant to state laws, Chapter 5.56 of this Code, any other applicable provisions of this Code, and any specific, additional operating procedures and measures as may be imposed as conditions of approval in the conditional use permit.
- C. Following the public hearing, the Planning Commission shall deny an application for a conditional use permit upon making any of the following findings, which shall be made part of the record of the meeting/public hearing:
 1. The findings required by Section 17.32.090 or subsection A for the granting of a conditional use permit cannot be made; or
Good Cause, as defined in this Chapter.
- D. Based on the information set forth in the application, the staff report presented by City staff and testimony presented at the public hearing, the Planning Commission may impose reasonable terms and conditions on a proposed cannabis facility in addition to those specified in and required to be included in every conditional use permit granted under this Chapter.

17.43.090 - Transfer of ownership interest to a new owner, modification of licensed premises and other material changes.

In addition to any requirements in Chapter 5.56 of this Code, the following requirements for transfer of ownership to a new owner, or modification of a cannabis facility apply.

- A. Change of ownership interest to a new owner. A conditional use permit approved in compliance with the provisions of this Chapter shall continue to be valid upon a change of ownership interest in the cannabis facility in the same area, configuration, and manner as it was originally approved in compliance with this Chapter. Notwithstanding anything in this Code to the contrary, a new owner of a facility may not commence operations at the premises until the transfer of ownership interest to a new owner has been approved by the City and the new owner has been issued a Primary License.
- B. Modification of licensed premises. A cannabis facility shall not make physical change, alteration, or modification that materially changes the facility from the plans approved by the City and/or Planning Commission without paying the fee established by resolution of the City Council and obtaining the prior written approval of the City and/or Planning Commission. Material changes shall comply with all current building and safety Codes as determined by the fire chief and building official. Material changes include, but are not limited to: a decrease in the number of security cameras, the relocation of any security camera included in the security plan approved pursuant to Section 17.43.070, an increase or decrease in the total square footage of the licensed premises or the addition, sealing off, or relocation of a wall, common entryway, doorway, or other means of public ingress and/or egress. The City may deny a requested material modification if, in its sole discretion, it determines that such modification poses or has the likelihood of posing a hazard to public health, safety or welfare.

17.43.100 - Appeals.

Any decision regarding the Planning Commission's approval, conditional approval, denial, or revocation of a conditional use permit for a cannabis facility may be appealed to the City Council in accordance with the provisions of Chapter 2.44 of this Code.

17.43.110 - Permitted zones, distance requirements and other conditions for approval.

A. Distance requirements.

1. No cannabis facility shall be located:

- a. Within 600 feet of a religious assembly;
- b. Within 1,000 feet of a public or private school, college or university (excluding trade schools);
- b. Within 1,000 feet of a day care center;
- c. Within 600 feet of a residential use or residentially designated property;
- d. Within 600 feet of a public park.

An Applicant for a conditional use permit pursuant to this Chapter may request, in conjunction with the conditional use permit, a waiver of the foregoing distance requirements. In considering such request, the Planning Commission may approve a waiver if it makes the following findings:

- a. The cannabis facility will serve a specific community need; and
- b. The distance waiver approved for the facility is not expected to result in an adverse effect on adjacent property, uses or residents.

3. Subject to the distance and other requirements of this Chapter, a cannabis facility may only be located on a property within the Light Industrial (LI) zone, Heavy Industrial (HI) zone, or any adopted specific plan that permits industrial uses, and following the application for and granting of a conditional use permit in accordance with this Chapter. In addition to the other required findings, the Planning Commission shall also consider whether approval of the proposed facility will violate the minimum requirements set forth in this Section.

4. All cultivation/manufacture of cannabis shall occur in an enclosed locked structure that shall not exceed 22,000 square feet of Canopy area.

5. A cannabis facility shall not exceed the square footage authorized pursuant to the conditional use permit.

6. From a public right-of-way, there should be no exterior evidence of the cannabis facility except for any signage authorized by this Chapter.

