

AGENDA



Garden Grove City
Council

Tuesday, May 24, 2016

6:30 PM

Community Meeting
Center, 11300 Stanford
Avenue, Garden Grove,
CA 92840

Bao Nguyen
Mayor

Steven R. Jones
Mayor Pro Tem

Christopher V. Phan
Council Member

Phat Bui
Council Member

Kris Beard
Council Member

Meeting Assistance: Any person requiring auxiliary aids and services, due to a disability, to address the City Council, should contact the City Clerk's Office 72 hours prior to the meeting to arrange for accommodations. Phone: 714) 741-5040.

Agenda Item Descriptions: Are intended to give a brief, general description of the item. The City Council may take legislative action deemed appropriate with respect to the item and is not limited to the recommended action indicated in staff reports or the agenda.

Documents/Writings: Any revised or additional documents/writings related to an item on the agenda distributed to all or a majority of the Council Members within 72 hours of a meeting, are made available for public inspection at the same time (1) in the City Clerk's Office at 11222 Acacia Parkway, Garden Grove, CA 92840, during normal business hours; (2) on the City's website as an attachment to the City Council meeting agenda; and (3) at the Council Chamber at the time of the meeting.

Public Comments: Members of the public desiring to address the City Council are requested to complete a **pink speaker card** indicating their name and address, and identifying the subject matter they wish to address. This card should be given to the City Clerk prior to the start of the meeting. General comments are made during "Oral Communications" and should be limited to matters under consideration and/or what the City Council has jurisdiction over. Persons wishing to address the City Council regarding a Public Hearing matter will be called to the podium at the time the matter is being considered.

Manner of Addressing the City Council: After being called by the Mayor, you may approach the podium, it is requested that you state your name for the record, and proceed to address the City Council. All remarks and questions should be addressed to the City Council as a whole and not to individual Council Members or staff members. Any person making impertinent, slanderous, or profane remarks or who becomes boisterous while addressing the City Council shall be called to order by the Mayor. If such conduct continues, the Mayor may order the person barred from addressing the City Council any further during that meeting.

Time Limitation: Speakers must limit remarks for a total of (5) five minutes. When any group of persons wishes to address the City Council on the same subject matter, the Mayor may request a spokesperson be chosen to represent the group, so as to avoid unnecessary repetition. At the City Council's discretion, a limit on the total amount of time for public comments during Oral

Communications and/or a further limit on the time allotted to each speaker during Oral Communications may be set.

PLEASE SILENCE YOUR CELL PHONES DURING THE MEETING.

AGENDA

Open Session

ROLL CALL: COUNCIL MEMBER BEARD, COUNCIL MEMBER BUI, COUNCIL MEMBER PHAN, MAYOR PRO TEM JONES, MAYOR NGUYEN

INVOCATION

PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

1. PRESENTATIONS
2. ORAL COMMUNICATIONS (to be held simultaneously with other legislative bodies)
3. WRITTEN COMMUNICATIONS

RECESS

CONDUCT OTHER LEGISLATIVE BODIES' BUSINESS

RECONVENE

4. CONSENT ITEMS

(Consent Items will be acted on simultaneously with one motion unless separate discussion and/or action is requested by a Council Member.)

- 4.a. Authorize the issuance of a Purchase Order to National Auto Fleet Group for one (1) Jeep Spray Truck. (Cost: \$35,820.80) *(Action Item)*
- 4.b. Approval of West Orange County Water Board Proposed Budget Fiscal Year 2016/17. *(Action Item)*
- 4.c. Consideration of Final Parcel Map No. 2013-158 for the property located at 9882 Belfast Drive, Garden Grove. *(Action Item)*
- 4.d. Authorize the issuance of a Purchase Order to Theodore Robbins Ford for One (1) Utility Truck. (Cost: \$81,693.38) *(Action Item)*
- 4.e. Adoption of Resolutions initiating proceedings for the levying of Fiscal Year 2016-17 Assessments for the Street Lighting Districts and Park Maintenance District. *(Action Item)*
- 4.f. Approval to transfer City Support Cost Reimbursements from Deposit Trust account to the General Fund. (Transfer amount:

\$183,000) (*Action Item*)

- 4.g. Receive and file the 2015 Annual Report on the Status of the City's General Plan. (*Action Item*)
- 4.h. Receive and file minutes from the March 11, 2016, meeting. (*Action Item*)
- 4.i. Approval of Warrants. (*Action Item*)

5. PUBLIC HEARINGS

(*Motion to approve will include adoption of each Resolution unless otherwise stated.*)

- 5.a. Adoption of a Resolution approving issuance of Bonds by the California Public Finance Authority (CalPFA) for the benefit of 10632 Bolsa Avenue, LP to assist with financing for the Housing Project located at 10632 Bolsa Avenue, Garden Grove. (*Action Item*)

6. COMMISSION/COMMITTEE MATTERS

- 6.a. Consideration of Main Street Assessment District No. 1: Approve Fiscal Year 2016/17 Budget; Adopt a Resolution initiating proceedings for the levying of assessments for Fiscal Year 2016/17; Adopt a Resolution approving the Engineer's Report; and Adopt a Resolution of Intention fixing a time and date for a Public Hearing. (*Action Item*)
- 6.b. Letter of Resignation from Chan Chung, Parks, Recreation and Arts Commissioner. (*Action Item*)

7. ITEMS FOR CONSIDERATION

- 7.a. Award of a contract to C J Concrete Construction, Inc. for On-Call Concrete Construction, IFB No. S-1189. (Cost: \$450,000 each year for 5 years) (*Action Item*)
- 7.b. Discussion of Medical Marijuana regulations and related matters. (*Action Item*)
- 7.c. Adoption of Community Event Sponsorship Policy. (*Action Item*)
- 7.d. Award of contract to Kato Landscape, Inc., for Project No. 7279 - Irrigation Installation on Magnolia Street, Garden Grove. (Cost: \$374,510.00) (*Action Item*)
- 7.e. Consideration of abatement action for the Lotus Plaza Project (Galleria Project) 10080 and 10189 Garden Grove Boulevard, Garden Grove. (*Action Item*)

8. MATTERS FROM THE MAYOR, CITY COUNCIL MEMBERS, AND CITY MANAGER

- 8.a. Discussion regarding Budget Study Session on June 8, 2016, as requested by City Manager Stiles.

9. ADJOURNMENT

The next Regular City Council Meeting will be held on Tuesday, June 14, 2016, at 5:30 p.m. at the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, CA.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	William E. Murray
Dept.:	City Manager	Dept.:	Public Works
Subject:	Authorize the issuance of a Purchase Order to National Auto Fleet Group for one (1) Jeep Spray Truck. (Cost: \$35,820.80) (<i>Action Item</i>)		
		Date:	5/24/2016

OBJECTIVE

To secure City Council authorization to purchase one (1) new Jeep Spray Truck from National Auto Fleet Group.

BACKGROUND

The Public Works Department has one (1) truck that currently meets the City's guidelines for replacement. The replacement was approved through the Fiscal Year 2015/2016 budget process. In order to perform the planned replacements, the purchase of one (1) Jeep Spray Truck is required at this time. Experience has shown that the City's buying power is enhanced through joining with other public agencies to purchase fleet vehicles and equipment.

DISCUSSION

The National Joint Powers Alliance (NJPA) nationally solicits, evaluates and awards contracts through a competitive bid process. As a member of NJPA, the City is able to utilize NJPA bid awards for equipment purchases. Staff recommends piggybacking on the results of a recent NJPA competitive bid program, Contract #102811. The results deemed National Auto Fleet Group as the lowest responsive bid.

- National Auto Fleet Group \$35,820.80 *

* This price includes all applicable tax and destination charges.

FINANCIAL IMPACT

There is no impact to the General Fund. The financial impact is \$35,820.80 to the Fleet Management Fund. The surplus equipment will be sold at public auction.

RECOMMENDATION

It is recommended that the City Council:

- Authorize the Finance Director to issue a purchase order in the amount of \$35,820.80 to National Auto Fleet Group for the purchase of one (1) new Jeep Spray Truck.

By: Steve Sudduth, Lead Worker

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	William E. Murray
Dept.:	City Manager	Dept.:	Public Works
Subject:	Approval of West Orange County Water Board Proposed Budget Fiscal Year 2016/17. (<i>Action Item</i>)	Date:	5/24/2016

OBJECTIVE

To receive City Council approval of the West Orange County Water Board Fiscal Year 2016/17 proposed budget.

BACKGROUND

The West Orange County Water Board (WOCWB) is a joint powers authority created in 1967 by the Cities of Garden Grove, Huntington Beach, Seal Beach, and Westminster for the purpose of maintenance and operation of water transmission lines for imported water.

DISCUSSION

The joint powers agreement requires that the WOCWB prepare a proposed annual budget, and that each of the contracting public agencies approve the budget before its adoption. The total WOCWB budget for Fiscal Year 2016/17 is \$293,500 for operations expenses and capital costs (see attachment).

FINANCIAL IMPACT

The City of Garden Grove Water Services Division share is set at 4.2 percent for a total of \$12,327, and will be funded from package 601-3710.

RECOMMENDATION

It is recommended that City Council:

- Approve the West Orange County Water Board Fiscal Year 2016/17 proposed budget in the amount of \$12,327.

By: Cel Pasillas, Interim Water Manager

ATTACHMENTS:

Description	Upload Date	Type	File Name
Proposed Budget	5/4/2016	Cover Memo	Draft_FY16-17_Budget_(1).xlsx

WEST ORANGE COUNTY WATER BOARD
PROPOSED FISCAL YEAR 2016-17 BUDGET

Account Description	FY 14-15 Actual	FY 15-16 Approved	FY 15-16 Revised	FY 16-17 Proposed
OPERATING EXPENSES				
Electricity	\$4,253	\$4,500	\$4,500	\$4,500
Contracts for Repairs and Maintenance	\$18,437	\$60,000	\$10,000	\$30,000
Auditing	\$4,990	\$5,000	\$5,000	\$5,000
Attorney Fees	\$306	\$3,000	\$3,000	\$5,000
Other Contract Services	\$1,249	\$2,000	\$2,000	\$2,000
OC-9 and OC-35 Replacement Evaluation	\$0	\$40,000	\$0	\$0
I 405 Widening Facilities Relocation - Design	\$0	\$0	\$90,000	\$235,000
General/Liability Insurance	\$9,324	\$9,000	\$9,000	\$9,500
Board Stipend Expense	\$1,800	\$2,500	\$2,500	\$2,500
OPERATING EXPENSES	\$40,359	\$126,000	\$126,000	\$293,500
CAPITAL EXPENDITURES				
Relocation of Vault at OC-9	\$0	\$70,000	\$70,000	\$0
CAPITAL EXPENDITURES	\$0	\$70,000	\$70,000	\$0
TOTAL PROPOSED BUDGET	\$179,000	\$196,000	\$196,000	\$293,500
Current Budgetary Fund Balance	\$ 339,309			
Reserve Policy Level	\$ 200,000			
Undesignated Fund Balance	\$ 139,309			

**PROPOSED FISCAL YEAR 2016-17 BUDGET
ALLOCATION OF COSTS BY AGENCY**

AGENCY	Ownership Percentage	Proposed 16/17 Costs
Huntington Beach	56.1	\$164,654
Garden Grove	4.2	\$12,327
Seal Beach	14.3	\$41,971
Westminster	25.4	\$74,549
Totals	100.0	\$293,500

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	William E. Murray
Dept.:	City Manager	Dept.:	Public Works
Subject:	Consideration of Final Parcel Map No. 2013-158 for the property located at 9882 Belfast Drive, Garden Grove. (<i>Action Item</i>)		
		Date:	5/24/2016

OBJECTIVE

To receive City Council approval for Final Parcel Map No. 2013-158, for the property located at 9882 Belfast Drive, Garden Grove (between Donegal Drive and Kerry Street).

BACKGROUND

On January 10, 2013, pursuant to Zoning Administrator Decision No. 1665-13, the applicant, Joanne C. Tonnu, received approval of Tentative Parcel Map No. PM-2013-000. A copy of Zoning Administrator Decision No. 1665-13 is attached.

DISCUSSION

The proposed Final Parcel Map 2013-158 would subdivide an existing property, which is approximately a 16,838 square foot lot. The property currently has eight (8) existing residential units, and the project would improve it into two (2) separate parcels. Lot 1 will be 8,538 square feet in area and Lot 2 will be 8,300 square feet in area. Each lot will maintain four (4) residential units and will have a variance to deviate from the minimum lot size required for a density of four (4) residential units in the R-3 (Multiple-Family Residential) Zone, and to deviate from the minimum number of required parking spaces.

Staff has reviewed all the subdivision documentation mandated by City Ordinances, conditions of approval, and the Subdivision Map Act and finds this map to be in compliance. The owner has complied with all conditions of the Tentative Parcel Map.

FINANCIAL IMPACT

There is no impact to the General Fund.

RECOMMENDATION

It is recommended that the City Council:

- Approve Final Parcel Map No. 2013-158.

By: Kamyar Dibaj, MS, Project Engineer

ATTACHMENTS:

Description	Upload Date	Type	File Name
PM 2013-158_Zoning Administor Decision	5/10/2016	Cover Memo	5.24.16_attachments_pm_2013- 158.pdf

SHEET 1 OF 2 SHEETS
NUMBER OF PARCELS: 2 NUMBERED PARCELS
ACREAGE: 0.373 ACRES GROSS
BEING 0.344 ACRES NET
PARCEL MAP NO. 2013-158

PARCEL MAP NO. 2013-158

IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA
BEING A SUBDIVISION OF A PORTION OF LOT 59 OF TRACT NO. 4155, AS PER MAP RECORDED
IN BOOK 43, PAGES 3 THROUGH 5, INCLUSIVE, OF MISCELLANEOUS MAPS, IN THE OFFICE OF
THE COUNTY RECORDER OF THE COUNTY OF ORANGE, STATE OF CALIFORNIA

BRUCE F. HUNSAKER, PLS 5921 DATE OF SURVEY: APRIL, 2013

HUNSAKER LAND SURVEYING, INC.

OWNERSHIP CERTIFICATE

WE, THE UNDERSIGNED, BEING ALL PARTIES HAVING ANY RECORD TITLE INTEREST
IN THE LAND COVERED BY THIS MAP, DO HEREBY MAKE REPARATION
AND RECORDED OF SAID MAP, AS SHOWN WITHIN THE DISTINCTIVE BORDER LINE.
WE ALSO HEREBY DEDICATE AN EASEMENT TO THE PUBLIC FOR STREET PURPOSES.
BELFAST DRIVE.

JOANNE C. TONNU, A SINGLE WOMAN

BY: Joanne C. Tonn

WELLS FARGO BANK, NATIONAL ASSOCIATION, BENEFICIARY UNDER DEED OF TRUST
RECORDED MARCH 7, 2012 AS INSTRUMENT NO. 2012-000129801, OF OFFICIAL RECORDS

BY: Heather Hernandez PRINT NAME: _____

TITLE: Branch Manager TITLE: _____

NOTARY ACKNOWLEDGMENTS

NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE
FACED SIGNATURE OF THE SIGNER AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THE INSTRUMENT.

STATE OF CALIFORNIA

COUNTY OF Orange SS Heather Hernandez (Branch)
ON 05/04/2016 BEFORE ME, (PRINT NAME AND TITLE OF THE OFFICER)

A NOTARY PUBLIC, PERSONALLY APPEARED Heather Hernandez
WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S)
WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED
THE INSTRUMENT AND THAT THE SIGNER(S) IS/ARE THE SAME AS HIS/HER/THEIR AUTHORIZED
AGENT(S) AND THAT THE SIGNER(S) IS/ARE THE SAME AS HIS/HER/THEIR AUTHORIZED
AGENT(S) OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED
THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA
THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND.

SIGNATURE Heather Hernandez MY PRINCIPAL PLACE OF BUSINESS
IS IN _____ COUNTY, _____

(NAME PRINTED)

MY COMMISSION EXPIRES: 05/04/2017

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE
FACED SIGNATURE OF THE SIGNER AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THE INSTRUMENT.

STATE OF CALIFORNIA

COUNTY OF _____ SS _____
ON _____ BEFORE ME, (INSERT NAME AND TITLE OF THE OFFICER)

A NOTARY PUBLIC, PERSONALLY APPEARED _____
WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S)
WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED
THE INSTRUMENT AND THAT THE SIGNER(S) IS/ARE THE SAME AS HIS/HER/THEIR AUTHORIZED
AGENT(S) AND THAT THE SIGNER(S) IS/ARE THE SAME AS HIS/HER/THEIR AUTHORIZED
AGENT(S) OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED
THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA
THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND.

SIGNATURE _____ MY PRINCIPAL PLACE OF BUSINESS
IS IN _____ COUNTY

(NAME PRINTED)

MY COMMISSION EXPIRES: _____

CITY CLERKS CERTIFICATE

STATE OF CALIFORNIA
CITY OF GARDEN GROVE } ss
COUNTY OF ORANGE

I HEREBY CERTIFY THAT THIS MAP WAS PRESENTED FOR APPROVAL TO THE CITY COUNCIL
OF THE CITY OF GARDEN GROVE AT A REGULAR MEETING OF THE CITY COUNCIL
ON _____ AND THAT THEREAFTER SAID COUNCIL DID, BY
ORDER, RESOLUTION AND ENTERED, APPROVE SAID MAP AND DID ACCEPT ON BEHALF
OF THE CITY OF GARDEN GROVE THE DEDICATION OF SAID EASEMENT FOR
STREET PURPOSES. BELFAST DRIVE.

DATED THIS DAY _____ OF _____

KATHLEEN BAUGH
CITY CLERK, CITY OF GARDEN GROVE

COUNTY TREASURER - TAX COLLECTORS CERTIFICATE

STATE OF CALIFORNIA
COUNTY OF ORANGE } ss

I HEREBY CERTIFY THAT ACCORDING TO THE RECORDS OF MY OFFICE, THERE ARE NO LIENS
OR ENCUMBRANCES OF RECORD AGAINST THE LAND COVERED BY THIS MAP, AND NO
COUNTY TAXES OR SPECIAL ASSESSMENTS COLLECTED AS TAXES NOT YET PAYABLE.
AND DO CERTIFY TO THE RECORDS OF ORANGE COUNTY THAT THE PROVISIONS OF THE
SUBDIVISION MAP ACT HAVE BEEN COMPLIED WITH REGARDING DEPOSITS TO SECURE
PAYMENT OF TAXES OR SPECIAL ASSESSMENTS COLLECTED AS TAXES ON THE LAND COVERED
BY THIS MAP.

DATED THIS _____ DAY OF _____, 2016.

SHARI L. REEDERICH BY: _____
COUNTY TREASURER - TAX COLLECTOR TREASURER - TAX COLLECTOR

SURVEYORS STATEMENT

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD
SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND
THE ENGINEERING MAP ACT. I HAVE PERSONALLY EXAMINED THE FIELD NOTES AND
STATE THAT ALL REQUIREMENTS ARE OF THE ENGINEERING MAP ACT AND I HAVE
PROBATED OR THAT THEY WILL BE SET IN STATION POSITIONS ON OR BEFORE DECEMBER 2016.
I HEREBY STATE AND WARRANT THAT THE SURVEY TO BE REPAIRED
CONDITIONALLY APPROVED TENTATIVE MAP IF ANY.

BRUCE F. HUNSAKER, L.S. 5921
LICENSE EXPIRES: 12/31/16

DATE



CITY ENGINEERS STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THIS MAP AND HAVE FOUND IT TO BE SUBSTANTIALLY
IN CONFORMANCE WITH THE TENTATIVE MAP IF REQUIRED, AS FILED WITH, AMENDED AND
RECORDED, AND THAT THE COMMISSION HAS ALL PROVISIONS OF THE SUBDIVISION
MAP ACT, AND CITY OF GARDEN GROVE SUBDIVISION REGULATIONS HAVE BEEN COMPLIED WITH.

DATED THIS 4th DAY OF May, 2016.

CAROL J. CAMPBELL, J.C.E. 52125, C.P. 12/31/2016
CITY ENGINEER FOR THE CITY OF GARDEN GROVE



COUNTY SURVEYORS STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THIS MAP AND HAVE FOUND THAT ALL MAPPING
AND SURVEYING HAS BEEN COMPLIED WITH AND I AM SATISFIED
THAT THE MAP IS TECHNICALLY CORRECT.

THIS _____ DAY OF _____, 2016.

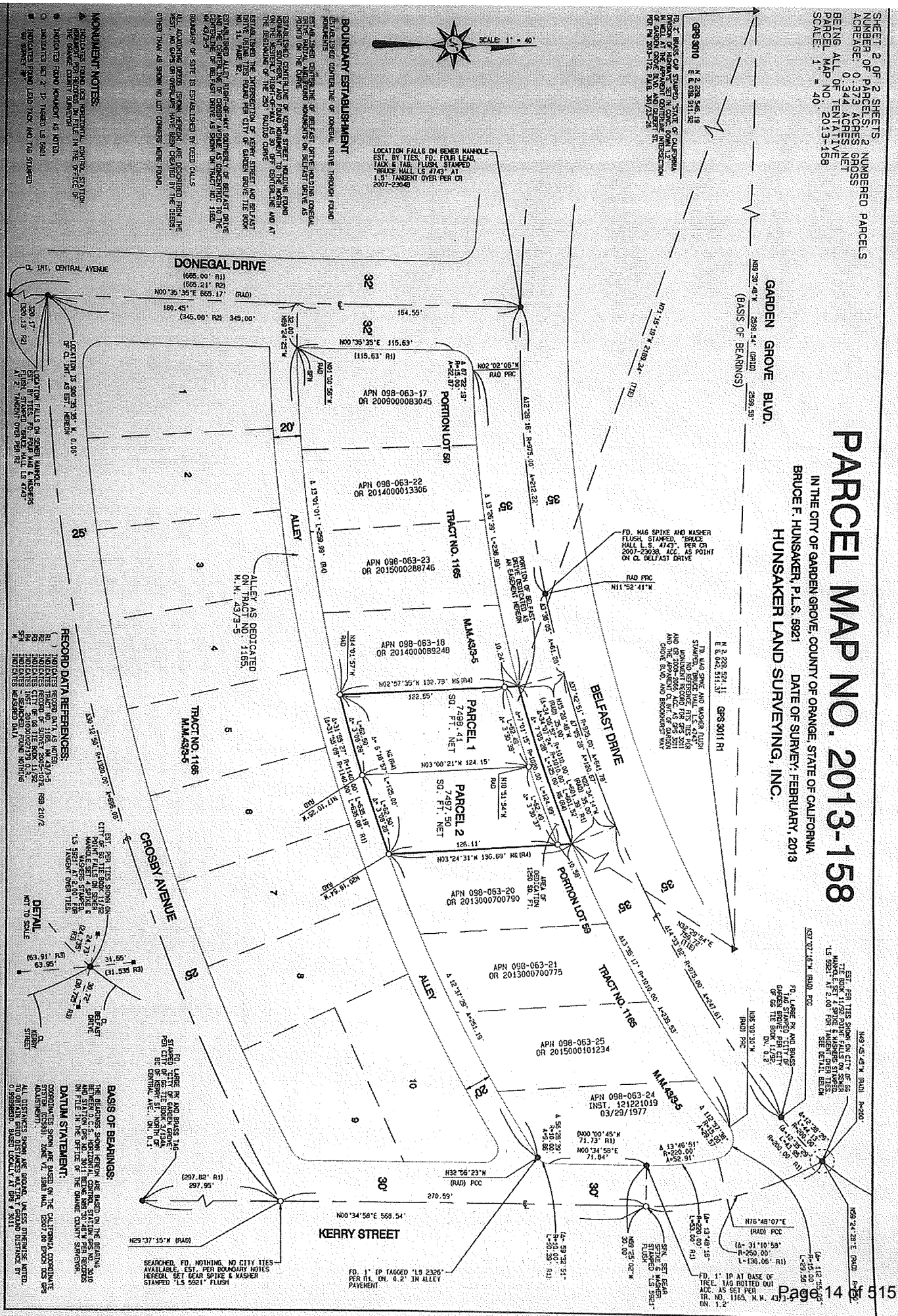
KEVIN R. HILLS, COUNTY SURVEYOR
L.S. 6817

BY: JON C. HORNICKER, DEPUTY COUNTY SURVEYOR
L.S. 7212

ACCEPTED AND FILED AT THE
OFFICE OF THE
FIRST AMERICAN TITLE COMPANY

PARCEL MAP NO. 2013-158

IN THE CITY OF GARDEN GROVE, COUNTY OF ORANGE, STATE OF CALIFORNIA
BRUCE F. HUNSAKER, P.L.S. 5921 DATE OF SURVEY: FEBRUARY, 2013
HUNSAKER LAND SURVEYING, INC.



DECISION NO. 1665-13

A DECISION OF THE ZONING ADMINISTRATOR OF THE CITY OF GARDEN GROVE APPROVING TENTATIVE PARCEL MAP NO. PM-2013-000 AND VARIANCE NO. V-198-13.

BE IT RESOLVED that the Zoning Administrator of the City of Garden Grove, in regular session assembled on January 10, 2013, does hereby approve Tentative Parcel Map No. PM-2013-000 and Variance No. V-198-13 for land located on the south side of Belfast Drive between Donegal Drive and Kerry Street, at 9882 Belfast Drive, Parcel No. 098-063-15.

BE IT FURTHER RESOLVED in the matter of Tentative Parcel Map No. PM-2013-000 and Variance No. V-198-13, the Zoning Administrator of the City of Garden Grove does hereby report as follows:

1. The subject case was initiated by Joanne C. Tonnu.
2. A request for Tentative Parcel Map approval to subdivide an existing approximately 16,838 square foot lot, currently improved with eight (8) existing residential units, into two (2) separate parcels. Lot 1 will be 8,538 square feet in area and Lot 2 will be 8,300 square feet in area. Each lot will maintain four (4) residential units. Also, a request for Variance approval to deviate from the minimum lot size required for a density of four (4) residential units in the R-3 (Multiple-Family Residential) zone, and to deviate from the minimum number of required parking spaces.
3. The City of Garden Grove has determined that the proposed Tentative Parcel Map and Variance is exempt from the California Environmental Quality Act ("CEQA") pursuant to California Code of Regulations, Title 14, Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.
4. The property has a General Plan designation of Medium Density Residential and is zoned R-3 (Multiple-Family Residential). The existing lot is currently improved with eight (8) existing residential units.
5. Existing land use, zoning, and General Plan designation of property in the vicinity of the property have been reviewed.
6. Report submitted by the City staff was reviewed.
7. Pursuant to a legal notice, a public hearing was held on January 10, 2013, and all interested persons were given an opportunity to be heard.

8. The Zoning Administrator gave due and careful consideration to the matter during its meeting on January 10, 2013; and,

BE IT FURTHER RESOLVED, FOUND AND DETERMINED that the facts and reasons supporting the conclusion of the Zoning Administrator, as required under Municipal Code Section 9.32.060 (Tentative Maps – Findings Required) and 9.24.030 (Land Use Actions), are as follows:

FACTS:

The subject property is located on the south side of Belfast Drive between Donegal Drive and Kerry Street and is zoned R-3 (Multiple-Family Residential) with a General Plan Land Use designation of Medium Density Residential. The site is currently developed with eight (8) residential units. The subject property abuts GGMU3 (Garden Grove Mixed Use 3) zoned properties to the north, R-3 (Multiple-Family Residential) zoned properties to the west and east, and R-1 (Single-Family Residential) zoned properties to the south.

The existing lot is currently improved with eight (8) existing residential units. Should the proposed lot subdivision be approved, each subject lot would maintain four (4) residential units. The proposed map is consistent with the City's General Plan in that the proposed new parcels are felt to be consistent with the established Medium Density Residential land use patterns within the area. The proposed subdivision will create lots that are consistent in size, density, and configuration with similar lots within with immediate area. With the exception of the two Variance requests to deviate from the development standards for the R-3 zone, regarding parking spaces required and minimum lot size for four (4) units, the subject application complies with Code requirements along with any legal nonconforming existing conditions that are unaffected by the subject request.

Finally, the proposed lots will be physically suitable for the existing residential units as conditioned under the subject request, thereby maintaining consistency with the Medium Residential General Plan Land Use Designation and the R-3 zoning.

FINDINGS AND REASONS:

The proposal meets the required findings under section 9.32.060 (Tentative Maps – Findings Required).

Parcel Map

1. The proposed map is consistent with the City's General Plan in that the proposed new parcels are felt to be consistent with the established Medium Density Residential land use patterns within the area.

2. The design of the proposed two (2) lots is consistent with Title 9 of the Garden Grove Municipal Code and the General Plan provisions for location and proximity to similar uses. The proposed subdivision will create lots that are consistent in size and configuration with similar lots within the immediate area.
3. The site is physically suitable for the existing residential units as modified and conditioned under the subject request, thereby maintaining consistency with the Medium Residential General Plan Land Use Designation and the R-3 (Multiple-Family Residential) zoning.
4. The project is exempt from the California Environmental Quality Act ("CEQA") pursuant to California Code of Regulations, Title 14, Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.
5. The design of the subdivision is not likely to cause problems to the public health, safety, and welfare, and the two (2) new parcels in conjunction with the existing residential units as modified and conditioned herein. The only change resulting from this proposal is that the new parcels may have different property owners.
6. The design of the subdivision will not conflict with the easements of record or easements established by court judgment acquired by the public-at-large for access through or use of property within the subdivision; if such easements exist, then alternate easements for access or for use will be provided and these will be substantially equivalent to the ones previously acquired by the public.

Variance

1. There are exceptional or extraordinary circumstances or conditions applicable to the property or to the intended use that do not apply generally to other property or classes of use in the same vicinity or zone.

While the proposed subdivision will create two (2) lots that do not meet the Code's prescribed minimum lot size for lots with four (4) residential units in the R-3 zone, the proposed subdivision will be consistent with the established Medium Density Residential land use patterns within the area along with being consistent in lot size, density, and configuration.

In regard to the parking Variance, the existing 16,838 square foot lot was originally approved and permitted with the current number of available parking spaces for the existing eight (8) residential units, which is considered legal nonconforming to the number of required parking spaces. The

proposed subdivision will create two (2) lots each with four (4) residential units and nine (9) parking spaces. Each lot will be short one (1) parking space of the Code prescribed minimum. There is no available space on each proposed lot to provide additional parking spaces. Other lots in the immediate area were originally developed and approved with less parking spaces provided and an equal number (4) of residential units as the subject proposed lots. The subject lot, to be subdivided, is under an exceptional or extraordinary circumstance in that it was not originally developed with virtually half the lot size as other lots in the immediate area. The proposed subdivision generally creates two (2) lots that will conform with the other R-3 lots in the immediate area and be within the character of the neighborhood, especially in regard to the lot sizes, number of residential units, and the number of parking spaces provided.

With the exception of the two Variance requests to deviate from the development standards for the R-3 zone, regarding parking spaces required and minimum lot size for four (4) units, the subject application complies with Code requirements along with any legal nonconforming existing conditions that are unaffected by the subject request.

2. The Variance is necessary for the preservation and enjoyment of a substantial property right possessed by other property in the same vicinity and zone, but which is denied to the property in question.

Staff's review of the lots in the immediate area found that the average lot size of R-3 zoned properties is approximately 8,145 square feet in area. The two proposed subject lots, Lot 1 and Lot 2, will be 8,538 square feet and 8,300 square feet, respectively, which is above the average lot size in the immediate area for R-3 zoned properties. Therefore, the subject Variance request to the minimum lot size will not create a lot that is out of character with the development patterns in the area.

Additionally, other lots in the immediate area were originally developed and approved with less parking spaces provided and an equal number (4) of residential units as the subject proposed lots. Therefore, the Variance for parking is necessary for the preservation and enjoyment of a substantial property right possessed by other properties in the same vicinity and zone, but which would be denied to the subject proposed properties without Variance relief.

3. The Variance will not be materially detrimental to the public welfare or injurious to the property or improvements in such vicinity and zone in which the property is located.

The proposed subdivision will create two (2) lots that will not be out of character with other lots in the same vicinity and zone. The lot size and development improvements are consistent with adjacent properties within the immediate area. Therefore, the proposed subdivision will not be detrimental to the public welfare or injurious to the property or improvements within the adjacent R-3 zone.

4. The granting of the Variance will not adversely affect the General Plan.

While the applicant is requesting Variance approvals to deviate from the Code's prescribed minimum lot size of 12,600 square feet for an R-3 lot with four (4) residential units and the minimum number of required parking spaces, the proposed subdivision and Variance requests will correspond with lots already established within the immediate area. If the subdivision and Variance requests are approved, two (2) lots will be created that will be compatible within the established pattern and character of similar properties within the adjacent R-3 zone. Therefore, the approval of the subject subdivision and Variances will not create an adverse effect on the City's General Plan.

5. Approval of the Variance is subject to such conditions as will assure that it does not constitute a grant of special privileges inconsistent with the limitations upon other properties in the vicinity and zone in which the subject property is situated.

Approval of the subdivision and the Variance requests will create two (2) lots that will maintain continuity within the established development pattern and character of similar properties within the adjacent R-3 zoned properties. Such similar lots, with similar lot sizes, densities, and available parking spaces, are already established within the immediate area. Therefore, the approval of the subject subdivision and Variances will not constitute a grant of special privileges inconsistent with the limitations upon other properties in the vicinity and zone in which the subject property is situated.

INCORPORATION OF FACTS AND FINDINGS SET FORTH IN STAFF REPORT

In addition to the foregoing, the Zoning Administrator incorporates herein by this reference, the facts and findings set forth in the staff report.

BE IT FURTHER RESOLVED that the Zoning Administrator does conclude:

1. That Tentative Parcel Map No. PM-2013-000 and Variance No. V-198-13 does possess characteristics that justify the request in accordance with the Garden Grove General Plan and the Garden Grove Municipal Code.

2. In order to fulfill the purpose and intent of the Municipal Code, and thereby promote the health, safety, and general welfare, the attached Conditions of Approval (Exhibit "A") shall apply to Tentative Parcel Map No. PM-2013-000 and Variance No. V-198-13.

Dated: January 10, 2013

SUSAN EMERY
ZONING ADMINISTRATOR

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: William E. Murray
Dept.: City Manager Dept.: Public Works
Subject: Authorize the issuance of a Purchase Order to Theodore Robbins Ford for One (1) Utility Truck. (Cost: \$81,693.38) (*Action Item*) Date: 5/24/2016

OBJECTIVE

To secure City Council authorization to purchase one (1) utility truck from Theodore Robbins Ford in the amount of \$81,693.38.

BACKGROUND

Public Works is responsible for providing safe and reliable vehicles for all City departments. The Public Works Department Water Division is adding one (1) new utility truck to its fleet of equipment. This fleet addition was approved through the Fiscal Year 2015/16 budget process.

DISCUSSION

Specifications were prepared and sent to bidders in the Orange County area. Two (2) bids were received. Pursuant to Garden Grove Municipal Code Section 2.50.060 and based on the City's Public Works Department recommendations, the Finance Director has determined that the bids received were responsive and are as follows:

Theodore Robbins Ford Costa Mesa, CA	\$81,693.38
Fairview Ford Sales, Inc San Bernardino, CA	\$82,628.34

FINANCIAL IMPACT

The financial impact is \$81,693.38 to the Water Operations Fund. There is no impact to the General Fund.

RECOMMENDATION

It is recommended that the City Council:

- Authorize the Finance Director to issue a purchase order in the amount of \$81,693.38 to Theodore Robbins Ford for the purchase of one (1) utility truck.

By: Steve Sudduth, Equipment Lead Worker

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	William E. Murray
Dept.:	City Manager	Dept.:	Public Works
Subject:	Adoption of Resolutions initiating proceedings for the levying of Fiscal Year 2016-17 Assessments for the Street Lighting Districts and Park Maintenance District. (<i>Action Item</i>)		
		Date:	5/24/2016

OBJECTIVE

The purpose of this report is for the City Council to adopt Resolutions initiating proceedings for the levying of Fiscal Year 2016-17 assessments for (1) the City of Garden Grove Street Lighting District, (2) the City of Garden Grove Street Lighting District No. 99-1, and (3) the City of Garden Grove Park Maintenance District (hereafter collectively referred to as "Districts"); to adopt the Resolution approving the Engineer's Reports for those Districts; and to adopt the Resolutions of Intention for the levying of Fiscal Year 2016-17 assessments for those Districts.

BACKGROUND

Annually, the City of Garden Grove has levied assessments against properties within the city to pay for the installation, maintenance, and servicing of public street lighting and park maintenance. In order to continue the lighting of streets and the maintenance of parks at the current service levels, it is necessary to initiate the proceedings of levying annual assessments per the Landscaping and Lighting Act of 1972.

DISCUSSION

The first step in this process is to adopt the Resolutions initiating proceedings and order the City Engineer to prepare and file reports for the Districts. The Resolutions are included as Attachments "A1," "A2," and "A3." The Preliminary Engineer's Report for each District contains a general synopsis, financial summaries, a diagram showing district boundaries and the methodology used to determine the assessment levels per land use category. The cost for each property owner was calculated based on benefits received from each district. The following table summarizes district costs, assessment levels and general fund contributions to cover each District's

balance.

District Name	FY16-17 District Assessments		General Fund Contribution
	Total District Costs	Assessment Level	
Street Lighting District	\$1,744,652	\$1,331,824	\$412,828
99-1 Lighting District	\$9,879	\$8,629	\$1,250
Park Maintenance District	\$2,251,327	\$705,275	\$1,546,052

The rates for each District for FY 2016/17 are the same rates adopted by the City Council in FY 2015/16. There are no proposed additions or new improvements for FY 2016/17. The second step for City Council is to adopt the Resolution approving the attached City Engineer's Report. This Resolution is included as Attachment "B." The third and final step is the adoption of a Resolution declaring the intention to levy and collect assessments for each District. Per the attached Resolutions "C1," "C2," and "C3," the Public Hearing date is set for June 14, 2016.

FINANCIAL IMPACT

The adoption of assessments will raise approximately \$1,331,824 in revenue for the Street Lighting District, \$8,629 for Street Lighting District 99-1, and \$705,275 for the Park Maintenance District.

RECOMMENDATION

It is recommended that the City Council:

- Adopt the attached Resolutions initiating the proceedings and requesting the Engineer to prepare and file a report for: 1) the Street Lighting District ("A1"), 2) the Street Lighting District No. 99-1 ("A2"), and 3) the Park Maintenance District ("A3");
- Adopt the attached Resolution approving the Engineer's Report for 1) the Street Lighting District, 2) the Street Lighting District No. 99-1, and 3) the Park Maintenance District ("B"); and
- Adopt the attached Resolutions of Intention for the Street Lighting District ("C1"), Street Lighting District No. 99-1 ("C2"), and the Park Maintenance District ("C3") setting June 14, 2016, as a Public Hearing.

By: Ana Neal, Senior Administrative Analyst

ATTACHMENTS:

Description	Upload Date	Type	File Name
"A1" Resolution	5/16/2016	Resolution Letter	Resolution_A1_Lighting.doc
"A2" Resolution	5/16/2016	Resolution Letter	Resolution_A2_Initiating.doc
"A3" Resolution	5/16/2016	Resolution Letter	Resolution_A3_Park_Initiating.doc
"B" Resolution	5/16/2016	Resolution Letter	Resolution_B_Engineers_Report.doc
Engineer's Report SL	5/17/2016	Cover Memo	Street_Lighting_Engineer_s_Report.pdf
Engineer's Report 99-1	5/17/2016	Cover Memo	Engineer_s_Report_99-1_FINAL.pdf
Engineer's Report Parks	5/17/2016	Cover Memo	Park_Maintenance_Engineers_Report.pdf
"C1" Resolution	5/16/2016	Resolution Letter	Resolution_C1_Lighting.doc
"C2" Resolution	5/16/2016	Resolution Letter	Resolution_C2_99-1.doc
"C3" Resolution	5/16/2016	Resolution Letter	Resolution_C3_Park.doc

"A1"

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 (SECTIONS 22500 ET SEQ. OF THE CALIFORNIA STREETS AND HIGHWAYS CODE) INITIATING PROCEEDINGS TO LEVY ANNUAL ASSESSMENTS FOR THE 2016-17 FISCAL YEAR FOR THE CITY OF GARDEN GROVE STREET LIGHTING DISTRICT AND ORDERING THE CITY ENGINEER TO PREPARE AND FILE A REPORT IN ACCORDANCE WITH ARTICLE 4 OF CHAPTER 1 OF SAID ACT

THE CITY COUNCIL OF THE CITY OF GARDEN GROVE FINDS:

The City Council of the City of Garden Grove formed the City of Garden Grove Street Lighting District (formerly the Garden Grove City Landscaping and Lighting District [Resolution No. 6357-83]) pursuant to the provisions of the Landscaping and Lighting Act of 1972, being Division 15, Part 2 (Sections 22500 et seq.) of the California Streets and Highways Code (herein "Act").

The Act requires that proceedings for the levy of annual assessments after the formation of an Assessment District shall be initiated by resolution describing any proposed new improvements or any substantial changes in existing improvements, and ordering the City Engineer to prepare and file a report in accordance with Article 4 of Chapter 1 of the Act.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Garden Grove:

SECTION 1. The City Council of the City of Garden Grove hereby proposes the levy of an annual assessment for the City of Garden Grove Street Lighting District pursuant to the Landscaping and Lighting Act of 1972 for Fiscal Year 2016-17.

SECTION 2. The proposed improvements for Fiscal Year 2016-17 are generally described as the installation, maintenance, and servicing of public street lighting facilities including traffic signals, necessary for the proper maintenance and operation of streets and sidewalks throughout the city.

SECTION 3. The City Council hereby orders the City Engineer to prepare and file with the City Clerk a written report in accordance with Sections 22565 et seq. of the California Streets and Highways Code.

"A2"

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 (SECTIONS 22500 ET SEQ. OF THE CALIFORNIA STREETS AND HIGHWAYS CODE) INITIATING PROCEEDINGS TO LEVY ANNUAL ASSESSMENTS FOR THE 2016-17 FISCAL YEAR FOR THE CITY OF GARDEN GROVE STREET LIGHTING DISTRICT NO. 99-1 AND ORDERING THE CITY ENGINEER TO PREPARE AND FILE A REPORT IN ACCORDANCE WITH ARTICLE 4 OF CHAPTER 1 OF SAID ACT

The City Council of the City of Garden Grove formed the City of Garden Grove Street Lighting District No. 99-1 pursuant to the provisions of the Landscaping and Lighting Act of 1972, being Division 15, Part 2 (Sections 22500 et seq.) of the California Streets and Highways Code (herein "Act") and Article XIIID of the California Constitution.

The Act requires that proceedings for the levy of annual assessments after the formation of an Assessment District shall be initiated by resolution describing any proposed new improvements or any substantial changes in existing improvements, and ordering the City Engineer to prepare and file a report in accordance with Article 4 of Chapter 1 of the Act.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Garden Grove:

SECTION 1. The City Council of the City of Garden Grove proposes the levy of an annual assessment for the City of Garden Grove Street Lighting District No. 99-1 pursuant to the Landscaping and Lighting Act of 1972 for Fiscal Year 2016-17.

SECTION 2. The proposed improvements for Fiscal Year 2016-17 are generally described as the maintenance and servicing of public street lighting within the Assessment District.

SECTION 3. The City Council hereby orders the City Engineer to prepare and file with the City Clerk a written report in accordance with Sections 22565 et seq. of the California Streets and Highways Code.

"A3"

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 (SECTIONS 22500 ET SEQ. OF THE CALIFORNIA STREETS AND HIGHWAYS CODE) INITIATING PROCEEDINGS TO LEVY ANNUAL ASSESSMENTS FOR THE 2016-17 FISCAL YEAR FOR THE CITY OF GARDEN GROVE PARK MAINTENANCE DISTRICT AND ORDERING THE CITY ENGINEER TO PREPARE AND FILE A REPORT IN ACCORDANCE WITH ARTICLE 4 OF CHAPTER 1 OF SAID ACT

The City Council of the City of Garden Grove formed the City of Garden Grove Park Maintenance District (Resolution No. 7981-97) pursuant to the provisions of the Landscaping and Lighting Act of 1972, being Division 15, Part 2 (Sections 22500 et seq.) of the California Streets and Highways Code (herein "Act") and Article XIIID of the California Constitution.

The Act requires that proceedings for the levy of annual assessments after the formation of an Assessment District shall be initiated by Resolution describing any proposed new improvements or any substantial changes in existing improvements, and ordering the City Engineer to prepare and file a report in accordance with Article 4 of Chapter 1 of the Act.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Garden Grove:

SECTION 1. The City Council of the City of Garden Grove hereby proposes the levy of an annual assessment for the City of Garden Grove Park Maintenance District pursuant to the Landscaping and Lighting Act of 1972 for Fiscal Year 2016-17.

SECTION 2. The proposed improvements may be briefly described as the maintenance of public parks throughout the city.

SECTION 3. The City Council hereby orders the City Engineer to prepare and file with the City Clerk a written report in accordance with Sections 22565 et seq. of the California Streets and Highways Code.

"B"

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING THE CITY ENGINEER'S REPORT REGARDING THE LEVY OF AN ANNUAL ASSESSMENT WITHIN THE CITY OF GARDEN GROVE STREET LIGHTING DISTRICT, CITY OF GARDEN GROVE STREET LIGHTING DISTRICT NO. 99-1 AND THE CITY OF GARDEN GROVE PARK MAINTENANCE DISTRICT FOR FISCAL YEAR 2016-17

THE CITY COUNCIL OF THE CITY OF GARDEN GROVE RESOLVES, DETERMINES, AND ORDERS:

SECTION 1. The City Council of the City of Garden Grove, pursuant to the Landscaping and Lighting Act of 1972, being Division 15, Part 2 (Sections 22500 et seq.) of the California Streets and Highways Code, did by previous resolutions order the City Engineer to prepare and file reports in accordance with Article 4 of Chapter 1 of the Act in connection with the proposed levy of an annual assessment for the City of Garden Grove Street Lighting District, City of Garden Grove Street Lighting District No. 99-1, and the City of Garden Grove Park Maintenance District for Fiscal Year 2016-17.

SECTION 2. The City Engineer has prepared and filed with the City Clerk of the City of Garden Grove and the City Clerk has presented to the City Council such City Engineer's report for the City of Garden Grove Street Lighting District for Fiscal Year 2016-17, City of Garden Grove Street Lighting District No. 99-1 for Fiscal Year 2016-17, and City of Garden Grove Park Maintenance District for Fiscal Year 2016-17.

SECTION 3. The City Council has carefully examined and reviewed the City Engineer's report, and the report is hereby approved as filed.



ENGINEER'S REPORT

for

**Street Lighting District
Fiscal Year 2016-17**

for the

**City of Garden Grove
Orange County, California**

May 17, 2016



ENGINEER'S REPORT

CITY OF GARDEN GROVE
STREET LIGHTING DISTRICT

FISCAL YEAR 2016-17

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CITY OF GARDEN GROVE

FISCAL YEAR 2016-17

SYNOPSIS

This report as filed complies with the Landscaping and Lighting Act of 1972. Also part of this report, but not bound herein, is the assessment roll on file with the City Clerk which indicates each property's City of Garden Grove Street Lighting District assessment for Fiscal Year 2016-17.

Following the passage of Proposition 218 in November, 1996, the City has been able to continue to levy assessments within the District at the current rate since Proposition 218 allowed certain exemptions for existing assessments. However, any increase in the assessment, including the addition of a CPI escalator, will require that a ballot be mailed to each property owner subject to the assessment, and that a majority of property owners (weighted by assessment amount) returning their ballot must approve of the increase in the assessment. In addition, any other changes needed to comply with the requirements of Proposition 218 would have to be made at that time.

The proposed lighting maintenance assessment for Fiscal Year 2016-17, as described in this Report, is approximately \$1,331,824. The typical homeowner's assessment will be \$28.71, which is the same as that assessed for lighting prior to the passage of Proposition 218 and last year. The estimated fund balance at the end of Fiscal Year 2016-17 is expected to be zero.

CITY OF GARDEN GROVE
FISCAL YEAR 2016-17
CURRENT FINANCIAL SUMMARY

	<u>FY 2016-17</u>	<u>FY 2015-16</u>
REVENUE		
Uncommitted Fund Balance (as of July 1)	\$0	\$0
Estimated Assessment Revenue	\$1,331,824	\$1,329,015
General Fund Contribution	<u>\$412,828</u>	<u>\$396,310</u>
<i>Subtotal Est. Revenue</i>	<i>\$1,744,652</i>	<i>\$1,725,325</i>
EXPENSES		
Estimated Operating Expenses	\$1,744,652	\$1,725,325
Capital Improvements	<u>\$0</u>	<u>\$0</u>
<i>Subtotal Est. Expenses</i>	<i>\$1,744,652</i>	<i>\$1,725,325</i>
Estimated Uncommitted Fund Balance (as of June 30)	\$0	\$0

CITY OF GARDEN GROVE

FISCAL YEAR 2016-17

**ENGINEER'S REPORT
PREPARED PURSUANT TO THE PROVISIONS OF THE
LANDSCAPING AND LIGHTING ACT OF 1972
SECTION 22500 THROUGH 22679
OF THE CALIFORNIA STREETS AND HIGHWAYS CODE**

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, and in accordance with the Resolution of Initiation adopted by the City Council of the City of Garden Grove, State of California, in connection with the proceedings for:

**CITY OF GARDEN GROVE
STREET LIGHTING DISTRICT**

Hereinafter referred to as the "Assessment District" or "District", I, K. Dennis Klingelhofer, P.E., the authorized representative of Harris & Associates, the duly appointed ASSESSMENT ENGINEER, submit herewith the "Report" consisting of five (5) parts as follows:

**PART A
PLANS AND SPECIFICATIONS**

Plans and specifications for the existing and ultimate improvements are as set forth on the lists thereof, attached hereto, and are on file in the Office of the City Clerk and are incorporated herein by reference.

**PART B
ESTIMATE OF COST**

An estimate of the costs of the maintenance and/or servicing of the existing and ultimate improvements for FY 2016-17, including incidental costs and expenses in connection therewith.

**PART C
METHOD OF APPORTIONMENT**

The method of apportionment of assessments indicates the proposed assessment of the net amount of the costs and expenses of the maintenance and/or servicing of the existing and ultimate improvements to be assessed upon the several lots and parcels of land within the Assessment District in proportion to the estimated special benefits to be received by such lots and parcels.

PART D
ASSESSMENT DIAGRAM

The Assessment Diagram, which shows the exterior boundaries of the Assessment District, the boundaries of any zones within the Assessment District and the lines and dimensions of each lot or parcel of land within the Assessment District, is on file in the Office of the City Clerk and is incorporated herein by reference.

The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Orange for the fiscal year to which this Report applies. The Assessor's maps and records are incorporated by reference herein and made part of this Report.

PART E
ASSESSMENT ROLL

An assessment of the estimated cost of maintenance and/or servicing of the existing improvements on each benefited lot or parcel of land within the Assessment District for the fiscal year to which this report applies are on file in the Office of the City Clerk and incorporated herein by reference.

The undersigned respectfully submits the enclosed report as directed by the City Council. The undersigned certifies that he is a Professional Engineer, registered in the State of California.

DATED: May 17, 2016

Harris & Associates



BY: K. Dennis Kingelhofer, P.E.
R.C.E. No. 50255

PART A

PLANS AND SPECIFICATIONS

The facilities, which have been constructed within the City of Garden Grove, and those which may be subsequently constructed, will be serviced and maintained as generally described as follows:

DESCRIPTION OF IMPROVEMENTS FOR THE CITY OF GARDEN GROVE STREET LIGHTING DISTRICT FISCAL YEAR 2016-17

Street Lighting. The plans for local lighting including alley lighting, and certain arterial lighting, consist of the lamp location list, the Diagram, and the County Assessor's Maps, all of which are on file in the City Clerk's office and are incorporated herein by reference.

The Diagram shows the existing District boundaries and includes all of the areas of the District with existing street lights. The lamp location list is a tabulated listing of every street in the District by street in alphabetical order. Included in the items listed for each lamp is the exact location by street address, number and lamp size. Lamps are not placed in specific zones, unless they clearly only benefit certain parcels (e.g., Main Street lights, which are funded through the Main Street Assessment District No. 1).

The County Assessor's Maps show each parcel, including its parcel number and the dimension of each parcel in the District. Preceding the Assessor's Maps is an information sheet, which gives instructions for finding individual parcel street lighting assessments and for finding lamp locations. These maps are available for inspection in the Engineering Services Division of the Public Works Department.

Specifications for street lighting within the District are indicated within a previously executed contract dated July 22, 1958, by and between the City of Garden Grove and Southern California Edison Company, a copy of which is attached by reference to this report.

Traffic Signals and Freeway Lighting. Maps showing the location of traffic signals and freeway lighting within the District, and specifications showing the general nature, location and extent of proposed capital improvements, are on file in the office of the City Clerk and incorporated herein by reference.

PART B ESTIMATE OF COST

The City's budget for the installation, operation, maintenance and servicing of lighting details the estimated costs for Fiscal Year 2016-17 as available at the time of preparation of this report, and includes engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with the district proceedings.

	Est. Costs	Allocated Engineering & Incidentals	Contributions from Other Funds	Total to Assessment
Local Lighting Cost				
(from Street Lighting Cost Table)	\$795,213			
Total Local Lighting Cost	\$795,213	\$237,497	(\$303,408)	\$729,301
Alley Lighting Costs				
(from Street Lighting Cost Table)	\$ 1,864.80			
Total Alley Lighting Cost	\$1,865	\$556.94	(\$938)	\$1,484
Arterial Lighting Cost to All Assessable Properties:				
Arterial Lighting Cost	\$297,892			
Signal Maintenance	\$243,117			
Freeway Underpass Lighting (LS3 Sched. incl. in Arterial Lights above)	\$5,340			
Total Arterial Lighting Cost	\$546,349	\$163,172	(\$108,482)	\$601,039
Total Lighting Costs	\$1,343,427	\$401,225	(\$412,828)	\$1,331,824
<u>Engineering and Incidentals</u>				
0020 Management - Regular Salaries	\$20,548			
3000 Public Works General Administration Regular Salaries	\$30,962			
3210 Street Lighting Regular Salaries	\$212,414			
3210 Overtime	\$1,441			
3210 Commodities	\$2,540			
3210 Insurance / Liability	\$41,945			
3210 Facilities Maint., Finance Mgmt., Operational and General Admin Support	\$65,000			
3210 Contractual Services	\$26,375			
7113 Capital Outlay	\$0			
Total Engineering and Incidentals	\$401,225			
Starting Fund Balance (Fund Balance as of July 1, 2016)	\$0			
General Fund Contribution to balance budget	(\$412,828)			
Estimated Reserve (Fund Balance as of June 30, 2017)	\$0			
Total Estimated 2016-17 Assessment	\$1,331,824			

The 1972 Act requires that a special fund be set-up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the District by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

The detail of the estimated cost of operating, maintaining and servicing local and arterial street lighting including alleys and safety lights within the District for Fiscal Year 2016-17 is set forth below:

STREET LIGHTING - EDISON OWNED					
Local Lighting:					
<u>Lamp Size</u>	<u>Number</u>			<u>Cost</u>	
4,000 L	5	@ \$ 10.30 x 12 mos.		\$ 618.00	
5,800 L	4,269	@ 10.86 x 12 mos.		556,336.08	
9,500 L	1,697	@ 11.70 x 12 mos.		238,258.80	
	<u>5,971</u>			<u>\$ 795,212.88</u>	\$ 795,212.88
Alley Lighting:					
<u>Lamp Size</u>	<u>Number</u>			<u>Cost</u>	
5,800 L	10	@ 10.86 x 12 mos.		1,303.20	
9,500 L	4	@ 11.70 x 12 mos.		561.60	
	<u>14</u>			<u>\$ 1,864.80</u>	\$ 1,864.80
Arterial Lighting:					
<u>Lamp Size</u>	<u>Number</u>			<u>Cost</u>	
16,000 L	15	@ 14.08 x 12 mos.		2,534.40	
22,000 L	1,214	@ 15.82 x 12 mos.		230,465.76	
27,500 L	56	@ 17.34 x 12 mos.		11,652.48	
	<u>1,285</u>			<u>\$ 244,652.64</u>	\$ 244,652.64
STREET LIGHTING - CITY OWNED (Arterial)					
<u>Lamp Size</u>	<u>Number</u>			<u>Cost</u>	
5,800 L	62	@ \$ 2.88 x 12 mos.		\$ 2,142.72	
7,900 L	8	@ 6.17 x 12 mos.		592.32	
9,500 L	4	@ 3.72 x 12 mos.		178.56	
16,000 L	3	@ 5.60 x 12 mos.		201.60	
22,000 L	540	@ 6.91 x 12 mos.		44,776.80	
27,500 L	52	@ 8.57 x 12 mos.		5,347.68	
	<u>669</u>			<u>\$ 53,239.68</u>	\$ 53,239.68
TOTAL					\$ 1,094,970.00

PART C

METHOD OF APPORTIONMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include the maintenance and servicing of street lights, traffic signals, landscaping and park and recreational facilities.

Section 22573, Landscaping and Lighting Act of 1972 requires that maintenance assessments be levied according to benefit rather than according to assessed value. This Section states:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

The Act permits the designation of zones of benefit within any individual assessment district if "by reason of variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements." (Sec. 22574). Thus, the 1972 Act requires the levy of a true "assessment" rather than a "special tax."

EXEMPTION FROM ARTICLES XIIIIC AND XIIID

As a result of the passage of Proposition 218 by Voters on November 5, 1996, Articles XIIIIC and XIIID were added to the California Constitution. The new procedural and approval process outlined in these articles apply to those districts that do not qualify for an exemption as provided therein. There are several exemptions provided, including: 1) a district that received prior voter approval, 2) a district originated with a petition signed by 100 percent of the property owners in the district, or 3) a district complying with the requirements set forth in Section 5(a) of Article XIIID that states:

"...assessments existing on the effective date of this Article shall be exempt from the procedures and approval process set forth in Section 4 [if they were] imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control."

The street lighting assessment existed in Fiscal Year 1996-97 and funded improvements that are classified as street improvements. Street improvement as defined herein is based on the definitions provided by the Office of the Controller for the State of California in the *Guidelines Relating to Gas Tax Expenditures* published by the Division of Local Government Fiscal Affairs. The state's gas tax program is administered in city agencies, but audited by the Office of the State Controller. The proceeds of the gas tax are statutorily limited to expenditures for streets and roads. Because the funds are restricted to street and road costs, the State Controller has developed "Street Purpose Definitions and Guidelines" based on the *Manual of Uniform Highway Accounting and Financial Management Procedures* developed by the American Association of State Highway Officials. Street improvement, as it relates to this District, is defined as the construction, operation, or maintenance of facilities within the right-of-way used for street or road purposes including but not limited to the following:

- Installation or expansion of the street lighting system including replacement of old equipment with superior equipment, installation of traffic signals at intersections and railroad crossings, replacement of equipment as required for relocations for street purposes, and purchase and installation of traffic signal control equipment.
- Servicing lighting systems and street or road traffic control devices including repainting and repairing traffic signals and lighting standards; and furnishing of power for street and road lighting and traffic control devices.

Therefore, the assessments levied for street improvements as defined above are exempt from the Article XIID procedural and approval process.

SPECIAL BENEFIT ANALYSIS

Local Lighting. The installation, operation, maintenance and servicing of lighting along streets and alleys in close proximity to certain lots or parcels provides a special benefit to such lots or parcels, enhancing their value by providing illumination resulting in: 1) improved security of such lots or parcels, 2) improved ingress and egress from such lots or parcels by illuminating access after sunset, and 3) improved nighttime visibility for the local access of emergency vehicles. In the case of commercial lots or parcels, these local lights, by improving ingress and egress, facilitate the opening and operation of businesses after sunset.

Arterial Lighting. The installation, operation, maintenance and servicing of arterial lighting (including traffic signals, intersection safety lighting, freeway underpass lighting, and lighting on arterial streets) provides a special benefit to each and every assessable lot or parcel within the District, enhancing their value by: 1) improved nighttime visibility for the access of emergency vehicles, and 2) improved safety and traffic circulation to and from parcels citywide.

METHODOLOGY

Local Lighting Assessment

The special benefit from operation, maintenance and servicing of local street lighting within the District only accrues to those parcels within the District located in areas where such lighting is provided. Therefore, parcels without local street lighting are not assessed for the cost of providing such lighting. Generally, a parcel is determined to have local lighting provided if a street light is within approximately 90 feet of the parcel.

The benefit from local lighting can be measured by increased safety to people and property, as well as the increased availability of lighting. In order to establish the proportionate share of local lighting benefit to any parcel of land in relation to the total special benefits to be received by local lighting, it is necessary to establish a benchmark to relate that one parcel to all others. The benchmark is called the Assessment Unit (AU). The District uses the Single Family Residence (SFR) as the benchmark AU. All other land uses will be compared to the benchmark of the Single Family Residence to gain a comparative Assessment Unit based on population and parcel size as described below. For parcels with local lighting, there exists the core benefit of available lighting for every parcel in the District near a street light. This “Availability” benefit is apportioned to parcels with local lighting in the District on a per parcel basis, and has been assigned one-fourth of the SFR Assessment Unit. In addition to this benefit, parcels in the District benefit from improved safety related to people who own or use the parcels in the District (“Safety to People”), which has been assigned one-half of the

SFR Assessment Unit. Parcels also benefit from improved safety related to the parcel itself (“Safety to Property”), which has been assigned one-fourth of the SFR Assessment Unit. The three benefit factors are then added together for a total of 1 AU per SFR.

$$\begin{array}{ccccccc} \text{Safety to People Benefit} & + & \text{Safety to Property Benefit} & + & \text{Availability Benefit} & = & \text{SFR Benefit} \\ 1/2 \text{ AU} & & 1/4 \text{ AU} & & 1/4 \text{ AU} & & 1 \text{ AU} \end{array}$$

Safety to People

Assessment law requires that benefit be apportioned to parcels in the District based on the benefit the land receives. It is not, however, contradictory to relate the benefit property receives to the benefit people owning or using such property receive from improved safety as a result of the District’s improvements. The Safety to People benefit results in a benefit to land, especially in residential properties, because clearly what is good for people improves the property value of the land and the ability to sell homes, rent apartments, or let mobile home spaces.

What is good for people is also important to the Nonresidential and Nonprofit properties in the District. Nonresidential properties receive Safety to People benefit from street lighting through the reduction in criminal acts to employees in their parking lots as well as related traffic safety of employees.

Therefore, the Safety to People benefit received by Nonresidential parcels is, at a minimum, that amount received by single family parcels for every portion of the Nonresidential property equal in size to a typical single family parcel. In addition, in order to distribute benefit between the Nonresidential parcels, the individual lot size of each Nonresidential parcel will be used to compute the parcel’s benefit points.

Nonprofit properties benefit from local street lighting through the reduction in criminal acts to members or visitors on property grounds as well as traffic safety to people traveling to and from the property. However, on an ongoing basis, nonprofit properties generally have an inconsistent number of people using the facilities on a day-to-day basis. Unlike an office, warehouse, or retail establishment, a typical nonprofit facility will have one or two days of intense use and more days of less intensive use where a small staff takes care of necessary duties. Therefore, the nonprofit parcels should be assessed at a lower level than other Nonresidential properties, with a minimum assessment equal to a single family residence.

The safety benefit as it relates to safety of the person is apportioned to properties in the District based on the following demographic population information for residential uses as provided by the City of Garden Grove Planning Department. The Nonresidential and Nonprofit uses are related to the residential uses utilizing the Single Family Residential average density of 7,200 square feet as shown in Table 1 below:

TABLE 1 - POPULATION DEMOGRAPHICS (SAFETY TO PEOPLE)

Land Use Description	Population per Unit	Rounded % of SFR	Safety to People Benefit (1/2)
Single Family Residential (SFR)	3.51/unit	100%	0.50
Condominium	3.02/unit	85%	0.43
Multiple Family Residential	3.38/unit	95%	0.45
Mobile Home	1.50/unit	40%	0.20
Nonresidential	3.51/7,200 sq. ft.	100%	0.50
Nonprofit	1.755/7,200 sq. ft.	50%	0.25
Vacant	0/parcel	0%	0.00

Safety to Property

Both Residential and Nonresidential properties, including Commercial, Industrial, Nonprofit and Vacant parcels, receive benefit from local lighting operation, maintenance and servicing related to the protection of buildings, personal property, business equipment, inventory, materials, etc. located on the property. The Safety to Property benefit is apportioned to properties in the District based on relative property size as available from the City of Garden Grove Planning Department for Residential uses and Assessor's Parcel Maps for Nonresidential land uses.

For the Residential uses, an average density has been used to determine the per unit parcel size. The Nonresidential, Nonprofit and Vacant uses are related to the Residential uses utilizing the Single Family Residential average density of 7,200 square feet as shown in Table 2 below:

TABLE 2 - AVERAGE DENSITY PER LAND USE (SAFETY TO PROPERTY)

Land Use Description	Square Feet per Unit	Rounded % of SFR	Safety to Property Benefit (1/4)
Single Family Residential (SFR)	7,200 sf/unit	100%	0.25
Condominium	3,300 sf/unit	46%	0.12
Multiple Family Residential	2,600 sf/unit	36%	0.09
Mobile Home	3,700 sf/unit	51%	0.13
Nonresidential	7,200 sf/unit	100%	0.25
Nonprofit	7,200 sf/unit	100%	0.25
Vacant	7,200 sf/unit	100%	0.25

In determining the benefit for local lighting, larger properties do not necessarily receive benefit in proportion to their larger size, because a large share of the property may not be protected by the light on the street. In addition, these properties would typically have to provide their own privately funded lighting system in order to afford protection to their entire lot. To account for this, Safety to Property benefit points per unit will only be assigned up to 20 dwelling units or 20 times 7,200 square feet (144,000 square feet) for Nonresidential and Vacant properties. However, a lower maximum assessment, based on 5 dwelling units or 36,000 square feet, is appropriate for the nonprofit parcels, because these properties are less susceptible to criminal activity since the services provided on the premises are not for profit.

Table 3 below shows the breakdown of the Assessment Unit benefit points assigned to each land use for those properties located in areas with local street lights.

TABLE 3 - LOCAL LIGHTING BENEFIT FACTORS

Land Use Description	Safety to People	Safety to Property	Availability Benefit	Total AU's
Single Family Residential (SFR)	.50/unit	.25/unit	.25/parcel	1.00/parcel
Condominium	.43/unit	.12/unit	.25/parcel	.79/parcel
Multi-family up to 20 units	.45/unit	.09/unit	.25/parcel	.54/unit + .25/parcel
Multi-family more than 20 units	.45/unit	1.80/parcel	.25/parcel	.45/unit + 2.05/parcel
Mobile Home up to 20 units	.20/unit	.13/unit	.25/parcel	.33/unit + .25/parcel
Mobile Home more than 20 units	.20/unit	2.60/parcel	.25/parcel	.20/unit + 2.85/parcel
Nonresidential minimum 7,200sf *	.50/parcel	.25/parcel	.25/parcel	1.00/parcel
Nonresidential 7,200 to 144,000sf	.50/7,200sf	.25/7,200sf	.25/parcel	.75/7,200sf + .25/parcel
Nonresidential > 144,000sf	.50/7,200sf	5.00/parcel	.25/parcel	.50/7,200sf + 5.25/parcel
Nonprofit minimum 10,800sf *	.50/parcel	.25/parcel	.25/parcel	1.00/parcel
Nonprofit 10,800 to 36,000sf	.25/7,200sf	.25/7,200sf	.25/parcel	.50/7,200sf + .25/parcel
Nonprofit > 36,000sf	.25/7,200sf	1.25/parcel	.25/parcel	.25/7,200sf + 1.50/parcel
Vacant minimum 7,200sf	.00/7,200sf	.25/parcel	.25/parcel	.50/parcel
Vacant 7,200 to 144,000sf	.00/7,200sf	.25/7,200sf	.25/parcel	.25/7,200sf + .25/parcel
Vacant maximum > 144,000sf	.00/7,200sf	5.00/parcel	.25/parcel	5.25/parcel

*Minimum assessment is equal to a single family residence

Table 4 below provides a summary of assessment units for the different land uses for local lighting benefit.

TABLE 4 - LOCAL LIGHTING ASSESSMENT UNIT SUMMARY

Land Use Description	Parcels	Dwellings	Square Ft	Total AU's
Single Family Residential	21,943	21,950	0	21,950.000
Condominium	5,861	5,902	0	4,662.580
Multiple Family Residential	1,063	12,545	0	6,648.100
Mobile Home	12	1,197	0	273.600
Nonresidential *	1,492	0	68,453,983	7,130.263
Nonprofit *	102	0	8,060,582	406.130
Vacant	53	0	710,679	39.855
Totals	30,526	41,594	77,225,244	41,110.528

* Square feet shown are total square feet. Nonresidential and Nonprofit parcels are assessed a minimum of 1 AU.

The rate per AU is calculated by dividing the total budget amount by the total number of AU's:

$$\$729,301 / 41,110.528 \text{ AU's} = \$17.74 / \text{AU}$$

Arterial Lighting

All parcels in the District receive a special benefit from the installation, operation, maintenance and servicing of traffic signals and freeway lighting as well as the operation, maintenance and servicing of safety lighting and street lighting on arterial streets. The arterial lighting, traffic signals, safety lighting, freeway lighting, and capital improvements (Arterial Lighting) are provided throughout the City and all properties in the City may easily access these improvements. In contrast to Local Lighting, Arterial Lighting benefits properties primarily because the properties, and the persons using the properties, are provided safe arterial street access. Therefore, Arterial Lighting benefit will be apportioned to Residential and Nonresidential parcels in the District on a per unit basis taking into account demographic population information.

Nonresidential and Nonprofit parcels rely in large part on the flow of through traffic to attract employees, members and customers, and therefore benefit from Arterial Lighting, at least as much as single family residential parcels. Accordingly, these parcels are assessed the minimum that would be assessed to a 7,200 square foot Residential parcel. Since larger parcels, which attract more employees, members and customers, derive a greater benefit from the traffic signals and safety lighting than smaller parcels, the assessment for a Nonresidential or Nonprofit parcel is calculated based on the square footage of the parcel.

Arterial Lighting benefit is based on the demographic population information shown in Table 1 (Population Demographics) above. All residential uses are related based on the average population for the respective land use. The Nonresidential and Nonprofit land uses have been assigned a minimum single family factor under the premise that regardless of the Nonresidential use, the minimum benefit to the parcel is that of a single family residence.

The single family factor of 1.0 benefit point per unit is assigned to every 7,200 square foot portion of a Nonresidential parcel with every parcel assigned a minimum of 7,200 square feet. The 7,200 square feet is based on the City of Garden Grove Planning Department information regarding typical zoning density for single family houses of six homes per acre as shown in Table 2 (Average Density Per Unit) above.

Nonprofit parcels benefit from safe arterial street access and the flow of through traffic to attract members. Because Nonprofit parcels are typically used less intensively than other Nonresidential uses, they are assessed at a lower rate than the Nonresidential uses. Nonprofit parcels are assessed at one-half the rate of the Nonresidential uses, with a minimum assessment equal to a single family residence.

Vacant properties, which have no people residing on the property, also benefit from arterial lighting because of the convenience associated with emergency vehicle access and other traffic that must use the arterial streets to service the Vacant properties in the District. Therefore, Vacant parcels are assigned a per parcel benefit point. Vacant parcels are assigned 0.25 benefit points per parcel, based on the core benefit attributable to every assessable parcel in the District from Arterial Lighting.

Table 5 below shows the breakdown of the Assessment Units assigned to each land use for all assessable property in the District.

TABLE 5 - ARTERIAL LIGHTING BENEFIT

Land Use Description	Total AU's
Single Family Residential (SFR)	1.00 / unit
Condominium	0.85 / unit
Multiple Family Residential	0.95 / unit
Mobile Home	0.40 / unit
Nonresidential	1.00 / 7,200 sf *
Nonprofit	0.50 / 7,200 sf *
Vacant	0.25 / parcel

*Minimum assessment is equal to a single family residence

Table 6 below provides a summary of assessment units for the different land uses for arterial lighting benefit.

TABLE 6 - ARTERIAL LIGHTING ASSESSMENT UNIT SUMMARY

Land Use Description	Parcels	Dwellings	Square Ft	Total AU's
Single Family Residential	26,214	26,221	0	26,221.000
Condominium	5,862	5,907	0	5,020.950
Multiple Family Residential	1,145	13,306	0	12,640.700
Mobile Home	14	1,559	0	623.600
Nonresidential *	1,517	0	69,366,172	9,695.374
Nonprofit *	102	0	8,060,582	570.253
Vacant	70	0	848,599	17.500
Totals	34,924	46,993	78,275,353	54,789.377

* Square feet shown are total square feet. Nonresidential and Nonprofit parcels are assessed a minimum of 1 AU.

The rate per AU is calculated by dividing the total budget amount by the total number of AU's:

$$\$601,039 / 54,789.377 \text{ AU's} = \$10.97 / \text{AU}$$

Alley Lighting

Residential properties fronting alleys with local alley lighting are assessed for local alley lighting contiguous to such parcels in addition to any other lighting benefits. These properties receive a special and direct benefit from the local alley lighting. There are currently 58 single family residential parcels receiving this benefit, therefore the rate per parcel is calculated by dividing the total budget amount by the total number of parcels:

$$\$1,484 / 58 \text{ parcels} = \$25.59 / \text{Parcel}$$

Engineering and Incidental Expenses

All parcels within the District benefit from the ongoing operation of the District. Therefore, all parcels assessed in the District receive a share of the administrative costs for the District based on their lighting benefit.

Total Assessment

The total assessment for each parcel is the sum of its assessments for local lighting, alley lighting, arterial lighting, engineering and incidentals, and, if appropriate, its assessment for Main Street Lighting improvements.

PART D

ASSESSMENT DIAGRAM

A diagram showing the exterior boundaries of the District and the area assessed for Main Street Lighting (nonresidential properties on Main Street between Acacia Parkway and Garden Grove Boulevard) is on file in the Office of the City Clerk and incorporated herein by reference.

The lines and dimensions of each lot or parcel within the District are those lines and dimensions shown on the maps of the Assessor of the County of Orange for the fiscal year to which this report applies. The Assessor's maps and records are incorporated by reference herein and made part of this report.

A reduced copy of the City of Garden Grove Street Lighting Maintenance District Map is provided on the following page.

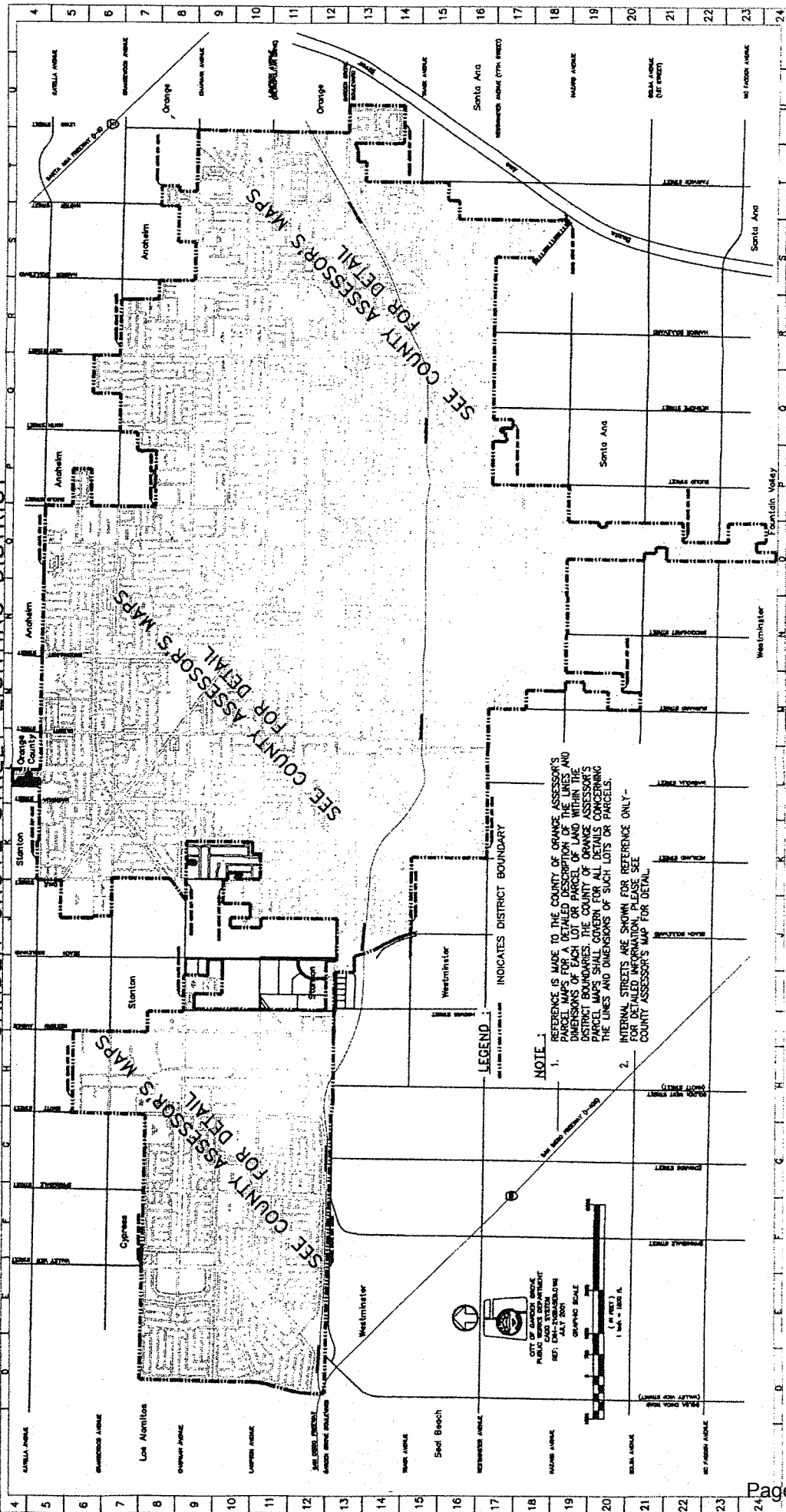
PART E

ASSESSMENT ROLL

The total proposed assessment for Fiscal Year 2016-17 and the amount of the total proposed assessment apportioned to each lot or parcel within the District, as shown on the latest assessment roll at the Orange County Assessor's Office, are contained in the Assessment Roll on file in the Office of the City Clerk of the City of Garden Grove, which is incorporated herein by reference.

The description of each lot or parcel is part of the records of the Assessor of the County of Orange and these records are, by reference, made part of this Report.

GARDEN GROVE STREET LIGHTING DISTRICT





ENGINEER'S REPORT

for

Street Lighting District No. 99-1 Fiscal Year 2016-17

for the

City of Garden Grove Orange County, California

May 17, 2016



ENGINEER'S REPORT
CITY OF GARDEN GROVE
STREET LIGHTING DISTRICT NO. 99-1
FISCAL YEAR 2016-17

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Exhibits

- A - Boundary Maps
- B - Assessment Roll, Fiscal Year 2016-17

CITY OF GARDEN GROVE

FISCAL YEAR 2016-17

INTRODUCTION AND BACKGROUND

This report is prepared pursuant to the City Council action taken at their regular meeting ordering a report for the Street Lighting District No. 99-1 and the levy of assessments for the fiscal year commencing July 1, 2016 and ending June 30, 2017. This report is prepared in compliance with the requirements of Proposition 218 as stated in Articles XIII C and XIII D of the California Constitution (hereinafter referred to as “Articles”), and the Landscaping and Lighting Act of 1972, being Part 2 of Division 15 of the California Streets and Highways Code (hereinafter referred to as “Act”).

This report presents the annual levy of assessments for the lighting district known as:

**“City of Garden Grove
Street Lighting District No. 99-1”**

Hereinafter referred to as “District”.

Assessments for the District are being levied to provide funding for the following:

1. The operation, maintenance, and servicing of local street lights in close proximity, within approximately 90 feet, to certain lots and parcels which provide a direct special benefit to such lots or parcels.
2. The operation, maintenance, and servicing of arterial street lights which provide a special benefit to all the assessable parcels within the District whether or not such parcels are in close proximity to such lighting.

As a result of Proposition 218 enacting Articles XIII C and XIII D of the California Constitution, the City Council has ordered a report that complies with the special benefit requirements of the Articles. The assessment methodology contained herein incorporates an analysis of general benefit and special benefit as approved by the City Council at the time the district was formed. The assessments to be levied on each property do not exceed the reasonable cost of proportional special benefit conferred on each parcel from the funded operation and maintenance of street light improvements.

The City of Garden Grove currently levies an assessment for street lighting on parcels throughout the City through its Citywide Street Lighting District (hereinafter referred to as “Citywide SLD”). Since the formation of the Citywide SLD, two non-contiguous residential areas have been annexed and incorporated into the City pursuant to LAFCO Annexation No. 141. These two areas were previously provided local and arterial street lighting by the County of Orange. The City is now required to provide resources in order to maintain the current levels of service for both local and arterial lighting for these two areas. Zone 1 is assessed for local and arterial lighting within this district. Zone 2 is assessed for local lighting only in this district, while the arterial lighting is covered by the Citywide SLD.

In addition to LAFCO Annexation No. 141, six owners of residential property, in a contiguous area of the City currently within Citywide SLD and assessed for arterial lighting only, petitioned the City for the installation and maintenance of a single local street lamp to benefit their properties. Therefore, the annual costs of maintaining the local and arterial lighting that benefit these property owners is to be assessed annually through the District.

ZONES OF BENEFIT

The District has two zones of benefit which were established at the time of formation to apportion the cost of the District improvements based on proportional special benefit conferred on each property in the zones. The District provides Zone 1, as described below, both local and arterial lighting benefits and provides Zone 2 local lighting benefit only. Zone 2, as described below, is currently assessed for arterial lighting through the Citywide SLD.

Zone 1

Zone 1 of the District is comprised of property within LAFCO Annexation No. 141 that incorporates into the City boundary two non-contiguous residential areas. The first annexation area includes 290 parcels in the area northeast of the corner of Dale Street and Lampson Avenue. The second annexation area includes 54 parcels on the west side of Fairview Avenue, south of Trask Avenue. These areas are displayed on separate maps as Exhibit A.

Zone 2

Zone 2 includes 6 single-family residential parcels located on Gail Lane, north of Chapman Avenue. This area of the City was without local street lighting, and the property owners of the parcels petitioned the City for the installation, operation, maintenance and servicing of a single local street light on Gail Lane that benefits their properties.

BOUNDARIES OF THE DISTRICT

The boundaries of the City of Garden Grove Street Lighting District No. 99-1 are three non-contiguous residential areas in the City and are shown on the maps on file in the office of the City Engineer and attached as Exhibit A.

CITY OF GARDEN GROVE

FISCAL YEAR 2016-17

**ENGINEER'S REPORT
PREPARED PURSUANT TO THE PROVISIONS OF THE
LANDSCAPING AND LIGHTING ACT OF 1972
SECTION 22500 THROUGH 22679
OF THE CALIFORNIA STREETS AND HIGHWAYS CODE**

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, and in accordance with the Resolution of Initiation adopted by the City Council of the City of Garden Grove, State of California, in connection with the proceedings for:

**CITY OF GARDEN GROVE
STREET LIGHTING DISTRICT NO. 99-1**

Hereinafter referred to as the "Assessment District" or "District", I, K. Dennis Klingelhofer, P.E., the authorized representative of Harris & Associates, the duly appointed ASSESSMENT ENGINEER, submit herewith the "Report" consisting of five (5) parts as follows:

**PART A
PLANS AND SPECIFICATIONS**

Plans and specifications for the existing and ultimate improvements are as set forth on the lists thereof, attached hereto, and are on file in the office of the City Engineer and are incorporated herein by reference.

**PART B
ESTIMATE OF COST**

An estimate of the costs of the maintenance and/or servicing of the existing and ultimate improvements for FY 2016-17, including incidental costs and expenses in connection therewith.

**PART C
METHOD OF APPORTIONMENT**

The method of apportionment of assessments indicates the proposed assessment of the net amount of the costs and expenses of the maintenance and/or servicing of the existing and ultimate improvements to be assessed upon the several lots and parcels of land within the Assessment District in proportion to the estimated special benefits to be received by such lots and parcels.

PART D
ASSESSMENT DIAGRAM

The Boundary Map and Diagram, which shows the exterior boundaries of the Assessment District, the boundaries of any zones within the Assessment District and the lines and dimensions of each lot or parcel of land within the Assessment District, is on file in the offices of the City Engineer and the City Clerk and is incorporated herein by reference.

The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Orange for the fiscal year to which this Report applies. The Assessor's maps and records are incorporated by reference herein and made part of this Report.