7. All cannabis facilities shall comply with the City's exterior lighting standards.

8. All doors and windows on cannabis facilities shall be appropriately secured and all cannabis securely stored in compliance with the security plan approved pursuant to Section 17.43.070.

B. Any cannabis facility established or operating in the City in violation of the ban established by Ordinance No. 1012, shall not be considered a lawful or permitted nonconforming use. Further, any such unlawfully established cannabis facility shall constitute a public nuisance subject to abatement by the City.

C. All distances specified in this Section shall be measured in a straight line, without regard to intervening structures or topography, from the nearest point of the building or structure in which the cannabis facility is, or will be located, to the following locations.

1. Setbacks from schools, parks, churches and, shall be measured to the nearest property line of the parcel where such use is located.

If the cannabis facility is, or will be located, in a multi-unit building, the distances shall be measured from the nearest point of the unit in which the facility is or will be located.

17.43.120 - Confidentiality of information.

- A. The City's review of information submitted or maintained pursuant to this Chapter shall preserve the confidentiality of all information about Applicants, Licensees, owners, employees, volunteers, medical cannabis patients or primary caregivers to the maximum extent consistent with state and local law. The City shall incur no liability for the inadvertent or negligent disclosure of such information. Disclosure of any Applicant or Licensee information to the City for purposes of this Chapter shall not be deemed a waiver of confidentiality.
- B. The City shall treat all financial information provided pursuant to this Chapter as financial data in accordance with the California Public Records Act (California Government Code Section 6254(n)).
- C. Notwithstanding Section 56.10 of the California Civil Code, neither a cannabis facility, nor a City official, shall disclose, the names, addresses, or social security numbers of medical cannabis patients, their medical conditions, or the names of their primary caregivers, sooner than the tenth (10th) day after which the medical cannabis patient whose records are sought to be disclosed has been contacted.
- D. To the extent permitted by law, recordings from security cameras, as well as operating plans and security plans required by this Chapter shall be confidential and shall not be subject to public inspection or disclosure except to City employees.

17.43.130 - Limitations on City's liability.

To the fullest extent permitted by law, the City shall not assume any liability whatsoever, with respect to approving any Primary License pursuant to this Chapter or the operation of any cannabis facility approved pursuant to this Chapter. As a condition of approval a Primary License as provided in this Chapter, the Applicant or its legal representative shall:

- A. Execute an agreement indemnifying the City from any claims, damages, etc., associated with the operation of the facility;
- B. Maintain insurance in the amounts and of the types that are acceptable to the City Manager or designee, with such additional insured endorsements as may be required by the City;
- C. Agree to defend, at its sole expense and with counsel of the City's choice, any action against the City, its agents, officers, and/or employees related to the approval of a Primary License; and
- D. Agree to reimburse the City for any court costs and attorney fees that the City may be required to pay as a result of any legal challenge related to the City's approval of a Primary License.
- E. Expressly acknowledge in writing that (i) the City incurs no liability whatsoever as a result of the City's issuance of a Primary License pursuant to this Chapter 5.56, a conditional use permit pursuant to this Chapter and/or approval of the security plan required by this Chapter, (ii) the Applicant is aware that the cultivation of cannabis and/or manufacture of cannabis products may violate federal law, including, without limitation, the Controlled Substances Act, 21 U.S.C. § 801 et seq., and the Applicant assumes all liability for such violation.

17.43.140 - Inspections.

- A. Recordings made by security cameras at any cannabis facility shall be made immediately available to the City's Public Safety Department, the City Manager, the Los Angeles County Sheriff's Department or their designee upon verbal request for enforcement and/or criminal investigation purposes.
- B. The City Manager, or his or her designee, law enforcement officers, City Development Services Department personnel and City Public Safety personnel and compliance inspectors shall have the right to enter all cannabis facilities from time to time unannounced for the purpose of making reasonable inspections to observe and enforce compliance with this Chapter and Chapter 5.56. Such inspections shall be limited to observing the licensed premises for purposes of determining whether the facility is being operated or maintained in compliance with this Code, state law, and other applicable laws and regulations.