PART E
ASSESSMENT ROLL

An assessment of the estimated cost of maintenance and/or servicing of the existing improvements on each benefited lot or parcel of land within the Assessment District for the fiscal year to which this report applies are on file in the offices of the City Engineer and the City Clerk and incorporated herein by reference.

The undersigned respectfully submits the enclosed report as directed by the City Council. The undersigned certifies that he is a Professional Engineer, registered in the State of California.

DATED: May 17, 2016

Harris & Associates



BY: K. Dennis Klingelhofer, P.E.
R.C.E. No. 50255

PART A

PLANS AND SPECIFICATIONS

The facilities, which have been constructed within the City of Garden Grove, and those which may be subsequently constructed, will be serviced and maintained as generally described as follows:

DESCRIPTION OF IMPROVEMENTS FOR THE CITY OF GARDEN GROVE STREET LIGHTING DISTRICT NO. 99-1 FISCAL YEAR 2016-17

The improvements to be operated, maintained and serviced by the District are that portion of the local and arterial street lighting system of the City of Garden Grove that confers special benefit to the District parcels. The specific location of both local and arterial street light improvements within the City can be found on the Street Light Inventory Maps maintained by the City and on file in the office of the City Engineer where they are available for inspection.

Article XIID of the California Constitution defines “maintenance and operation expenses” as “the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care and supervision necessary to property operate and maintain a permanent public improvement”. The District funding includes, but is not limited to, the removal, repair, replacement or relocation of light standards, poles, bulbs, fixtures and all appurtenances, electrical energy, supplies, and engineering and incidental costs relating to the operation and maintenance of the local and arterial lighting benefiting the District parcels.

The local street lighting improvements to be operated, maintained and serviced by the District include all Edison owned street lights within the right-of-way of the local public streets located within the boundaries of the District as displayed in Exhibit A. These lights are all within close proximity to the District parcels and provide special benefit to such parcels.

The arterial street lighting improvements to be operated, maintained and serviced by the District include a reasonable allocation of all Edison-owned street light operation, maintenance and servicing on the major arterial streets within the City that provide special benefit to Zone 1. Arterial lighting for parcels within Zone 2 is currently provided by an assessment through the Citywide SLD and are not part of the District improvements.

PART B ESTIMATE OF COST

The City's budget for the installation, operation, maintenance and servicing of lighting details the estimated costs for Fiscal Year 2016-17 as available at the time of preparation of this report, and includes engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with the district proceedings.

Lighting Cost			Zone 1	Zone 2	Total
<u>Lamp Size</u>	<u>Number</u>				
5,800 lumen bulbs	43	@ \$99.48 per year	\$4,192.09	\$85.55	\$4,277.64
Engineering & Incidentals	(1)		\$818.97	\$16.71	\$835.68
Cost Local Lighting			\$5,011.05	\$102.27	\$5,113.32
Arterial Lighting Cost	(2)		\$3,789.28	\$0.00	\$3,789.28
Less: City Contribution	(3)		(\$1,250.46)	\$0.00	(\$1,250.46)
Engineering & Incidentals	(1)		\$663.00	\$0.00	\$663.00
Cost Arterial Lighting			\$3,201.82	\$0.00	\$3,201.82
Total Lighting Cost			\$8,212.87	\$102.27	\$8,315.14
District Engineering	(4)		\$1,544.22	\$19.23	\$1,563.45
Total 2016-17 District Expense Budget			\$9,757.09	\$121.49	\$9,878.59
Cost per assessed parcel					
	SINGLE FAMILY		\$28.71	\$17.74	
	CONDOS/TOWNHOMES		\$23.33		
	MULTI-FAMILY		Varies		
	VACANT		Varies		

- (1) Engineering and Incidentals include, but are not limited to, City Engineering department maintenance.
- (2) Gail Lane property owners pay for arterial lighting through the Citywide SLD.
- (3) City contribution represents 33% of arterial lighting cost relating to general benefit.
- (4) District engineering includes the cost of compliance with Proposition 218.

The 1972 Act requires that a special fund be set-up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the District by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

PART C

METHOD OF APPORTIONMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include the maintenance and servicing of street lights, traffic signals, landscaping and park and recreational facilities.

Section 22573, Landscaping and Lighting Act of 1972 requires that maintenance assessments be levied according to benefit rather than according to assessed value. This Section states:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

The Act permits the designation of zones of benefit within any individual assessment district if "by reason of variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements." (Sec. 22574). Thus, the 1972 Act requires the levy of a true "assessment" rather than a "special tax."

In addition, Article XIID Section 4 of the State Constitution requires that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel. Section 4 provides that only special benefits are assessable and the City must separate the general benefits from the special benefits.

METHODOLOGY

General Benefit

The City recognizes that a portion of the maintenance, operation and servicing of the City's arterial lighting improvements funded by the District provide a general benefit to the public at large. City traffic studies have shown that 33% of the City traffic flow on arterial streets is related to through traffic from surrounding regional areas. This pass-through traffic is an appropriate measure of the general benefit provided by the maintenance, operation and servicing of arterial lights. Therefore, the City is making a contribution of funds to the District equal to or in excess of the 33% of the estimated arterial lighting costs for the District. This amount is shown in the Estimated District Budget as the "City Contribution".

Special Benefit

Articles XIIC and XIID of the California Constitution define special benefit as "a particular and distinct benefit over and above general benefits conferred on real property located in the District or to the public at large. General enhancement of property value does not constitute 'special benefit'." The method of assessment for each Zone analyzes the special benefit each parcel receives from the improvements funded in each Zone. The costs are spread to the individual parcels based on their assigned Assessment Units.

Local Lighting Apportionment

The special benefit from operation, maintenance and servicing of local street lighting within the District only accrues to those parcels within the District located in areas where such lighting is provided. Therefore, parcels without local street lighting are not assessed for the cost of providing such lighting. Generally, a parcel is determined to have local lighting provided if a street light is within approximately 90 feet of the parcel.

The benefit from local lighting can be measured by increased safety to people and property, as well as the increased availability of lighting. In order to establish the proportionate share of local lighting benefit to any parcel of land in relation to the total special benefits to be received by local lighting, it is necessary to establish a benchmark to relate that one parcel to all others. The benchmark is called the Assessment Unit (AU). The District uses the Single Family Residence (SFR) as the benchmark AU. All other land uses will be compared to the benchmark of the Single Family Residence to gain a comparative Assessment Unit based on population and parcel size as described below. For parcels with local lighting, there exists the core benefit of available lighting for every parcel in the District near a street light. This “Availability” benefit is apportioned to parcels with local lighting in the District on a per parcel basis, and has been assigned one-fourth of the SFR Assessment Unit. In addition to this benefit, parcels in the District benefit from improved safety related to people who own or use the parcels in the District (“Safety to People”), which has been assigned one-half of the SFR Assessment Unit. Parcels also benefit from improved safety related to the parcel itself (“Safety to Property”), which has been assigned one-fourth of the SFR Assessment Unit. The three benefit factors are then added together for a total of 1 AU per SFR.

$$\begin{array}{ccccccc} \text{Safety to People Benefit} & + & \text{Safety to Property Benefit} & + & \text{Availability Benefit} & = & \text{SFR Benefit} \\ 1/2 \text{ AU} & & 1/4 \text{ AU} & & 1/4 \text{ AU} & & 1 \text{ AU} \end{array}$$

Safety to People

The Safety to People benefit results in a special benefit to residential parcels because local street lighting improves traffic safety during ingress and egress to the property and creates a deterrent to crime against people on the property. Vacant, non-developable properties within the District are not perceived to receive Safety to People benefit.

The Safety to People benefit is apportioned to properties in the District based on the following demographic population information for residential uses as provided by the City of Garden Grove Planning Department, as shown in Table 1 below.

TABLE 1 - POPULATION DEMOGRAPHICS (SAFETY TO PEOPLE)

Land Use Description	Population per Unit	Rounded % of SFR	Safety to People Benefit (1/2)
Single Family Residential (SFR)	3.51/unit	100%	0.50
Condominium	3.02/unit	85%	0.43
Multiple Family Residential	3.38/unit	95%	0.45
Vacant	0/parcel	0%	0.00

Safety to Property

The Safety to Property benefit results in a special benefit to both residential and vacant non-developable parcels because local lighting operation, maintenance and servicing provides for the protection of buildings and personal property against crimes such as theft and vandalism. The Safety to Property benefit is apportioned to properties in the District based on relative property size as available from the City of Garden Grove Planning Department for residential uses.

For all residential uses, an average density has been used to determine the per unit parcel size. Vacant uses are related to the Residential uses utilizing the Single Family Residential average density of 7,200 square feet as shown in Table 2 below:

TABLE 2 - AVERAGE DENSITY PER LAND USE (SAFETY TO PROPERTY)

Land Use Description	Square Feet per Unit	Rounded % of SFR	Safety to Property Benefit (1/4)
Single Family Residential (SFR)	7,200 sf/unit	100%	0.25
Condominium	3,300 sf/unit	46%	0.12
Multiple Family Residential	2,600 sf/unit	36%	0.09
Vacant	7,200 sf/unit	100%	0.25

In determining the benefit for local lighting, larger properties do not necessarily receive benefit in proportion to their larger size, because a large share of the property may not be protected by the light on the street. In addition, these properties would typically have to provide their own privately funded lighting system in order to afford protection to their entire lot. To account for this, Safety to Property benefit points per unit will only be assigned up to 20 dwelling units or 20 times 7,200 square feet (144,000 square feet) for Vacant properties.

Table 3 below shows the breakdown of the Assessment Unit benefit points assigned to each land use for those properties located in areas with local street lights.

TABLE 3 - LOCAL LIGHTING BENEFIT FACTORS

Land Use Description	Safety to People	Safety to Property	Availability Benefit	Total AU's
Single Family Residential (SFR)	.50/unit	.25/unit	.25/parcel	1.00/parcel
Condominium	.43/unit	.12/unit	.25/parcel	.79/parcel
Multi-family up to 20 units	.45/unit	.09/unit	.25/parcel	.54/unit + .25/parcel
Multi-family more than 20 units	.45/unit	1.80/parcel	.25/parcel	.45/unit + 2.05/parcel
Vacant minimum 7,200sf	.00/7,200sf	.25/parcel	.25/parcel	.50/parcel
Vacant 7,200 to 144,000sf	.00/7,200sf	.25/7,200sf	.25/parcel	.25/7,200sf + .25/parcel
Vacant maximum > 144,000sf	.00/7,200sf	5.00/parcel	.25/parcel	5.25/parcel

Table 4 below provides a summary of assessment units for the different land uses for local lighting benefit.

TABLE 4 - LOCAL LIGHTING ASSESSMENT UNIT SUMMARY

Land Use Description	Parcels	Dwellings	Square Ft	Total AU's
Single Family Residential	284	284		284.000
Condominium	52	52		41.080
Multiple Family Residential	13	26		17.290
Vacant	0		0	0.000
Totals	349	362	0	342.370

The rate per AU is calculated by dividing the total budget amount by the total number of AU's:

$$\$6,075 / 342.370 \text{ AU's} = \$17.74 / \text{AU}$$

Arterial Lighting Apportionment

All parcels in the District receive a special benefit from the installation, operation, maintenance and servicing of traffic signals and freeway lighting as well as the operation, maintenance and servicing of safety lighting and street lighting on arterial streets. The arterial lighting, traffic signals, safety lighting, freeway lighting, and capital improvements (Arterial Lighting) are provided throughout the City and all properties in the City may easily access these improvements. In contrast to Local Lighting, Arterial Lighting benefits properties primarily because the properties, and the persons using the properties, are provided safe arterial street access. Therefore, Arterial Lighting benefit will be apportioned to parcels in the District on a per unit basis taking into account demographic population information.

Vacant properties, which have no people residing on the property, also benefit from arterial lighting because of the convenience associated with emergency vehicle access and other traffic that must use the arterial streets to service the vacant properties in the District. Therefore, Vacant parcels are assigned a per parcel benefit point. Vacant parcels are assigned 0.25 benefit points per parcel, based on the core benefit attributable to every assessable parcel in the District from Arterial Lighting.

Table 5 below shows the breakdown of the Assessment Units assigned to each land use for all assessable property in the District.

TABLE 5 - ARTERIAL LIGHTING BENEFIT

Land Use Description	Total AU's
Single Family Residential (SFR)	1.00 / unit
Condominium	0.85 / unit
Multiple Family Residential	0.95 / unit
Vacant	0.25 / parcel

Table 6 below provides a summary of assessment units for the different land uses for arterial lighting benefit.

TABLE 6 - ARTERIAL LIGHTING ASSESSMENT UNIT SUMMARY

Land Use Description	Parcels	Dwellings	Square Ft	Total AU's
Single Family Residential	284	284		278.000
Condominium	52	52		44.200
Multiple Family Residential	13	26		24.700
Vacant	0		0	
Totals	349	362	0	346.900

The rate per AU is calculated by dividing the total budget amount by the total number of AU's:

$$\$3,804 / 346.900 \text{ AU's} = \$10.97 / \text{AU}$$

District Engineering Costs

District Engineering Costs include legal, assessment engineering, and other engineering related costs necessary to achieve the District's compliance with Article XIID of the California Constitution. All parcels in the District benefit from the District Engineering Costs. Each parcel in the zone is allocated a proportionate share of the District Engineering Cost based on its assigned benefit points.

Total Assessment

The total assessment for each parcel is the sum of its assessment for local and arterial lighting. Table 7 below summarizes the FY 2016-17 assessment rates for the various land uses in Zones 1 and 2.

	Zone 1				Zone 2
	Single-family Residential	Condos/Townhomes	Multi-family Residential	Vacant	Single-family Residential
Assessment	per parcel	per unit	per unit	per parcel	per parcel
Local	\$17.74	\$14.01	\$9.58 + \$4.44 per parcel	\$4.44 + \$4.44 per parcel	\$17.74
Arterial	\$10.97	\$9.32	\$10.42	\$2.74	N/A
Total	\$28.71	\$23.33	Varies	Varies	\$17.74

PART D

ASSESSMENT DIAGRAM

The Boundary Map and Diagram showing the exterior boundaries of the District and zones of benefit is on file in the offices of the City Engineer and the City Clerk where it is available for public inspection and is incorporated herein by reference.

The lines and dimensions of each lot or parcel within the District are those lines and dimensions shown on the maps of the Assessor of the County of Orange for the fiscal year to which this report applies. The Assessor's maps and records are incorporated by reference herein and made part of this report.

A reduced copy of the City of Garden Grove Street Lighting District No. 99-1 Map is provided as Exhibit A of this Report.

PART E

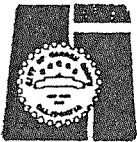
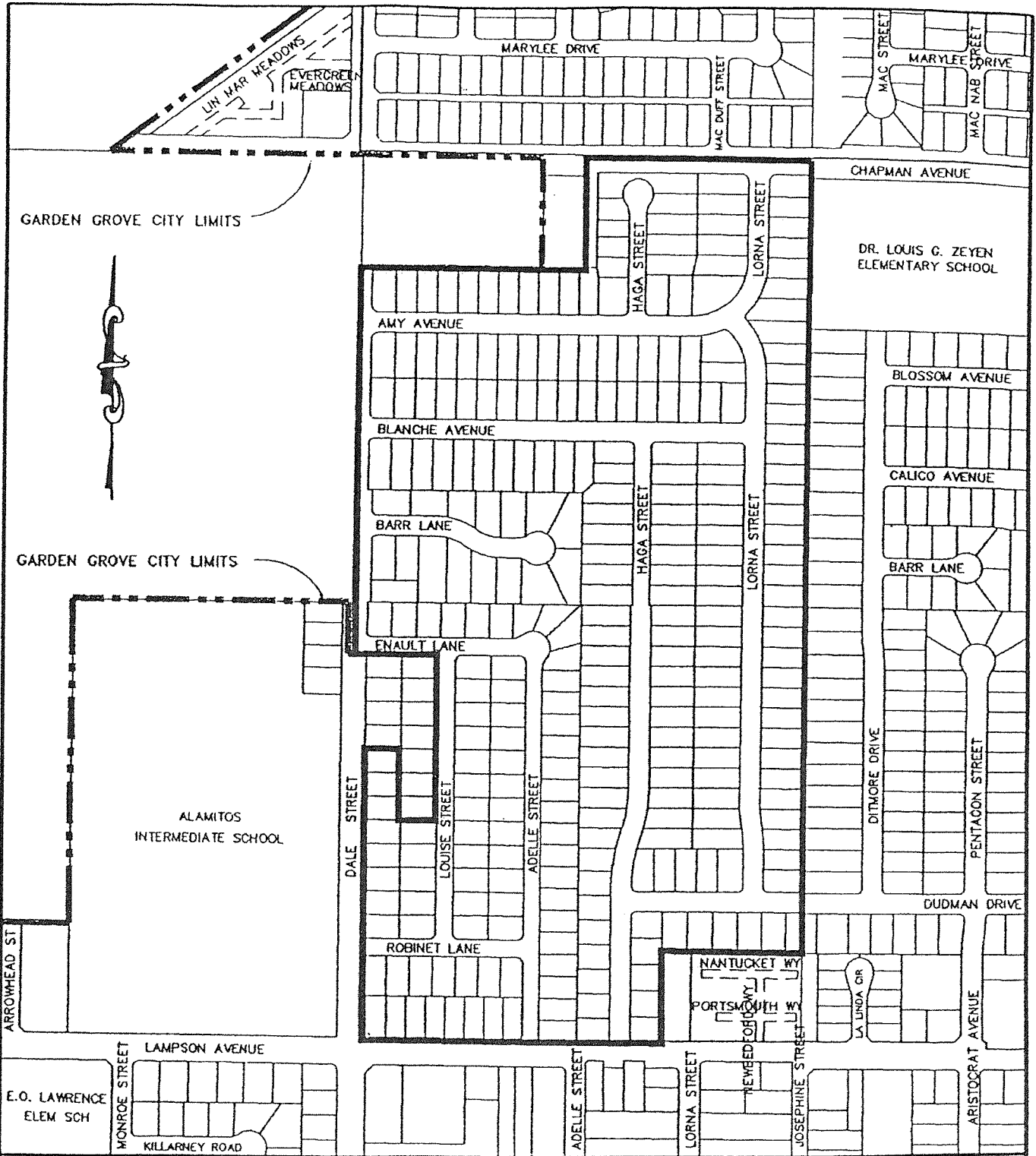
ASSESSMENT ROLL

The total proposed assessment for Fiscal Year 2016-17 and the amount of the total proposed assessment apportioned to each lot or parcel within the District, as shown on the latest assessment roll at the Orange County Assessor's Office, are contained in the Assessment Roll as Exhibit B of this report and is on file in the offices of the City Engineer and the City Clerk, which is incorporated herein by reference.

The description of each lot or parcel is part of the records of the Assessor of the County of Orange and these records are, by reference, made part of this Report.

EXHIBIT A

**City of Garden Grove
Street Lighting District No. 99-1
Boundary Maps**



City Of Garden Grove
Department Of Public Works

STREET LIGHTING
DISTRICT No. 99-1
ZONE 1

R/W NO:

SCALE: 1"=400'

PROJECT NO. :
210

APPROVED BY :
CITY ENGINEER

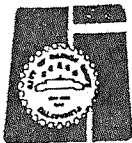
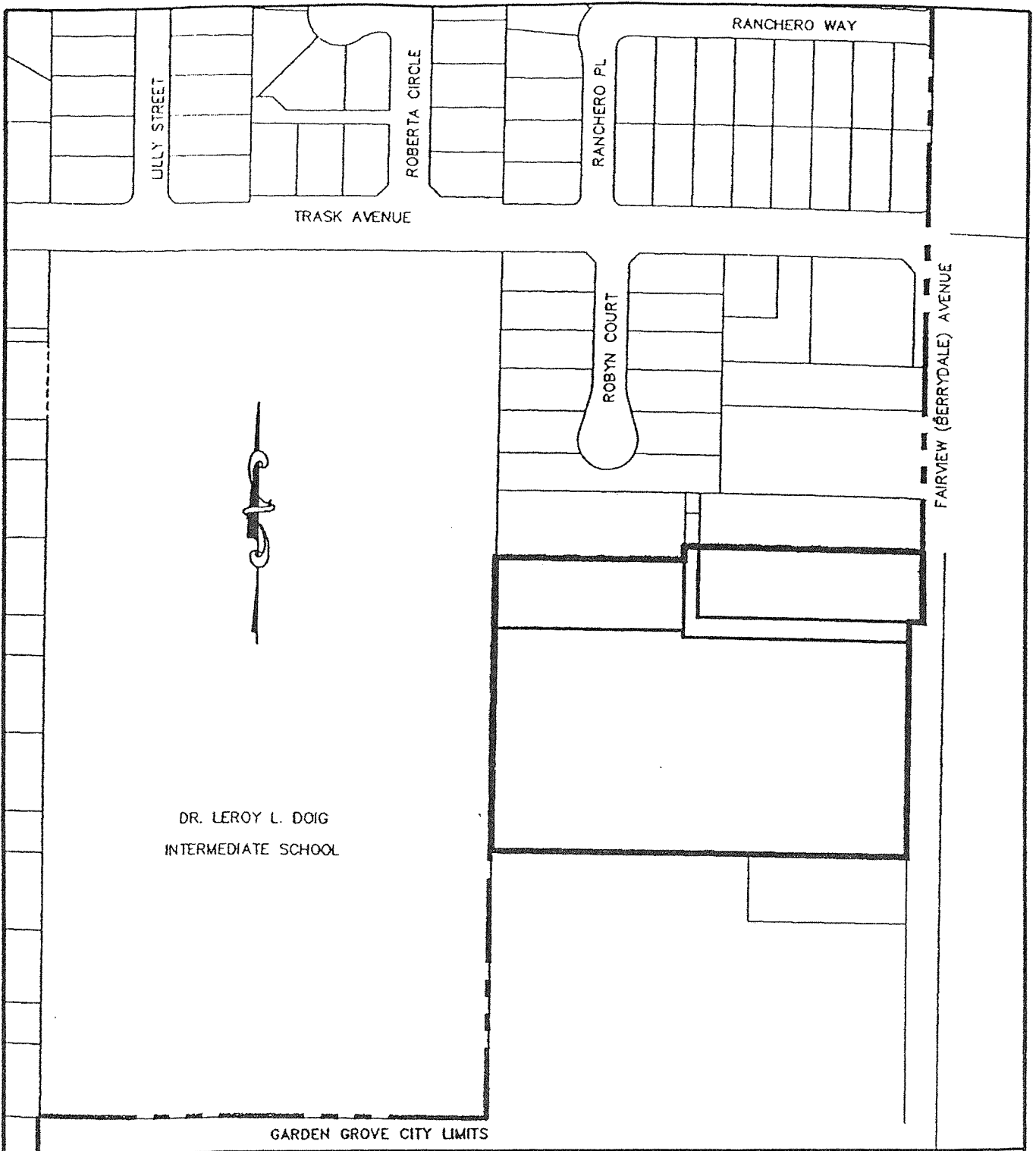
THIS IS NOT A SURVEY BUT IS COMPILED FROM EXISTING RECORDS

DWG NO. :
A-XXXX

PREPARED BY :
T.A.

DRAWN BY:
M.B.

CHECKED BY:
J.S.



City Of Garden Grove
Department Of Public Works

STREET LIGHTING
DISTRICT No. 99-1
ZONE 1

R/W NO:

SCALE: 1"=200'

PROJECT NO. :
210

APPROVED BY :

CITY ENGINEER

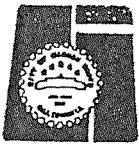
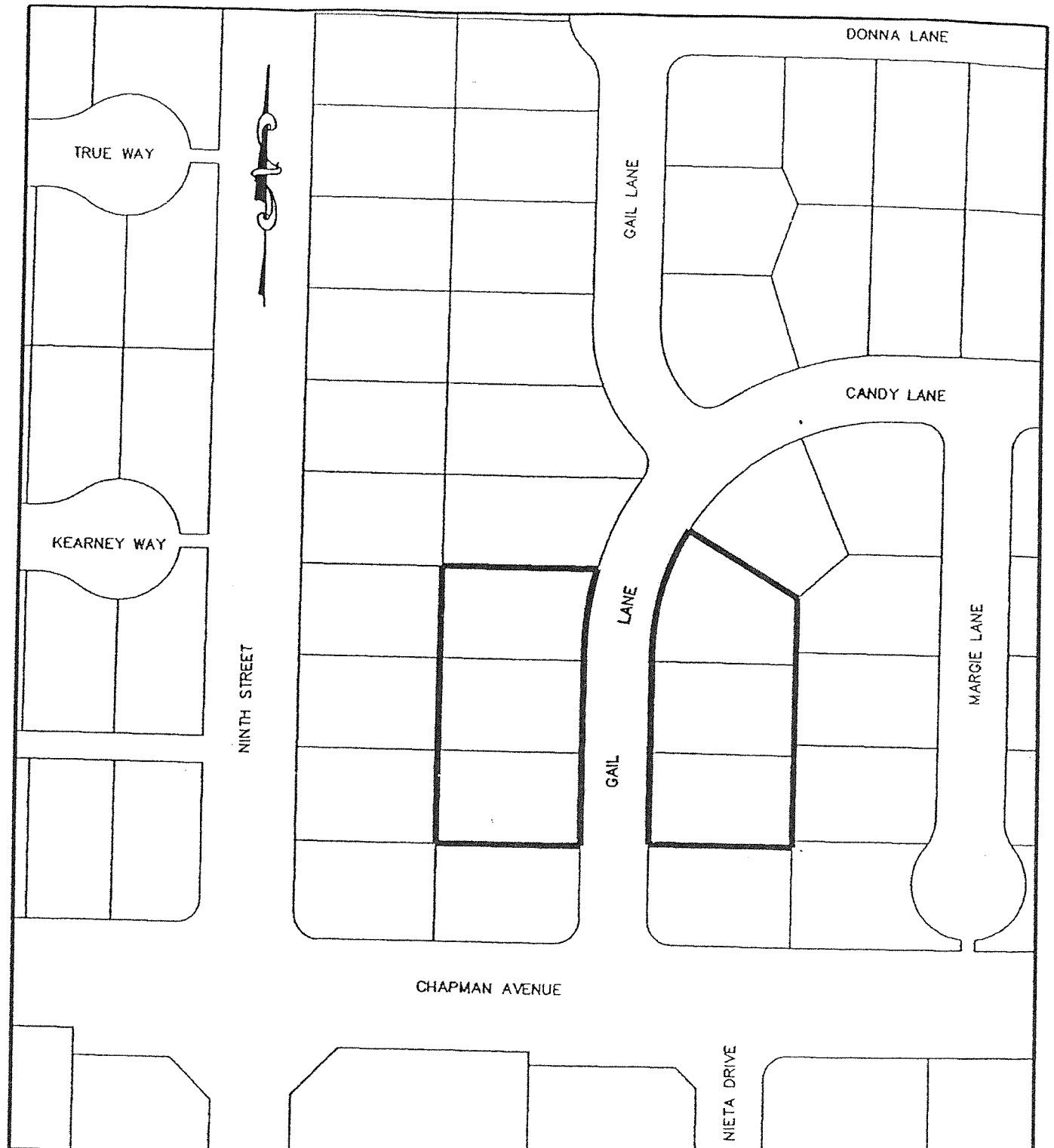
THIS IS NOT A SURVEY BUT IS COMPILED FROM EXISTING RECORDS

DWG NO. :
A-XXXX

PREPARED BY :
T.A.

DRAWN BY:
M.B.

CHECKED BY:
J.S.



City Of Garden Grove
Department Of Public Works

DWG NO. :
A-XXXX
PREPARED BY :
T.A.
DRAWN BY:
M.B.
CHECKED BY:
J.S.

STREET LIGHTING
DISTRICT No. 99-1
ZONE 2

R/W NO:

PROJECT NO. :
210

SCALE: 1"=100'

APPROVED BY :

CITY ENGINEER

THIS IS NOT A SURVEY BUT IS COMPILED FROM EXISTING RECORDS

EXHIBIT B

**City of Garden Grove
Street Lighting District No. 99-1
Assessment Roll – Fiscal Year 2016-17**

EXHIBIT B

City of Garden Grove
Street Lighting District No. 99-1
Preliminary Assessment Roll
Fiscal Year 2016-17

APN	Zone	Land Use	Units	Lot Sq Ft	Local Lt AU's	Arterial Lt AU's	Local Lt Asmt	Arterial Lt Asmt	FY 2016-17 Total Asmt
10165212	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
10165301	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165302	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165303	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165304	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165305	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165306	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165307	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165308	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165309	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165310	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165311	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165312	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165313	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165314	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165315	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165316	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165317	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165318	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165319	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165320	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165321	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165322	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165323	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165324	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165325	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165326	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165327	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165328	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165329	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165330	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33

Landuse Key: APT - Apartment CONDO - Condominium RES - Single Family Residential VACANT - Vacant

EXHIBIT B

05/17/16

City of Garden Grove
Street Lighting District No. 99-1
Preliminary Assessment Roll
Fiscal Year 2016-17

APN	Zone	Land Use	Units	Lot Sq Ft	Local Lt AU's	Arterial Lt AU's	Local Lt Asmt	Arterial Lt Asmt	FY 2016-17 Total Asmt
10165331	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165332	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165333	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165334	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165335	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165336	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165337	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165338	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
10165339	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
21504106	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504107	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504108	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504109	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504110	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504111	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504112	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504113	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504114	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504115	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504116	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504117	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504118	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504119	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504120	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504121	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504122	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504123	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504124	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504125	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504126	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504127	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71

Landuse Key: APT - Apartment CONDO - Condominium RES - Single Family Residential VACANT - Vacant

EXHIBIT B

City of Garden Grove
Street Lighting District No. 99-1
Preliminary Assessment Roll
Fiscal Year 2016-17

APN	Zone	Land Use	Units	Lot Sq Ft	Local Lt AU's	Arterial Lt AU's	Local Lt Asmt	Arterial Lt Asmt	FY 2016-17 Total Asmt
21504128	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504129	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504130	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504131	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504132	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504133	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504134	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504201	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504202	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504203	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504204	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504205	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504206	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504207	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504208	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504209	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504210	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504211	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504212	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504213	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504214	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504215	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504216	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504217	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504218	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504301	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504302	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504303	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504304	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504305	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504306	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71

Landuse Key: APT - Apartment CONDO - Condominium RES - Single Family Residential VACANT - Vacant

EXHIBIT B

City of Garden Grove
Street Lighting District No. 99-1
Preliminary Assessment Roll
Fiscal Year 2016-17

APN	Zone	Land Use	Units	Lot Sq Ft	Local Lt AU's	Arterial Lt AU's	Local Lt Asmt	Arterial Lt Asmt	FY 2016-17 Total Asmt
21504307	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504308	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504309	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21504310	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505101	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21505102	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21505103	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21505104	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505105	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505106	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505107	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505108	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505109	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505110	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505111	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505112	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505113	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505114	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505115	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505116	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505117	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505118	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505201	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505202	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505203	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505204	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505205	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505206	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505207	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505208	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505209	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71

Landuse Key: APT - Apartment CONDO - Condominium RES - Single Family Residential VACANT - Vacant

EXHIBIT B

City of Garden Grove
Street Lighting District No. 99-1
Preliminary Assessment Roll
Fiscal Year 2016-17

APN	Zone	Land Use	Units	Lot Sq Ft	Local Lt AU's	Arterial Lt AU's	Local Lt Asmt	Arterial Lt Asmt	FY 2016-17 Total Asmt
21505210	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505211	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505212	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505213	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505214	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505215	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505216	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505217	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21505218	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21505219	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505220	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505221	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505222	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505223	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505224	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505225	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505226	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505227	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505228	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505229	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505230	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505231	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505232	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505233	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505234	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505235	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505301	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505302	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505303	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505304	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505305	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71

Landuse Key: APT - Apartment CONDO - Condominium RES - Single Family Residential VACANT - Vacant

EXHIBIT B

City of Garden Grove
Street Lighting District No. 99-1
Preliminary Assessment Roll
Fiscal Year 2016-17

APN	Zone	Land Use	Units	Lot Sq Ft	Local Lt AU's	Arterial Lt AU's	Local Lt Asmt	Arterial Lt Asmt	FY 2016-17 Total Asmt
21505306	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505307	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505308	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505309	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505310	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505311	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505312	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505313	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505314	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505315	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505316	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505401	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505402	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505403	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505404	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505405	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505406	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505407	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505408	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505409	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505410	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21505413	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508101	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508102	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508103	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508104	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508105	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508106	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508107	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508108	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508109	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71

Landuse Key: APT - Apartment CONDO - Condominium RES - Single Family Residential VACANT - Vacant

EXHIBIT B

05/17/16

City of Garden Grove
Street Lighting District No. 99-1
Preliminary Assessment Roll
Fiscal Year 2016-17

APN	Zone	Land Use	Units	Lot Sq Ft	Local Lt AU's	Arterial Lt AU's	Local Lt Asmt	Arterial Lt Asmt	FY 2016-17 Total Asmt
21508110	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508111	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508112	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508113	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508114	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508115	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508116	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508117	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508118	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508119	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508120	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508121	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508122	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508123	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508124	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508125	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508126	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508127	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508201	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508202	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508203	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508204	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508205	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508206	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508207	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508208	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508209	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508210	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508211	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508212	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508213	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71

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EXHIBIT B

05/17/16

City of Garden Grove
Street Lighting District No. 99-1
Preliminary Assessment Roll
Fiscal Year 2016-17

APN	Zone	Land Use	Units	Lot Sq Ft	Local Lt AU's	Arterial Lt AU's	Local Lt Asmt	Arterial Lt Asmt	FY 2016-17 Total Asmt
21508214	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508215	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508216	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508217	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508218	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508219	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508220	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508221	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508222	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508223	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508224	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508308	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508309	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508310	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508311	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508312	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508313	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508314	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508315	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508316	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508317	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508318	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508319	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508320	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508401	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508402	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508403	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508404	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508405	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508406	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21508407	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71

Landuse Key: APT - Apartment CONDO - Condominium RES - Single Family Residential VACANT - Vacant

EXHIBIT B

City of Garden Grove
Street Lighting District No. 99-1
Preliminary Assessment Roll
Fiscal Year 2016-17

APN	Zone	Land Use	Units	Lot Sq Ft	Local Lt AU's	Arterial Lt AU's	Local Lt Asmt	Arterial Lt Asmt	FY 2016-17 Total Asmt
21508409	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21508410	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21508411	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21508412	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21508413	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21508414	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21508415	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21508416	1	APT	2	-	1.330	1.900	\$23.59	\$20.84	\$44.43
21511101	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511102	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511103	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511104	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511105	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511106	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511107	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511108	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511109	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511110	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511201	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511202	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511203	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511204	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511205	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511206	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511207	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511208	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511209	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511301	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511302	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511303	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511304	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71

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EXHIBIT B

City of Garden Grove
Street Lighting District No. 99-1
Preliminary Assessment Roll
Fiscal Year 2016-17

APN	Zone	Land Use	Units	Lot Sq Ft	Local Lt AU's	Arterial Lt AU's	Local Lt Asmt	Arterial Lt Asmt	FY 2016-17 Total Asmt
21511701	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511702	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511703	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511704	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511705	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511706	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511707	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511708	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511709	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511710	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21511711	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512101	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512102	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512103	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512104	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512105	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512106	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512107	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512108	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512109	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512110	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512201	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512202	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512203	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512204	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512205	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512206	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512207	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512208	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512209	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512210	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71

Landuse Key: APT - Apartment CONDO - Condominium RES - Single Family Residential VACANT - Vacant

EXHIBIT B

05/17/16

City of Garden Grove
Street Lighting District No. 99-1
Preliminary Assessment Roll
Fiscal Year 2016-17

APN	Zone	Land Use	Units	Lot Sq Ft	Local Lt AU's	Arterial Lt AU's	Local Lt Asmt	Arterial Lt Asmt	FY 2016-17 Total Asmt
21512211	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512212	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512213	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512214	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512215	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512216	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512217	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512218	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512219	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512220	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512301	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512302	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512303	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512304	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512305	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512306	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512307	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512308	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512309	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
21512310	1	RES	1	-	1.000	1.000	\$17.74	\$10.97	\$28.71
93113432	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
93113433	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
93113434	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
93113435	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
93113436	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
93113437	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
93113438	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
93113439	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
93113440	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
93113441	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
93113442	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
<div>Landuse Key: APT - Apartment CONDO - Condominium RES - Single Family Residential VACANT - Vacant</div>									

EXHIBIT B

City of Garden Grove
Street Lighting District No. 99-1
Preliminary Assessment Roll
Fiscal Year 2016-17

APN	Zone	Land Use	Units	Lot Sq Ft	Local Lt AU's	Arterial Lt AU's	Local Lt Asmt	Arterial Lt Asmt	FY 2016-17 Total Asmt
93113443	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
93113444	1	CONDO	1	-	0.790	0.850	\$14.01	\$9.32	\$23.33
343 Parcels		Subtotal Zone 1	356	0	336.370	346.900	\$5,966.91	\$3,805.22	\$9,772.13
09032303	2	RES	1	-	1.000	-	\$17.74	\$0.00	\$17.74
09032304	2	RES	1	-	1.000	-	\$17.74	\$0.00	\$17.74
09032305	2	RES	1	-	1.000	-	\$17.74	\$0.00	\$17.74
09032417	2	RES	1	-	1.000	-	\$17.74	\$0.00	\$17.74
09032418	2	RES	1	-	1.000	-	\$17.74	\$0.00	\$17.74
09032419	2	RES	1	-	1.000	-	\$17.74	\$0.00	\$17.74
6 Parcels		Subtotal Zone 2	6	0	6.000	0.000	\$106.44	\$0.00	\$106.44

DISTRICT TOTALS:

349 Parcels	TOTALS:	362	0	342.370	346.900	\$6,073.35	\$3,805.22	\$9,878.57
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ENGINEER'S REPORT

for

**Park Maintenance District
Fiscal Year 2016-17**

for the

**City of Garden Grove
Orange County, California**

May 17, 2016



ENGINEER'S REPORT
CITY OF GARDEN GROVE
PARK MAINTENANCE DISTRICT
FISCAL YEAR 2016-17

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CITY OF GARDEN GROVE

FISCAL YEAR 2016-17

SYNOPSIS

This report as filed complies with Articles XIIC and XIID of the California Constitution and the Landscaping and Lighting Act of 1972. Also part of this report, but not bound herein, is the assessment roll on file with the City Clerk which indicates each property's City of Garden Grove Park Maintenance District assessment for Fiscal Year 2016-17.

In order to comply with the requirements of Article XIIC and XIID of the California Constitution in the Fiscal Year 1997-98, the City Council ordered an Engineer's Report that complied with the new benefit analysis requirements and submitted the District's assessments to a property owner mailed ballot which passed by a majority vote. The new District was formed to fund park maintenance, as more thoroughly described in this Report.

The Park Maintenance District assessment for the Fiscal Year 2016-17 is proposed to total \$705,275. Under the proposed Fiscal Year 2016-17 Park Maintenance District, the typical homeowner will pay \$13.75, which represents their proportional special benefit for the cost of maintaining community parks. For the Fiscal Year 2016-17, the assessments will be levied at the same rate and method as levied in the Fiscal Year 2015-16. The estimated fund balance at the end of Fiscal Year 2016-17 is expected to be zero.

CITY OF GARDEN GROVE
FISCAL YEAR 2016-17
CURRENT FINANCIAL SUMMARY

	<u>Amount</u>	<u>Total</u>
REVENUES		
Uncommitted Fund Balance (as of July 1)	\$0	
City General Fund Contribution	\$1,546,052	
Operating, Engineering and Incidental Assessment Revenue	\$705,275	
<i>Total Park Maintenance Revenues</i>		\$2,251,327
EXPENSES		
Operating, Engineering and Incidentals Expenses	\$2,251,327	
<i>Total Park Maintenance Expenses</i>		(\$2,251,327)
Uncommitted Fund Balance (as of June 30)		\$0
<hr/>		
Total City Contribution	\$1,546,052	
Total To Assessment	\$705,275	

CITY OF GARDEN GROVE

FISCAL YEAR 2016-17

**ENGINEER'S REPORT
PREPARED PURSUANT TO THE PROVISIONS OF THE
LANDSCAPING AND LIGHTING ACT OF 1972
SECTION 22500 THROUGH 22679
OF THE CALIFORNIA STREETS AND HIGHWAYS CODE**

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, and in accordance with the Resolution of Initiation adopted by the City Council of the City of Garden Grove, State of California, in connection with the proceedings for:

**CITY OF GARDEN GROVE
PARK MAINTENANCE DISTRICT**

hereinafter referred to as the "Assessment District" or "District", I, K. Dennis Klingelhofer, P.E., the authorized representative of Harris & Associates, the duly appointed ASSESSMENT ENGINEER, submit herewith the "Report" consisting of five (5) parts as follows:

**PART A
PLANS AND SPECIFICATIONS**

Plans and specifications for the existing and ultimate improvements are as set forth on the lists thereof, attached hereto, and are on file in the Office of the City Clerk and are incorporated herein by reference.

**PART B
ESTIMATE OF COST**

An estimate of the costs of the maintenance and/or servicing of the existing and ultimate improvements for FY 2016-17, including incidental costs and expenses in connection therewith.

**PART C
METHOD OF APPORTIONMENT**

The method of apportionment of assessments indicates the proposed assessment of the net amount of the costs and expenses of the maintenance and/or servicing of the existing and ultimate improvements to be assessed upon the several lots and parcels of land within the Assessment District in proportion to the estimated special benefits to be received by such lots and parcels.

PART D
ASSESSMENT DIAGRAM

The Assessment Diagram, which shows the exterior boundaries of the Assessment District, the boundaries of any zones within the Assessment District and the lines and dimensions of each lot or parcel of land within the Assessment District, is on file in the Office of the City Clerk and is incorporated herein by reference.

The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Orange for the fiscal year to which this Report applies. The Assessor's maps and records are incorporated by reference herein and made part of this Report.

PART E
ASSESSMENT ROLL

An assessment of the estimated cost of maintenance and/or servicing of the existing improvements on each benefited lot or parcel of land within the Assessment District for the fiscal year to which this report applies are on file in the Office of the City Clerk and incorporated herein by reference.

The undersigned respectfully submits the enclosed report as directed by the City Council. The undersigned certifies that he is a Professional Engineer, registered in the State of California.

DATED: May 17, 2016

Harris & Associates



BY: K. Dennis Klingelhofer, P.E.
R.C.E. No. 50255

PART A

PLANS AND SPECIFICATIONS

The facilities, which have been constructed within the City of Garden Grove, and those which may be subsequently constructed, will be serviced and maintained as generally described as follows:

DESCRIPTION OF IMPROVEMENTS FOR THE CITY OF GARDEN GROVE PARK MAINTENANCE DISTRICT FISCAL YEAR 2016-17

The City currently funds the operation and maintenance of park and recreational improvements, including park and grounds maintenance, for 15 community parks. The City's park system provides for a uniform distribution of green area and recreation facilities throughout the District's boundary. Each property in the District is within close proximity of a park facility and specially benefits from the availability of these improvements.

The existing park and recreational facilities to be maintained and serviced are located in the following parks:

Atlantis Park	Garden Grove Park	Twin Lakes Park
Chapman Sports Complex	Hare School Park	Village Green Park
Civic Center Complex	Lake School Park	West Grove Park
Eastgate Park	Magnolia Park	West Haven Park
Edgar Park	Pioneer Park	Woodbury Park

The District will fund costs in connection with the maintenance and servicing of the park and recreation facilities including, but not limited to, personnel, electrical energy, water, materials, contracting services, and other expenses necessary for the satisfactory operation of these facilities. The facilities are described as follows:

Parks and Recreational Facilities

Park and recreational facilities include, but are not limited to: landscaping, lights, athletic fields, playgrounds, playground equipment, public restrooms, park furniture, site amenities, and appurtenant facilities which are located within the public parks within the boundaries of the Assessment District. The landscaping and lighting are further discussed as follows:

Landscaping and Appurtenant Facilities

Facilities include but are not limited to: Landscaping, planting, shrubbery, trees, irrigation systems, hardscapes, fixtures, sidewalks and appurtenant facilities.

Lighting and Appurtenant Facilities

Facilities include but are not limited to: Poles, fixtures, bulbs, conduits, conductors, equipment including guys, anchors, posts and pedestals, metering devices and appurtenant facilities as required to provide lighting.

Maintenance means the furnishing of services and materials for the ordinary and usual operation, maintenance and servicing of the park and recreational facilities and appurtenant facilities, including

repair, removal or replacement of all or part of any of the park and recreation facilities or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste; and the cleaning, sandblasting and painting of walls and other public improvements to remove or cover graffiti.

Servicing means the furnishing of water for the irrigation of the landscaping and the maintenance of any other improvements and the furnishing of electric energy for the public lighting facilities, or for the lighting or operation of any other improvements.

The plans and specifications for the improvements, showing and describing the general nature, are on file in the office of the City Engineer and the City Clerk and are by reference herein made a part of this report.

PART B
ESTIMATE OF COST

The City's budget for the maintenance and servicing of park and recreational facilities details the estimated costs for Fiscal Year 2016-17 as available at the time of preparation of this report, and includes engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with the district proceedings.

OPERATION & MAINTENANCE	
Community Park	\$1,353,246
General Fund Contribution	(\$929,314)
Subtotal Operation & Maintenance =	\$423,932
ENGINEERING & INCIDENTALS	
Regular Salaries	\$624,028
Overtime	\$0
Commodities	\$22,251
Equipment Pool Rental	\$120,852
Contractual Services	\$130,950
General Fund Contribution	(\$616,738)
Subtotal Engineering & Incidentals =	\$281,343
<i>Total to Assessment =</i>	\$705,275

The 1972 Act requires that a special fund be set-up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the District by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

PART C

METHOD OF APPORTIONMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include the maintenance and servicing of street lights, traffic signals, landscaping and park and recreational facilities.

Section 22573, Landscaping and Lighting Act of 1972 requires that maintenance assessments be levied according to benefit rather than according to assessed value. This Section states:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.

The Act permits the designation of zones of benefit within any individual assessment district if "by reason of variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements." (Sec. 22574). Thus, the 1972 Act requires the levy of a true "assessment" rather than a "special tax."

In addition, Article XIID Section 4 of the State Constitution requires that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel. Section 4 provides that only special benefits are assessable and the City must separate the general benefits from the special benefits.

REASON FOR THE ASSESSMENT

The assessment is proposed to be levied to defray the costs of the servicing and maintenance of parks and recreational improvements and appurtenant facilities, including but not limited to, personnel, electrical energy, utilities such as water, materials, contracting services, and other items necessary for the satisfactory operation of these services.

SPECIAL PARK BENEFIT ANALYSIS

The maintenance and servicing of parks and recreational improvements provide a particular and distinct special benefit to parcels within the District. The desirability of parcels within the District is specifically enhanced by the presence of well-maintained parks and recreational facilities which are available for the use and enjoyment of residents, customers, clients, employees and visitors of the assessed parcels. Having properly maintained parks readily accessible to properties within the District means that the owners and visitors of the assessed parcels may enjoy the benefits of such improvements available for use while the owner avoids the expense of privately installing and maintaining similar improvements. Each parcel within the District is located within reasonable proximity to a park, and therefore benefits from the improvements provided in that park.

In addition, to providing opportunities for recreational use, the property maintenance and servicing of park and recreational facilities improves the aesthetics of nearby parcels through the proper maintenance and servicing of landscaping, reduces pollution and noise in surrounding areas through

the provision of open space and the planting of otherwise barren areas, and reduces property-related crimes -related crimes (especially vandalism) against properties in the District through the abatement of graffiti. Also, the proper maintenance and servicing of parks which also serve as drainage basins such as Twin Lakes and similar landscaped areas not only facilitates proper drainage (and thereby reduces the potential for flood damage to properties in the District), but also beautifies and makes safer flood control facilities that would otherwise be unsightly and potentially dangerous. All of the above contribute to a specific enhancement of the property values of the parcels within the District.

GENERAL PARK BENEFIT ANALYSIS

In addition to the special benefits received by the parcels in the District, there are general benefits conferred by the maintenance, operation and servicing of park and recreational facilities. In addition to specially benefiting parcels within the District by providing recreational amenities and other property related benefits, the proper maintenance and servicing of park and recreational facilities benefits the public at large.

The general benefit from the park and recreational improvements can be measured by examining the type of facilities used at each park that provide benefit to the public at large. The neighborhood parks provide facilities that, by definition, almost exclusively benefit the surrounding tract neighborhood. In the City's General Plan, a neighborhood park is meant to be located within walking or biking distance of each property in the neighborhood. The cost of maintaining these parks is not included in the assessment district.

Community parks provide amenities that are farther reaching, servicing a population between 10,000 and 50,000 within a radius of one to two miles. Each parcel within the District is within two miles of a community park, therefore, each parcel receives a special benefit from community parks. Several of the community parks include pools, sports fields, tennis courts and other community amenities. Community parks also have neighborhood park attributes such as passive and active recreation opportunities focused on neighborhood recreational activities.

Each community park has been reviewed to determine the benefit associated with community and neighborhood amenities as defined in the City's General Plan. The cost of maintenance, servicing and operation associated with the community amenities of the community parks is 65% of the total maintenance, servicing and operation costs. Therefore, 65% of each community park is related to community amenities, while the other 35% is related to neighborhood amenities.

In addition, each community park has been examined to determine the number of registrations received by the Park and Recreation Department for individuals or teams outside the District boundaries. The ratio of out-of-District registrations to total registrations is used to determine the portion of each park budget that are of general benefit. This proportion has been determined to be 20% for the neighborhood amenities and 40% for the community amenities. Therefore, the portion of the community park's maintenance, servicing and operation that confers a general benefit to the parcels in the District is 20% of the neighborhood amenities and 40% of the community amenities.

The general benefit associated with the community parks includes the benefit the general public receives from the aesthetic and other environmental improvements associated with open space areas. The general benefit portion of the City's parks should not be funded through the assessment district and may be funded through the General Fund or other sources. Therefore, the amount that may be funded through the District for any given community park is comprised of two elements: community amenities – 60% of the 65% of a community park's operating budget, and neighborhood amenities –

80% of 35% of the community park's operating budget. The remaining budget confers a general benefit and will be paid from funds other than the District. Based on the above analysis, the amount of park and recreational improvements that may be funded through the District is shown in Table 1 below.

TABLE 1 - FUNDING BY COMMUNITY PARK

Park Name	Total Park Costs	Assessable Neighborhood Amenities (1)	Assessable Community Park Costs (2)	Total Assessable Costs
Atlantis	\$64,920	\$18,178	\$25,319	\$43,497
Garden Grove	\$584,303	\$163,605	\$227,878	\$391,483
Eastgate	\$73,041	\$20,451	\$28,486	\$48,937
West Grove	\$104,765	\$29,334	\$40,858	\$70,192
Magnolia	\$95,758	\$26,812	\$37,346	\$64,158
Woodbury	\$53,543	\$14,992	\$20,882	\$35,874
Village Green	\$102,251	\$28,630	\$39,878	\$68,508
Civic Center	\$197,889	\$55,409	\$77,177	\$132,586
Hare	\$227,231	\$63,625	\$88,620	\$152,245
Pioneer	\$64,920	\$18,178	\$25,319	\$43,497
Edgar	\$97,382	\$27,267	\$37,979	\$65,246
Twin Lakes	\$373,303	\$104,525	\$145,588	\$250,113
West Haven	\$162,306	\$45,446	\$63,299	\$108,745
Chapman Sports	\$39,014	\$10,924	\$15,215	\$26,139
Lake	\$10,701	\$2,996	\$4,173	\$7,169
Total	\$2,251,327	\$630,372	\$878,017	\$1,508,389

(1) The neighborhood amenities portion of the Community Parks is estimated to be 35 percent of the total park costs. The special benefit that may be assessed in the District is 80 percent of the 35 percent associated with neighborhood park amenities (e.g., Twin Lakes: \$373,303 x 35% x 80% = \$104,525).

(2) The community amenities portion of the Community Parks is estimated to be 65 percent of the total park costs. The special benefit that may be assessed in the District is 60 percent of the 65 percent associated with community park amenities (e.g., Twin Lakes: \$373,303 x 65% x 60% = \$145,588).

METHODOLOGY

The benefit from parks can be measured by increased safety, the availability of improvements for recreational use, and other property-related benefits. In order to establish the proportionate share of park benefit to any parcel of land in relation to the total special benefits to be received by parks, it is necessary to establish a benchmark to relate that one parcel to all others. The benchmark is called the Assessment Unit (AU). The District uses the Single Family Residence (SFR) as the benchmark AU. All other land uses will be compared to the benchmark of the Single Family Residence to gain a comparative Assessment Unit based on population and parcel size as described below. Based on citizens' input and engineering judgment regarding the factors involved, it has been determined that park maintenance and servicing benefit primarily stems from increased safety and other property-related benefits. Therefore, the safety portion of the benefit has been assigned two-thirds of the SFR Assessment Unit, and the recreational portion of the benefit has been assigned one-third, to total 1 AU per SFR.

$$\begin{array}{rcccl} \text{Safety Benefit} & + & \text{Recreation Benefit} & = & \text{SFR Benefit} \\ 2/3 \text{ AU} & & 1/3 \text{ AU} & & 1 \text{ AU} \end{array}$$

In comparing the other land uses to the Single Family Residence, two factors are used: population data and parcel size. The benefit from the availability of improvements for recreational use is apportioned to parcels in the District based on the relative population within a given land use as determined by the City of Garden Grove Planning Department. The benefit to parcels from increased safety and other property-related benefits is apportioned to other residential uses based on average parcel size as compared to the Single Family Residence. The benefit to Nonresidential, Nonprofit, Governmental and Vacant properties for increased safety and other property-related benefits is apportioned based on these parcels' specific property size as compared to the typical 7,200 square foot SFR lot.

Multiple Family Residential properties such as apartments, mobile homes and condominiums benefit from the park maintenance and servicing funded by the District. Residents of these types of parcels have the opportunity to use the recreational facilities and benefit from safer parks and the other property-related benefits mentioned above. Because Multiple Family Residential properties have fewer people per dwelling (see Table 2), they receive a proportionally smaller benefit from the improvements and their assessments have been decreased accordingly.

Nonresidential parcels, including commercial and industrial properties, benefit from the proper maintenance and servicing of parks, since such parks attract potential customers, employees, and membership from outside the District, and encourage residents of the City to leave their residences and patronize these establishments. All Nonresidential parcels are assessed according to their parcel square footage for safety benefit resulting from park maintenance and servicing. Using the Single Family Residence as a base, Nonresidential properties receive the same number of AU's as an SFR for every 7,200 square feet of land. Furthermore, Nonresidential parcels less than 7,200 square feet in size are assigned a minimum of 1 AU.

The benefit of recreational amenities is apportioned to parcels in the District based on population data from the City of Garden Grove Planning Department as shown in Table 2 below. This table also shows the weighted amount of benefit that each land use receives from having recreational amenities in close proximity. As it was determined that the recreational amenities made up one-third of the total benefits received, the rounded percentage of each land use's population, as compared to the SFR's population, is then multiplied by one-third.

TABLE 2 - POPULATION DEMOGRAPHICS (RECREATION)

Land Use Description	Population per Unit	Rounded % of SFR	Recreation Benefit (1/3)
Single Family Residential (SFR)	3.51/unit	100%	0.33
Condominium	3.02/unit	85%	0.28
Multiple Family Residential	3.38/unit	95%	0.32
Mobile Home	1.50/unit	40%	0.13
Nonresidential (min. SFR rate)	3.51/7,200 sq. ft.	100%	0.33

The safety associated with well-maintained parks directly benefits properties because businesses and property owners want to be located in safe neighborhoods with safe parks. Safety benefit is appropriately measured based on land area for all of the uses. However, it would be impractical to charge different amounts within the residential land uses. Therefore, the residential properties are applied an assessment unit based on the average parcel size of each land use as shown below in Table 3. The table also shows the weighted amount of benefit that each land use receives from the safety associated with having parks in close proximity. As it was determined that the safety factor made up two-thirds of the total benefits received, the rounded percentage of each land use's population, as compared to the SFR's population, is then multiplied by two-thirds.

TABLE 3 - AVERAGE PARCEL SIZE (SAFETY TO PROPERTY)

Land Use Description	Square Feet per Unit	Rounded % of SFR	Safety Benefit (2/3)
Single Family Residential (SFR)	7,200 sf/unit	100%	0.67
Condominium	3,300 sf/unit	46%	0.30
Multiple Family Residential	2,600 sf/unit	36%	0.24
Mobile Home	3,700 sf/unit	51%	0.34
Nonresidential (min. SFR rate)	7,200 sf/unit	100%	0.67

The weighted benefits received from recreation and safety are then added together to determine the assessment unit for each of the land uses as shown in Table 4 below.

TABLE 4 - ASSESSMENT UNIT CALCULATION

Land Use Description	Recreation Benefit	+	Safety Benefit	=	Assessment Unit
Single Family Residential (SFR)	0.33	+	0.67	=	1.00 AU per parcel
Condominium	0.28	+	0.30	=	0.58 AU per parcel
Multiple Family Residential	0.32	+	0.24	=	0.56 AU per unit
Mobile Home	0.13	+	0.34	=	0.47 AU per unit
Nonresidential (min. SFR rate)	0.33	+	0.67	=	1.00 AU per 7,200 sf

Nonprofit, Government and Vacant parcels receive less benefit than other Nonresidential parcels in the District from the operation, maintenance and servicing of parks in the City and are therefore assessed at lower levels, as discussed below.

Nonprofit parcels receive less benefit than other Nonresidential parcels in the District from the operation, maintenance and servicing of parks in the City for several reasons. Nonprofit parcels function differently than Nonresidential parcels in that they: 1) typically operate fewer days in the week, 2) generally have an inconsistent number of people using the facilities daily, and 3) have a less intensive use than the property size alone would indicate because in general the large Nonprofit parcels in the District contain large green areas that function as open space. Since the Nonprofit parcels receive less safety and recreation benefit than Nonresidential parcels, the Nonprofit parcels are assessed at a lower level than the Nonresidential parcels. Nonprofit parcels are assessed at 0.67 AU for every 7,200 square feet of land, with a minimum assessment of 1 AU, and are only assessed for the first 28,800 square feet.

As a result of the passage of Proposition 218, the assessment methodology for the District has to determine the special benefit that should be attributed to public agency parcels within the District boundary. Section 4 of the Proposition states,

“Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that such publicly owned parcels in fact receive no special benefit.”

Government properties also benefit from the proper maintenance and servicing of parks, since such parks attract potential employees as shown below. Proper maintenance, operation and servicing of parks benefits Government parcels because:

- they reduce property-related crimes against public parcels within the District, especially vandalism, through the abatement of graffiti;
- they improve the aesthetics of public parcels through the proper maintenance and servicing of landscaping and the planting of otherwise barren areas;
- they reduce pollution and noise in surrounding areas throughout the provision of open space;
- having properly maintained parks readily accessible to the public properties means that the public agencies may enjoy the benefits of such improvements available for use while avoiding the expense of privately installing and maintaining similar improvements; and
- spraying and treating of landscaping for disease and weed control reduces the likelihood of insect or weed infestation spreading to the landscaping located on public properties with the District.

However, Government parcels receive less benefit than other Nonresidential parcels in the District from the operation, maintenance and servicing of parks in the City. For instance, a portion of most public properties within the District is used as a park and/or recreation area. Additionally, Government properties generally do not benefit from the resale value of their properties. Consequently, the specific benefit of increased property value that is conferred to other properties in the District is not conferred to Government properties. Therefore, the public parcels are assessed at half the rate of Nonresidential uses, receiving 0.50 AU for every 7,200 square feet of land.

Like Government parcels, Vacant parcels receive a special benefit from the safety improvements due to a decrease in vandalism as a result of the increased desirability of a parcel that is located in an areas with a landscaping program. Since there are fewer improvements on a Vacant parcel and people are not using the parcel, the safety benefit to vacant parcels received is lower than other Nonresidential parcels. Therefore, Vacant parcels are assessed at one-quarter the rate of Nonresidential parcels, receiving 0.25 AU for every 7,200 square feet of land.

The assessment unit formulas for Nonprofit, Government and Vacant parcels are shown below in Table 5.

TABLE 5 - AU FORMULA FOR NONPROFIT, GOVERNMENT AND VACANT PARCELS

Land Use Description	Assessment Unit
Nonprofit	0.67 per 7,200 sf (1.00 minimum, 2.68 maximum)
Government	0.50 per 7,200 sf
Vacant	0.25 per 7,200 sf

Table 6 below provides a summary of assessment units for the different land uses for park special benefit.

TABLE 6 - ASSESSMENT UNIT SUMMARY

Land Use Description	Parcels	Dwellings	Square Ft	AU Factor	Total AU's
Single Family Residential	26,492	26,499		1.00 / parcel	26,499.000
Condominium	5,914	5,959		0.58 / parcel	3,456.220
Multiple Family Residential	1,160	13,344		0.56 / unit	7,472.640
Mobile Home	14	1,559		0.47 / unit	732.730
Nonresidential *	1,512	0	69,009,743	1.00 / 7,200 sf	9,645.870
Nonprofit *	102	0	8,060,582	0.67 / 7,200 sf	221.543
Government	273	0	46,624,902	0.50 / 7,200 sf	3,237.843
Vacant	68	0	774,547	0.25 / 7,200 sf	26.893
Totals	35,535	47,361	124,469,774		51,292.739

* Square feet shown are total square feet. Nonresidential and Nonprofit parcels are assessed a minimum of 1 AU. Nonprofit parcels are only assessed for the first 28,800 square feet, or a maximum of 2.68 AU's.

The rate per AU is calculated by dividing the total budget amount by the total number of AU's:

$$\$705,275 / 51,292.739 \text{ AU's} = \$13.75 / \text{AU}$$

Sample calculations for various land use types are provided in Table 7 below.

Table 7
Sample Calculations for Various Land Uses

Land Use	AU Calculation	Total AUs	FY 2016-17 Asmt @ \$13.75 / AU
Single Family Residential	1 DU x 1 AU/DU =	1.000	\$13.75
Condominium	1 DU x 0.58 AU/DU =	0.580	\$7.98
Multiple Family Residential:			
Duplex	2 DU x 0.56 AU/DU =	1.120	\$15.40
4-plex	4 DU x 0.56 AU/DU =	2.240	\$30.80
10-Unit Apartment	10 DU x 0.56 AU/DU =	5.600	\$77.00
Mobile Home Park:			
30 Spaces	30 DU x 0.47 AU/DU =	14.100	\$193.88
95 Spaces	95 DU x 0.47 AU/DU =	44.650	\$613.94
Nonresidential:		min. 1 AU	
5,000 sf Nonres		1.000	\$13.75
10,000 sf Nonres	10,000 sf x 1 AU/7,200 sf =	1.389	\$19.10
25,000 sf Nonres	25,000 sf x 1 AU/7,200 sf =	3.472	\$47.74
50,000 sf Nonres	50,000 sf x 1 AU/7,200 sf =	6.944	\$95.48
Nonprofit:		min. 1 AU, max. 2.68 AU	
10,000 sf Nonprofit		1.000	\$13.75
15,000 sf Nonprofit	15,000 sf x 0.67 AU/7,200 sf =	1.396	\$19.20
25,000 sf Nonprofit	25,000 sf x 0.67 AU/7,200 sf =	2.326	\$31.98
50,000 sf Nonprofit		2.680	\$36.85
Government:			
10,000 sf Nonres	10,000 sf x 0.50 AU/7,200 sf =	0.694	\$9.54
25,000 sf Nonres	25,000 sf x 0.50 AU/7,200 sf =	1.736	\$23.87
50,000 sf Nonres	50,000 sf x 0.50 AU/7,200 sf =	3.472	\$47.74
Vacant:			
10,000 sf Nonres	10,000 sf x 0.25 AU/7,200 sf =	0.347	\$4.77
25,000 sf Nonres	25,000 sf x 0.25 AU/7,200 sf =	0.868	\$11.94
50,000 sf Nonres	50,000 sf x 0.25 AU/7,200 sf =	1.736	\$23.87

Table 8 below summarizes the total assessments to be levied by land use. The percentage of each land use's assessment in relation to the total assessment is also shown below.

TABLE 8 - SUMMARY OF ASSESSMENTS BY LAND USE

Land Use	Approximate 2016-17 Total Assessments by Land Use	Assessments by Land Use as a % of the Total District Assessments
Residential (Single Family, Multi-Family, Condo and Mobile Home)	\$524,708	74%
Nonresidential (Commercial, Industrial)	\$132,631	19%
Nonprofit (Churches)	\$3,046	0%
Government (Schools, City Property)	\$44,520	7%
Vacant	\$370	0%
Approximate 2016-17 Assessments to Be Collected	\$705,275	100%

Residential properties comprise 74% of the District,
the remaining property types comprise 26% of the District

PART D

ASSESSMENT DIAGRAM

A diagram showing the exterior boundaries of the District, the boundaries of any zones within the Assessment District and the lines and dimensions of each lot or parcel of land within the District is on file in the Office of the City Clerk and incorporated herein by reference.

The lines and dimensions of each lot or parcel within the District are those lines and dimensions shown on the maps of the Assessor of the County of Orange for the fiscal year to which this report applies. The Assessor's maps and records are incorporated by reference herein and made part of this report.

A reduced copy of the City of Garden Grove Park Maintenance District Map is provided on the following page.

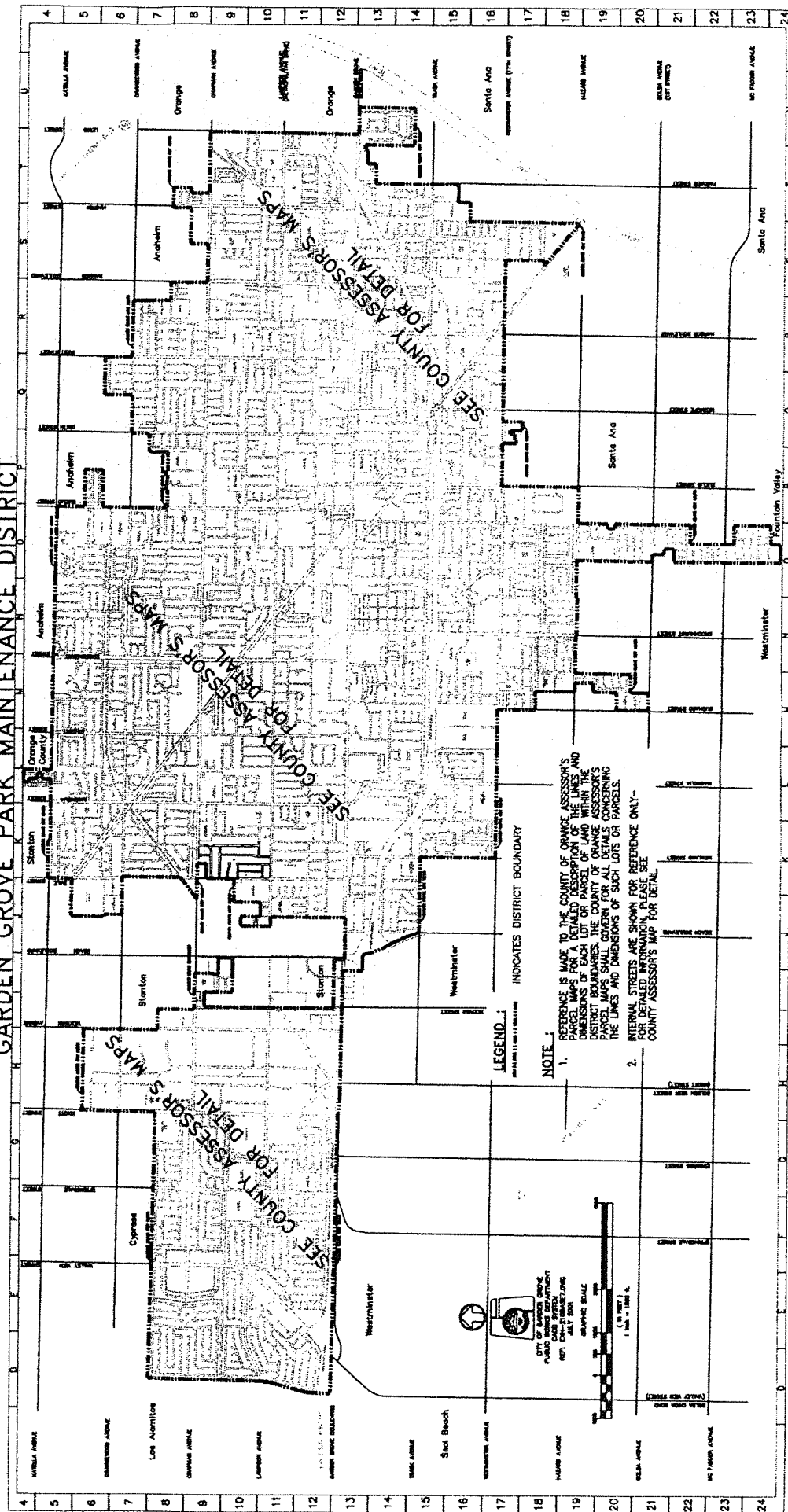
PART E

ASSESSMENT ROLL

The total proposed assessment for Fiscal Year 2016-17 and the amount of the total proposed assessment apportioned to each lot or parcel within the District, as shown on the latest assessment roll at the Orange County Assessor's Office, are contained in the Assessment Roll on file in the Office of the City Clerk of the City of Garden Grove, which is incorporated herein by reference.

The description of each lot or parcel is part of the records of the Assessor of the County of Orange and these records are, by reference, made part of this Report.

GARDEN GROVE PARK MAINTENANCE DISTRICT



C1

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 (SECTIONS 22500 ET SEQ. OF THE CALIFORNIA STREETS AND HIGHWAYS CODE) DECLARING ITS INTENTION TO LEVY AND COLLECT ASSESSMENTS WITHIN THE CITY OF GARDEN GROVE STREET LIGHTING DISTRICT FOR FISCAL YEAR 2016-17 AND SETTING A TIME AND PLACE FOR A PUBLIC HEARING ON THE LEVY OF THE PROPOSED ASSESSMENTS

The City Council of the City of Garden Grove adopted Resolution No. _____, initiating proceedings to levy annual assessments for Fiscal Year 2016-17 within the City of Garden Grove Street Lighting District describing the proposed improvements and ordering the City Engineer to prepare and file a report, pursuant to the provisions of the Landscaping and Lighting Act of 1972, i.e., Division 15, Part 2 (commencing with Section 22500) of the California Streets and Highways Code (herein "Act").

The City Engineer has prepared the report, filed same with the City Clerk and presented same to the City Council, with the City Council examining and approving the report.

Under the Act, before levying and collecting assessments in the Assessment District, the City Council is required to adopt a Resolution declaring its intention to do so.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:

SECTION 1. The City Council hereby finds and declares that the public interest and necessity require the installation, maintenance, and servicing of public lighting facilities in the streets of the city as hereinafter described, and the City Council hereby declares its intention to levy and collect assessments for Fiscal Year 2016-17 covering the real property benefited by the improvements, pursuant to the Act.

SECTION 2. The proposed improvements are generally described as follows:

The maintenance and operation of streets and sidewalks throughout the city, namely the installation, maintenance, and servicing of public street lighting facilities including traffic signals.

SECTION 3. The Assessment District is designated as the "City of Garden Grove Street Lighting District." The boundaries of the District are generally coterminous with the boundaries of the city of Garden Grove, and generally include all parcels within the city.

SECTION 4. Reference is hereby made to the City Engineer's report, on file with the City Clerk, for a full and detailed description of the improvements, the boundaries of the Assessment District and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the Assessment District.

SECTION 5. An assessment will be levied pursuant to the Act upon all property in the City of Garden Grove Street Lighting District for Fiscal Year 2016-17, subject to assessment under the Act, as described in the City Engineer's report. No assessment shall be imposed upon a federal or state governmental agency or another local agency. The rates of the assessment to be levied for Fiscal Year 2016-17 are not proposed to increase from the rate levied in Fiscal Year 2015-16.

SECTION 6. Notice is hereby given that June 14, 2016, at 6:30 p.m. (or as soon thereafter as the City Council may hear same), in the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California, is hereby fixed as the time and place for a Public Hearing on the question of the levy of the proposed assessments. Any interested person may file a written protest with the City Clerk, stating all grounds of objection. Protests by property owners must contain a description of the property in which each signer thereof is interested, sufficient to identify the same, and must be delivered to the City Clerk prior to the conclusion of the hearing. In addition, all interested persons shall be afforded the opportunity to hear and be heard at the Public Hearing. The City Council shall consider all oral statements and all written protests or communications made or filed by any interested person.

SECTION 7. The City Clerk shall cause this Resolution of Intention to be published once in a newspaper of general circulation in the city of Garden Grove, California, with the publication being not less than ten (10) days prior to the date herein fixed for the Public Hearing.

"C2"

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 (SECTIONS 22500 ET SEQ. OF THE CALIFORNIA STREETS AND HIGHWAYS CODE) DECLARING ITS INTENTION TO LEVY AND COLLECT ASSESSMENTS WITHIN THE CITY OF GARDEN GROVE STREET LIGHTING DISTRICT NO. 99-1 FOR FISCAL YEAR 2016-17 AND SETTING A TIME AND PLACE FOR A PUBLIC HEARING ON THE LEVY OF THE PROPOSED ASSESSMENTS

The City Council of the City of Garden Grove adopted Resolution No. [REDACTED], initiating proceedings to levy annual assessments for Fiscal Year 2016-17 within the City of Garden Grove Street Lighting District No. 99-1 describing the proposed improvements and ordering the City Engineer to prepare and file a report, pursuant to the provisions of the Landscaping and Lighting Act of 1972, i.e., Division 15, Part 2 (commencing with Section 22500) of the California Streets and Highways Code (herein "Act").

The City Engineer has prepared the report, filed same with the City Clerk and presented same to the City Council, with the City Council examining and approving the report.

Under the Act, before levying and collecting assessments in the Assessment District, the City Council is required to adopt a Resolution declaring its intention to do so.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:

SECTION 1. The City Council hereby finds and declares that the public interest and necessity require the maintenance and servicing of public lighting facilities as hereinafter described, and the City Council hereby declares its intention to levy and collect assessments for Fiscal Year 2016-17 covering the real property benefited by the improvements, pursuant to the Act.

SECTION 2. The proposed improvements for Fiscal Year 2016-17 are generally described as the maintenance and servicing of public street lighting within the Assessment District.

SECTION 3. The Assessment District is designated as the "City of Garden Grove Street Lighting District No. 99-1." This District consists of the following areas: the first involving an area easterly of Dale Street between Lampson Avenue and Chapman Avenue and an area west of Fairview Street approximately 900 feet

south of Trask Avenue, the second involving an area on Gail Lane north of Chapman Avenue.

SECTION 4. Reference is hereby made to the City Engineer's report, on file with the City Clerk, for a full and detailed description of the improvements, the boundaries of the Assessment District and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the Assessment District.

SECTION 5. An assessment will be levied pursuant to the Act upon all property in the City of Garden Grove Street Lighting District No. 99-1 for Fiscal Year 2016-17, subject to assessment under the Act, as described in the City Engineer's report. Parcels within the District that are owned or used by any county, city, city and county, special district or any other local or regional governmental agency, the State of California, or the United States shall be assessed unless the City demonstrates by clear and convincing evidence that such lots or parcels receive no special benefit from the proposed improvements. The rates of the assessment to be levied for Fiscal Year 2016-17 are not proposed to increase from the rates levied in Fiscal Year 2015-2016.

SECTION 6. Notice is hereby given that June 14, 2016, at 6:30 p.m. (or as soon thereafter as the City Council may hear same), in the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California, is hereby fixed as the time and place for a Public Hearing on the question of the levy of the proposed assessments. Any interested person may file a written protest with the City Clerk, stating all grounds of objection. Protests by property owners must contain a description of the property, in which each signer thereof is interested, sufficient to identify the same, and must be delivered to the City Clerk of the City prior to the conclusion of the Public Hearing. In addition, all interested persons shall be afforded the opportunity to hear and be heard at the Public Hearing. The City Council shall consider all oral statements and all written protests or communications made or filed by any interested person.

SECTION 7. The City Clerk shall cause this Resolution of Intention to be published once in a newspaper of general circulation in the City of Garden Grove, California, with the publication being not less than ten (10) days prior to the date herein fixed for the Public Hearing.

C3

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 (SECTIONS 22500 ET SEQ. OF THE CALIFORNIA STREETS AND HIGHWAYS CODE) DECLARING ITS INTENTION TO LEVY AND COLLECT ASSESSMENTS WITHIN THE CITY OF GARDEN GROVE PARK MAINTENANCE DISTRICT FOR FISCAL YEAR 2016-17 AND SETTING A TIME AND PLACE FOR A PUBLIC HEARING ON THE LEVY OF THE PROPOSED ASSESSMENTS

The City Council of the City of Garden Grove adopted Resolution No. [REDACTED], initiating proceedings to levy annual assessments for Fiscal Year 2016-17 within the City of Garden Grove Park Maintenance District, describing the proposed improvements and ordering the City Engineer to prepare and file a report pursuant to the provisions of the Landscaping and Lighting Act of 1972, i.e., Division 15, Part 2 (commencing with Section 22500) of the California Streets and Highways Code (herein "Act").

The City Engineer has prepared the report, filed same with the City Clerk and presented same to the City Council with the City Council examining and approving the report.

Under the Act, before levying and collecting assessments in the Assessment District, the City Council is required to adopt a Resolution declaring its intention to do so.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:

SECTION 1. The City Council hereby finds and declares that the public interest and necessity require the maintenance of public parks in the city, and the City Council hereby declares its intention to levy and collect assessments for Fiscal Year 2016-17 covering the real property specially benefited by the park maintenance, pursuant to the Act.

SECTION 2. The proposed improvements are generally described as the maintenance of public parks throughout the city.

SECTION 3. The Assessment District is designated as the "City of Garden Grove Park Maintenance District." The boundaries of the District are coterminous with the boundaries of the city of Garden Grove, and generally include all parcels within the city.

SECTION 4. Reference is hereby made to the City Engineer's report, on file with the City Clerk, for a full and detailed description of the improvements, the boundaries of the Assessment District and any zones therein, and the proposed assessments upon assessable lots and parcels of land within the Assessment District.

SECTION 5. An assessment will be levied pursuant to the Act upon all property in the City of Garden Grove Park Maintenance District for Fiscal Year 2016-17, subject to assessment under the Act, as described in the City Engineer's report. Parcels within the District that are owned or used by any county, city, city and county, special district or any other local or regional governmental agency, the State of California, or the United States shall be assessed unless the City demonstrates by clear and convincing evidence that such lots or parcels receive no special benefit from the proposed improvements. The rates of the assessment to be levied for Fiscal Year 2016-17 are not proposed to increase from the rates levied in Fiscal Year 2015-16.

SECTION 6. Notice is hereby given that June 14, 2016, at 6:30 p.m. (or as soon thereafter as the City Council may hear same), in the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California, is hereby fixed as the time and place for a Public Hearing on the question of the levy of the proposed assessments. Any interested person may file a written protest with the City Clerk stating all grounds of objection. Protests by property owners must contain a description of the property, in which each signer thereof is interested, sufficient to identify the same, and must be delivered to the City Clerk of the City prior to the conclusion of the hearing. In addition, all interested persons shall be afforded the opportunity to hear and be heard at the hearing. The City Council shall consider all oral statements and all written protests or communications made or filed by any interested person.

SECTION 7. The City Clerk shall cause this Resolution of Intention to be published once in a newspaper of general circulation in the city of Garden Grove, California, with the publication being not less than ten (10) days prior to the date herein fixed for the Public Hearing.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Kim Huy
Dept.:	City Manager	Dept.:	Community Services
Subject:	Approval to transfer City Support Cost Reimbursements from Deposit Trust account to the General Fund. (Transfer amount: \$183,000) (<i>Action Item</i>)		
		Date:	5/24/2016

OBJECTIVE

To request City Council authorization to transfer funds from the Deposit Trust Fund to the General Fund; all funds were for fees collected from past community festivals.

BACKGROUND

Over the years, the City has allowed non-profit organizations through formal agreements the use of City parks to conduct community festivals. As part of these agreements, the organizations have reimbursed the City for costs incurred by the City in support of the festivals. These reimbursements are deposited to the City's Deposit Trust account and transferred to the City's General Fund account following a final reconciliation and settlement. Staff has identified a total of \$183,000 in the Deposit Trust account that should be transferred from this account to the General Fund.

DISCUSSION

Staff would like to request City Council approval to transfer said funds from the Deposit Trust account to the General Fund for City facilities needs. The total amount of \$183,000 will be allocated to a General Fund package and used for the renovation of the Council Chamber, replacement of light poles at City parks, and other facility improvements.

FINANCIAL IMPACT

\$183,000 available in the Deposit Trust Fund will be transferred to a General Fund package and appropriated in FY 2015-16 budget for the renovation of the Council Chamber, replacement of light poles at City parks, and other facilities improvements.

RECOMMENDATION

It is recommended that the City Council:

- Approve the transfer of \$183,000 from the City's Deposit Trust account to the General Fund and appropriate same amount in the FY 2015-16 General Fund budget to be used for City Facility needs.

By: Janet Pelayo, Manager

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Lisa Kim
Dept.:	City Manager	Dept.:	Community and Economic Development
Subject:	Receive and file the 2015 Annual Report on the Status of the City's General Plan. (<i>Action Item</i>)	Date:	5/24/2016

OBJECTIVE

The purpose of this report is to request that the City Council receive and file the 2015 Annual Report on the Status of the General Plan.

BACKGROUND

The City is required by the State to submit an annual report on the status of the General Plan and progress in its implementation to their legislative bodies, the Governor's Office of Planning and Research (OPR), and the Housing and Community Development (HCD).

The report focuses on the calendar year of 2015. Projects approved, ordinances adopted, and programs implemented during this time are included within the report. Additionally, the City reviews the previous year's residential development activity and programs that work toward providing housing throughout the City.

DISCUSSION

The report also covers the Regional Housing Need Allocation (RHNA) for the 2014-2021 planning period. California General Plan law requires each city and county to accommodate its fair share of the regional housing needs. As determined by the Southern California Association of Governments (SCAG), Garden Grove's fair share allocation is 747 new housing units during this planning cycle. This report shows the City's progress in meeting its RHNA.

FINANCIAL IMPACT

None.

RECOMMENDATION

Staff recommends that the City Council take the following action:

- Receive and file the 2015 Annual Report on the Status of the General Plan; and
- Authorize staff to transmit the annual Report to the Governor's Office of Planning and Research, and the Housing and Community Development.

By: Alana Cheng, Senior Administrative Analyst

ATTACHMENTS:

Description	Upload Date	Type	File Name
2015 Annual Update - General Plan	5/16/2016	Backup Material	Status_of_General_Plan.pdf

**2015
ANNUAL REPORT
ON THE STATUS OF
THE GENERAL PLAN**



Prepared by the Garden Grove Community Development Department

MARCH 2016

2015 Garden Grove Annual Report on the Status of the General Plan

Introduction

Every year, the City of Garden Grove reviews the previous year's residential development activity and programs that work toward providing housing throughout the city. The City prepares this report as a review of the activities undertaken to implement the General Plan. The report focuses on the calendar year of 2015. Projects approved, ordinances adopted, and programs implemented during this time are included within the report.

The City continues its process of updating the General Plan, which was last updated in 1995. The Administrative Draft of the General Plan was approved for public review in 2008. More information about the General Plan Update is available at <http://www.gardengrovefuture.info> or contact Erin Webb, General Plan Project Manager at 714-741-5313.

The City is required by the State to prepare an Annual Progress Report on the status of the Housing Element of its General Plan and indicate the progress in the implementation and status of its programs and objectives.

The Annual Progress Report on the Housing Element includes; an Annual Building Activity Report Summary; Rehabilitation, Preservation and Acquisition Activity; Regional Housing Needs Allocation Progress; and Housing Element Program Implementation Status updates. Using the Neighborhood Improvement and Conservation Commission (NICC) as an avenue, the City must provide opportunities for public discussion and input on housing issues and housing element implementation.

The programs and objectives in the 2014-2021 Housing Element Plan aim to make adequate provision for the housing needs of all economic segments of the community. The programs outlined in the plan have been implemented in an effort to conserve and improve the conditions of the existing affordable housing stock, assist in the development of housing for low- and moderate-income households, identify adequate sites to encourage the development of a variety of types of housing for all income levels, address and, where appropriate and legally possible, remove government constraints to the maintenance, improvement, and development of housing, and promote equal opportunities for all persons.

In addition, the City has prepared a Development Project Update List, which is available on the Planning Division's webpage at <http://www.ci.garden-grove.ca.us>. The report is updated every quarter and includes all residential, commercial, and industrial projects that move through the Community Development Department.

City of Garden Grove
2015 Annual Report on the Status of the General Plan

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2015 GARDEN GROVE ANNUAL REPORT
ON THE STATUS OF THE GENERAL PLAN

Agenda for City Council May 24, 2016

****Insert a copy of the City Council Agenda before mailing out the State****

Measures Associated with the Implementation of the General Plan

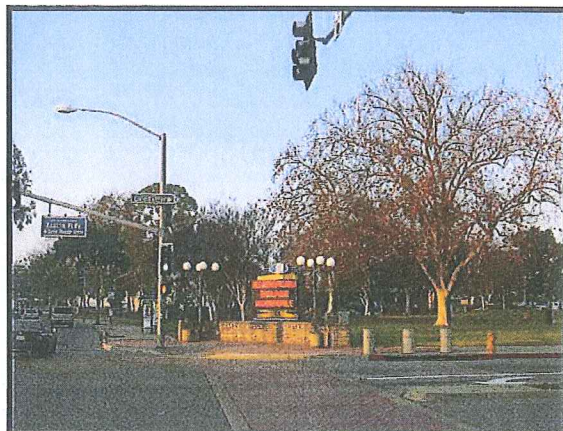
LAND USE ELEMENT

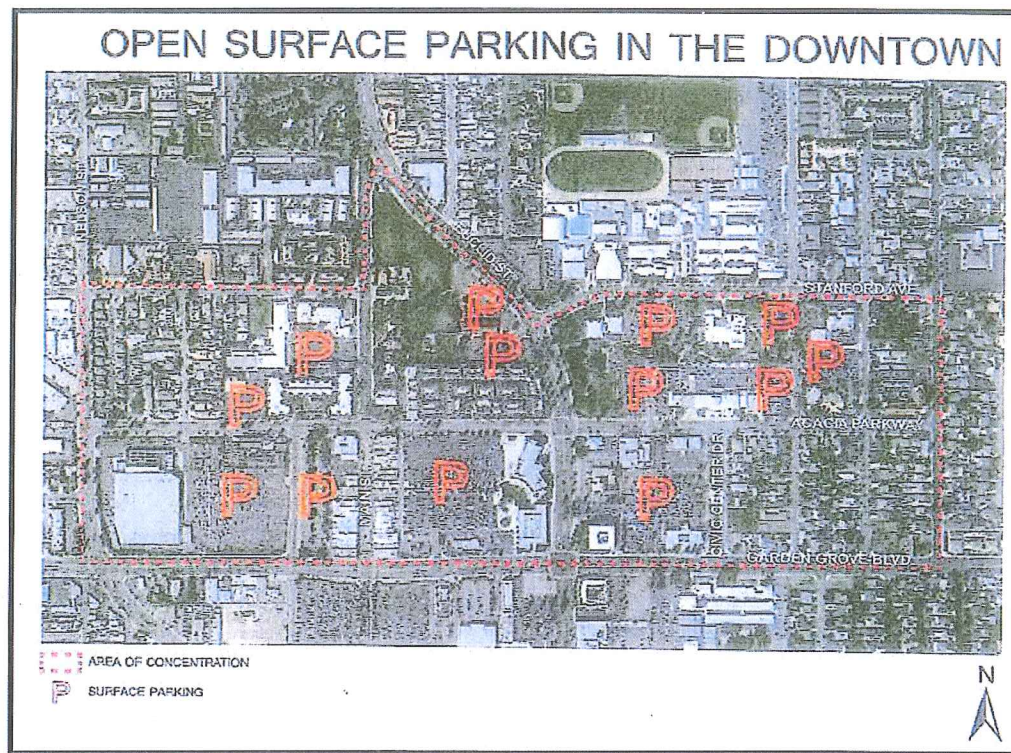
The Land Use Element, more than any other element in the General Plan, will shape the way that the City of Garden Grove develops and redevelops over the next 20+ years. It will serve as a guide for both public officials and private citizens in its description of the type, intensity, and general distribution of uses of land for housing, business, industry, open space and public uses. It is the basis for short-range, mid, and long-range vision, ideas, and goals.

From the onset of updating the General Plan, the community clearly stated preserving their residential neighborhoods was one of the highest priorities. Most new development was envisioned as mixed use buildings located along major arterial roadways/adjacent to existing shopping centers. A mixed use type of project allows greater opportunities for developers through higher density while leaving existing residential neighborhoods protected and preserved. The plan identifies 15 "Focus Areas", the area we concentrated the most on in 2015 was "Focus Area E1-Civic Center (Area 1).

Key ideas for this area:

- The Civic Center Park area should include *parking structures*.
- Acacia Parkway is an important secondary path of travel in the east-west direction.
- *Pedestrian pathways* across Euclid Street should be reinforced to connect the different areas of the Civic Center.
- The civic center uses should be interspersed with *parking structures* and a mix of uses.
- Add pedestrian paths, courtyards and small plazas throughout the area.
- Construct *parking structures* to replace the existing surface lots in the Main Street Area.
- Allow the expansion of mixed use and commercial uses north of Acacia Parkway on Main Street.
- Pedestrian paths, plazas, and storefronts should be added to the area.





Goal LU-10: Restoration of the Civic Center as the heart of the City.

Policy LU-10.1: Maintain and enhance the centralized public function of the Civic Center.

Policy LU-10.2: Develop a Master Plan for the Civic Center area.

Policy LU-10.3: Redevelop, consolidate and rezone properties within the Civic Center area to accommodate the *mix of uses* allowed in this focus area.

LU-IMP-10A: Link the City Hall with other civic or institutional uses across Acacia Parkway so that the centrality of government services is retained in the Civic Center area.

LU-IMP-10B: Continue to encourage the use of the Civic Center's facilities for public and private community and social events.

LU-IMP-10C: Continue to support cultural activities conducted near the Civic Center, such as *theater productions* or the Strawberry Festival, and experiment with offering new *citywide celebrations* to be held in this area.

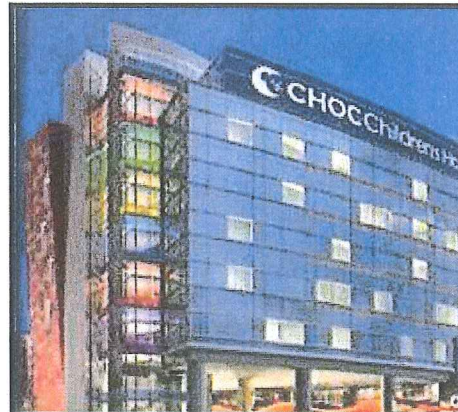
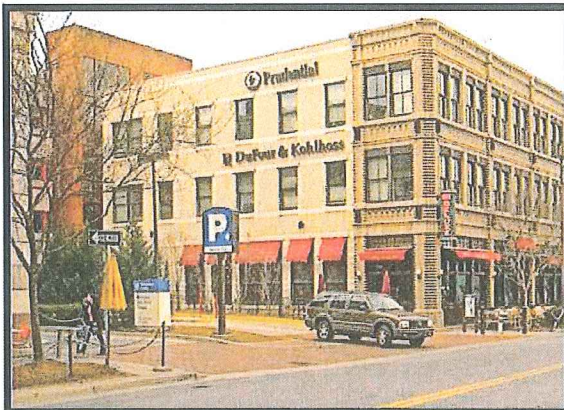
LU-IMP-10D: Maximize the opportunities offered by higher educational institutions to be located in the Civic Center area.

2015 GARDEN GROVE ANNUAL REPORT
ON THE STATUS OF THE GENERAL PLAN



In continuing to work hard to bring the community to identify a sense of place and improving the Garden Grove's Downtown "Focus Area E1-Civic Center (Area 1), "Heart of the City", a new horizontal mixed-use project was proposed in 2014 and the City proceeded in 2015 to amend the CC-1 Mixed Use Zone to further encourage Adaptive Reuse and Preservation of existing cottage neighborhoods and help this project move forward. The vision for this project is to use the existing residential cottages as commercial businesses and invigorate outdoor activities. The City has amended the Zoning (CC-1 Mixed Use) to allow this development located in the neighborhoods south of Acacia Parkway, north of Garden Grove Boulevard, west of Ninth Street, and east of Civic Center Boulevard.

In addition, the City starting working on an RFP in 2015 to conduct a Downtown Parking Study. The objectives of this study are to analyze the City's current public and private parking utilization and design, and anticipate future parking needs. The hope is to explore options to consolidate the many surface parking lots and replace them with interesting *parking structures*. The study will also provide ideas for new uses that will create a more cohesive, walkable, lively Downtown; such as adding pocket parks, plazas, kiosks, and other retail uses. The Department would like to explore the possibilities for the future of these surface lots. Some of these lots could be incorporated into existing parks, while others could incorporate *commercial storefronts* to improve the pedestrian experience along the Civic Center Area.



COMMUNITY DESIGN ELEMENT

The Community Design Element represents a community identity and a visual image of the community that is held in the minds of residents and visitors. These images include the City's physical form, districts and gathering areas, landmarks, paths and street corridors, buildings, and wayfinding/signage.

The City's vision is to move away from the old style of strip commercial development that is dominated by parking and automobiles to a pedestrian friendly, attractive, and diverse commercial/mixed-use development type with well-designed rear parking or unique parking structures.

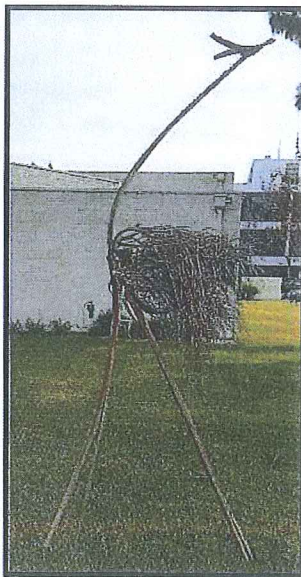
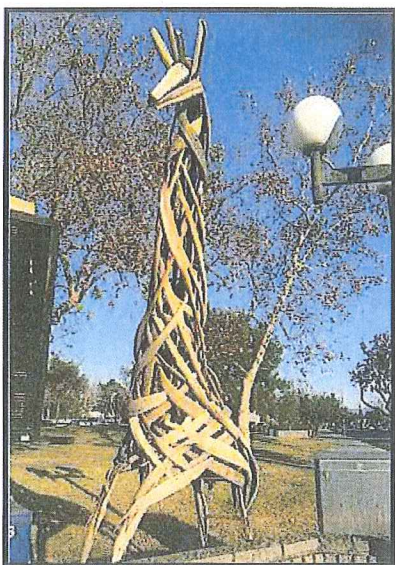
Key ideas for this element:

- Medians along primary corridors should incorporate the same types of trees to be consistent with the sidewalk plantings and employ a continuous and tightly spaced pattern.
- Although typical high-level cobra-head style lighting maybe still be required for the high level of traffic, secondary thematic, *pedestrian level lighting* should be considered with in or oriented toward the sidewalk area.
- *Street trees* should be planted within the parkway areas, with ground cover and shrubs filling in underneath.
- Visual enhancements or rear properties, special accent paving at entries, *pedestrian level lighting*, and landscaping where feasible should be encouraged.
- *Public art* includes statues and murals that are visible from public spaces and streets.
- Currently, the primary location of *public art* is within the Civic Center.
- Opportunities for additional forms of public art should be considered which can include *street furniture* and lighting and it is not confined to physical objects.



2015 GARDEN GROVE ANNUAL REPORT
ON THE STATUS OF THE GENERAL PLAN

The City brought in a local artist, Glen Mann, and his strong connection to nature in his organic Palm art creating sculptures inspired by the palm fronds, bamboo or tree branches that he finds. "It is important for our future to become better stewards of our planet". "Rather than chopping down a tree, I use what the tree gives or drops." Glen has created an unusual array of frond creatures held together with screws: a giraffe, an alligator, a couple of peacocks, fish, sheep, giant bugs, etc. With open invitations to display his work at many festivals he stays very busy. His frond animals have been featured artist at the Aquarium of the Pacific and he has also received a stewardship award from the City of Long Beach. Glen produced 22 "creatures" around our Civic Center Area a few weeks before Open Streets 2015 to draw interest from the community to come to a gathering place to see temporary art installations. Glen does not accept payment for his art work. "I'm not making money on these, I'm just doing it for the uplifting of humanity." "Putting a price on them takes the fun out of spreading the love and light."



2015 GARDEN GROVE ANNUAL REPORT
ON THE STATUS OF THE GENERAL PLAN

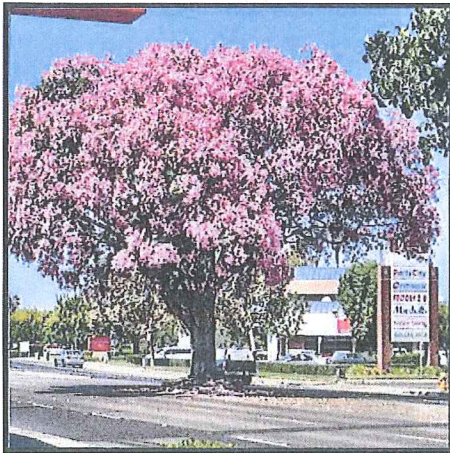
GOAL CD-4: Create comfortable and safe corridors that accommodate all modes of transportation.

Policy CD-4.2: Develop a comprehensive or a series of focused streetscape programs to retrofit/redevelop primary and secondary corridors with appropriate design features, including sidewalks, paving patterns, street trees, parkways, *median planting*, lighting improvements, and benches.

Policy CD-4.5: Encourage new public and private parking facilities to meet aesthetic and functional standards beneficial to the urban environment.

CD-IMP-4B: Review and update all street standards to support design features that will create an attractive and safe environment for pedestrians, transit users, and bicyclists.

Policy CD-7.2: Develop unique *streetscape palettes* for the Civic Center Areas. The landscape palettes shall reinforce the existing character of these districts, for example, Civic Center includes sycamores along Main Street and on major streets, so the use of sycamores or a similar type of tree would create a consistent landscape element that identifies an important place.



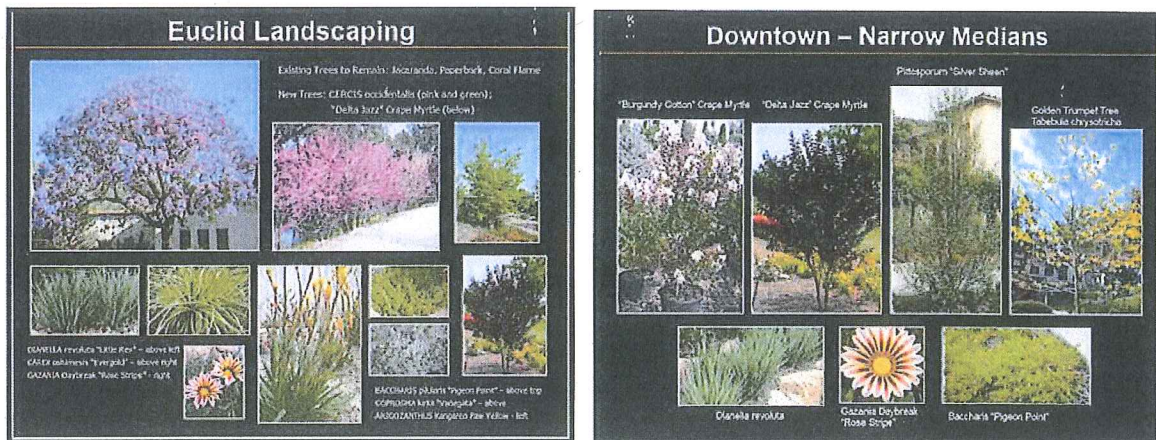
Policy CD-7.3: Promote linkages between separate districts through bike trails, pedestrian paths, common medians or parkway landscaping in connecting streets, and other physical improvements as necessary.

CD-IMP-7A: Encourage the use of specific plans, master plans, or other planning and design tools to develop detailed plans, revitalization strategies, and implementation tools for Garden Grove's districts, incorporating the General Plan 2030 ideas, goals, and policies.

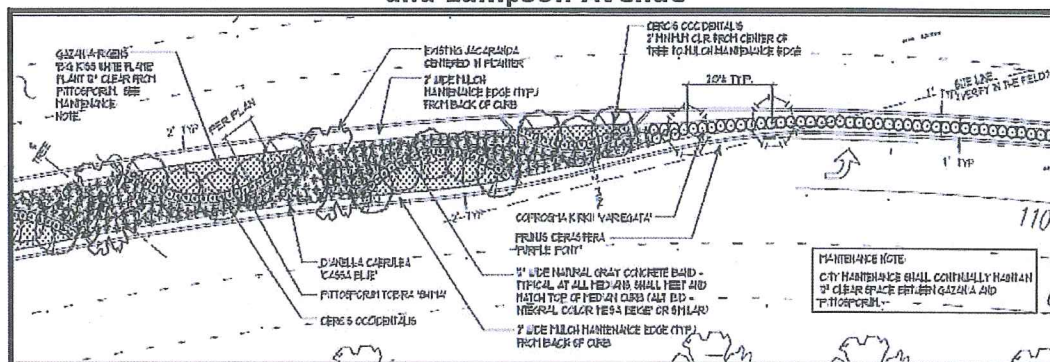
CD-IMP-7D: Establish minimum standards for pedestrian-oriented circulation in the Civic Center, and other pedestrian-oriented districts.

CD-IMP-7E: Urban Trails on public and/or private property shall have identifiable landscape plantings and signage.

While continuing to work with the Studio 606 Master's students design group from Cal Poly Pomona, they discovered that one of the main desires of the community was to add more trees and focus on improving the landscaping in the Civic Center Area. Keeping with the Re:Imagine Downtown goal of enhancing the functional and physical look and feel of the downtown area, the students have provided input on the quantity and types of trees and landscape materials to be used in the medians. With lots of ideas coming from the Public Online Forum, the Euclid Street Project expanded to include new median landscape and tree replacement. The City added approximately 20 pine trees and various drought-tolerant plants planted in the new wider areas of the median, replacing grass with low-water foliage that conserves water and maintenance costs by preventing irrigation run-off and asphalt deterioration.



Euclid Street Median landscape plans located between Garden Grove Boulevard and Lampson Avenue





Goal CD-2: Provide attractive and appropriate signage throughout the City.

Policy CD-2.1: Continue and expand the wayfinding signage program

CD-IMP-2D: Develop new sign standards in the Zoning Code that are up to date with current industry design such as larger pylon and *monument signs*. Look for opportunities for different types of signs that reinforce the character of specific areas such as blade signs and old-fashioned wall-painted signs on Main Street/Civic Center District.

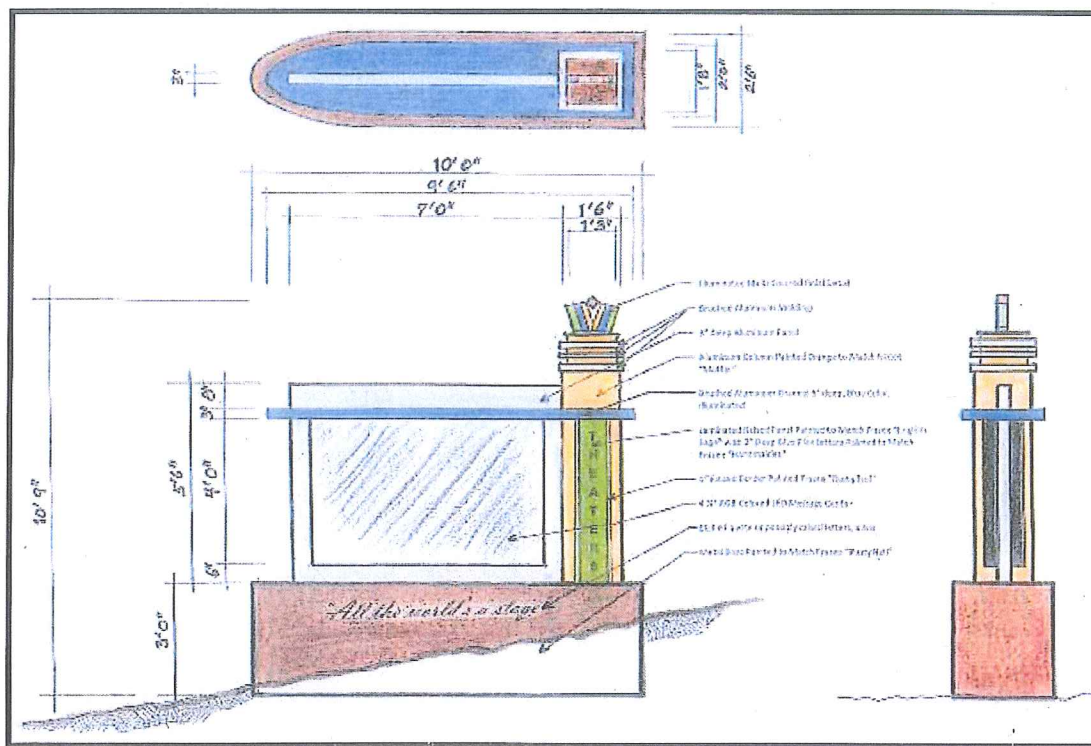
CD-IMP-3B: Encourage and implement the development of *new logo designs* identifying special districts and citywide entry signs.

In addition, the City is working on new sign standards in satisfying the Goals and Policy plans above, to create a standard design for the GEM Theater and the Strawberry Bowl Amphitheater to reinforce a specific Downtown character identified as part of the Civic Center District.

Also as a section included in the Downtown Parking Study scope of work, the City has requested the Consultant to include a proposal for new ideas in a wayfinding program with a creative placemaking component. This shall include a Parking-Vehicular Wayfinding in which the City seeks to enhance and facilitate visitor and residential awareness of the Downtown. Wayfinding should provide excellent directional information for drivers, parking needs, identifying municipal buildings, and for future downtown destinations.

Wayfinding recommendations should also include bicycle and pedestrian safe access through the Downtown area to landmarks in the Civic Center including proposed bike parking sites within a half mile radius of the boundaries for the area of concentration.

Proposed Sign Design for the Theaters



CIRCULATION ELEMENT

The Circulation Element represents the City's overall transportation plan. The transportation plan consists not only of the physical transportation system itself, such as streets, highways, *bicycle routes and sidewalks*, but also to the various modes of transportation, such as cars, buses, trucks, rail, bicycles, ridesharing and walking.

Land Use and circulation must be closely tied to ensure that citizens are able to move in and around the City to locations where they live, work, shop, and spend leisure hours.

Goal CIR-4: A reduction in vehicle miles traveled in order to create a more efficient urban form.

Policy CIR-4.1: Strive to achieve a balance of land uses whereby residential, commercial, and public land uses are proportionally balanced.

Policy CIR-4.2: Strive to reduce the number of miles traveled by residents to their places of employment.

Policy CIR-4.3: Ensure the reduction in vehicle miles traveled through the approval of mixed-use development proposals.

CIR-IMP-4A: Encourage the development of mixed-use projects as a means of reducing peak commute period traffic.

Goal CIR-5: Increased awareness and use of alternative forms of transportation generated in, and traveling through, the City.

Policy CIR-5.3: Provide appropriate *bicycle access* throughout the City.

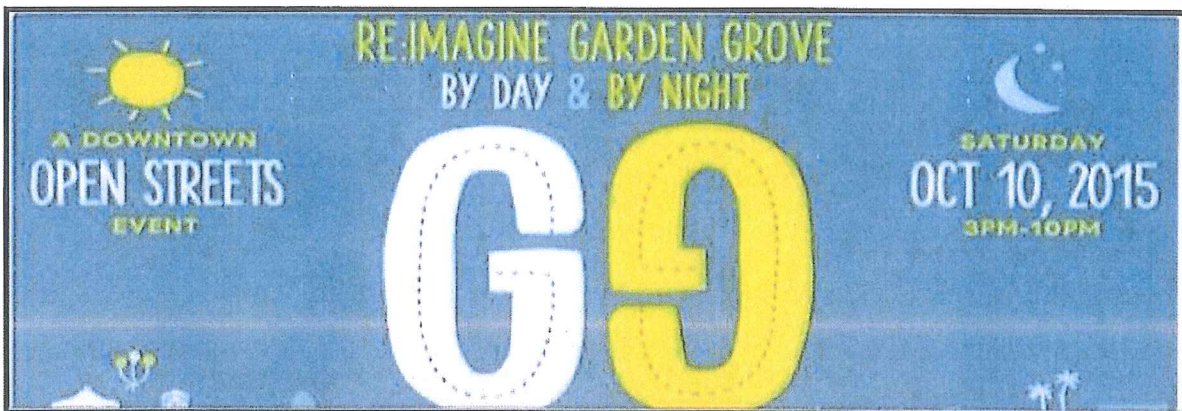
Policy CIR-5.4: Provide appropriate pedestrian access throughout the City.

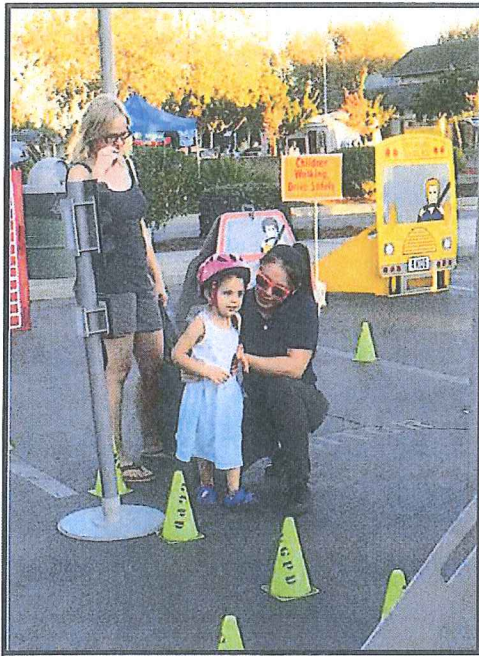
CIR-IMP-5C: Encourage incentives for the creation and use of car or vanpools for City Employees.

Goal CIR-6: A safe, appealing, and comprehensive *bicycle network* provides additional recreational opportunities for Garden Grove residents and employees.

Policy CIR-6.4: Continue to pursue and monitor funding sources for bikeway facilities.

Policy CIR-6.5: Sponsor *bicycle safety* and education programs.





"The event programming is being designed to showcase all of the unique cultural diversity that the city of Garden Grove has to offer. Bringing that culture to life on car-free streets will give the community a whole new perspective of the downtown environment,"

Aaron Paley, President and Co-Founder of CARS.

In early 2015, Alta Planning & Design was chosen by the City to develop a Bike and Pedestrian Master Plan (BPMP) along with their sub consultants: Iteris Engineering, to cover the engineering portion, and Community Arts Resources (CARS) to conduct a community event such as Open Streets 2015. Programming for the Open Streets 2015 event was influenced by the Goals and Policies in the General Plan that support the awareness of bike safety and bike education, as well as implementing some of the ideas from the Re:Imagine community forum short term goals to explore new ways to enjoy biking and walking in the civic center while combining it with a street fair, food, music, art, and adding a night time component.



How can Garden Grove become a better place to walk and ride your bike?

We want to hear your suggestions!

Take our **online survey** in English, Vietnamese (tiếng việt), Spanish (español), or Korean (한국어), and share your ideas on the **interactive map** at:

GardenGroveActiveStreets.org

2015 GARDEN GROVE ANNUAL REPORT
ON THE STATUS OF THE GENERAL PLAN



The southern portion of Civic Center Park, closer to Acacia Parkway, hosted a series of interactive art workshops for all ages, including a workshop to create a wall mosaic, a gardening workshop and photo booth. The Police Department's Community Liaison Division will lead a bicycle safety course in the parking lot to educate the public on safe riding skills.



2015 GARDEN GROVE ANNUAL REPORT
ON THE STATUS OF THE GENERAL PLAN

Mosaic Art and Rain Stick Workshops



Re:Imagine Garden Grove by Night brought Historic Main Street to life with live performances, DJs, dance floor, for a downtown block party under the stars.



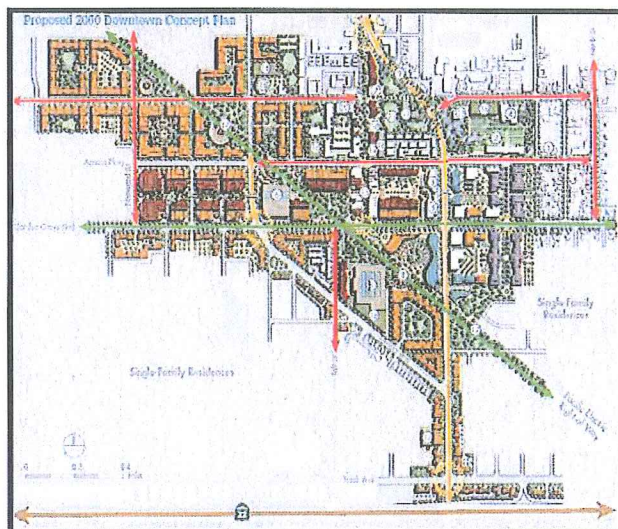
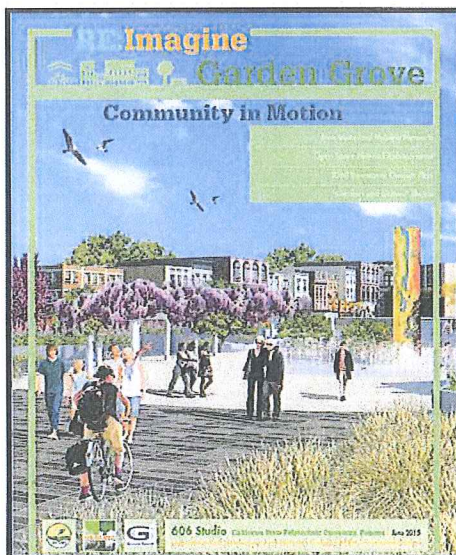
The entire 2015 Open Streets event was completely funded by grant funding from: OC-PICH, GG Community Foundation, Republic Services, Cirque de Soleil Funding, and SCAG Sustainability Program Active Transportation Grant awarded to the City in 2013-2014.

The City also attempted to partner with the Boys & Girls Club of Garden Grove to apply for future ATP grants. In working with together we hope to create more programming for getting bikes to young people by fixing them up learning how to ride in afterschool programs/ including bike safety programs at two elementary and one middle school that are in close to the completed paved segment from Nelson to Stanford Street.

606 Studio Mobility Plan –Re: Imagine Garden Grove Community in Motion

Four person team of Landscape Architecture Master Students contracted with the City to create the Mobility Plan and Civic Center District Design which is intended to create a connected community with enhanced mobility access that links local neighborhoods to the Downtown.

- Began in 2013 and completed in 2015
- Department Chair LeAnne Milborne is the faculty lead for the Study called Re:Imagine Garden Grove Community in Motion.
- She presented the final document and its findings to the Planning Commission, Council, and the Public in a Study Session in November 2015.
- The approximately 450 page book includes 4 elements:
 1. Non-Motorized Mobility Network
 2. Open Streets Network Enhancement
 3. 2060 Downtown Concept Plan
 4. "Gardens and Groves" Theme
- A summarized booklet is available in the Garden Grove City Hall for the public to view



2015 GARDEN GROVE ANNUAL REPORT
ON THE STATUS OF THE GENERAL PLAN

Regional Housing Needs

State law requires that the annual report provide a status of the City's progress in meeting its share of regional housing needs.

Senate Bill 12 authorized the Southern California Association of Governments (SCAG) to develop the Regional Housing Needs Assessment (RHNA) for the six-county SCAG region, which includes the City of Garden Grove. As determined by SCAG, Garden Grove's fair share allocation is 747 new housing units during this cycle. Currently we are in planning year one (2) of eight (8) years, which covers the periods from January 1, 2014 through December 30, 2021.

As of December 31, 2015 the City is on track to meet its annual and long-term goals.

The RHNA numbers adopted for Garden Grove are presented in the Tables attached for the Annual Element Progress Report for 2015.

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction: Garden Grove
Reporting Period: 1/1/2015 - 12/31/2015

Table A
Annual Building Activity Report Summary - New Construction
Very Low-, Low-, and Mixed-Income Multifamily Projects

Housing Development Information										Housing with Financial Assistance and/or Deed Restrictions			Housing without Financial Assistance or Deed Restrictions
1	2	3	4				5	5a	6	7	8		
Project Identifier (may be APN No., project name or address)	Unit Category	Tenure R=Renter O=Owner	Affordability by Household Incomes				Total Units per Project	Est. # Infill Units*	Assistance Programs for Each Development	Deed Restricted Units	Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable. Refer to instructions.		
			Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income							
			0	0	0	0	0	0					
			0	0	0	0	0	0					
(9) Total of Moderate and Above Moderate from Table A3							▶	7	46	53	0		
(10) Total by income Table A/A3							▶	▶	7	46	53	0	
(11) Total Extremely Low-Income Units*							▶	▶	0				

* Note: These fields are voluntary

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	Garden Grove
Reporting Period	1/1/2015 - 12/31/2015

Table A2
Annual Building Activity Report Summary - Units Rehabilitated, Preserved and Acquired pursuant to GC Section 65583.1(c)(1)

Please note: Units may only be credited to the table below when a jurisdiction has included a program it its housing element to rehabilitate, preserve or acquire units to accommodate a portion of its RHNA which meet the specific criteria as outlined in GC Section 65583.1(c)(1)

Activity Type	Affordability by Household Incomes				(4) The Description should adequately document how each unit complies with subsection (c) (7) of Government Code Section 65583.1
	Extremely Low-Income*	Very Low-Income	Low-Income	TOTAL UNITS	
(1) Rehabilitation Activity	0	0	0	0	
(2) Preservation of Units At-Risk	0	0	0	0	
(3) Acquisition of Units	0	0	0	0	
(5) Total Units by Income	0	0	0	0	

* Note: This field is voluntary

Table A3
Annual building Activity Report Summary for Above Moderate-Income Units
(not including those units reported on Table A)

	1. Single Family	2. 2 - 4 Units	3. 5+ Units	4. Second Unit	5. Mobile Homes	6. Total	7. Number of infill units*
No. of Units Permitted for Moderate	0	0	0	7	0	7	0
No. of Units Permitted for Above Moderate	46	0	0	0	0	46	0

* Note: This field is voluntary

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
(CCR Title 25 §6202)

Jurisdiction Garden Grove
Reporting Period 1/1/2015 - 12/31/2015

Table B

Regional Housing Needs Allocation Progress

Permitted Units Issued by Affordability

Enter Calendar Year starting with the first year of the RHNA allocation period. See Example..		RHNA Allocation by Income Level	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Income Level	Very Low	164	0	0	0	0	0	0	0	0	0	0	164
	Low	120	0	14	0	0	0	0	0	0	0	14	106
Moderate	Above Moderate	135	0	0	0	0	0	0	0	0	0	0	75
	Total RHNA by COG	328	38	37	46	0	0	0	0	0	0	121	207
Enter allocation number:		747	41	101	53	0	0	0	0	0	0	195	552
Total Units													
Remaining Need for RHNA Period													

Note: units serving extremely low-income households are included in the very low-income permitted units totals.

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction Garden Grove
Reporting Period 1/1/2015 - 12/31/2015

Table C
Program Implementation Status

Program Description (By Housing Element Program Names)	Housing Programs Progress Report - Government Code Section 65583. Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.		
	Name of Program	Objective	Timeframe in H.E.
Housing Rehabilitation Grants		Provide 10 Senior Home Improvement Grants annually (70 total) to make exterior home improvements, interior repairs to address safety issues, and mobility and accessibility improvements.	2014-2021
	Code Enforcement	Property Maintenance Ordinance Enforce established standards of home maintenance practices through continued application of the Property Maintenance Ordinance, Building and Land Use Code Enforcement Preserve the quality of housing in the City's target areas through building code enforcement inspections Inspect all newly constructed and remodeled units. Continue to use Land Use Code enforcement activities to reduce the incidences of zoning violations, Proactively prevent violations through education and outreach of home improvement assistance.	2014-2021
Multi-Family Acquisition and Rehabilitation		Increase the affordable housing stock through acquisition and rehabilitation of 20 aging and/or deteriorating residential units annually (140 units total), identify potential acquisition and rehabilitation units for interested non-profit housing organizations.	2014-2021

Due to lack of funding no senior homes were repaired or improved.

The City through its Neighborhood Improvement Committee chose the Bayport neighborhood and worked on fixing 9 properties with the help of Living Springs Church. A total of 3564 code compliance cases were completed in 2015. 46 all new construction projects and 183 addition or remodeled projects were inspected and issued final permits.

In the year 2015 housing efforts were focused more towards new construction.

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	Reporting Period			
Garden Grove	1/1/2015 - 12/31/2015			
Affordable Housing Construction		<p>Affordable Housing</p> <p>Provide technical and financial (as available) assistance for the construction of 15 affordable units annually (90 units total) using a combination of HUD and City funds to provide land cost write-downs and other construction assistance.</p> <p>Offer priority processing for projects that include affordable housing units.</p> <p>Senior Housing Encourage the new construction of senior housing in areas designated for Community Residential, which allows higher densities and development standards reflective of the senior population.</p> <p>Marketing Continue to inform non-profit and for-profit developers of assistance available for the construction of affordable housing, including density bonuses.</p> <p>Energy Conservation Encourage residential developments that lower housing costs through reduced energy consumption.</p> <p>Maximizing energy efficiency and the incorporation of energy conservation and green building features can reduce housing costs for homeowners and renters.</p>	2014-2021	<p>We have been working with Jamboree Housing Corporation on the United Methodist Church Project to provide high-quality housing to 47 families and seniors who earn between 50% and 60% of the area median income(AMI) in a community with excellent job and educational opportunities. The project is expected to be completed in late 2016.</p>
Rental Assistance		<p>Provide rental assistance to 2,337 very low-income persons or households.</p> <p>Pursue additional funding for the Section 8 program.</p>	2014-2021	<p>Provided rental assistance to 2296 Section 8 tenants due to funding cuts. Pursued additional Section 8 funding, no funding was available.</p>
Home Ownership Assistance		<p>Provide assistance to potential lower income homeowners through the First Time Homebuyer Assistance program.</p> <p>Provide first time homebuyer assistance to 1 household, subject to availability of funding.</p>	2014-2021	<p>There was 1 First Time Home Buyer Loan that was issued in 2015. The loan was issued under the City's CalHOME grant program.</p>

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	Reporting Period			
Garden Grove	1/1/2015 - 12/31/2015			
Preservation of Affordable Rental Housing	Assist in the preservation of 528 affordable units at risk of converting to market rents by: Periodically monitoring the status of the units that are at risk of converting to market rate during the planning period. If any property owners indicate plans to convert affordable units to market rate rents, the City will contact qualified entities to explore transfer of ownership options. The entities will be selected from the State's list of qualified entities to acquire/manage affordable housing available to interested residents, developers, or property owners. Inform residents in units that are converting to market rents of affordable housing programs available in the City, including Section 8 and other affordable housing developments.	2014-2021	In 2015 covenants expired for one rehab project, Framingham Investment. Of the 8 units in the project, all 8 were affordable rental units. The property owner did not indicate that the units would be converted to market rate rents.	
Sites Inventory	Continue to provide appropriate land use designations and maintain an inventory of suitable sites for residential and mixed use development. Provide technical assistance and information on available City-owned parcels for lower-income housing developments to housing providers. Technical assistance may include development counseling and lot consolidation assistance. Update the vacant and underutilized residential sites inventory every two years to maintain accurate information. Publish the residential sites inventory and housing opportunity list on the City's website. Address sewer infrastructure constraints by completing sewer upgrades to the sewer capacity deficiency zone as units are constructed and reimbursing developers for sewer upgrades that are consistent with the Sewer Capital Improvements Plan.	2014-2021	Chapter 4 of the Housing Element provides the most updated inventory of suitable sites for residential and mixed-use development. The adoption of the Mixed-Use Zoning Code has made available 5 mixed-used sites. These 5 sites have the capacity to provide approximately 1324 housing units on residential and mixed use. Planning Staff continuously meet with developers to discuss housing opportunities and provide technical assistance.	

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	Reporting Period		
Garden Grove	1/1/2015 - 12/31/2015		
Mixed Use Development	<p>Facilitate the development of residential units in mixed use areas by providing technical support to facilitate lot consolidation, financial assistance, where feasible, and streamlined permit processing. The City will establish specific and objective criteria for mixed use site plan reviews and will target development densities as estimated in the Housing Element.</p> <p>Play a proactive role in development of mixed use areas by pursuing strategic partnerships with developers, lenders, and property owners to ensure the development of housing at appropriate densities and the inclusion of affordable housing units.</p> <p>Establish a protocol to annually monitor development interest, inquiries, and progress towards mixed use development and affordable housing creation.</p> <p>Periodically re-evaluate approach and progress. Should monitoring reveal a shortfall in residential and affordable residential uses in mixed use developments, the City will develop additional incentives and approaches (including examination of development standards) to ensure the City satisfies its identified housing need (RHNA).</p>	<p>2014-2021</p>	<p>Mixed Use Zoning Code was approved by the City Council in March 2012 and it went into effect on April 28, 2012. Mixed use zones vary in use and density. The standards allow for more flexibility with the intent of making mixed use development more feasible and facilitate and encourage such type of development. In 2014 we approved the Jamboree project which is mixed use. It has a total of 47 low-income units, a church and 2 pre-schools. The project is expected to be completed in late 2016. Planning staff continuously meet with developers to discuss housing opportunities.</p>

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	Reporting Period	1/1/2015 - 12/31/2015		
Garden Grove				
			Special Needs Housing	<p>Periodically evaluate emergency shelter development and siting standards and based on existing needs and development interest and as warranted, re-evaluate and make appropriate changes to facilitate the development of emergency shelters.</p> <p>Prioritize projects that include special needs housing or housing for extremely/very low-income households in the development application review process.</p> <p>Refer residents to the Regional Center of Orange County for housing and services available for persons with developmental disabilities. Provide information on services on the City's website. As available, the City will pursue State and federal monies for direct support of housing construction and rehabilitation specifically targeted for housing for persons with disabilities.</p>
			Parking Standards	<p>Periodically review parking regulations or standards, and modify only as needed. Parking standards should facilitate and encourage a variety of housing types including affordable lower income housing and should not constrain development. Continue using ministerial procedures for reducing parking based on proximity to transit lines, larger projects, projects with on-site amenities, projects near community facilities (shopping, schools, recreation, etc), projects with a variety of unit types, and projects for senior, disabled, or that are affordable.</p>
				<p>The City's Municipal Code has been amended to provide for emergency homeless shelters as a permitted use in the M-1 zone as required by Senate Bill 2 (SB2). The amendment has established development standards for Emergency Shelters, Transitional Housing, and Supportive Housing. The following are the service providers who have received 2015 ESG funds. Interval House, Woman's Transitional Living Center, Thomas House and Mercy House Living Centers.</p>
				<p>Parking requirements were evaluated during the amendment of Title 9 of the Garden Grove Municipal Code to provide emergency homeless shelters per SB 2 requirements. Parking standards and requirements were assessed within the Mixed Use Zoning update that was completed in March 2012. Parking study update was conducted for the public parking facilities serving downtown Garden Grove. Any affordable housing projects approved in the City incorporates with the reduced parking standards that are consistent with State requirements.</p>

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	Reporting Period	Within 30 days of adoption of the Housing Element	The Garden Grove Housing Element was provided to all providers of sewer and water services within the City of Garden Grove.
Garden Grove	1/1/2015 - 12/31/2015		
Water and Sewer Service Providers		Within 30 days of adoption of the Housing Element, deliver the Garden Grove Housing Element to all providers of sewer and water service within the City of Garden Grove.	
Fair Housing Services		Consistent with the Consolidated Plan, provide fair housing services to Garden Grove residents. Serve 500 persons annually with general housing/fair housing issues (3,500 persons total). Require all recipients of federal funds that are in any way related to housing, including in the development of housing, placement of clients in housing, or acceptance of Section 8 tenants, to assist in affirmatively furthering fair housing. Advise the availability of fair housing services through flyers at public counters. Posting of available fair housing services will also be made available on the City's website.	The City has a contract with the Fair Housing Foundation. Assisted 20 households with fair housing counseling, assisted in 10 discrimination cases, responded to 429 other housing issues, conducted 21 community outreach/trainings and distributed 10,272 pieces of literature. Fair Housing services have been advertised at the public counter, through direct mail, and on the City's website.
Homeless Housing Needs		Consistent with the Consolidated Plan, address the needs of at-risk and homeless individuals and families through assistance to non-profits serving the homeless population. Provide emergency/transitional housing or homeless services to 250 extremely low-income or at-risk clients annually (1,750 persons total). As part of the annual General Plan report, identify any new shelters that have been constructed in the City.	Provided 873 extremely low-income or at-risk clients emergency/transitional housing or homeless services.

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	Garden Grove	Reporting Period	1/1/2015 - 12/31/2015
Implementation and Community Engagement			
Conduct an annual Housing Element review. Provide opportunities for public engagement and discussion in conjunction with the State requirement for written review of the General Plan by April 1 of each year (per Government Code Section 65400). Use the Neighborhood Improvement and Conservation Commission as an avenue for public input on housing issues and housing element implementation.		Annually (April 1 of each year) or within 60 days of deadline (based on Council approval dates)	Conducted annual Housing Element Review, using the Neighborhood Improvement and Conservation Commission as the avenue for public input on the housing issues and housing element implementation. In March last year we conducted a neighborhood cleanup day in district 105 with Living Springs church.

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
(CCR Title 25 §6202)

Jurisdiction	Garden Grove
Reporting Period	1/1/2015 - 12/31/2015

General Comments:

COMMUNITY DEVELOPMENT PERFORMANCE REPORT (Fiscal Year 14-15):



NOTE: The significant achievements included in this Performance Report are in a reporting period between Fiscal Year 2014-2015 for the Community Development Department, which is in a different reporting period as the Calendar Year 2015 reflected in the Measures Associated with the Implementation of the General Plan prior to this section.

The Community Development Department offers a broad spectrum of services to the community. Community Development also manages, reviews, and approves development plans for all properties located within the city boundaries. There are four divisions in the department: Planning Services Division, Building Services Division, Housing Authority Division, and Neighborhood Improvement/Code Enforcement Services Division.

NEW DEVELOPMENT PROJECTS (COMMERCIAL & RESIDENTIAL)

9737 Chapman Ave.

Construct a new 6,200 square foot pad building at the Promenade Shopping Mall. The Building will have 4 tenant spaces that include: Chipotle, Blaze Pizza, and Wingstop.

7761 Garden Grove Blvd.

Construct a two-story addition to an existing 11,405 square foot medical clinic, Nhan Hoa Comprehensive Health Care Center.

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7191 Acacia Ave.

Construct a 3,760 square foot addition to an existing industrial building. The addition will hold a new machine used to manufacture parts for American Metal Bearing Company.

9472 Katella Ave.

Construct a 1,600 square foot multi-tenant commercial building on a property improved with an existing gas station and convenience market.

12502 Brookhurst St.

Construct a new 2,447 building on a lot with an existing 1,755 square foot medical building with site improvements, new parking lot, and new landscaping.

12381 Nelson St.

Construct 4 detached 2-story, single-family homes with unit and private street improvements. Also, Tentative Tract Map to subdivide 39,340 square foot property into 5 separate lots.

10721 Westminster Ave.

Construct a new 1,154 square foot addition to existing building currently used as a minor auto maintenance and auto sales business on site, includes office area and service bays.

CONDITIONAL USE PERMITS

Processed eight (8) Type 41 (On Sale, Beer & Wine, Public Eating Place) Licenses for new restaurants.

Processed three (3) Type 21 (Off-Sale, General) Licenses for new markets and convenience stores.

Processed two (2) Type 47 (On-Sale, Full Liquor) Licenses for restaurants, night club or bar.

CODE AMENDMENTS

Citywide.

Code amendment to establish standards and requirements pertaining to electronic changeable copy in signs, and to revise the existing monument sign regulations.

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Citywide.

Code Amendment to permit "Parking Facilities (For a fee) in the M-P zone, subject to a Conditional Use Permit.

12951 Main St.

Amend the Civic Center Mixed Use-2 Zone to allow art gallery/retail business to include a Tattoo Art Studio as a portion of the business.

9721 11th St.

Re-approve Site Plan and Variance to allow subdivision of 24,000 square foot lot into 4 single-family home parcels. Variance to deviate from 6,000 square foot minimum lot size width.

Citywide.

Code Amendment to allow the relocation of the existing billboards along the 22 freeway and be converted into a dual-faced electronic billboard, subject to special standards located at 11615 Cardinal Circle.

Citywide.

CC-1 (Civic Center Mixed Use-1) and AR (Adaptive Reuse) Zones amended to add current non permitted uses to Land Use chart, add definitions for new uses, allow parking at offsite locations further than 1500 feet from site, add more standards for conversion of single-family homes to commercial uses, add standards for outside eating areas, non-vehicular and vehicular vending, event space.

TIME EXTENSIONS

8372 Central Ave.

Time Extension 7: Rezone 34,533 square foot lot from R-3 to Residential PUD for small-lot subdivision of 8 lots, with Lot 8 as a common area, 3-acre lot to construct 7 detached SFR, TT Map for 8-lot subdivision for development.

GENERAL PLAN AMENDMENTS

12741 Main Street and 10882 Stanford Ave. (Jamboree Housing Corporation)

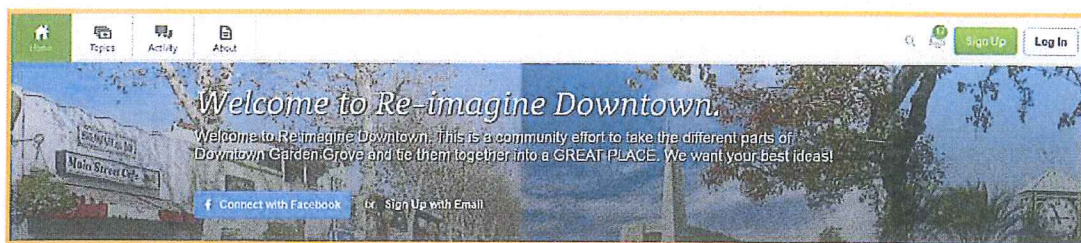
Develop 2.2 acres of United Methodist Church site with integrated Mixed Use project of 47 affordable housing apartments for low/very low income seniors and families. Project includes Lot Line Adjustment, Site Plan to construct 2 buildings, and a 3,000 square foot retail/commercial space, CUP for church

2015 GARDEN GROVE ANNUAL REPORT ON THE STATUS OF THE GENERAL PLAN

operated preschool and HS program. Variance to reduce parking for church, preschool, and commercial space.

MIND MIXER COMMUNITY ONLINE FORUM / RE:IMAGINE DOWNTOWN

The Planning Division continues its efforts to bring together the community and to identify a sense of place and ownership and improve Garden Grove's Downtown by creating a Vision/Master Plan for the future.



Public Online Forum continued with Visions/Ideas in Action

- In 2014, the public was encouraged to continue sharing thoughts and visuals at www.reimaginedowntowngg.com. In the summer of 2014, the website received 43,973 page views and 6,166 visitors sharing 840 new ideas.

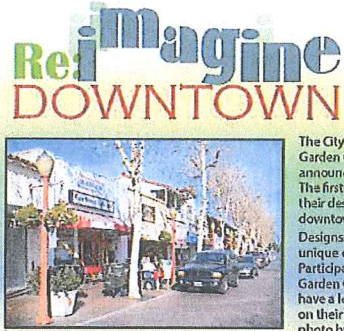


- July 2014, Saw "Ideas in Action": Permanent Public Art. The Girl Scout Cadettes from Garden Grove Troop 1224, pursued the Girl Scout Silver Award, by improving the look of downtown, one utility box at a time. The award is designed to give girls the chance to show leadership, organization, determination, and dedication to improving their community.

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- September 2014, Had the Main Street Logo Design Contest. The first place winner received \$200 cash and had their design placed on bollards along downtown Main Street. The winner was a student that attended school in Garden Grove.




**Re:Imagine
DOWNTOWN**

Downtown website at <http://www.reimaginedowntownng.com>.

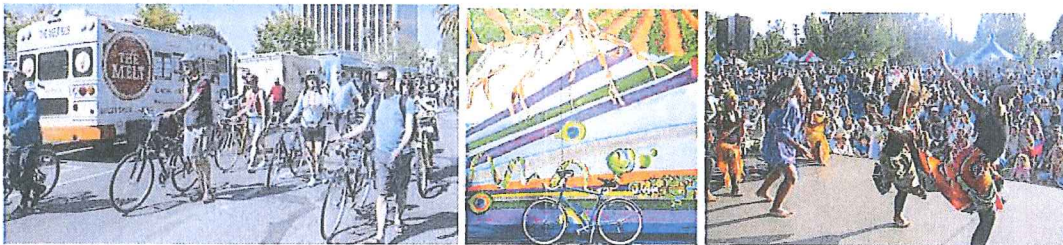
**Design the New Logo
for Historic Main Street
and you could win
\$200 Cash!**

The City's Re:Imagine Downtown campaign and Garden Grove Main Street Commission proudly announce the Main Street Logo Design Contest. The first-place winner will receive \$200 cash, and have their design placed on bollards (concrete posts) along downtown Main Street.

Designs must measure 6" x 6" and represent the unique qualities of historic downtown Main Street. Participants need to live, work, or attend school in Garden Grove. Winners under 18 are required to have a legal parent or guardian accept any winnings on their behalf. Please submit files as a jpeg format photo by February 14, 2014, to the Re:Imagine



- October 2014, Had the first ever Open Streets event to explore the downtown in a new way by biking, walking, skating & playing in car-free streets with food, music, art and performances.



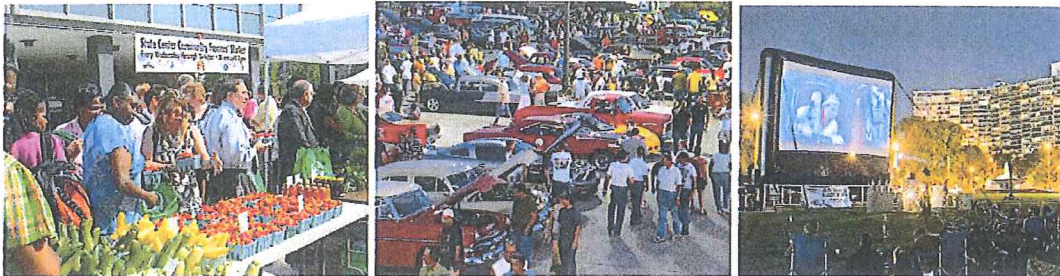
Re:Imagine goals (Short, Mid, Long) generated from 840 Ideas

- Winter 2014/2015, "Implementation Vision and Ideas" created for Short, Mid, and Long Term goals- decided by the community through interactive activity boards that were located in a Re:Imagine Booth at Open Streets 2014.

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- Short Term: Classic film night, free summer movie nights, live street music/car show night, enhance farmers market, create a bike sharing program, continue multiple open streets events, bicycle/pedestrian master plan, OCTA demonstration project.



- Mid Term: Create branding for downtown, downtown improvement manager, adopt downtown landscape plan, enhance pedestrian use on Main Street, Vision/Idea for public gathering space, outdoor amphitheater, and identify sites for new retail & housing opportunity, market hall, enhance community garden, holiday art walk, bike racks, WiFi in the downtown.



- Long Term: Museum/gallery downtown anchor, culinary arts schools, splash pad/pond and art water feature, interactive art pieces for children, Main Street pocket parks, implement plan for public gathering space, themed bus shelters & kiosks, parking management plan, parking garages w/ retail storefronts, Main Street extension-North, East/West bridge connection, consider TOD adjacent to OCTA right-of-way, expand Civic Center Park by vacating Acacia Parkway from Euclid Street toward Civic Center Drive.

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- Although these visions, ideas and goals generated by the Re:Imagine Downtown outreach for the City's future downtown may take 20+ years to be fully established and completed, these developments together will generate more new jobs and annual tax revenue for the City and encourage visitors from outside the City to visit and buy in Garden Grove.

FEDERAL AND STATE GRANTS

Active Transportation Program Cycle 2 Grant (ATP):

- For the design and the construction of the "First Mile" of the OCTA bike and pedestrian path extension of the ROW from Downtown (Stanford and Nelson) to Brookhurst, submitted to Caltrans in early June 2015.



- City applied for \$1.9 million in funding
- Award announcements November 2015

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- The OCTA Regional Planning & Highways Committee is funding a portion of the projects that applied under the ATP Grant that the City applied for this past spring. Giving local cities additional points. 11 projects will get funded using the \$12 Million (and one partial funded).
- Project #4 includes the Garden Grove PE ROW project. Further approvals are needed by the OCTA Board, SCAG RC, and CTC, but assuming it goes well – we have some funding awarded to us that can be used toward our PE ROW project.

Alta Planning + Design (lead consultant) Bike and Pedestrian Master Plan:

- Sub consultants: Iteris Engineering and Community Arts Resources (CARS)
- Alta collected bike and pedestrian counts during National Bike Count Week (September 13-19) on our existing ridership and pedestrian use
- City staff and Volunteers were stationed at the major intersections that are also crossings in our ROW to take down the numbers that will be used for study.
- Public outreach at the 2015 Open Streets (10/10/15) Alta had 2 booths



- Alta and City Staff are gathering a Community Advisory Committee to help with the review and analysis of the document
- First draft plan anticipated in Summer 2016 & Staff and Alta will also have a Community Meeting to introduce the Plan to the public.
- Fall 2016 Final Plan for Council approval and adopt it as part of our General Plan.

SCAG campaign Tactical Urbanism Program:

- Planning Staff applied for a project we called "Pop-Up Garden Grove" which included temporary pop-up installations to promote the Bike and Pedestrian Master Plan and the Downtown Parking Study.



POp-Up gArDeN gRoVe

Temporary pop-up installations to promote the Bike and Pedestrian
Master Plan (BPMP) and the Downtown Parking Study (DPS)

June 2015

- This includes street improvements such as vinyl striping of crosswalks and creating temporary traffic circles in busy intersections bringing "live" examples of potential improvements. (These were at Open Streets 2015)
- The pop up examples help the community understand the benefits staged around the Downtown and show a "cycle track" on the street and traffic calming measures.
- We were selected 1 out of 5 "eligible projects" located in the Orange County Region
- SCAG will be hosting this event with us in the Fall of 2016.
- Award will be approximately \$125,000 in funding.

Targeted Brownfields Assessment for the no cost soil testing of a portion of the OCTA Right-of-Way through EPA Grant that will be awarded early next year.

BUILDING PERMITS & INSPECTIONS

- Issued permits with a construction valuation of \$45.3 million.
- Responded to 11,438 inspection requests. Up from a previous count of 10,416.

BUILDING ABATEMENT

- Opened 383 new cases, and closed 250 cases. The primary type of cases center on an increase in single-family residences converted to multi-family use and non permitted additions and building alterations.
- A significant increase in cases requiring civil abatement prosecution with 4 cases requiring court-appointed receiverships to gain compliance.

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- Continued to work with the Neighborhood Improvement Committee, which focuses on improving specific neighborhoods on an annual basis.

GARDEN GROVE GALLERIA PROJECT (10080 & 10082 GARDEN GROVE BLVD.)

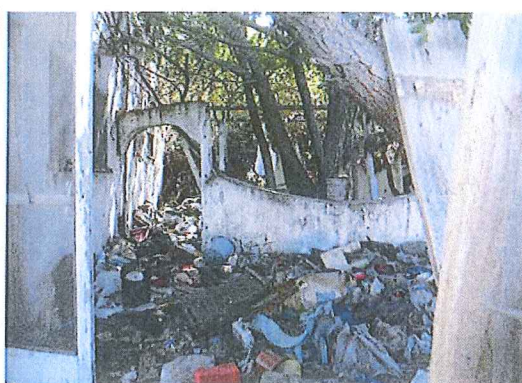
- A proposed eight story mixed-use building approved in 2005. Construction began April 2007 and due to economic reasons all construction ceased July 2009. Building permit expirations were extended over the next 2½ years expiring in September 2012.
- Over the last three years the project has been the center of litigation with the developer, the property owner, and the bank. Currently, the project consists of a steel-framed structure and a concrete parking structure.
- July 2013 the City issued a Notice and Order to demolish and remove the structure within one year. The "Notice" was appealed by Cathay Bank and subsequently upheld by the Board of Appeals.
- November 25, 2014, Cathay Bank, Hoag, and Tri-Millennium Homes entered into a draft agreement to progress toward developing the property.
- A determination by the City Council is expected in December on whether to enforce the Notice and Order for demolition or allow the project to continue.

11461 WESTMINSTER AVE & 13931 NEWHOPE ST. (RECEIVERSHIP CASES)

****BOTH PROPERTIES ARE ADJACENT TO EACH OTHER, WITH THE SAME PROPERTY OWNER**

- Single-family residences, non-habitable and designated a public nuisance. Became homeless encampment with excessive accumulation of debris in the dwellings and all yard areas. Multiple fires created a public safety hazard. Complaints received by the City September 9, 2013 with regard to illegal structures used for habitation and substandard housing conditions. The property was inspected by warrant to verify life safety violations. The Notice and Orders to abate the violations went unheeded. Civil abatement prosecution is correcting the violations. Demolition of all structures by Receiver to be completed December 2015.
- Assistance from the City Attorney's office was requested to assist in gaining compliance. The joint inspection by the Building, Code Enforcement, Fire and Police departments was videotaped to present to Council.
- The intent was to gain voluntary compliance. Legal options available included court ordered "receivership" to correct the numerous life safety and substandard violations on the property.

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SECTION 8 MANAGEMENT ASSESSMENT PROGRAM (SEMAP)

- The Housing Authority scored 100 percent and earned the designation for a "High-Performance Agency" for the fiscal year 2014-2015 from the Department of Housing and Urban Development.

HOUSING AUTHORITY RENTAL VOUCHERS

- Assisted approximately 2300 low-income households through Section 8.
- Contacted over 500 applicants from the new wait list to schedule initial qualification interviews. Priorities were given to applicants who were Garden Grove residents with U.S. Veteran status or victims of domestic violence.

HOUSING PORTABILITY PROGRAM

- Administered an additional 300 tenants from other jurisdictions, mostly Santa Ana, through the Portability program.
- By fully administering tenants from Santa Ana, the Housing Authority earns approximately \$17,000 a month in administration fees.

HOUSING QUALITY STANDARDS & BUILDING & SAFETY CODES COMPLIANCE

- Conducted 427 initial and 3542 annual and follow-up inspections, and 45 special inspections to ensure that subsidized units meet Housing Quality Standards and Building and Safety Codes.

HOUSING FAMILY SELF-SUFFICIENCY PROGRAM

- All of the Family Self-Sufficiency graduates signed a contract and are required to successfully complete classroom training or job training, become independent of welfare cash aide (if applicable) and obtain suitable full-time employment based on their training, skills, and education. Through their training and education they increased their earning capacity, obtained improved employment and became independent of welfare cash aide. As an outcome, the Housing Authority pays fewer subsidies and the client pays more subsidies. In some cases, the clients no longer need housing assistance.
- Four participants of the Family Self-Sufficiency program successfully completed their 5-year contract.

NEIGHBORHOOD IMPROVEMENT PROGRAMS

Neighborhood Improvement oversees the Emergency Solutions Grant (ESG) program, which provides homeless prevention and intervention services, and the Community Development Block Grant (CDBG) program, which offers a variety of tools for public service grants and community improvement grants and projects. ESG and CDBG programs are funded by the U.S. Department of Housing and Urban Development (HUD).

ESG program funded the following organizations:

- Thomas House (\$41,875) to provide shelter and resources to 247 individuals from formerly homeless families in service-enriched transitional housing apartments.
- Women's Transitional Living Center (WTLC) (\$18,000) for essential services, homeless prevention, shelter, support services, substance abuse treatment and accessibility to other services for 288 survivors of family violence, including men, women, and their children.
- Interval House (\$62,714) to provide support services, homeless prevention and rapid re-housing to 257 victims of domestic violence.
- Mercy House (\$10,000) to provide emergency, temporary shelter, food, hygiene and other services to 70 homeless individuals.

CDBG funded the following organizations:

- Fair Housing Foundation (\$34,923) helped provide fair housing services to 429 individuals.
- Community SeniorServ, Inc. (\$20,000) to serve 649 Garden Grove seniors through daily hot lunches at the Senior Center and other congregate dining and delivered breakfast, hot lunch, and dinner every weekday.
- H. Louis Lake Senior Center (\$163,078) assisted the City to enhance services and provide meals to 711 individuals.

Additional Neighborhood Improvement Achievements:

- Provided funding for Tenant Based Rental Assistance for 62 low-income households.
- Code Enforcement addressed 3,336 complaints of violations of the Garden Grove Municipal Code.

General Plan Amendments

No General Plan Amendments processed in 2015

Housing Goals and Policies

- Conserve and improve the condition of the existing affordable housing stock;
- Assist in the development of housing for low- and moderate-income households;
- Identify adequate sites to encourage the development of a variety of types of housing for all income levels;
- Address and, where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing; and
- Promote equal housing opportunities for all persons.

The City has developed the following 15 programs with the stated objectives:

Program 1: Housing Rehabilitation Grants

Objectives: Provide 10 Senior Home Improvement Grants annually (70 total) to make exterior home improvements, interior repairs to address safety issues, and mobility, and accessibility improvements.

Program 2: Code Enforcement

Objectives:

Property Maintenance Ordinance

Enforce established standards of home maintenance practices through continued application of the Property Maintenance Ordinance.

Building and Land Use Code Enforcement

Preserve the quality of housing in the City's target areas through building code enforcement inspections. Inspect all newly constructed and remodeled units.

Continue to use Land Use Code enforcement activities to reduce the incidences of zoning violations.

Proactively prevent violations through education and outreach of home improvement assistance.

Program 3: Multi-Family Acquisition and Rehabilitation

Objective: Increase the affordable housing stock through acquisition and rehabilitation of 20 aging and/or deteriorating residential units annually (140 units total). Identify potential acquisition and rehabilitation units for interested non-profit housing organizations.

Program 4: Affordable Housing Construction

Objectives:

Affordable Housing

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Provide technical and financial (as available) assistance for the construction of 15 affordable units annually (90 units total) using a combination of US Department of Housing and Urban Development (HUD) and City funds to provide land cost write-downs and other construction assistance. Offer priority processing for projects that include affordable housing units.

Senior Housing

Encourage the new construction of senior housing in areas designated for Community Residential, which allows higher densities and development standards reflective of the senior population.

Marketing

Continue to inform non-profit and for-profit developers of assistance available for the construction of affordable housing, including density bonuses.

Energy Conservation

Encourage residential developments that lower housing costs through reduced energy consumption. Maximizing energy efficiency and the incorporation of energy conservation and green building features can reduce housing costs for homeowners and renters.

Program 5: Rental Assistance

Objective: Provide rental assistance to 2,337 very low-income persons or households and pursue additional funding for the Section 8 program.

Program 6: Home Ownership Assistance

Objectives: Provide assistance to potential lower-income homeowners through the First Time Homebuyer Assistance program. Provide first time homebuyer assistance to 1 household, subject to availability of funding.

Program 7: Preservation of Affordable Rental Housing

Objectives: Assist in the preservation of 528 affordable units at risk of converting to market rents by: Periodically monitor status of the units that are at risk of converting to market rate during the planning period.

If any property owners indicate plans to convert affordable units to market rate rents, the City will contact qualified entities to explore transfer of ownership options. The entities will be selected from the State's list of qualified entities to acquire/manage affordable housing.

Make the State's list of qualified entities to acquire/manage affordable housing available to interested residents, developers, or property owners.

Inform residents in units that are converting to market rents of affordable housing programs available in the City, including Section 8 and other affordable housing developments.

Program 8: Sites Inventory

Objectives: Continue to provide appropriate land use designations and maintain an inventory of suitable sites for residential and mixed-use development.

Provide technical assistance and information on available City-owned parcels for lower-income housing developments to housing providers. Technical assistance may include development counseling and lot consolidation assistance.

Update the vacant and underutilized residential sites inventory every two years to maintain accurate information.

Publish the residential sites inventory and housing opportunity list on the City's website.

Address sewer infrastructure constraints by completing sewer upgrades to the sewer capacity deficiency zone as units are constructed and reimbursing developers for sewer upgrades that are consistent with the Sewer Capital Improvements Plan.

Program 9: Mixed-Use Development

Objectives: Facilitate the development of residential units in mixed-use areas by providing technical support to facilitate lot consolidation, financial assistance, where feasible, and streamlined permit processing. The City will establish specific and objective criteria for mixed-use site plan reviews and will target development densities as estimated in the Housing Element.

Play a proactive role in development of mixed use areas by pursuing strategic partnerships with developers, lenders, and property owners to ensure the development of housing at appropriate densities and the inclusion of affordable housing units.

Establish a protocol to annually monitor development interest, inquiries, and progress towards mixed use development and affordable housing creation. Periodically re-evaluate approach and progress. Should monitoring reveal a shortfall in residential and affordable residential uses in mixed use developments, the City will develop additional incentives and approaches (including examination of development standards) to ensure the City satisfies its identified housing need (RHNA).

Program 10: Special Needs Housing

Objectives: Periodically evaluate emergency shelter development and siting standards and based on existing needs and development interest and as warranted, re-evaluate and make appropriate changes to facilitate the development of emergency shelters.

Prioritize projects that include special needs housing or housing for extremely/very low-income households in the development application review process.

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Refer residents to the Regional Center of Orange County for housing and services available for persons with developmental disabilities. Provide information on services on the City's website. As available, the City will pursue State and federal monies for direct support of housing construction and rehabilitation specifically targeted for housing for persons with disabilities.

Program 11: Parking Standards

Objectives: Periodically review parking regulations or standards, and modify only as needed. Parking standards should facilitate and encourage a variety of housing types including affordable lower income housing and should not constrain development.

Continue using ministerial procedures for reducing parking based on proximity to transit lines, larger projects, projects with on-site amenities, projects near community facilities (shopping, schools, recreation, etc.), projects with a variety of unit types, and projects for senior, disabled, or that are affordable.

Program 12: Water and Sewer Service Providers

Objective: Within 30 days of adoption of the Housing Element, deliver the Garden Grove Housing Element to all providers of sewer and water service within the City of Garden Grove.

Program 13: Fair Housing Services

Objectives: Consistent with the Consolidated Plan, provide fair housing services to Garden Grove residents. Serve 500 persons annually with general housing/fair housing issues (3,500 persons total).

Require all recipients of federal funds that are in any way related to housing—including in the development of housing, placement of clients in housing, or acceptance of Section 8 tenants—to assist in affirmatively furthering fair housing.

Advertise the availability of fair housing services through: flyers at public counters. Posting of available fair housing services will also be made available on the City's website.

Program 14: Homeless Housing Needs

Objectives: Consistent with the Consolidated Plan, address the needs of at-risk and homeless individuals and families through assistance to non-profits serving the homeless population. Provide emergency/transitional housing or homeless services to 250 extremely low-income or at-risk clients annually (1,750 persons total).

As part of the annual General Plan Report, identify any new shelters that have been constructed.

Program 15: Implementation and Community Engagement

Objective: Conduct an annual Housing Element review. Provide opportunities for public engagement and discussion in conjunction with the State requirement for written review of the General Plan by April 1 of each year (per Government Code Section 65400). Or the intent to have it completed within 60 days of the deadline.

Use the Neighborhood Improvement and Conservation Commission as an avenue for public input on housing issues and housing element implementation.

Neighborhood Improvement & Conservation Commission: March 7, 2016

Planning Commission Date: April 21, 2016

City Council Date: May 2016 (TBD)

Conclusion

The General Plan continues to direct all land use decisions for the City and is a good guide for direction in our future development. The City continues to follow opportunities that meet the Garden Grove Community vision, which is to be a safe, attractive, and economically vibrant city with an informed and involved public. We are a diverse community that promotes our unique attributes and to preserves our residential character.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: Kathy Bailor
Dept.: City Manager Dept.: City Clerk
Subject: Receive and file minutes Date: 5/24/2016
 from the March 11, 2016,
 meeting. (*Action Item*)

Attached are the minutes from the March 11, 2016, meeting for the City Council to receive and file.

ATTACHMENTS:

Description	Upload Date	Type	File Name
March 11, 2016 minutes	5/16/2016	Executive Summary	March_11__2016__Retreat.docx

MINUTES

GARDEN GROVE CITY COUNCIL

Special Meeting

Friday, March 11, 2016

Sheraton Hotel, Emerald Room
12221 Harbor Boulevard, Garden Grove, California

CONVENE CITY COUNCIL MEETING

At 8:25 a.m., Mayor Pro Tem Jones convened the meeting.

<u>ROLL CALL</u>	PRESENT:	(4)	Mayor Pro Tem Jones, Council Members Beard, Bui, Phan
	ABSENT:	(1)	Mayor Nguyen absent at Roll Call, but joined the meeting at 8:33 a.m.

Study Session (F: 10.9)

WORKSHOP OVERVIEW

MANAGEMENT SYSTEMS REVIEW PRESENTATION

FISCAL YEAR 2016-17 REVENUE AND EXPENDITURE FORECAST

FISCAL YEAR 2015-16 ACTION PLAN UPDATE

TRANSITION TO DISTRICT COUNCIL STRUCTURE

FISCAL YEAR 2016-17 PRIORITIES DISCUSSION

No actions were taken on the Study Session matters. Any proposed actions for these matters will be brought back to a City Council Regular Meeting for official action.

ADJOURNMENT

At 3:00 p.m., Mayor Nguyen adjourned the meeting.