17.43.150 - Violations and enforcement.

- A. Operation of a cannabis cultivation facility in non-compliance with any conditions of approval or the provisions of this Chapter, Chapter 5.56 or any other applicable state or local law or regulation shall constitute a misdemeanor and upon conviction thereof any violation shall be punishable by a fine not to exceed \$1,000, or by imprisonment for a period of not more than 6 months, or by both such fine and imprisonment. Each day a violation is committed or permitted to continue shall constitute a separate offense.
- B. The City may issue an administrative citation for each violation of this Chapter pursuant to the procedures set forth in Chapter 9.48; provided, however, that notwithstanding the provisions of Section 9.48.060(E), the penalty amounts of administrative citations issued for violations of this Chapter shall be as follows, which city council may periodically adjust by resolution:
 - 1. For the first administrative citation, the penalty shall be \$10,000.00;
For the second and any subsequent administrative citation, the penalty shall be \$20,000.00.
- C. In lieu of or in addition to the foregoing, the City may collect any and all abatement and related administrative costs pursuant to the provisions of Section 8.28.210.
- D. The remedies provided herein are not to be construed as exclusive remedies, and in the event of violation or non-compliance, the City may pursue any proceedings or remedies otherwise provided by law. Any administrative citation issued pursuant to this chapter shall not prejudice or adversely affect any other civil, administrative or criminal action that may be brought to correct or abate any unlawful nuisance condition or use caused by a Licensee, permittee or cannabis facility. A civil or criminal action may be brought concurrently with any other process regarding the same violation.
- E. Applicants and Licensees shall cooperate with employees and investigators of the City who are conducting inspections or investigations of or pertaining to the enforcement of laws and regulations related to this Chapter. No Applicant or Licensee shall by any means interfere with, obstruct or impede the City's Development Services Department, Public Safety Department, City Manager, law enforcement, or other City official from exercising their duties under the provisions of this Chapter and all rules promulgated pursuant to it.

17.43.160 - Revocation of conditional use permit.

Revocations of a conditional use permit issued under this Chapter shall be governed by Section 17.32.890, et seq. of this Code. In addition to the grounds for revocation set forth in Section 17.32.890, the Planning Commission and/or the City Council may suspend or revoke a conditional use permit if the Planning Commission and/or the City Council find:

- A. Good Cause;
- B. The building, structure, equipment, location or manner of operation of such business does not comply with the requirements of or fails to meet the standards of the health, zoning, fire and safety laws of the state and ordinances of the City applicable to such business operations; or
- C. The cannabis facility has failed to comply with this Chapter or any condition of approval or a circumstance or situation has been created that would have permitted the Planning Commission to initially deny the conditional use permit, including, but not limited to, failure to comply with the operating plan or safety plan approved pursuant to Section 5.56.070.

17.43.170 - Public nuisance.

- A. It is unlawful and shall constitute a public nuisance to establish, maintain, or operate a cannabis facility within the City without having first received a Primary or Tenant License pursuant to Chapter 5.56 and a conditional use permit pursuant to this Chapter.
- B. It is unlawful and shall constitute a public nuisance to engage in or conduct any commercial cannabis activity in violation of this Chapter, Chapter 5.56 or any other applicable local or state law.

17.43.180 - Regulations.

The City Manager is authorized to promulgate such regulations as may be necessary or convenient to implement this Chapter.

17.43.190 - Severability.

If any section, subsection, paragraph, sentence, clause or phrase of this chapter is declared by a court of competent jurisdiction to be unconstitutional or otherwise invalid, such decision shall not affect the validity of the remaining portions of this chapter. The city council declares that it would have adopted this chapter, and each section, subsection, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections, phrases, or portions be declared invalid or unconstitutional.