Kathleen Bailor, CMC
City Clerk

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Kathy Bailor
Dept.:	City Manager	Dept.:	City Clerk
Subject:	Approval of Warrants. (Action Item)	Date:	5/24/2016

Attached are the City Council warrants for approval.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Warrants	5/18/2016	Backup Material	cc_payroll_warrants_-_5-24-16.pdf

179682	MICHAEL L MARTIN	6661.78	179683	KEITH J HIGGINS	307.72
179684	JUAN L DELGADO JR	1770.02	179685	VOID	(VOID) 0.00
179686	CHRISTOPHER R SMITH	5406.26	179687	STEVEN A HALLER	11833.25
179688	KATHLEEN I PORTER	704.76	179689	GEORGE TINDALL	13774.48
179690	CAROL E BECKLES	50.00	179691	JAMES O'CONNOR	45.52
179692	KATHLEEN BAILOR	4099.05	179693	TERESA L POMEROY	2207.06
179694	MICHAEL J MC CLELLAN	2261.59	179695	KAREN J BROWN	614.74
179696	JUDITH A MOORE	1864.07	179697	DIANE BELAIR	1851.64
179698	AMANDA M POLLOCK	1097.40	179699	NANCY J RAGEN	536.97
179700	JO ANNE M CHUNG	1747.22	179701	TIMOTHY E THRONE	437.69
179702	THOMAS E BUTTERS	2591.14	179703	RYAN H DAVIS	410.05
179704	CHRIS M VERES	2184.57	179705	ROBERT R MOUNGEY	342.37
179706	MICHAEL F ROCHA	2979.70	179707	RONALD D GUSMAN	633.13
179708	JAVIER RODRIGUEZ	982.20	179709	HIEN M VO	695.86
179710	DANIEL C MOSS	2193.08	179711	YUKIYOSHI NAKAGAWA	1377.67
179712	CHRISTOPHER A RAHE	562.55	179713	ANA E PULIDO	3269.27
179714	STEPHANIE AMBRIZ	297.94	179715	DEANNA M CHUMACERO	1165.32
179716	MARLOWE L CONTI	515.72	179717	KEVIN J CUMMINGS	331.42
179718	JOSEPH M GOMEZ	282.23	179719	STEVEN E GOMEZ	222.89
179720	NOEL N NICHOLAS	1074.12	179721	PHILIP J SEYMOUR	254.68
179722	JACLYN M TROM	1069.08	179723	PARKER W CARY	2816.32
179724	BRYSON T DAHLHEIMER	1624.27	179725	TIFFANY M GRIEGO	544.02
179726	MICHELLE N ESTRADA-MONSA	306.49	179727	KEIRA LONG	1471.93
179728	RUSSELL B DRISCOLL	430.84	179729	PATRICK WILLIAM MURPHY	1802.86
179730	RANDY L TUCKER	994.72	179731	SHELBY KEUILIAN	365.65
179732	JOAN M CEPLIUS	814.16	179733	SPENCER T TRAN	1817.35
179734	O.C.E.A. GENERAL	2100.31	179735	O.C.E.A.	1040.55
179736	COMMUNITY HEALTH CHARITI	50.00	179737	GARDEN GROVE POLICE ASSO	1470.00
D293422	KRIS C BEARD	355.18	D293423	PHAT T BUI	7.87
D293424	STEVEN R JONES	167.28	D293425	BAO Q NGUYEN	10.78
D293426	CHRIS V PHAN	330.98	D293427	PAMELA M HADDAD	1475.84
D293428	SCOTT C STILES	6634.78	D293429	MARIA A STIPE	4877.48
D293430	MELANIE J VALDES	2193.95	D293431	CATHERINE L FOX	232.58
D293432	DENISE KEHN	1927.63	D293433	MARITZA PIZARRO	1470.74
D293434	CARLOS MARQUEZ	2573.83	D293435	SYLVIA GARCIA	1980.06
D293436	KINGSLEY C OKEREKE	4893.41	D293437	ANN CAO EIFERT	2208.62
D293438	HEIDI M JANZ	2143.21	D293439	CHRISTI C MENDOZA	246.88
D293440	DEBORAH A POWELL	1165.54	D293441	MARGARITA A ABOLA	1666.41
D293442	ELLIS EUN ROK CHANG	2593.94	D293443	HENRY CHAO	2303.99
D293444	JANET J CHUNG	1843.02	D293445	CLAUDIA FLORES	2357.74
D293446	CARRIE S HANES	2153.60	D293447	RHONDA C KAWELL	2082.00
D293448	ROBERT W MAY	1364.85	D293449	SHAWNA A MCDONOUGH	1431.02
D293450	LIGIA ANDREI	1236.86	D293451	ARIANA B BAUTISTA	1359.08
D293452	PAMELA S GILLIS	2258.43	D293453	SUE J GULLEY	208.27
D293454	JEFF N KURAMOTO	2093.18	D293455	CHELSEA E LUKAS	1403.36
D293456	EDWARD E MARVIN JR	1642.12	D293457	ANGELA M MENDEZ	1696.79
D293458	MONICA A NEELY	2681.27	D293459	JENNIFER L PETERSON	1702.55
D293460	ANH PHAM	1432.10	D293461	EVA RAMIREZ	1552.50

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D293462	JAIME F CHAVEZ	1382.27	D293463	GARY F HERNANDEZ	1647.22
D293464	JULIE A HITCHCOCK	1697.94	D293465	SANDRA E SEGAWA	3060.17
D293466	GREG BLODGETT	2505.60	D293467	MONICA COVARRUBIAS	2381.44
D293468	GRACE E LEE	2184.85	D293469	ALANA R CHENG	2038.93
D293470	LISA L KIM	4233.20	D293471	MICHAEL G AUSTIN	2316.52
D293472	TODD C HARTWIG	2184.90	D293473	AARON J HODSON	1638.45
D293474	JERROLD R HOLSTEIN	887.79	D293475	DONALD E LUCAS	2470.13
D293476	DAVID B MARCUM	1677.93	D293477	DANNY O RODRIGUEZ JR	1974.57
D293478	NABIL L TEWFIK	3396.57	D293479	LIZABETH C VASQUEZ	1517.92
D293480	RODRIGO E VICTORIA	880.14	D293481	DANIEL A WINDHAM	2283.06
D293482	ISABELLA C ZANDVLIET	1852.82	D293483	CHRISTOPHER CHUNG	2279.72
D293484	PAUL GUERRERO	2422.25	D293485	KARL J HILL	3771.38
D293486	LEE W MARINO	3153.38	D293487	MARIA L MEDRANO	1737.68
D293488	MARIA C PARRA	2313.91	D293489	ERIN WEBB	3039.38
D293490	AMEENAH ABU-HAMDIYYAH	1616.84	D293491	JULIE A ASHLEIGH	1712.30
D293492	RITA M CRAMER	1943.68	D293493	RALPH V HERNANDEZ	2005.66
D293494	ALLISON MILLS	910.02	D293495	JIMMY NGUYEN	1509.00
D293496	ROY N ROBBINS	1372.69	D293497	NIDA R WATKINS	2258.97
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D293500	VIRGINIA DELGADO	1332.56	D293501	DANNY HUYNH	3155.27
D293502	VILMA C KLOESS	1787.84	D293503	IVY LE	1673.29
D293504	TAMMY LE	1341.35	D293505	LINDA MIDDENDORF	2255.16
D293506	ROSALINDA MOORE	1251.32	D293507	MARIA A NAVARRO	2062.67
D293508	PHUONG-VIEN T NGUYEN	2293.57	D293509	QUANG NGUYEN	2191.16
D293510	TINA T NGUYEN	1902.13	D293511	THYANA T PHI	2093.97
D293512	MARIA RAMOS	1945.76	D293513	TANYA L TO	1623.39
D293514	CUONG K TRAN	1982.77	D293515	ELAINE TRUONG	1370.72
D293516	THANH-NGUYEN VO	1730.32	D293517	MICHAEL C BOS	2100.32
D293518	HOWARD R BROWN	2220.38	D293519	DANIEL J CANDELARIA	4252.12
D293520	DIGNA A R DE LOS REYES	1576.66	D293521	KAMYAR DIBAJ	2517.67
D293522	NICOLAS C HSIEH	2755.21	D293523	ROSEMARIE JACOT	1869.91
D293524	NAVIN B MARU	3080.30	D293525	MARK P UPHUS	3068.44
D293526	JOSE A VASQUEZ	1835.67	D293527	ANA G VERGARA NEAL	2022.56
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D293532	ROBERT P BERMUDEZ	3256.82	D293533	TIM P CANNON	3525.38
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D293542	ROBERT ALAN HAENDIGES	1721.07	D293543	RYAN S HART	1697.28
D293544	ROBERT M HIGGINBOTHAM	1143.89	D293545	EDWARD A HUY	2545.90
D293546	VIDAL JIMENEZ	1473.73	D293547	SAMUEL K KIM	3575.93
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D293552	TYLER MEISLAHN	1617.15	D293553	JESSE K MONTGOMERY	1577.55
D293554	STEVEN J MOYA JR	1716.28	D293555	BASIL G MURAD	2725.47
D293556	KIRK L NATLAND	622.52	D293557	DUC TRUNG NGUYEN	1467.85

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D293558	CORNELIU NICOLAE	2165.32	D293559	ANDREW I ORNELAS	1390.58
D293560	DAVID A ORTEGA	1874.92	D293561	CELESTINO J PASILLAS	2270.33
D293562	WILLIAM F PEARSON	1944.32	D293563	LES A RUITENSCHILD	3362.92
D293564	JONATHAN RUIZ	1758.29	D293565	MODESTO R SALDANA	1732.21
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D293568	ALBERT TALAMANTES JR	757.67	D293569	MINH K TRAN	1858.27
D293570	ALEJANDRO N VALENZUELA	2248.09	D293571	KATHLEEN N VICTORIA	653.35
D293572	RONALD J WOLLAND	1388.73	D293573	VICTOR K YERGENSEN	1619.40
D293574	ALICE K FREGOSO	1671.64	D293575	RAQUEL K MANSON	2307.99
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D293578	EMILY H TRIMBLE	1350.29	D293579	ANTHONY U AGUIRRE	528.78
D293580	RODOLPHO M BECERRA	1415.26	D293581	HELEN L CAMDEN	532.85
D293582	EDGAR A CANO	679.82	D293583	ALBERT J CARRISOZA	1344.78
D293584	MARRAY R CHAPMAN	468.50	D293585	VINCENT L DE LA ROSA	1725.81
D293586	HECTOR M ESPINOZA	1273.37	D293587	MAURICIO S GARCIA	2064.94
D293588	GLORIA GAW	1847.32	D293589	RICHARD R GOSSELIN	2935.00
D293590	HERMILO HERNANDEZ	1388.76	D293591	DARNELL D JERRY	604.31
D293592	KEANU M KALOLO	1246.49	D293593	BRENT KAYLOR	1938.28
D293594	BEN A KOSKY	1511.91	D293595	MARK W LADNEY	2149.71
D293596	RAUL LEYVA	2173.75	D293597	ANTONIO R MARTIN	2684.34
D293598	ROBERT P MCLOGAN	531.18	D293599	CARLOS F MENDEZ	1938.11
D293600	RIGOBERTO MENDEZ	1870.08	D293601	JEFFREY K MUMM	581.11
D293602	STEVEN T ORTIZ	1755.00	D293603	RICHARD L PINKSTON	2283.52
D293604	BRADLEY J POINDEXTER	696.42	D293605	STEVE J TAUANU'U	1660.50
D293606	SUSAN VITALI	890.63	D293607	STEPHANIE A WASINGER	713.07
D293608	JEFFREY G CANTRELL	1767.11	D293609	THOMAS C COUNTS	27.78
D293610	JAMES CUNNINGHAM	2093.55	D293611	EARNEST L DOMINGUEZ	682.14
D293612	JULIA ESPINOZA	1101.08	D293613	ALBERT R EURS II	1965.21
D293614	CECELIA A FERNANDEZ	1070.12	D293615	CONRAD A FERNANDEZ	889.90
D293616	CYNTHIA Y FLORES VAZQUEZ	1083.29	D293617	JORGE GONZALEZ	1017.14
D293618	MICHAEL R GREENE	1817.61	D293619	GLORIA A HARO	1082.20
D293620	ERIC W JOHNSON	674.85	D293621	KHUONG NGUYEN	1082.20
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D293626	RAFAEL ROBLES	894.84	D293627	RODERICK THURMAN	1443.99
D293628	EVARISTO VERA	1071.74	D293629	RICHARD L WILLIAMS	1436.53
D293630	ANSELMO AGUIRRE	1897.34	D293631	CHRISTOPHER L ALLEN	2530.29
D293632	JOHN M BRUNING	603.73	D293633	PHILLIP J CARTER	2300.09
D293634	RICK L DUVAL	2835.84	D293635	SERGIO GARCIA GARCIA	484.61
D293636	AARON R HANSEN	1411.59	D293637	PATRICIA CLAIR HAYES	2122.73
D293638	HUY HOA HUYNH	2409.72	D293639	BRYAN D KWIATKOWSKI	1222.49
D293640	JOEL G NAVARRO	1361.81	D293641	BRANDON S NUNES	625.38
D293642	ROLANDO QUIROZ	1889.73	D293643	TODD R REED	1984.15
D293644	RONALD E SANDIFORTH	1879.98	D293645	GREGORY L SMITH	674.98
D293646	LUIS A TAPIA	2143.20	D293647	MICHAEL W THOMPSON	3173.91
D293648	WILLIAM J WHITE	1803.79	D293649	JEREMY J GLENN	443.79
D293650	JESSE GUZMAN	2062.18	D293651	BRETT A MEISLAHN	1537.54
D293652	MARK E MONSON	2130.96	D293653	ALAN D SARVER	1837.87

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D293654	STEPHEN D SUDDUTH	1472.67	D293655	TIMOTHY WALLINGFORD	3289.40
D293656	HILLARD J WILLIAMS	622.73	D293657	ALBERT J HOLMON III	2833.84
D293658	ALLEN L SERNA	2085.18	D293659	VICTOR T BLAS	2616.05
D293660	FRANK X DE LA ROSA	1684.72	D293661	ERVIN DUBRUL	1358.63
D293662	JOSE GOMEZ	1751.00	D293663	BRENT W HAYES	2528.01
D293664	FRANK D HOWENSTEIN	2037.04	D293665	ALLEN G KIRZHNER	2758.31
D293666	KEON DONTRAY NELSON	1687.44	D293667	STEPHEN PORRAS	2451.91
D293668	ALEJANDRO VALENZUELA JR	1375.06	D293669	JESSE VIRAMONTES	1419.44
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D293672	JEFFREY P DAVIS	1977.82	D293673	NOELLE N KIM	1524.21
D293674	MISSY M MENDOZA	286.82	D293675	MARIE L MORAN	2242.54
D293676	KRISTY H THAI	2045.42	D293677	EDWARD D AMBRIZ GARCIA	387.47
D293678	GABRIELLA E BALANDRAN	145.01	D293679	JOSUE BARREIRO MENDOZA	477.06
D293680	NICHOLAS J BARRETT	80.85	D293681	ALEXIS R BAUTISTA-MOYANO	212.87
D293682	EMILY C CABRERA	391.41	D293683	RACHEL M CAMARENA	1713.28
D293684	RENE CAMARENA	1738.90	D293685	MARTI CARROLL	919.77
D293686	VICTORIA M CASILLAS	1640.45	D293687	CYNTHIA A CHEW	1704.03
D293688	WENDY CHEW	537.02	D293689	JULIE T COTTON	891.51
D293690	KENNETH E CUMMINGS	613.60	D293691	JEANETTE A DEMENECE	1071.69
D293692	EMILY A EASLEY	70.10	D293693	VANESSA L GARCIA	123.54
D293694	JACOB R GRANT	1709.53	D293695	KIMBERLY K HOLER	102.12
D293696	CAROLINA HONSTAIN	584.15	D293697	KIMBERLY HUY	4194.41
D293698	ANA C IZQUIERDO	429.69	D293699	MARITZA JIMENEZ	398.59
D293700	MARISSA D LOPEZ	20.76	D293701	JOHNNY LUNA	214.84
D293702	ELAINE M MA'AE	2321.72	D293703	DEVANNA S MAAE	304.75
D293704	JESUS MEDINA	1543.93	D293705	JUAN MEDINA	1764.22
D293706	NICHOLAS M MEDINA	163.30	D293707	MONSERRAT MENDOZA ALVARE	206.50
D293708	JOHN A MONTANCHEZ	2964.13	D293709	BRIANNA M MOORE	749.88
D293710	KIRSTEN K NAKAISHI	203.95	D293711	GINA D NECCO	515.85
D293712	JACOB J NEELY	325.43	D293713	JENNIFER GODDARD NYE	1413.23
D293714	GABRIELA O'CADIZ-HERNAND	2531.89	D293715	FIDEL OCAMPO	385.02
D293716	LORI OCHOA	2203.28	D293717	CHRISTIAN PANGAN	411.38
D293718	JANET E PELAYO	2533.35	D293719	LEGEND PHAM	351.16
D293720	SUGEIRY REYNOSO	2026.30	D293721	PAIGE L ROBINSON	474.83
D293722	MARINA Y ROMERO	1640.93	D293723	MONICA K ROMO	149.51
D293724	RICARDO SALDIVAR	348.99	D293725	JONATHAN M SANTOS	73.57
D293726	DANA MARIE SAUCEDO	1968.31	D293727	EMERON J SCHLUMBERGER	1082.43
D293728	NICOLE PATRICIA SOTO	399.73	D293729	ANDRIANA TORRES OROZCO	146.77
D293730	ARTURO TORRES ROBLES	238.95	D293731	CLAUDIA VALDIVIA	2514.00
D293732	JEFFREY VAN SICKLE	1890.38	D293733	JOSEFINA L VELAZQUEZ	582.93
D293734	DAISY O VENCES	242.32	D293735	ANDRE LUIS VICTORIA	126.33
D293736	PAUL E VICTORIA	1130.51	D293737	DAVID M WILMES	394.16
D293738	LUCIA MEDINA-WHITTAKER	597.58	D293739	MILLIE MEROLA	1992.13
D293740	SVETLANA MOURE	1839.93	D293741	THOMAS R SCHULTZ	2521.27
D293742	RANDY ABRAHAMSON	4359.22	D293743	ALBERTO ACOSTA	2376.24
D293744	ANTHONY R ACOSTA	1691.79	D293745	JOHN D BARANGER III	1572.63
D293746	LUCAS B BAUER	1997.61	D293747	BRADLEY D BELL	2796.13
D293748	JERRY R BRENEMAN	3885.37	D293749	JEREMY J BROADWATER	1669.49

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D293750	GUY BROWN	2490.82	D293751	JOSE J CAMBEROS	2566.28
D293752	DANIEL L CLEARWATER	3315.49	D293753	YVES G CLERMONT	1653.32
D293754	JOE W CRAWFORD	2925.30	D293755	TIMOTHY A CRAWFORD	2737.31
D293756	JUSTIN D DOYLE	2512.91	D293757	MICHAEL G ECKHARDT JR	2438.11
D293758	DAVID W EDNOFF	3278.33	D293759	STEVE P FELLNER	4451.20
D293760	JAMES L GABBARD	2881.07	D293761	DREW R GARCIA	2387.49
D293762	CHARLES GREEN	4600.40	D293763	JEFF W HANNA	2011.06
D293764	MATTHEW R HENSHAW	2357.68	D293765	MICHAEL L JACOBS	1884.67
D293766	WILLIAM R JAEGER	1323.33	D293767	SCOTT A KUHLMAN	4681.90
D293768	NICHOLAS A LERARIO	1858.26	D293769	COREY L LINDSAY	1515.71
D293770	NORMAN M LOVELY	1734.39	D293771	JOHN M MARQUEZ JR	2025.20
D293772	CHEYNE C MAULE	3392.45	D293773	TERRY A MCGOVERN JR	5969.67
D293774	SHANE D MELLE	1450.45	D293775	TRAVIS M MELLE	1646.15
D293776	MARK A MICKELSEN	1981.70	D293777	SON L NGUYEN	5311.70
D293778	FREDERICK N NIBLO	3371.28	D293779	BRENT C PARDOEN	1973.37
D293780	MICHAEL KURT RIETH	3408.54	D293781	WADE E RUHMAN	3035.44
D293782	DENNIS L RUZICKA	2240.82	D293783	TIMOTHY S SAWYER	2316.46
D293784	SCOTT A SCHERER	1764.45	D293785	JEFFREY T SPARGUR	4415.52
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D293788	JUSTIN D TRAVER	1862.87	D293789	CHRISTOPHER B TRENHOLM	1613.12
D293790	MARIO G VALDERRAMA	2073.20	D293791	KEITH T VELOTTA	4773.66
D293792	DAVID S WALDSCHMIDT	2993.26	D293793	MARK S WEISS	1713.70
D293794	PAUL J WHITTAKER	10530.92	D293795	JEFFREY WILKINS	3048.61
D293796	ADAM J WILLIAMSON	1334.29	D293797	JOSEPH A WINGERT JR	2226.04
D293798	MYLES A BURROUGHS	2147.13	D293799	DAVID M CARLSON	3744.42
D293800	JOSHUA A FELDMAN	4234.47	D293801	TIMOTHY D FISHER	3438.49
D293802	GARRET M FURUTA	2787.13	D293803	SHANE S HOWEY	2225.10
D293804	PETER M HUBER	2392.30	D293805	JORDAN R JEMIOLA	2881.52
D293806	MATTHEW C KLEIBACKER	1890.46	D293807	ANTHONY L KNAACK	3166.35
D293808	DANIEL J MOORE	2806.22	D293809	GRANT A NOBLE	2104.35
D293810	ERIC S NORRDIN	2129.55	D293811	ANTHONY J PAGE	2486.49
D293812	ERIC M PALOMO	2755.48	D293813	ANDREW J ROACH	2595.00
D293814	RICHARD RONSTADT	5445.16	D293815	DAVID C SANCHEZ	1028.13
D293816	NICK R SCHAEFFER	7.17	D293817	ERIC P STOKER	3392.17
D293818	ERIC THORSON	2874.44	D293819	RYAN D VAN WIE	1914.24
D293820	KICKER E VENCILL	3496.29	D293821	GREGORY D WILLIAMS	2223.29
D293822	JONATHAN C WOLFE	3210.73	D293823	JEREMIE E YORKE	1792.52
D293824	NATHAN T BRADY	2426.74	D293825	LISA S GUARDI	598.89
D293826	DON T NGUYEN	1669.38	D293827	THANH Q NGUYEN	4103.68
D293828	JUSTIN TRUHILL	2675.03	D293829	TODD D ELGIN	8724.60
D293830	CAROLE A KANEGAE	2128.11	D293831	VINCENTE J VAICARO	2738.64
D293832	KRISTEN A BACKOURIS	1459.79	D293833	GENA M BOWEN	1969.06
D293834	JESENIA CAMPOS	1052.44	D293835	HELENA ELSOUSOU	2343.40
D293836	ROBERT D FOWLER	3295.74	D293837	AI KELLY HUYNH	1667.99
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D293840	JEFFREY C NIGHTENGALE	3661.16	D293841	TRAVIS J WHITMAN	4410.21
D293842	CLAUDIA ALARCON	3732.23	D293843	PEDRO R ARELLANO	3146.11
D293844	ALFREDO R AVALOS	3108.53	D293845	CARLOS BAUTISTA JR	2916.36

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D293846	RYAN S BERLETH	1738.29	D293847	SUMMER A BOGUE	1548.27
D293848	RICHARD O BURILLO	3133.62	D293849	RYAN V BUSTILLOS	2161.37
D293850	DANIEL A CAMARA	2499.20	D293851	ROBERT W CAMPBELL	2689.19
D293852	JUAN C CENTENO	2819.45	D293853	DAVID Y H CHANG	1195.88
D293854	CHASEN P CONTRERAS	2390.36	D293855	AARON J COOPMAN	2347.31
D293856	GARY L COULTER	2683.06	D293857	NATHANIEL D COX	2462.16
D293858	CHARLIE DANIELEY III	2234.67	D293859	NICHOLAS A DE ALMEIDA LO	2654.56
D293860	KEVIN DINH	3554.54	D293861	AMIR A EL-FARRA	3165.21
D293862	JOSHUA N ESCOBEDO	2077.72	D293863	KORY C FERRIN	2650.21
D293864	KARI A FLOOD	2267.68	D293865	MANUEL FLORES JR	3719.78
D293866	MICHAEL E GERDIN	2430.14	D293867	SEAN M GLEASON	2511.99
D293868	JOSEPH P GROSS JR	2183.70	D293869	ALLAN S HARRY	3192.66
D293870	BRIAN HATFIELD	2435.46	D293871	WILLIAM T HOLLOWAY	3383.04
D293872	JASON L JOHNSON	2075.21	D293873	MICHAEL J JOHNSON	2412.57
D293874	GERALD F JORDAN	2271.14	D293875	TIMOTHY P KOVACS	4142.43
D293876	AUSTIN C LAVERTY	1931.92	D293877	CHRISTOPHER LAWTON	2822.34
D293878	RAPHAEL M LEE	190.38	D293879	RAFAEL LOERA JR	2262.72
D293880	JON D LOFQUIST	1867.12	D293881	RYAN M LUX	1977.41
D293882	BRYAN J MEERS	2407.91	D293883	DANNY J MIHALIK	3110.86
D293884	JEREMY N MORSE	1961.06	D293885	MITCHEL S MOSSER	2910.56
D293886	AARON S NELSON	3704.28	D293887	JASON S PERKINS	3670.37
D293888	DOUGLAS A PLUARD	3219.37	D293889	CHRISTOPHER M SHELGREEN	3573.35
D293890	CHARLES W STARNES	3445.53	D293891	DANIEL J VILLEGAS	5083.10
D293892	JONATHAN B WAINWRIGHT	2397.96	D293893	EDWIN P WILSON	1431.16
D293894	JOHN J YERGLER	2312.33	D293895	MARCOS R ALAMILLO	2944.75
D293896	WILLIAM ALLISON	2841.91	D293897	RICHARD A ALVAREZ-BROWN	2436.25
D293898	BOBBY B ANDERSON	2605.77	D293899	JOHN F BANKSON	2419.21
D293900	EVAN S BERESFORD	2803.34	D293901	RAY E BEX	3720.76
D293902	VANESSA M BRODEUR	1793.16	D293903	ADAM B COUGHRAN	3032.72
D293904	THOMAS R DARE	3830.53	D293905	JUAN M DE ANDA	2199.30
D293906	JARED R DOYLE	2562.67	D293907	CHRISTOPHER M EARLE	2500.84
D293908	MICHAEL K ELHAMI	3150.04	D293909	BENJAMIN M ELIZONDO	2311.58
D293910	STEPHEN C ESTLOW	505.41	D293911	GEORGE R FIGUEROA	3084.26
D293912	ROGER A FLANDERS	994.02	D293913	PATRICK E GILDEA	4057.15
D293914	ALDO U GUERRECA	2334.57	D293915	TROY HALLER	3280.37
D293916	ERICK LEYVA	3019.18	D293917	CHARLES H LOFFLER	3244.63
D293918	MARK A LORD	3173.00	D293919	TAYLOR A MACY	2067.58
D293920	MATTHEW P MARCHAND	2759.20	D293921	MARIO MARTINEZ JR	3832.38
D293922	JEFFREY M MOONEY	1499.64	D293923	NATHAN D MORTON	3208.23
D293924	RUDOLPH J NEGRON	2605.44	D293925	JEFFREY C NGUYEN	2687.69
D293926	VINCENT T NGUYEN	2222.26	D293927	STEVEN TRUJILLO ORTIZ	2107.59
D293928	OMAR F PEREZ	2718.79	D293929	MICHAEL M PHILLIPS	3072.70
D293930	COREY T POLOPEK	2391.91	D293931	SINDY RAMIREZ OROZCO	1863.49
D293932	JOHN E RANEY	2803.41	D293933	JOHN E REYNOLDS	3665.99
D293934	MICHAEL A REYNOLDS	3276.38	D293935	RYAN R RICHMOND	2639.47
D293936	CHRISTIN E ROGERS	2359.30	D293937	ROCKY F RUBALCABA	2530.26
D293938	SEAN M SALAZAR	3467.21	D293939	LINO G SANTANA	3669.75
D293940	PHILIP E SCHMIDT	4056.60	D293941	ARTHUR F TINTLE JR	3791.65

**** PAGE TOTAL = 257452.94

D293942	MICHAEL J VISCOMI	3053.57	D293943	KATHERINE M ANDERSON	6801.56
D293944	PAUL W ASHBY	3388.07	D293945	THOMAS A CAPPS	2310.57
D293946	JAMES D FISCHER	3741.76	D293947	RON A REYES	5529.96
D293948	ROYCE C WIMMER	2950.26	D293949	ADAM D ZMIJA	3511.31
D293950	BRIAN D DALTON	2657.96	D293951	JUAN L DELGADO JR	2831.42
D293952	OTTO J ESCALANTE	5066.18	D293953	GEORGE KAISER	3166.69
D293954	PETER M KUNKEL	10888.73	D293955	LUIS F RAMIREZ	2759.08
D293956	PETER HOANG VI	2731.93	D293957	JEFFREY A BROWN	2291.61
D293958	DONALD J HUTCHINS	3221.02	D293959	RAUL MURILLO JR	2725.41
D293960	JOSHUA T OLIVO	2519.17	D293961	ROBERT M STEPHENSON III	3037.53
D293962	COURTNEY P ALLISON	2150.07	D293963	LISA A BELTHIUS	770.28
D293964	CHARLES K BODDY	3797.51	D293965	ROBERT L BOGUE JR	3754.53
D293966	RANDY G CHUNG	480.74	D293967	DANIEL S EDWARDS	661.00
D293968	CRAIG A HERRICK	566.17	D293969	PATRICK R JULIENNE	798.90
D293970	VERONICA NELSON	887.47	D293971	JOHN O OJEISEKHOB	1552.52
D293972	JOSEPH D VARGAS	198.76	D293973	HECTOR FERREIRA JR	319.14
D293974	BRYAN GONZALEZ	362.93	D293975	SAIRA HERNANDEZ CALLEROS	375.57
D293976	KRYSTAL L N JEANG	344.11	D293977	FELICIA H PEREZ	455.24
D293978	JOSHUA K BEHZAD	1673.72	D293979	ROBERT E BOWERS	1359.40
D293980	KAREN D BRAME	882.52	D293981	KENNETH L CHISM	1236.45
D293982	CHARLES M CLINE JR	835.11	D293983	JAMES E COLEGROVE	3367.26
D293984	PAUL E DANIELSON	589.67	D293985	ROBERT M DONAHUE JR	38.52
D293986	MICHAEL FEHER	1057.24	D293987	VICTORIA M FOSTER	1295.48
D293988	NICKOLAS K JENSEN	1954.71	D293989	MICHAEL L MARTIN	2180.90
D293990	CRAIG A MC IVER	3082.21	D293991	KENNETH E MERRILL	508.90
D293992	PHILLIP H PHAM	1640.16	D293993	PATRICK M THRASHER	1114.49
D293994	SCOTT D WATSON	855.38	D293995	FLOR DE LIS ELIZONDO	947.27
D293996	GARY E ELKINS	1990.24	D293997	JOHN A FLAWS	2060.92
D293998	JASON S FULTON	1893.07	D293999	JAMES C HOLDER	2853.01
D294000	ROBERT J KIVLER	1547.93	D294001	VICTORIA L LAWTON	1996.27
D294002	RAQUEL D MATA	785.17	D294003	REBECCA S MEEKS	1866.34
D294004	TED H PEASLEE	3568.94	D294005	BENJAMIN L STAUFFER	4179.92
D294006	DAVID C YOUNG	3333.41	D294007	MARIA A ALCARAZ	1741.08
D294008	JOANN J ARMSTRONG	1598.97	D294009	CARISSA L BRUNICK	1029.73
D294010	TAMMY L CHAURAN-HAIGROV	2072.60	D294011	VERONICA FRUTOS	774.53
D294012	LAURIE J FUSSELL	1746.47	D294013	DAVID L GEORGE	1904.37
D294014	JOAN L HIGHTOWER	2612.41	D294015	PINKY C HINGCO	2391.47
D294016	SUSAN C HUANG	1644.37	D294017	RORY K JANOCHA	1263.11
D294018	ANGELA LEDESMA	1580.13	D294019	MARIA C MCFARLANE	1875.14
D294020	BRITTNEE D MCGOWEN	1919.27	D294021	TRINA T NGUYEN	1551.25
D294022	DEBRA J NICHOLS	1814.35	D294023	DIANA L O'BRIEN	1088.09
D294024	ASHLEY C ROJAS	1932.07	D294025	ASHLEY T SEROTA	2044.94
D294026	KRISTIN M WEISS	1372.65	D294027	SHANNON M YELENSKY	1786.41
D294028	JENNIFER A DIX	1941.01	D294029	DEBBY L FELSE	2498.67
D294030	KATHERINE M FRANCISCO	1882.95	D294031	AMANDA B GARNER	1795.10
D294032	KIMBERLY B GENDREAU	679.72	D294033	ARCHIE GUZMAN	2230.96
D294034	ROBERT D LUX	2127.50	D294035	MELISSA MENDOZA-CAMPOS	2180.58
D294036	BRANDY J PARK	2530.02	D294037	CRISTINA V PAYAN	2013.85

**** PAGE TOTAL = 198977.11

D294038	JENNIFER M RODRIGUEZ	2487.36	D294039	TANYA L SAMOFF	2238.82
D294040	SUSAN A I SEYMOUR	1868.07	D294041	NICOLE D SHORROW	2230.91
D294042	DANNY J SOSEBEE	2051.09	D294043	MARSHA D SPELLMAN	3712.08
D294044	SANTA WARDLE	2152.57	D294045	CHERYL L WHITNEY	2524.79
D294046	JOHN CASACCIA II	6125.22	D294047	HAN J CHO	3167.76
D294048	SCOTT A COLEMAN	2389.10	D294049	RICHARD E DESBIENS	1187.86
D294050	RONNIE D ECHAVARRIA	3935.32	D294051	MICHAEL D FARLEY	2208.92
D294052	JAMES D FRANKS	2162.20	D294053	PETE GARCIA	3127.23
D294054	STEVEN H HEINE	1340.23	D294055	JOSE D HERRERA	7309.51
D294056	THI A HUYNH	2465.92	D294057	DANIEL V KARSCHAMROON	3606.67
D294058	JOSEPH L KOLANO	2621.22	D294059	LEA K KOVACS	3813.31
D294060	NICHOLAS A LAZENBY	2600.22	D294061	DAVID LOPEZ	2674.99
D294062	STEVEN W LUKAS	1433.45	D294063	LUIS A PAYAN	3857.39
D294064	TERRA M RAMIREZ	2159.98	D294065	ORLONZO REYES	3425.92
D294066	PAUL M TESSIER	2253.68	D294067	EDGAR VALENCIA	2383.11
D294068	TUONG-VAN NGUYEN VU	2109.70	D294069	DENNIS WARDLE	3326.20
D294070	CHRISTOPHER A WASINGER	2079.04	D294071	CARL J WHITNEY	4399.91
D294072	RONALD A DOSCHER	2145.81	D294073	ERIC A QUINTERO	2023.93
D294074	MARY C CERDA	1752.24	D294075	NICOLE L CHUNG	1149.76
D294076	SUSAN A HOLSTEIN	2176.88	D294077	LIANE Y KWAN	2558.65
D294078	JANY H LEE	3114.28	D294079	SHERRILL A MEAD	2214.60
D294080	KHRYNSTON SAMRETH	1814.51	D294081	CAITLYN M STEPHENSON	1398.79
D294082	LAURA J STOVER	4065.16	D294083	FRANA K CASSIDY	1544.45
D294084	ANNA L GOLD	1463.23	D294085	HIEN Q PHAM	1613.64
D294086	KATRENA J SCHULZE	399.06	D294087	MATTHEW T SWANSON	1117.31
D294088	ANTHONY VALENZUELA	1280.24	D294089	CANDY G WILDER	1805.50
D294090	TERENCE S CHANG	1766.32	D294091	VERNA L ESPINOZA	1682.00
D294092	CHARLES D KALIL	1319.16	D294093	GEOFFREY A KLOESS	2508.10
D294094	CAMERON M MANGELS	1398.11	D294095	RACHOT MORAGRAAN	2845.75
D294096	NOEL J PROFFITT	3119.33	D294097	ANAND V RAO	3440.62
D294098	JOSEPH M SCHWARTZ	2156.23	D294099	ROD T VICTORIA	3278.96
D294100	TERREL KEITH WINSTON	3171.27	D294101	POLICE ASSN	14233.27
D294102	GG FIRE FIGHTERS 2005	21003.45	D294103	SO CAL CU	91803.37
D294104	SOUTHLAND CU	3200.00	W2234	GREAT WEST LIFE 457 #340	100286.44
W2235	GREAT WEST LIFE OBRA#340	2830.92	W2236	INTERNAL REVENUE SERVICE	356471.45
W2237	EMPLOYMENT DEVELOPMENT D	98582.89			

*** PAGE TOTAL = 846165.43

TOTAL CHECK PAYMENTS	56	98,355.68
TOTAL DIRECT DEPOSITS	683	1,570,871.66
TOTAL WIRE PAYMENTS	4	558,171.70

GRAND TOTAL PAYMENTS	743	2,227,399.04

Checks #179682 thru #179737, and Direct Deposits #D293422 thru #D294104, and wire #W2234 thru #W2237 presented in the Payroll Register submitted to the Garden Grove City Council 24 MAY 2016, have been audited for accuracy and funds are available for payment thereof.


KINGSLEY C OKEREKE - FINANCE DIRECTOR

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
603721	GLOCK, INC.	REV & VOID	-100.00 *
603924	CENTURY INDUSTRIES LLC	REV & VOID	-1,725.84 *
604230	CENTURY INDUSTRIES LLC	REV & VOID	-1,725.84 *
604271	ARJON, TIMOTEO	REV & VOID	-1,887.00 *
604519	LLOYD, JANET A	REV & VOID	-750.00 *
604857	VERSAILLES APTS	REV & VOID	-3,273.00 *
605027	CARRIER, LINDA	REV & VOID	-206.00 *
605049	AT&T	TELEPHONE	4,082.28 *
605050	AT&T	TELEPHONE	63.25 *
605051	ANAHEIM, CITY OF	ELECTRICITY	85.21 *
605052	FRONTIER COMMUNICATIONS	TELEPHONE/BEEPERS	764.35
		TELEPHONE	273.51
			1,037.86 *

PAGE TOTAL FOR "*" LINES = -4,299.08

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605053	CITY OF GARDEN GROVE	WATER	383.13 *
605054	MCI COMM SERVICE	TELEPHONE	34.26 *
605055-605056	VOID WARRANTS		
605057	SO CALIF EDISON CO	ELECTRICITY	16,859.23 *
605058	SO CALIF GAS CO	NATURAL GAS	6,063.28 *
605059	TIME WARNER CABLE	CABLE	136.17 *
605060-605062	VOID WARRANTS		
605063	HOME DEPOT CREDIT SERVICES	OTHER RENTALS	-8.94
		SEEDS/PLANTS	238.31
		MOTOR VEH PARTS	268.80
		PAINT/DYE/LUBRICANTS	1,029.80
		JANITORIAL SUPPLIES	43.07
		ELECTRICAL SUPPLIES	76.85
		SHLD EQUIP/SUPPLIES	647.81
		PIPES/APURTENANCES	637.19
		MAINT SUPP-TRAFF SIG	647.26
		AIR COND SUPPLIES	35.66
		OTHER MAINT ITEMS	1,470.88
		GEN PURPOSE TOOLS	120.96
		OTHER MINOR TOOLS/EQ	1,143.12
		LUMBER	152.14
		HARDWARE	67.19
		ASPHALT PRODUCTS	14.44
		AGGREGATES/MASONRY	104.64
		OTHER CONST SUPPLIES	8.94
			6,698.12 *
605064	ENTERPRISE RIDESHARE	OTHER RENTALS	1,930.00 *
605065	DTNTECH MARKETING	UNIFORMS	92.00 *
605066	PAMELA V PURCELL, TRUSTEE	LAND/BLDG/ROOM RENT	13,584.62 *
605067	MYART	ADMN/ENTRANCE FEE	150.00 *
605068	ALAN'S LAWN AND GARDEN CENTER INC.	REPAIRS-FURN/MACH/EQ	80.20 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605069	AUTO PARTS DISTRIBUTOR	MOTOR VEH PARTS	6,036.30 *
605070	CHEVRON AND TEXACO CARD SERV	MV GAS/DIESEL FUEL	127.24 *
605071	APPLE ONE EMPLOYMENT SVS	TEMP AIDE SERVICES	653.48 *
605072	i.i. FUELS, INC	MV GAS/DIESEL FUEL	38,859.93 *
605073	SABP INC SABP REPROGRAPHICS	DUPLICATING	90.48 *
605074	STANTON, CITY OF	TRAFFIC SIGNAL MAINT	661.97 *
605075	VALLEY POWER SYSTEMS, INC.	MOTOR VEHICLE MAINT	425.00 *
605076	WALTERS WHOLESALE ELECTRIC	ELECTRICAL SUPPLIES	632.90 *
605077	ADVANCED CAR CARE INC	TIRES/TUBES	532.82 *
605078	UPS PROTECTION	ELECTRICAL SUPPLIES	1,535.60 *
605079	GMS AUTOGLASS	MOTOR VEH PARTS	75.00 *
605080	NATIONAL CONSTRUCTION RENTALS	OTHER RENTALS	85.68 *
605081	OVERLAND, PACIFIC & CUTLER INC.	RELOCATION SERVICES	2,608.75 *
605082	PENCO ENGINEERING, INC.	ENGINEERING SERVICES	1,117.50 *
605083	VUONG, VINH	FEE REFUND	663.35 *
605084	HUYNH, DANNY	MILEAGE REIMB	134.46 *
605085	COUNTY OF ORANGE	ASSET DISPOSAL	1,039,753.25 *
605086	GONZALEZ, EDGAR SUPERIOR CONSTRUCTION	MAINT OF REAL PROP	7,000.00
		ENGINEERING SERVICES	48,949.00
			55,949.00 *
605087	METROLINK TRAINS	WAGE ATTACHMENT	1,022.75
		L/S/A TRANSPORTATION	330.00
			1,352.75 *
605088	PAPA WHEELIE BICYCLES	EMPL BICYCLE PURCH	989.98

PAGE TOTAL FOR "*" LINES = 1,151,295.46

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
		EXP REIMBURSEMENT	-989.98
		EMP BICYCLE PUR	989.98
			989.98 *
605089	GILDEA, PATRICK	TRAVEL ADVANCE-P.D.	535.18 *
605090	FIRST BANKCARD UNION BANK OF CALIFORNIA	ADVERTISING	485.76
		FOOD	235.49
		MINOR OFFICE FURN/EQ	328.29
			1,049.54 *
605091	HEARTLAND LAW ENFORCEMENT TRAINING INSTITUTE	REGISTRATION FEES	1,185.00 *
605092	CLEARs	TUITION/TRAINING	150.00 *
605093	GUERRA SANCHEZ, EVELIO	RELOCATION PAYMENTS	2,425.00 *
605094	JESSE QUINALTY DBA RED HELMET TRAINING	TUITION/TRAINING	225.00 *
605095	CITY OF GARDEN GROVE-WORK COMP ACCT	SELF-INS CLAIMS	124,073.09 *
605096	AUTO PARTS DISTRIBUTOR	MOTOR VEH PARTS	2,193.81 *
605097	HINDERLITER, DE LLAMAS & ASSOCIATES	OTHER PROF SERV	2,250.00 *
605098	PACIFIC PLUMBING SPECIALTIES	PIPES/APPURTENANCES	987.56 *
605099	S.C. YAMAMOTO, INC.	MAINT OF REAL PROP	8,711.66 *
605100	VOID WARRANT		
605101	VULCAN MATERIALS COMPANY WESTERN DIVISION	ASPHALT PRODUCTS	35,524.89 *
605102	WONDRIES FLEET GROUP	MOTOR VEHICLE REPL	29,038.07 *
605103	PUMPMAN INC	REPAIRS-FURN/MACH/EQ	500.00 *
605104	ADVANCED CAR CARE INC	WHSE INVENTORY	1,055.27
		TIRES/TUBES	1,177.70
			2,232.97 *

PAGE TOTAL FOR "*" LINES = 212,071.75

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605105	SCHORR METALS, INC.	MOTOR VEH PARTS	25.19
		HARDWARE	39.46
			64.65 *
605106	GGTPC	AMT DUE TPC	300,000.00 *
605107	AT&T U-VERSE	TELEPHONE	85.00 *
605108	CARTER, PHILLIP	MAINT OF REAL PROP	335.00 *
605109	TIME WARNER CABLE	NETWORK COMMUNICT	834.00 *
605110	HANDY HOSE SERVICES ADVANTAGE HOSE SERVICES LLC	REPAIRS-FURN/MACH/EQ	828.16 *
605111	BOGUE JR., ROBERT L	MED TRUST REIMB	1,435.40 *
605112	BRADY *, NATHAN	MED TRUST REIMB	400.00 *
605113	C.A.P.F. CALIF ASSOC PROF FIREFIGHTERS	DISABILITY INSURANCE	2,033.50 *
605114	C.L.E.A. CALIF LAW ENFORCEMENT ASSOC	DISABILITY INSURANCE	3,050.25 *
605115	CHEW, CYNTHIA	DEP CARE REIMB	150.00 *
605116	FELLNER*, STEVE P	MED TRUST REIMB	1,845.78 *
605117	GARCIA, PETE	TRAVEL ADVANCE-P.D.	-514.00
		L/S/A TRANSPORTATION	132.00
		SUBSISTENCE	459.00
		OTHER CONF/MTG EXP	221.00
			298.00 *
605118	CITY OF GARDEN GROVE	CITY WATER SERVICES	59.43 *
605119	CHUNG*, NICOLE	AWARDS/TROPHIES	105.00 *
605120	JACOT, ROSEMARIE	MED TRUST REIMB	289.00 *
605121	LEE, GRACE	DEP CARE REIMB	192.30 *
605122	LOERA JR.*, RAFAEL	MED TRUST REIMB	229.08 *
605123	MARQUEZ, CARLOS	MED TRUST REIMB	495.00 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605124	MELANSON, CAROLYN E.	MED TRUST REIMB	750.00 *
605125	O'CADIZ-HERNANDEZ*, GABRIELA	MED TRUST REIMB	653.00 *
605126	PHI, THYANA	DEP CARE REIMB	192.30 *
605127	LEGAL SHIELD	LEGAL	543.90 *
605128	RUITENSCHILD, LES	DEP CARE REIMB	192.30 *
605129	SEGAWA*, SANDRA	MED TRUST REIMB	235.23 *
605130	SPARGUR *, JEFFREY T	MED TRUST REIMB	175.03 *
605131	WEISS, MARK S	MED TRUST REIMB	609.47 *
605132	HODSON, AARON	DEP CARE REIMB	138.46 *
605133	TRANSAMERICA EMPLOYEE BENEFITS	LIFE INS PREMIUM	11,069.31 *
605134	WALLACE, LARONDA PEARLENE	TENANT UTILITY REIMB	102.00 *
605135	TRUONG, ELAINE	DEP CARE REIMB	640.00 *
605136	HANES*, CARRIE	MED TRUST REIMB	110.42 *
605137	WRIGLEY, JAMES LAWRENCE	TENANT UTILITY REIMB	454.00 *
605138	VAN, TAI TAN	TENANT UTILITY REIMB	38.00 *
605139	LIZ VASQUEZ	DEP CARE REIMB	96.23 *
605140	CPRS DISTRICT 10	REGISTRATION FEES	60.00 *
605141	ZAPATA, MARIA	TENANT UTILITY REIMB	372.00 *
605142	NGUYEN, LANI LAN T	RENT SUBSIDY	1,160.00 *
605143	VERSAILLES APTS	RENT SUBSIDY	3,273.00 *
605144	VOID WARRANT		
605145	JOHN B EWLES INC	OTHER MAINT ITEMS	170.00 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605146	UC REGENTS-UC IRVINE MED CTR OF CA	MEDICAL SUPPLIES	7,872.87 *
605147	STATE OF CALIF-FRANCHISE TAX BOARD	WAGE ATTACHMENT	1,683.27 *
605148	MARYLAND CHILD SUPPORT	WAGE ATTACHMENT	343.38 *
605149	CO. OF ORANGE	WAGE ATTACHMENT	461.54 *
605150	CO. OF ORANGE	WAGE ATTACHMENT	134.31 *
605151	CO. OF ORANGE	WAGE ATTACHMENT	276.92 *
605152	INTERNAL REVENUE SERVICE	WAGE ATTACHMENT	37.50 *
605153	UNITED STATES TREASURY	WAGE ATTACHMENT	130.00 *
605154	CO. OF ORANGE	WAGE ATTACHMENT	831.00 *
605155	DELTA DENTAL OF CALIFORNIA	SELF-INS ADMN	19,319.40 *
605156	DELTA DENTAL OF CALIFORNIA	SELF-INS ADMN	2,929.62 *
605157	CITY OF GARDEN GROVE	TRUST FUND EXP	500.00 *
605158	HIGGINS, KEITH	ACCOUNTS RECEIVABLE	1,953.73 *
605159	STILES, SCOTT C.	L/S/A TRANSPORTATION	40.00
		SUBSISTENCE	44.12
		OTHER CONF/MTG EXP	40.00
			124.12 *
605160	FIRST BANKCARD UNION BANK OF CALIFORNIA	TRUST FUND EXPEND	825.28
		REGISTRATION FEES	200.00
		FaCT:PROGRAM EXP	34.14
		FaCT: TRAINING	80.00
		FOOD	36.27
		UNIFORMS	561.08
		FOOD SERV SUPPL	352.97
		OTHER FOOD ITEMS	26.68
		OTHER PROF SUPPLIES	433.36
		OFFICE SUPPLIES/EXP	119.99
		OTHER MINOR TOOLS/EQ	177.32
		ATHLETIC SUPPLIES	30.89

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
		OTHER REC/CULT SUPP	11.76
			2,889.74 *
605161	FIRST BANKCARD UNION BANK OF CALIFORNIA	ADVERTISING	294.00
		FOOD SERV SUPPL	291.68
		OTHER FOOD ITEMS	224.85
		MINOR FURN/EQUIP	55.72
		CRAFT SUPPLIES	230.45
		AWARDS/TROPHIES	620.36
			1,717.06 *
605162	FIRST BANKCARD UNION BANK OF CALIFORNIA	ADVERTISING	230.00
		L/S/A TRANSPORTATION	396.40
		LODGING	262.64
		DUES/MEMBERSHIPS	50.00
		REGISTRATION FEES	450.00
		FOOD	95.92
		OFFICE SUPPLIES/EXP	183.65
			1,668.61 *
605163	FIRST BANKCARD UNION BANK OF CALIFORNIA	FOOD	212.05
		FOOD SERV SUPPL	92.42
		OTHER REC/CULT SUPP	163.36
		SIGNS/FLAGS/BANNERS	497.52
			965.35 *
605164	FIRST BANKCARD UNION BANK OF CALIFORNIA	TUITION/TRAINING	100.00
		FOOD	198.42
		MEDICAL SUPPLIES	573.30
		BOOKS/SUBS/CASSETTES	137.80
		OTHER PROF SUPPLIES	402.50
		ELECTRICAL SUPPLIES	89.91
		HSHLD EQUIP/SUPPLIES	99.21
		OFFICE SUPPLIES/EXP	515.37
		MINOR OFFICE FURN/EQ	175.72
		SAFETY EQ/SUPPLIES	173.47
		WIRE/METALS	475.00
		HARDWARE	208.98
			3,149.68 *
605165	HOLDER, JAMES C	TRAVEL ADVANCE-P.D.	218.00 *
605166	FIRST BANKCARD UNION BANK OF CALIFORNIA	MAINT-SERV CONTRACTS	35.00

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
		NETWORKING SERVICES	74.14
		REGISTRATION FEES	200.00
		NETWORKING SUPPLIES	28.98
		MINOR OFFICE FURN/EQ	300.00
			638.12 *
605167	FIRST BANKCARD UNION BANK OF CALIFORNIA	L/S/A TRANSPORTATION	290.96
		LODGING	4,147.75
		OTHER CONF/MTG EXP	403.39
		OTHER PROF SUPPLIES	79.00
		SOFTWARE	800.00
			5,721.10 *
605168	FIRST BANKCARD UNION BANK OF CALIFORNIA	REGISTRATION FEES	25.00
		TAXES/LICENSES	59.98
		ADMN/ENTRANCE FEE	675.00
		OFFICE SUPPLIES/EXP	99.00
		AUDIO/VISUAL SUPP	14.14
			873.12 *
605169	FIRST BANKCARD UNION BANK OF CALIFORNIA	MOTOR VEH PARTS	8.90
		OFFICE SUPPLIES/EXP	0.10
		INTEREST COSTS	7.25
			16.25 *
605170	FIRST BANKCARD UNION BANK OF CALIFORNIA	LODGING	940.80
		OTHER CONF/MTG EXP	930.25
			1,871.05 *
605171	FIRST BANKCARD UNION BANK OF CALIFORNIA	LODGING	417.35
		MV GAS/DIESEL FUEL	48.08
			465.43 *
605172	FIRST BANKCARD UNION BANK OF CALIFORNIA	FOOD	16.88 *
605173	FIRST BANKCARD UNION BANK OF CALIFORNIA	TELEPHONE	237.53
		REGISTRATION FEES	0.00
		BOOKS/SUBS/CASSETTES	49.95
		OTHER MAINT ITEMS	213.84
		OFFICE SUPPLIES/EXP	235.48
		MINOR OFFICE FURN/EQ	377.99
		SIGNS/FLAGS/BANNERS	222.95
			1,337.74 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605174	MONTES, JULIO	RELOCATION PAYMENTS	6,615.00 *
605175	NICHOLSON PIPES & DRUMS	OTHER PROF SERV	400.00 *
605176	MULUEA MARIA GAUTA	TENANT UTILITY REIMB	552.00 *
605177	SHEVLIN, TIM	OTHER PROF SERV	100.00 *
605178	ROSS CREATIONS SOUND STAGE & LIGHTING	OTHER PROF SERV	300.00 *
605179	CALAIS, LLC	RENT SUBSIDY	149.00 *
605180	ADMINSURE	SELF-INS ADMN	15,965.00 *
605181	AMC CPS	ADMN/ENTRANCE FEE	909.95 *
605182	ACE WORLD WIDE	OTHER MINOR TOOLS/EQ	24.27 *
605183	ADAMSON POLICE PRODUCTS	UNIFORMS	349.52
		MOTOR VEH PARTS	15,316.31
			15,665.83 *
605184	ALAN'S LAWN AND GARDEN CENTER INC.	MOTOR VEH PARTS	933.90
		OTHER CONST SUPPLIES	241.64
			1,175.54 *
605185	ALCO TARGET COMPANY	OTHER PROF SUPPLIES	318.38 *
605186	ALL AMERICAN ASPHALT	ASPHALT PRODUCTS	8,865.52 *
605187	ALL CITY MANAGEMENT SERVICES, INC.	CROSSING GUARD SERV	4,843.40 *
605188	ALLEY KAT MUSIC CENTER	INSTRUCTOR SERVICES	246.40 *
605189	ALLSTAR FIRE EQUIPMENT INC.	AIRPAKS	2,371.78 *
605190	AMTECH ELEVATOR SERVICES	MAINT-SERV CONTRACTS	707.75 *
605191	CITY OF ANAHEIM DIVISION OF COLLECTION	DUES/MEMBERSHIPS	210.00 *
605192	ANAHEIM HOUSING AUTHORITY COMMUNITY DEV./ATTN:FISCAL	MOBILITY INSP FEE	450.00 *
605193	ANGELUS QUARRIES, INC.	AGGREGATES/MASONRY	1,222.99 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605194	ARROWHEAD MOUNTAIN SPR WATER	BOTTLED WATER	21.93 *
605195	DE PAR, INC. DBA ENTHALPY ANALYTICAL, INC.	OTHER PROF SERV	1,716.00 *
605196	AUTOLIFT SERVICES INC	MAINT-SERV CONTRACTS	375.00 *
605197	AUDIO/VIDEO SERVICES	REPAIRS-FURN/MACH/EQ	200.00 *
605198	AUTO PARTS DISTRIBUTOR	MOTOR VEH PARTS	1,559.76 *
605199	BIG RON'S AUTO BODY & PAINT, INC.	REPAIRS-FURN/MACH/EQ	5,978.93 *
605200	BISHOP CO.	WHSE INVENTORY	349.79 *
605201	BOLSA NURSERY	SEEDS/PLANTS	660.96
		TREES	108.00
			768.96 *
605202	BOUND TREE MEDICAL LLC	MEDICAL SUPPLIES	6,592.58 *
605203	BROWNELLS, INC.	OTHER MINOR TOOLS/EQ	781.29 *
605204	CITY OF BUENA PARK ATTN: FINANCE DEPARTMENT	ENGINEERING SERVICES	6,834.08 *
605205	RUSSELL SIGLER INC.	AIR COND SUPPLIES	1,229.04 *
605206	CDW-GOVERNMENT INC	SOFTWARE	255.04
		14/15 SLESF	3,774.60
			4,029.64 *
605207	CSG CONSULTANTS, INC.	OTHER PROF SERV	21,525.00 *
605208	C.WELLS PIPELINE MATERIALS INC.	WHSE INVENTORY	13,959.44 *
605209	CALIF FORENSIC PHLEBOTOMY INC	MEDICAL SERVICES	4,367.00 *
605210	CAMERON WELDING SUPPLY	FACT:PROGRAM EXP	19.10
		MOTOR VEH PARTS	41.59
		OTHER MAINT ITEMS	41.30
			101.99 *
605211	CAREY SIGN CORPORATION	MAINT-SERV CONTRACTS	338.00 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605212	CENTURY INDUSTRIES	ELECTRICAL SUPPLIES	3,451.68 *
605213	CHEM PRO LABORATORY, INC	MAINT-SERV CONTRACTS	360.00 *
605214	SUPPLYWORKS	WHSE INVENTORY	1,776.82 *
605215	CLEANSTREET	STREET SWEEPING SERV	53,701.27
		OTHER MAINT ITEMS	53.20
			53,754.47 *
605216	COASTLINE EQUIPMENT	MOTOR VEH PARTS	11.64 *
605217	COLLINS*, PATRICK	LODGING	438.06
		FOOD	23.98
			462.04 *
605218	COMLINK LASERCARE	REPAIRS-FURN/MACH/EQ	948.61
		OFFICE SUPPLIES/EXP	581.23
			1,529.84 *
605219	COMMUNITY VETERINARY HOSPITAL	TRUST EXP	148.75 *
605220	CONTINENTAL CONCRETE CUTTING	OTHER MAINT ITEMS	3,680.00 *
605221	COUNTRY CITY TOWING	TOWING SERVICES	306.25 *
605222	CRON & ASSOCIATES TRANSCRIPTION, INC.	OTHER PROF SERV	6,112.26 *
605223	CRUISE, GERALD J	INSTRUCTOR SERVICES	1,385.64 *
605224	WM CURBSIDE, LLC AT YOUR DOOR	OTHER PROF SERV	7,040.96 *
605225	L.N.CURTIS & SONS	WILDLAND/SAFETY	881.28 *
605226	DENNIS GRUBB & ASSOCIATES, LLC	OTHER PROF SERV	150.00 *
605227	DIAMOND ENVIRONMENTAL SERVICES	OTHER MAINT ITEMS	303.47 *
605228	EWING IRRIGATION PRODUCTS, INC.	PIPES/APPURTENANCES	2,176.93 *
605229	EXCLUSIVE AUTO DETAIL	MOTOR VEHICLE MAINT	1,944.00 *
605230	EXPERIAN INFO SOLUTIONS INC	OTHER PROF SERV	78.84 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605231	FARMER BROTHERS CO.	FOOD SERV SUPPL	406.06
		OTHER FOOD ITEMS	732.20
			1,138.26 *
605232	FEDERAL EXPRESS CORP	DELIVERY SERVICES	31.53 *
605233	FLOWERS BY CINA, INC.	OTHER AGR SUPPLIES	64.80 *
605234	FORD OF ORANGE	MOTOR VEH PARTS	3,555.84 *
605235	FORENSIC NURSE RESPONSE TEAM	FORENSIC SERV	650.00 *
605236	THE SHERWIN-WILLIAMS CO DBA FRAZEE PAINTS	PAINT/DYE/LUBRICANTS	240.92 *
605237	FRYE SIGN CO	MOTOR VEH PARTS	1,065.00 *
605238	GBS LINENS	TRUST FUND EXPEND	82.10
		LAUNDRY SERVICES	168.69
			250.79 *
605239	GC ENVIRONMENTAL, INC.	CONTRACTUAL SERV	5,052.25 *
605240	GPSIT	MAINT-SERV CONTRACTS	160.00 *
605241	CITY OF GARDEN GROVE	WATER REFUND	85.58 *
605242	REPUBLIC SERVICES #676	MAINT-SERV CONTRACTS	10.28 *
605243	REPUBLIC WASTE SERVICES OF SOUTHERN CALIFORNIA, LLC	AMT DUE GG DISPSL	996,320.14
		REFUSE COLL SERV	9,813.09
			1,006,133.23 *
605244	GARDEA, LAURA	INSTRUCTOR SERVICES	1,216.67 *
605245	GEOSPATIAL TECHNOLOGIES, INC.	MAINT-SERV CONTRACTS	2,870.00 *
605246	GLOBAL IMPORTS INC DBA BATTERIES AND BUTTER	WHSE INVENTORY	345.60 *
605247	GOLDEN OFFICE TRAILERS INC	LAND/BLDG/ROOM RENT	864.00 *
605248	GRAFFITI PROTECTIVE COATINGS, INC.	MAINT-SERV CONTRACTS	12,775.74
		TRAFFIC SIGNAL MAINT	239.12
			13,014.86 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605249	GRUVER PH.D., ERIC	MEDICAL SERVICES	425.00 *
605250	HD SUPPLY WATERWORKS, LTD.	WHSE INVENTORY	8,709.85
		MOTOR VEH PARTS	73.94
			8,783.79 *
605251	HDL COREN & CONE	OTHER PROF SERV	5,312.50 *
605252	HARRINGTON INDUSTRIAL PLASTICS LLC	PIPES/APPURTENANCES	6.91 *
605253	HILLCO FASTENER WAREHOUSE	MOTOR VEH PARTS	15.90
		HARDWARE	27.22
			43.12 *
605254	HILL'S BROS LOCK & SAFE INC	OTHER BLD/EQ/ST SERV	119.00
		OTHER PROF SERV	79.60
		OTHER MAINT ITEMS	33.91
		HARDWARE	4.05
			236.56 *
605255	HOWEY, SHANE	TUITION/TRAINING	200.00 *
605256	APPLE ONE EMPLOYMENT SVS	TEMP AIDE SERVICES	1,306.96 *
605257	HUNSAKER & ASSOCIATES INC	ENGINEERING SERVICES	23,308.66 *
605258	HYDRO-SCAPE PRODUCTS INC	PIPES/APPURTENANCES	48.60 *
605259	INTERVAL HOUSE	CONTRACTUAL SERV	20,028.41
		OTHER PROF SERV	1,203.29
			21,231.70 *
605260	JIG CONSULTANTS	ENGINEERING SERVICES	21,107.50 *
605261	JAY'S CATERING	FOOD	252.56 *
605262	JOHN BARANGER III	TUITION/TRAINING	877.00 *
605263	JOHNSTONE SUPPLY	ELECTRICAL SUPPLIES	11.32 *
605264	KELLY PAPER	PAPER/ENVELOPES	428.84 *
605265	KNORR SYSTEMS, INC.	REPAIRS-FURN/MACH/EQ	936.00

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
		OTHER MAINT ITEMS	569.94
			1,505.94 *
605266	KOA CORPORATION	CONTRACTUAL SERV	13,438.88 *
605267	L.C. ACTION POLICE SUPPLY	GUNS/AMMUNITION	1,999.33 *
605268	LANGUAGE LINE SERVICES	TELEPHONE	506.66
		SAFETY EQ/SUPPLIES	130.00
			636.66 *
605269	LAWSON PRODUCTS, INC.	MOTOR VEH PARTS	1,872.90 *
605270	LIVABLE COMMUNITIES INC.	CONTRACTUAL SERV	900.00 *
605271	LORRAINE MENDEZ & ASSOCIATES, LLC	OTHER PROF SERV	1,041.25 *
605272	MB PAINTING	MAINT OF REAL PROP	2,200.00 *
605273	RISK MANAGEMENT PROFESSIONALS, INC.	CONTRACTUAL SERV	3,836.25 *
605274	MANERI SIGN COMPANY, INC	SIGNS/FLAGS/BANNERS	342.14 *
605275	MC MASTER-CARR SUPPLY CO	ELECTRICAL SUPPLIES	0.00
		HARDWARE	167.09
			167.09 *
605276	MERCHANTS BLDG MAINT LLC	MAINT-SERV CONTRACTS	1,018.60 *
605277	MERCY HOUSE LIVING CENTERS	CONTRACTUAL SERV	10,000.00 *
605278	METASOURCE LLC	OTHER PROF SERV	561.39 *
605279	GARDEN GROVE ACE HARDWARE	HARDWARE	19.31 *
605280	MOMAR, INC	MOTOR VEH PARTS	129.82 *
605281	MOVING FWRD PSYCHOLOGICAL INST	TUITION/TRAINING	900.00 *
605282	MR. D'S AUTOMOTIVE	MOTOR VEHICLE MAINT	714.90 *
605283	NATIONAL CONSTRUCTION RENTALS	OTHER RENTALS	373.27 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605284	CABCO YELLOW, INC.	CONTRACTUAL SERV L/S/A TRANSPORTATION	34,331.75 3,530.00 37,861.75 *
605285	NEW IMAGE COMMERCIAL FLOORING	MAINT OF REAL PROP	1,961.66 *
605286	NIAGARA PLUMBING	PIPES/APPURTENANCES OTHER MAINT ITEMS	535.67 55.84 591.51 *
605287	NICKEY PETROLEUM CO., INC.	JANITORIAL SUPPLIES	1,382.40 *
605288	R.J. NOBLE COMPANY	ASPHALT PRODUCTS	2,705.00 *
605289	ARC	ADVERTISING DUPLICATING	8.33 167.34 175.67 *
605290	ORANGE COUNTY SIGNS AND LIGHTING	SIGNS/FLAGS/BANNERS	1,911.32 *
605291	OCEAN BLUE ENVIRONMENTAL SERVICES, INC.	OTHER MAINT ITEMS	2,212.71 *
605292	OFFICEMAX INCORPORATED	OFFICE SUPPLIES/EXP	2,241.02 *
605293	OPPERMAN & SONS TRUCK	MOTOR VEH PARTS	2,333.66 *
605294	ORANGE COUNTY APPLIANCE PARTS	AIR COND SUPPLIES	9.44 *
605295	ORANGE COUNTY FIRE PROTECTION	REPAIRS-FURN/MACH/EQ	137.10 *
605296	O.C. HOUSING AUTHORITY	MOBILITY INSP FEE	2,250.00 *
605297	ORANGE COUNTY NEWS	ADVERTISING	1,776.75 *
605298	ORANGE COUNTY STRIPING SERV	MAINT-SERV CONTRACTS	13,381.03 *
605299	THE PM GROUP	PRINTING	12,845.52 *
605300	PACIFIC TRUCK EQUIPMENT INC	REPAIRS-FURN/MACH/EQ	6,683.88 *
605301	PEST OPTIONS, INC.	NON-SPEC CONTR SERV	881.98 *
605302	PETTY CASH-COMMUNITY SERV	TELEPHONE	20.00

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
		PHOTO PROC/ENGRAVING	49.91
		REGISTRATION FEES	65.00
		OTHER EDUCATION EXP	95.00
		ADMN/ENTRANCE FEE	50.00
		FaCT:PROGRAM EXP	69.04
		FaCT:FOST/ADOPT	42.43
		FaCT:RLTNSHP PRG	53.76
		OTHER AGR SUPPLIES	10.10
		FOOD	40.87
		FOOD SERV SUPPL	10.41
		OTHER FOOD ITEMS	46.33
		OTHER PROF SUPPLIES	10.76
		MV GAS/DIESEL FUEL	157.17
		HSHLD EQUIP/SUPPLIES	16.34
		OFFICE SUPPLIES/EXP	85.04
		GEN PURPOSE TOOLS	8.66
		OTHER MINOR TOOLS/EQ	25.24
		CRAFT SUPPLIES	63.07
		AUDIO/VISUAL SUPP	21.59
		AWARDS/TROPHIES	34.00
		OTHER REC/CULT SUPP	42.94
		SIGNS/FLAGS/BANNERS	75.60
		MONITORED EQUIP	21.59
			1,114.85 *
605303	POOL WATER PRODUCTS	OTHER MAINT ITEMS	27.58 *
605304	PRIM&MULTI-SPEC CLN OF ANAHEIM DBA GATEWAY URGENT CARE CTR	MEDICAL SERVICES	165.00 *
605305	QUEST DIAGNOSTICS INC	MEDICAL SERVICES	238.41 *
605306	RADI'S CUSTOM UPHOLSTERY	MOTOR VEH PARTS	1,100.00 *
605307	REDFLEX TRAFFIC SYSTEMS, INC.	OTHER PROF SERV	31,900.00 *
605308	REFRIGERATION SUPPLIES DISTRIBUTOR	AIR COND SUPPLIES	376.57 *
605309	REGAL CINEMEDIA C/O CBO FULFILLMENT	ADMN/ENTRANCE FEE	1,708.00 *
605310	REGENTS, UC STUDENT RECREATION CENTER	OTHER PROF SERV	592.50 *
605311	THE ORANGE COUNTY REGISTER	OTHER PROF SERV	357.75 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605312	SABP INC SABP REPROGRAPHICS	DUPLICATING	152.57 *
605313	SAFETY 1st PEST CONTROL, INC	OTHER MAINT ITEMS	450.00 *
605314	SCHAEFER, NICK	L/S/A TRANSPORTATION	55.00 *
605315	SCOTT FAZEKAS & ASSOCIATES INC.	OTHER PROF SERV	10,290.30 *
605316	SHRED CONFIDENTIAL, INC.	OTHER PROF SERV	266.63 *
605317	SIEMENS INDUSTRY, INC.	MAINT-SERV CONTRACTS	167.64 *
605318	SIMPSON CHEVROLET OF GG	REPAIRS-FURN/MACH/EQ MOTOR VEH PARTS	800.19 1,826.92 2,627.11 *
605319	SMITHSON ELECTRIC, INC	MAINT-SERV CONTRACTS	4,500.00 *
605320	SOUTH COAST EMERGENCY VEHICLE SERVICES	REPAIRS-FURN/MACH/EQ MOTOR VEH PARTS	6,598.43 2,600.14 9,198.57 *
605321	SO CALIF MUN ATHLETIC FEDERATION	OTHER PROF SERV	68.25 *
605322	SOUTHERN CALIFORNIA GAS CO ML 711D	MAINT-SERV CONTRACTS	575.00 *
605323	SOUTHERN COUNTIES LUBRICANTS LLC.	WHSE INVENTORY	1,321.85 *
605324	SPARKLETTS	BOTTLED WATER	242.32 *
605325	SPECTRUM GAS PRODUCTS, INC.	OTHER RENTALS	152.00 *
605326	STERLING SLEEP SYSTEMS	HSHLD EQUIP/SUPPLIES	1,331.00 *
605327	STATE INDUSTRIAL PRODUCTS	WHSE INVENTORY JANITORIAL SUPPLIES	1,736.47 57.78 1,794.25 *
605328	SUN BADGE COMPANY	UNIFORMS	1,456.64 *
605329	SUNBELT RENTALS	HEAVY EQUIP RENTAL	2,755.35 *
605330	THOMPSON DOOR & FRAME INC.	LUMBER	337.42 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605331	THOMSON REUTERS	DUES/MEMBERSHIPS	247.74 *
605332	TIRE CENTERS, LLC	TIRES/TUBES	1,791.98 *
605333	TITUS INDUSTRIAL GROUP INC.	PIPES/APPURTENANCES	1,379.23 *
605334	HONEYWELL (FORMER TOTAL FIRE GROUP)	SAFETY EQUIP	20,276.22 *
605335	TRANSPORTATION STUDIES, INC.	ENGINEERING SERVICES	1,890.00 *
605336	TRUCK & AUTO SUPPLY INC. TrucParCo	MOTOR VEH PARTS	1,867.13 *
605337	TYCO INTEGRATED SECURITY LLC	MAINT-SERV CONTRACTS	583.19 *
605338	UNIFIRST CORP	LAUNDRY SERVICES	1,675.42 *
605339	UNITED PARCEL SERVICE	DELIVERY SERVICES	188.66 *
605340	UNITED RENTALS NORTHWEST, INC	OTHER RENTALS	430.92 *
605341	VILLAGE NURSERIES	SEEDS/PLANTS	2,425.70 *
605342	VISION MARKING DEVICES	OFFICE SUPPLIES/EXP	127.58 *
605343	VULCAN MATERIALS COMPANY WESTERN DIVISION	ASPHALT PRODUCTS	1,638.02 *
605344	GRAINGER	WHSE INVENTORY	1,102.41
		MOTOR VEH PARTS	62.80
		ELECTRICAL SUPPLIES	734.80
		OTHER MAINT ITEMS	459.77
		SAFETY EQ/SUPPLIES	268.54
		OTHER MINOR TOOLS/EQ	104.97
		FURN/MACH/EQUIP REPL	257.77
			2,991.06 *
605345	WALTERS WHOLESALE ELECTRIC	ELECTRICAL SUPPLIES	1,629.36 *
605346	CARL WARREN & CO	SELF-INS ADMN	9,000.00 *
605347	WATERLINE TECHNOLOGIES, INC.	LABORATORY CHEMICALS	1,648.62 *
605348	WEST COAST ARBORISTS INC	TREE TRIMMING SERV	4,511.00 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605349	FERGUSON ENTERPRISES, INC	PIPES/APPURTENANCES	142.36 *
605350	WEST COAST BACKHOE SERVICES, INC	MISC WTR UTIL ITEMS	26,925.34 *
605351	WESTERN EXTERMINATOR	MAINT-SERV CONTRACTS	617.00 *
605352	CROP PRODUCTION SERVICES, INC	WHSE INVENTORY	453.32 *
605353	WESTERN OIL SPREADING SERVICES	ASPHALT PRODUCTS	1,646.65 *
605354	WHITTAKER, PAUL J	TUITION/TRAINING	200.00 *
605355	WILLDAN	OTHER PROF SERV	4,430.00 *
605356	WILLIAMS & MAHER INC	MAINT-SERV CONTRACTS	165.00 *
605357	ZEPHYR TURFCARE EQUIPMENT	HEAVY EQUIP RENTAL	870.00 *
605358	ZOLL MEDICAL CORP	MEDICAL SUPPLIES	1,784.43 *
605359	JIMENEZ, VIDAL	SAFETY EQ/SUPPLIES	50.00 *
605360	2-1-1 ORANGE COUNTY	CONTRACTUAL SERV	1,616.50 *
605361	BAUER, LUCAS	TUITION/TRAINING	400.00 *
605362	DTNTech MARKETING	OTHER PROF SERV	588.60
		COMMODITIES	1,838.16
		OTHER REC/CULT SUPP	440.32
			2,867.08 *
605363	ASSOCIATED SOILS ENGINEERING, INC.	ENGINEERING SERVICES	1,770.00
		WTR/SWR CONST CONTR	660.00
			2,430.00 *
605364	THORSON, ERIC	CASH-UNION BANK(C)	2,500.00
		EMPL COMPUTER PURCH	0.00
			2,500.00 *
605365	B & D TOWING	TOWING SERVICES	145.00 *
605366	WOMEN'S TRANSITIONAL LIVING CENTER, INC.	CONTRACTUAL SERV	4,750.00 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605367	WOLF LANG CHRISTOPHER ARCH., INC' DBA WLC ARCHITECTS, INC.	OTHER PROF SERV	2,250.00 *
605368	GRAY, MIKE	SAFETY EQ/SUPPLIES	134.99 *
605369	FACTORY MOTOR PARTS CO BIN 139107	MOTOR VEH PARTS	602.64 *
605370	BRUCE HALL LAND SURVEYOR, INC	ENGINEERING SERVICES	6,653.00 *
605371	TURORI, MELODIE	OTHER PROF SERV	230.00 *
605372	NATIONAL NOTARY ASSOCIATION	DUES/MEMBERSHIPS	660.50 *
605373	CHARLES P. CROWLEY CO. INC.	LABORATORY CHEMICALS	1,433.86 *
605374	MONTROSE ENVIRONMENT CORP DBA SCEC	MAINT-SERV CONTRACTS	2,100.00 *
605375	HANDY HOSE SERVICES ADVANTAGE HOSE SERVICES LLC	REPAIRS-FURN/MACH/EQ MOTOR VEHICLE MAINT MOTOR VEH PARTS	2,795.38 576.00 1,473.00 4,844.38 *
605376	SAN DIEGO FLUID SYSTEM TECHNOLOGIES	OTHER MAINT ITEMS	108.57 *
605377	CHEMEX INDUSTRIES	JANITORIAL SUPPLIES	1,749.71 *
605378	MCFADDEN DALE INDUSTRIAL HARDWARE	OTHER MAINT ITEMS	99.52 *
605379	STATE WATER RESOURCES CONTROL BOARD	PERMITS/OTHER FEES	13,578.75 *
605380	PULIDO, ANA	FOOD CRAFT SUPPLIES	18.99 62.46 81.45 *
605381	AXCES INDUSTRIAL SUPPLY INC.	WHSE INVENTORY	482.11 *
605382	CITY OF SANTA ANA M-13 20 CIVIC CENTER PLAZA	ENGINEERING SERVICES	60,356.80 *
605383	EMERGENCY MEDICAL PRODUCTS INC	MEDICAL SUPPLIES	618.31 *
605384	E.G. BRENNAN & CO., INC.	PAINT/DYE/LUBRICANTS	144.60 *
605385	CONTROLWORKS BUILDING AUTOMATION SYSTEMS	MAINT-SERV CONTRACTS	925.00 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605386	ENTERPRISE SECURITY INC	OTHER BLD/EQ/ST SERV	1,043.01 *
605387	JENSEN, NICKOLAS	TRAVEL ADVANCE-P.D.	-333.68
		SUBSISTENCE	170.00
		OTHER CONF/MTG EXP	214.11
			50.43 *
605388	LADNEY, MARK	UNIFORMS	129.80 *
605389	ZAP MANUFACTURING, INC.	SIGNS/FLAGS/BANNERS	1,488.03 *
605390	TUFF SKIN	MOTOR VEH PARTS	650.00 *
605391	ADVANCED CAR CARE INC	TIRES/TUBES	2,401.88
		MOTOR VEH PARTS	394.86
			2,796.74 *
605392	O'REILLY AUTO PARTS	MOTOR VEH PARTS	3,463.22 *
605393	COUNTY OF ORANGE TREASURER REVENUE RECOVERY-A/R UNIT	CITATION DIST	25,033.50 *
605394	LEXISNEXIS RISK SOLUTIONS	BOOKS/SUBS/CASSETTES	64.25 *
605395	COSTAR GROUP, INC. ATTN: ACCOUNTING DEPT-CONTRACTS	OTHER PROF SERV	825.56 *
605396	4IMPRINT, INC. 101 COMMERCE ST	OFFICE SUPPLIES/EXP	184.03 *
605397	MUNICIPAL MAINTENANCE EQUIPMENT, INC.	GEN PURPOSE TOOLS	700.48 *
605398	ECOLOGICAL FERTIGATION, INC.	MAINT OF REAL PROP	1,155.00 *
605399	COUNTY OF ORANGE DA'S OFFICE, ASSET FORFEITURE	PROP/EV REFUND	1,317.00
		INTEREST	7.66
			1,324.66 *
605400	ANAHEIM FENCE CO.	OTHER PROF SERV	2,144.00
		NON-SPEC CONTR SERV	3,860.00
			6,004.00 *
605401	SWEET, CATHRINE BUDZINSKI, MARK	WATER REFUND	857.42 *
605402	SOUTH COAST FENCING CENTER	INSTRUCTOR SERVICES	188.02 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605403	WENDY CHEW	FaCT:PROGRAM EXP	8.40
		FaCT:CAC EXP	105.84
			114.24 *
605404	GMS AUTOGLASS	MOTOR VEH PARTS	258.33 *
605405	TREE OF LIFE NURSERY	SEEDS/PLANTS	424.77 *
605406	A-THRONE CO., INC.	OTHER RENTALS	31.75 *
605407	BLACK&WHITE EMERGENCY VEHICLES	OTHER BLD/EQ/ST SERV	255.00 *
605408	MARIE'S DANCE ACADEMY	INSTRUCTOR SERVICES	226.80 *
605409	HOIST SERVICE INC.	MAINT-SERV CONTRACTS	150.00 *
605410	ACRYLATEX COATINGS & RECYCLING	PAINT/DYE/LUBRICANTS	936.13 *
605411	INTERLOG CORPORATION DBA INTERLOG CONSTRUCTION	BLDGS/IMPROVEMENTS	25,853.36 *
605412	BATTERY SYSTEMS	MOTOR VEH PARTS	1,399.88 *
605413	OAKLEY CORP	UNIFORMS	992.85 *
605414	BOYS TOWN CALIFORNIA, INC.	OTHER PROF SERV	5,056.28 *
605415	TEAM OF ADVOCATES FOR SPECIAL KIDS	OTHER PROF SERV	757.83 *
605416	VN-US IMMIGRATION & SERVICES	OTHER PROF SERV	483.00 *
605417	JOHNNY DAVID ALLEN JR. DBA JOHNNY ALLEN TENNIS ACADAMY	INSTRUCTOR SERVICES	1,116.99 *
605418	PETCO ANIMAL SUPPLIES, INC.	TRUST EXP	145.77 *
605419	R DEPENDABLE CONST INC	MAINT OF REAL PROP	400.00 *
605420	SUPERCO SPECIALITY PRODUCTS	JANITORIAL SUPPLIES	645.81 *
605421	LABSOURCE, INC.	WHSE INVENTORY	4,049.00 *
605422	AMERICAN ASPHALT SOUTH, INC.	MAINT-SERV CONTRACTS	8,009.93 *
605423	WAYFAIR LLC	MINOR OFFICE FURN/EQ	1,155.38 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605424	CACEO	TUITION/TRAINING	50.00 *
605425	SOUTHWEST LIFT & EQUIPMENT INC	MOTOR VEH PARTS	3,333.96 *
605426	JEMIOLA, JORDAN	TUITION/TRAINING	330.00 *
605427	CARRIER, LINDA	INTEREST	206.00 *
605428	HITCHENS, GERALD	WATER REFUND	283.65 *
605429	BRASOV, CONSTANTIN	WATER REFUND	36.79 *
605430	FLORES, CLAUDIA	TUITION/TRAINING	160.00 *
605431	CURIALE, ANTHONY L. ATTORNEY CLIENT TRUST ACCT	PROP/EV REFUND	31,186.00 *
605432	URQUIZA, CARLOS	DEPOSIT REFUNDS	250.00 *
605433	KNIGHT, DOREEN	WATER REFUND	38.75 *
605434	NGUYEN, TUAN T	PD CITATION REFUND	1,000.00 *
605435	NGUYEN, THAO T	MISC REFUND	74.80 *
605436	TERMINIX INTERNATIONAL	STATE ADA PASSTHRU	0.30
		BUS OPER TAX REFUND	179.35
		BOT FEE REFUND	15.00
		CITY ADA ASMT 70%	0.70
			195.35 *
605437	HUR, JEAN	PROP/EV REFUND	602.00 *
605438	ERIC STOKER	TUITION/TRAINING	877.00 *
605439	DEPARTMENT OF JUSTICE	LIFESCAN FEE-DOJ	881.00 *
605440	ARROW INTERNATIONAL, INC.	MEDICAL SUPPLIES	1,792.93 *
605441	THE KOREA DAILY	BOOKS/SUBS/CASSETTES	100.00 *
605442	ORANGE COUNTY TAX COLLECTOR	CITY STREET DAMAGES	62.98 *
605443	FAIR HOUSING FOUNDATION	CONTRACTUAL SERV	2,338.03 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605444	AIM ASSET PROPERTY MANAGEMENT, INC.	OTHER PROF SERV	2,083.25 *
605445	SUPPLY SOLUTIONS	WHSE INVENTORY	539.22 *
605446	CANNON, TIMOTHY	SAFETY EQ/SUPPLIES	189.48 *
605447	TOPAZ ALARM CORP	OTHER PROF SERV	70.00 *
605448	YO-FIRE SUPPLIES	WHSE INVENTORY	1,403.57
		OTHER MAINT ITEMS	579.64
			1,983.21 *
605449	NWN CORPORATION	MINOR FURN/EQUIP	298.24 *
605450	MSC INDUSTRIAL SUPPLY CO. INC.	ELECTRICAL SUPPLIES	55.04
		OTHER MINOR TOOLS/EQ	44.68
			99.72 *
605451	THE GEO GROUP, INC.	JAILER SERVICES	42,885.58 *
605452	DITTY CONTAINER INC	OTHER MAINT ITEMS	1,143.50 *
605453	MIKE REITH	TUITION/TRAINING	285.00 *
605454	LINE GEAR FIRE & RESCUE EQUIPMENT	WILDLAND/SAFETY	441.34 *
605455	BEALE ASH INC	OFFICE SUPPLIES/EXP	173.28 *
605456	DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT	REFUND	78,002.00 *
605457	CORELOGIC SOLUTIONS, LLC	SOFTWARE	394.50 *
605458	AMERICAN INTERNET SERVICES, LLC	NETWORK COMMUNICT	669.56 *
605459	GRP2 UNIFORMS, INC KEYSTONE UNIFORMS, OC	UNIFORMS	5,002.67 *
605460	GMR FIRE PROTECTION	PIPES/APPURTENANCES	259.33 *
605461	SOUTHERN COMPUTER WAREHOUSE, INC	CAMERAS	1,211.11
		OTHER PROF SUPPLIES	189.21
		NETWORKING SUPPLIES	65.02
		DATA PROCESSING SUPP	169.02
		MINOR OFFICE FURN/EQ	295.38

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
			1,929.74 *
605462	RONALD WOLLAND	SAFETY EQ/SUPPLIES	240.00 *
605463	PREMIUM QUALITY LIGHTING	ELECTRICAL SUPPLIES	3,610.58 *
605464	MAYER PRINTERS	PAPER/ENVELOPES	172.80 *
605465	AUTONATION FORD TUSTIN	REPAIRS-FURN/MACH/EQ	846.94 *
605466	SIGNATURE CELEBRATIONS, INC.	OTHER REC/CULT SUPP	1,522.80 *
605467	DATABLAZE LIGHTING UP WIRELESS DATA	OTHER PROF SERV	79.90 *
605468	PACIFIC HOMEWORKS INC	BLDG PERMIT REFUND	243.20
		BSASRF STATE FEE	0.80
		FEE REFUND	16.86
			260.86 *
605469	RUKKUS INC	INSTRUCTOR SERVICES	97.30 *
605470	STOVER SEED COMPANY	FERTILIZER	14,450.40 *
605471	A TO Z CIRCUIT BREAKERS INC	ELECTRICAL SUPPLIES	91.81 *
605472	WALLY FOX ELECTRIC MOTOR REPAIR	MAINT OF REAL PROP	3,978.67 *
605473	BELL PIPE & SUPPLY CO.	GEN PURPOSE TOOLS	112.54 *
605474	CA SHOPPING CART RETRIEVAL CORP	OTHER BLD/EQ/ST SERV	2,083.00 *
605475	PRINT MASTERS 85	ADVERTISING	932.28
		PINS/MEMENTOS	1,068.50
			2,000.78 *
605476	COUNTY OF ORANGE TREASURER-TAX COLLECTOR	NETWORKING SERVICES	1,115.00
		OTHER MAINT ITEMS	100.81
			1,215.81 *
605477	HOBART CORPORATION	OTHER BLD/EQ/ST SERV	507.11 *
605478	ENGINEERING RESOURCES OF SOUTHERN CALIFORNIA INC.	ENGINEERING SERVICES	26,240.00 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605479	PRADO FAMILY SHOOTING RANGE	PISTOL RANGE RENTAL	350.00 *
605480	BILL'S SOUND & SECURITY	MAINT-SERV CONTRACTS	190.00 *
605481	NATIONAL CREDIT REPORTING	OTHER PROF SERV	42.85 *
605482	FIRE SERVICE SPECIFICATION & SUPPLY	REPAIRS-FURN/MACH/EQ	465.84 *
605483	JTB SUPPLY CO INC	MAINT-SERV CONTRACTS	251.64
		MAINT SUPP-TRAFF SIG	764.64
			1,016.28 *
605484	MurCal, INC.	OTHER MAINT ITEMS	448.26 *
605485	SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT	PERMITS/OTHER FEES	265.44 *
605486	FLEMING ENVIRONMENTAL INC.	MAINT-SERV CONTRACTS	7,429.93 *
605487	CRESTLINE CO INC CRESTLINE SPECIALTIES, INC.	ADVERTISING	750.39 *
605488	TRUGREEN LIMITED PARTNERSHIP	MAINT OF REAL PROP	1,190.00 *
605489	CULVER COMPANY	OTHER BLD/EQ/ST SERV	165.36 *
605490	RAMIREZ, EVA	MILEAGE REIMB	73.12 *
605491	KILLIAN, ANNE	WATER CLOSING BILL REFUND	30.18 *
605492	SPIRLONG, SANDY	WATER CLOSING BILL REFUND	28.64 *
605493	NIEDINGHAUS,	WATER CLOSING BILL REFUND	91.68 *
605494	GUAJARDO, ABRAM	WATER CLOSING BILL REFUND	100.97 *
605495	HUSS, BARBARA	WATER CLOSING BILL REFUND	13.85 *
605496	RUTLEDGE, LINDA AND PATRICK	WATER CLOSING BILL REFUND	52.55 *
605497	TERA PROPERTY MGMT	WATER CLOSING BILL REFUND	50.11 *
605498	DAO, KHANH	WATER CLOSING BILL REFUND	31.39 *
605499	VECCHIO REAL ESTATE	WATER CLOSING BILL REFUND	15.17 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605500	NGUYEN, WILLIAM	WATER CLOSING BILL REFUND	17.24 *
605501	PHAM, DUNG	WATER CLOSING BILL REFUND	52.34 *
605502	VO, MARY	WATER CLOSING BILL REFUND	31.39 *
605503	NGUYEN, SUSAN	WATER CLOSING BILL REFUND	54.14 *
605504	ESPINOSA, RAYMOND	WATER CLOSING BILL REFUND	36.21 *
605505	NGUYEN, KHANG	WATER CLOSING BILL REFUND	50.39 *
605506	NGUYEN, DAVID	WATER CLOSING BILL REFUND	25.29 *
605507	NGUYEN, MICHELLE T	WATER CLOSING BILL REFUND	9.31 *
605508	EAGLE VISTA EQUITIES LLC	WATER CLOSING BILL REFUND	10.96 *
605509	ENGLISH, MAI	WATER CLOSING BILL REFUND	6.56 *
605510	NEXT LEVEL PROPERTY INVESTMENT LLC	WATER CLOSING BILL REFUND	31.06 *
605511	EATON, ROSEMARY	WATER CLOSING BILL REFUND	113.60 *
605512	GARCIA, FRANCIS	WATER CLOSING BILL REFUND	84.40 *
605513	NGUYEN, TRON	WATER CLOSING BILL REFUND	43.86 *
605514	MARQUEZ, JUAN	WATER CLOSING BILL REFUND	76.81 *
605515	TRAN, HIEN	WATER CLOSING BILL REFUND	56.15 *
605516	PHAM, ANN & THAI	WATER CLOSING BILL REFUND	53.89 *
605517	PHAM, BILL	WATER CLOSING BILL REFUND	57.93 *
605518	HOANG, VAN	WATER CLOSING BILL REFUND	2.10 *
605519	NGUYEN, GI	WATER CLOSING BILL REFUND	37.71 *
605520	HENNESSY, BERNARD T	WATER CLOSING BILL REFUND	57.84 *
605521	BUI, MICHELLE	WATER CLOSING BILL REFUND	17.65 *

WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
605522	PHAM, HO	WATER CLOSING BILL REFUND	113.60 *
605523	HANSON, CLIFTON	WATER CLOSING BILL REFUND	60.09 *
605524	CAO, VAN	WATER CLOSING BILL REFUND	20.14 *
605525	VU, JOHN TAI	WATER CLOSING BILL REFUND	9.91 *
605526	NGUYEN, NGHI	WATER CLOSING BILL REFUND	26.16 *
605527	NGUYEN, JENNY	WATER CLOSING BILL REFUND	28.69 *
605528	CROXFORD, TRAVIS	WATER CLOSING BILL REFUND	91.22 *
605529	TROUNG, DINH	WATER CLOSING BILL REFUND	21.15 *
605530	PARENTEAU, CHRISTOPHER	WATER CLOSING BILL REFUND	37.49 *
605531	RIGAUD, BENJAMIN	WATER CLOSING BILL REFUND	58.86 *
605532	THACH, BRYANT	WATER CLOSING BILL REFUND	38.09 *
605533	UNITED INSURANCE CO OF AMERICA c/o MERIDIAN GROUP	WATER CLOSING BILL REFUND	25.78 *
605534	SANTOS, JAIME	WATER CLOSING BILL REFUND	33.19 *
605535	PHAN, HONG-PHUONG	WATER CLOSING BILL REFUND	39.49 *
605536	NGUYEN, HA T	WATER CLOSING BILL REFUND	45.79 *
605537	HUYNH, KIM	WATER CLOSING BILL REFUND	31.39 *
605538	TRINH, CHIDAT	WATER CLOSING BILL REFUND	25.87 *
605539	LUI, MOTOKO & ERWIN	WATER CLOSING BILL REFUND	63.79 *
605540	NGUYEN, BENZ	WATER CLOSING BILL REFUND	16.35 *
605541	NGUYEN, JBEE	WATER CLOSING BILL REFUND	85.43 *
605542	DANG, DOANTRANG	WATER CLOSING BILL REFUND	59.50 *
605543	KAKOURIS, GEORGE	WATER CLOSING BILL REFUND	14.85 *


WARRANTS SUBMITTED TO CITY COUNCIL FOR APPROVAL 05/24/16

WARRANT	VENDOR	DESCRIPTION	AMOUNT
W1576	US BANK TRUST N.A.	FA 02C/04W/06S	-15,767.37
		INTEREST COSTS	298,396.25
		LONG TERM DEBT	780,000.00
			1,062,628.88 *

PAGE TOTAL FOR "*" LINES = 1,062,628.88

FINAL TOTAL 4,959,853.22 *

DEMANDS #605049 - 605543 AND WIRE W1576 AS PRESENTED IN THE WARRANT REGISTER SUBMITTED TO THE GARDEN GROVE CITY COUNCIL MAY 24, 2016, HAVE BEEN AUDITED FOR ACCURACY AND FUNDS ARE AVAILABLE FOR PAYMENT THEREOF


KINGSLEY C. OKEREKE - FINANCE DIRECTOR

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott Stiles	From:	Lisa Kim
Dept.:	City Manager	Dept.:	Community and Economic Development
Subject:	Adoption of a Resolution approving issuance of Bonds by the California Public Finance Authority (CalPFA) for the benefit of 10632 Bolsa Avenue, LP to assist with financing for the Housing Project located at 10632 Bolsa Avenue, Garden Grove. (<i>Action Item</i>)		
		Date:	5/24/2016

OBJECTIVE

The purpose of this memorandum is to request that the City Council conduct a Public Hearing under the requirements of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986, as amended, and adopt a Resolution approving the issuance of Bonds by the California Public Finance Authority (CalPFA) for the benefit of 10632 Bolsa Avenue, LP to provide for the financing of the acquisition and rehabilitation of a 77-unit affordable housing apartment project for families (Project). This Project is located at 10632 Bolsa Avenue, Garden Grove. Adoption of the resolution is solely to satisfy the requirements of TEFRA, the Code, and California Government Code Section 6500 (and following). The Resolution also includes authorization for the City of Garden Grove to join the CalPFA as an additional member.

BACKGROUND

10632 Bolsa Avenue, LP has requested that the CalPFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$15,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used for the acquisition, construction, improvement, and equipping of the Project, to be owned and operated by Mariman & Company as the Borrower. In order for all, or a portion of, the Bonds to qualify as tax-exempt bonds, the City must conduct a Public Hearing (the "TEFRA Hearing") providing members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an "applicable elected

representative” (in this case, City Council) of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.

DISCUSSION

The Project is an existing affordable housing community with 77 one-, two-, and three-bedroom apartments for large families and seniors earning at, or below, 60% of the area median income (the Garden Grove Manor Apartments). The Bonds will be used to finance the acquisition and rehabilitation of the Project. The rehabilitation is expected to include new exterior wood siding/fascia/mansard with modern durable materials, replacement of deteriorating ground floor patio fencing, replacement/repair of wood trellis surrounding the community building, remodeling the community building and laundry room, replacement of deteriorating carport roofs, repainting of exterior buildings and metal railings, updating balcony drainage, landscaping improvements, railing/flooring repairs, and interior upgrades including new windows, kitchens, baths, flooring, paint, appliances and window coverings. The Project amenities include a swimming pool, clubhouse, and carports. The acquisition and rehabilitation will extend the affordability of the property for 55 years. The Bonds to be issued by the CalPFA for the Project will be the sole responsibility of Mariman & Company, and the City will have no financial or legal obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California, but are to be paid for solely from funds provided by the Borrower.

FINANCIAL IMPACT

Through its conduit issuance activities, the CalPFA shares a portion of the annual fees it receives with its member communities. With respect to the City, it is expected that a portion of the annual fee will be granted by the CalPFA to the City’s General Fund. This grant may be used for any lawful purpose of the City.

RECOMMENDATION

Staff recommends that the City Council:

- Conduct a Public Hearing, accept comments, regarding the adoption of the resolution approving the issuance of Bonds by the California Public Finance Authority for the benefit of 10632 Bolsa Avenue, LP to provide for the financing of a 77-unit affordable apartment project for families and seniors located at 10632 Bolsa Avenue, Garden Grove; and
- Adopt the attached Resolution authorizing the issuance of tax-exempt revenue bonds by California Public Finance Authority and authorizing the City of Garden Grove to join the California Public Finance Authority as an additional member.

By: Allison Mills, Neighborhood Improvement Manager

ATTACHMENTS:

Description	Upload Date	Type	File Name
Resolution	4/6/2016	Cover Memo	4-12- 16_TEFRA_Hearing.doc

GARDEN GROVE CITY COUNCIL

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE
APPROVING THE ISSUANCE BY THE CALIFORNIA PUBLIC FINANCE AUTHORITY OF
MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT
NOT TO EXCEED \$15,000,000 FOR THE PURPOSE OF FINANCING OR
REFINANCING THE ACQUISITION, REHABILITATION, IMPROVEMENT AND
EQUIPPING OF THE SYCAMORE COURT PROJECT AND CERTAIN OTHER MATTERS
RELATING THERETO

WHEREAS, 10632 Bolsa Avenue, LP, a California limited partnership ("Borrower"), has requested that the California Public Finance Authority ("CalPFA") participate in the issuance of one or more series of revenue bonds issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, in an aggregate principal amount not to exceed \$15,000,000 ("Bonds") for the acquisition, rehabilitation, improvement and equipping of a 77-unit multifamily rental housing project located at 10632 Bolsa Avenue, Garden Grove, California, generally known as the Sycamore Court Project ("Project") and operated by Mariman and Company;

WHEREAS, the Project is located within the City of Garden Grove ("City");

WHEREAS, the City proposes to become an Additional Member of the CalPFA pursuant to Section 12 of the Joint Exercise of Powers Agreement Relating to the California Public Finance Authority, dated as of May 12, 2015 ("Agreement");

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended ("Code"), the issuance of the Bonds by the CalPFA must be approved by the City because the Project is located within the territorial limits of the City;

WHEREAS, the City Council of the City ("City Council") is the elected legislative body of the City and is one of the "applicable elected representatives" required to approve the issuance of the Bonds under Section 147(f) of the Code;

WHEREAS, the CalPFA has requested that the City Council approve the issuance of the Bonds by the CalPFA in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 12 of the Agreement; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a Public Hearing, including accepting and considering oral and written testimony, regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the CalPFA.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Garden Grove as follows:

Section 1. The foregoing recitals are true and correct and are a substantive part of this Resolution.

Section 2. The City hereby requests to become an Additional Member of the CalPFA pursuant to Section 12 of the Agreement. The Agreement is hereby approved and the Mayor of the City and all other proper officers and officials of the City, or a designee thereof, are hereby authorized and directed to execute the Agreement.

Section 3. The City Council hereby approves the issuance of the Bonds by the CalPFA. It is the purpose and intent of the City Council that this Resolution constitute approval of the issuance of the Bonds by the CalPFA, for the purposes of (i) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with said Section 147(f); and (ii) Section 12 of the Agreement.

Section 4. The issuance of the Bonds shall be subject to the approval of the CalPFA of all financing documents relating thereto to which the CalPFA is a party. The City shall have no responsibility or liability, financially, legally, ethical or otherwise, whatsoever with respect to the Bonds. The City does not warrant the creditworthiness of the Bonds or guarantee, in any way, the payment of the Bonds. No monies of the City will be pledged or applied to the repayment of the Bonds.

Section 5. The adoption of this Resolution shall not obligate the City, nor any department of the City, nor any other governmental entity formed or governed by the City, including without limitation the Garden Grove Housing Authority, to (i) provide any financing to acquire or construct the Project or any refinancing of the Project; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the acquisition, construction, rehabilitation, installation or operation of the Project; (iii) make any contribution or advance any funds or in kind consideration whatsoever to the CalPFA; or (iv) take any further action with respect to the CalPFA or its membership therein.

Section 6. The officers of the City, in particular the City Manager and his authorized representatives, are hereby authorized and directed, jointly and severally, to do and take any and all actions necessary to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to, and comply with the terms and intent of this Resolution and the financing transaction approved hereby.

Section 7. This Resolution shall take effect immediately upon its adoption; and the City Clerk shall certify to its adoption.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: William E. Murray

Dept.: City Manager Dept.: Public Works

Subject: Consideration of Main Street Assessment District No. 1: Approve Fiscal Year 2016/17 Budget; Adopt a Resolution initiating proceedings for the levying of assessments for Fiscal Year 2016/17; Adopt a Resolution approving the Engineer's Report; and Adopt a Resolution of Intention fixing a time and date for a Public Hearing. (*Action Item*) Date: 5/24/2016

OBJECTIVE

For the City Council to (1) approve the proposed Fiscal Year 2016-17 Budget for the Main Street Assessment District No. 1 (MSAD); (2) Adopt a Resolution initiating proceedings for the levying of assessments for Fiscal Year 2016-17; (3) Adopt a Resolution approving the Engineer's Report; and (4) Adopt a Resolution of Intention fixing a time and date for the Public Hearing.

BACKGROUND

In 1977, the City Council formed the MSAD per the Landscape and Lighting Act of 1972 (LLA). Through an annual assessment, the MSAD funds the construction and maintenance of special public improvements along Main Street such as planters, sidewalks, and streetlights. The LLA requires that the City Council initiate the assessment proceedings for the annual levy through the MSAD. To comply with these requirements, the following actions need to take place:

Step No.	Required Action	Attachment
1	Approve FY 2016-17 MSAD Budget	Attachment No. 1
2	Adopt a Resolution Initiating Procedures for Levying Assessment (describes improvements and orders an Engineer's Report)	Attachment No. 2
3	Adopt Resolution approving the Engineer's Report	Attachment No. 3
4	Adopt Resolution of Intention (announces	Attachment No. 4

intention to levy and collect assessments and fixes time and date for a Public Hearing)
--

DISCUSSION

On March 10, 2016, the Main Street Commission approved the FY 16-17 Budget and forwarded to the City Council for review and adoption (Step No. 1). Total expenses for FY 2016-17 are \$38,382. The proposed assessment reflects no increase from the previous year and remains at \$19.92 per linear-foot, which is equivalent to a \$498 levy for the typical 25-foot storefront on Main Street.

Step No. 2 adopts a Resolution initiating proceedings for the annual assessment, describing the public improvements, and ordering the City Engineer to prepare and file a report for the MSAD. Step No. 3 adopts a Resolution approving the attached Engineer's Report. The report provides a description of public improvements and lists the associated costs for operating the MSAD. Step No. 4 adopts a Resolution of Intention to levy and collect assessments and sets the Public Hearing for Tuesday, June 14, 2016, at 6:30 p.m.

FINANCIAL IMPACT

There is no impact to the General Fund. Total assessment revenue for FY 2016-17 is \$27,200.

RECOMMENDATION

It is recommended that the City Council:

- Approve the proposed Budget for the Main Street Assessment District No. 1 for Fiscal Year 2016/17;
- Adopt the attached Resolution initiating proceedings for the Main Street Assessment District No. 1, and direct the Engineer to prepare the required report;
- Adopt the attached Resolution approving the Engineer's Report for the Main Street Assessment District No. 1; and
- Adopt the attached Resolution of Intention to levy and collect assessments for the Main Street Assessment District No. 1, and set a Public Hearing on Tuesday, June 14, 2016, at 6:30 p.m.

By: Ana Neal, Senior Administrative Analyst

ATTACHMENTS:

Description	Upload Date	Type	File Name
Budget	5/17/2016	Cover Memo	Main_Street_Budget.pdf
Proceedings Resolution	5/16/2016	Cover Memo	Proceedings_Resolution.doc
Engineers Report Resolution	5/16/2016	Cover Memo	Engineers_Report.doc

Engineer's Report 5/17/2016
Resolution of Intention 5/15/2016

Cover Memo
Cover Memo

Main_Street_Engineer_s_Report.pdf
Resolution_of_Intention.doc

PART B
ESTIMATE OF COST

The City's budget for the operation, maintenance and servicing of lighting details the estimated costs for Fiscal Year 2016-17 as available at the time of preparation of this report, and includes engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with the district proceedings.

	<u>FY 16-17</u>	<u>FY 15-16</u>
<u>Starting Fund Balance (Fund Balance as of July 1)</u>	\$46,798	\$51,180
<u>Estimated Revenues</u>		
Total Estimated 2016-17 Assessments:	\$26,700	\$26,700
Interest	\$500	\$500
Subtotal Revenues:	\$27,200	\$27,200
<u>Estimated Expenditures</u>		
Trash Pick Up	\$0	\$0
General Maintenance	\$15,500	\$15,500
Street Lighting	\$2,300	\$2,300
Street Improvements	\$10,000	\$10,000
Streetscape Cleaning	\$3,050	\$3,050
Tree Trimming	\$0	\$0
Professional Services	\$3,500	\$3,500
Administrative Support	\$3,300	\$3,500
Insurance	\$732	\$732
Subtotal Expenditures:	\$38,382	\$38,582
<u>Estimated Year End Fund Balance</u>	\$35,616	\$39,798
Total Front Feet (FF) in Assessment District:	1,340.45	1,340.45
Proposed FY 16-17 Assessment Rate (\$/FF):	\$19.92	\$19.92

The 1972 Act requires that a special fund be set-up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the District by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 (SECTIONS 22500 ET SEQ. OF THE CALIFORNIA STREETS AND HIGHWAY CODE) INITIATING PROCEEDINGS TO LEVY ANNUAL ASSESSMENTS FOR THE 2016-17 FISCAL YEAR FOR THE CITY OF GARDEN GROVE MAIN STREET ASSESSMENT DISTRICT NO. 1, AND ORDERING THE CITY ENGINEER TO PREPARE AND FILE A REPORT IN ACCORDANCE WITH ARTICLE 4 OF CHAPTER 1 OF THE ACT

WHEREAS, the City Council of the City of Garden Grove formed the Main Street Assessment District No. 1 by Resolution No. 5348-77 pursuant to the provisions of the Landscaping and Lighting Act of 1972, Division 15, Part 2 (commencing with Sections 22500 et seq.) of the California Streets and Highways Code; and

WHEREAS, the Act requires that proceedings for the levy of annual assessments after the formation of an Assessment District shall be initiated by Resolution describing any proposed new improvements or any substantial changes in existing improvements, and ordering the City Engineer to prepare and file a report in accordance with Article 4 of Chapter 1 of the Act.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Garden Grove:

SECTION 1. The improvements, including maintenance thereof, have not changed substantially and are described as follows:

The maintenance of the public improvements within the boundaries of Main Street District No. 1 associated with street cleaning, landscape maintenance, and repair and replacement of the public improvements as required from time to time.

SECTION 2. The City Engineer is hereby ordered to prepare and file a report in accordance with Sections 22565 et seq. of the California Streets and Highways Code.

SECTION 3. The City Council of the City of Garden Grove authorizes staff to initiate proceedings necessary to establish the levy of an annual assessment for the Main Street Assessment District No. 1 pursuant to the Landscaping and Lighting Act of 1972 for the Fiscal Year 2016-17.

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE
APPROVING THE CITY ENGINEER'S REPORT REGARDING THE LEVY OF AN ANNUAL
ASSESSMENT WITHIN THE CITY OF GARDEN GROVE MAIN STREET ASSESSMENT
DISTRICT NO. 1, FOR FISCAL YEAR 2016-17

THE CITY COUNCIL OF THE CITY OF GARDEN GROVE RESOLVES,
DETERMINES, AND ORDERS:

SECTION 1. The City Council of the City of Garden Grove, pursuant to the Landscaping and Lighting Act of 1972, being Division 15, Part 2 (Sections 22500 et seq.) of the California Streets and Highways Code, did by previous Resolution order the City Engineer to prepare and file a report in accordance with Article 4 of Chapter 1 of the Act in connection with the proposed levy of an annual assessment for the City of Garden Grove Main Street Assessment District No. 1 for Fiscal Year 2016-17.

SECTION 2. The City Engineer has prepared and filed with the City Clerk of the City of Garden Grove and the City Clerk has presented to the City Council the City Engineer's report for the City of Garden Grove Main Street Assessment District No. 1 for Fiscal Year 2016-17.

SECTION 3. The City Council has carefully examined and reviewed the City Engineer's report and the report is hereby approved as filed.



ENGINEER'S REPORT

for

Main Street Assessment District No. 1 Fiscal Year 2016-17

for the

City of Garden Grove Orange County, California

May 17, 2016



ENGINEER'S REPORT

CITY OF GARDEN GROVE
MAIN STREET ASSESSMENT DISTRICT NO. 1

FISCAL YEAR 2016-17

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**ENGINEER'S REPORT FOR THE
CITY OF GARDEN GROVE
MAIN STREET ASSESSMENT DISTRICT NO. 1
FISCAL YEAR 2016-17**

SYNOPSIS

This report has been prepared and is submitted for consideration by the City Council of the City of Garden Grove under the authority of the Landscaping and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code.

BACKGROUND

In 1977, the City of Garden Grove formed the Main Street Assessment District (MSAD) No. 1 to provide funds for the construction and maintenance of special public improvements along Main Street. Those include planters, trees, streetscaping, sidewalks, benches, trash receptacles, drinking fountains, streetlights, drainage, and bollards.

The assessment rate for the funded services has not been increased since 1989.

Due to increased costs and the higher levels of maintenance requested by the businesses within this Assessment District, the assessment rate was proposed to be increased for FY 2004-05 to keep up with the rising costs.

Notices and ballots were mailed to all property owners in the District in accordance with Article XIID of the California State Constitution (Proposition 218).

On June 8, 2004, the public hearing was held, the ballots were tabulated, and the property owners rejected the proposed assessment increase.

Therefore, the assessments will remain the same in Fiscal Year 2016-17 as in the previous year.

CITY OF GARDEN GROVE

FISCAL YEAR 2016-17

ENGINEER'S REPORT

Prepared Pursuant to the Provisions of the Landscaping and Lighting Act of 1972 (California Streets and Highways Code Section 22500 through 22679), Article XIII D of The California Constitution, and The Proposition 218 Omnibus Implementation Act (California Government Code Section 53750 Et Seq.)

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, Article XIII D of the California Constitution, the Proposition 218 Omnibus Implementation Act and in accordance with the Resolution of Initiation adopted by the Council of the City of Garden Grove, State of California, in connection with the proceedings for:

**CITY OF GARDEN GROVE
MAIN STREET ASSESSMENT DISTRICT NO. 1**

hereinafter referred to as the "Assessment District" or "District", I, K. Dennis Klingelhofer, P.E., the authorized representative of Harris & Associates, the duly appointed ASSESSMENT ENGINEER, submit herewith the "Report" consisting of five (5) parts as follows:

**PART A
PLANS AND SPECIFICATIONS**

Plans and specifications for the improvements showing and describing the general nature, location and extent of the improvements.

**PART B
ESTIMATE OF COST**

The estimated cost to be funded by the District for the operation, servicing and maintenance of the improvements for fiscal year 2016-17, including incidental costs and expenses in connection therewith.

**PART C
METHOD OF APPORTIONMENT**

The method of apportionment of assessments indicates the proposed assessment of the net amount of the costs and expenses of the maintenance and/or servicing of the existing and ultimate improvements to be assessed upon the several lots and parcels of land within the Assessment District in proportion to the estimated special benefits to be received by such lots and parcels.

PART D
ASSESSMENT DIAGRAM

The Assessment Diagram, which shows the exterior boundaries of the Assessment District, the boundaries of any zones within the Assessment District and the lines and dimensions of each lot or parcel of land within the Assessment District, is on file in the Office of the City Clerk and is incorporated herein by reference.

PART E
ASSESSMENT ROLL

An assessment of the estimated cost of maintenance and/or servicing of the existing improvements on each benefited lot or parcel of land within the Assessment District for the fiscal year to which this report applies are on file in the Office of the City Clerk and incorporated herein by reference.

The undersigned respectfully submits the enclosed report as directed by the City Council. The undersigned certifies that he is a Professional Engineer, registered in the State of California.

DATED: May 17, 2016

Harris & Associates


BY: K. Dennis Klingelhofer, P.E.
R.C.E. No. 50255

PART A
PLANS AND SPECIFICATIONS

The facilities, which have been constructed within the City of Garden Grove, and those which may be subsequently constructed, will be serviced and maintained as generally described as follows: A portion of Main Street from Garden Grove Boulevard to Acacia Parkway and a portion of Garden Grove Boulevard between 150.16 feet west of the centerline of Main Street and 150.06 feet east of the centerline of Main Street, all being within said district.

**DESCRIPTION OF IMPROVEMENTS
FOR THE CITY OF GARDEN GROVE
MAIN STREET ASSESSMENT DISTRICT NO. 1
FISCAL YEAR 2016-17**

The facilities to be maintained and serviced for the District as described as follows: Facilities include but are not limited to: streetscape improvements including sidewalks, decorative paving, street lights, street trees, and street furniture, including bollards, benches, trash receptacles, drinking fountains, miscellaneous planters, and related items within the boundaries of said District.

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the landscaping and appurtenant facilities, including repair, removal or replacement of all or part of any of the landscaping or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste; and the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

Servicing means the furnishing of water for the irrigation of the landscaping and the maintenance of any of the lighting facilities or appurtenant facilities and the furnishing of electric current or energy, gas or other illuminating agent for the lighting facilities, or for the lighting or operation of the landscaping or appurtenant facilities.

The plans and specifications for the improvements, showing and describing the general nature, location, and the extent of the improvements, are on file in the office of the Director of Public Works and are incorporated herein by reference.

PART B
ESTIMATE OF COST

The City's budget for the operation, maintenance and servicing of lighting details the estimated costs for Fiscal Year 2016-17 as available at the time of preparation of this report, and includes engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with the district proceedings.

	<u>FY 16-17</u>	<u>FY 15-16</u>
<u>Starting Fund Balance (Fund Balance as of July 1)</u>	\$46,798	\$51,180
<u>Estimated Revenues</u>		
Total Estimated 2016-17 Assessments:	\$26,700	\$26,700
Interest	\$500	\$500
Subtotal Revenues:	\$27,200	\$27,200
<u>Estimated Expenditures</u>		
Trash Pick Up	\$0	\$0
General Maintenance	\$15,500	\$15,500
Street Lighting	\$2,300	\$2,300
Street Improvements	\$10,000	\$10,000
Streetscape Cleaning	\$3,050	\$3,050
Tree Trimming	\$0	\$0
Professional Services	\$3,500	\$3,500
Administrative Support	\$3,300	\$3,500
Insurance	\$732	\$732
Subtotal Expenditures:	\$38,382	\$38,582
<u>Estimated Year End Fund Balance</u>	\$35,616	\$39,798
Total Front Feet (FF) in Assessment District:	1,340.45	1,340.45
Proposed FY 16-17 Assessment Rate (\$/FF):	\$19.92	\$19.92

The 1972 Act requires that a special fund be set-up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the District by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

PART C

METHOD OF APPORTIONMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include the maintenance and servicing of street lights, traffic signals, landscaping, parks and recreational facilities.

The 1972 Act requires that maintenance assessments be levied according to benefit rather than according to assessed value. Section 22573 provides that:

The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefit to be received by each such lot or parcel from the improvements.

The Act permits the designation of areas of benefit within any individual assessment district if "by reasons or variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvement" (Sec. 22574). Thus, the 1972 Act requires the levy of a true "assessment" rather than a "special tax."

In addition, Proposition 218, the "Right to Vote on Taxes Act" which was approved on the November 1996 statewide ballot and added Article XIID to the California Constitution, requires that a parcel's assessment may not exceed the reasonable cost for the proportional special benefit conferred on that parcel. Article XIID provides that only special benefits are assessable and the City must separate the general benefits from the special benefits. It also requires that publicly owned properties which benefit from the improvements be assessed.

If the assessment is approved by the property owners as required by Article XIID of the California Constitution, Section 53739 of the Government Code allows that the assessment may be imposed thereafter at "...any rate or amount that is less than or equal to the maximum amount authorized by the voter approved ordinance or resolution".

Section 53739 also allows that the assessment may be adjusted for inflation based upon a clearly defined formula that is stated in the resolution that is approved by the property owners at an election authorizing the levy of the assessment.

The formula to be used to distribute the costs of providing the enhanced levels of services described in this report to the assessable parcels within the District was approved by the City Council at the time the District was formed.

SPECIAL BENEFIT ANALYSIS

Street Landscaping. Trees, landscaping, hardscaping and appurtenant facilities, if well maintained, provide beautification, shade and enhancement of the desirability of the surroundings, and therefore increase property value.

In Parkways and Land Values, written by John Nolan and Henry V. Hubbard in 1937, it is stated:

"... there is no lack of opinion, based on general principals and experience and common

sense, that parkways *do in fact add value* to property, even though the amount cannot be determined exactly.... Indeed, in most cases where public money has been spent for parkways the assumption has been definitely made that the proposed parkway will show a *provable* financial profit to the City. It has been believed that the establishment of parkways causes a rise in real estate values throughout the City, or in parts of the City,..."

It should be noted that the definition of "parkways" above may include the roadway as well as the landscaping alongside the roadway.

The ongoing operation and maintenance of the street landscaping within the individual district, as identified in Part A of this Report, provide beautification to the areas that result in a special benefit to the parcels within the tracts adjacent to the improvements. If these landscaped areas were not properly maintained, the tract would be blighted.

Theme Lighting. Proper maintenance and operation of streetlights benefit all properties within the District by providing security, safety and community character and vitality as outlined below. Streetlights provide only incidental benefits to motorists traveling to, from or through the area.

BENEFITS OF STREET LIGHTING

Security and Safety

- Mitigates crime
- Alleviates the fear of crime
- Enhances safe ingress/egress to property

Community Character and Vitality

- Promotes social interaction
 - Contributes to a positive nighttime visual image
-

METHODOLOGY

The parcels of land in the District are all commercial properties and are assessed on a linear foot (LF) basis based on their frontage on Main Street and Garden Grove Boulevard. City-owned parking lot properties are not considered to benefit from the improvements and are therefore excluded from assessment. The table below provides the assessment apportionment for the district.

Previous FY 15-16 Total Asmt	Estimated FY 16-17 Total Asmt	Total District Frontage	Maximum FY 16-17 Asmt per LF
\$26,700	\$26,700	1,340.45	\$19.92

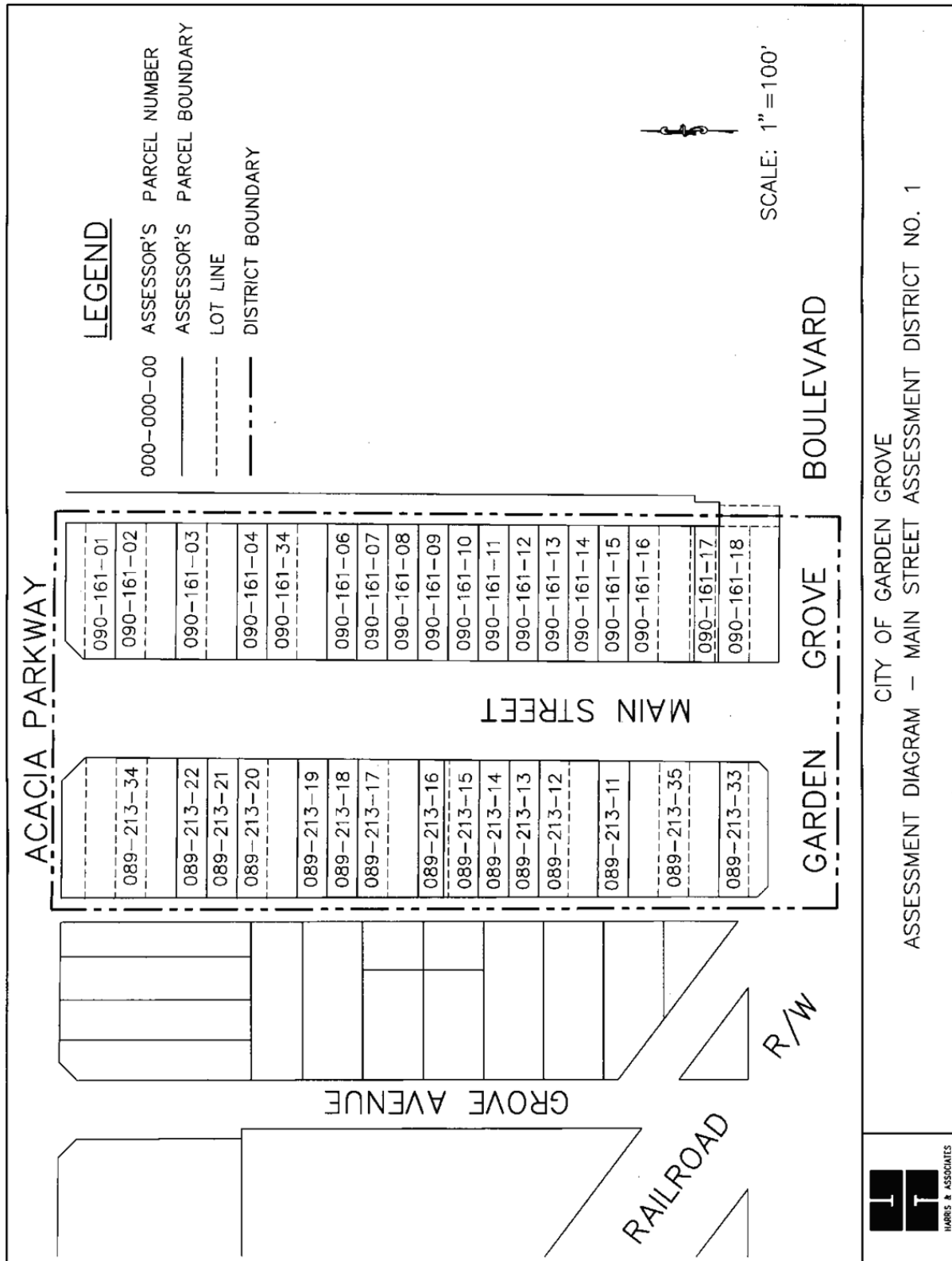
The actual assessments levied in any fiscal year will be as approved by the City Council and may not exceed the maximum assessment rate without receiving property owner approval for the increase.

PART D
ASSESSMENT DIAGRAM

A diagram showing the exterior boundaries of the District is on file in the Office of the City Clerk and incorporated herein by reference.

The lines and dimensions of each lot or parcel within the District are those lines and dimensions shown on the maps of the Assessor of the County of Orange for the fiscal year to which this report applies. The Assessor's maps and records are incorporated by reference herein and made part of this report.

A reduced copy of the City of Garden Grove Main Street Assessment District No. 1 Map is provided on the following page.



PART E
ASSESSMENT ROLL

The total proposed assessment for Fiscal Year 2016-17 and the amount of the total proposed assessment apportioned to each lot or parcel within the District, as shown on the latest assessment roll at the Orange County Assessor's Office, are contained in the Assessment Roll provided below.

The description of each lot or parcel is part of the records of the Assessor of the County of Orange and these records are, by reference, made part of this Report.

Assessor's Parcel No.	Linear Feet	Proposed FY 16-17 Asmt
089-213-11	25.50	\$507.91
089-213-12	49.50	\$985.95
089-213-13	25.00	\$497.95
089-213-14	25.00	\$497.95
089-213-15	29.00	\$577.62
089-213-16	21.00	\$418.28
089-213-17	50.00	\$995.90
089-213-18	25.00	\$497.95
089-213-19	25.00	\$497.95
089-213-20	50.00	\$995.90
089-213-21	25.00	\$497.95
089-213-22	25.00	\$497.95
089-213-33	155.09	\$3,089.30
089-213-34	101.05	\$2,012.98
089-213-35	75.00	\$1,493.85
090-161-01	47.27	\$941.53
090-161-02	50.00	\$995.90
090-161-03	50.00	\$995.90
090-161-04	25.00	\$497.95
090-161-06	25.00	\$497.95
090-161-10	25.00	\$497.95
090-161-11	25.00	\$497.95
090-161-12	25.00	\$497.95
090-161-13	25.00	\$497.95
090-161-14	25.00	\$497.95
090-161-15	25.00	\$497.95
090-161-16	50.42	\$1,004.27
090-161-17	25.25	\$502.93
090-161-18	161.37	\$3,214.58
090-161-34	50.00	\$995.90
	1,340.45	\$26,700.00

GARDEN GROVE CITY COUNCIL

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE, DECLARING ITS INTENTION TO ORDER THE MAINTENANCE OF CERTAIN IMPROVEMENTS IN THE MAIN STREET ASSESSMENT DISTRICT NO. 1 IN THE CITY OF GARDEN GROVE; DESCRIBING THE DISTRICT TO BE BENEFITED, AND DECLARING ITS INTENTION TO LEVY AN ASSESSMENT TO PAY THE COST AND EXPENSES THEREOF; AND SETTING THE TIME AND PLACE FOR THE PUBLIC HEARING ON THE QUESTION OF THE LEVY OF THE PROPOSED ASSESSMENT

WHEREAS, the City Council of the City of Garden Grove, adopted Resolution No. [REDACTED], which described existing and any proposed new improvements or substantial changes in existing improvements in the Main Street Assessment District No. 1, and ordered the City Engineer to prepare and file a report pursuant to the provisions of the Landscaping and Lighting Act of 1972, i.e., Division 15, Part 2 (commencing with Section 22500) of the California Streets and Highways Code (hereinafter "Act");

WHEREAS, the City Council formed an Assessment District to finance the maintenance of certain improvements under the Act;

WHEREAS, the proposed boundaries of such Assessment District are shown on a map thereof which indicates by a boundary line the extent of the territory included in such Assessment District, which map is designated "Assessment Diagram Main Street Assessment District No. 1" as part of the report of the City Engineer described more fully herein below and such map is on file in the City Clerk's Office;

WHEREAS, the City Engineer is competent to make and file with the City Council a report regarding maintenance of the improvements, which is required by the Act;

WHEREAS, the City Council has directed the City Engineer to procure the required information and prepare and present to the City Council the written report of maintenance required by the Act;

WHEREAS, the City Engineer has prepared the report, and filed it with the City Clerk and presented it to the City Council and the City Council has examined the report;

WHEREAS, under the Act, before levying and collecting assessments in the Assessment District, the City Council is required to adopt a Resolution declaring its intention to do so; and

WHEREAS, the City Council proposes no increase in assessment for a total of \$19.92 per linear foot of frontage on Main Street and Garden Grove Boulevard.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. The City Council hereby finds and declares that the public interest and necessity require the maintenance of certain improvements in the streets and other public easements as hereinafter described, and the City Council hereby declares its intention to levy and collect assessments covering the real property benefited by the improvements, pursuant to the Act.

Section 2. The City Council intends to order maintenance of improvements in certain streets, and other public easements, as follows:

A portion of Main Street from Garden Grove Boulevard to Acacia Parkway and a portion of Garden Grove Boulevard between 150.16 feet west of the centerline of Main Street and 150.06 feet east of the centerline of Main Street, all being within the district, including on street parking, sidewalks, center gutter, street lights, street trees, and street furniture, including bollards, benches, trash receptacles, drinking fountains, miscellaneous planters, and related items.

Section 3. The District is designated Main Street Assessment District No. 1, and is generally located on Main Street between Acacia Parkway and Garden Grove Boulevard.

Section 4. The report of the City Engineer is hereby approved, and the City Clerk is directed to endorse the fact and date of approval on the report and to file the report in its office. Reference is hereby made to the report, on file with City Clerk, for a full and detailed description of the improvements to be maintained; the boundaries of the Assessment District; and the proposed assessments upon assessable lots and parcels of land within the District.

Section 5. An assessment will be levied pursuant to the Act upon all property in Main Street Assessment District No. 1 subject to assessment under the Act to pay the balance of costs and expenses of the maintenance of the improvements.

Section 6. Notice is hereby given that as there is no increase in the assessment for the 2016-17 Fiscal Year for Main Street Assessment District No. 1, there will only be one Public Hearing, which will be held on June 14, 2016, at 6:30 p.m. (or as soon thereafter as the City Council may hear same), in the Council Chamber of the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California, which is hereby set as the time and place for the Public Hearing on the question of the levy of the proposed assessment. Any interested person may file a written protest with the City Clerk, in which each signer is interested, sufficient to identify the property, which must be delivered to the City Clerk prior to the conclusion of the Public Hearing. In addition, all interested persons shall be afforded the opportunity to be heard at the Public Hearing. The City Council shall

consider all oral statements and all written protests or communications made or filed by any interested persons.

Section 7. The City Clerk shall cause this Resolution of Intention to be published once in a newspaper of general circulation in the city of Garden Grove, California, not less than ten (10) days prior to the date set for the Public Hearing.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles From: Kathy Bailor
Dept.: City Manager Dept.: City Clerk
Subject: Letter of Resignation from Date: 5/24/2016
 Chan Chung, Parks,
 Recreation and Arts
 Commissioner. (*Action Item*)

Attached is email correspondence from Commissioner Chan Chung resigning from the Parks, Recreation and Arts Commission.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Resignation Email	5/18/2016	Cover Memo	Resignation_from_Chan_Chung.pdf

Zimbra

teresap@ci.garden-grove.ca.us

Fwd: Resignation letter

From : Sugeiry Reynoso <sugeiryr@ci.garden-grove.ca.us>

Wed, May 18, 2016 08:40 AM

Subject : Fwd: Resignation letter

To : Teresa Pomeroy <teresap@ci.garden-grove.ca.us>, Kathy Bailor <kathyb@ci.garden-grove.ca.us>, John Montanez <johnmo@ci.garden-grove.ca.us>, Janet Pelayo <janetp@ci.garden-grove.ca.us>

Resignation from Commissioner Chan Chung

From: "uclachan" <uclachan@gmail.com>

To: "Sugeiry Reynoso" <sugeiryr@ci.garden-grove.ca.us>

Sent: Wednesday, May 18, 2016 8:02:20 AM

Subject: Resignation letter

Good morning Sugeiry,

I have to tell you that I will be moving to a different state in 1st week of June. I will try to stop by and talk to you more details about it. I think it's better to informed sooner than later.
Thank you for all your work and friendship! I really enjoy working with you and your team! I will see you soon.

Sincerely,

Chan Chung

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	William E. Murray
Dept.:	City Manager	Dept.:	Public Works
Subject:	Award of a contract to C J Concrete Construction, Inc. for On-Call Concrete Construction, IFB No. S-1189. (Cost: \$450,000 each year for 5 years) (<i>Action Item</i>)	Date:	5/24/2016

OBJECTIVE

To receive City Council approval to award a contract to C J Concrete Construction, Inc. for the On-Call Concrete Construction IFB No. S-1189 on various city streets and right-of-way.

BACKGROUND

The City has a notable damaged concrete backlog that presents risks to public safety. The goal is to replace high severity defects in residential sidewalks, driveway approaches, wheel chair ramps and cross-gutters to reduce slip, trip, and fall claims. The repair of damaged curbs and gutters will also help ensure proper storm and nuisance water drainage, which will aid in efficient storm-water movement and mosquito control.

DISCUSSION

In response to prescribed bidding procedures, two (2) bids were received and were deemed responsive. The bid results are as follows:

Contractor	Total Cost
CJ Concrete Construction, Inc. Santa Fe Springs, CA	\$1,837,350 Option B \$1,143,350
Golden State Constructors, Inc. Placentia, CA	\$2,318,500 Option B \$1,375,000

Staff has examined the bids received and determined that the lowest responsible bidder is C J Concrete Construction, Inc.. Upon researching the proposed contractor's service history, no discrepancies were found in customer service.

Bid prices for Option A (work completed using a combination of City crews and contractor) will not be utilized. Option B, (contractor completes all work) was submitted by bidders with the understanding that all work quantities given by the City were estimates. The project quantities are anticipated amounts that were used as a basis for bidding purposes. Actual available resources are limited to \$450,000 for the first year and \$450,000 per year for up to four (4) additional one-year extensions.

FINANCIAL IMPACT

Funding for this project is available in the Fiscal Year 2016/2017 Street Division Budget with a not-to-exceed amount per year of \$450,000 with a total contract for five (5) years of \$2,250,000. A termination clause has been included in the contract should funding become unavailable.

RECOMMENDATION

It is recommended that the City Council:

- Award the contract to the lowest responsible bidder, CJ Concrete Construction, Inc., in the amount of \$450,00 for the first year, and four option years at \$450,000 per year, for On-Call concrete construction; and
- Authorize the City Manager to execute the agreement on behalf of the City and make minor modifications as appropriate.

By: Robert R. Moungey, Public Works Supervisor

ATTACHMENTS:

Description	Upload Date	Type	File Name
Agreement	5/16/2016	Backup Material	Agreement_with_CJ_Concrete_Construction.pdf

SECTION 4 - AGREEMENT

PROJECT AGREEMENT

THIS AGREEMENT is made this ____ day of _____, 2016 by the CITY OF GARDEN GROVE, a municipal corporation, ("CITY"), and **CJ Concrete Construction, Inc.**, hereinafter referred to as ("CONTRACTOR").

RECITALS:

The following recitals are a substantive part of this Agreement:

This Agreement is entered into pursuant to Garden Grove COUNCIL AUTHORIZATION, DATED _____.

CITY desires to utilize the services of Furnish All Labor, Material and Equipment for On-Call Concrete Construction at Various Locations for the City of Garden Grove per City standards and specifications.

CONTRACTOR is qualified by virtue of experience, training, education, and expertise to accomplish services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

- 4.0 **Compensation.** CONTRACTOR shall be compensated as follows: Compensation under this agreement shall be a Not to exceed (NTE) amount of Four Hundred Fifty Thousand Dollars (\$450,000.00), per year, payable in arrears and in accordance with Bid Proposal (Attachment B), which is attached and is hereby incorporated by reference. Payment for work under this Agreement shall be made per invoice or request for work completed subject to Section 4.11 hereof. All work shall be in accordance with Bid No. S-1189 and the Plans and Specifications (Attachment A), which are attached and are hereby incorporated by reference.

Pricing shall remain firm for the first year of the performance period. Thereafter, contractor may request pricing increase prior to the signing of each option year.

At the request of the CONTRACTOR, the CITY may adjust all item prices by the amount in the increase or decrease during the previous twelve (12) months in the Los Angeles, Anaheim, Riverside All Urban Consumers Index. To determine the percent increase or decrease, the term "previous twelve months" shall mean the twelve-month period ending March 31 of that year, or if not available, the prior month. The City shall then have the option of increasing the rate of compensation, decreasing the scope of work, or terminating the agreement.

4.1 General Conditions. CONTRACTOR certifies and agrees that all the terms, conditions and obligations of the Contract Documents as hereinafter defined, the location of the job site, and the conditions under which the work is to be performed have been thoroughly reviewed, and enters into this Contract based upon CONTRACTOR'S investigation of all such matters and is in no way relying upon any opinions or representations of CITY. It is agreed that this Contract represents the entire agreement. It is further agreed that the Contract Documents including the Notice Inviting Bids, Special Instructions to Bidders, if any, Plans and Specifications, and Contractor's Proposal, are incorporated in this Contract by reference, with the same force and effect as if the same were set forth at length herein, and that CONTRACTOR and its subcontractors, if any, will be and are bound by any and all of said Contract Documents insofar as they relate in any part or in any way, directly or indirectly, to the work covered by this Contract.

"Project" as used herein defines the entire scope of the work covered by all the Contract Documents. Anything mentioned in the Specifications and not indicated in the Plans, or indicated in the Plans and not mentioned in the Specifications, shall be of like effect as if indicated and mentioned in both. In case of discrepancy in the Plans or Specifications, the matter shall be immediately submitted to City's Engineer, without whose decision CONTRACTOR shall not adjust said discrepancy save only at CONTRACTOR'S own risk and expense. The decision of the Engineer shall be final.

4.2 Materials and Labor. CONTRACTOR shall furnish, under the conditions expressed in the Plans and Specifications, at CONTRACTOR'S own expense, all labor and materials necessary, except such as are mentioned in the Specifications to be furnished by the CITY, to complete the project, in good workmanlike and substantial order. If CONTRACTOR fails to pay for labor or materials when due, CITY may settle such claims by making demand upon the surety to this Agreement. In the event of the failure or refusal of the surety to satisfy said claims, CITY may settle them directly and deduct the amount of payments from the Contract price and any amounts due to CONTRACTOR. In the event CITY receives a stop notice from any laborer or material supplier alleging non-payment by CONTRACTOR, CITY shall be entitled to deduct all of its costs and expenses incurred relating thereto, including but not limited to administrative and legal fees.

4.3 Project. The PROJECT is described as Furnish All Labor, Material and Equipment for On-Call Concrete Construction at Various Locations for the City of Garden Grove per City standards and specifications.

4.4 Plans and Specifications. The work to be done is described in a set of detailed Plans and Specifications for: Furnish All Labor, Material and Equipment for On-Call Concrete Construction at Various Locations for the City of Garden Grove per City standards and specifications.

Said Plans and Specifications and any revisions, amendments or addenda thereto are attached hereto and incorporated herein as part of this Contract and referred to by reference. The work to be done must also be in accordance with the General Provisions, Standard Specifications and Standard Plans of City which are also incorporated herein and referred to by reference.

4.5 Time of Commencement and Completion. The term of this agreement shall be in effect from July 1, 2016 through June 30, 2017 with an option authorizing the City Manager or Designee to continue said agreement on a year-to-year basis to a maximum of four (4) additional years. In order to exercise this option, the CITY shall provide CONTRACTOR thirty (30) days notice prior to June 30, 2017 and June 30 of each subsequent year (if applicable), of its desire to extend the agreement. CONTRACTOR agrees to provide the services described in attached bid sheet for said additional period, should the CITY give the required notice. This agreement may be terminated by the CITY without cause. CONTRACTOR agrees to commence the Project within TEN (10) calendar days from the date set forth in the "Notice to Proceed".

4.6 Time is of the Essence. Time is of the essence of this Contract. As required by the Contract Documents, CONTRACTOR shall prepare and obtain approval of all shop drawings, details and samples, and do all other things necessary and incidental to the prosecution of CONTRACTOR'S work in conformance with an approved construction progress schedule. CONTRACTOR shall coordinate the work covered by this Contract with that of all other contractors, subcontractors and of the CITY, in a manner that will facilitate the efficient completion of the entire work in accordance with Section 4.5 herein. CITY shall have complete control of the premises on which the work is to be performed and shall have the right to decide the time or order in which the various portions of the work shall be installed or the priority of the work of other subcontractors, and, in general, all matters representing the timely and orderly conduct of the work of CONTRACTOR on the premises.

4.7 Excusable Delays. CONTRACTOR shall be excused for any delay in the prosecution or completion of the Project caused by acts of God; inclement weather; damages caused by fire or other casualty for which CONTRACTOR is not responsible; and act, neglect or default of CITY; failure of CITY to make timely payments to CONTRACTOR; late delivery of materials required by this CONTRACT to be furnished by CITY; combined action of the workers in no way caused by or resulting from default or collusion on the part of CONTRACTOR; a lockout by CITY; or any other delays unforeseen by CONTRACTOR and beyond CONTRACTOR'S reasonable control.

City shall extend the time fixed in Section 4.5 herein for completion of the Project by the number of days CONTRACTOR has thus been delayed, provided that CONTRACTOR presents a written request to CITY for such time extension within fifteen (15) days of the commencement of such delay and CITY finds that the delay is justified. CITY'S decision will be conclusive on the parties to this Contract.

Failure to file such request within the time allowed shall be deemed a waiver of the claim by CONTRACTOR.

No claims by CONTRACTOR for additional compensation or damages for delays will be allowed unless CONTRACTOR satisfies CITY that such delays were unavoidable and not the result of any action or inaction of CONTRACTOR and that CONTRACTOR took all available measures to mitigate such damages. Extensions of time and extra compensation as a result of incurring undisclosed utilities will be determined in accordance with Section 9-103A of the State of California Department of Transportation Standard Specifications. The CITY'S decision will be conclusive on all parties to this Contract.

4.8 Extra Work. The Contract price includes compensation for all work performed by CONTRACTOR, unless CONTRACTOR obtains a written change order signed by a designated representative of CITY specifying the exact nature of the extra work and the amount of extra compensation to be paid all as more particularly set forth in Section 4.9 hereof. CITY shall extend the time fixed in Section 4.5 for completion of the Project by the number of days reasonably required for CONTRACTOR to perform the extra work, as determined by CITY'S Engineer. The decision of the Engineer shall be final.

4.9 Changes in Project.

4.9.1 CITY may at any time, without notice to any surety, by written order designated or indicated to be a change order, make any change in the work within the general scope of the Contract, including but not limited to changes:

- a. in the Specifications (including drawings and designs);
- b. in the time, method or manner of performance of the work;
- c. in the City-furnished facilities, equipment, materials, services or site; or
- d. directing acceleration in the performance of the work.

4.9.2 A change order shall also be any other written order (including direction, instruction, interpretation or determination) from the CITY which causes any change, provided CONTRACTOR gives the CITY written notice stating the date, circumstances and source of the order and that CONTRACTOR regards the order as a change order.

4.9.3 Except as provided in this Section 4.9, no order, statement or conduct of the CITY or its representatives shall be treated as a change under this Section 9 or entitle CONTRACTOR to an equitable adjustment.

4.9.4 If any change under this Section 4.9 causes an increase or decrease in CONTRACTOR'S actual, direct cost or the time required to perform any part of the work under this Contract, whether or not changed by any order, the CITY shall make an equitable adjustment and modify the

Contract in writing. Except for claims based on defective specifications, no claim for any change under paragraph (4.9.2) above shall be allowed for any costs incurred more than 20 days before the CONTRACTOR gives written notice as required in paragraph (4.9.2). In the case of defective specifications for which the CITY is responsible, the equitable adjustment shall include any increased direct cost CONTRACTOR reasonably incurred in attempting to comply with those defective specifications.

4.9.5 If CONTRACTOR intends to assert a claim for an equitable adjustment under this Section 4.9, it must, within thirty (30) days after receipt of a written change order under paragraph (4.9.1) or the furnishing of a written notice under paragraph (4.9.2), submit a written statement to the CITY setting forth the general nature and monetary extent of such claim. The CITY may extend the 30-day period. CONTRACTOR may include the statement of claim in the notice under paragraph (4.9.2) of this Section 4.9.

4.9.6 No claim by CONTRACTOR for an equitable adjustment shall be allowed if made after final payment under this Agreement.

4.9.7 CONTRACTOR hereby agrees to make any and all changes, furnish the materials and perform the work that CITY may require without nullifying this Contract. CONTRACTOR shall adhere strictly to the Plans and Specifications unless a change therefrom is authorized in writing by the CITY. Under no condition shall CONTRACTOR make any changes to the Project, either in additions or deduction, without the written order of the CITY and the CITY shall not pay for any extra charges made by CONTRACTOR that have not been agreed upon in advance in writing by the CITY. CONTRACTOR shall submit immediately to the CITY written copies of its firm's cost or credit proposal for change in the work. Disputed work shall be performed as ordered in writing by the CITY and the proper cost or credit breakdowns therefor shall be submitted without delay by CONTRACTOR to CITY.

4.10 Liquidated Damages for Delay. The parties agree that if the total work called for under this Contract, in all parts and requirements, is not completed within the time specified in Section 4.5 herein, plus the allowance made for delays or extensions authorized under Section 4.7, 4.8 and 4.9 herein, the CITY will sustain damage which would be extremely difficult and impractical to ascertain. The parties therefore agree that CONTRACTOR will pay to CITY the sum of two hundred and fifty dollars (\$250.00) per day for each and every calendar day during which completion of the Project is so delayed. CONTRACTOR agrees to pay such liquidated damages and further agrees that CITY may offset the amount of liquidated damages from any moneys due or that may become due CONTRACTOR under the Contract.

4.11 Contract Price and Method of Payment. CITY agrees to pay and the CONTRACTOR agrees to accept as full consideration for the faithful performance of this Contract, subject to any subsequent additions or deductions as provided in approved change orders, the sum as itemized in the bid proposal. Progress payments shall be made to the CONTRACTOR per month for each successive month as the work progresses. The CONTRACTOR shall be paid such sum as will bring the total payments received since the commencement of the work up to ninety five percent (95%) of the value of the work completed, less all previous payments, provided that the CONTRACTOR submits the request for payment prior to the end of the day required to meet the payment schedule. The CITY will retain five percent (5%) of the amount of each such progress estimate and material cost until 30 days after the recordation of the Notice of Completion.

Payments shall be made on demands drawn in the manner required by law, accompanied by a certificate signed by the CITY'S Engineer, stating that the work for which payment is demanded has been performed in accordance with the terms of the Contract. Partial payments of the Contract price shall not be considered as an acceptance of any part of the work.

4.12 Substitution of Securities in Lieu of Retention of Funds. Pursuant to California Public Contract Code Section 22300, the CONTRACTOR will be entitled to post approved securities with the CITY or an approved financial institution in order to have the CITY release funds retained by the CITY to ensure performance of the Contract. CONTRACTOR shall be required to execute an addendum to this Contract together with escrow instructions and any other documents in order to effect this substitution.

4.13 Completion. CITY may require affidavits or certificates of payment and/or releases from any subcontractor, laborer or material supplier in connection with Stop Notices, which have been filed under the provisions of the statutes of the State of California.

4.14 Contractor's Employee Compensation.

4.14.1 General Prevailing Rate. CITY has ascertained CONTRACTOR shall comply with all applicable requirements of Division 2, Part 7, Chapter 1 of the California Labor Code and all applicable federal requirements respecting the payment of prevailing wages. If there is a difference between the minimum wage rates predetermined by the Secretary of Labor and the prevailing wage rates determined by the Director of the Department of Industrial Relations (DIR) for similar classifications of labor, the CONTRACTOR and its Subcontractors shall pay not less than the higher wage rate. The DIR will not accept lower State wage rates not specifically included in the Federal minimum wage determinations. This includes "helper" (or other classifications based on hours of experience) or any other classification not appearing in the Federal Wage determinations. Where Federal wage determinations do not contain the State wage rate determination otherwise available for use by the CONTRACTOR and

Subcontractors, the CONTRACTOR and its Subcontractors shall pay not less than the Federal Minimum wage rate which most closely approximates the duties of the employees in question.

4.14.2 Forfeiture for Violation. CONTRACTOR shall, as a penalty to the CITY, forfeit one hundred dollars (\$100.00) for each calendar day or portion thereof for each worker paid (either by the CONTRACTOR or any subcontractor under it) less than the prevailing rate of per diem wages as set by the Director of Industrial Relations, in accordance with Sections 1770-1780 of the California Labor Code for the work provided for in this Contract, all in accordance with Section 1775 of the Labor Code of the State of California.

4.14.3 Apprentices. Section 1777.5, 1777.6 and 1777.7 of the Labor Code of the State of California, regarding the employment of apprentices is applicable to this Contract and the CONTRACTOR shall comply therewith; provided, however, that this requirement shall not apply if and/or to the extent that the Contract of the general CONTRACTOR, or the contracts of specialty contractors not bidding for work through a general or prime contractor involves less than thirty thousand dollars (\$30,000.00).

4.14.4 Workday. In the performance of this Contract, not more than eight (8) hours shall constitute a day's work, and CONTRACTOR shall not require more than eight (8) hours of labor in a day from any person employed by him thereunder except as provided in paragraph (4.14.1) above. CONTRACTOR shall conform to Article 3, Chapter 1, Part 7 (Sections 1810 et seq.) of the Labor Code of the State of California and shall forfeit to the CITY as a penalty, the sum of twenty-five dollars (\$25.00) for each worker employed in the execution of this Contract by CONTRACTOR or any subcontractor for each calendar day during which any worker is required or permitted to labor more than eight (8) hours in any one calendar day and forty (40) hours in any one week in violation of said Article. CONTRACTOR shall keep an accurate record showing the name and actual hours worked each calendar day and each calendar week by each worker employed by CONTRACTOR in connection with the Project.

4.14.5 Record of Wages: Inspection. CONTRACTOR agrees to maintain accurate payroll records showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker or other employee employed by it in connection with the Project and agrees to require that each of its subcontractors does the same. The applicable CONTRACTOR or subcontractor or its agent having authority over such matters shall certify all payroll records as accurate. CONTRACTOR further agrees that its payroll records and those of its subcontractors shall be available to the employee or employee's representative, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards and shall comply with all of the provisions of Labor Code Section 1776, in general. CONTRACTOR shall

comply with all of the provisions of Labor Code Section 1776, and shall submit payroll records to the Labor Commissioner pursuant to Labor Code section 1771.4(a)(3).

4.14.6 CONTRACTOR REGISTRATION; MAINTENANCE OF PAYROLL RECORDS; JOB SITE POSTING

4.14.6.1 **Contractor Registration.** CONTRACTOR and its subcontractors must be registered with the California Department of Industrial Relations pursuant to Labor Code Section 1725.5. This Agreement shall not be effective until CONTRACTOR provides proof of registration to the CITY.

4.14.6.2 **Payroll Records.** CONTRACTOR shall maintain accurate payroll records and shall comply with all of the provisions of Labor Code Section 1776, and shall submit payroll records to the Labor Commissioner pursuant to Labor Code section 1771.4(a)(3).

4.14.6.3 **Posting of Job Site Notices.** CONTRACTOR shall comply with the job site notices posting requirements established by the Labor Commissioner pursuant to Title 8, California Code of Regulations Section 16461(e) or other regulation promulgated pursuant to Labor Code Section 1771.4(a)(2).

4.14.6.4 **Notice of DIR Compliance Monitoring and Enforcement.** Pursuant to Labor Code Section 1771.4, this Project is subject to compliance monitoring and enforcement by the California Department of Industrial Relations.

4.15 Surety Bonds. CONTRACTOR shall, upon entering into performance of this Agreement, furnish bonds in the amount of one hundred percent (100%) of the Contract price bid, to guarantee the faithful performance of the work, and the other in the amount of one hundred percent (100%) of the Contract price bid to guarantee payment of all claims for labor and materials furnished. This Contract shall not become effective until such bonds are supplied to and approved by the CITY. The Surety Company must have an AM Best rating of A- VII or better.

4.16 Insurance.

4.16.1 CONTRACTOR is also aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Workers' Compensation or undertake self-insurance with provisions of that Code and will comply with such provisions before commencing the performance of the work of this Contract.

4.16.2 CONTRACTOR and all subcontractors will carry and provide Workers' Compensation insurance for the protection of its employees during the progress of the work and *provide Employers Liability in an amount not less than \$1,000,000*. The insurer shall waive its rights of subrogation against the CITY, its officers, agents and employees and shall issue a certificate to the policy evidencing same.

4.16.3 For any claims related to this Agreement, CONTRACTOR'S insurance coverage shall be primary insurance as respects CITY, its officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the CITY, its officers, officials, employees, agents, or volunteers shall by excess of the CONTRACTOR'S insurance and shall not contribute with it.

4.16.4 Before CONTRACTOR performs any work at, or prepares or delivers materials to, the site of construction, CONTRACTOR shall furnish certificates of insurance and endorsements evidencing the foregoing insurance coverage and such certificates of insurance and endorsements shall provide the name and policy number of each carrier and that the insurance is in force and will not be cancelled without 30 days written notice to the CITY. CONTRACTOR shall maintain all of the foregoing insurance in force until the work under this contract is satisfactorily and fully completed to the satisfaction of the CITY. The requirement for carrying the foregoing insurance shall not derogate from the provisions for indemnification of CITY by Contractor under Section 4.17 of this Contract. Notwithstanding nor diminishing the obligations of CONTRACTOR with respect to the foregoing, CONTRACTOR shall subscribe for and maintain in full force and effect during the life of this Contract, the following insurance in amounts not less than the amounts specified and issued by a company having a Best's Guide Rate of A-, Class VII or better (claims made and modified occurrence policies are not acceptable).

4.16.5 COMMENCEMENT OF WORK. CONTRACTOR shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the CITY. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the CITY of any material change, cancellation, or termination at least thirty (30) days in advance. Contractor shall also provide a waiver of subrogation for each policy.

4.16.6 INSURANCE AMOUNTS. CONTRACTOR and all subcontractors shall maintain the following insurance in the amount and type for the duration of this Agreement:

- (a) Commercial general liability in an amount not less than \$3,000,000 per occurrence, and not excluding XCU; (**claims made and modified occurrence policies are not acceptable**); Insurance companies must be acceptable to CITY

and have an AM Best's Guide Rating of A-, Class VII or better, as approved by the CITY.

- (b) Automobile liability in an amount not less than \$1,000,000 combined single limit; (**claims made and modified occurrence policies are not acceptable**); Insurance companies must be acceptable to CITY and have an AM Best's Guide Rating of A-, Class VII or better, as approved by the CITY.
- (c) Excess liability, follows form coverage, shall be provided for any underlying policy that does not meet the insurance requirements set forth herein. (**claims made and modified occurrence policies are not acceptable**) Insurance companies must be acceptable to CITY and have a Best's Guide Rating of A-Class VII or better, as approved by the CITY.

An Additional Insured Endorsement, **ongoing and products-completed operations**, for the policy under section 4.16.6 (a) shall designate CITY, its officers, officials, employees, agents, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees, as determined by the CITY, as additional insureds for liability arising out of work or operations performed by or on behalf of the CONTRACTOR. CONTRACTOR shall provide to CITY proof of insurance and endorsement forms that conform to city's requirements, as approved by the CITY.

An Additional Insured Endorsement for the policy under section 4.16.6 (b) shall designate CITY, its officers, officials, employees, agents, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees, as determined by the CITY, as additional insureds for automobiles owned, leased, hired, or borrowed by the CONTRACTOR. CONTRACTOR shall provide to CITY proof of insurance and endorsement forms that conform to CITY's requirements, as approved by the CITY.

In the event any of CONTRACTOR'S underlying policies do not meet policy limits within the insurance requirements, CONTRACTOR shall provide coverage under the excess liability policy in 4.16.6 (c). Policy must be a follows form excess/umbrella policy. CONTRACTOR shall provide the schedule of underlying policies for an excess liability policy, state that the excess policy follows form on the insurance certificate, and provide an additional insured endorsement for the excess liability policy designating CITY, its officers, officials, employees, agents, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees, as determined by the CITY, as additional insureds.

For any claims related to this Agreement, CONTRACTOR's insurance coverage shall be primary insurance as respects CITY, its officers, officials, employees, agents, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees. Any insurance or self-insurance maintained by the CITY, its officers, officials, employees, agents, or volunteers, for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees, as determined by the CITY shall be excess of the CONTRACTOR's insurance and shall not contribute with it.

If CONTRACTOR maintains higher insurance limits than the minimums shown above, CONTRACTOR shall provide coverage for the higher insurance limits otherwise maintained by the CONTRACTOR.

4.17 Risk and Indemnification. All work covered by this Contract done at the site of the Project or in preparing or delivering materials to the site shall be at the risk of CONTRACTOR alone. CONTRACTOR agrees to save, indemnify and keep CITY, its Officers, Agents, Employees, Engineers, and Consultants for this Contract, and all public agencies from whom permits will be obtained and their directors, Officers, Agents and Employees harmless against any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (CONTRACTOR'S employees included) and damage to property, arising directly or indirectly out of the obligations herein undertaken or out of the operations conducted by CONTRACTOR, save and except claims or litigation arising through the *active negligence* or sole willful misconduct of CITY and will make good to reimburse CITY for any expenditures, including reasonable attorneys' fees CITY may incur by reason of such matters, and if requested by CITY, will defend any such suits at the sole cost and expense of CONTRACTOR.

4.18 Termination.

4.18.1 This Contract may be terminated in whole or in part in writing by the CITY for its convenience, provided that the CONTRACTOR is given (1) not less than ten (10) calendar days written notice (delivered by certified mail, return receipt requested) of intent to terminate, and (2) an opportunity for consultation with the terminating party prior to termination. Termination of contract shall conform to Section 8-1.11 of the State of California, Department of Transportation Standard Specifications.

4.18.2 If termination for default or convenience is effected by the CITY, an equitable adjustment in the price provided for in this Contract shall be made, but (1) no amount shall be allowed for anticipated profit on unperformed services or other work, and (2) any payment due to the CONTRACTOR at the time of termination may be adjusted to cover any additional costs to the CITY because of the CONTRACTOR'S default. The equitable adjustment for any termination shall provide for payment to the

CONTRACTOR for services rendered and expenses incurred in accordance with section 8-1.11 of the State of California, Department of Transportation Standard Specifications.

4.18.3 Upon receipt of a termination action under paragraph (4.18.1) or (4.18.2) above, the CONTRACTOR shall (1) promptly discontinue all affected work (unless the notice directs otherwise), and (2) deliver or otherwise make available to the CITY all data, drawings, specifications, reports, estimates, summaries and such other information and materials as may have been accumulated by the CONTRACTOR in performing this Contract whether completed or in process.

4.18.4 Upon termination under paragraphs (4.18.1) and (4.18.2) above, the CITY may take over the work and may award another party an agreement to complete the work under this Contract.

4.19 Warranty. The CONTRACTOR agrees to perform all work under this Contract in accordance with the CITY'S designs, drawings and specifications.

The CONTRACTOR guarantees for a period of one (1) year from the date of the notice of completion of the work that the completed work is free from all defects due to faulty materials, equipment or workmanship and that he shall promptly make whatever adjustments or corrections which may be necessary to cure any defects, including repairs or any damage to other parts of the system resulting from such defects. The CITY shall promptly give notice to the CONTRACTOR of observed defects. In the event that the CONTRACTOR fails to make adjustments, repairs, corrections or other work made necessary by such defects, the CITY may do so and charge the CONTRACTOR the cost incurred. The performance bond shall remain in full force and effect through the guarantee period.

The CONTRACTOR'S obligations under this clause are in addition to the CONTRACTOR'S other express or implied assurances provided under this Contract and in no way diminish any other rights that the CITY may have against the CONTRACTOR for faulty materials, equipment or work.

4.20 Attorneys' Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Contract, *each party shall be responsible for their own attorneys' fees, costs and necessary expenses.* If any action is brought against the CONTRACTOR or any subcontractor to enforce a Stop Notice or Notice to Withhold, which named the CITY as a party to said action, the CITY shall be entitled to all attorneys' fees, costs and necessary disbursements arising out of the defense or such action by the CITY. The CITY shall be entitled to deduct its costs for any Stop Notice filed, whether court action is involved or not.

4.21 Notices. Any notice required or permitted under this Contract may be given by ordinary mail at the address set forth below. Any party whose address changes shall notify the other party in writing.

To CITY: City of Garden Grove
City Attorney
11222 Acacia Parkway
Garden Grove, California 92840

To CONTRACTOR: CJ Concrete Construction, Inc.
Attention: John C. Sarno, President
10142 Shoemaker Avenue
Santa Fe Springs, CA 90670

\\\\\\

(Agreement Signature Block On Next Page)

IN WITNESS THEREOF, these parties have executed this Project Agreement on the day and year shown below.

Date: _____

"CITY"
CITY OF GARDEN GROVE

By: _____
City Manager

ATTEST:

City Clerk

Date: _____

"CONTRACTOR"
CJ Concrete Construction, Inc.

Contractor's State Lic. No. 720989A

Expiration Date: 04-30-2018

By: [Signature]

Title: President

Date: 05-04-2016

Tax ID No. 95-4578126

DIR Registration No. 1000004673

If CONTRACTOR is a corporation, a Corporate Resolution and/or Corporate Seal is required. If a partnership, Statement of Partnership must be submitted to the CITY.

APPROVED AS TO FORM:

[Signature: Omar Sandoval]
Garden Grove City Attorney

ATTACHMENT "B" (BID PROPOSAL) PAGE 1 OF 4 REVISED
NOTE: This REVISED version of ATTACHMENT "B" (BID PROPOSAL) must be submitted with your bid or the bid may be deemed as non-responsive!

SECTION 2 - PROPOSAL

THE HONORABLE MAYOR AND CITY COUNCIL
 CITY OF GARDEN GROVE
 11222 ACACIA PARKWAY
 GARDEN GROVE, CALIFORNIA 92840

To: THE HONORABLE MAYOR AND CITY COUNCIL

The undersigned having carefully examined the Plans and Specifications for: Furnish All Labor, Material and Equipment for On-Call Concrete Construction at Various Locations for the City of Garden Grove per City standards and specifications, HEREBY PROPOSE to finish all labor, materials, equipment and transportation, and do all the work required to complete work in accordance with the Plans and Specifications for the sum price of:

Option A. (Contractor to perform all required work to City Standards except, City crews will complete all saw-cutting, removal of concrete and/or asphalt, root pruning, root removal, backfill, lawn replacement, sprinkler repair, and asphalt street repair adjacent to gutters.)

<u>Items</u>	<u>Approximate Quantities Per Project</u>	<u>Description</u>	<u>Unit Price</u>	<u>Anticipated Quantity</u>
A.	2,400 Sq ft.	Replace sidewalk	<u>4.00</u> /Sq ft	25,000 Sq ft \$ <u>100,000.00</u>
B.	200 Lin. ft.	Replace curb & gutter in place (18" wide gutter)	<u>25.00</u> /Ln ft	Up to: 8000 Ln.ft. \$ <u>200,000.00</u>
C.	100 Lin ft.	Replace curb & gutter in place (24" wide gutter)	<u>28.00</u> /Ln ft	Up to: 8000 Ln. ft. \$ <u>224,000.00</u>
D.	As required.	Replace standard cross Gutter	<u>10.00</u> /Sq ft	Up to: 8000 Sq. ft. \$ <u>80,000.00</u>

ATTACHMENT "B" (BID PROPOSAL) PAGE 2 OF 4 REVISED

E.	200 Sq. ft.	Replace driveway approach, excluding curb & gutter	Up to: 8000 Sq. ft.
		<u>5.00</u> /Sq ft	\$ <u>40,000.00</u>
F.	180 Sq. ft.	Replace wheelchair ramp excluding curb and gutter (6" thick)	Up to: 10,000 Sq. ft.
		<u>5.00</u> /Sq ft	\$ <u>50,000.00</u>
GRAND TOTAL (OPTION A ONLY)			\$ <u>694,000.00</u>

OPTION B. (Contractor to perform all required work to City Standards, no exceptions)

<u>Items</u>	<u>Approximate Quantities Per Project</u>	<u>Description</u>	<u>Unit Price</u>	<u>Anticipated Quantity</u>
A.	2,400 Sq ft.	Replace sidewalk in place	<u>5.75</u> /Sqft	25,000 Sq ft. \$ <u>143,750.00</u>
B.	200 Lin. ft.	Replace curb & gutter in place (18" wide gutter)	<u>38.00</u> /Lnft	Up to: 8,000 Ln. ft. \$ <u>304,000.00</u>
C.	100 Lin. ft	Replace curb & gutter in place (24" wide gutter).	<u>40.00</u> /Lnft	Up to: 8,000 Ln. ft. \$ <u>320,000.00</u>
D.	As required	Replace standard cross Gutter	<u>14.00</u> /Sqft	Up to: 8,000 Sq. ft. \$ <u>112,000.00</u>
E.	200 Sq. ft.	Replace driveway approach excluding curb & gutter	<u>7.95</u> /Sqft	Up to: 8,000 Sq. ft. \$ <u>63,600.00</u>

ATTACHMENT "B" (BID PROPOSAL) PAGE 3 OF 4 REVISED

F.	180 Sq. ft.	Replace wheelchair ramp, excluding curb & gutter. (6" thick)	10. ⁰⁰ /Sq.ft.	Up to: 10,000 Sq.ft. \$ 100,000. ⁰⁰
G.	100 Lin. Ft.	Replace "A" Curb	25. ⁰⁰ /Ln.ft.	Up to 4000 Ln. Ft. \$ 100,000. ⁰⁰

NOTE: Items H. and J. below will not be used to determine the lowest bidder since estimated quantities are not available at this time and these items will be on an as-needed basis only.

H.	As Necessary	Over-excavate, remove and replace existing asphalt per specs	\$ 8. ⁰⁰ Sq.ft.	
J.	As Necessary	Place, grade and compact Crushed aggregate base (CAB) At over-excavated asphalt areas	\$ 20. ⁰⁰ Per Ton	
GRAND TOTAL (OPTION B ONLY)				\$ 1,143,350. ⁰⁰

.....
Only Option B (Items A-G) will be used to determine the lowest responsible bidder. Option A will be used at the sole discretion of the City based on need and available funds.

ALL LINE ITEMS for Options A and B on ATTACHMENT "B" must be completed or your bid may be deemed as non-responsive!!

TOTAL BID AMOUNT

OPTION A-\$ 694,000.⁰⁰

OPTION B-\$ 1,143,350.⁰⁰ will be used to determine the lowest responsible bidder.

TOTAL BID AMOUNT (OPTIONS A AND B COMBINED) \$ 1,837,350.⁰⁰

Total Bid Amount in Written Words:

one million eight hundred thirty seven thousand
three hundred fifty dollars and 00 cents.

(In the event of an error, the written words will prevail.)

ATTACHMENT "B" (BID PROPOSAL) PAGE 4 OF 4 REVISED

It is understood and agreed that:

(a) No verbal agreement or conversation with any officer, agent, or employee of CITY, either before or after the execution of the Agreement, shall affect or modify any of the terms or obligations of this Proposal.

(b) CITY will not be responsible for any errors or omissions on the part of the undersigned in making up his bid, nor will bidders be released on account of errors.

(c) The undersigned hereby certifies that this Proposal is genuine and is not sham or collusive, or made in the interest or in behalf of any person not herein named, and that the undersigned has not directly or indirectly induced or solicited any other bidder to put in a sham bid, or any other person, firm, or corporation to refrain from bidding, and that the undersigned has not in any manner sought, by collusion, to secure for himself an advantage over any other bidder.

(d) The undersigned is licensed in accordance with the laws of the State of California.

Check below where appropriate:

☐ Partnership: That _____ are partners, doing business under the firm name of _____, and that the co-partnership makes the accompanying proposal.

☒ Corporation: That John C. Sarno of CJ Concrete Construction, Inc. make the accompanying proposal.

☐ Individual: That _____ is the bidder and makes the accompanying proposal.

CJ Concrete Construction, Inc.
Company Name
10142 Sheemaker Ave.
Address
Santa Fe Springs, CA 90670
City - State - Zip Code
562-777-2222
Telephone
720989 A
California Contractors License Number
CJ Concrete Construction, Inc.
Bidder's Name (Please Print)
[Signature] Date 4-26-16
Authorized Signature

ATTACHMENT "A"

IFB S-1189

SPECIFICATIONS FOR:

Furnish All Labor, Material and Equipment for On-Call Concrete Construction at Various Locations for the City of Garden Grove per City Standards and Specifications

I. GENERAL INFORMATION

- A. The City of Garden Grove Public Works Department is backlogged with maintenance repairs to sidewalks, curbs, gutters, cross gutters, wheel chair ramps, and driveway approaches in various locations throughout the City. This project is to combine work of CITY crews, which includes saw-cutting, removal of damaged concrete, root pruning to a depth of six (6) inches below existing concrete, root removal to a depth of six (6) inches below existing concrete, backfill, lawn replacement, sprinkler repair, and asphalt street repair adjacent to gutters with the work of the contractor who will provide forming, pouring, and finishing of concrete. In some instances, at the City's discretion, the contractor will be required to perform all of the aforementioned operations and that will be performed under "OPTION B."

- B. The term of this agreement shall be in effect from July 1, 2016 through June 30, 2017 with an option authorizing the City Manager or Designee to continue said agreement on a year-to-year basis to a maximum of four (4) additional years. In order to exercise this option, the CITY shall provide CONTRACTOR thirty (30) days notice prior to June 30, 2016 and June 30 of each subsequent year (if applicable), of its desire to extend the agreement. CONTRACTOR agrees to provide the services described in attached bid sheet for said additional period, should the CITY give the required notice.

At the request of the CONTRACTOR, the CITY may adjust all item prices by the amount in the increase or decrease during the previous twelve (12) months in the Los Angeles, Anaheim, Riverside All Urban Consumers Index. To determine the percent increase or decrease, the term "previous twelve months" shall mean the twelve-month period ending March 31 of that year, or if not available, the prior month.

- C. For program flexibility and effectiveness, the City is seeking two responses for this project. Under Option A, the City will perform all traffic control, root pruning to a depth of 12 inches and root removal as necessary, concrete and/or asphalt removal, hauling and disposal, grading, barricading of area, repair of damaged sprinklers and/or water lines, backfilling and finish grading, and asphalt repairs. The contractor will perform all forming, placing, finishing, stripping and removal of forms, and clean-up of all CONTRACTOR operations. Under Option B, the successful CONTRACTOR will do ALL necessary operations. The City will not be involved in any actual work.

- D. CITY shall have the right to terminate this Agreement without cause, by giving not less than thirty (30) days written notice of termination.
- E. The work consists of furnishing all labor, materials, equipment and services as may be necessary to complete the proposed replacement of sidewalks, curbs, gutters, cross gutters, driveway approaches and wheel chair ramps at locations to be designated.

The CONTRACTOR shall be informed by the Public Works Director or Designee of the areas where the work is to be performed.

The CITY reserves the option to begin and complete the following portions of the project, or at times direct that they be performed by the CONTRACTOR.

1. Traffic control associated with all contractual work operations.
2. Removal of existing concrete and pavement.
3. Root pruning and/or removal to a depth of six (6) inches below existing concrete.
4. Installation of the new asphalt patch against the newly poured concrete gutter and/or cross gutter and/or wheel chair ramp.
5. Placement of backfill material.
6. Repair of sprinkler systems.
7. Adjust utility covers to grade.

The CONTRACTOR will be responsible for forming, compacting and pouring of the curb, gutter, cross gutters, driveway approaches, sidewalk, and wheel chair ramps and if requested, any or all of the aforementioned.

- F. Unless superseded by written specifications within this document, the CONTRACTOR shall perform all work and use methods in accordance with the applicable sections of the Standard Specifications for Public Works Construction, latest edition which can be found in Appendix A of this bid document. (Subsequently referred to as "The Green Book") and the City of Garden Grove Public Works Department Standard Plans, latest edition.

II. PROTECTION OF PERSONS AND PROPERTY

The CONTRACTOR shall:

- A. Initiate, maintain, and supervise all safety precautions and programs in connection with the work.
- B. Take all reasonable precautions for the safety of, and provide all reasonable protection, prevent damage, injury or loss to:

1. All employees on the work and other persons who may be affected thereby;
 2. All the work and all materials and equipment to be incorporated therein; and
 3. Other property at the site and adjacent thereto.
- C. Give all notices and comply with all applicable laws, ordinances, rules, regulations and orders of any public authority bearing on the safety of persons and property, and their protection from damage, injury or loss.
- D. Promptly remedy all damage or loss to any property caused in whole or in part by the CONTRACTOR, any subcontractor, or any that may be liable, except damage or loss attributable to the acts or omissions of the owner or his/her representative or anyone directly or indirectly employed by either of them, or be anyone for whose acts either of them may be liable and not attributable to the fault or negligence of the CONTRACTOR.
- E. Provide protection so as to minimize interference with an interruption to the adjacent property owner/tenant's employees and production process.
- F. Advise the property owner/tenant whenever work is expected to be hazardous to the property owner's employees and production process.

III. INSPECTION OF WORK BY CITY

- A. All work performed and all materials furnished shall be subject to the inspection and approval of the Director of Public Works or his/her authorized representative, and the CONTRACTOR shall prosecute work only with said inspection and approval.
- B. Any work done without proper inspection will be subject to rejection. The Director of Public Works or his/her authorized representative shall at all times have access to work during its preparation and construction, and the CONTRACTOR shall furnish every reasonable facility for ascertaining that the materials used, methods employed, and the workmanship are in accordance with these specifications.
- C. The inspection of the work shall not relieve the CONTRACTOR of any obligation to fulfill all conditions of the contract.
- D. If any work should be covered up without approval or consent of the Director of Public Works, it shall be uncovered for examination and properly restored at the CONTRACTOR's expense.

IV. WORK INCLUDED

- A. Provide all materials, labor, and equipment to complete the specified replacement of sidewalks, curbs, gutters, cross gutters, driveway approaches, wheel chair ramps, including any applicable asphalt repairs and/or patching. Each project will consist of a minimum of 2,400 square feet of concrete or 200 lineal foot of curb. The aforementioned quantities may not be continual sections, but small sections and at times on various streets (**sporadic**).
- B. Install new sidewalks, curbs and gutter, cross gutters, driveway approaches, and wheel chair ramps at each site.
- C. Clean and remove any debris caused by CONTRACTOR'S construction activity.

V. GENERAL

- A. Under Option (A), the CITY shall properly barricade and delineate all areas from the time work begins until the work is complete and the area is opened for use. The CONTRACTOR will be responsible for furnishing traffic control in accordance with the provisions of the latest edition of the Work Area Traffic Control Handbook ("WATCH") during the performance of and up to and including the acceptance by the CITY of all CONTRACTOR completed operations.

Traffic Control: Pedestrian and vehicular traffic shall be allowed to pass through the work area, whenever possible to do so, safely and with as little inconvenience and delay as possible. The CONTRACTOR shall provide adequate flag persons as reasonably necessary for the safety of persons and vehicles. Under Option (B), the CONTRACTOR will do all of the above.

- B. The CONTRACTOR shall promptly clean up the construction area, remove debris, and hand sweep at all locations at the end of each day. If CONTRACTOR personnel do not begin cleanup prior to 8 a.m. of the day following completion, CITY will arrange to provide cleanup and charge expenses to the CONTRACTOR.
- C. The CONTRACTOR shall have three (3) working days to complete all sidewalk or curb and gutter or driveway approaches or wheelchair ramps or bus pads and cleanup per project. The CONTRACTOR will be notified a minimum of 5 days before initiation of a project by the Public Works Director or designee.
- D. No work will be allowed outside regular working hours without the express permission of the Public Works Director or authorized representative, except work items relating to maintenance and cleanup of the work area for the purpose of public safety and convenience. In the event work outside regular hours is allowed, any extra expense incurred by the CONTRACTOR shall be considered as being included in his/her bid prices and no extra compensation will be due for such work; and CONTRACTOR is responsible for crediting CITY for inspector's salary, including overtime. Regular working hours will be 7 a.m.

to 3 p.m., Monday through Thursdays and every other Friday as designated by the Director of Public Works.

Non-Working Days: Holidays, every other Friday and the days between Christmas Day and New Year's Day are non-working days for the CITY. CONTRACTOR shall make requests for time extensions to work on these days seven calendar days in advance and shall reimburse CITY for the actual cost of overtime inspection.

- E. The CONTRACTOR shall be responsible for protecting existing utilities and maintaining location of an access to all gate valves during construction. CONTRACTOR shall confer with the CITY inspector to provide an acceptable method for the prevention of utility cover embedment in or bonding to the concrete. In addition to Sections 5 and 306 of the Standard Specification, the CONTRACTOR shall also adhere to standards of each related utility.

Where damage is caused by the CONTRACTOR's operations, the CONTRACTOR shall, at his/her expense, repair or replace damaged facilities promptly, in accordance with appropriate standards. Should the CONTRACTOR fail to perform the required repairs or replacements, the cost of performing such repairs or replacements will be deducted from any monies due or to become due to the CONTRACTOR.

- F. Special attention is directed to possible flood hazards and/or nuisance water, such as irrigation and other runoff. The CONTRACTOR may be responsible for all injuries or damages to any portion of the work occasioned by the above causes and shall make good such injuries or damages at no cost to the CITY prior to the completion and acceptance of the work. **Best management practices** in accordance with the City's Local Implementation Plan shall be employed at all times.
- G. If rain is encountered during construction, the CONTRACTOR may bear all cost for the materials (including AC, AB, and over-excavation) which might be damaged by water, and shall take all necessary steps to protect the work site (including using sandbags to protect work site, pump to keep raining and nuisance water away from the open excavated area, and other necessary protecting methods. **Best management practices** in accordance with the City's Local Implementation Plan shall be employed at all times.

Payment for the preceding shall be included in the various bid items of work, and no additional compensation will be allowed.

- H. The CONTRACTOR shall guarantee for a period of one year, after acceptance of the work by the CITY, all materials and workmanship against any defects whatsoever. CONTRACTOR shall be notified of any defects which CONTRACTOR shall promptly repair at the CONTRACTOR's expense. The CONTRACTOR will be charged for all costs incurred by the CITY if, during the guarantee period, the CITY determines any CONTRACTOR failure is an emergency. Permanent repair shall be done by CONTRACTOR thereafter at the CONTRACTOR's expense.

- I. Cooperation with Others: The CONTRACTOR shall endeavor to maintain good public relations at all times. The work shall be conducted in a manner which will cause the least possible interference without annoyance to the public.
- J. Supervision: The CONTRACTOR will assure that a qualified English speaking supervisor is present at all times when work is being performed. If a citizen has a complaint or concern about work being performed, the CONTRACTOR's supervisor shall make initial contact with the citizen and endeavor to resolve the problem. The supervisor shall report each daily work schedule to the Public Works Supervisor or duly appointed representative prior to 2:30 p.m., on the preceding afternoon.

VI. COMPACTION

- A. A relative compaction of 90 percent is required on subgrade material.
- B. Subgrade at each location shall be inspected prior to replacement of the concrete sidewalk.
- C. Any compaction tests will be made by the CITY at no additional expense to CONTRACTOR.

VII. CONCRETE WORK

- A. Concrete work shall be per Standard Plans and Details, City of Garden Grove (see attached).
- B. Concrete shall be Class 520-C-2500 with a maximum slump of four (4) inches, except where noted on Standard Plans.
- C. Sidewalk surface shall have a light broom finish to match existing sidewalk and/or curb and gutter.
- D. If both ends of new construction abut existing sidewalk, the new construction shall be scored to match existing.
- E. Sidewalks longer than 30 feet in length shall have weakened plain joints per City Standard Plans.
- F. All excess concrete shall be removed from the work area.
- G. Strip and remove excess concrete debris and clean all edges of newly poured concrete.
- H. All work shall be stamped with a stamp approved by CITY with name of CONTRACTOR and year.
- I. Install weakened plain joints per City Standard Plans around tree wells as designated by the Engineer.

- J. 4" Colored P.C.C. Work shall consist of constructing 4" colored concrete as designated by the Engineer. Concrete shall be a 6-1/2 sack of cement per cubic yard of concrete with a compressive strength of 3,000 lbs. psi at 28 days. The coarse aggregate shall be 3/8" maximum and shall not be more than 30% by volume per cubic yard. The color shall be approved by the Engineer prior to application in field and shall be achieved by application of a Schofield Lithochrome color hardener or approved equal. Color shall be applied evenly with an approved shaker at the rate of 60 pounds per 100 square feet.

Colored P.C.C. shall be sprayed with a lithochrome (or approved equal) color wax matching the color of the concrete. It shall be applied to the finished surface at a minimum rate of 600 square feet per gallon of unthinned color wax, in accordance with the manufacturer's recommendations. Color hardeners and color wax shall be approved by the Engineer prior to construction. The CONTRACTOR shall submit as examples of accomplished work a minimum of five (5) locations at which he/she has done a similar type of construction. No construction of concrete shall commence prior to approval from the Engineer.

VIII. BILLING AND PAYMENT

- A. The CITY shall issue written notice of work to the CONTRACTOR with a list of the type of work required, showing location and quantity. The CONTRACTOR shall complete the requested work within the time period designated by the CITY and submit written billing within thirty (30) days of completion. The written billing shall show: Work issuance completion and invoice dates, plus an itemized list of the completed work showing location and quantity corresponding to that same item on the work order.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Lisa Kim
Dept.:	City Manager	Dept.:	Community and Economic Development
Subject:	Discussion of Medical Marijuana regulations and related matters. (<i>Action Item</i>)	Date:	5/24/2016

OBJECTIVE

To provide the City Council with the opportunity to discuss matters pertaining to Medical Marijuana as directed by the City Council on March 22, 2016, concerning Land Use regulations and other matters.

BACKGROUND

The City Council requested that the issue of Medical Marijuana regulations be brought forth to consider the possibility of adopting regulations addressing the Medical Marijuana Industry following the three recent adopted pieces of legislation by the State Legislature: Assembly Bills AB 243 and AB 266, and Senate Bill SB 643, together known as the Medical Marijuana Regulation and Safety Act ("MMRSA").

It should be noted that MMRSA has a multitude of license categories available, covering not only dispensaries, but also cultivation, manufacturing, lab testing, and distribution. MMRSA also includes regulations pertaining to medical recommendations, and taxation. The Medical Marijuana Industry suggests that all facets of the Industry be included as part of the discussion in considering regulations for the City. Consideration of all aspects of the Medical Marijuana Industry regulated by the MMRSA will require a much longer study, given that each general category of license includes separate sets of regulations. For example, there are different levels of Marijuana growing and cultivation; distribution and transportation from growers to manufacturers, laboratories, dispensaries and homes; there are different levels of manufacturing regulations for those using volatile solvents (e.g., research and development, oil extraction); and, manufacturing not using volatile solvents (food processing and other consumable products).

In MMRSA, the State will impose a two-license approach to the regulation of Medical Marijuana activities, which first requires a city to issue a license to the operator of

the specific business category (distributor, transporter, dispensary, manufacturing, laboratory), and then the operator applies to the State to obtain a license from the State. According to representatives of the State's Bureau of Medical Marijuana Regulation, the State will not issue a State license unless a city has done so first.

Staff was able to gather limited information in regards to the subject matter given that the MMRSA is a newly adopted law and the State has yet to publish any guidance on its implementation.

DISCUSSION

Due to the various treatment of each general category of permits in MMRSA, the following discussion of land use concerns cannot cover all the anticipated issues that could be raised for the different license types and uses permitted under the MMRSA. However, we provide an overview that can facilitate further discussion and allow the Council to provide direction to staff on moving forward.

Defining Terms and Definitions

Staff found that other local jurisdictions considering regulation of the Medical Marijuana Industry in their jurisdiction intend to adopt the terms and definitions established in the MMRSA. Doing so will help minimize confusion as to the applicability of local regulations to a particular category of user. For example, the MMRSA differentiates between a "Transporter" and a "Distributor" and using the MMRSA definitions in local regulations will clarify what is required of each at the local level.

Background Checks

In regards to vetting operators to be permitted in the City, staff recommends that a background check be required all owners, operators, employees, and volunteers. Given that the City wants law abiding businesses and operators, it would be appropriate to not only prohibit criminals from participating in a Medical Marijuana regulated activity, but businesses who break the City's rules and operate illegally, and those persons associated with the illegally operating businesses, should not have a chance to be permitted to operate in the City.

Require Conditional Use Permits

In regards to assessing other jurisdictions and considering the City of Garden Grove's approach to ensuring proper and enforceable regulations on businesses that may create negative impacts establishing and operating at a specific location or in the community as a whole, Staff would recommend placing all Medical Marijuana uses in a land use category subject to a Conditional Use Permit (CUP), which requires a public hearing and conditions of approval to mitigate any identified negative impacts. The CUP process can be tailored to the type of use. For example, conditions unique and applicable to dispensaries may not necessarily be applicable to a cultivation operation, or vice-versa.

Zoning Locations

In regards to zoning, many jurisdictions allow these types of businesses in industrial-manufacturing zones and commercial zones. Although many cities have limited the number of permitted dispensaries to four to eight, many are now eliminating specific limits on the number of facilities, but utilize zoning standards to limit the overall number of facilities by applying distance separations between the facilities, distance separation to residential zones, and to other sensitive uses such as churches, schools (private and public), libraries, preschools and daycares. The distances applied between Medical Marijuana businesses range from 200 feet to 1000 feet, and separation from residential zones and sensitive uses range from the State's minimum of 600 feet to upwards of 1000 feet. In regards to Garden Grove, should the City allow the different types of Medical Marijuana businesses in addition to dispensaries, such as laboratory research and manufacturing facilities, staff will need more time to analyze what would be an appropriate distance between businesses and from sensitive uses. It should be noted that the City is mostly a residential community and if longer distance requirements from sensitive uses are applied, the number of available parcels in the industrial, manufacturing and commercial zones will be substantially limited. Also, most, if not all, jurisdictions prohibit Medical Marijuana facilities in the residential zones, which if applied to Garden Grove will prohibit the establishment of these facilities in the mixed use zones in the City.

Security Measures

Staff noted that most other jurisdictions regulating Medical Marijuana facilities require an extensive set of security measures to be employed, including security lighting and security cameras inside and outside the facility to be operated at all times. The camera recording systems should cover the outside of the facility well into the parking lot areas.

Hours of operation should be limited to daytime hours only, which could extend into early evening, no later than 8:00 o'clock p.m.

Visibility into the business should be readily provided, including clear glass windows. State licensed uniform security guards should be employed on at the facilities during business hours.

Businesses should be required to post "no loitering" signs inside and outside the facility, and consuming Medical Marijuana products should be prohibited at the facility. Operators should be responsible for enforcing these measures to within 200 feet outside of their facility.

Ventilation and air filtering systems should also be required to prevent obnoxious odors from negatively affecting adjacent businesses and properties.

Taxation and Revenue

MMRSA authorizes the City to tax Medical Marijuana activities if allowed in the City. Many jurisdictions apply taxes ranging from 5% to up to 15% percent. However, staff

was not able to obtain a clear answer pertaining to the amount of revenues generated by dispensaries in the cities permitting them.

Because the State Constitution requires a majority voter approval for general taxes, many jurisdictions are placing taxation ordinances on the ballot to obtain voter approval prior to allowing Medical Marijuana businesses in their jurisdiction. The ordinances being presented to the voters stipulate that the taxation measures do not permit the operation of Medical Marijuana businesses unless their city councils separately adopt regulations permitting them. These jurisdictions are moving to take advantage of the upcoming general elections for submitting the measure to their voters in the event they decide in the future to permit Medical Marijuana businesses to operate in their jurisdictions. Many of these jurisdictions are obtaining voter approval to tax at the rate of up to 15% with the option for their city councils to implement a tax at or below the amount approved by the voters. Many jurisdictions currently permitting Medical Marijuana businesses have implemented taxes that range from 5% to 10% of gross receipts, and a per square-foot tax or per-plant tax on cultivation activities.

The deadline to place a ballot measure for the voters to approve an ordinance implementing a tax on Medical Marijuana businesses is August 12, 2016 (88 days prior to the November 8, 2016 elections). Staff recommends that the City Council consider placing a tax measure on the ballot for the upcoming election to prepare in the event it decides to permit Medical Marijuana activities in the City in the future.

Public Safety

The goal of the City's Police Department is to build a safe community for residents, businesses, visitors, children and others that come into our community. Since Marijuana Dispensaries have opened illegally within the City limits, there has been a series of community complaints and other criminal activities in and around these illegal businesses. There has also been an increase in the amount of marijuana use in the junior high and high schools that have raised the concern of school administrators, parents, and law enforcement. Cases at the schools range from possession, use and overdose of edible marijuana products. There is a fear within the community that marijuana will soon find its way into elementary schools.

Enforcement against illegal dispensaries has been a challenge because of limited Police Department resources.

The City of Garden Grove has a ban in place prohibiting medical marijuana dispensaries and cultivating operations within the City limits. The ban alone has not been effective in eliminating the problem of illicit marijuana-related businesses, but it has helped in deterring some operators from reopening after they have been cited and their products confiscated, although some operators reopen the illicit business soon after the police leave.

Access to Youth

Administrators from the Garden Grove Unified School District have expressed

concerns over the increase in marijuana possession and use by students within the schools. Dispensaries provide easy access to marijuana for kids. Only money and a claim of chronic pain is needed to get a medical marijuana card. Dispensary products are being sold to students within the junior high schools as well as the high schools. Kids are using marijuana in class in the presence of teachers and administrators, which sometimes is hard to detect because marijuana now comes in the form of snack foods, edibles, candies, and sports drinks. Marijuana overdoses are also on the rise with the most recent in early May at Rancho Alamitos High School. According to Garden Grove Unified School District Trustee Teri Rocco, marijuana represents ninety percent of all drug-related possession incidents at Garden Grove schools.

According to Dan Gleason of the Garden Grove Drug Free Coalition, legalization would only exacerbate existing drug and alcohol use, which has negative impacts on the developing brains of adolescents. According to reports published in 2012 and 2014 in the "Proceedings of the National Academy of Sciences," long-term cannabis use was associated with abnormalities in brain function to include a decline in mental functions such as language, memory, and emotion. A recent study published by JAMA Pediatrics reported a spike in the number of young children treated at Children's Hospital Colorado for accidentally eating marijuana edible treats after marijuana laws were liberalized in the State of Colorado.

Community Concerns

The Police Department prioritizes illegal dispensary enforcement based on community concerns and complaints. A large number of complaints come from owners and operators of businesses located near dispensaries. Complaints include marijuana odors leaking through ceiling tiles and ventilation systems, increase in graffiti and vandalism, and dispensary patrons hanging around the establishments consuming the marijuana products. Many complaints claim that these activities are driving businesses away and will deter good business operators from opening legitimate businesses.

Cultivation operations have been investigated in residential areas as well. Cultivators have been known to convert an entire house in an unassuming neighborhood into a marijuana grow facility and possibly steal electricity from neighboring houses to avoid detection. Often times, the building on the property is heavily damaged or destroyed from building modifications or mold from the moisture associated with an indoor growing operation. The same is true for commercial and industrial buildings. Cultivators make unpermitted modifications to buildings, making it only appealing to another cultivator to occupy the property without costly repairs by the property owner.

A recent staff report being presented to the Oakland City Council mentions that Marijuana businesses are driving non-Marijuana industrial and manufacturing businesses out of town due to increased rents. Medical Marijuana businesses are able to pay up to three times the regular rental rates, and make it unaffordable for other industries to stay or establish within the areas in the particular zone where the city permits them.

Crime Concerns

Marijuana dispensaries in Garden Grove have been associated with an assortment of crimes in and around the dispensary locations. These crimes include theft, burglaries, armed robberies, and violent assaults. The most recent armed robbery at a dispensary involved the use of an automatic weapon. The crime nearly went unreported as only one of the many dispensary employees decided to report the crime.

Driving while under the influence of marijuana is a growing concern, especially with young people. The increase in marijuana DUI is alarming. It is difficult for a police officer to detect because there is no presumptive marijuana field screening test other than the standard field sobriety test used in most DUI traffic stops. According to the National Roadside Survey in 2009, marijuana accounted for 25 percent of all positive drug tests for fatally injured drivers for whom drug tests were performed. The percentage increases significantly to 43 percent of fatalities involving drivers 24 years of age and younger with known drug test results.

Investigations on Garden Grove dispensaries revealed that many are operated by individuals associated with gangs and organized crime. Marijuana is a schedule One Drug in the United States Uniform Controlled Substances Act, indicating that it has high abuse potential and has no medical use. Although some states have legalized medical marijuana, dispensary operators are unable to utilize the federal banking system, making dispensaries a cash only business. This cash and carry business model has made it attractive to organized crime and have made them robbery and violent crime targets.

In regards to increase in crime and other related matters, information on such data was not available at the time of this report. A few criminal type incidents have occurred in or around dispensary uses, while the Oakland report indicates that regulation has diminished the criminal activity associated with illegally-operated dispensaries.

Enforcement Concerns

The Garden Grove Police Department is one of the lowest officer staffed police agencies in the nation. A team of officers are currently dedicating more than thirty hours per week on illegal marijuana dispensary enforcement. More than \$900,000 dollars and a total of 7,000 pounds of marijuana has been seized. Since January 2015, 51 administrative citations have been issued to illegal dispensary operators and property owners. Each violation has a fine amount of \$1,000. Fine collections total more than \$32,000, while the balance are still subject to unexpired due dates plus accounts that have been sent to collections. The Police Department has been successful in the permanent shut down of more than ten dispensaries since January 2015.

Without strong regulations in place, combined with a lack of additional police staffing, there is a concern that lifting the ban will increase the amount of illegal dispensaries and increase access to our youth. The Police Department would need

additional resources to police dispensaries, banned or regulated. Lifting the ban prior to the Police Department acquiring these resources will only exacerbate enforcement challenges and could not only endanger the health and well-being of the community, but contribute to an increase in violent crimes.

California Environmental Quality Act (CEQA)

Should the Council decide to consider regulations to permit Medical Marijuana businesses, environmental review under CEQA will need to be performed. This review must take place in the context of the Zoning Code revisions that will be necessary to permit Medical Marijuana businesses to operate in the City.

Regulations in Other Jurisdictions

Attached to this report are copies of the regulations currently in place in the Cities of Palm Springs and Santa Ana. Regulation amendments to the Oakland Municipal Code are also attached. It should be noted that the Palm Springs and Santa Ana regulations were enacted prior to the MMRSA, while the Oakland regulation amendments are intended to align Oakland's regulations with the MMRSA.

FINANCIAL IMPACT

The cost to place a measure on the ballot seeking voter approval of a tax on Medical Marijuana activities is estimated to be \$8,000 to \$12,000. This amount would be added to the cost of conducting the City's regular election.

RECOMMENDATION

For City Council to consider the following:

- Authorize the City Attorney to prepare an ordinance and measure to be placed on the November 2016 ballot seeking voter approval of a tax of up to 15% on Medical Marijuana activities, which shall not take effect until the City Council adopts regulations and revisions to the Municipal Code to permit Medical Marijuana activities in the City.
- Direct staff to commence the process to enact regulations and revise the Municipal Code to establish land use standards, and other business regulations under which Medical Marijuana businesses could operate.
- Maintain the ban against Medical Marijuana businesses and activities until the time that regulations are in place to permit them to operate in the City.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Palm Springs Regulations	5/17/2016	Backup Material	1-Palm_Springs_MMJ_Regs.pdf
Santa Ana Regulations	5/17/2016	Backup Material	2-Santa_Ana_OrdinanceNS-

Oakland Regulations
Update Information

5/17/2016

Backup Material

2864-MedicalMarijuana.pdf

3-

Oakland_MMJ_Regs_Update.pdf

Title 5 BUSINESS REGULATIONS

Chapter 5.35 COMPREHENSIVE MEDICAL CANNABIS REGULATORY PROGRAM

5.35.100 General Provisions.

No person shall engage in the business or activity of cultivating, possessing, selling, distributing, dispensing, or offering to sell, distribute, or dispense Medical Cannabis or Medical Cannabis Infused Product unless such person fully complies with the provisions of this Chapter, has received any and all permits required in this Chapter, and operates solely at a Location approved by the City pursuant to Section 93.23.15 of this Code, subject to all requirements and conditions of approval attendant to the issuance of such permits and approval of such Location. (Ord. 1845 § 7, 2014)

5.35.110 Definitions.

The following definitions of terms shall apply to this Chapter, unless the context requires otherwise:

“Advertising” means the publication, dissemination, solicitation, or circulation, visual, oral, or written, to induce directly or indirectly any Person to patronize a particular MCCC, or to purchase particular Medical Cannabis or a Cannabis-Infused Product.

“Alarm Installation Company” means a Person engaged in the business of selling, providing, maintaining, servicing, repairing, altering, replacing, moving, or installing a Security Alarm System in a Location and operating in full compliance with Chapter 5.02 of this Code.

“Applicant” means a Person that has submitted an application pursuant to this Chapter that was accepted by the City Manager for review but has not been approved or denied by the City.

“Application Period” means a sixty (60) day period commencing on a date approved by the City Council (or such period of time as the Council may establish) plus an additional thirty (30) days (or such period of time as the City Council may establish) to complete the reviews and the preparation of the reports called for in Section 5.35.210.

“Cannabis-Infused Product” means any product that contains Medical Cannabis or marijuana that is intended to be consumed orally, including but not limited to, any type of food, drink, pill, baked goods, or other consumable products, or used topically such as tinctures.

“Change in Governance” means any change in the Operator or the Board of Directors of the MCCC.

“Child-Resistant” means special packaging that is:

- a. Designed or constructed to be significantly difficult for children under five years of age to open and not difficult for normal adults to use properly as provided under federal law;
- b. Opaque so that the product cannot be seen from outside the packaging;
- c. Closable for any product intended for more than a single use or containing multiple servings, and
- d. Labeled properly as required by this Chapter.

“Container” means the sealed package in which Medical Cannabis or a Cannabis-Infused

Product is placed for sale to a patient and that has been labeled according to the requirements set forth in this Chapter.

“Days” means calendar days.

“Flower” means the gametophytic or reproductive state of Cannabis in which the plant is in a light cycle intended to produce flowers, trichomes, and cannabinoids characteristic of Cannabis.

“Good Moral Character” means an individual with a personal history demonstrating honesty, fairness, and respect for the rights of others and for the law.

“Immature plant” means a nonflowering Medical Cannabis plant that is no taller than eight inches and no wider than eight inches produced from a cutting, clipping, or seedling and that is in a growing/cultivating container that is no larger than two inches wide and two inches tall that is sealed on the sides and bottom.

“Location” means the premises specified in an application for a permit pursuant to this Chapter that is owned or in possession of the Permittee and within which the Permittee is authorized to cultivate, manufacture, distribute, dispense, or sell Medical Cannabis in accordance with the provisions of this Chapter.

“Limited Access” means a building, room, or other contiguous area upon the Location where Medical Cannabis is grown, cultivated, stored, weighed, packaged, sold, or processed for sale, under control of the Permittee.

“Location” means the premises specified in an application for a permit pursuant to this Chapter that is owned or in possession of the Permittee and within which the Permittee is authorized to cultivate, manufacture, distribute, dispense, or sell Medical Cannabis in accordance with the provisions of this Chapter.

“Management Permit” means a Permit for an individual who is an Operator of the MCCC.

“Medical Cannabis” and “Medical Marijuana” are defined in strict accordance with California Health and Safety Code sections 11362.5 and 11362.7 et seq.

“Medical Cannabis Cooperative or Collective” or “MCCC” means five or more qualified patients and caregivers who collectively or cooperatively cultivate and share physician-recommended cannabis or marijuana in a manner strictly consistent with the State Guidelines. The term “Medical Cannabis Cooperative or Collective” shall not include dispensing by primary caregivers to qualified patients in the following locations and uses: a clinic permitted pursuant to Chapter 1 of Division 2 of the Health and Safety Code; a health care facility permitted pursuant to Chapter 2 of Division 2 of the Health and Safety Code; a residential care facility for persons with chronic life-threatening illness permitted pursuant to Chapter 3.01 of Division 2 of the Health and Safety Code; a residential care facility for the elderly permitted pursuant to Chapter 3.2 of Division 2 of the Health and Safety Code; a residential hospice; or a home health agency permitted pursuant to Chapter 8 of Division 2 of Health and Safety Code, as long as such use complies strictly with applicable law including, but not limited to, Health and Safety Code sections 11362.5 and 11362.7 et seq., or the cultivation, storage, or use by a qualified patient or patients or that patient’s or patients’ primary caregiver or caregivers, incidental to a residential use by, and for the sole use of, the patient or patients who reside at such residential use location.

“Medical Cannabis Cultivation Facility” or “MCCF” means a fully enclosed building or portion of a building that is solely used for the purpose of planting, growing, harvesting, drying, processing, or storage of one or more cannabis or marijuana plants or any part thereof.

“Mobile Marijuana Dispensary” means any clinic, cooperative, club, business, or group which transports or delivers, or arranges the transportation or delivery, of medical marijuana to a Person.

“Mobile Operation” means any effort to locate, operate, own, lease, supply, allow to be operated, or aid, abet, or assist in the operation of a Mobile Marijuana Dispensary.

“Monitoring” means the continuous and uninterrupted attention to potential alarm signals that could be transmitted from a Security Alarm System located at a MCCC Location, for the purpose of summoning a law enforcement officer to the premises during alarm conditions.

“Monitoring Company” means a Person in the business of providing Monitoring services for a MCCC.

“Operator” means the Person or Persons who operates as the President, Chief Executive Officer, Chief Administrative Officer, General Manager or such other position or holds such other title, position, or other similar designation with such authority or responsibilities commonly associated with such positions. Each individual Operator must have a Management Permit.

“Permittee” means any Person permitted or registered pursuant to this Chapter.

“Person” means a natural person, partnership, association, company, corporation, limited liability company, or organization, or a manager, agent, owner, director, servant, officer, or employee thereof; except that “Person” does not include any governmental organization.

“Proficiency Testing Samples” means performing the same analyses on the same Samples and comparing results to ensure the Samples are homogenous and stable, and also that the set of Samples analyzed are appropriate to test and display similarities and differences in results.

“Propagation” means the reproduction of Medical Cannabis plants by seeds, cuttings or grafting.

“Restricted Access Area” means a designated and secure area within a Location in a Medical Cannabis Center where Medical Cannabis and Cannabis-Infused Product are sold, possessed for sale, and displayed for sale, and where no one without a valid patient registry card is permitted.

“Sample” means any Medical Cannabis or Cannabis-Infused Product provided for testing or research purposes.

“Security Alarm System” means a device or series of devices, intended to summon law enforcement personnel during, or as a result of, an alarm condition. Devices may include hard-wired systems and systems interconnected with a radio frequency method such as cellular or private radio signals that emit or transmit a remote or local audible, visual, or electronic signal; motion detectors, pressure switches, duress alarms (a silent system signal generated by the entry of a designated code into the arming station to indicate that the user is disarming under duress); panic alarms (an audible system signal to indicate an emergency situation); and hold-up alarms (a silent system signal to indicate that a robbery is in progress).

“Shipping Container” means any container or wrapping used solely for the transport of Medical Cannabis or Cannabis-Infused Product in bulk.

“State Guidelines” means the Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use issued August 2008, by the Office of the Attorney General for the State of California, as may be amended from time to time, on file in the Office of the City Clerk.

“Support Permit” means a permit for an individual who performs duties that support the MCCC operations. While a Support Permittee must conduct himself or herself professionally, he or she has limited decision making authority and always fall under the supervision of a Management Permittee. Examples of individuals who need this type of permit include, but are not limited to, sales clerks or cooks.

“Unrecognizable” means Cannabis or Cannabis plant material rendered indistinguishable from any other plant material.

“Vegetation” means the sporophytic state of the Cannabis plant that is a form of asexual reproduction in plants during which plants do not produce resin or flowers and are bulking up to a desired production size for flowering. (Ord. 1879 § 1, 2015; Ord. 1845 § 7, 2014)

5.35.120 Maximum Number of Medical Cannabis Cooperatives and Collectives.

No more than six (6) permitted MCCCs shall be maintained or operated in the City at any time. This maximum number of permitted MCCCs shall not include any MCCF approved pursuant to Section 5.35.340.C of this Code. (Ord. 1879 § 2, 2015; Ord. 1845 § 7, 2014)

5.35.200 Applications.

A. General Requirements

1. Prior to initiating operations and as a continuing requisite to conducting operations, the legal representative of the persons wishing to operate a MCCC shall obtain and maintain a permit from the City Manager under the terms and conditions set forth in this Chapter.
2. All applications for permits required pursuant to this Chapter shall be made upon current forms prescribed by the City Manager. Applications submitted to the City Manager may include, but not be limited to, new business premises, transfers of ownership, change of locations, premises modifications, and changes in trade name.
3. All applications for a new MCCC must include application and permitting fees as established by resolution adopted by the City Council as amended from time to time.
4. A permit issued by the City Manager to a MCCC constitutes a revocable privilege. The burden of proving an Applicant’s qualifications for a permit rests at all times with the Applicant.
5. If required by the forms supplied by the City Manager, each application shall identify the relevant local jurisdiction.
6. Applicants must submit a complete application to the City Manager before it will be accepted or considered.
 - a. All applications must be complete in every material detail.
 - b. All applications must include all attachments or supplemental information required by the current forms supplied by the City Manager.
 - c. All applications must be accompanied by a full remittance for the whole amount of the application and permit fees.
 - d. The Applicant or its authorized agent must provide a surety bond, if applicable, and prove that all tax returns related to the MCCC have been timely filed.
7. The City Manager may refuse to accept an incomplete application.

B. Additional Information May Be Required

1. Each Applicant shall provide any additional information required that the City Manager may request to process and fully investigate the application. The additional information must be provided to the City Manager no later than seven days of the request unless otherwise specified by the City Manager.
2. Nothing in this subsection is intended to limit the City Manager's ability to request additional information the City Manager deems necessary or relevant to determining an Applicant's suitability for a permit or a renewal of a permit under this Chapter.
3. Failure to provide such additional information by the requested deadline may result in denial of the application or renewal or revocation or suspension of a permit.

C. Information Must Be Provided Truthfully. All Applicants shall submit information to the City Manager in a full, faithful, truthful, and fair manner. The City Manager may recommend denial of an application where the Applicant made intentional or purposeful misstatements, omissions, misrepresentations, or untruths in the application or in connection with the Applicant's background investigation. This type of conduct may be considered as the basis for additional administrative action against the Applicant and it may also be the basis for criminal charges against the Applicant.

D. Application Forms Accessible. All application forms supplied by the City Manager and filed by an Applicant for a permit, including attachments and any other documents associated with the investigation, shall be accessible by the City Manager and any state or local law enforcement agency for a purpose authorized by this Chapter or for any other state or local law enforcement purpose.

E. Other Considerations Regarding MCCC Applications. The Applicant, if not an individual, must be comprised of individuals:

1. Whose criminal history background checks establish they are all of Good Moral Character; and
2. Who have met all other permitting requirements.

F. Background Checks and Application Review. The City Manager shall conduct a background check of any applicant for a regulatory permit, including any person who is managing or is otherwise responsible for the activities of the MCCC, and any employee, and shall prepare a report on the acceptability of the applicant's background and the suitability of the proposed location. Upon completing the review process, the permit shall be deemed a qualified application subject to the final certification and approval by the City Council pursuant to the allotment process, unless the City Manager finds that the applicant:

1. Has made one or more false or misleading statements, or omissions on the application or during the application process; or
2. The proposed MCCC is not allowed by state or local law, statute, ordinance, or regulation, including this Code, at a particular location.
3. Is not a Primary Caregiver or Qualified Patient or the legal representative of the MCCC; or
4. The applicant, or any person who is managing or is otherwise responsible for the activities of the MCCC, or any employee, if any, has been convicted of a felony, or convicted

of a misdemeanor involving moral turpitude, or the illegal use, possession, transportation, distribution or similar activities related to controlled substances, with the exception of marijuana related offenses for which the conviction occurred prior to passage of Compassionate Use Act. A conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere.

5. The applicant or any person who is managing or is otherwise responsible for the activities of the MCCC has engaged in unlawful, fraudulent, unfair, or deceptive business acts or practices.

6. The applicant or any person who is managing or is otherwise responsible for the activities of the MCCC has operated a marijuana dispensary, cooperative, or collective in the City without a permit for a MCCC issued or approved by the City pursuant to the provisions of this Code and refused or failed to comply with any order or instruction of the City to cease such operation.

G. Prior Operation Prohibited. An Applicant is prohibited from operating a MCCC or any other marijuana dispensary prior to obtaining all necessary permits or approvals from the City. (Ord. 1845 § 7, 2014)

5.35.210 Process for Issuing a New Permit for a MCCC.

A. General Requirements

1. The City Council shall review and evaluate all qualified applications and will approve issuance of a regulatory permit to the most qualified as determined through the Allotment Process described in this Section. Where the City Council has reviewed qualified applications within two (2) years of any review and allotment process under the provisions of this Section, the City Council may limit its review to one or more of the qualified applications reviewed and considered during such previous Allotment Process.

2. Each Applicant for a new permit, at the time of application, shall fully comply with the requirements of Section 5.35.200, and provide the following information:

- a. Suitable evidence of proof of lawful presence or residence and Good Moral Character and reputation as required by the current forms prescribed by the City Manager;
- b. All requested information concerning financial and management associations and interests of other Persons in the business; including the names, mailing addresses, and Operator's background forms of all of its principal officers, directors, and Operators; a copy of its articles of incorporation or articles of organization; and evidence of authorization to do business as a non-profit within the State;
- c. An estimate of the size of the group of primary caregivers and/or qualified patients who will be served by the non-profit MCCC; this description should include whether delivery service will be provide and the extent of such service.
- d. The address of the location from which the MCCC for which application is made will be operated;
- e. Accurate site plan and floor plans for the premises to be permitted denoting all the use of areas on the premises, including storage, cultivation areas, exterior lighting, restrooms, signage, and parking; other tenant spaces if the MCCC is proposed for a multi-tenant building site;

- f. The deed, lease, contract, or other document governing the terms and conditions of occupancy of the premises permitted or proposed to be permitted.
 - g. A security plan that fully addresses and complies with the provisions of Sections 5.35.330 and 5.35.340 of this Code.
 - h. The name and address of any person who is managing or responsible for the MCCC's activities, and the names and addresses of any employees, if any, and a statement as to whether such person or persons has or have been convicted of a crime(s), the nature of such offense(s), and the sentence(s) received for such conviction(s).
 - i. The name and address of the owner and lessor of the real property upon which the business is to be conducted. In the event the applicant is not the legal owner of the property, the application must be accompanied with a notarized acknowledgement from the owner of the property that a MCCC will be operated on his/her property.
 - j. Authorization for the City Manager to seek verification of the information contained within the application.
 - k. Evidence that the MCCC is organized as a bona fide non-profit cooperative, affiliation, association, or collective of persons comprised exclusively and entirely of qualified patients and the primary caregivers of those patients in strict accordance with the Compassionate Use Act.
 - l. 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.
 - m. Any such additional and further information as is deemed necessary by the City Manager to administer this Section.
3. Based on the information set forth in the application and the City Manager's report, the City Manager, or the City Council pursuant to the allotment process, may impose reasonable terms and conditions on the proposed operations in addition to those specified in this Section. A regulatory permit issued pursuant to this Section is not transferable.

B. Application Review; Allotment Process.

- 1. The City Manager will accept and review applications for MCCC's during the Application Period.
- 2. In the event there is no more than one qualified application for each unallocated permit for a MCCC as allowed under Section 5.35.120 determined to be conditionally qualified by the City Manager, the City Manager shall refer each such application to the City Council with a recommendation that the City Council approve the issuance of a permit to the applicants, subject to full compliance with the provisions of this Chapter and any conditions of approval.
- 3. In the event there is more than one application submitted for each unallocated regulatory permit for a MCCC as allowed under Section 5.35.120 during the Application Period, the City Manager shall submit the qualified applications and the City Manager report on each application to the City Council for review and consideration. The qualified applications shall be considered concurrently by the City Council at a public hearing noticed and conducted pursuant to the provisions of Section 94.02.00.C of this Code.
- 4. The City Council shall consider the qualified applications after evaluating the applications on their respective merits and the City Council may conditionally approve each

qualified application or deny one or more of such applications if the Council makes one or more of the findings listed in Subsection F of Section 5.35.200. The City Council shall rank all qualified applications in order of those that best satisfy the requirements of this Section and provide the highest level of service and opportunities for residents of Palm Springs. The highest ranked qualified application equal to the number of available regulatory permits shall be granted regulatory permits pursuant to this Section.

C. Operations Covenant. The obligations of the MCCC, including all on-going and continuing obligations required pursuant to any provision of this Chapter or as may be provided in any conditional approval of the City Manager or the City Council, shall be set forth in a covenant running with the land or the leasehold interest, approved as to form by the City Attorney, and enforceable by the City. To the fullest extent permitted by law, the City shall not assume any liability whatsoever, and expressly does not waive sovereign immunity, with respect to medical cannabis, or for the activities of any MCCC. The Covenant shall also contain the Continuing Obligations and Responsibilities as provided in this Section and the following terms:

1. Agree to indemnify the City;
2. Carry insurance in the amounts and of the types that are acceptable to the City Manager;
3. Name the City as an additional insured;
4. Agree to defend at its sole expense, any action against the City, its agents, officers, and employees because of the issues of such approval;
5. Agree to reimburse the City for any court costs and attorney fees that the City may be required to pay as a result of such action. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve the operator of its obligation hereunder.

D. Continuing Obligations and Responsibilities. No persons shall engage in, conduct, or be permitted to engage in or conduct a MCCC unless each of the following requirements is continually met:

1. The MCCC shall comply fully with all of the applicable restrictions and mandates set forth in state law, including without limitation the State Guidelines.
2. The MCCC shall only be open between the hours of 9:00 a.m. and 7:00 p.m.
3. Physician's referrals shall be verified by the MCCC prior to inclusion into the MCCC and at least every six months thereafter.
4. Each member of the MCCC shall be a patient or a qualified primary caregiver. The cooperative shall maintain patient records in a secure location within the City of Palm Springs, available to the City Manager to review upon demand. Such records shall include without limitation a copy of the physician's referral and, if using a primary caregiver, a notarized written authorization from the patient to be represented by such primary caregiver.
5. Cannabis shall be kept in a secured manner during business and nonbusiness hours.
6. Each MCCC that prepares, dispenses, or in any manner distributes Edible Cannabis-Infused Product must comply with the provisions of all relevant State and local laws regarding the preparation, distribution, and sale of product.
7. Each MCCC must pay any applicable sales tax pursuant to federal, state, and local law.

8. On-site smoking, ingestion, or consumption of cannabis or alcohol shall be prohibited on the premises of the MCCC. The term “premises” as used in this Subsection includes the actual building, as well as any accessory structures and parking areas. The building entrance to a MCCC shall be clearly and legibly posted with a notice indicating that smoking, ingesting, or consuming marijuana on the premises or in the vicinity of the MCCC is prohibited.
9. Signage for the MCCC shall be limited to name of business and its status as a permitted MCCC pursuant to this Section only and no advertising of the goods and/or services shall be permitted. Each MCCC shall post a sign or notice conspicuously at each point of public access into the MCCC stating that the MCCC is a permitted MCCC under the provisions of this Chapter.
10. Alcoholic beverages shall not be sold, stored, distributed, or consumed on the premises. A MCCC shall not hold or maintain a license from the State Department of Alcohol Beverage Control to sell alcoholic beverages, or operate a business that sells alcoholic beverages. In addition, alcohol shall not be provided, stored, kept, located, sold, dispensed, or used on the premises of the cooperative or collective.
11. Except as provided in Subsection G-4, windows and/or entrances shall not be obstructed and must maintain a clear view into the premises during business hours.
12. No one under eighteen (18) years of age shall be a member of a MCCC without written authorization of a parent or legal guardian.
13. Issuance of physician recommendations or prescriptions for cannabis or marijuana use shall not be performed or provided on the premises.
14. The building in which the MCCC is located as well as the operations as conducted therein shall fully comply with all applicable rules, regulations, and laws including, but not limited to, zoning and building codes, the City’s business license ordinances, the Revenue and Taxation Code, the Americans with Disabilities Act, and the Compassionate Use Act.
15. The MCCC shall not distribute, sell, dispense, or administer cannabis to anyone other than qualified patient members of the MCCC and their primary caregivers.
16. A MCCC shall distribute only cannabis cultivated on the premises or by a member of the MCCC or the member’s primary caregiver. The MCCC shall do an inventory on the first business day of each month and shall record the total quantity of each form of cannabis on the premises. These records shall be maintained for two (2) years from the date created.
17. Provide the City Manager with the name, phone number, facsimile number, and email address of an on-site community relations or staff person or other representative to whom one can provide notice if there are operating problems associated with the MCCC. The MCCC shall make every good faith effort to encourage residents to call this person to try to solve operating problems, if any, before any calls or complaints are made to the police or planning departments.
18. Nothing in this Section prohibits a Permittee from refusing to sell Medical Cannabis or Cannabis-Infused Product to a patient.
19. A MCCC shall not display Medical Cannabis and Cannabis-Infused Product in a manner in which Medical Cannabis or Cannabis-Infused Product can be seen from outside the Location. Storage of Medical Cannabis and Cannabis-Infused Product shall otherwise be maintained in restricted access areas.

20. An MCCC shall not sell any expired Cannabis-Infused Product.
21. Each Permittee shall consent and allow the City Manager to cause medical cannabis and cannabis-infused product at the Location to be tested and examined as provided in this Chapter.
22. Fully comply with and meet all operating criteria required pursuant to the Compassionate Use Act, state law, the State General Guidelines, the provisions of the Palm Springs Municipal Code, including without limitation, this Section, and any specific, additional operating procedures and measures as may be imposed as conditions of approval of the regulatory permit, and all requirements set forth in the covenant as described in Subsection J, in order to ensure that the operation of the MCCC is consistent with the protection of the health, safety, and welfare of the community, qualified patients, and primary caregivers, and will not adversely affect surrounding uses.

(Ord. 1845 § 7, 2014)

5.35.220 Process for Renewing a MCCC Permit.

A. General Process for Permit Renewal

1. A Permittee may apply for the renewal of an existing permit no less than 30 days prior to the permit's expiration date. If the Permittee files a renewal application within 30 days prior to expiration, the Permittee must provide a written explanation detailing the circumstances surrounding the late filing. If the City Manager accepts the application, then the City Manager may elect to administratively continue the permit beyond the expiration date while the City Manager completes the renewal permitting process.
2. An application for renewal will only be accepted if it is accompanied by the requisite permitting fees.
3. Each application for renewal shall fully comply with the requirements of Section 5.35.200.
4. Operator must be fingerprinted each year at renewal.

B. If Permit Not Renewed Before Expiration. A permit is immediately invalid upon expiration if the Permittee has not filed a timely renewal application and remitted all of the required fees. In the event the permit is not renewed prior to expiration, the affected MCCC shall not operate. (Ord. 1845 § 7, 2014)

5.35.230 Changes in Governance of Permitted Entities.

A. General Requirements

1. All applications for Changes in Governance of a permitted MCCC authorized pursuant to this Chapter, shall be made upon current forms prescribed by the City Manager and shall fully comply with the provisions of Section 5.35.200.
2. All applications for Changes in Governance of permitted MCCC must include application fees and be complete in every material detail.
3. Each application for a Change in Governance shall provide suitable evidence of a Person's proof of lawful presence and/or residence and good character and reputation that the City Manager may request. Each application shall also provide all requested information concerning financial and management associations and interests of other Persons in the business, tax payment information, proof of good and sufficient surety bond, and the deed,

lease, contract, or other document governing the terms and conditions of occupancy of the Location. Nothing in this section is intended to limit the City Manager's ability to request additional information the City Manager deems necessary or relevant to determining suitability for approval of a Change in Governance.

4. Failure to provide such additional evidence by the requested deadline may result in denial of the application.

B. Approval Required. It shall be considered a permit violation affecting public safety if a Permittee engages in any transfer of ownership without prior approval from the City Manager. (Ord. 1845 § 7, 2014)

5.35.240 Complete Applications Required for Certain Individuals.

A. General Requirements

1. All applications for individual permits as provided in this Section shall be made upon current forms prescribed by the City Manager. Applications submitted to the City Manager may include, but not be limited to, Management Permits.

2. An individual permit issued pursuant to this Chapter constitutes a revocable privilege. The burden of proving an Applicant's qualifications for an individual permit rests at all times with the Applicant.

3. Applicants must submit a complete current application to the City Manager before it will be accepted or considered.

a. All applications must be complete in every material detail.

b. All applications must include all attachments or supplemental information required by the forms supplied by the City Manager.

c. All applications must be accompanied by a full remittance for the whole amount of the application, permit, or other relevant fees.

4. The City Manager may refuse to accept an incomplete application.

B. Additional Information May Be Required

1. Each Applicant shall provide any additional information required that the City Manager may request to process and fully investigate the application.

2. An Applicant's failure to provide the requested evidence or information by the City Manager deadline may be grounds for denial. The additional information must be provided to the City Manager no later than seven days of the request unless otherwise specified by the City Manager. Each Applicant shall provide any additional information required that the City Manager may request to process and fully investigate the application.

C. Application Forms Accessible. All application forms supplied by the City Manager and filed by an Applicant for a permit, including attachments and any other documents associated with the investigation, shall be accessible by the City Manager, local permitting authorities, and any state or local law enforcement agency, for a purpose authorized by this Chapter or for any other state or local law enforcement purpose.

D. General Requirements.

1. All Applicants shall submit information to the City Manager in a full, faithful, truthful, and fair manner. The City Manager may recommend denial of an application where the Applicant made intentional misstatements, purposeful omissions, misrepresentations, or

untruths in the application or in connection with the Applicant's background investigation. This type of conduct may be considered as the basis of additional administrative action against the Applicant and it may also be the basis for criminal charges against the Applicant.

2. The City Manager may deny the application of an Applicant who fails to provide the requested evidence or information by the City Manager's deadline.

E. Fingerprints Required

1. All Applicants for initial individual permits shall be fingerprinted for a fingerprint-based criminal history record check.

2. A renewal Applicant shall be fingerprinted at the City Manager's discretion.

3. An Applicant shall also be fingerprinted if the City Manager has required the Applicant to submit a new application. The City Manager may require a new application for the following non-exhaustive list of reasons:

a. An Applicant is re-applying after more than one year since the expiration of his or her most recent permit;

b. If an Applicant's previous permit was denied or revoked by the City Manager; or

c. When the City Manager needs additional information in order to proceed with a background investigation.

F. Other Documents May Be Required. Any Applicant may be required to establish his or her identity and age by any document required for a determination of lawful presence.

G. Maintaining Ongoing Suitability For Permit: Duty to Report Offenses. An Applicant or Permittee shall notify the City Manager in writing of any felony criminal charge and felony conviction against such person within ten days of such person's arrest, felony summons, and within ten days of the disposition of any arrest or summons. Failure to make proper notification to the City Manager may be grounds for disciplinary action. Permittees shall cooperate in any investigation conducted by the City Manager. This duty to report includes, but is not limited to, deferred sentences or judgments that are not sealed. If the City Manager lawfully finds a disqualifying event and an Applicant asserts that the record was sealed, the City Manager may require the Applicant to provide proof from a court evidencing the sealing of the case.

H. Application Forms Accessible to Law Enforcement and Licensing Authorities. All completed application forms supplied by the City Manager and filed by an Applicant for permit shall be accessible by the City Manager and any state or local law enforcement agent.

I. Management Permits/Operators. An Operator Applicant for a Management Permit must meet the following criteria before receiving a permit:

1. The Applicant must pay the annual application and permitting fees;

2. The Applicant's criminal history must indicate that he or she is of Good Moral Character;

3. The Applicant is not employing, or financed in whole or in part by any other Person whose criminal history indicates that he or she is not of Good Moral Character;

4. The Applicant is at least 21 years of age;

5. The Applicant has paid all taxes, interest, or penalties due the City Manager relating to a MCCC;

6. The Applicant can prove that he or she has not discharged a sentence for a conviction

of a felony in the five years immediately preceding his or her application date;

7. The Applicant can prove that he or she has not discharged a sentence in the five years immediately preceding the application date for a conviction of a felony not related to possession, distribution, manufacturing, cultivation, or use of an illegal substance;

8. The Applicant can prove that he or she has not been convicted at any time of a felony pursuant to any state or federal law regarding the possession, distribution, manufacturing, cultivation, or use of an illegal substance;

9. The Applicant can establish that he or she is not a sheriff, deputy sheriff, police officer, or prosecuting officer, or an officer or employee of the City Manager or a local permitting authority;

10. The Applicant can establish that the premises proposed to be permitted is not currently permitted as a retail food establishment or wholesale food registrant.

(Ord. 1845 § 7, 2014)

5.35.250 Permittee Required to Keep Mailing Address Current with the City Manager.

A. Timing of Notification. A Permittee shall inform the City Manager in writing of any change to its mailing address within 30 days of the change. The City Manager will not change a Permittee's information without explicit written notification provided by the Permittee or its authorized agent.

B. City Manager Communications. City Manager communications are sent to the last mailing address furnished by an Applicant or a Permittee to the City Manager.

C. Failure to Change Address Does Not Relieve Permittee's or Applicant's Obligation. Failure to notify the City Manager of a change of mailing address does not relieve a Permittee or Applicant of the obligation to respond to a City Manager communication.

D. Application and Disciplinary Communications. The City Manager will send any application, disciplinary or sanction communication, as well as any notice of hearing, to the last mailing address furnished to the City Manager by the Permittee or Applicant. (Ord. 1845 § 7, 2014)

5.35.260 Length of Permit.

A. MCCC Permit. All MCCC Permits and Individual Permits are valid for one year.

B. Permit May Be Valid for Less Than Full Term. A Permit may be valid for less than the applicable permit term if revoked, suspended, voluntarily surrendered, or otherwise disciplined.

(Ord. 1845 § 7, 2014)

5.35.270 Possession of Location.

A. Evidence of Lawful Possession. Persons permitted pursuant to the provisions of this Chapter or those making application for such permits, must demonstrate proof of lawful possession of the Location. Evidence of lawful possession consists of properly executed deeds of trust, leases, or other written documents acceptable to the City Manager.

B. Relocation Prohibited. The Location shall only be the geographical area that is specifically and accurately described in executed documents verifying lawful possession. Permittees are not authorized to relocate to other areas or units within a building structure without first filing a change of location application and obtaining approval from the City Manager. Permittees shall not add additional contiguous units or areas, thereby altering the initially-approved premises, without filing

an Application to modify the Location on current forms prepared by the City Manager, including any applicable processing fee as provided in Section 5.35.280.

C. Subletting Not Authorized. Permittees are not authorized to sublet any portion of a Location for any purpose, unless all necessary applications to modify the existing Location to accomplish any subletting have been approved by the City Manager. (Ord. 1845 § 7, 2014)

5.35.280 Changing, Altering, or Modifying Location.

A. Application Required to Alter or Modify Premises. After issuance of a permit, the Permittee shall not make any physical change, alteration, or modification of the Location that materially or substantially alters the Location or the usage of the Location from the plans originally approved, without the prior written approval of the City Manager. The Permittee whose premises are to be materially or substantially changed is responsible for filing an application for approval on current forms provided by the City Manager.

B. What Constitutes a Material Change. Material or substantial changes, alterations, or modifications requiring approval include, but are not limited to, the following:

1. Any increase or decrease in the total physical size or capacity of the Location;
2. The sealing off, creation of or relocation of a common entryway, doorway, passage or other such means of public ingress and/or egress, when such common entryway, doorway or passage alters or changes limited access areas, such as the cultivation, harvesting, manufacturing, or sale of Medical Cannabis or Cannabis-Infused Product within the Location;
3. Within a Location, the permanent addition of a separate sales counter that creates an additional point-of-sale location, and the permanent addition of a display case, all of which would require the installation of additional video surveillance cameras;
4. The installation or replacement of electric fixtures or equipment, the lowering of a ceiling, or electrical modifications made for the purpose of increasing power usage to enhance cultivation activities.

C. Attachments to Application. The City Manager may grant approval for the types of changes, alterations, or modifications described herein upon the filing of an application by the Permittee, and payment of any applicable fee. The Permittee must submit all information requested by the City Manager including but not limited to, documents that verify the following:

1. The Permittee will continue to have possession of the premises, as changed, by ownership, lease, or rental agreement; and
2. The proposed change conforms to any and all City restrictions related to the time, manner, and place of MCCC regulation.

(Ord. 1845 § 7, 2014)

5.35.300 Security Plan.

A. General Security Requirements

1. Security cameras shall be installed and maintained in good working condition, and used in an on-going manner with at least 240 continuous hours of digitally recorded documentation in a format approved by the City Manager. The cameras shall be in use 24 hours per day, 7 days per week. The areas to be covered by the security cameras include, but are not limited to, the storage areas, cultivation areas, all doors and windows, and any other areas as determined by the City Manager.

2. The lease/business space shall be alarmed with a reliable, commercial alarm system that is operated and monitored by a security company or alarm business that is operating in full compliance with Chapter 5.02 of this Code.
3. Entrance to the dispensing area and any storage areas shall be locked at all times, and under the control of MCCC staff.
4. The business 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, etc., and secure the necessary approvals and permits as needed.
5. All windows on the building that houses the MCCC shall be appropriately secured and all marijuana securely stored.

B. Security Alarm Systems – Minimum Requirements

1. Each Location shall have a Security Alarm System, installed by an Alarm Installation Company, on all perimeter entry points and perimeter windows.
2. Each Permittee must ensure that its Location is continuously monitored. Permittees may engage the services of a Monitoring Company to fulfill this requirement.
3. The Permittees shall maintain up to date and current records and existing contracts on the Location that describe the location and operation of each Security Alarm System, a schematic of security zones, the name of the Alarm Installation Company, and the name of any Monitoring Company.
4. Upon request, Permittees shall make available to the City Manager or any state or local law enforcement agency, for a purpose authorized by this Chapter or any state or local law enforcement purpose, all information related to Security Alarm Systems, Monitoring, and alarm activity.

C. Lock Standards – Minimum Requirement. At all points of ingress and egress, the Permittee shall ensure the use of commercial-grade, nonresidential door locks. (Ord. 1845 § 7, 2014)

5.35.310 Video Surveillance.

A. Minimum Requirements The following video surveillance requirements shall apply to all MCCC:

1. Prior to exercising the privileges of a MCCC, an Applicant must install fully operational video surveillance and camera recording system. The recording system must record in digital format and meet the requirements outlined in this Section.
2. All video surveillance records and recordings must be stored in a secure area that is only accessible to a Permittee's management staff.
3. Video surveillance records and recordings must be made available upon request to the City Manager or any other state or local law enforcement agency for a purpose authorized by this Chapter or for any other state or local law enforcement purpose.
4. Video surveillance records and recordings of point-of-sale areas shall be held in confidence by all employees and representatives of the City Manager, except that the City Manager may provide such records and recordings to any other state or local law enforcement agency for a purpose authorized by this Chapter or for any other state or local law enforcement purpose.

5. A sign shall be posted in a conspicuous place near each point of public access which shall be not less than 12 inches wide and 12 inches long, composed of letters not less than one inch in height, stating "All Activities Monitored by Video Camera" or "These Premises Are Being Digitally Recorded" or otherwise advising all persons entering the MCCC that a video surveillance and camera recording system is in operation at the MCCC and recording all activity as provided in this Section.

B. Video Surveillance Equipment

1. Video surveillance equipment shall, at a minimum, consist of digital or network video recorders, cameras capable of meeting the recording requirements described in this rule, video monitors, digital archiving devices, and a color printer capable of delivering still photos.

2. All video surveillance systems must be equipped with a failure notification system that provides prompt notification to the Permittee of any prolonged surveillance interruption and/or the complete failure of the surveillance system.

3. Permittees are responsible for ensuring that all surveillance equipment is properly functioning and maintained so that the playback quality is suitable for viewing and the surveillance equipment is capturing the identity of all individuals and activities in the monitored areas.

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

C. Placement of Cameras and Required Camera Coverage

1. Camera coverage is required for all Limited Access Areas, point-of-sale areas, security rooms, all points of ingress and egress to Limited Access Areas, all areas where Medical Cannabis or Cannabis-Infused Product is displayed for sale, and all points of ingress/egress to the exterior of the Location.

2. Camera placement shall be capable of identifying activity occurring within 20 feet of all points of ingress and egress and shall allow for the clear and certain identification of any individual and activities on the Location.

3. At each point-of-sale location, camera coverage must enable recording of the patients, caregiver or customer(s) and employee(s) facial features with sufficient clarity to determine identity.

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

5. The system shall be capable of recording all pre-determined surveillance areas in any lighting conditions. If the Location has a Medical Cannabis cultivation area, a rotating schedule of lighted conditions and zero-illumination can occur as long as ingress and egress points to Flowering areas remain constantly illuminated for recording purposes.

6. Areas where Medical Cannabis is grown, tested, cured, manufactured, or stored shall have camera placement in the room facing the primary entry door at a height which will provide a clear unobstructed view of activity without sight blockage from lighting hoods, fixtures, or other equipment.

7. Cameras shall also be placed at each location where weighing, packaging, transport, preparation, or tagging activities occur.

8. At least one camera must be dedicated to record the access points to the secured

surveillance recording area.

9. All outdoor cultivation areas must meet the same video surveillance requirements applicable to any other indoor Limited Access Areas.

D. Location and Maintenance of Surveillance Equipment

1. Surveillance recording equipment must be housed in a designated, locked and secured room or other enclosure with access limited to authorized employees, agents of the City Manager, state or local law enforcement agencies for a purpose authorized by this Chapter or for any other state or local law enforcement purpose, and service personnel or contractors.

2. Permittees must keep a current list of all authorized employees and service Personnel who have access to the surveillance system and/or room on the Location. Permittees must keep a surveillance equipment maintenance activity log on the Location to record all service activity including the identity of the individual(s) performing the service, the service date and time and the reason for service to the surveillance system.

3. Off-site Monitoring and video recording storage of the Location by the Permittee or an independent third-party is authorized as long as standards exercised at the remote location meets or exceeds all standards for on-site Monitoring.

4. Each Medical Cannabis Location located in a common or shared building must have a separate surveillance room/area that is dedicated to that specific Location. Commonly-owned MCCC located in the same local jurisdiction may have one central surveillance room located at one of the commonly owned Location which simultaneously serves all of the commonly-owned MCCC. The facility that does not house the central surveillance room is required to have a review station, printer, and map of camera placement on the premises. All minimum requirements for equipment and security standards as set forth in the section apply to the review station.

E. Video Recording and Retention Requirements

1. All camera views of all Limited Access Areas must be continuously recorded 24 hours a day.

2. All surveillance recordings must be kept for a minimum of 10 days and be in a format that can be easily accessed for viewing. Video recordings must be archived in a format that ensures authentication of the recording as legitimately-captured video and guarantees that no alteration of the recorded image has taken place.

3. The Permittee's surveillance system or equipment must have the capabilities to produce a color still photograph from any camera image, live or recorded, of the Location.

4. The date and time must be embedded on all surveillance recordings without significantly obscuring the picture. The date and time must be synchronized with any point-of-sale system.

5. Time is to be measured in accordance with the official United States time established by the National Institute of Standards and Technology and the U.S. Naval Observatory at: <http://www.time.gov/timezone.cgi?Mountain/d/-7/java>.

6. After the 10 day surveillance video retention schedule has lapsed, surveillance video recordings must be erased or destroyed prior to being discarded or disposed of for any other purpose. Surveillance video recordings may not be destroyed if the Permittee knows or should have known of a pending criminal, civil, or administrative investigation or any other

proceeding for which the recording may contain relevant information.

F. Other Records

1. All records applicable to the surveillance system shall be maintained on the Location. At a minimum, Permittees shall maintain a map of the camera locations, direction of coverage, camera numbers, surveillance equipment maintenance activity log, user authorization list and operating instructions for the surveillance equipment.
2. A chronological point-of-sale transaction log must be made available to be used in conjunction with recorded video of those transactions.

(Ord. 1845 § 7, 2014)

5.35.320 Waste Disposal.

- A. All Applicable Laws Apply. Medical Cannabis and Cannabis-Infused Product waste must be stored, secured, and managed in accordance with all applicable state and local statutes, regulations, ordinances or other requirements.
 - B. Liquid Waste. Liquid waste from MCCC shall be disposed of in compliance the applicable Water Quality Control statutes and regulations.
 - C. Hazardous Waste. Disposal of hazardous and chemical waste must be conducted in a manner consistent with federal, state and local laws.
 - D. Waste Must Be Made Unusable and Unrecognizable. Medical Cannabis and Cannabis-Infused Product waste must be made unusable and unrecognizable prior to leaving the Location.
- (Ord. 1845 § 7, 2014)

5.35.330 Health and Safety Regulations.

- A. Local Safety Inspections. Permittees may be subject to inspection of the MCCC by the Fire Marshall, Building Official, or any code enforcement officer to confirm that no health or safety concerns are present. Inspection may result in the City Manager's formulation, adoption, and implementation of additional specific standards related to the cultivation, packaging, storage, display, or dispensing of Medical Cannabis. An annual fire safety inspection may result in the required installation of fire suppression devices, or other means necessary for adequate fire safety.
- B. Sanitary Conditions. The Permittee shall take all reasonable measures and precautions to ensure the following:
 1. That any person who, by medical examination or supervisory observation, is shown to have, or appears to have, an illness, open lesion, including boils, sores, or infected wounds, or any other abnormal source of microbial contamination for whom there is a reasonable possibility of contact with Medical Cannabis and Cannabis-Infused Product shall be excluded from any operations which may be expected to result in contamination until the condition is corrected;
 2. That hand-washing facilities shall be adequate and convenient and be furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the Location and where good sanitary practices require employees to wash or sanitize their hands, and provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices;
 3. That all persons working in direct contact with Medical Cannabis and Cannabis-Infused Product shall conform to hygienic practices while on duty, including but not limited to:

- a. Maintaining adequate personal cleanliness;
 - b. Washing hands thoroughly in an adequate hand-washing area(s) before starting work and at any other time when the hands may have become soiled or contaminated; and
 - c. Refraining from having direct contact with Medical Cannabis and Cannabis-Infused Product if the person has or may have an illness, open lesion, including boils, sores, or infected wounds, or any other abnormal source of microbial contamination, until such condition is corrected.
4. That litter and waste are properly removed and the operating systems for waste disposal are maintained in an adequate manner so that they do not constitute a source of contamination in areas where Medical Cannabis and Cannabis-Infused Product are exposed;
 5. That floors, walls, and ceilings are constructed in such a manner that they may be adequately cleaned and each is kept clean and in good repair;
 6. That there is adequate lighting in all areas where Medical Cannabis and Cannabis-Infused Product are stored or sold, and where equipment or utensils are cleaned;
 7. That the Permittee provides adequate screening or other protection against the entry of pests. Rubbish shall be disposed of so as to minimize the development of odor and minimize the potential for the waste becoming an attractant, harborage, or breeding place for pests;
 8. That any buildings, fixtures, and other facilities are maintained in a sanitary condition;
 9. That toxic cleaning compounds, sanitizing agents, and other potentially harmful chemicals are identified, held, and stored in a manner that protects against contamination of Medical Cannabis and Cannabis-Infused Product and in a manner that is in accordance with any applicable local, state, or federal law, rule, regulation or ordinance;
 10. That each Medical Cannabis Center provides its employees with adequate and readily accessible toilet facilities that are maintained in a sanitary condition and good repair; and
 11. That Medical Cannabis and Cannabis-Infused Product that can support the rapid growth of undesirable microorganisms are held in a manner that prevents the growth of these microorganisms.

(Ord. 1845 § 7, 2014)

5.35.340 Cultivation Operation: Health and Safety Regulations.

- A. Local Safety Inspections. A MCCC may engage in cultivation operations at its Location and shall be subject to inspection of its Location by the City Manager or Code Enforcement Officer to confirm that no health or safety concerns are present. The inspection could result in additional specific standards to meet local permitting authority restrictions related to Medical Cannabis or other local businesses. An annual fire safety inspection may result in the required installation of fire suppression devices, or other means necessary for adequate fire safety.
- B. General Sanitary Requirements. An Optional Premises Cultivation Operation shall take all reasonable measures and precautions to ensure the following:
 1. That any person who, by medical examination or supervisory observation, is shown to have, or appears to have, an illness, open lesion, including boils, sores, or infected wounds, or any other abnormal source of microbial contamination for whom there is a reasonable possibility of contact with Medical Cannabis shall be excluded from any operations which

may be expected to result in such contamination until the condition is corrected;

2. That all persons working in direct contact with Medical Cannabis shall conform to hygienic practices while on duty, including but not limited to:

- a. Maintaining adequate personal cleanliness;
- b. Washing hands thoroughly in an adequate hand-washing area(s) before starting work and at any other time when the hands may have become soiled or contaminated;
- c. Hand-washing facilities shall be adequate and convenient and be furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the Location and where good sanitary practices require employees to wash and/or sanitize their hands, and provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices; and
- d. Refraining from having direct contact with Medical Cannabis if the person has or may have an illness, open lesion, including boils, sores, or infected wounds, or any other abnormal source of microbial contamination, until such condition is corrected.

3. That litter and waste are properly removed and the operating systems for waste disposal are maintained in an adequate manner so that they do not constitute a source of contamination in areas where Medical Cannabis is exposed;

4. That floors, walls, and ceilings are constructed in such a manner that they may be adequately cleaned and kept clean and kept in good repair;

5. That there is adequate lighting in all areas where Medical Cannabis is stored and where equipment or utensils are cleaned;

6. That the Permittee provides adequate screening or other protection against the entry of pests. Rubbish shall be disposed of so as to minimize the development of odor and minimize the potential for the waste becoming an attractant, harborage, or breeding place for pests;

7. That any buildings, fixtures, and other facilities are maintained in a sanitary condition;

8. That toxic cleaning compounds, sanitizing agents, solvents used in the production of Medical Cannabis concentrates, and pesticide chemicals shall be identified, held, and stored in a manner that protects against contamination of Medical Cannabis, and in a manner that is in accordance with any applicable local, state, or federal law, rule, regulation, or ordinance;

9. That all contact surfaces, including utensils and equipment used for the preparation of Retail Cannabis or Retail Cannabis Product, shall be cleaned and sanitized as frequently as necessary to protect against contamination. Equipment and utensils shall be so designed and of such material and workmanship as to be adequately cleanable, and shall be properly maintained. Only sanitizing agents registered with the Environmental Protection Agency shall be used in Retail Cannabis Products Manufacturing Facilities and used in accordance with labeled instructions;

10. That the water supply shall be sufficient for the operations intended and shall be derived from a source that is a regulated water system. Private water supplies shall be derived from a water source that is capable of providing a safe, potable, and adequate supply of water to meet the facility's needs;

11. That plumbing shall be of adequate size and design and adequately installed and maintained to carry sufficient quantities of water to required locations throughout the plant and that shall properly convey sewage and liquid disposable waste from the facility. There

shall be no cross-connections between the potable and waste water lines;

12. That all operations in the receiving, inspecting, transporting, segregating, preparing, manufacturing, packaging, and storing of Retail Cannabis or Retail Cannabis Product shall be conducted in accordance with adequate sanitation principles;

13. That each Optional Premises Cultivation Operation shall provide its employees with adequate and readily accessible toilet facilities that are maintained in a sanitary condition and good repair; and

14. That Medical Cannabis that can support the rapid growth of undesirable microorganisms shall be held in a manner that prevents the growth of these microorganisms.

C. Medical Cannabis Cultivation Facility.

1. Each permitted MCCC may operate and maintain one (1) MCCF, subject to the requirements of the City's Zoning Code. Nothing in this Section shall prohibit two or more permitted MCCCs from operating or maintaining such MCCF.

2. One hundred percent (100%) of all cannabis or marijuana cultivated at each MCCF shall be distributed solely to one or more MCCFs permitted pursuant to the provisions of this Chapter.

3. Each MCCF shall be used exclusively for cultivation and for no other use or purpose. This prohibition includes without limitation distribution or sales to patients.

4. No Person shall cultivate, plant, grow, harvest, dry, process, or store one or more cannabis or marijuana plants or any part thereof in the City unless such activity has been approved or authorized pursuant to the provisions of this Chapter.

(Ord. 1879 § 3, 2015; Ord. 1845 § 7, 2014)

5.35.500 Mobile Marijuana Dispensaries.

A. Mobile Marijuana Dispensaries Prohibited. Mobile Marijuana Dispensaries are prohibited in the City. No person shall locate, operate, own, suffer, allow to be operated, or aide, abet, or assist in the operation of any Mobile Marijuana Dispensary within the City.

B. Marijuana Delivery Prohibited.

1. No Person shall deliver marijuana or medical cannabis to any location within the City from a Mobile Marijuana Dispensary, regardless of where the Mobile Marijuana Dispensary is located, or engage in any Operation for this purpose.

2. No Person shall deliver any Cannabis-Infused Product or marijuana-infused product to any location within the City from a Mobile Marijuana Dispensary, regardless of where the Mobile Marijuana Dispensary is located, or engage in any Mobile Operation for this purpose.

C. Public Nuisance Declared. Operation of any Mobile Marijuana Dispensary within the City in violation of the provisions of this chapter is hereby declared a public nuisance and shall be abated pursuant to all available remedies.

E. Exceptions. The provisions of this Section shall not apply to any MCCC that has a permit from the City pursuant to, and is operating in full compliance with, this Chapter and Section 93.23.15 of this Code, subject to the restrictions contained in this Subsection.

1. The transport of Medical Cannabis and Cannabis-Infused Product shall be conducted by a motor vehicle that is properly registered in the state of California pursuant to motor vehicle laws, but need not be registered in the name of the Permittee.

2. Transport of Medical Cannabis or Cannabis-Infused Product shall be accompanied by documents identifying the originating MCCC, the driver's valid motor vehicle operator's permit, and all required vehicle registration information.

(Ord. 1845 § 7, 2014)

5.35.600 Maintenance of Business Records.

A. General Requirements.

1. A MCCC must maintain the information required in this Section in a format that is readily understood by a reasonably prudent business person.
2. Each MCCC shall retain all books and records necessary to fully account for each transaction conducted under its permit for the current year and three preceding calendar years. The MCCC's books and records (or complete copies of such records) must be maintained on its Location at all times.
3. The books and records must fully account for all transactions of the MCCC and must include, but shall not be limited to:
 - a. Current Employee List – This list must provide the full name and relevant identification information of each employee and all non-employee Operators, who work at a MCCC.
 - b. Secure Facility Information – For its Location, a MCCC must maintain the business contact information for vendors that maintain video surveillance systems and Security Alarm Systems.
 - c. Location – Diagram of the entire premises.
 - d. Visitor Log – List of all visitors entering Limited Access Areas or Restricted Access Areas.
 - e. All records normally retained for tax purposes.

B. Loss of Records and Data. Any loss of electronically-maintained records shall not be considered a mitigating factor for violations of this rule. Permittees are required to exercise due diligence in preserving and maintaining all required records.

C. Violation Affecting Public Safety. Violation of this rule may constitute a permit violation affecting public safety.

D. Records Related to Inventory Tracking. A MCCC must maintain accurate and comprehensive inventory tracking records that account for, reconcile, and evidence all inventory activity for Medical Cannabis from either seed or Immature Plant stage until the Medical Cannabis or Cannabis-Infused Product is destroyed or sold to another MCCC or a patient.

E. Records Related to Transport. A MCCC must maintain adequate records for the transport of all activities related to Medical Cannabis and Cannabis-Infused Product.

F. Provision of Requested Records to the City Manager. A Permittee must provide on-demand access to on-premises records following a request from the City Manager during normal business hours or hours of apparent operation, and must provide access to off-premises records within three business days following a request from the City Manager.

G. Obligations Concurrent with Obligations Under Chapter 3.35. Nothing in this Section shall relieve the MCCC and the Operator from any requirement under Chapter 3.35 of this Code. (Ord.

1845 § 7, 2014)

5.35.610 Independent Audit May Be Required.

A. City Manager May Require Independent Audit

1. When the City Manager deems it necessary, the City Manager may require a MCCC to undergo an audit by an independent accountant. The scope of the audit may include, but need not be limited to, financial transactions and inventory control measures.
2. In such instances, the City Manager may attempt to mutually agree upon the selection of the independent accountant with a MCCC. However, the City Manager always retains the right to select the independent accountant regardless of whether a mutual agreement can be reached. The independent accountant shall be a certified public accountant licensed by, and in good standing with, the State of California State Board of Accountancy.
3. The MCCC will be responsible for all direct costs associated with the independent audit.

B. When Independent Audit Is Necessary. The City Manager has discretion to determine when an audit by an independent accountant is necessary. The following is a non-exhaustive list of examples that may justify an independent audit:

1. A MCCC does not provide requested records to the City Manager;
2. The City Manager has reason to believe that the MCCC does not properly maintain its business records;
3. A MCCC has a prior violation related to recordkeeping or inventory control;
4. A MCCC has a prior violation related to diversion.
5. As determined by the City Manager, the scope of an audit conducted by the City Manager would be so extensive as to jeopardize the regular duties and responsibilities of the City's Department of Finance.
6. To ensure compliance with any provision of this Code, including without limitation, the provisions of this Chapter and Chapter 3.35.

C. Compliance Required. A MCCC must pay for and timely cooperate with the City Manager's requirement that it undergo an audit in accordance with this Section.

D. Violation Affecting Public Safety. Failure to comply with this rule may constitute a permit violation affecting public safety. (Ord. 1845 § 7, 2014)

5.35.620 Manager Change Must Be Reported.

A. When Required. A MCCC shall provide the City Manager a written report within seven days after any change in Manager of the MCCC occurs.

B. Permittee Must Maintain Record of Reported Change. A MCCC must also maintain a copy of this written report with its business records.

C. Consequence of Failure to Report. Failure to report a change in a timely manner may result in discipline pursuant to this Chapter. (Ord. 1845 § 7, 2014)

5.35.700 Labeling, Packaging, and Product Safety.

A. General Requirements. The dispensing or sale of Medical Cannabis to a patient or a

patient's caregiver is prohibited unless previously placed within a Container by a MCCC. The Container must be designed to ensure that the contents are secure and are Child-Resistant.

B. Labeling Required. All Medical Cannabis and Cannabis-Infused Product dispensed, sold, transferred, or otherwise provided to a patient or a patient's caregiver must be in a Container that is labeled in a manner consistent with the provisions of this Section.

1. Labeling text on a Container may not make any false or misleading statements regarding health or physical benefits to the patient.
2. Labeling text on a Container must be no smaller than 1/16 of an inch.
3. Labeling text on a Container must be clearly written or printed and in the English language.
4. Labeling text on a Container must be unobstructed and conspicuous. A Permittee may affix multiple labels to a Container, provided that none of the information required by these rules is completely obstructed.
5. No Permittee shall dispense, sell, transfer, or give away any Medical Cannabis that does not contain a Label with a list of all ingredients, including all chemical additives, including but not limited to nonorganic pesticides, herbicides, and fertilizers that were used in its cultivation and production. The label must also list a complete list of solvents and chemicals used in the creation of any Medical Cannabis concentrate.

D. Cannabis-Infused Product – Child-Resistant Packaging. The sale of a Cannabis-Infused Product is prohibited unless:

1. The Cannabis-Infused Product has previously been placed within a Container by Cannabis-Infused Products Manufacturer. The Container must be designed or constructed to be significantly difficult for children under five years of age to open and not difficult for normal adults to use properly and that does not allow the product to be seen without opening the packaging material; or
2. The Cannabis-Infused Product has previously been placed in packaging that is labeled "Medicinal product - keep out of reach of children."

E. Cannabis-Infused Product Container Labeling Must Include the Following Information:

1. The following statement: "This product is contains medical Cannabis and was produced without regulatory oversight for health, safety or efficacy and there may be health risks associated with the consumption of the product."
2. For Cannabis-Infused Product, the product identity and net weight statements must appear on the portion of the label displayed to the patient.
3. When a Cannabis-Infused Product is made specifically for a designated patient, the label of that product shall state the patient's Medical Cannabis Registry number.
4. A list of all ingredients used to manufacture the Edible Cannabis-Infused Product; which may include a list of any potential allergens contained within, or used in the manufacture of, the Cannabis-Infused Product, and company name statements must be conspicuously listed on the Cannabis-Infused Product package.
5. A nutrition facts panel may be required if nutritional claims are made on the label of any Cannabis-Infused Product.

6. A statement that the Cannabis-Infused Product, if perishable, must be refrigerated.
7. A product expiration date, for perishable Cannabis-Infused Product, upon which the product will no longer be fit for consumption, or a use-by-date, upon which the product will no longer be optimally fresh. Once a label with a use-by or expiration date has been affixed to a Container of a Cannabis-Infused Product, a Permittee shall not alter that date or affix a new label with a later use-by or expiration date.
8. Minimum print size. The minimum print size for each of the required statements for non-infused products and for each of the required statements for Cannabis-Infused Product is 1/16 inch. The size of the characters in the net weight statement is determined by the area of the principal display panel and may be greater than 1/16 inch.

(Ord. 1845 § 7, 2014)

5.35.710 Testing.

- A. Testing Rules and Regulations. The City Manager is authorized to formulate, adopt, and amend from time to time, rules and regulations regarding the safety and potency of medical cannabis distributed, dispensed, or sold at any MCCC and any marijuana dispensary operating in the City. The purpose of such rules and regulations is safe for treatment and free of pesticides, fungicides, and microbiological organisms such as mold, bacteria, and fungus, and to verify the potency of such Medical Cannabis.
- B. Testing Centers. The City Manager is authorized on behalf of the City to contract with one or more independent testing laboratories to assist the City Manager in the formulation of the rules and regulations required under this Section and to perform periodic and random testing of Medical Cannabis at each MCCC or any marijuana dispensary operating in the City.
- C. Samples on Demand. Each MCCC shall, upon request of the City Manager, submit a sufficient quantity of Medical Cannabis and Cannabis-Infused Product to a Cannabis Testing Facility retained by the City Manager to enable laboratory or chemical analysis thereof. The Cannabis Testing Facility shall maintain the testing results as part of its business books and records. The City Manager will notify the Permittee of the results of the analysis and the Permittee shall immediately take whatever action is required or directed by the City Manager. (Ord. 1845 § 7, 2014)

5.35.720 False and Misleading Statements.

No MCCC shall display upon or in proximity to, or referring to the Location, use, publish or exhibit, or permit to be used, or published, any sign, advertisement, display, notice, symbol or other device which uses misleading, deceptive, or false advertising. (Ord. 1845 § 7, 2014)

5.35.800 Violation.

Operation of an MCCC in non-compliance with any conditions of approval or standards of this Chapter shall constitute a violation of the Municipal Code and may be enforced pursuant to the provisions of this Chapter or any other provision of the Code. (Ord. 1845 § 7, 2014)

5.35.810 Authority and Responsibility Under this Chapter.

- A. General Authority of City Manager
 1. The City Manager may delegate an act required to be performed pursuant to this Section to any Code Enforcement Officer or Official of the City, including without limitation the Chief of Police, the Fire Chief, the Building Official, the Finance Director, the City

Attorney, or any designee of such officers or officials, including day-to-day operations.

2. The City Manager or the City Manager's designees as provided in Subsection A1 above shall have all the powers of any peace officer to:

- a. Investigate violations or suspected violations of this Chapter, Chapter 3.35, and Section 93.23.15, and any other laws or regulations pertaining to Medical Cannabis in this City, and any resolutions or regulations promulgated pursuant to such provisions, and make arrests, with or without warrant, for any violation thereof, if, during an officer's exercise of powers or performance of duties pursuant to such laws, probable cause exists that a crime related to such laws has been or is being committed;
- b. Recordings made by the security cameras shall be made available to the City Manager upon verbal request; no search warrant or subpoena shall be needed to view the recorded materials.
- c. The City Manager shall have the right to enter the MCCC from time to time unannounced for the purpose of making reasonable inspections to observe and enforce compliance with this Section and all laws of the City and State of California.
- d. Serve all warrants, summonses, subpoenas, administrative citations, notices or other processes relating to the enforcement of laws regulating Medical Cannabis and Cannabis-Infused Product;
- e. Assist or aid any law enforcement officer in the performance of his or her duties upon such law enforcement officer's request or the request of other local officials having jurisdiction;
- f. Inspect, examine, or investigate any Location where Medical Cannabis or Cannabis-Infused Product are grown, stored, cultivated, manufactured, tested, distributed, or sold, and any books and records in any way connected with any permitted activity;
- g. Require any Permittee, upon demand, to permit an inspection of Location during business hours or at any time of apparent operation, Cannabis equipment, and Cannabis accessories, or books and records; and, to permit the testing of or examination of Medical Cannabis or Cannabis-Infused Product;
- h. Require Applicants to submit complete and current applications and fees and other information the City Manager deems necessary to make permitting decisions and approve material changes made by the Applicant or Permittee;
- i. Conduct investigations into the character, criminal history, and all other relevant factors related to suitability of all Permittees and Applicants for Medical Cannabis permits and such other Persons with a direct or indirect interest in an Applicant or Permittee, as the City Manager may require; and
- j. Exercise any other power or duty authorized by law.

B. Applicants and Permittees Shall Cooperate with City Manager Employees

1. Applicants and Permittees must cooperate with employees and investigators of the City Manager who are conducting inspections or investigations relevant to the enforcement of laws and regulations related to this Chapter.
2. No Applicant or Permittee shall by any means interfere with, obstruct or impede the City Manager or employee or investigator of the City Manager from exercising their duties

under the provisions of this Chapter and all rules promulgated pursuant to it. This would include, but is not limited to:

- a. Threatening force or violence against an employee or investigator of the City Manager, or otherwise endeavoring to intimidate, obstruct, or impede employees or investigators of the City Manager, their supervisors, or any peace officers from exercising their duties. The term “threatening force” includes the threat of bodily harm to such individual or to a member of his or her family;
- b. Denying employees or investigators of the City Manager access to a Location during business hours or times of apparent activity;
- c. Providing false or misleading statements;
- d. Providing false or misleading documents and records;
- e. Failing to timely produce requested books and records required to be maintained by the Permittee; or
- f. Failing to timely respond to any other request for information made by the City Manager in connection with an investigation of the qualifications, conduct or compliance of an Applicant or Permittee.

C. Administrative Hold. To prevent destruction of evidence, diversion or other threats to public safety, while permitting a Permittee to retain its inventory pending further investigation, a City Manager investigator may order an administrative hold of Medical Cannabis or Cannabis-Infused Product pursuant to the following procedure:

1. If during an investigation or inspection of a Permittee, the City Manager develops reasonable grounds to believe certain Medical Cannabis or Cannabis-Infused Product constitute evidence of acts in violation of this Chapter or rules promulgated pursuant to it, or otherwise constitute a threat to the public safety, the City Manager may issue a notice of administrative hold of any such Medical Cannabis or Cannabis-Infused Product. The notice of administrative hold shall provide a documented description of the Medical Cannabis or Cannabis-Infused Product to be subject to the administrative hold.
2. The Permittee shall completely and physically segregate the Medical Cannabis or Cannabis-Infused Product subject to the administrative hold in a separate area of the Location under investigation, where it shall be safeguarded by the Permittee. Pending the outcome of the investigation and any related disciplinary proceeding, the Permittee is prohibited from selling, giving away, transferring, transporting, or destroying the Medical Cannabis or Cannabis-Infused Product subject to the administrative hold.
3. Following an investigation, the City Manager may lift the administrative hold, order the continuation of the administrative hold, or seek a Final Agency Order for the destruction of the Cannabis.

D. Voluntary Surrender of Medical Cannabis or Cannabis-Infused Product. A Permittee, prior to a Final Order and upon mutual agreement with the City Manager, may elect to waive a right to a hearing and any associated rights, and voluntarily surrender any Medical Cannabis or Cannabis-Infused Product to the City Manager. Such voluntary surrender may require destruction of any Medical Cannabis or Cannabis-Infused Product in the presence of a City Manager. (Ord. 1845 § 7, 2014)

5.35.820 Appeals.

Any decision regarding the approval, conditional approval, denial, or revocation of a regulatory permit may be appealed to the City Council. Said appeal shall be made by a notice of appeal from the person appealing within thirty (30) days from the date of the decision. The appeal shall be accompanied by a fee, which shall be established by resolution of the City Council amended from time to time, and a written, verified declaration setting forth the basis for the claim that the permit was improperly approved, denied, conditioned or revoked. Filing of an appeal shall suspend the issuance of all regulatory permits until action is taken on the appeal. (Ord. 1845 § 7, 2014)

5.35.830 Specific Enforcement Alternatives.

A. Revocation. The City Manager may revoke a medical cannabis regulatory permit if any of the following, singularly or in combination, occur:

1. The City Manager determines that the MCCC has failed to comply with any provision of this Code, any condition or approval, or any agreement or covenant as required pursuant to this Section; or
2. Operations cease for more than 90 calendar days, including during change of ownership proceedings; or
3. Operatorship is changed without securing a regulatory permit; or
4. The MCCC fails to maintain 240 continuous hours of security recordings; or
5. The MCCC fails to allow inspection of the security recordings, the activity logs, or of the premise by authorized City officials.

B. Abatement Orders and Civil Penalties.

1. Any person, partnership, association, corporation, fiduciary, or other entity that owns, leases, occupies, controls, or manages any building, property, or occupancy and causes, permits, or maintains a violation of the provisions of this Chapter, or that falsely claims in any advertising of any kind, including without limitation, signs or handbills, that such person, association, corporation, fiduciary, or other entity is permitted as a MCCC in the City, shall be subject to an abatement order issued pursuant to the provisions of this Subsection and shall be liable for administrative penalties as follows:

- a. Each party subject to an abatement order pursuant to this Subsection, as determined by the City Manager, shall pay an administrative penalty of one thousand (\$1,000.00) dollars.
 - b. In the event that a violation of this Section addressed by an abatement order has not been abated, cured, remedied, and/or eliminated to the reasonable satisfaction the City Manager by the tenth (10th) day after the issuance of the abatement order, each party subject to said abatement order shall pay a supplemental administrative penalty of two thousand five hundred (\$2,500.00) dollars.
 - c. In the event that a violation of this Section addressed by an abatement order has not been abated, cured, remedied and/or eliminated to the reasonable satisfaction of the City Manager by the thirtieth (30th) day after the issuance of an abatement order, each party subject to said abatement order shall pay a second supplemental administrative penalty of five thousand (\$5,000.00) dollars for each calendar week, or portion thereof, the building and/or occupancy thereof is in violation of the provisions of this Section.
2. The City Manager may issue an Abatement Order for violations of the provisions of

this Section. The Abatement Order shall contain:

- a. The street address and assessor's parcel number of the premises on which the building or structure is located, sufficient for identification;
 - b. Reference to all code sections violated with a brief and concise description of the conditions found;
 - c. A statement of the required action to permanently correct outstanding violations;
 - d. A statement enumerating the action that can be taken by the City should the responsible party or parties fail to comply with the terms and deadlines as prescribed in the Abatement Order.
 - e. A statement advising that any person having any record title or interest in the building may appeal Abatement Order served, provided the appeal is made in writing, pursuant to and within the time frames provided in this Subsection. Failure to file an appeal in accordance with this Subsection shall constitute a waiver of the right to an administrative hearing and adjudication of the Abatement Order or any portion thereof.
3. The Abatement Order, or any amended Abatement Order, shall be served on the following parties:
 - a. The record owner of the property; and,
 - b. The holder of a mortgage, deed of trust, or other lien on the property, if recorded or otherwise actually known to the City Manager at the time the Abatement Order is served.
 - c. If different than a. or b. above, the tenant of any building or structure or the operator of any marijuana or cannabis dispensary activity within such building or structure.
4. Service shall be completed in the following manner:
 - a. Posting of the Abatement Order conspicuously on or in front of the property and at each point of public access into the building or structure. It is a misdemeanor to remove or deface any Abatement Order posted on the property.
 - b. Simultaneously, the same notice shall be sent by regular mail and certified mail (return receipt requested). If a notice that is sent by certified mail is returned unsigned, then service shall be deemed effective pursuant to regular mail, provided the notice that was sent by regular mail is not returned. Service by certified or regular mail in the manner described above shall be effective on the date of mailing; or
 - c. Personal service;
 - d. If the City Manager is unable to effectively serve the Abatement Order as provided in this Subsection, the City Manager may publish the Abatement Order in a newspaper of general circulation (as defined in Govt. Code § 6000), published in this jurisdiction. Publication of the Abatement Order pursuant to this Subsection shall be for five (5) days. The period of notice commences upon the first day of publication and terminates at the end of the fifth day, including therein the first day. Publication shall be made on each day on which the newspaper is published during the period. Service is deemed complete on the last day of publication.
5. The failure of any person with an interest in the property to receive any notice served in accordance with this Subsection shall not affect the validity of any proceedings taken under

this Section.

6. Proof of service of the Notice and Order shall be documented at the time of service by a declaration under penalty of perjury, executed by the person effecting service, declaring the time and manner in which service was made. If service is effectuated by certified mail, the declaration, together with any receipt card returned in acknowledgment of receipt by certified mail, shall be affixed to the copy of the Notice and Order retained by the Building Official.
7. Upon receipt of an Abatement Order, each responsible party must take one of the following actions to avoid additional penalties:
 - a. Correct the violation, pay the corresponding fine(s), if any, and contact the City Manager to request a re-inspection, prior to the compliance date specified in the abatement order; or
 - b. Request a hearing to appeal the Abatement Order pursuant to Paragraph 8 of this Section 5.35.830B.
8. A responsible party receiving an Abatement Order may appeal such order within seven (7) calendar days from the date the Abatement Order is deemed served.
 - a. The appeal must be in writing and must indicate the appellant's full name and mailing address. It must be accompanied by the penalty amount and appeal fee which shall be set by resolution of the City Council, must specify the basis for the appeal in detail, and must be filed with the City Clerk's Office. If the appeal deadline falls on a day City Hall is closed, then the deadline shall be extended until the next regular business day.
 - b. As soon as practicable after receiving the written notice of appeal, the City Manager shall fix a date, time, and place for the hearing before a hearing officer pursuant to the provisions of Section 1.06.060 of this Code. Written notice of the time and place for the hearing may be served by first class mail, at the mailing address indicated on the written appeal. Service of the appeal notice must be made at least seven (7) calendar days prior to the date of the hearing to the party appealing the administrative citation.
 - c. The failure of any person with an interest in the property, or other responsible party, to receive such properly addressed notice of the hearing shall not affect the validity of any proceedings under this Section. Service by first class mail, postage prepaid shall be effective on the date of mailing.
 - d. Failure of any responsible party to file an appeal in accordance with the provisions of this Section shall constitute a waiver of that responsible party's rights to administrative determination of the merits of the Abatement Order and the amount of the penalty. If no appeal is filed, the Abatement Order shall be deemed a final administrative order and a failure to exhaust the responsible party's administrative remedies.
9. At any time after the Abatement Order becomes final, the City Council may cause the Abatement Order and a notice of lien to be recorded with the County Recorder. The final Abatement Order and lien shall, at a minimum, identify the record owner and/or possessor of the property and set forth the last known address of the record owner and/or possessor, the date on which the penalty was imposed, a description of the real property subject to the lien, and the amount of the penalty.

10. This Section provides a civil penalty remedy that is in addition to all other legal remedies, criminal or civil, which may be pursued by the City Manager or the City Attorney to address any violation of this Section. The civil penalty imposed pursuant to the provisions of this section shall be in lieu of the administrative citation penalties imposed pursuant to the provisions of Section 1.06.040 of this Code.

(Ord. 1845 § 7, 2014)

ZONING CODEChapter 93.00 GENERAL CONDITIONS**93.23.15 Medical Cannabis Cooperative or Collective and Medical Cannabis Cultivation Facility Special Standards.**

- A. No land use entitlement, permit (including building permit) approval, site plan, certificate of occupancy, zoning clearance, or other land use authorization for a MCCC or Medical Cannabis Cultivation Facility (MCCF) shall be granted or permitted except in conformance with this Section.
- B. MCCC and MCCF establishments shall be permitted only upon application and approval of a regulatory permit in accordance with the criteria and process set forth in Chapter 5.35 of this Code. Prior to initiating operations and as a continuing requisite to conducting operations, the legal representative of the persons wishing to operate a MCCC or MCCF shall obtain a regulatory permit from the City Manager under the terms and conditions set forth in Chapter 5.35 of this Code and shall otherwise fully comply with the provisions of this Section.
- C. No MCCC shall be established, developed, or operated within two-hundred fifty (250) feet of Palm Canyon Drive or any residential zone property; within five hundred (500) feet of a school, public playground or park, child care or day care facility, youth center, or church. All distances shall be measured in a straight line, without regard to intervening structures, from the nearest property line of the property on which the MCCC is, or will be located, and to the nearest property line of those uses described in this Subsection. Administrative modifications for this standard may be granted by the City Council pursuant to Section 94.06.01.B.
- D. A MCCC or MCCF is not and shall not be approved as an accessory use to any other use permitted by this Zoning Code. MCCC and MCCF facilities may be located on the same parcel or on the same premises as otherwise permitted by this Zoning Code.
- E. A MCCC or MCCF shall be parked at a rate of one (1) space for every two hundred fifty (250) gross square feet of office space, and one (1) space for every eight hundred (800) feet of warehouse/cultivation space. Administrative modifications for this standard may be granted by the City Council pursuant to Section 94.06.01.B. (Ord. 1876 § 10, 2015; Ord. 1845 § 12, 2014; Ord. 1829 § 3, 2013; Ord. 1812 §§ 4—6, 2012; Ord. 1811 §§ 2—4, 2012; Ord. 1805 § 3, 2012; Ord. 1804 § 1, 2012; Ord. 1799 § 2, 2011; Ord. 1758 § 5, 2009)

ORDINANCE NO. NS-2864

AN ORDINANCE OF THE PEOPLE OF THE CITY OF SANTA ANA AMENDING CHAPTER 18 OF THE MUNICIPAL CODE TO DELETE AND REPLACE ARTICLE XIII, TO DELETE SECTION 41-121, DELETE SUBSECTION (B) OF SECTION 41-144, AND AMEND ARTICLE XII OF CHAPTER 21 BY ADDING SECTIONS 21-126, 21-127, 21-128, 21-129 AND 21-130 TO REGULATE THE ESTABLISHMENT, OPERATION AND TAXATION OF MEDICAL MARIJUANA COLLECTIVES AND COOPERATIVES

WHEREAS, in 1996, the California electorate approved Proposition 215, the Compassionate Use Act of 1996, which allows a patient, with a doctor's recommendation, to use marijuana for medical purposes without the fear of prosecution or arrest; and

WHEREAS, in 2003, the California legislature passed Senate Bill 420 (Medical Marijuana Program Act) which amended the Health and Safety Code to permit the establishment of medical marijuana dispensaries for the distribution of marijuana for medical purposes; and

WHEREAS, cities where medical marijuana dispensaries have been permitted to operate have experienced significant problems, including burglaries and takeover robberies of dispensaries, robberies of customers leaving dispensaries, an increase in crime (especially thefts and robberies) in the vicinity of dispensaries, illegal re-selling of marijuana obtained from dispensaries, physicians issuing apparently fraudulent recommendations for the use of marijuana, collective staff selling marijuana to customers with obviously counterfeit patient identification cards, street dealers attempting to sell marijuana to collective customers, collective customers using marijuana and then driving under the influence of marijuana, the sale of illegal drugs other than marijuana in the dispensaries, sales of marijuana to minors; and

WHEREAS, after studying various alternatives for the regulation of medical marijuana dispensaries, considering testimony from members of the public, and reviewing the legal status of medical marijuana dispensaries under applicable law, the City Council finds that the regulation and operation of medical marijuana dispensaries is necessary to protect the public health, safety, and welfare by mitigating the adverse secondary effects from the operations of medical marijuana dispensaries; and

WHEREAS, the City of Santa Ana has a compelling interest in ensuring that marijuana is not distributed in an illicit manner, in protecting the public health, safety and welfare of its residents and businesses, in preserving the peace and quiet of the neighborhoods in which medical marijuana collectives operate, and in providing compassionate access to medical marijuana to its seriously ill residents.

NOW, THEREFORE, THE PEOPLE OF THE CITY OF SANTA ANA DO ORDAIN
AS FOLLOWS:

SECTION 1. The People hereby adopt the recitals and findings set forth above and in the request for Council action-staff report prepared in connection with this ordinance.

SECTION 2. Article XIII of Chapter 18 of the Santa Ana Municipal Code is hereby deleted in its entirety and replaced with the following:

Chapter 18

ARTICLE XIII. MEDICAL MARIJUANA COLLECTIVES/COOPERATIVES

18-610. Purposes and intent.

It is the purpose and intent of this article to regulate the collective distribution of medical marijuana in order to ensure the health, safety and welfare of the residents of the City of Santa Ana. The regulations in this article, in compliance with the Compassionate Use Act, the Medical Marijuana Program Act, and the California Health and Safety Code (collectively referred to as "State Law") do not interfere with a patient's right to use medical marijuana as authorized under State Law, nor do they criminalize the possession or cultivation of medical marijuana by specifically defined classifications of persons, as authorized under State Law. Under State Law, only qualified patients, persons with identification cards, and primary caregivers may cultivate medical marijuana collectively. Medical marijuana collectives shall comply with all provisions of the Santa Ana Municipal Code ("Code"), State Law, the 2008 California Attorney General Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use, and all other applicable local and state laws. Nothing in this article purports to permit activities that are otherwise illegal under state or local law.

18-611. Definitions.

(a) "Cultivation" and/or "Cultivate" shall mean the planting, growing, harvesting, drying, processing, or storage of one or more marijuana plants or any part thereof.

(b) "Medical Marijuana Collective" or "Cooperative" or "Collective" means any facility or location where medical marijuana is made available and/or distributed by or to one or more of the following: a primary caregiver, a qualified patient or a person with an identification card in strict accordance with California Health and Safety Code Section 11362.5 et seq., as sometimes amended. A "medical marijuana collective" shall not include the following uses, as long as the location of such uses are otherwise regulated by this Code or applicable law: a clinic licensed pursuant to Chapter 1 of Division 2 of the Health and Safety Code, a health care facility licensed pursuant to Chapter 2 of Division 2 of the Health and Safety Code, a residential care facility for persons with chronic life-threatening illness licensed pursuant to Chapter 3.01 of Division 2 of the Health and Safety Code, a residential care facility for the elderly licensed pursuant to

Chapter 3.2 of Division 2 of the Health and Safety Code, a residential hospice or a home health agency licensed pursuant to Chapter 8 of Division 2 of the Health and Safety Code, as long as such use complies strictly with applicable law including, but not limited to, Health and Safety Code Section 11362.5 et seq. For purposes of this Municipal Code, "Dispensary" and "Dispensaries" have the same the same meaning as Collective or Cooperative.

(c) "Identification Card" shall have the same definition as that contained in Health and Safety Code § 11362.7 et seq., as sometimes amended.

(d) "Manager" means any person responsible for the establishment, organization, supervision, or oversight of the operation of a Collective, including but not limited to members who perform the functions of president, vice-president, director, operating officer, financial officer, secretary, or treasurer. Ability to control one or more of the following functions shall be prima facie evidence that such person is a manager: (1) to hire, select, or separate employees or staff, including volunteers; (2) to acquire facilities, furniture, equipment or supplies other than occasional replenishment of stock; (3) to disburse funds of the business other than occasional expenditures for replenishment of stock; or (4) to make, or participate in making, policy decisions relative to the operations of the business.

(e) "Marijuana" shall have the same definition as that contained in Health and Safety Code § 11018 as sometimes amended.

(f) "Medical Marijuana" shall have the same definition as that contained in Health and Safety Code § 11362.5 et seq., as sometimes amended.

(g) "Primary Caregiver" shall have the same definition as that contained in Health and Safety Code § 11362.5 and 11362.7, as sometimes amended.

(h) "Qualified Patient" shall have the same definition as that contained in Health and Safety Code § 11362.5 as sometimes amended.

18-612. Scope of article.

The operating standards established in this article apply to any site, facility, location, use, cooperative or business currently operating in the City of Santa Ana, or which commences operations after the effective date of this Article, that distributes, dispenses, stores, sells, exchanges, processes, delivers, or gives away, medical marijuana to qualified patients, health care providers, patients' primary caregivers, or physicians, pursuant to Health & Safety Code § 11362.5 (adopted as Proposition 215, the "Compassionate Use Act of 1996") or any state regulations adopted in furtherance thereof. Any collective in the City of Santa Ana shall operate in conformance with the operating standards set forth in section 18-613 of this Code to assure that the operations of the collective are in compliance with California law and to mitigate the adverse secondary effects from operations of dispensaries.

18-613. Operating standards.

(a) At all times the collective is open, a collective shall provide at least one security guard who is licensed, possesses a valid Department of Consumer Affairs "security guard card", and has a valid Santa Ana Business License. Security guards shall not possess firearms.

(b) The security guard and collective personnel shall monitor the site and the immediate vicinity of the site to assure that patrons immediately leave the site and not consume medical marijuana in the vicinity of the collective or on the property or in the parking lot.

(c) Exterior signage shall be limited to one wall sign not to exceed ten square feet in area and may not be externally or internally illuminated. Interior signage or advertising may not be visible from the exterior.

(d) No recommendations from a doctor for medical marijuana shall be issued on-site.

(e) There shall be no on-site sales of alcohol or tobacco products, and no on-site consumption of food, alcohol, tobacco or marijuana by patrons.

(f) Hours of operation shall be limited to: Monday--Saturday 10 a.m.--8 p.m. and Sunday 11a.m.--7 p.m.

(g) The property provides a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the property is not detected outside the property, anywhere on adjacent property or public rights-of-way, or within any other unit located within the same building as the collective.

(h) A collective shall only dispense medical marijuana to qualified patients and their caregivers as defined by California Health and Safety Code § 11362.5 (Proposition 215). This shall include possession of an original valid doctor's recommendation, not more than one year old, for medical marijuana use by the patient.

(i) A collective shall notify patrons of the following both verbally and through posting of a sign in a conspicuous location:

(1) Use of medical marijuana shall be limited to the patient identified on the doctor's recommendation. Secondary sale, barter or distribution of medical marijuana is a crime and can lead to arrest.

(2) That loitering on and around the collective site is prohibited by California Penal Code § 647(e) and that patrons must immediately leave the site and not consume medical marijuana in the vicinity of the collective or on the property or in the parking lot.

(3) Forgery of medical documents is a felony crime.

(4) A warning that patrons may be subject to prosecution under federal

marijuana laws.

(5) That the use of medical marijuana may impair a person's ability to drive a motor vehicle or operate machinery.

(j) A collective shall not provide marijuana to any individual in an amount not consistent with personal medical use.

(k) A collective shall not store more than \$200.00 in cash reserves overnight on the premises and shall make at least one daily bank drop that includes all cash collected on that business day.

(l) No one under 21 years of age shall be permitted to enter establishment, unless such person is a qualified patient and is accompanied by his or her Primary Caregiver, licensed Attending Physician, parent(s) or documented legal guardian.

(m) A collective shall provide the name and phone number of an on-site staff person to the Police Department and Community Preservation Division for notification if there are operational problems with the establishment.

(n) Each collective operator(s) and employees shall complete a criminal background check. Employees, managers or volunteers may not have been convicted of, or plead guilty/no-contest to a felony or misdemeanor drug charge within the past four years.

(o) Marijuana shall not be grown or cultivated at collective sites, except that cuttings of the marijuana plant may be kept or maintained on-site for distribution to qualified patients and primary caregivers as follows:

(1) The cuttings shall not be utilized by a collective as a source for the provision of marijuana for consumption on-site, however, upon provision to a qualified patient or primary caregiver, that person may use the cuttings to cultivate marijuana plants off-site for their own use and they may also return marijuana from the resulting mature plant for distribution by the collective.

(2) For the purposes of this paragraph, the term "cutting" shall mean a rootless piece cut from a marijuana plant, which is no more than six inches in length, and which can be used to grow another plant in a different location.

(p) A collective shall comply with applicable provisions of the California Health and Safety Code §§ 11362.5 through 11362.83, inclusive.

(q) If food is distributed, the collective shall comply with all relevant state laws and City ordinances pertaining to the preparation, distribution and sale of food.

- (r) The location, interior and exterior, shall be monitored at all times by web-based closed-circuit television for security purposes. The camera and recording system must be of adequate quality, color rendition and resolution to allow the ready identification of any individual committing a crime anywhere on or adjacent to the location. The recordings shall be maintained for a period of not less than ninety days. The Police Department may request the recordings in connection with an investigation. If the recordings are not voluntarily provided, the Police Department may seek a warrant or court order for the recordings.
- (s) The location shall have a centrally-monitored fire and burglar alarm system and the building or the portion of the building where the collective is located shall contain a fire-proof safe;
- (t) No manufacture of concentrated cannabis in violation of California Health and Safety Code section 11379.6 is allowed;
- (u) No collective shall operate for profit. Cash and in-kind contributions, reimbursements, and reasonable compensation provided by members towards the collective's actual expenses of the growth, cultivation, and provision of medical marijuana shall be allowed provided that they are in strict compliance with State Law. All such cash and in-kind amounts and items shall be fully documented.
- (v) If the collective operator is not the owner of the property where the collective is to operate, the operator shall provide evidence that the property owner(s) consent to the operation of a collective on the property.

18-614. Reserved.

18-615. Zones permitted.

No collective shall operate within a residential (R-1, R-2, R-3, R-4, RE, CR) zone, Professional (P) zone, Arterial Commercial (C-5) zone, Planned Shopping Center (C-4) zone, Specific Development (SD), Specific Plan (SP) or Agricultural (A-1) zone. A Collective may only operate in an Industrial zone (M-1, M-2) in accordance with this Article.

18-616. Separation requirements.

- (a) No collective shall be located within 500 feet of another Medical Marijuana Collective or Cooperative or within 1,000 feet of any:
 - (1) School;
 - (2) Park;
 - (3) Residential zone.

18-617.01 Cooperative/Collective registration required.

Within 30 days after the adoption of this Chapter, the Director of Planning and Building shall prepare Cooperative/Collective registration application forms and a related administrative policy. Each collective interested in operating pursuant to this article may submit an application together with a non-refundable processing fee in an amount established by the City Council within 60 days after the adoption of this article, the Director shall stop accepting applications and process all applications received.

The Director or his or her designee shall determine whether each application demonstrates compliance with this article. Each application that is in compliance with this article shall be placed on a qualified registration list and the Director shall notify the applicant in writing of its qualified registration status. Once all applications are processed, the Director shall hold a "lottery" process in an open and public location and select 20 applications. Each applicant may then choose to file an application for a Regulatory Safety Permit pursuant to Section 18-617.2.

The Director shall maintain the qualified registration list and update it on an annual basis. Any applicant on the list must submit a written request each year to maintain its status on the list and the Director may place new applicants on the list in order in which the applications are received.

18-617.01 Cooperative/Collective regulatory safety permit.

(a) Every Medical Marijuana Collective shall obtain a Regulatory Safety Permit from the Police Department. The applicant shall pay a non-refundable fee in an amount established by the City Council. It shall be unlawful for any person, association, partnership or corporation to engage in, conduct or carry on, in or upon any premises within the City a Medical Marijuana Collective without the required permit.

(b) A copy of the Regulatory Safety Permit shall be displayed at all times in a place visible to the public.

(c) A Regulatory Safety Permit shall be valid for a period of one (1) year, unless sooner revoked. No permit granted herein shall confer any vested right to any person or business for more than the above-referenced period.

18-617.2. Medical marijuana collective – regulatory permit application process.

(a) Any Medical Marijuana Collective desiring a regulatory safety permit required by this article shall, prior to initiating operations and after receiving notice of its successful registration under section 18-617.01, complete and file an application to the Chief of Police on a form supplied by the Police Department. The application shall be filed together with a nonrefundable fee as establish by resolution of the City Council, to defray, the cost of investigation required by this article. The application shall contain all of the following:

(1) The address of the property where the proposed Medical Marijuana Collective(s) will operate;

(2) A site plan describing the property with fully dimensioned interior and exterior floor plans including electrical, mechanical, plumbing, and disabled access compliance pursuant to Title 24 of the State of California Code of Regulations and the federally mandated Americans with Disabilities Act;

(3) Exterior photographs of the entrance(s), exits(s), street frontage(s), parking, front, rear and side(s) of the proposed property;

(4) Photographs depicting the entire interior of the proposed property;

(5) If the property is being rented or leased or is being purchased under contract, a copy of such lease or contract;

(6) If the property is being rented or leased, written proof that the property owner, and landlord if applicable, were given notice that the property will be used as a Medical Marijuana Collective, and that the property owner, and landlord if applicable, agree(s) to said operations;

(7) The name, address, telephone number, title and function(s) of each manager, employee, volunteer, etc.;

(8) For each manager, employee, volunteer, a fully legible copy of one valid government issued form of photo identification, such as State Driver's License or Identification Card;

(9) If the Medical Marijuana Collective is a corporation, a certified copy of the Collective's Secretary of State Articles of Incorporation, Certificate(s) of Amendment, Statement(s) of Information and a copy of the Collective's Bylaws;

(10) If the Medical Marijuana Collective is an unincorporated association, a copy of the Articles of Association;

(11) The name and address of the applicant's current agent for Service of Process;

(12) A copy of the applicant's Board of Equalization Seller's Permit;

(13) A copy of the Medical Marijuana Collective Operating Standards, listed in Section 18-613, containing a statement dated and signed by the responsible party on-site stating under penalty of perjury, that they read, understand and shall ensure compliance with the aforementioned operating standards.

The Chief of Police shall have sixty (60) calendar days in which to investigate the application and background of the applicant. The department of building safety and

housing, the fire department and the Orange County Health Department shall inspect the premises proposed to be devoted to the collective establishment and shall make separate recommendations to the Chief of Police or designee concerning compliance with the foregoing provisions.

The Chief of Police or designee, after receiving the application and aforementioned recommendations, shall grant the permit if he finds:

- (1) The required fee has been paid.
- (2) The application conforms in all respects to the provisions of this article.
- (3) The applicant has not knowingly made a material misrepresentation in the application.
- (4) The applicant has fully cooperated in the investigation of his application.
- (5) The applicant has not had a regulatory safety permit or other similar license or permit denied or revoked for cause by this City or any other city located in or out of this state within the five (5) years prior to the date of application.
- (6) The collective as proposed by the applicant would comply with all applicable laws including, but not limited to, health, zoning, fire and safety requirements.
- (7) The applicant has demonstrated compliance with the California Department of Justice, Office of the Attorney General, "Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use" standards.

18-617.3. Medical marijuana collective – regulatory permit annual renewal

(a) Applications for the renewal of a permit shall be filed with the Chief of Police at least sixty (60) calendar days before the expiration of the current permit. Temporary permits will not be issued. Any permittee allowing his or her permit to lapse or which permit expired during a suspension shall be required to submit a new registration application and pay the corresponding original application fees.

(b) Any person desiring to obtain a renewal of his/her respective permit shall file a written application under penalty of perjury on the required form with the Chief of Police who shall conduct an investigation. The application shall be accompanied by a nonrefundable filing fee established by separate resolution of the City Council to help defray the cost of the investigation required by this article. An applicant shall be required to update the information contained in his/her original permit application and provide any new and/or additional information as may be reasonably required by the Chief of Police in order to determine whether said permit should be renewed.

18.617.4 Maintenance of records.

A Medical Marijuana Collective shall maintain records at the location accurately and truthfully documenting: (1) the full name, address, and telephone number(s) of the owner, landlord and/or lessee of the location; (2) the full name, address, and telephone number(s) of all members who are engaged in the management of the collective and the exact nature of each member's participation in the management of the collective; (3) the full name, address, and telephone number(s) of all patient members to whom the collective provides medical marijuana, a copy of a government-issued identification card for all patient members; (4) the full name, address, and telephone number(s) of all primary caregiver members to whom the collective provides medical; (5) all receipts of the collective, including but not limited to all contributions, reimbursements, and reasonable compensation, whether in cash or in kind, and all expenditures incurred by the collective for the cultivation of medical marijuana; and (6) proof of compliance with the California Attorney General Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use. These records shall be maintained by the collective for a period of five years and shall be made available by the collective to the Police Department and/or Community Preservation Division upon request. If they are not produced as requested the City may seek a search warrant, subpoena, or court order. In addition to all other formats that the collective may maintain, these records shall be stored by the collective at the location in a printed format in its fire-proof safe. Any loss, damage or destruction of the records shall be reported to the Police Department within 24 hours of the loss, destruction or damage.

18-617.5 Audits.

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

18-618. Inspection and enforcement responsibilities.

The Community Preservation Division may enter and inspect the location of any collective between the hours of 10:00 a.m. and 8:00 p.m., or at any reasonable time, to ensure compliance with this article. In addition, a designated unit within the Police Department may enter and inspect the location of any collective and the recordings and records maintained as required by this article, except that the inspection and copying of private medical records shall be made available to the Police Department only pursuant to a properly executed search warrant, subpoena, or court order. It is unlawful for any owner, landlord, lessee, member (including but not limited to a member engaged in the management), or any other person having any responsibility over the operation of the collective to refuse to allow, impede, obstruct or interfere with an inspection, review or copying of records and closed-circuit monitoring authorized and required under this article, including but not limited to, the concealment, destruction, and falsification of any recordings, records, or monitoring.

18-619. Applicability to existing medical marijuana operations.

Any existing medical marijuana collective, dispensary, operator, establishment, or provider that does not comply with the requirements of this article must immediately cease operation until such time, if any, when it complies fully with the requirements of this article. No medical marijuana collective, dispensary, operator, establishment, or provider that existed prior to the enactment of this article shall be deemed to be a legally established use under the provisions of this article, and such medical marijuana collective, dispensary, operator, establishment, or provider shall not be entitled to claim legal nonconforming status.

18-620. Compliance with this article and state law.

(a) It is unlawful for any person to (i) cause, permit or engage in the cultivation, possession, distribution or giving away of marijuana or (ii) own establish, operate, use or permit the establishment or operation of a medical marijuana collective or cooperative, or to participate as an employee, contractor, agent or volunteer of a collective or cooperative, except as provided in this article, and pursuant to any and all other applicable local and state laws.

(b) It is unlawful for any person to cause, permit or engage in any activity related to medical marijuana except as provided in Health and Safety Code Sections 11362.5 *et seq.*, and pursuant to any and all other applicable local and state laws.

(c) It is unlawful for any person to knowingly make any false, misleading or inaccurate statements or representations in any forms, records, filings or documentation required to be maintained, filed or provided to the City under this article, or to any other local, state or federal government agency having jurisdiction over any of the activities of collectives.

(d) It shall be the sole responsibility of the members engaged in the management of the collective to ensure that the collective is at all times operating in a manner compliant with all applicable state laws and this article. Nothing in this article shall be construed as authorizing any actions which violate state law with regard to the cultivation, transportation, provision, and sale of medical marijuana.

18-621. Violation and enforcement.

Each and every violation of this article shall constitute a separate violation and shall be subject to all remedies and enforcement measures authorized by this Municipal Code. Additionally, as a nuisance per se, any violation of this article shall be subject to injunctive relief, revocation of the collective's registration, revocation of the certificate of occupancy for the location, disgorgement and payment to the City of any and all monies unlawfully obtained, costs of abatement, costs of investigation, attorney fees, and any other relief or remedy available at law or equity. The City may also

pursue any and all remedies and actions available and applicable under local and state laws for any violations committed by the collective and persons related or associated with the collective.

SECTION 3. Section 41-121 of the Santa Ana Municipal Code is hereby deleted in its entirety.

SECTION 4. Subsection (b) of Section 41-144 of the Santa Ana Municipal Code is hereby deleted in its entirety.

SECTION 5. Chapter 21, Article XII of the Santa Ana Municipal Code, comprised of sections 21-126, 21-127, 21-128, 21-129 and 21-130, is hereby added such that it reads as follows:

Sec. 21-126. Purpose.

This article is required for the purpose of fixing the rate of taxation for Marijuana Collectives/Cooperatives and for the purpose of providing a tax levy for the usual and current expenses of the City of Santa Ana. The taxes required to be paid under this article are declared to be required pursuant to the taxing power of the City of Santa Ana solely for the purpose of obtaining revenue and are not regulatory permit fees.

Sec. 21-127. Marijuana collectives/cooperatives – Annual business license tax assessment.

(a) Annual business license tax assessment for Marijuana Collectives/Cooperatives:

(1) Every Collective/Cooperative whether it is organized or conducted as a "not for profit" business, a "non-profit" business, or a "for-profit" business, shall pay an annual business license tax in accordance with Chapter 21 of this Code and the Sections and Subsections hereunder.

(2) For the purposes of this article, a Marijuana Collective/Cooperative is defined in section 18-611 of this Municipal Code and is considered to be a business as that term is defined in Section 21-3 of this Chapter.

(3) For the purposes of this article, a Collective/Cooperative is not considered to be a religious or charitable organization.

(4) "Medical Marijuana Collective/Cooperative" or "Collective/Cooperative" shall mean any activity regulated or permitted by Chapter 18 of this Municipal Code.

(5) For the purposes of this article, a Marijuana Collective/Cooperative is not considered to be a business or person having a "specified exemption" or "specified exclusion" from business license taxation as set forth in Sections 21-48

and 21-49 of this Chapter.

(6) For the purposes of this article, a "Nonprofit Organization" shall mean any institution or organization that is exempted from taxes measured by income or gross receipts pursuant to Article XIII, Section 26 of the California Constitution as codified under Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code and Section 37101 (c) of the Government Code or Sub-Chapter F (commencing with Section 501) of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986. An institution or organization operating as a Collective/Cooperative and claiming a gross receipts assessment business license tax exemption under this section shall have the burden of furnishing to the collector such information as the collector may require to validate the claim of exemption including but not limited to such a determination by the California Franchise Tax Board or any other information requested by the collector.

(7) For the purposes of this article, "gross receipts" shall mean any transfer of title or possession, exchange or barter, conditional or otherwise, in any manner or by any means whatsoever, of tangible personal property for a consideration including any monetary consideration for marijuana whatsoever, including, but not limited to, membership dues, reimbursements provided by members, regardless of form, or the total amount of cash or in-kind contributions, including all operating costs related to the growth, cultivation or provision of marijuana or any transaction related thereto. "Gross receipts" shall also include without limitation anything else of value obtained by a Collective/Cooperative. The term "gross receipts" shall also include the total amount of the sale price of all sales, the total amount charged or received for the performance of any act, service or employment of whatever nature it may be, whether or not such service, act or employment is done as a part of or in connection with the sale of goods, wares, merchandise, for which a charge is made or credit allowed, including all refunds, cash credits and properties of any amount or nature, any amount for which credit is allowed by the seller to the purchaser without any deduction therefrom, on account of the cost of the property sold, the cost of materials used, the labor or service cost, interest paid or payable, losses, or any other expense whatsoever; provided that cash discounts allowed or payment on sales shall not be included. "Gross receipts" shall also include the amount of any federal, manufacturer's or importer's excise tax included in the price of property sold, even though the manufacturer or importer is also the retailer thereof and whether or not the amount of such tax is stated as a separate charge. "Gross receipts" shall not include the amount of any federal tax imposed on or with respect to retail sales whether or not the amount of such tax is stated as a separate charge. "Gross receipts" shall not include the amount of any federal tax imposed on or with respect to retail sales whether imposed upon the retailer or the consumer and regardless of whether or not the amount of federal tax is stated to customers as a separate charge, or any California state, city or city and county sales or use tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser, or such part of the

sales price of any property previously sold and returned by the purchaser to the seller which is refunded by the seller by way of cash or credit allowances given or taken as part payment on any property so accepted for resale. "Gross receipts" shall be calculated without any deduction on account of any of the following:

- (i) The cost of tangible property sold or bartered;
- (ii) The cost of materials or products used, labor or service cost, interest paid, losses, or other expense; or
- (iii) The cost of transportation of the marijuana, or other property or product.

(b) Business license tax rates for Marijuana Collectives/Cooperatives.

(1) Every Collective/Cooperative, excepting a qualified "Nonprofit Organization", whether it is organized or conducted as a "not for profit" business, a "non-profit" business, or a "for-profit" business, shall pay a separate business license tax at a rate of up to ten percent (10%) of the gross receipts generated or otherwise received for each branch establishment or separate property location of the business. The gross receipts tax shall be initially set at a rate of five percent (5%). The maximum tax rate shall not exceed ten percent (10%) of gross receipts. This tax shall not be adjusted for inflation pursuant to Section 21-121 of this Chapter.

(2) Notwithstanding the maximum tax rate of ten percent (10%) of gross receipts imposed under subsection (b)(1), the City Council may in its discretion at any time by ordinance implement a lower gross receipts tax rate for all Marijuana Collectives/Cooperatives, as defined in such ordinance, subject to the maximum rate of ten percent (10%) of gross receipts. The City Council may by ordinance increase any such gross receipts tax rate from time to time, not to exceed the maximum gross receipts tax rate established under subsection (b)(1).

(3) As part of the gross receipts tax imposed by this article, each Collective/Cooperative shall pay a minimum basic rate of two thousand dollars annually for each separate branch location or separate property location of the business.

(c) Modification, Repeal or Amendment.

The City Council may repeal the ordinance codified in this article, or amend it in a manner which does not result in an increase in the tax or taxes imposed herein, without further voter approval. The City Council may likewise by ordinance adopt and add additional provisions to any other article of this Chapter and relate them to this article, or amend any existing provisions of any article of this Chapter as they may already relate to this article in any manner which does not result in an increase in the tax or taxes imposed herein, without further voter approval. If the City Council repeals said ordinance or any provision of this article, it may subsequently reenact it without voter

approval, as long as the reenacted ordinance or section does not result in an increase in the tax or taxes imposed herein.

- (d) Administration - rules, regulations, and guidelines; interpretation/clarification.

In order to aid in the City's collection of taxes due under this article and to ensure that all Marijuana Collectives/Cooperatives are taxed consistently to the best of the City's ability, the collector, with the concurrence of the City Attorney, may promulgate rules, regulations, and guidelines, to implement and administer this article including, but not limited to rules, regulations, and guidelines harmonizing other provisions of this Chapter with the provisions of this article in any manner not inconsistent with the intent of this article and which does not result in an increase in the tax or taxes imposed herein. The collector may also, with the concurrence of the City Attorney, interpret or clarify the methodology of the tax, or any definition applicable to the tax, so long as such interpretation or clarification (even if contrary to some prior interpretation or clarification) is not inconsistent with the language of this article.

- (e) Occasional transactions – Exemptions.

(1) The provisions of this article shall not apply to persons having no fixed place of business within the City of Santa Ana who come into the City for the purpose of transacting a specific item of Marijuana Collective/Cooperative business at the request of a specific patient, client or customer, provided that such person does not come into the City for the purpose of transacting business on more than five days during any calendar year.

(2) For any person not having a fixed place of business within the City of Santa Ana who comes into the City for the purpose of transacting Collective/Cooperative activities, the business tax payable by such person may be apportioned by the collector in accordance with this Chapter.

- (f) Reporting and Remittance.

Beginning as set forth in subsection (k) below, and monthly thereafter, each Marijuana Collective/Cooperative (except qualified Nonprofit Organizations exempt from taxes measured by income or gross receipts) required to pay a tax based on gross receipts under this article, shall report to the City any gross receipts received during the preceding monthly reporting period and shall likewise remit to the City the taxes due and owing during said period. For purposes of this section, month shall mean calendar month, and taxes shall begin to accrue on the date that a person or entity first receives a business license or other permit to operate as a Collective/Cooperative.

The payment of the two thousand dollars minimum basic rate gross receipts tax required annually for each separate branch location or separate property location of the business in accordance subsection (b)(3), shall be made annually prior to the beginning of the fiscal year beginning April first of the current year and expiring on the thirty-first

day of March of the following year. In the case of a new Collective/Cooperative the minimum basic rate gross receipts tax shall be paid in advance prior to any new business activity being undertaken. Every new licensee shall pay in advance an amount equal to one-quarter ($\frac{1}{4}$) of the annual minimum basic rate gross receipts tax, for each quarter and fraction of a quarter remaining during the period for which the new license is issued.

(g) Delinquent date-Penalty.

Any individual or entity who fails to pay the taxes required by this article when due shall be subject to penalties and interest as set forth in accordance with this Chapter. The collector is not required to send a delinquency or other notice or bill to any person subject to the provisions of this Chapter and failure to send such notice or bill shall not affect the validity of any tax or penalty due under the provisions of this Chapter.

(h) Payment of tax does not authorize unlawful business.

(1) The payment of a business tax required by this article, and its acceptance by the City, shall not entitle any person to carry on any Collective/Cooperative unless the person has complied with all of the requirements of this Code and all other applicable laws, nor to carry on any Collective/Cooperative in any building or on any premises in the event that such building or premises are situated in a zone or locality in which the conduct of such Collective/Cooperative is in violation of any law.

(2) No tax paid under the provisions of this article shall be construed as authorizing the conduct or continuance of any illegal or unlawful business, or any legal business in an illegal manner, or any business in violation of any ordinance of the City. Nothing in this article implies or authorizes that any activity connected with the distribution or possession of marijuana is legal unless otherwise authorized and allowed by California and federal law. Nothing in this section shall be applied or construed as authorizing the sale of marijuana.

(i) Business license tax certificate - Required.

There are imposed upon all persons engaged in transacting and carrying on any Collective/Cooperative business activity in the City taxes in the amounts prescribed in this article. It shall be unlawful for any person, either for him or herself or for any other person, to commence, transact or carry on any business in the City without first having procured a business license from the City under this Chapter and having paid the taxes set forth in this article, and without complying with any and all applicable provisions contained in this Chapter. The carrying on of any Collective/Cooperative without complying with all the provisions of this article shall constitute a separate violation of this Chapter for each and every day that such Collective/Cooperative is so carried on.

(j) Classification of business license assessment type – term and renewal.

The business license issued to Marijuana Collectives/Cooperatives shall be classed as a gross receipts assessment type, issued for the same term of license as set forth in Section 21-71 (c) and shall be subject to renewal in accordance with Sections 21-72(c), 21-73(c), and 21-77 of this Chapter.

(k) Operative Date.

Upon the approval by the majority of the voters of the City of Santa Ana at the November 4, 2014 general election, the taxes imposed by this article shall become operative and shall be applied by the collector upon all Marijuana Collectives/Cooperatives.

Sec. 21-128. Effect of state and federal reference/authorization.

Unless specifically provided otherwise, any reference to a State or Federal statute in this article or Chapter shall mean such statute as it may be amended from time to time, provided that such reference to a statute herein shall not include any subsequent amendment thereto, or to any subsequent change of interpretation thereto by a State or Federal agency or court of law with the duty to interpret such law, to the extent that such amendment or change of interpretation would require voter approval under California law, or to the extent that such change would result in a tax decrease. Only to the extent voter approval would otherwise be required or a tax decrease would result, the prior version of the statute (or interpretation) shall remain applicable; for any application or situation that would not require voter approval or result in a decrease of a tax, provisions of the amended statute (or new interpretation) shall be applicable to the maximum possible extent.

To the extent that the City's authorization to collect or impose any tax imposed under this article is expanded or limited as a result of changes in State or Federal law, no amendment or modification of this article shall be required to conform the tax to those changes, and the tax shall be imposed and collected to the full extent of the authorization up to the full amount of the tax imposed under this article.

Sec. 21-129. Violation deemed misdemeanor - penalty.

Any person violating any of the provisions of this article or any regulation or rule passed in accordance herewith, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punishable by the maximum penalties provided for in Penal Code section 19.

Sec. 21-130. Severability.

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


SECTION 6. Council to Make Future Amendments to Voter Approved Ordinance. This is a City Council sponsored initiative ordinance which traditionally would only be subject to amendment by the Voters of the City of Santa Ana. However, pursuant to Section 9217 of the California Elections Code the City Council reserves the right and authority to amend or repeal the ordinance without any restrictions.

SECTION 7. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. The People of the City of Santa Ana hereby declare that they would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 8. Effective Date. After its adoption by the voters, this ordinance shall be in full force and effect ten (10) days after the vote is declared by the legislative body, pursuant to the provisions of Elections Code sections 9217 and 15400 and as provided by law.

SECTION 9. Competing Measures. In the event that this measure and another measure or measures relating to the regulation of medical marijuana in the City of Santa Ana appear on the same ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure shall receive a greater number of affirmative votes required to pass than the other measure or measures, the provisions of this measure shall prevail in their entirety over the competing measure or measures, and the competing measure or measures shall be null and void.

ADOPTED this 9th day of December, 2014.


Miguel A. Pulido
Mayor

APPROVED AS TO FORM:
Sonia R. Carvalho, City Attorney

By: Laura A. Rossini
Jose Sandoval
for Chief Assistant City Attorney

AYES: Councilmembers: Amezcuca, Benavides, Martinez, Pulido, Reyna
Sarmiento, Tinajero (7)

NOES: Councilmembers: None (0)

ABSTAIN: Councilmembers: None (0)

NOT PRESENT: Councilmembers: None (0)

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, MARIA D. HUIZAR, Clerk of the Council, do hereby attest to and certify that the attached Ordinance No. NS-2864 to be the original ordinance adopted by the voters of the City of Santa Ana on November 4, 2014 and certified by the City Council on December 9, 2014.

Date: 12/23/2014

Maria D. Huizar
Clerk of the Council
City of Santa Ana



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2016 JAN 29 AM 9:02 AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Greg Minor
Assistant to the City Administrator

SUBJECT: Amendments to Medical Cannabis Ordinances

DATE: January 23, 2016

City Administrator Approval

Date:

1/28/16

RECOMMENDATION

Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Adopt The Following Two Pieces Of Legislation: 1) An Ordinance Amending Oakland Municipal Code Chapter 5.80, Medical Cannabis Dispensary Permits, To Align With California's Medical Marijuana Regulation And Safety Act And Adopting CEQA Exemptions, And 2) An Ordinance Amending Oakland Municipal Code Chapter 5.81, Medical Cannabis Cultivation Facility Permits, To Align With California's Medical Marijuana Regulation And Safety Act And Adopting CEQA Exemptions.

EXECUTIVE SUMMARY

To date, the only aspect of the medical cannabis industry regulated by the City of Oakland is the providing of medical cannabis to qualified patients at retail through licensed dispensaries. This lack of regulation for the rest of the industry, particularly medical cannabis cultivation and manufacturing, has negatively impacted the City in a number of ways, including burglaries, fires, and lost revenue.

However, with California's passage of the Medical Marijuana Regulation and Safety Act (MMRSA), Oakland is poised to overcome historical obstacles to regulating non-dispensary facilities. MMRSA establishes a comprehensive regulatory system for California's medical cannabis industry. In turn, MMRSA allows cities like Oakland to regulate medical cannabis activities without federal intervention as the Department of Justice has stated and federal courts have confirmed that the federal government will not interfere with cannabis activity permitted under robust state regulations.

In reliance on this guidance and direction from the December 2014 Public Safety Committee and City Council Policy Directive number 14 of the Fiscal Year (FY) 2015-2017 Adopted Policy Budget, staff has drafted amendments to OMC Chapters 5.80 and 5.81 to align with MMRSA. These amendments allow the City to finally put public health and safety measures in place for the full spectrum of medical cannabis activities, including cultivation, manufacturing, distributing, testing, and dispensing of medical cannabis. The proposed amendments should reduce electrical fires and burglaries in Oakland, ensure that medical cannabis activities situate in appropriate locations, provide clarity to law enforcement and the medical cannabis industry

alike, and allow for the collection of appropriate revenue from existing and new medical cannabis businesses.

REASON FOR URGENCY

As of this writing, MMRSA contains a provision that requires local jurisdictions to enact regulations for cannabis cultivation or else on March 1, 2016 the state will become the sole licensing authority for cannabis cultivation in that jurisdiction.¹ However, it is expected that this deadline, which has been acknowledged as a mistake by its author, should not impact Oakland for multiple reasons. First, AB 21 (Wood), a state bill specifically aimed at removing this deadline, is currently moving through the state legislature. Second, the City of Oakland already has existing regulations for cannabis cultivation in the form of OMC 5.81; the current proposal to align Oakland's medical cannabis ordinances with MMRSA merely amends existing law. Third, the proposed ordinances will be enacted by March 1, 2016 if they are heard by the Public Safety Committee on February 9th and then approved by the full City Council on February 16th and March 1st. Finally, the Medical Cannabis Cultivation Program under the State Department of Food and Agriculture, the department that MMRSA tasks with regulating cannabis cultivation, has yet to be established.

BACKGROUND / LEGISLATIVE HISTORY

For a thorough review of federal, state and local laws and policies regarding medical cannabis please view the January 12, 2016 Informational Report to the Public Safety Committee regarding new state medical cannabis law and proposals to align the City of Oakland's medical cannabis ordinances with new state law (see **Attachment 4** of this Agenda Report).

ANALYSIS AND POLICY ALTERNATIVES

In order to align with new state licensing categories, staff has developed amendments to OMC Chapters 5.81 and 5.80 in consultation with the City's Cannabis Regulatory Commission. The following overview highlights the proposed amendments and related policy issues.

OMC Chapter 5.81 Medical Cannabis Cultivation, Manufacturing and Other Facility Permits

In conjunction with MMRSA's licensing categories, staff proposes to amend both the title and the text of OMC Chapter 5.81 to create local permitting processes for medical cannabis cultivation, distribution, laboratory, manufacturing and transporting facilities. MMRSA requires that all cannabis produced by a cultivation or manufacturing facility be sent to a licensed distributor that then checks for quality assurance and verifies that the cannabis is tested by a licensed laboratory before being offered to a patient at a dispensary. Additionally, MMRSA

¹ "If a city, county, or city and county does not have land use regulations or ordinances regulating or prohibiting the cultivation of marijuana, either expressly or otherwise under principles of permissive zoning, or chooses not to administer a conditional permit program pursuant to this section, then commencing March 1, 2016, the division shall be the sole licensing authority for medical marijuana cultivation applicants in that city, county, or city and county." AB 243 Section 6, Health and Safety Code 11362.777 (c)(4).

requires that only licensed transporters move cannabis between different state licensees. Accordingly, staff recommends creating local licensing categories under OMC Chapter 5.81 that align with MMRSA's cultivation, manufacturing, distribution, and transporting requirements. By aligning with state law, the City will minimize bureaucratic obstacles for medical cannabis businesses seeking to comply with MMRSA's licensing categories and thus encourage unregulated medical cannabis operators in Oakland to come into the light.

Rather than restrict the number of these facilities, the proposed amendments require that these uses situate in appropriate zones within the city and meet applicable performance and operating standards promulgated by the City Administrator. This application of administrative standards parallels the structure of OMC Chapter 5.80, which has successfully allowed staff to update its standards for medical cannabis dispensaries over time. The intent of these performance and operating standards is to minimize the effects of any permitted medical cannabis facility on nearby properties. Consequently, the City Administrator will require security plans, inspections to verify building and fire code compliance, odor mitigation measures, as well as quarterly reports to demonstrate compliance with MMRSA. Further, the City Administrator will impose economic justice requirements, such as local hiring and professional development opportunities, to ensure that residents of Oakland play a role both as employees and operators of these facilities.

In terms of location restrictions, given the sensitivity of residential areas the proposed amendments guide commercial cannabis activities towards commercial and industrial areas of the city. Along those lines, staff proposes situating the most hazardous uses, such as manufacturing using volatile solvents (e.g., butane hash oil extraction) in more restrictive industrial areas whereas more innocuous uses, like manufacturing using nonvolatile solvents (e.g., cookie baking) may locate in less restrictive industrial or commercial areas. See **Attachment 3** for maps of proposed facility locations. However, in order to support small scale edible producers, staff suggests allowing small scale producers that meet the restrictions for cottage food operations under California's Homemade Food Act to situate in residential areas. Similarly, staff proposes maintaining the existing permit exemption for small scale and personal cultivation under OMC 5.81.101.

In order to avoid these facilities from becoming targeted for burglary and other crimes, the proposed amendments do not require public hearings for non-dispensary facilities. This approach is consistent with that taken by the City of Denver, Colorado, which only requires those cannabis facilities open to the public, dispensaries, to be subject to a public hearing process. In light of this approach, though, staff recommends reserving 600 foot buffers from sensitive uses, namely schools and youth centers, under proposed OMC 5.81.030(F).

OMC Chapter 5.80 Medical Cannabis Dispensary Permits

In response to new state law and recommendations from the City's Cannabis Regulatory Commission, staff also developed amendments to the City's medical cannabis dispensary ordinance. A number of these amendments are substantive, while others are minor in nature and simply reflect updates in state law.

In terms of substantive amendments, staff's proposal updates the definition of "dispensary," establishes a distinction between brick and mortar and delivery-only dispensaries, allows for

non-smoking onsite consumption, eliminates superfluous location restrictions, and increases the number of dispensaries allowed within the City. The following subsections contain further details on each.

A. Replace definition of "dispensary" with new state definition.

As mentioned above, staff's intent in aligning local and state definitions is to facilitate medical cannabis businesses seeking to work within the state's new regulatory framework. Consequently, City staff adopted MMRSA's definition of a "dispensary." This amendment also cures a concern that the existing definition of "dispensary" is so broad that it overly restricts activities that the City would like to permit, as the current definition includes medical cannabis cultivation and manufacturing in the same category as medical cannabis retail facilities.

B. Establish permitting process for delivery-only dispensaries.

Medical cannabis delivery services unaffiliated with licensed brick and mortar dispensaries have operated in and out of Oakland for several years, largely in a clandestine fashion. Medical cannabis publications and other sources indicate that more than a dozen delivery services already operate in Oakland. Further, that number could rise as smart phone app delivery services continue to develop and satisfy the consumer demand for convenience. Delivery services also serve an important function for elderly and disabled individuals who cannot easily travel to brick and mortar facilities.

While delivery services may not pose the same potential nuisance issues as brick and mortar dispensaries that are open to the public, unregulated deliveries raise public health and safety concerns of their own, particularly regarding the source of their medicine and their method of delivery. Accordingly, staff proposes establishing a permitting process for these "delivery only dispensaries" to ensure they situate in appropriate locations, follow security protocols to minimize robberies upon delivery, and comply with the provisions of MMRSA.

C. Allow non-smoking medical cannabis consumption on dispensary premises.

Advocates have long requested the City of Oakland allow patients to consume cannabis at the site of licensed dispensaries in order to establish safe places of consumption, particularly for patients residing in federally subsidized housing, and to allow for communal experiences. While Oakland has maintained a strict ban on onsite consumption, nearby jurisdictions such as Berkeley and San Francisco have allowed onsite consumption and their regulators report receiving no complaints from this approach. Continuing to prohibit onsite consumption will also have the predictable outcome of encouraging patients to consume in public or other improper places, such as their cars.

As a result, staff proposes allowing certain forms of onsite consumption, namely vaporizing, in order for dispensaries to provide a communal space for consumption while still minimizing the concerns of neighbors and public health officials. Dispensaries interested in allowing onsite consumption will have to meet the City Administrator's performance standards and operating guidelines for onsite consumption, which will be centered on avoiding drugged driving and disturbing neighboring properties.

- D. Eliminate dispensary location restrictions other than distance separation requirements from schools and youth centers.

Since neighbors of proposed dispensaries will always have an opportunity to express concerns at public hearings before any dispensary is permitted, most current location restrictions are overly rigid and superfluous. In their place, staff recommends implementing the more flexible restrictions imposed on new alcohol establishments, codified in proposed OMC 5.80.020 (D)(4), as they would allow dispensaries to cluster in certain areas and not in others, depending on the character of the area. At the same time, staff recommends maintaining the existing 600 foot distance separation under OMC 5.80.020(D)(1) between dispensaries and schools and youth centers to preserve buffers between adult-oriented dispensaries and youth.

- E. Increase the number of permitted dispensaries.

The January 12th Informational Report discussed at length the pros and cons to maintaining versus increasing the existing number of dispensaries, as well as removing any numeric limitation altogether. Ultimately, staff recommends substituting the cap on the total number of dispensaries with a limitation of eight new brick and mortar dispensaries each year in conjunction with additional administrative restrictions in the dispensary application process (see proposed OMC 5.80.020(C) and OMC 5.80(D)(4)). Including these policy considerations up front should directly address the concerns regarding an uncapped number of dispensaries, while an annual growth limitation will provide staff and policymakers with time to ensure that this new approach maintains the City's successful track record of permitting well run dispensaries. As delivery only dispensaries are not open to the public and pose less of a concern to neighboring properties, staff recommends not limiting the number of these facilities.

For comparative purposes the below chart outlines the number of permitted dispensaries and populations of Oakland and other cities:

CITY	POPULATION	PERMITTED DISPENSARIES	DISPENSARY TO POPULATION RATIO
Oakland, CA	413,775	8	1: 51,722
San Francisco, CA	852,468	28 ²	1: 30,445
Berkeley, CA	118,853	4	1: 29,713
San Jose, CA	1,015,785	16	1: 63,487
Sacramento, CA	479,686	30	1: 15,990
Los Angeles, CA	3,928,864	100 ³	1: 39,289
Denver, CO	663,862	204 ⁴	1: 3,254
Seattle, WA	668,342	198 ⁵	1: 3,375

² In addition to 28 existing dispensaries, San Francisco reportedly has 18 dispensary applications pending approval.

³ While Los Angeles has 100 dispensaries in compliance with their regulations, Los Angeles reports receiving business taxes from 447 dispensaries operating in the city.

⁴ 61 of Denver's 204 dispensaries offer only medical cannabis; the remaining 143 offer both medical and recreational cannabis.

⁵ Seattle, WA has approved 228 dispensaries, but has only issued 198 dispensary permits as of this time.

F. Non-substantive amendments.

Non-substantive amendments to OMC Chapter 5.80 include eliminating outdated references, unused definitions and unnecessary language. Specifically, staff recommends removing references to the 2008 California Attorney General Guidelines, condensing the definition of “primary caregiver” and deleting the definition of “serious medical condition” as these terms are sufficiently covered by other references to state law.

FISCAL IMPACT

While difficult to predict, the proposed amendments could have considerable positive fiscal impacts.

As a result of Oakland voters’ passage of Measure F in 2009, codified in OMC Section 5.04.480, medical cannabis businesses in Oakland are taxed at elevated rates compared to other businesses. Creating a permitting process for previously unpermitted commercial medical cannabis activities should result in new revenue for the City from these new businesses paying taxes at elevated rates. Delivery only dispensaries similarly offer an opportunity for new revenue, though depending on the location of the business and individual transactions, the City may not receive all sales tax revenue. While staff cannot specify exactly how many new medical cannabis businesses will take advantage of this new permitting process, staff estimates issuing approximately 60 permits in 2016 based on inquiries from interested businesses, attendance at public meetings and industry trends. For some perspective, the City’s eight licensed medical cannabis dispensaries contributed over \$4 million in taxes in 2015.

The proposed amendments will require staff time to cover both the application process and ongoing monitoring. Staff time will include the City Administrator’s Office reviewing and processing applications, conducting site inspections, and issuing findings and a determination, as well as inspections and reviews by Police, Fire and Planning and Building Departments. Thus, staff will be proposing annual regulatory and initial application fees in the near future to ensure full cost recovery and compliance with Proposition 26, likely as part of a forthcoming package of amendments to the Master Fee Schedule.

Establishing a permitting process for industrial medical cannabis activities may also have fiscal impacts on industrial businesses in the City as medical cannabis businesses will likely lead to an increase in industrial rents based on anecdotal information gathered from Oakland thus far and the experience of jurisdictions like Denver, Colorado that authorized cannabis production and manufacturing. Staff is working with Economic Development staff on proposals to mitigate any deleterious impacts in this regard, including incentivizing medical cannabis business towards underutilized industrial spaces and allocating a portion of medical cannabis revenue for Façade and Tenant Improvement programs in industrial areas.

PUBLIC OUTREACH / INTEREST

The proposed amendments are the product of extensive public outreach that included three public presentations to the City’s Cannabis Regulatory Commission over the course of 2015 and an informational report to the Public Safety Committee on January 12, 2016.

Staff proposes to implement essentially all of the recommendations from the Cannabis Regulatory Commission with the exception of increasing the personal and small collective cultivation exemptions to the maximum possible under MMRSA. Staff recommends maintaining the City's existing personal and small scale cultivation exemptions, which allow 32 and 96 square feet of cultivation area, respectively, rather than expand to 100 and 500 respective square feet of exempt cultivation permitted under MMRSA as these larger amounts of cultivation resemble commercial activity that ought to be located in appropriate non-residential areas. Under MMRSA, the City may establish additional standards, requirements, and regulations for local licenses and permits for commercial cannabis activity, but not less than the state standard. Maintaining the 96 square foot threshold will also help to discourage diversion to inappropriate markets. This recommendation is consistent with jurisdictions like Denver, Colorado, which only exempts cultivation of 36 total plants from its cultivation regulations.

COORDINATION

Several City departments were consulted in the preparation of this report, including the Planning and Building Department, the Fire Department, the Police Department, the Revenue Management Bureau, the Office of the City Attorney, the Controller's Bureau, and the Budget Office. Likewise, staff consulted with outside agencies as well, including the City and County of San Francisco, the City of Berkeley, the City of Richmond, Alameda County, and the Port of Oakland.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed amendments should positively affect the local economy by generating new employment opportunities for Oakland residents and generating revenue to support City services.

Environmental: The proposed amendments and forthcoming performance and operating standards will promote the cultivation, manufacturing and distribution of medical cannabis in an environmentally sound manner.

Social Equity: These amendments will both provide employment opportunities as well as safe access to medical cannabis.

CEQA

The adoption of amendments to existing citywide medical cannabis regulations is exempt from CEQA review pursuant to CEQA Guidelines sections 15061(b)(3) (general rule), 15183 (projects consistent with a community plan, general plan, or zoning), 15301 (existing facilities), 15308 (actions by regulatory agencies for protection of the environment), and 15309 (inspections). Each of these exemptions provides a separate and independent basis for CEQA exemption and when viewed collectively provide an overall basis for CEQA exemption.

Staff believes that the modifications to the existing regulations will enable the City to legalize existing unregulated medical cannabis businesses that are currently operating within the City. The City Administrator will develop operating and performance standards that will apply to these businesses, which will require inspections and review and approval by the City's Fire Department and Building Department before issuance of a permit. The purpose of the amendments is to license and regulate largely unregulated medical cannabis businesses in the interest of public health, safety and general welfare, and staff believes they will result in increased safety and protective measures, fewer safety hazards and more code enforcement.

These regulations will also apply to new small scale operations and other medical cannabis businesses, including cultivation and manufacturing, which will not be open to the public or generate large amounts of traffic. The purpose of the amendments is to align with MMRSA, which sets minimum statewide standards for pesticides in marijuana cultivation, maximum tolerances for pesticides and other foreign object residue, production and labeling of all edible cannabis products, requires establishment of uniform health and safety standards, testing standards, and security requirements at dispensaries and during transport of the product, and specifies minimum testing requirements. The new state regulatory scheme also specifically directs expanded enforcement efforts to reduce adverse impacts of marijuana cultivation, including environmental impacts such as illegal discharge into waterways and poisoning of marine life and habitats. These new minimum standards promote the public's health, safety and/or general welfare.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council conduct a public hearing and adopt the proposed ordinances.

For questions regarding this report, please contact Greg Minor, Assistant to the City Administrator, at (510) 238-6370.

Respectfully submitted,



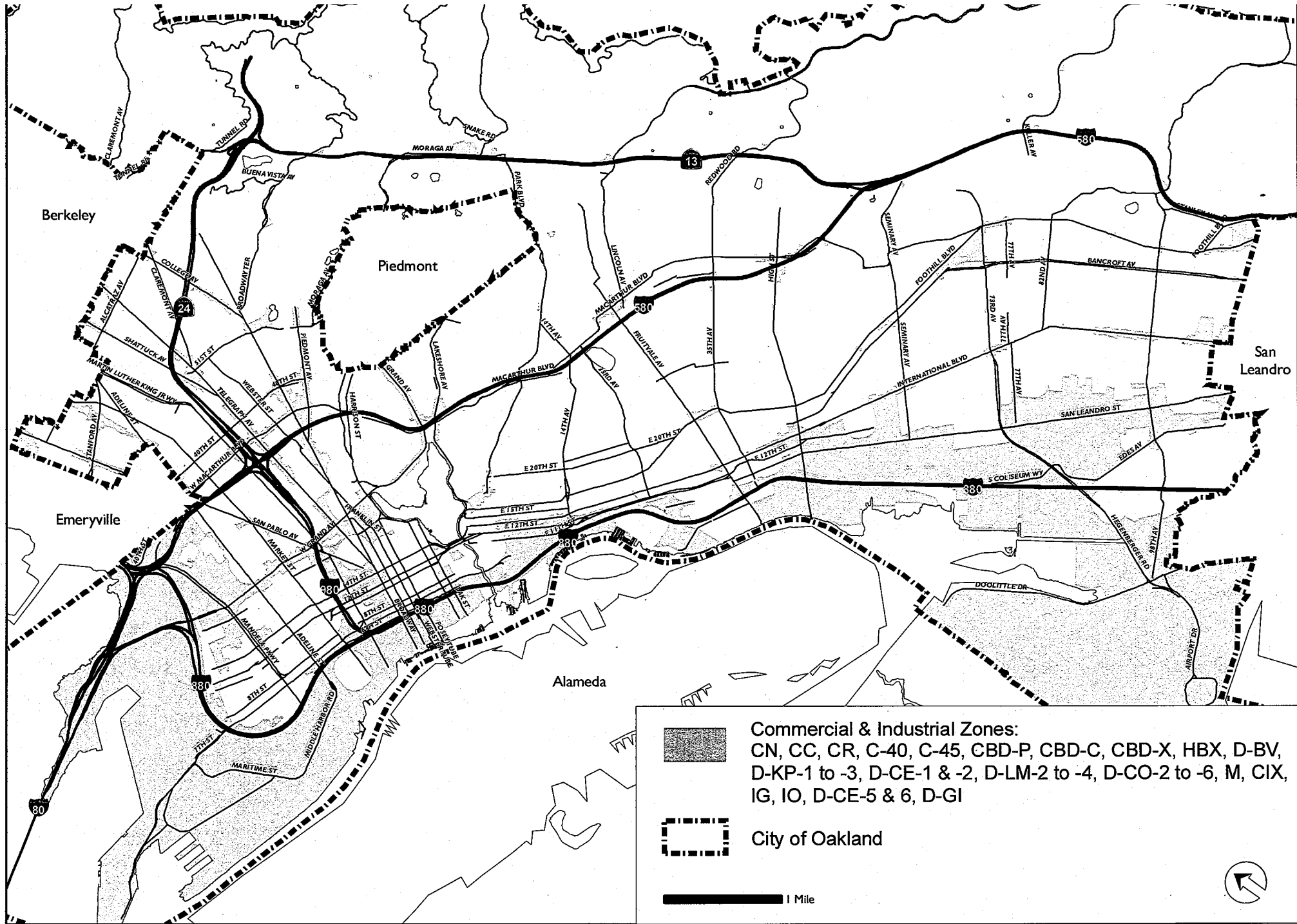
GREG MINOR
Assistant to the City Administrator

Reviewed by:
Christine Daniel, Assistant City Administrator
Joe DeVries, Assistant to the City Administrator

Attachments (4):

1. Ordinance amending OMC 5.80, Medical Cannabis Dispensary Permits.

2. Ordinance amending OMC 5.81, Medical Cannabis Cultivation, Manufacturing and Other Facility Permits.
3. Maps of Proposed Locations for Medical Cannabis Facilities.
4. Informational Report dated January 12, 2016 (without attachments).

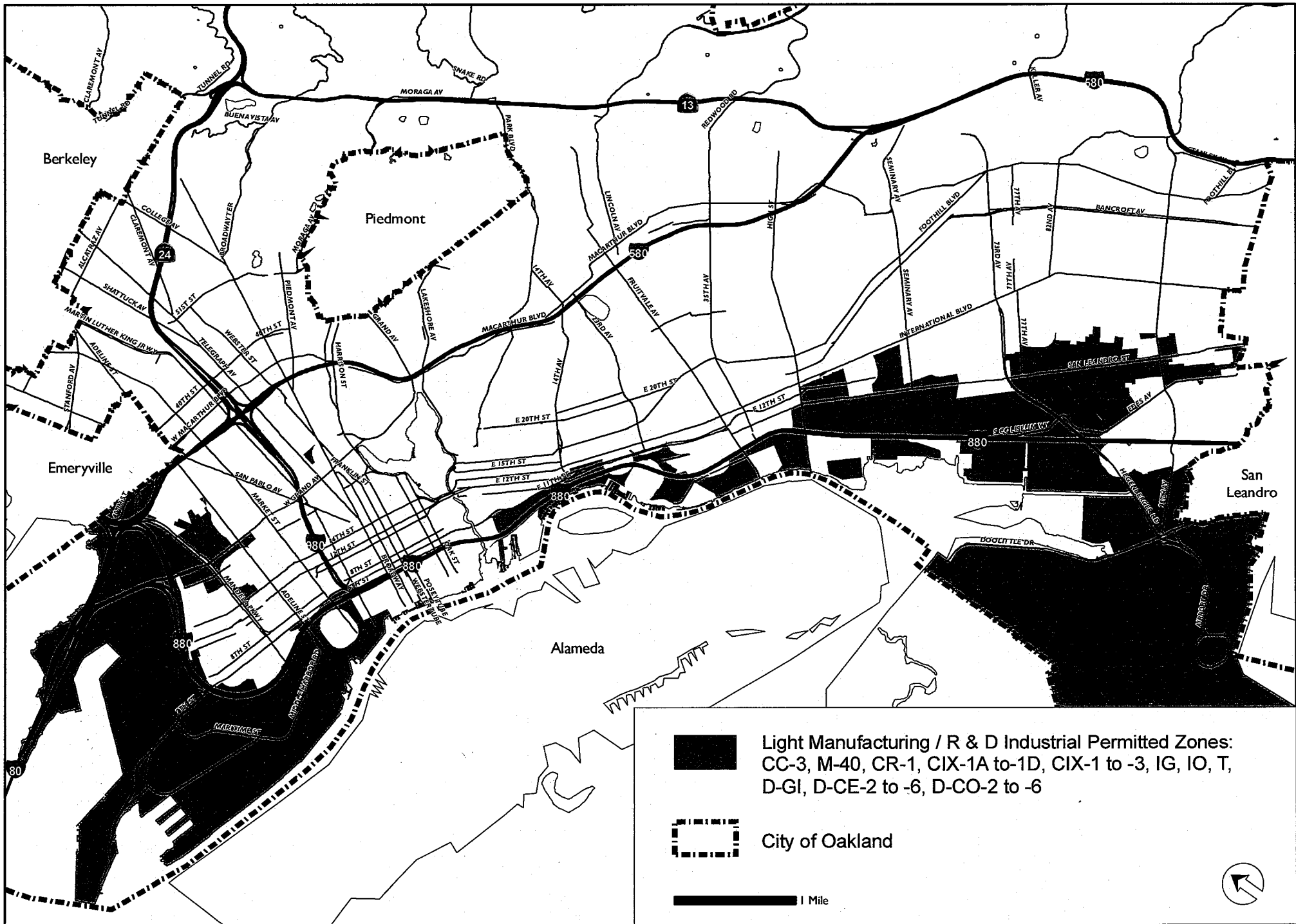


Proposed Locations for Dispensaries & Delivery-Only Dispensaries

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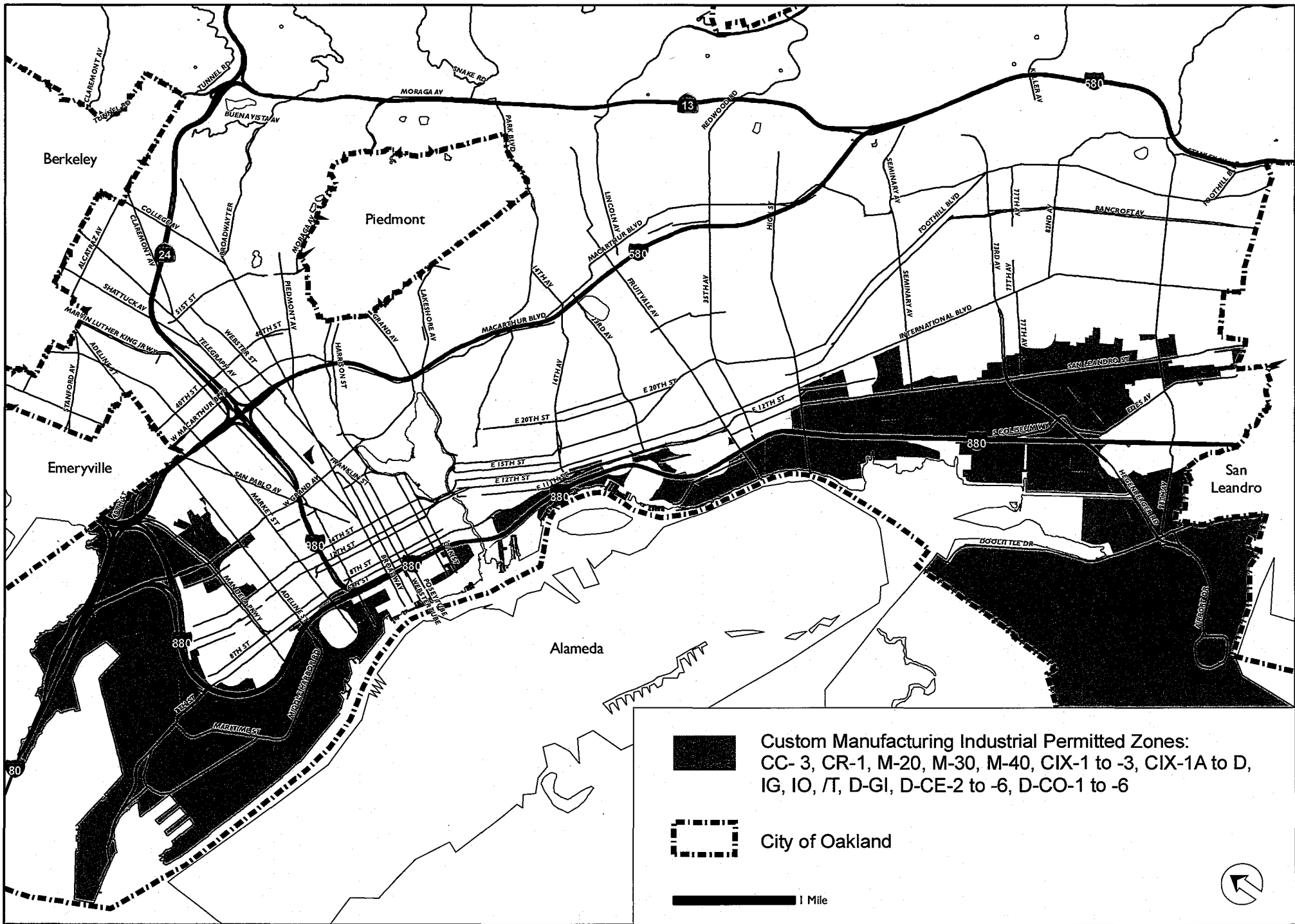
Planning and Building Department
 January 21, 2016

Attachment 3

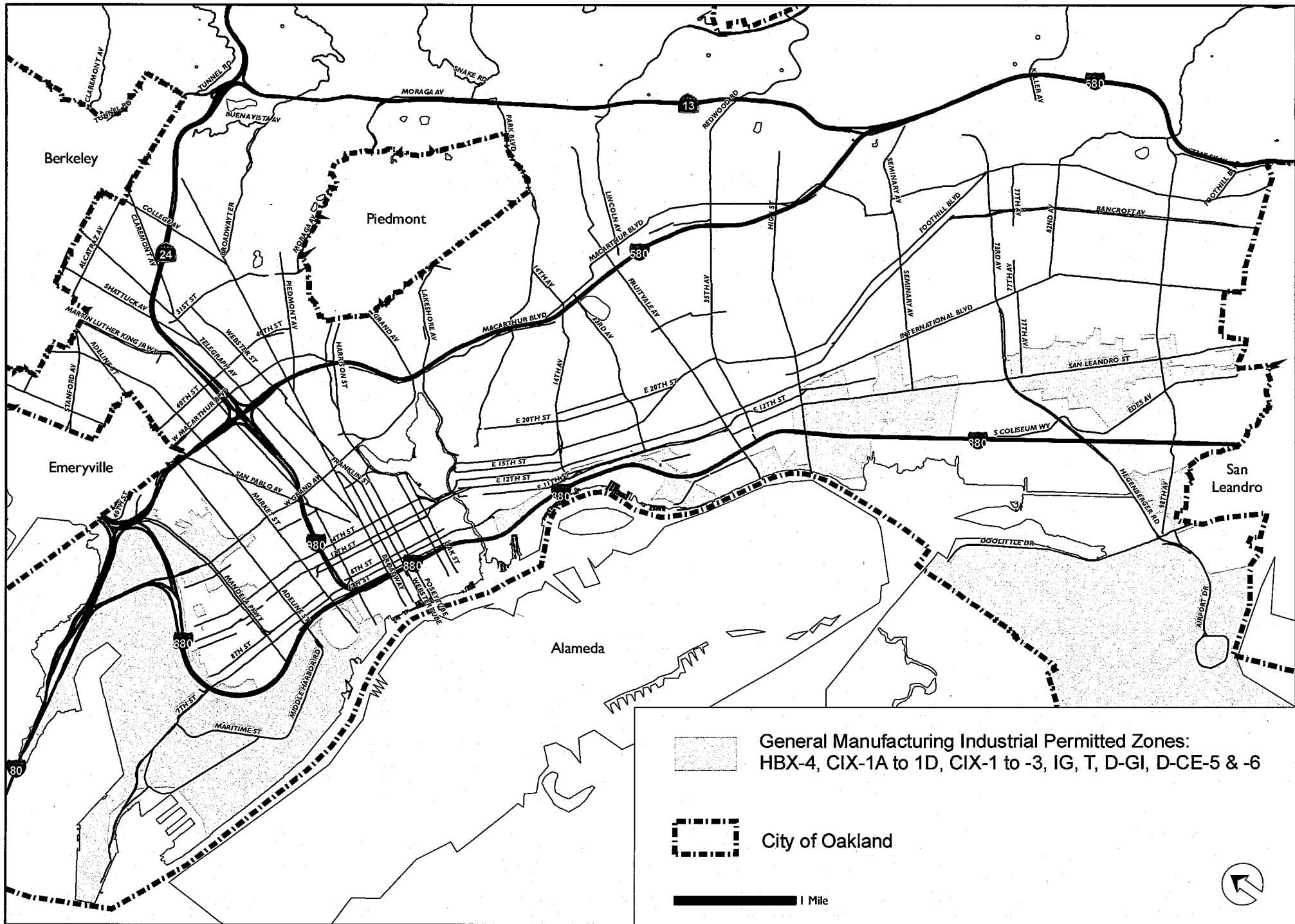


Proposed Locations for Cultivation, Distribution, Laboratory or Transporting Facilities

Planning and Building Department
 January 21, 2016



Proposed Locations for Non-Volatile Manufacturing



Attachment 4



CITY OF OAKLAND

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2015 DEC 30 PM 3:31

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Greg Minor
Assistant to the City Administrator

SUBJECT: Update on State Medical
Cannabis Law and Local Proposals

DATE: December 21, 2015

City Administrator Approval

Date:

12/30/15

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff Recommends That The Public Safety Committee Receive This Informational Report And Provide Feedback Regarding The New State Medical Cannabis Law And Proposals To Align The City Of Oakland's Medical Cannabis Ordinances With New State Law.

EXECUTIVE SUMMARY

This informational report provides an update on new state and federal regulations which allow Oakland to address longstanding medical cannabis issues. These changes allowed staff to craft proposed amendments which will be presented in a forthcoming legislative proposal to the City Council for adoption.

The State of California established, through the passage of the Medical Marijuana Regulation and Safety Act (MMRSA), a comprehensive regulatory system for California's medical cannabis industry, replacing roughly 20 years of legal ambiguity with a dual state and local licensing system for all commercial medical cannabis activity from "seed to sale." This legislative development is extremely significant to Oakland. The lack of regulation of non-dispensary medical cannabis facilities has negatively impacted the City in a number of ways, including burglaries, fires, and lost revenue.

At the December 2014 Public Safety Committee and in the City Council Policy Directive number 14 of the Fiscal Year (FY) 2015-2017 Adopted Policy Budget, the City Council asked staff to work with the City's Cannabis Regulatory Commission on addressing this lack of local regulation through amendments to the City's medical cannabis ordinances. The proposed amendments align Oakland's ordinances with the MMRSA and allow the City to finally put public health and safety measures in place for the full spectrum of medical cannabis activities, including cultivation, manufacturing, distributing, testing, and dispensing of medical cannabis. Altogether, these updates should reduce electrical fires and burglaries, ensure that medical cannabis activities situate in appropriate locations, provide clarity to law enforcement and the medical cannabis industry, and allow for appropriate revenue collection from existing and new medical

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Public Safety Committee
January 12, 2016

cannabis businesses. The proposed amendments, which will come as proposed legislation in an upcoming City Council meeting, will present changes which reflect the state and federal law changes and address these concerns.

BACKGROUND/LEGISLATIVE HISTORY

Federal Government Guidance

Cannabis remains a Schedule I controlled substance under federal law; however, 35 states have enacted laws allowing medical cannabis to some extent and several jurisdictions have legalized recreational or adult non-medical cannabis use.¹ These state laws legalizing cannabis are valid, yet the federal government may also prohibit cannabis activities under its own laws.

Consequently, the Obama administration has outlined an enforcement compromise, and in 2013, the Department of Justice (DOJ) issued formal guidance from Deputy Attorney General James M. Cole that the DOJ will not prioritize federal marijuana prohibition enforcement in states with robust regulatory systems that comply with eight "guidelines" intended to address federal concerns, with the following goals:

1. Prevent the distribution of marijuana to minors;
2. Prevent revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
3. Prevent the diversion of marijuana from states where it is legal under state law in some form to other states;
4. Prevent state-authorized marijuana activity from being used as a cover or pretext for trafficking of other illegal drugs or other illegal activity;
5. Prevent violence and the use of firearms in marijuana cultivation and distribution;
6. Prevent drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Prevent marijuana growing on public lands due to the public safety and environmental dangers posed by marijuana production on public lands; and
8. Prevent marijuana possession or use on federal property.²

In the FY 2015-2016 Federal budget, Congress went a step further with the Fahr-Rohrbacher amendment, which prohibits the use of federal funds to prevent states from implementing their

¹ Blue Ribbon Commission on Marijuana Policy, Progress Report, March 2015, p.3, available at: <https://www.safeandsmartpolicy.org/wp-content/uploads/2015/03/Blue-Ribbon-Commission-report-March-20-2015-FINAL.pdf>.

² Cole, James M., Guidance Regarding Marijuana Enforcement, U. S. Department of Justice, August 29, 2013 ("Cole Memorandum").

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January 12, 2016

own state laws that authorize the use, distribution, possession, or cultivation of medical marijuana.³ This restriction would have to be specifically renewed in the next federal budget.

Although the DOJ initially scoffed at the Fahr-Rohrbacher amendment limiting its authority, in U.S. v. Marin Alliance for Medical Marijuana, the United States District Court for the Northern District of California held otherwise. The court forbade the DOJ from continuing to enforce an injunction against one of California's oldest permitted medical cannabis operators in light of Congress' new spending restrictions. Judge Breyer found that the DOJ's interpretation of the Fahr-Rohrbacher amendment "defies language and logic" and that the plain language and intent of Fahr-Rohrbacher shields state-licensed medical cannabis facilities from federal prosecutions.

While this area of the law and policy remains in flux, the steps taken in California and the City of Oakland occur within this national context.

Medical Cannabis in California

Medical cannabis has been legal in California longer than anywhere else in the country. However, until the recent MMRSA passage, California's system of medical cannabis was one of the least structured regulatory frameworks in the United States.⁴

In 1996, California voters legalized medical cannabis through Proposition 215, the Compassionate Use Act. The Compassionate Use Act provided criminal immunity for patients and their designated primary caregivers to possess and cultivate cannabis for their personal medical use if a licensed physician has recommended cannabis for medical use (see California Health & Safety Code, § 11362.5).

California legislators then expanded on this concept with the adoption of Senate Bill (SB) 420 in 2003. SB 420 created a voluntary state identification card system operated through county health departments, allowed patients to form medical collectives or cooperatives, and established guidelines as to how much marijuana patients can possess and cultivate without resulting in an arrest (see California Health & Safety Code, § 11362.7 et seq).

Nonetheless, neither the Compassionate Use Act nor SB 420 provided an effective statewide system for regulating and controlling medical cannabis, leaving cities and counties on their own to create a patchwork of different rules. This lack of uniform regulation created uncertainty about the legality of medical cannabis activities and endangered the safety of end users, who

³ Section 538 of the Consolidated and Further Continuing Appropriations Act of 2015, Pub. L. 113-235, 128 Stat. 2130 (2014) ("2015 Appropriations Act").

⁴ Blue Ribbon Commission on Marijuana Policy, Progress Report, March 2015, p.5, available at: <https://www.safeandsmartpolicy.org/wp-content/uploads/2015/03/Blue-Ribbon-Commission-report-March-20-2015-FINAL.pdf>.

have not had the benefit of a monitored supply chain for medical cannabis, quality control, testing or labeling requirements.⁵

On October 9, 2015, Governor Brown and the state legislature filled this longstanding legislative void by enacting a comprehensive regulatory framework for the cultivation, production, transportation and sale of medical cannabis in California through MMRSA. MMRSA consists of SB 643 (McGuire), Assembly Bill (AB) 266 (Bonta, Cooley, Jones-Sawyer, Lackey, Wood) and AB 243 (Wood). It is codified in the California Business and Professions Code sections 19300 – 19360. MMRSA requires all applicants engaging in commercial cannabis activity to obtain both a state and a local license to operate legally in California. State licenses will consist of the classification types listed below.

State License Types:

- Type 1 = Cultivation; Specialty outdoor; Small.
- Type 1A = Cultivation; Specialty indoor; Small.
- Type 1B = Cultivation; Specialty mixed-light; Small.
- Type 2 = Cultivation; Outdoor; Small.
- Type 2A = Cultivation; Indoor; Small.
- Type 2B = Cultivation; Mixed-light; Small.
- Type 3 = Cultivation; Outdoor; Medium.
- Type 3A = Cultivation; Indoor; Medium.
- Type 3B = Cultivation; Mixed-light; Medium.⁶
- Type 4 = Cultivation; Nursery.
- Type 6 = Manufacturer 1.
- Type 7 = Manufacturer 2.
- Type 8 = Testing.
- Type 10 = Dispensary; General.
- Type 10A = Dispensary; No more than three retail sites.
- Type 11 = Distribution.
- Type 12 = Transporter.

MMRSA breaks up the current “vertical integration” model of a closed loop of patient members from seed to sale and in its place mandates a detailed supply chain between licensed entities. Specifically, MMRSA requires licensed cultivators and manufacturers to send all their medical cannabis and medical cannabis products to licensed distributors who will verify quality assurance and that the cannabis is tested by a licensed laboratory before it is finally sold to the public at licensed dispensaries. Transporters are those licensed to transport medical cannabis and medical cannabis products between licensees. Throughout this process, MMRSA requires

⁵ California Assembly Committee on Business and Professions Bill Analysis, AB 266, April 27, 2015, p. 14.

⁶ MMRSA caps indoor cultivation using exclusively artificial lighting at 22,000 square feet of total canopy size per premises and outdoor cultivation using no artificial lighting at one acre of total canopy per premises. Consequently, cultivation sites in Oakland may not exceed these thresholds.

that medical cannabis and medical cannabis products be tracked via unique identifiers, similar to tracking methods currently utilized in the states of Colorado and Washington.

The Department of Food and Agriculture will oversee state licenses for cultivators, the Department of Public Health will oversee manufacturers and testing laboratories, and the newly created Bureau of Medical Marijuana Regulation in the State Department of Consumer Affairs will oversee distributors, dispensaries and transporters. While these agencies will establish baseline statewide standards, MMRSA maintains California's existing framework of local control by establishing a dual licensing structure mandating that all state license applicants obtain local approval as a pre-requisite to obtaining a state license.

Medical Cannabis in Oakland

The City of Oakland has been a leader in regulating medical cannabis dispensaries. In 1998 the City authorized the Oakland Cannabis Buyer's Cooperative (OCBC) as the administrator of the City's Medical Cannabis Distribution Program under the Oakland Municipal Code (OMC) Chapter 8.46. After the United States Supreme Court upheld a federal injunction against OCBC, the City enacted OMC Chapter 5.80, authorizing four medical cannabis dispensaries in 2004 before adding four more in 2011 via Ordinance No. 12585 C.M.S.

While the City of Oakland's process for administering medical cannabis dispensary permits and monitoring dispensaries has been considered successful, Oakland has fallen behind other jurisdictions, namely those outside of California, by not regulating other medical cannabis activities. Unregulated non-dispensary activities have resulted in electrical fires (stemming from flawed indoor cannabis cultivation), violent crime (such as robberies, burglaries and even homicides), and the use of pesticides and fertilizers that run counter to the crop's medical purpose.

This lack of local regulation is not due to a lack of effort on the City's part, but rather federal intervention, absence of clear state law, and different local interests as seen in the City's pre-MMRSA attempts at regulating cultivation in 2010, 2011 and 2014. In 2010, the City enacted OMC Chapter 5.81 to allow four industrial cultivation facilities unaffiliated with Oakland dispensaries; U.S. Attorney Melinda Haag responded by threatening to prosecute if the law was implemented, thus the legality of the proposal was brought into question. Additional proposals in 2011 and 2014, tailored to then existing state law, attempted to limit licenses to Oakland dispensaries but those also failed to move forward.

ANALYSIS AND POLICY ALTERNATIVES

In response to the aforementioned issues and legislative developments, as well as the direction of the December 2014 City Council Public Safety Committee and City Council Policy Directive number 14 of the FY 2015-2017 Adopted Policy Budget, staff developed amendments to the existing citywide medical cannabis regulations, OMC Chapters 5.80 and 5.81, in consultation with the City's Cannabis Regulatory Commission. Staff will present legislation for those amendments at a future City Council meeting upon direction from the City Council through this

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informational report. The following overview outlines the proposed amendments and related policy issues which the future legislation will address.

OMC Chapter 5.81 Medical Cannabis Cultivation, Manufacturing and Other Facility Permits

In conjunction with MMRSA's licensing categories, staff proposes to amend both the title and the text of OMC Chapter 5.81 to create local permitting processes for medical cannabis cultivation, distribution, laboratory, manufacturing and transporting facilities. Under MMRSA, medical cannabis operators must obtain local approval before applying for a state license. By aligning with state law, the City will minimize bureaucratic obstacles for medical cannabis businesses seeking to comply with MMRSA's licensing categories. This will encourage unregulated medical cannabis operators in Oakland to come into the light.

Rather than restrict the number of these facilities, the proposed amendments require that these uses situate in appropriate zones within the city, namely industrial areas, and meet applicable performance and operating standards promulgated by the City Administrator. This application of administrative standards parallels the structure of OMC Chapter 5.80, which has successfully allowed staff to update its standards for medical cannabis dispensaries over time. The intent of these performance operating standards is to minimize the effects of any permitted medical cannabis facility on nearby properties. Consequently, the City Administrator will require security plans, inspections to verify building and fire code compliance, odor mitigation measures, as well as quarterly reports to demonstrate compliance with MMRSA. Further, the City Administrator will impose economic justice requirements, such as local hiring and professional development opportunities, to ensure that Oakland residents play a role both as facility operators and employees.

Overall, establishing these public health and safety requirements for additional medical cannabis activities will only improve the City's ability to monitor and address federal government concerns, as articulated in the Cole Memorandum.

OMC Chapter 5.80 Medical Cannabis Dispensary Permits

In response to new state law and recommendations from the City's Cannabis Regulatory Commission, staff also developed amendments to the City's medical cannabis dispensary ordinance. A number of these amendments are substantive, while others are more minor in nature.

In terms of substantive amendments, staff's proposal updates the definition of "dispensary," establishes a distinction between brick and mortar and delivery-only dispensaries, allows for non-smoking onsite consumption, eliminates superfluous location restrictions and increases the number of dispensaries allowed within the City.

- A. Replace definition of "dispensary" with new state definition

As mentioned above, staff's intent in aligning local and state definitions is to facilitate medical cannabis businesses seeking to work within the state's new regulatory framework. Consequently, City staff adopted MMRSA's definition of a "dispensary." This amendment also cures a concern that the existing definition of "dispensary" is so broad that it unintentionally prohibits activities that the City would like to permit, such as cultivation and manufacturing.

B. Establish permitting process for delivery-only dispensaries

Medical cannabis delivery services unaffiliated with licensed brick and mortar dispensaries have operated in and out of Oakland for several years, largely in a clandestine fashion. Medical cannabis publications and other sources indicate that more than a dozen delivery services already operate in Oakland. Further, that number could rise as smart phone app delivery services continue to develop and satisfy the consumer demand for convenience. Delivery services also serve an important function for elderly and handicapped individuals who cannot easily travel to brick and mortar facilities.

While delivery services may not pose the same nuisance issues as brick and mortar dispensaries open to the public, unregulated deliveries raise public health and safety concerns of their own, particularly regarding the source of their medicine and their method of delivery. Accordingly, staff proposes establishing a permitting process for these "delivery only dispensaries" to ensure they situate in appropriate locations, comply with the provisions of MMRSA and follow security protocols to minimize robberies upon delivery..

C. Allow non-smoking consumption of medical cannabis on the premises of a dispensary

Advocates have long requested that the City of Oakland allow patients to consume cannabis at the site of licensed dispensaries in order to establish safe places of consumption, particularly for patients residing in federally subsidized housing, and allow for communal experiences. While Oakland has maintained a strict ban of onsite consumption, nearby jurisdictions such as Berkeley and San Francisco have allowed onsite consumption and their regulators report receiving no complaints from this approach. Continuing to prohibit onsite consumption will also have the predictable outcome of encouraging patients to consume in public or other inappropriate places, such as their cars.

As a result, staff proposes allowing certain forms of onsite consumption, namely vaporizing, in order for dispensaries to provide a communal consumption space while still minimizing the concerns of neighbors and public health officials. Dispensaries interested in allowing onsite consumption will have to meet the City Administrator's performance standards and operating guidelines for onsite consumption, which will be centered on avoiding drugged driving and disturbing neighboring properties.

D. Eliminate dispensary location restrictions other than distance separation requirements from schools and youth centers

Since neighbors of proposed dispensaries will always have an opportunity to express themselves at public hearings before any dispensary is permitted, most current location

restrictions are superfluous. Additionally, allowing dispensaries to locate near each other will allow dispensaries to situate closer to downtown transit facilities, which should mitigate any issues created by patients consuming at dispensaries. Additionally, the close proximity of multiple dispensaries might help with public safety concerns.

E. Increase the number of permitted dispensaries

There are pros and cons to maintaining and increasing the existing number of dispensaries and removing any numeric limitation on dispensaries altogether.

The City's current structure of limiting the total number of dispensaries and requiring applicants to undergo a scrutinized Request for Proposals (RFP) process has resulted in well run dispensaries that produce virtually no complaints. This is likely due in part to the high value of holding one of the City's limited number of permits, which encourages operators to police themselves and ensure their businesses remain in compliance with the City Administrator's operating standards. In contrast, adding too many dispensaries runs the risk of both creating a monoculture of cannabis retail in certain areas and oversaturating a more limited economic market than that of non-dispensary medical cannabis operators who serve the entire Bay Area or state. This could lead to dispensaries cutting corners and falling out of compliance with required operating standards, which in turn would burden staff resources with revocation proceedings and additional compliance inspections. Also, reducing the number of dispensaries via revocation would likely be more difficult than adding dispensaries in the future, given the controversial nature of the industry and analogous examples like liquor stores that persist despite countless community complaints. Finally, staff has not received any complaints from patients claiming they cannot access medical cannabis in Oakland with only eight permitted dispensaries.

That said there are several factors in support of increasing the current number of eight dispensary permits. First, there appears to be a continued increase in patient demand as revealed by a steady increase in business and sales tax from the City's eight licensed dispensaries with 2015 tax revenue projected to increase 28 percent over the year prior. Second, allowing onsite consumption offers a new economic opportunity for dispensaries and likely will further increase consumer demand. Third, more dispensaries may result in more employment opportunities in the City. Lastly, increasing the number of competing businesses generally benefits consumers by lowering prices and providing more options.

One possible compromise in this regard would be to substitute the cap on the total number of dispensaries with a limitation on the number of new dispensaries each year in conjunction with additional administrative restrictions. For example, the following findings required for new alcohol establishments could be added to the existing dispensary application process:

- a. That the proposal will not contribute to undue proliferation of such uses in an area where additional ones would be undesirable, with consideration to be given to the area's function and character, problems of crime and loitering, and traffic problems and capacity;

- b. That the proposal will not adversely affect adjacent or nearby churches, temples, or synagogues; public, parochial, or private elementary, junior high, or high schools; public parks or recreation centers; or public or parochial playgrounds;
- c. That the proposal will not interfere with the movement of people along an important pedestrian street;
- d. That the proposed development will be of an architectural and visual quality and character which harmonizes with, or where appropriate enhances, the surrounding area;
- e. That the design will avoid unduly large or obtrusive signs, bleak un-landscaped parking areas, and an overall garish impression;
- f. That adequate litter receptacles will be provided where appropriate; and
- g. That where the proposed use is in close proximity to residential uses, and especially to bedroom windows, it will be limited in hours of operation, or designed or operated, so as to avoid disruption of residents' sleep between the hours of 10:00 p.m. and 7:00 a.m.

Adding these policy considerations to the application process should address the concerns regarding an uncapped number of dispensaries, while an annual growth limitation would provide staff and policymakers with time to ensure that this new approach maintains the City's successful track record of permitting well run dispensaries.

Staff also proposes a number of non-substantive amendments to OMC Chapter 5.80, including eliminating outdated references, unused definitions and unnecessary language. These and the other amendments discussed will be included in the forthcoming legislative proposal to the City Council for adoption.

FISCAL IMPACT

While difficult to predict, the proposed amendments could have considerable fiscal impacts.

As a result of Oakland voters' passage of Measure F in 2009, codified in OMC Chapter 5.04.480, medical cannabis businesses in Oakland are taxed at elevated rates compared to other businesses. Creating a permitting process for previously unpermitted commercial medical cannabis activities, such as cultivation, distribution and manufacturing, should result in new revenue for the City from these new businesses paying taxes at elevated rates. Delivery only dispensaries similarly offer an opportunity for new revenue, though depending on the business location and the individual transaction locations, the City may not receive all sales tax revenue. While staff cannot specify exactly how many new medical cannabis businesses will take advantage of this new permitting process, staff estimates issuing approximately 60 permits in 2016 based on inquiries from interested businesses, attendance at public meetings and industry trends. To put in perspective, the City's eight licensed medical cannabis dispensaries contributed over four million dollars in taxes in 2015.

The proposed amendments will require staff time to cover both the application process and ongoing monitoring. Staff time will include the City Administrator's Office reviewing and processing applications, conducting site inspections, and issuing findings and a determination, as well as inspections and reviews by police, fire and building departments. Thus, staff proposes to update the annual regulatory fee and initial application fee in conjunction with proposed ordinance amendments to ensure full cost recovery and compliance with Proposition 26.

Establishing a permitting process for industrial medical cannabis activities may also have fiscal impacts on industrial businesses in the City as medical cannabis businesses will likely lead to an increase in industrial rents based on anecdotal information gathered from Oakland thus far and the experience of jurisdictions like Denver, Colorado that authorized cannabis production and manufacturing. Staff is working with Economic and Workforce Development staff on proposals to mitigate any deleterious impacts in this regard.

PUBLIC OUTREACH

The proposed amendments are the product of extensive public outreach that included three public presentations to the City's Cannabis Regulatory Commission over the course of 2015. Specifically, staff met with the Commission in February, July and October 2015, at which point staff offered proposed amendments to the City's medical cannabis ordinances and received feedback from commissioners and the public alike.

Staff proposes to implement essentially all of the recommendations from the Cannabis Regulatory Commission with the exception of increasing the personal and small collective cultivation exemptions to the maximum possible under MMRSA. Staff recommends maintaining the City's existing personal and small scale cultivation exemptions, which allow 32 and 96 square feet of cultivation area, respectively, rather than expand to 100 and 500 square feet of exempt cultivation permitted under MMRSA as more than 96 square feet of cultivation resembles commercial activity that ought to be located in appropriate non-residential areas. Under MMRSA, the City may establish additional standards, requirements, and regulations for local licenses and permits for commercial cannabis activity, but not less than the state standard. Maintaining the 96 square foot threshold will also help to discourage diversion to inappropriate markets. This recommendation is consistent with jurisdictions like Denver, Colorado, which only exempts cultivation of 36 total plants from its cultivation regulations.

COORDINATION

Several City departments were consulted in the preparation of this report, including Building Services, Planning Bureau, the Fire Department, the Police Department, the Revenue Management Bureau, the Office of the City Attorney, and the Controller's Bureau. Likewise, staff consulted with outside agencies as well, including the City and County of San Francisco, the City of Berkeley, the City of Richmond, Alameda County and the Port of Oakland

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SUSTAINABLE OPPORTUNITIES

Economic: The proposed amendments that will come in the future proposed legislation should positively affect the local economy by generating new employment opportunities for Oakland residents and generating revenue to support City services.

Environmental: The proposed amendments and forthcoming performance and operating standards that will come in the future proposed legislation will promote the cultivation, manufacturing and distribution of medical cannabis in an environmentally sound manner.

Social Equity: The amendments that will come in the future proposed legislation will both provide employment opportunities as well as safe access to medical cannabis.

CEQA

The adoption of amendments to existing citywide medical cannabis regulations is exempt from CEQA review pursuant to CEQA Guidelines sections 15061(b)(3) (general rule), 15183 (projects consistent with a community plan, general plan, or zoning), 15301 (existing facilities), 15307 (actions by regulatory agencies for protection of natural resources), 15308 (actions by regulatory agencies for protection of the environment), and 15309 (inspections). Each of these exemptions provides a separate and independent basis for CEQA exemption and when viewed collectively provide an overall basis for CEQA exemption.

Staff believes that the modifications to the existing regulations will enable the City to legalize existing unregulated medical cannabis businesses that are currently operating within the City. The City Administrator will develop operating and performance standards that will apply to these businesses, which will require inspections and review and approval by the City's Fire Department and Building Department before issuance of a permit. The purpose of the amendments is to license and regulate largely unregulated medical cannabis businesses in the interest of public health, safety and general welfare, and staff believes they will result in increased safety and protective measures, fewer safety hazards and more code enforcement.

These regulations will also apply to new small scale operations and other medical cannabis businesses, including cultivation and manufacturing, which will not be open to the public or generate large amounts of traffic. The purpose of the amendments is to align with MMRSA, which sets minimum statewide standards for pesticides in marijuana cultivation, maximum tolerances for pesticides and other foreign object residue, production and labeling of all edible cannabis products, requires establishment of uniform health and safety standards, testing standards, and security requirements at dispensaries and during transport of the product, and specifies minimum testing requirements. The new state regulatory scheme also specifically directs expanded enforcement efforts to reduce adverse impacts of marijuana cultivation, including environmental impacts such as illegal discharge into waterways and poisoning of marine life and habitats. These new minimum standards promote the public's health, safety and/or general welfare.

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January 12, 2016

Sabrina B. Landreth, City Administrator

Subject: Update on State Medical Cannabis Law and Local Proposals

Date: December 21, 2015

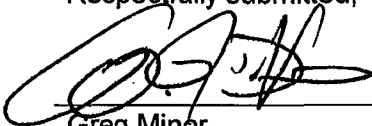
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ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council receive this informational report and provide feedback regarding new state medical cannabis law and proposals to align the City of Oakland's medical cannabis ordinances with new state law.

For questions regarding this report, please contact Greg Minor, Assistant to the City Administrator, at (510) 238-6370.

Respectfully submitted,

 on behalf of:

Greg Minor
Assistant to the City Administrator

Reviewed by:

Joe Devries, Assistant to the City Administrator
Christine Daniel, Assistant City Administrator

Attachments:

- A. California Assembly Bill 266 (Bonta, Cooley, Jones-Sawyer, Lackey, Wood)
- B. California Assembly Bill 243 (Wood)
- C. California Senate Bill 643 (McGuire)
- D. City Council Policy Directive for Fiscal Year 2015-2017 Budget

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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Greg Minor
Assistant to the City
Administrator

SUBJECT: Amendments to Medical Cannabis
Ordinances Supplemental Report

DATE: April 11, 2016

City Administrator Approval

Date:

4/14/16

RECOMMENDATION

Staff Recommends That The City Council Conduct A Public Hearing and Upon Conclusion Adopt The Following Pieces Of Legislation:

- 1) Ordinance Amending Oakland Municipal Code (OMC) Chapter 5.80, Medical Cannabis Dispensary Permits, To Align With California's Medical Marijuana Regulation And Safety Act And Adopting California Environmental Quality Act (CEQA) Exemption Findings;
- 2) Ordinance Amending Oakland Municipal Code Chapter 5.81, Medical Cannabis Cultivation Facility Permits, To Align With California's Medical Marijuana Regulation And Safety Act And Adopting CEQA Exemption Findings;
- 3) Ordinance Amending The FY 2015-16 Master Fee Schedule (Ordinance No. 13320 C.M.S., As Amended) To Modify And Establish Permit Application And Annual Regulatory Fees For City of Oakland Licensed Medical Cannabis Facilities And Adopting CEQA Exemption Findings;
- 4) Resolution Authorizing The City Administrator To Transfer Four Hundred Thousand Dollars (\$400,000) Of Medical Cannabis Cooperative Project (A252610) Funds Within The General Purpose Fund (1010) From The Office Of The City Administrator To The Fire Department And The Planning And Building Department.

REASON FOR SUPPLEMENTAL

At the February 9, 2016 Public Safety Committee meeting, members of the Public Safety Committee requested clarification on several topics, including local hiring requirements, additional buffer restrictions, security at licensed facilities, onsite consumption, industrial tenant improvement program, administrative discretion, proximity to residential uses, and access to banking. This supplemental report addresses these topics and also includes two additional pieces of legislation: an Ordinance amending the Master Fee Schedule and a Resolution authorizing an interdepartmental transfer of funds to add necessary staff to implement the new medical cannabis regulations.

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ANALYSIS

I. Committee Inquiries

A. Local Hiring

At the suggestion of the Public Safety Committee, staff has explicitly included in proposed OMC 5.80 and 5.81 local hiring requirements for licensed medical cannabis facilities with the goal of reducing unemployment in the City of Oakland and improving equity within the medical cannabis industry. Specifically, revised OMC 5.80.040 and 5.81.070 require licensed medical cannabis facilities to maintain a staff of at least 50 percent Oakland residents, including 25 percent of all staff from census tracts high in unemployment. The revised amendments to OMC 5.80 also prioritize future dispensaries owned and operated by Oakland residents, in particular, those Oakland residents in census tracts identified as having high unemployment rates. Further, permittees under proposed OMC 5.80 and 5.81 who hire and retain formerly incarcerated Oakland residents may be eligible for tax credits or license fee reductions. Finally, the permit fee for medical cannabis facilities covers the cost of a full time Contract Compliance Officer who will ensure that licensed facilities implement these local hiring requirements.

B. Additional Buffers

Proposed amendments to OMC 5.80 and 5.81 already restrict medical cannabis facilities to specific zones and require a 600 foot buffer from schools. In addition, the proposed OMC 5.80 imposes additional limitations on dispensaries, including a 600 foot buffer from youth centers and consideration of churches, parks, playgrounds and other dispensaries. Property owners uncomfortable renting to medical cannabis businesses add yet another existing limitation on locations accessible to medical cannabis operators. Consequently, adding further location restrictions such as a 1,000 foot buffer between licensed facilities may render compliance impossible, resulting in medical cannabis operations remaining underground and the City's public health, safety, and revenue goals unfulfilled. Therefore, staff recommends against any additional buffers around medical cannabis facilities as extra buffers threaten to undermine the fundamental purpose of this legislative proposal of bringing medical cannabis operators into the light.

More significantly, there appears to be no basis for additional buffers as crime statistics suggest licensed medical cannabis facilities have zero to negative impact on crime.¹ For example, on average, calls for service to the Oakland Police Department went down 2.5 percent within 500 feet of a City Of Oakland licensed dispensary the year after the dispensary opened compared to the year prior. In one case calls for service dropped 29 percent from 830 to 592 calls for service within one year of operating. Similarly, only one robbery of a licensed Oakland dispensary has taken place over the last ten years, while more than 245 robberies have taken place at Oakland

¹ Regional and national studies have arrived at the same conclusion. See Kepple, N.J. & Freisthler, B. (July 2012). Exploring the Ecological Association Between Crime and Medical Marijuana Dispensaries. Journal of Studies on Alcohol and Drugs, 73(4) 523-530 (concluding Sacramento dispensaries are not associated with higher crime rates); see also Morris RG, TenEyck M, Barnes JC, Kovandzic TV (2014) The Effect of Medical Marijuana Laws on Crime: Evidence from State Panel Data, 1990-2006. PLoS ONE 9(3) e92816. Doi:10.1371/journal.pone.0092816 (finding medical marijuana legalization does not result in increased crime and may result in reduction in homicide and assault rates).

banks/ATMs, another cash-based business, during that same period. This data is not surprising, though, given the security protocols in place at licensed dispensaries as well as the additional eyes on the street generated by dispensaries.

Further, non-dispensary facilities will not be open to the public and pose less risk of being a nuisance. Thus adding extra distance buffers around medical cannabis manufacturing facilities would be equivalent to imposing buffers on alcohol breweries or bottling facilities, which the City only limits via basic zoning requirements.

C. Security

Much like existing licensed dispensaries, new medical cannabis facilities authorized under proposed OMC 5.80 and 5.81 will be required to submit and implement security plans to deter, track and thwart crime in and around their facilities. These plans will include installation of surveillance camera systems that monitor the street outside of medical cannabis facilities and administrative conditions will require operators to report crimes and share surveillance footage with OPD and the City Administrator when a crime occurs. This will benefit the surrounding community not only in preventing cannabis-related crime but in helping document and diminish other crimes, including illegal dumping and graffiti near licensed medical cannabis facilities.

D. Onsite Consumption

The revised dispensary regulations include a separate onsite consumption permit process outlined in proposed OMC 5.80.025. This onsite consumption permit is analogous to the extended hours cabaret permit, a secondary permit that existing operators in good standing can apply for provided they can address any concerns related to this extra activity. In the case of onsite consumption, dispensary applicants will be required to demonstrate measures to address parking concerns, ventilation issues, and avoidance of drugged-driving.

Revised OMC 5.80 also adds the definition of "smoking" from the City's existing smoking ordinance, OMC 8.30, in order to clarify the prohibition of "smoking" inside the premises of the dispensary in OMC 5.80.040.

E. Industrial Tenant Improvement Program

The staff report for the February 9th Public Safety Committee alluded to an industrial tenant improvement program as a measure to address the potential negative impact of increased industrial rents as a result of establishing a permitting process for medical cannabis manufacturing and production. Industrial vacancy in Oakland is at an all-time low, approximately 2.4 percent according to a recent Colliers International report (Quarter 4, 2015), and formalizing industrial medical cannabis uses may reduce industrial vacancy even further due to the profitability of medical cannabis and cannabis operators' ability to afford higher rents. This could threaten the existing rich diversity of industrial activities, including space for private, port-related uses, space for industrial artists and makers, as well as lessen our overall ability to prosper with changing economic conditions.

An industrial tenant improvement program funded by revenue from licensed medical cannabis facilities that promotes a diverse industrial sector and serves small industrial non-cannabis

tenants could help mitigate these undesirable effects. Ultimately, this program would depend on a City Council allocation of funds, most likely after new medical cannabis facilities have been operating for at least a year to assess the feasibility of this proposal.

F. Administrative Discretion

At the request of Councilmember Kalb, staff inserted discretionary language in revised OMC 5.81.030(F) to parallel language in OMC 5.80 that allows the City Administrator to reconsider a particular location requirement if the City Administrator determines that the location will not impact the peace, order and welfare of the public.

One example where the City Administrator applied this discretionary language in the past was in 2013 with a proposed dispensary on Telegraph Avenue that was located within 600 feet of a residential zone. The City Administrator evaluated the proposed operation and security plan for the dispensary, the dilapidated and vacant status of the existing facility and concluded waiving the residential zone requirement would not harm the peace, order and welfare of the public. This determination proved correct in that the opening of this dispensary reduced police calls for service in the area by 29 percent in one year, preserved a historic building and the dispensary continues to be referred to favorably by neighboring residents.

G. Residential Proximity

Another issue raised by the February 9th Public Safety Committee was the proximity of medical cannabis facilities to residential uses.

Proposed OMC 5.80 continues to limit the location of dispensaries to commercial or industrial zones and requires a public hearing for dispensary applicants. However, in place of a fixed buffer of 600 feet from a residential zone, which in addition to other buffers has made it difficult for operators to find compliant locations, revised OMC 5.80.020 requires confirmation that a proposed dispensary will not negatively impact nearby residential uses.

Similarly, the permitted facilities outlined in proposed OMC 5.81 are restricted to areas where industrial uses (e.g. "light manufacturing industrial" and "research and development") are allowed under the Planning Code. The only exception to these general restrictions are for small edible manufacturers that meet the same criteria as a "cottage food operator" under state law, which authorizes small scale home businesses of non-hazardous food, and for personal medical cannabis cultivation limited to less than 96 square feet, which has been the City's policy for several years.

H. Access to Banking

Finally, the Public Safety Committee also inquired about what role the City of Oakland can play in improving medical cannabis businesses' access to financial institutions. While banking access remains limited due to federal prohibition of cannabis and banks' reliance on the Federal Reserve, the state legislature and others across the country are examining remedies. In the meantime, revised OMC 5.80.040(F) and 5.81.070(B)(6) require permittees to implement track and trace programs that promote the transparency that helps banks work with cannabis businesses and comply with the Department of Treasury Financial Crimes Enforcement

Network ("FinCEN"). The City Administration will continue to follow state and federal developments closely and support any developments that reduce medical cannabis businesses' reliance on cash transactions.

II. Additions and Modifications

In light of this supplemental opportunity, staff is bringing two additional items to the Council for its consideration, Master Fee Schedule amendments and a Resolution authorizing interdepartmental transfer of funds to add necessary fire and building staff. Likewise, staff has also made two substantive amendments to February's proposed OMC 5.80 and 5.81 beyond the Public Safety Committee's inquiries and staff has highlighted these changes below.

A. Master Fee Amendments

Amendments are needed to the Master Fee Schedule to cover the costs of regulating new medical cannabis facilities under OMC 5.80 and 5.81, which are summarized below and itemized in more detail in **Attachments 3 and 4**.

The application process will require a variety of staff time. For example, CAO staff will need to design an application process and forms, develop performance and operating standards, respond to email and telephone inquiries concerning the application process, notify the public regarding the application process, receive and file applications, review applications, coordinate with other departments involved in the application process, conduct site visits of proposed facilities and ultimately make a determination to approve or deny each application. Similarly, Oakland Police Department and Revenue Management Bureau staff will spend time reviewing and providing feedback on applicants' security and business plans, respectively. Planning staff will also play a role mapping proposed locations of medical cannabis facilities to identify zoning compliance and proximity to sensitive uses.

Ongoing monitoring will require even more staff time. For instance, CAO staff will need to prevent and address any complaints associated with permitted facilities through phone calls, emails, site visits and permit suspension and revocation proceedings as well as request and review quarterly reports from permitted facilities, respond to related inquiries via telephone and email, and provide input and staff support to the Cannabis Regulatory Commission during its monthly meetings. Likewise, the City Attorney's Office will provide legal advice on medical cannabis issues, representation at administrative hearings and defend the City in any lawsuits related to its medical cannabis program. In addition, Revenue Management Bureau staff will spend time processing fee and tax payments from medical cannabis permittees, which often requires more time than other businesses due to all cash payments, time auditing medical cannabis facilities to ensure tax compliance, and time involved in any tax enforcement proceedings. Contracts and Compliance will also spend time monitoring local hiring and wage requirements. Finally, Oakland Police Department time will be spent coordinating enforcement actions against unpermitted operators, which requires investigating, documenting, and testifying.

While Building Bureau and Fire Department staff will be essential in the permitting of new medical cannabis facilities, their time is not included in the basic application and permit fee;

rather Fire and Building will recover their fees as part of their normal fee-charging process. Staff elected to pursue this approach as Building and Fire inspectors' time varies significantly depending on the building and issues they encounter during their inspections.

In determining 98 as the number of anticipated permits, staff examined a variety of factors. These factors included: the number of existing cannabis related business licenses, which grew by 60 new businesses at the end of 2015; opinions of industry experts; attendance at public meetings discussing OMC 5.80 and 5.81 amendments that has at times exceeded capacity of an 85 person room; the quadrupling of the City's Cannabis Commission's email list serve to over two hundred individuals in the last year; and the constant permit inquiries received by staff over the last few months. Similarly, in determining the amount of time medical cannabis regulating may require of City staff, each department took into consideration the activities and services they would provide and analyzed what percentage of time those activities and services would require of each position. For example, medical cannabis regulation will require 100 percent of both a tax auditor and contracts and compliance officer as auditing as well as monitoring local hiring and wage provisions more than 50 businesses requires a full time auditor and contracts and compliance officer, respectively.

Small scale medical cannabis facilities, such as cottage food operators under California's Homemade Food Act will pay a reduced fee compared to other medical cannabis facilities to reflect the reduced staff time involved with these small-scale facilities. The legal threshold for these small operations is gross receipts of \$50,000 or less. Similarly, medium sized medical cannabis facilities with gross receipts between \$50,000-\$150,000 will pay a slightly reduced fee. These incremental fee levels should allow for small and mid-size medical cannabis operators an opportunity to compete within Oakland's regulated medical cannabis industry.

B. Resolution Authorizing Fund Transfer to Building and Fire Departments

The City Administrator recommends transferring existing medical cannabis regulatory funds from the City Administrator's Office to the Oakland Fire Department and the Planning and Building Department in order to ensure sufficient staffing to inspect new medical cannabis facilities. Specifically, the proposed Resolution (**Attachment 5**) authorizes the City Administrator to transfer \$200,000 to the Fire Department to add one full fire prevention bureau inspector and 60 percent of an Office Assistant plus \$200,000 to the Planning and Building Bureau to fund a full civil engineer. These positions are of a limited duration for one year, after which they will need to be funded by ongoing fees.

Building and Fire staff will be essential in verifying that licensed facilities are safe and operating in a safe manner. Accordingly, the City Administrator suggests this proactive interdepartmental fund transfer to begin adding appropriate building and fire staff as soon as possible.

C. Defining and Removing "Youth Center"

Public comments before and after the February 9th Public Safety Committee meeting questioned the ambiguity of the term "youth center" in OMC 5.80 and the appropriateness of including it as a buffer from medical cannabis facilities under proposed OMC 5.81. In response, staff has offered a definition for the term "youth center" in revised OMC 5.80 to provide a measure of

clarity for operators and regulators alike, and removed the term from proposed OMC 5.81. A "youth center" buffer for non-dispensary facilities is unnecessary given the existing buffer from schools and the fact that they are not open to the public and do not pose the same risk of nuisance as a dispensary.

D. Clarifying Multiple Uses Allowed at Same Site, Permit Required per Operator

In response to inquiries from medical cannabis operators, staff clarified under revised OMC 5.81.030(E) that different uses may situate on the same property but that each operator will be required to obtain a permit for each respective use. This approach will allow for economies of scale and encourage shared and efficient facility use by operators of varied sizes. Additionally, this will facilitate each operator's ability to demonstrate that he or she has obtained a local permit when applying for a state license.

FISCAL IMPACT

As discussed in the February 9th Public Safety Committee staff report, the proposed amendments could have considerable positive fiscal impacts resulting from new businesses paying taxes at the City's elevated medical cannabis business tax rate. While staff cannot specify exactly how many new medical cannabis businesses will participate in the new permitting process, staff estimates issuing 98 permits based on inquiries from interested businesses, attendance at public meetings and industry trends. To put in perspective, the City's eight licensed medical cannabis dispensaries contributed over four million dollars in taxes in 2015.

The revenue generated from permit and application fees arising under revised Chapters OMC 5.80 and 5.81 are expected to be budget neutral. The proposed fee structure is meant to recover the City's costs including staff time for the application process and ongoing monitoring described in detail above. After experience is gained from the expansion of the ordinance, staff will analyze workload, revenues and fees and return to the City Council with any necessary adjustments.

In addition, the proposed resolution recommends using one-time funds of \$400,000 available in the General Purpose Fund (1010), City Administrator Administration Org (02111), Cannabis Cooperative Project (A252610) to add building and fire inspection and administrative staff for a limited duration to accommodate the anticipated expansion of licensed medical cannabis facilities. The Fire Department will receive \$200,000 to fund 1.0 Fire Prevention Bureau Inspector, Civil and 0.60 Office Assistant I, PPT positions, and the Planning and Building Department will receive \$200,000 to fund a 1.0 Civil Engineer (Office) position. Initially these positions will be on a limited duration of one year, and Staff will assess if the workload and fee revenue associated with the medical cannabis facilities can support the positions on an ongoing basis.

PUBLIC OUTREACH

Staff met twice with the Cannabis Regulatory Commission (CRC) since the February 9th Public Safety Committee meeting to discuss the issues raised by the Committee. The CRC meetings have been well attended since the Public Safety Committee considered the proposals in

February, and the CRC provided a venue to receive a variety of input from a wide cross-section of the community.

Specifically, the Commission's February meeting resulted in the following motions:

1. Supporting the removal of buffers for non-dispensary and non-cultivation purposes and limiting the buffer to K-12 schools.
2. Supporting the addition of wording to the ordinances that require cannabis businesses to address blight, graffiti, and illegal dumping in the area surrounding their business.
3. Supporting a 50 percent local hire requirement on all cannabis businesses.
4. Opposing a 1,000 foot buffer; supporting allowing the clustering of cannabis businesses.
5. Supporting increasing local, minority ownership in the cannabis industry.
6. Supporting the City's investigation of ways for the cannabis industry to utilize traditional banking methods.

Similarly, at the March CRC meeting the Commission voted in favor of supporting efforts to employ chronically unemployed and formerly incarcerated Oakland residents.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council conduct a public hearing and adopt the following pieces of legislation:

- 1) Ordinance Amending Oakland Municipal Code (OMC) Chapter 5.80, Medical Cannabis Dispensary Permits, To Align With California's Medical Marijuana Regulation And Safety Act And Adopting California Environmental Quality Act (CEQA) Exemption Findings;
- 2) Ordinance Amending Oakland Municipal Code Chapter 5.81, Medical Cannabis Cultivation Facility Permits, To Align With California's Medical Marijuana Regulation And Safety Act And Adopting CEQA Exemption Findings;
- 3) Ordinance Amending The FY 2015-16 Master Fee Schedule (Ordinance No. 13320 C.M.S., As Amended) To Modify And Establish Permit Application And Annual Regulatory Fees For City of Oakland Licensed Medical Cannabis Facilities And Adopting CEQA Exemption Findings;
- 4) Resolution Authorizing The City Administrator To Transfer Four Hundred Thousand Dollars (\$400,000) Of Medical Cannabis Cooperative Project (A252610) Funds Within The General Purpose Fund (1010) From The Office Of The City Administrator To The Fire Department And The Planning And Building Department.

For questions regarding this report, please contact Greg Minor, Assistant to the City Administrator, at (510) 238-6370.

Respectfully submitted,



GREG MINOR
Assistant to the City Administrator

Reviewed by:
Joe DeVries, Assistant to the City Administrator

Attachments:

1. Revised Ordinance amending OMC 5.80, Medical Cannabis Dispensary Permits.
2. Revised Ordinance amending OMC 5.81, Medical Cannabis Cultivation, Manufacturing and Other Facility Permits.
3. Ordinance amending Master Fee Schedule
4. Supporting Documentation to Master Fee Schedule Amendments
5. Resolution Authorizing Interdepartmental Fund Transfer

- 9.1** Subject: Amendments To Medical Cannabis Ordinances
 From: Office Of The City Administrator
 Recommendation: Conduct A Public Hearing And Upon Conclusion Adopt The
 Following Pieces Of Legislation:

1) An Ordinance Amending Oakland Municipal Code Chapter 5.80, Medical Cannabis Dispensary Permits, To Align With California's Medical Marijuana Regulation And Safety Act And Adopting CEQA Exemption Findings ; And
[15-0587](#)

Attachments: [View Report](#)

[View Supplemental Report](#)

Upon the reading of Item 9.1 by the City Clerk, the Public Hearing was opened at 11:03 p.m.

47 individuals spoke on this item.

Councilmember Brooks made a motion, seconded by President Pro Tempore Reid, to close the Public Hearing, and hearing no objections, the motion passed by 8 Ayes: Brooks, Campbell Washington, Gallo, Guillén, Kalb, Kaplan, Reid and President Gibson McElhaney.

Councilmember Brooks made a motion, seconded by President Pro Tempore Reid, to approve the Ordinance on introduction as amended as follows:

1. Add to Definitions Section 5.80.010 the following: Section M. "General Application permit" shall mean all applications issued under OMC 5.80 with the exception of Dispensary Equity Permits issued under section 5.80.040.

2. DISPENSARY PERMIT APPLICATION:

a. Section 5.80.020 (E) delete the following: "Priority shall be given to dispensary applications owned and operated by Oakland residents, in particular applicants owned and operated by Oakland residents in census tracts identified by the City Administrator as having high unemployment rates."

b. Section 5.80.020(E) add the following: "Fifty percent (50%) of all permits issued under OMC 5.80 shall be issued to an Oakland resident who meets the Dispensary Equity Permit Program requirements set forth in Section 5.80.050. At no time shall the number of new General Application permits exceed the number of Dispensary Equity Permits issued by the City Administrator. The eight (8) existing Dispensary Operators are exempt from the 50% requirement."

3. Add the following to Section 5.80.040 - Performance and Operating Standards:

i. Section G. Fifty percent (50%) of all dispensary applications issued under OMC 5.80 shall be issued to an Oakland resident who meets the Dispensary Equity Permit Program requirements set forth in Section 5.80.050 below.

ii. Section H. At no time shall the number of new General Application permits exceed the number of Dispensary Equity Permits issued by the City Administrator.

4. **Add new Section 5.80.050 -DISPENSARY EQUITY PERMIT PROGRAM:**
 - i. **Section A: CRITERIA. Applicant must have at least one member who meets all of the following criteria:**
 1. **Be an Oakland resident who,**
 2. **Resides for at least two years prior to the date of application in Oakland Police Department Beats 26Y, 30X, 30Y, 31Z, 32Y, and 34X (Oakland Police Department Beat Map is attached and incorporated herein by reference); or those individuals who, within the last ten years, have been previously incarcerated for marijuana-related offense as a result of a conviction arising out of Oakland, California;**
 3. **Maintains not less than a 50% ownership in the Dispensary applicant entity, partnership, limited liability corporation, collective, corporation, worker cooperative or other recognized ownership entity; and**
 4. **Prior marijuana or cannabis conviction shall not be a bar to equity ownership.**
5. **Add the following: Section 5.80.020(4)(h) - That no cannabis or cannabis odors shall be detectable by sight or smell outside of a permitted facility.**
6. **Renumber the balance of the sections accordingly.**

The Council directed the City Administrator to include the following in the implementation regulations:

1. Strengthened Enforcement of Local Hiring Provisions. Strengthen enforcement of local hiring provisions by creating statutory fines for shortfalls and permit revocation for repeated noncompliance. Additionally, onsite consumption permits should be denied to dispensaries that do not meet the local hiring requirements at the time of their application.

5. Advocate for and Assist Formerly Incarcerated Permit Holders with State Suitability Process. Earmark resources for Oakland to proactively lobby on behalf of licensed local businesses during the state licensing process so that business owners with prior criminal offenses will not be frozen out of the state system.

A motion was made by Brooks, seconded by Reid, that this matter be Approved As Amended On Introduction and Scheduled for Final Passage to the Meeting of the Oakland City Council. The motion carried by the following vote:

Aye: 8 - Brooks, Campbell Washington, Gallo, Guillén, Kalb, Kaplan, Reid, and Gibson McElhaney

2) Ordinance Amending Oakland Municipal Code Chapter 5.81, Medical Cannabis Cultivation Facility Permits, To Align With California's Medical Marijuana Regulation And Safety Act And Adopting CEQA Exemption Findings; And
[15-0589](#)

Councilmember Brooks made a motion, seconded by President Pro Tempore Reid, to approve the Ordinance on introduction as amended as follows:

1. Cultivation, Distribution, And Manufacturing Permit Application. Add to Definitions Section 5.81.020 the following: Section W. "General Application permit" shall mean all applications issued under OMC 5.81 with the exception of Dispensary Equity Permits issued under section 5.81.030.

2. On page 8, Section 5.81.030 insert: Section G. Fifty percent (50%) of all permits issued under OMC 5.81 shall be issued to an Oakland resident who meets the Equity Permit Program requirements set forth in Section 5.81.030(H) below. At no time shall the number of General Application permits issued under 5.81 in total exceed the number of Equity Permits under 5.81 in total issued by the City Administrator.

a. Add Section H. Cultivation, Manufacture, Distribution Equity Permit Program Criteria. Applicant must have at least one member who meets all of the following criteria:

1. Be an Oakland resident who,

2. Resides for at least two years prior to the date of application in Oakland Police Department Beats 26Y, 30X, 30Y, 31Z, 32Y, and 34X (Oakland Police Department Beat Map is attached and incorporated herein by reference); or those individuals who, within the last ten years, have been previously incarcerated for marijuana-related offense as a result of a conviction arising out of Oakland, California;

3. Maintains not less than a 50% ownership in the Dispensary applicant entity, partnership, limited liability corporation, collective, corporation, worker cooperative or other recognized ownership entity; and

4. Prior marijuana or cannabis conviction shall not be a bar to equity ownership.

This Ordinance was Approved As Amended On Introduction and Scheduled for Final Passage.to the Meeting of the Oakland City Council to be heard 5/17/2016

Aye: 8 - Brooks, Campbell Washington, Gallo, Guillén, Kalb, Kaplan, Reid, and Gibson McElhaney

3) An Ordinance Amending The FY 2015-16 Master Fee Schedule (Ordinance No. 13320 C.M.S., As Amended) To Modify And Establish Permit Application And Annual Regulatory Fees For City Of Oakland Licensed Medical Cannabis Facilities And Adopting CEQA Exemption Findings; And
[15-0811](#)

A motion was made by Brooks, seconded by Reid, that this matter be Approved On Introduction and Scheduled for Final Passage to the Meeting of the Oakland City Council, to be heard 5/17/2016. The motion carried by the following vote:

Aye: 8 - Brooks, Campbell Washington, Gallo, Guillén, Kalb, Kaplan, Reid, and Gibson McElhaney

4) A Resolution Authorizing The City Administrator To Transfer Four Hundred Thousand Dollars (\$400,000) Of Medical Cannabis Cooperative Project (A242610) Funds Within The General Purpose Fund (1010) From The Office Of The City Administrator To The Fire Department And The Planning And Building Department
[15-0814](#)

Councilmember Brooks made a motion, seconded by President Pro Tempore Reid, to adopt the Resolution as amended with the following addition: "And be it Resolved that staff shall report back to City Council no later than one year from the date of adoption of this action, providing information about the implementation, review of effectiveness of the included standards, including equity standards, issues that have arisen, if any, and whether any changes are recommended."

A motion was made by Brooks, seconded by Reid, that this matter be Adopted as Amended. The motion carried by the following vote:

Aye: 8 - Brooks, Campbell Washington, Gallo, Guillén, Kalb, Kaplan, Reid, and Gibson McElhaney

ACTION ON OTHER NON-CONSENT CALENDAR ITEMS:

10 THIS NUMBER INTENTIONALLY NOT USED

11 Subject: Establishing An Alameda County Community Choice Energy Program
From: Councilmember Kalb & Alameda County Community Development Agency
Recommendation: Receive An Informational Status Report On The Process And Progress Of Establishing An Alameda County Community Choice Energy Program, Including Level Of Progress, Process Going Forward, Including Eventual Next Steps From Oakland And Other Participating Cities And The County
[15-0820](#)

Attachments: [View Report](#)

There were 7 speakers on this item.

A motion was made by Kalb, seconded by Kaplan, that this matter be Received and Filed. The motion carried by the following vote:

Aye: 8 - Brooks, Campbell Washington, Gallo, Guillén, Kalb, Kaplan, Reid, and Gibson McElhaney

2016 MAY -5 PM 4:45

APPROVED AS TO FORM

INTRODUCED BY COUNCILMEMBER _____


CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE CHAPTER 5.80, MEDICAL CANNABIS DISPENSARY PERMITS, TO ALIGN WITH CALIFORNIA'S MEDICAL MARIJUANA REGULATION AND SAFETY ACT AND ADOPTING CEQA EXEMPTION FINDINGS

WHEREAS, in 1996, California voters approved Proposition 215 (codified at Health and Safety Code section 11362.5 and titled the "Compassionate Use Act of 1996"), which provides criminal immunity for patients and primary caregivers for the cultivation and possession of cannabis if a doctor has recommended the cannabis for medical purposes; and

WHEREAS, in 2004, Senate Bill 420 was enacted (codified at Health and Safety Code section 11362.7 *et seq.* and titled the "Medical Marijuana Program Act") to clarify the scope of the Compassionate Use Act of 1996. The Medical Marijuana Program Act allows cities and other governing bodies to adopt and enforce laws consistent with its provisions; and

WHEREAS, neither the Compassionate Use Act of 1996 nor the Medical Marijuana Program Act provided an effective statewide regulatory system for the medical cannabis industry, and this lack of uniform regulation created uncertainty about the legality of medical cannabis activities and endangered the safety of end users, who have not had the benefit of a monitored supply chain for medical cannabis, quality control, testing or labeling requirements; and

WHEREAS, in 2004, the Oakland City Council adopted Ordinance No. 12585 C.M.S. to establish citywide medical cannabis dispensary regulations (codified at Oakland Municipal Code ("OMC") Chapter 5.80), consistent with the Medical Marijuana Program Act, to protect the peace, health, safety and welfare of patients and the community as a whole; and

WHEREAS, the City of Oakland's medical cannabis dispensary regulations were subsequently amended in 2010 through Ordinance No. 13049 C.M.S., and in 2011 through Ordinance No. 13086 C.M.S.; and

WHEREAS, the purpose of citywide regulation of medical cannabis dispensaries is to regulate the sale and distribution of cannabis in the interest of patients who qualify to obtain, possess and use cannabis for medical purposes under state law, and to provide safe medical cannabis product and inventory; and

WHEREAS, in 2011, Assembly Bill 2650 was enacted (codified at Health and Safety Code section 11362.768). This law affirms that cities can adopt ordinances that restrict the location and establishment of medical marijuana collectives, cooperatives, and dispensaries; and

WHEREAS, in *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.* (2013) 56 Cal.4th 729, the California Supreme Court concluded that nothing in the Compassionate Use Act or the Medical Marijuana Program Act precludes a local jurisdiction from regulating or prohibiting facilities that distribute medical marijuana; and

WHEREAS, in 2015, Assembly Bills 243 and 266 and Senate Bill 643 were enacted (codified at Business and Professions Code section 19300 *et seq.* and titled the "Medical Marijuana Regulation and Safety Act"). These bills also amended provisions of the Medical Marijuana Program Act related to the cultivation of medical marijuana; and

WHEREAS, the Medical Marijuana Regulation and Safety Act establishes a long-overdue comprehensive regulatory framework for medical cannabis in California (including production, transportation and sale of medical cannabis), requires establishment of uniform state minimum health and safety standards, testing standards, mandatory product testing, and security requirements at dispensaries and during transport of the product, and provides criminal immunity for licensees; and

WHEREAS, the Medical Marijuana Regulation and Safety Act preserves local control in a number of ways: (1) by requiring medical cannabis businesses to obtain both a state license and a local license or permit to operate legally in California, (2) by terminating the ability of a medical cannabis business to operate if its local license or permit is terminated, (3) by authorizing local governments to enforce state law in addition to local ordinances, if they request that authority and it is granted by the relevant state agency, (4) by providing for civil penalties for unlicensed activities, and continuing to apply applicable criminal penalties under existing law, and (5) by expressly protecting local licensing practices, zoning ordinances, and local actions taken under the constitutional police power; and

WHEREAS, the Medical Marijuana Regulation and Safety Act authorizes medical cannabis businesses to vertically integrate their business and hold multiple state licenses if they are located in jurisdictions that adopted a local ordinance, prior to July 1, 2015, allowing or requiring qualified businesses to cultivate, manufacture, and dispense medical cannabis or medical cannabis products; and

WHEREAS, the City of Oakland's medical cannabis regulations have allowed and will continue to allow an individual qualified business to cultivate, manufacture, and dispense medical cannabis or medical cannabis products; and

WHEREAS, the City of Oakland wishes to amend OMC Chapter 5.80 to continue and expand citywide regulation of medical cannabis activities in a manner that protects the public health, safety and general welfare of the community, and in the interest of patients who qualify to obtain, possess and use marijuana for medical purposes, consistent with the Compassionate Use Act of 1996, the Medical Marijuana Program Act, and the Medical Marijuana Regulation and Safety Act; and

WHEREAS, the City of Oakland has a compelling interest in protecting the public health, safety, and welfare of its citizens, residents, visitors and businesses by developing and implementing strict performance and operating standards for dispensaries; and

WHEREAS, it is the City of Oakland's policy in the permitting of medical cannabis facilities to encourage the hiring of high unemployment groups, including Oakland residents that were formerly incarcerated; and

WHEREAS, communities of color have been negatively and disproportionately impacted by disparate enforcement of cannabis laws; and

WHEREAS, police arrest data reported to the Cannabis Regulatory Commission reflect disproportionately higher arrests for cannabis offenses in certain police beats; and

WHEREAS, individuals arrested or previously incarcerated for cannabis related offenses face significant barriers to obtaining employment, financial aid, public housing, and other economic opportunities; and

WHEREAS, the City of Oakland seeks to provide equity in ownership in the cannabis industry through the incorporation of a Dispensary Equity Permit Program; and

WHEREAS, as part of its efforts to develop comprehensive amendments to the existing citywide medical cannabis regulations, staff conducted extensive public outreach, including public presentations to the City's Cannabis Regulatory Commission in February, July, and October 2015; and

WHEREAS, after duly noticed public meetings on February 9, 2016, and April 26, 2016, the Public Safety Committee voted to recommend the proposal to the City Council with the inclusion of an equity component that requires 50% of all new cannabis permits be issued to applicants who reside in police beats negatively and disproportionately impacted by enforcement of cannabis laws; and

WHEREAS, the City Council held a duly noticed public hearing on May 3, 2016, to consider the proposed amendments and all interested parties were provided an ample opportunity to participate in said hearing and express their views; and

WHEREAS, nothing in this Ordinance shall be deemed to conflict with federal law as contained in the Controlled Substances Act, 21 U.S.C. § 841 or to license any activity that is prohibited under said Act except as mandated by State law; and

WHEREAS, nothing in this Ordinance shall be construed to (1) allow persons to engage in conduct that endangers others or causes a public nuisance; or (2) allow the use of cannabis for non-medical purposes; or (3) allow any activity relating to the sale, distribution, possession or use of cannabis that is illegal under state or federal law; and compliance with the requirements of this Ordinance shall not provide a defense to criminal prosecution under any applicable law; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. Recitals. The City Council finds and determines the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

SECTION 2. Purpose and Intent. It is the purpose and intent of this Ordinance to clarify and expressly authorize medical cannabis dispensaries and delivery-only dispensaries, in order to preserve the public peace, health, safety, and general welfare of the citizens and residents of, and travelers through, the City of Oakland, as authorized by the Medical Marijuana Regulation and Safety Act.

SECTION 3. Amendment of Chapter 5.80 of the Oakland Municipal Code. Oakland Municipal Code Chapter 5.80 is hereby amended to read as follows (additions are shown in double underline and deletions are shown as ~~strikethrough~~):

Chapter 5.80 - MEDICAL CANNABIS DISPENSARY PERMITS

5.80.010 – Definitions.

The following words or phrases, whenever used in this ~~e~~Chapter, shall be given the following definitions:

A. ~~“Attorney General Guidelines” shall mean the California Attorney General Guidelines for the Security and Non-diversion of Marijuana Grown for Medical Use, issued by the Attorney General’s Office in August 2008, as amended from time to time, which sets regulations intended to ensure the security and non-diversion of marijuana grown for medical use by qualified patients or primary caregivers.~~

AB. “Cannabis” or “Marijuana” shall have the same definition as Business and Professions Code section 19300.5(f), as may be amended, which, as of March 2016, defines “cannabis” as 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, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from marijuana. "Cannabis" also means marijuana as defined by Health and Safety Code § 11018, as amended from time to time, which defines "cannabis" as all parts of the plant Cannabis sativa L., whether growing or not; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. It "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seeds of the plant which is are incapable of germination. "Cannabis" does not mean "industrial hemp" as defined by Section 81000 of the Food and Agricultural Code or Section 11018.5 of the Health and Safety Code.

BC. "Cannabis dispensary" or "Dispensary" shall mean a collective or cooperative that distributes, dispenses, stores, exchanges, processes, delivers, makes available, transmits and/or gives away marijuana in the City for medicinal purposes to four or more qualified patients and/or primary caregivers pursuant to California Health and Safety Code Sections 11362.5, 11362.7 et seq. a facility where medical cannabis, medical cannabis products, or devices for the use of medical cannabis or medical cannabis products are offered, either individually or in any combination, for retail sale, including an establishment that delivers medical cannabis and medical cannabis products as part of a retail sale.

CD. "City Administrator" means the City Administrator of the City of Oakland or his/her designee.

DE. "Collective" means any association, affiliation, or establishment jointly owned and operated by its members that facilitates the collaborative efforts of qualified patients and primary caregivers, as described in the Attorney General GuidelinesState law.

E. "Delivery" means the commercial transfer of medical cannabis or medical cannabis products from a dispensary to a primary caregiver or qualified patient as defined in Section 11362.7 of the Health and Safety Code, or a testing laboratory. "Delivery" also includes the use by a dispensary of any technology platform that enables qualified patients or primary caregivers to arrange for or facilitate the commercial transfer by a licensed dispensary of medical cannabis or medical cannabis products.

F. "Delivery only dispensary" means a cannabis dispensary that provides medical cannabis or medical cannabis products to primary caregivers or qualified patients as defined in Section 11362.7 of the Health and Safety Code exclusively through delivery.

GF. "Medical marijuana" or "Medical cannabis" means marijuana authorized in strict compliance with Health & Safety Code §§ 11362.5, 11362.7 et seq., as such sections may be amended from time to time.

HG. "Parcel of land" means one piece of real property as identified by the county assessor's parcel number (APN) that is one contiguous parcel of real property, which is used to identify real property, its boundaries, and all the rights contained therein.

IH. "Primary caregiver" shall have the same definition as California Health and Safety Code Section 11362.7, and as may be amended, and which, as of March 2016,

defines "Primary Caregiver" as an individual designated by a qualified patient or by a person with an identification card, who has consistently assumed responsibility for the housing, health, or safety of that patient or person, and may include a licensed health care facility, a residential care facility, a hospice, or a home health agency as allowed by California Health and Safety Code Section 11362.7(d)(1)-(3). any of the following:

~~1. In any case in which a qualified patient or person with an identification card receives medical care or supportive services, or both, from a clinic licensed pursuant to Chapter 1 (commencing with Section 1200) of Division 2 of the California Health and Safety Code; a health care facility licensed pursuant to Chapter 2 (commencing with Section 1250) of Division 2 of the California Health and Safety Code; a residential care facility for persons with chronic life threatening illness licensed pursuant to Chapter 3.01 (commencing with Section 1568.01) of Division 2 of the California Health and Safety Code; a residential care facility for the elderly licensed pursuant to Chapter 3.2 (commencing with Section 1569) of Division 2 of the California Health and Safety Code; a hospice, or a home health agency licensed pursuant to Chapter 8 (commencing with Section 1725) of Division 2 of the California Health and Safety Code; the owner or operator, or no more than three employees who are designated by the owner or operator, of the clinic, facility, hospice, or home health agency, if designated as a primary caregiver by that qualified patient or person with an identification card.~~

~~2. An individual who has been designated as a primary caregiver by more than one qualified patient or person with an identification card, if every qualified patient or person with an identification card who has designated that individual as a primary caregiver resides in the same city or county as the primary caregiver.~~

~~3. An individual who has been designated as a primary caregiver by a qualified patient or person with an identification card who resides in a city or county other than that of the primary caregiver, if the individual has not been designated as a primary caregiver by any other qualified patient or person with an identification card.~~

II. "Qualified patient" shall have the same definition as California Health and Safety Code Section 11362.7 et seq., and as may be amended, and which, as of March 2016, means a person who is entitled to the protections of California Health & Safety Code Section 11362.5. For purposes of this ordinance, qualified patient shall include a person with an identification card, as that term is defined by California Health and Safety Code Section 11362.7 et seq.

~~J. "Serious medical condition" shall have the same definition as California Health and Safety Code Section 11362.7 et seq., and as may be amended, and which means all of the following medical conditions:~~

- ~~1. Acquired immune deficiency syndrome (AIDS);~~
- ~~2. Anorexia;~~
- ~~3. Arthritis;~~
- ~~4. Cachexia;~~
- ~~5. Cancer;~~
- ~~6. Chronic pain;~~
- ~~7. Glaucoma;~~
- ~~8. Migraine;~~

- ~~9. Persistent muscle spasms, including, but not limited to, spasms associated with multiple sclerosis;~~
~~10. Seizures, including, but not limited to, seizures associated with epilepsy;~~
~~11. Severe nausea;~~
~~12. Any other chronic or persistent medical symptom that either:~~
~~a. Substantially limits the ability of the person to conduct one or more major life activities as defined in the Americans with Disabilities Act of 1990 (Public Law 101-336);~~
~~b. If not alleviated, may cause serious harm to the patient's safety or physical or mental health.~~

~~K. "Written documentation" shall have the same definition as California Health and Safety Code Section 11362.7 et seq., and as may be amended, and which defines "written documentation" as accurate reproductions of those portions of a patient's medical records that have been created by the attending physician, that contain the information required by paragraph (2) of subdivision (a) of California Health and Safety Code Section 11362.715, and that the patient may submit to a county health department or the county's designee as part of an application for an identification card.~~

~~K. "Smoking" shall have the same definition as Oakland Municipal Code Section 8.30, which as of March 2016 means "inhaling, exhaling, burning, or carrying any lighted cigar, cigarette, weed, or other combustible substance."~~

~~L. "Youth Center" means a community or recreation facility that primarily serves persons 18 years or younger.~~

~~M. "General Application permit" shall mean all applications issued under OMC 5.80 with the exception of Dispensary Equity Permits issued under section 5.80.040.~~

5.80.020 – Business permit required and application for permit.

A. Except for hospitals, research facilities, or an entity authorized pursuant to Section 8.46.030, it is unlawful for any owner, operator, or association to own, conduct, operate or maintain, or to participate therein, or to cause or to allow to be conducted, operated, or maintained, any dispensary, delivery or delivery only dispensary in or into the City unless there exists a valid business permit in compliance with the provisions of Chapter 5.02 and a permit issued under this eChapter. However, entities authorized under OMC Section 8.46 must abide by the same requirements imposed herein on dispensaries.

B. This Chapter, and the requirement to obtain a business permit, does not apply to the individual possession or cultivation of medical marijuana for personal use, nor does this eChapter apply to the usage, distribution, cultivation or processing of medical marijuana by qualified patients or primary caregivers when such group is of three or less individuals, and distributing, cultivating or processing the marijuana from a residential unit or a single non-residential parcel of land. Associations of three or less qualified patients or primary caregivers shall not be required to obtain a permit under Chapter 5.80, but must comply with applicable State law and the Attorney General Guidelines.

C. The City Administrator shall issue no more than eight new valid permits for the operation of dispensaries in the City per year. Delivery only dispensaries shall not be subject to this limit.

D. In addition to the requirements specified in Section 5.02.020 for business permits, the permit application for a dispensary shall set forth the following information:

1. Unless the City Administrator in his/her discretion determines that the location will not impact the peace, order and welfare of the public, evidence that the proposed location of such dispensary is not within 600 feet of a public or private school providing instruction in kindergarten or grades 1 to 12, inclusive (but not including any private school in which education is primarily conducted in private homes), public library, or youth center (serving youth age 18 and under), parks and recreation facilities, residential zone or another dispensary. The proposed dispensary or delivery only dispensary must be located in a commercial or industrial zone, or its equivalent as may be amended, of the City.

~~2. A complete description of the type, nature and extent of the enterprise to be conducted, with evidence satisfactory to the City Administrator that the enterprise is either a collective or cooperative, as described in the Attorney General Guidelines.~~

~~23. A plan of operations that will describe how the dispensary or delivery only dispensary will operate consistent with the intent of State law, and the provisions of this Chapter and the Attorney General Guidelines, including but not limited to:~~

~~a. Controls to verify membership in collectives and cooperatives to ensure medical marijuana will be dispensed only to qualified patients and primary caregivers, and~~

~~b. Controls to acquire, possess, transport and distribute marijuana to and from state licensed medical cannabis entities members, and plans to ensure marijuana is acquired as part of a closed circuit of marijuana cultivation and consumption.~~

~~34. A security plan, as a separate document, outlining the proposed security arrangements to deter and prevent unauthorized entrance into areas containing medical cannabis or medical cannabis products and theft of medical cannabis or medical cannabis products at the dispensary, in accordance with minimum security measures required by State law for ensuring the safety of persons and to protect the premises from theft. The security plan shall be reviewed by the Police Department and the Office of the City Administrator and shall be exempt from disclosure as a public record pursuant to Government Code Section 6255(a).~~

4. Confirmation of the following criteria:

a. That the dispensary or delivery only dispensary will not contribute to undue proliferation of such uses in an area where additional ones would be undesirable, with consideration to be given to the area's function and character, problems of crime and loitering, and traffic problems and capacity;

b. That the dispensary or delivery only dispensary will not adversely affect adjacent or nearby churches, temples, or synagogues; public,

parochial, or private elementary, junior high, or high schools; public parks or recreation centers; or public or parochial playgrounds;

c. That the dispensary or delivery only dispensary will not interfere with the movement of people along an important pedestrian street;

d. That the dispensary or delivery only dispensary will be of an architectural and visual quality and character which harmonizes with, or where appropriate enhances, the surrounding area;

e. That the design will avoid unduly large or obtrusive signs, bleak unlandscaped parking areas, and an overall garish impression;

f. That adequate litter receptacles will be provided where appropriate;

g. That where the dispensary or delivery only dispensary is in close proximity to residential uses, and especially to bedroom windows, it will be limited in hours of operation, or designed or operated, so as to avoid disruption of residents' sleep.

h. That no cannabis or cannabis odors shall be detectable by sight or smell outside of a permitted facility.

5. Such other information deemed necessary to conduct any investigation or background check of the applicant, and for the City Administrator to determine compliance with this Chapter, the City's Municipal Code and Zoning Code.

E. Applications for dispensaries shall be subject to a hearing and must provide public notice of the hearing in accordance with on the application shall be given as provided in Section 5.02.050. Applications for delivery only dispensaries shall not be subject to a hearing requirement. The City Administrator shall be the investigating official referred to in Section 5.02.030 to whom the application shall be referred. In recommending the granting or denying of such permit and in granting or denying the same, the City Administrator shall give particular consideration to the capacity, capitalization, and complaint history of the applicant and any other factors that in the City Administrator's discretion he/she deems necessary to the peace, order and welfare of the public. Priority shall be given to dispensary applicants owned and operated by Oakland residents, in particular applicants owned and operated by Oakland residents in census tracts identified by the City Administrator as having high unemployment rates. Fifty percent (50%) of all permits issued under OMC 5.80 shall be issued to an Oakland resident who meets the Dispensary Equity Permit Program requirements set forth in Section 5.80.045. At no time shall the number of new General Application permits exceed the number of Dispensary Equity Permits issued by the City Administrator. The eight (8) existing dispensary operators are exempt from the 50% requirement. All applicants shall pay an application fee, a permit fee, and all inspection fees that may be required as part of the application process, as specified in the City's Master Fee Schedule.

F. At the time of submission of dispensary permit application, the applicant shall pay a dispensary permit application fee. The fee amount shall be set by City Council resolution in the City's Master Fee Schedule.

G. All dispensary permits shall be special business permits and shall be issued for a term of one year. No property interest, vested right, or entitlement to receive a future license to operate a medical marijuana business shall ever inure to the benefit of such permit holder as such permits are revocable at any time with or without cause by the City Administrator subject to Section 5.80.070.

5.80.025 – Onsite consumption permit.

A. An applicant must obtain a secondary onsite consumption permit in order for cannabis to be consumed on the premises of the dispensary.

B. An onsite consumption permit may be issued at the discretion of the City Administrator to existing dispensaries in good standing following a public hearing conducted according to the requirements of Chapter 5.02, and based on an evaluative point system that takes into consideration the operating history and business practices of the applicant, and any other factors that are deemed necessary to promote the peace, order and welfare of the public. An application for an onsite consumption permit may be denied for failure to meet requirements of the City Building Code, City Fire Code, City Planning Code, this Chapter, and/or any violation of State or local law relevant to the operation of dispensaries.

C. The City Administrator shall establish conditions of approval for each onsite consumption permit, including but not limited to a parking plan, ventilation plan, anti-drugged driving plan, and set hours of operation. Set hours of operation may only be adjusted by submitting a written request to and obtaining approval from the City Administrator's Office.

D. The permit shall be subject to suspension or revocation in accordance with Section 5.80.070, and the owner/operator shall be liable for excessive police costs related to enforcement.

E. The application fee and annual fee for the onsite consumption permit shall be specified in the City's Master Fee Schedule.

F. All onsite consumption permits shall be special business permits and shall be issued for a term of one year. No property interest, vested right, or entitlement to receive a future license to operate a medical marijuana business shall ever inure to the benefit of such permit holder as such permits are revocable at any time with or without cause by the City Administrator subject to Section 5.80.070.

5.80.030 – Regulations.

The City Administrator shall establish administrative regulations for the permitting of dispensaries and delivery only dispensaries, and may set further standards for operation of dispensaries and delivery only dispensaries. The dispensary shall meet all the operating criteria for the dispensing of medical marijuana required pursuant to State law California Health and Safety Code Section 11362.7 et seq., the City Administrator's administrative regulations, and this Chapter.

5.80.040 – Performance and operating standards.

The City Administrator shall develop and implement performance and operating standards consistent with those set forth in Ordinance No. 12585 in the Office of the City Administrator Guidelines and shall modify such Guidelines from time to time as required by applicable law and consistent with public health, welfare and safety. Noncompliance of such operating standards shall constitute a breach of the permit issued hereunder and may render such permit suspended or revoked based upon the City Administrator's determination.

The following performance standards shall be included in the City Administrative regulations:

- A. No cannabis shall be smoked, ~~ingested or otherwise consumed on~~ inside the premises of the dispensary.
- B. The dispensary shall not hold or maintain a license from the State Department of Alcohol Beverage Control to sell alcoholic beverages, or operate a business that sells alcoholic beverages.
- C. Dispensaries must maintain a staff comprised of at least 50% Oakland residents and 25% Oakland residents in census tracts identified by the City Administrator as having high unemployment rates. The City Administrator may promulgate standards for phasing in this requirement for existing facilities.
- D. Dispensaries and delivery only dispensaries that hire and retain formerly incarcerated Oakland residents may apply for a tax credit or license fee reduction based on criteria established by the City Administrator.
- E. All dispensary employees and delivery only dispensary employees shall be paid a living wage as defined by OMC Chapter 2.28.
- F. Dispensaries and delivery only dispensaries must implement a track and trace program that records the movement of medical cannabis and medical cannabis products in their custody and make these records available to the City Administrator upon request.
- G. Fifty percent (50%) of all dispensary applications issued under OMC 5.80 shall be issued to an Oakland resident who meets the Dispensary Equity Permit Program requirements set forth in Section 5.80.045 below.
- H. At no time shall the number of new General Application permits exceed the number of Dispensary Equity Permits issued by the City Administrator.

5.80.045 – Dispensary Equity Permit Program.

A. Criteria. Applicant must have at least one member who meets all of the following criteria:

- 1. Be an Oakland resident who,

2. Resides for at least two years prior to the date of application in Oakland Police Department Beats 26Y, 30X, 30Y, 31Z, 32Y, and 34X; or those individuals who, within the last ten years, have been previously incarcerated for a marijuana-related offense as a result of a conviction arising out of Oakland, California;
3. Maintains not less than a 50% ownership in the Dispensary applicant entity, partnership, limited liability corporation, collective, corporation, worker cooperative or other recognized ownership entity; and
4. Prior marijuana or cannabis conviction shall not be a bar to equity ownership.

5.80.050 – Regulatory fees; seller's permit.

A. In addition to the dispensary application fee, the dispensary shall pay an annual regulatory fee at the same as applying for the business tax certificate or renewal thereof. The dispensary shall post a copy of the business tax certificate issued pursuant to Chapter 5.04, together with a copy of the dispensary permit and onsite consumption permit (if applicable) issued pursuant to this eChapter and Section 5.02.020, in a conspicuous place in the premises approved as a dispensary at all times.

B. The State Board of Equalization has determined that medical marijuana transactions are subject to sales tax, regardless of whether the individual or group makes a profit, and those engaging in transactions involving medical marijuana must obtain a seller's permit from the State Board of Equalization.

C. The fees referenced herein shall be set by the Master Fee Schedule ~~Council resolution~~, as modified from time to time.

5.80.060 – Profit Sales.

~~The dispensary shall not profit from the sale or distribution of marijuana. Any monetary reimbursement that members provide to the dispensary should only be an amount necessary to cover overhead costs and operating expenses.~~

Retail sales of medical marijuana that violate California law or this eChapter are expressly prohibited.

5.80.070 – Revocation, suspension and appeals.

Notwithstanding Chapter 5.02, any decision by the City Administrator, except for the suspensions or revocations of permits, shall be final and conclusive, and there shall be no right of appeal to the City Council or any other appellate body.

For suspensions or revocations the City shall follow the procedures set forth in Section 5.02.080, ~~except an independent hearing officer shall make the initial determination as to whether to suspend or revoke the permit.~~ The appeal authorized in Section 5.02.100 shall be to ~~the City Administrator~~ an independent hearing officer, and such request for appeal must be made in writing within 14 days of the ~~hearing officer's~~ City

Administrator's decision. The decision of the City Administrator independent hearing officer shall be final and conclusive.

5.80.080 – Prohibited operations; nonconforming uses.

A. All dispensaries in violation of California Health and Safety Code Section 11326.7, et seq., and 11362.5, and this eChapter are expressly prohibited. It is unlawful for any dispensary in the City, or any agent, employee or representative of such dispensary, to permit any breach of peace therein or any disturbance of public order or decorum by any tumultuous, riotous or disorderly conduct on the premises of the dispensary or during the delivery of medical cannabis.

B. Except for uses established pursuant to Chapter 8.46, no use which purports to have distributed marijuana prior to the enactment of this eChapter shall be deemed to have been a legally established use under the provisions of the Oakland Planning Code, this Code, or any other local ordinance, rule or regulation, and such use shall not be entitled to claim legal nonconforming status.

C. Any violations of this Chapter, including administrative regulations authorized by this Chapter, may be subject to administrative citation, pursuant to Chapters 1.08 and 1.12, and other applicable legal, injunctive or equitable remedies.

5.80.090 – Liability and indemnification.

A. To the fullest extent permitted by law, any actions taken by a public officer or employee under the provisions of this eChapter shall not become a personal liability of any public officer or employee of the City.

B. To the maximum extent permitted by law, the permittees under this Chapter shall defend (with counsel acceptable to the City), indemnify and hold harmless the City of Oakland, the Oakland City Council, and its respective officials, officers, employees, representatives, agents and volunteers (hereafter collectively called City) from any liability, damages, actions, claims, demands, litigation, loss (direct or indirect), causes of action, proceedings or judgment (including legal costs, attorneys' fees, expert witness or consultant fees, City Attorney or staff time, expenses or costs) (collectively called "Action") against the City to attack, set aside, void or annul, any medical cannabis-related approvals and actions and comply with the conditions under which such permit is granted, if any. The City may elect, in its sole discretion, to participate in the defense of said Action and the permittee shall reimburse the City for its reasonable legal costs and attorneys' fees.

C. Within ten (10) calendar days of the service of the pleadings upon the City of any Action as specified in Subsection B above, the permittee shall execute a Letter of Agreement with the City, acceptable to the Office of the City Attorney, which memorializes the above obligations. These obligations and the Letter of Agreement shall survive termination, extinguishment or invalidation of the medical cannabis-related approval. Failure to timely execute the Letter of Agreement does not relieve the applicant of any of the obligations contained in this Section or any other requirements or performance or operating standards that may be imposed by the City.

5.80.100 – Examination of books, records, witnesses—Penalty.

A. Permittees must provide the City Administrator with access to any licensed dispensary during normal business hours to verify compliance with this Chapter.

BA. Permittees must provide ~~t~~The City Administrator shall be provided with access to any and all financial information regarding the dispensary at any time, as needed to conduct an audit of the permittees under this ~~e~~Chapter to verify tax compliance under Chapter 5.80 and/or gross receipts tax requirements.

CB. The City Administrator is authorized to examine the books, papers, tax returns and records of any permittee for the purpose of verifying the accuracy of any declaration made, or if no declaration was made, to ascertain the business tax due.

DC. The City Administrator is authorized to examine a person under oath, for the purpose of verifying the accuracy of any declaration made, or if no declaration was made, to ascertain the business tax, registration or permit fees due under this ~~e~~Chapter. In order to ascertain the business tax, registration or permit fees due under this ~~e~~Chapter, the City Administrator may compel, by administrative subpoena, the production of relevant books, papers and records and the attendance of all persons as parties or witnesses.

ED. Every permittee is directed and required to furnish to the City Administrator, the means, facilities and opportunity for making such financial examinations and investigations.

EE. Any permittee refusal to comply with this section shall be deemed a violation of this ~~e~~Chapter, and administrative subpoenas shall be enforced pursuant to applicable law.

SECTION 4. Reporting. City staff shall report back to City Council no later than one year from the date of adoption of this legislation, providing information about the implementation, review of effectiveness of the included standards, including equity standards, issues that have arisen, if any, and whether any changes are recommended.

SECTION 5. California Environmental Quality Act. The City Council independently finds and determines that this action is exempt from CEQA pursuant to CEQA Guidelines sections 15061(b)(3) (general rule), 15183 (projects consistent with a community plan, general plan, or zoning), 15301 (existing facilities), 15308 (actions by regulatory agencies for protection of the environment) and 15309 (inspections), each of which provides a separate and independent basis for CEQA clearance and when viewed collectively provide an overall basis for CEQA clearance. The Environmental Review Officer or designee shall file a Notice of Exemption with the appropriate agencies.

SECTION 65. Severability. The provisions of this Ordinance are severable, and if any section, subsection, sentence, clause, phrase, paragraph, provision, or part of this Ordinance, or the application of this Ordinance to any person, is for any reason

held to be invalid, preempted by state or federal law, or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. It is hereby declared to be the legislative intent of the City Council that this Ordinance would have been adopted had such provisions not been included or such persons or circumstances been expressly excluded from its coverage.

SECTION 76. Ordinance Effective Date. Pursuant to Section 216 of the Charter of the City of Oakland, this Ordinance shall become effective immediately upon final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption by the Council of the City of Oakland.

SECTION 87. General Police Powers. This Ordinance is enacted pursuant to the City of Oakland's general police powers, including but not limited to Sections 106 of the Oakland City Charter and Section 7 of Article XI of the California Constitution.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL-WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID AND PRESIDENT
GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

Date of Attestation: _____

NOTICE AND DIGEST

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE CHAPTER 5.80, MEDICAL CANNABIS DISPENSARY PERMITS, TO ALIGN WITH CALIFORNIA'S MEDICAL MARIJUANA REGULATION AND SAFETY ACT AND ADOPTING CEQA EXEMPTION FINDINGS

This ordinance amends the City of Oakland's existing citywide medical cannabis regulations to align with new state law, the Medical Marijuana Regulation and Safety Act, by revising the permitting process for medical cannabis dispensaries.

2016 MAY -5 PM 4:45

APPROVED AS TO FORM

INTRODUCED BY COUNCILMEMBER _____


CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE CHAPTER 5.80, MEDICAL CANNABIS DISPENSARY PERMITS, TO ALIGN WITH CALIFORNIA'S MEDICAL MARIJUANA REGULATION AND SAFETY ACT AND ADOPTING CEQA EXEMPTION FINDINGS

WHEREAS, in 1996, California voters approved Proposition 215 (codified at Health and Safety Code section 11362.5 and titled the "Compassionate Use Act of 1996"), which provides criminal immunity for patients and primary caregivers for the cultivation and possession of cannabis if a doctor has recommended the cannabis for medical purposes; and

WHEREAS, in 2004, Senate Bill 420 was enacted (codified at Health and Safety Code section 11362.7 *et seq.* and titled the "Medical Marijuana Program Act") to clarify the scope of the Compassionate Use Act of 1996. The Medical Marijuana Program Act allows cities and other governing bodies to adopt and enforce laws consistent with its provisions; and

WHEREAS, neither the Compassionate Use Act of 1996 nor the Medical Marijuana Program Act provided an effective statewide regulatory system for the medical cannabis industry, and this lack of uniform regulation created uncertainty about the legality of medical cannabis activities and endangered the safety of end users, who have not had the benefit of a monitored supply chain for medical cannabis, quality control, testing or labeling requirements; and

WHEREAS, in 2004, the Oakland City Council adopted Ordinance No. 12585 C.M.S. to establish citywide medical cannabis dispensary regulations (codified at Oakland Municipal Code ("OMC") Chapter 5.80), consistent with the Medical Marijuana Program Act, to protect the peace, health, safety and welfare of patients and the community as a whole; and

WHEREAS, the City of Oakland's medical cannabis dispensary regulations were subsequently amended in 2010 through Ordinance No. 13049 C.M.S., and in 2011 through Ordinance No. 13086 C.M.S.; and

WHEREAS, the purpose of citywide regulation of medical cannabis dispensaries is to regulate the sale and distribution of cannabis in the interest of patients who qualify to obtain, possess and use cannabis for medical purposes under state law, and to provide safe medical cannabis product and inventory; and

WHEREAS, in 2011, Assembly Bill 2650 was enacted (codified at Health and Safety Code section 11362.768). This law affirms that cities can adopt ordinances that restrict the location and establishment of medical marijuana collectives, cooperatives, and dispensaries; and

WHEREAS, in *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.* (2013) 56 Cal.4th 729, the California Supreme Court concluded that nothing in the Compassionate Use Act or the Medical Marijuana Program Act precludes a local jurisdiction from regulating or prohibiting facilities that distribute medical marijuana; and

WHEREAS, in 2015, Assembly Bills 243 and 266 and Senate Bill 643 were enacted (codified at Business and Professions Code section 19300 *et seq.* and titled the "Medical Marijuana Regulation and Safety Act"). These bills also amended provisions of the Medical Marijuana Program Act related to the cultivation of medical marijuana; and

WHEREAS, the Medical Marijuana Regulation and Safety Act establishes a long-overdue comprehensive regulatory framework for medical cannabis in California (including production, transportation and sale of medical cannabis), requires establishment of uniform state minimum health and safety standards, testing standards, mandatory product testing, and security requirements at dispensaries and during transport of the product, and provides criminal immunity for licensees; and

WHEREAS, the Medical Marijuana Regulation and Safety Act preserves local control in a number of ways: (1) by requiring medical cannabis businesses to obtain both a state license and a local license or permit to operate legally in California, (2) by terminating the ability of a medical cannabis business to operate if its local license or permit is terminated, (3) by authorizing local governments to enforce state law in addition to local ordinances, if they request that authority and it is granted by the relevant state agency, (4) by providing for civil penalties for unlicensed activities, and continuing to apply applicable criminal penalties under existing law, and (5) by expressly protecting local licensing practices, zoning ordinances, and local actions taken under the constitutional police power; and

WHEREAS, the Medical Marijuana Regulation and Safety Act authorizes medical cannabis businesses to vertically integrate their business and hold multiple state licenses if they are located in jurisdictions that adopted a local ordinance, prior to July 1, 2015, allowing or requiring qualified businesses to cultivate, manufacture, and dispense medical cannabis or medical cannabis products; and

WHEREAS, the City of Oakland's medical cannabis regulations have allowed and will continue to allow an individual qualified business to cultivate, manufacture, and dispense medical cannabis or medical cannabis products; and

WHEREAS, the City of Oakland wishes to amend OMC Chapter 5.80 to continue and expand citywide regulation of medical cannabis activities in a manner that protects the public health, safety and general welfare of the community, and in the interest of patients who qualify to obtain, possess and use marijuana for medical purposes, consistent with the Compassionate Use Act of 1996, the Medical Marijuana Program Act, and the Medical Marijuana Regulation and Safety Act; and

WHEREAS, the City of Oakland has a compelling interest in protecting the public health, safety, and welfare of its citizens, residents, visitors and businesses by developing and implementing strict performance and operating standards for dispensaries; and

WHEREAS, it is the City of Oakland's policy in the permitting of medical cannabis facilities to encourage the hiring of high unemployment groups, including Oakland residents that were formerly incarcerated; and

WHEREAS, communities of color have been negatively and disproportionately impacted by disparate enforcement of cannabis laws; and

WHEREAS, police arrest data reported to the Cannabis Regulatory Commission reflect disproportionately higher arrests for cannabis offenses in certain police beats; and

WHEREAS, individuals arrested or previously incarcerated for cannabis related offenses face significant barriers to obtaining employment, financial aid, public housing, and other economic opportunities; and

WHEREAS, the City of Oakland seeks to provide equity in ownership in the cannabis industry through the incorporation of a Dispensary Equity Permit Program; and

WHEREAS, as part of its efforts to develop comprehensive amendments to the existing citywide medical cannabis regulations, staff conducted extensive public outreach, including public presentations to the City's Cannabis Regulatory Commission in February, July, and October 2015; and

WHEREAS, after duly noticed public meetings on February 9, 2016, and April 26, 2016, the Public Safety Committee voted to recommend the proposal to the City Council with the inclusion of an equity component that requires 50% of all new cannabis permits be issued to applicants who reside in police beats negatively and disproportionately impacted by enforcement of cannabis laws; and

WHEREAS, the City Council held a duly noticed public hearing on May 3, 2016, to consider the proposed amendments and all interested parties were provided an ample opportunity to participate in said hearing and express their views; and

WHEREAS, nothing in this Ordinance shall be deemed to conflict with federal law as contained in the Controlled Substances Act, 21 U.S.C. § 841 or to license any activity that is prohibited under said Act except as mandated by State law; and

WHEREAS, nothing in this Ordinance shall be construed to (1) allow persons to engage in conduct that endangers others or causes a public nuisance; or (2) allow the use of cannabis for non-medical purposes; or (3) allow any activity relating to the sale, distribution, possession or use of cannabis that is illegal under state or federal law; and compliance with the requirements of this Ordinance shall not provide a defense to criminal prosecution under any applicable law; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. Recitals. The City Council finds and determines the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

SECTION 2. Purpose and Intent. It is the purpose and intent of this Ordinance to clarify and expressly authorize medical cannabis dispensaries and delivery-only dispensaries, in order to preserve the public peace, health, safety, and general welfare of the citizens and residents of, and travelers through, the City of Oakland, as authorized by the Medical Marijuana Regulation and Safety Act.

SECTION 3. Amendment of Chapter 5.80 of the Oakland Municipal Code. Oakland Municipal Code Chapter 5.80 is hereby amended to read as follows (additions are shown in double underline and deletions are shown as ~~striketrough~~):

Chapter 5.80 - MEDICAL CANNABIS DISPENSARY PERMITS

5.80.010 – Definitions.

The following words or phrases, whenever used in this ~~e~~Chapter, shall be given the following definitions:

~~A. “Attorney General Guidelines” shall mean the California Attorney General Guidelines for the Security and Non-diversion of Marijuana Grown for Medical Use, issued by the Attorney General’s Office in August 2008, as amended from time to time, which sets regulations intended to ensure the security and non-diversion of marijuana grown for medical use by qualified patients or primary caregivers.~~

AB. “Cannabis” or “Marijuana” shall have the same definition as Business and Professions Code section 19300.5(f), as may be amended, which, as of March 2016, defines “cannabis” as 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, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from marijuana. "Cannabis" also means marijuana as defined by Health and Safety Code § 11018, as amended from time to time, which defines "cannabis" as all parts of the plant Cannabis sativa L., whether growing or not; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. It "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seeds of the plant which is are incapable of germination. "Cannabis" does not mean "industrial hemp" as defined by Section 81000 of the Food and Agricultural Code or Section 11018.5 of the Health and Safety Code.

BG. "Cannabis dispensary" or "Dispensary" shall mean a collective or cooperative that distributes, dispenses, stores, exchanges, processes, delivers, makes available, transmits and/or gives away marijuana in the City for medicinal purposes to four or more qualified patients and/or primary caregivers pursuant to California Health and Safety Code Sections 11362.5, 11362.7 et seq. a facility where medical cannabis, medical cannabis products, or devices for the use of medical cannabis or medical cannabis products are offered, either individually or in any combination, for retail sale, including an establishment that delivers medical cannabis and medical cannabis products as part of a retail sale.

CD. "City Administrator" means the City Administrator of the City of Oakland or his/her designee.

DE. "Collective" means any association, affiliation, or establishment jointly owned and operated by its members that facilitates the collaborative efforts of qualified patients and primary caregivers, as described in the Attorney General GuidelinesState law.

E. "Delivery" means the commercial transfer of medical cannabis or medical cannabis products from a dispensary to a primary caregiver or qualified patient as defined in Section 11362.7 of the Health and Safety Code, or a testing laboratory. "Delivery" also includes the use by a dispensary of any technology platform that enables qualified patients or primary caregivers to arrange for or facilitate the commercial transfer by a licensed dispensary of medical cannabis or medical cannabis products.

F. "Delivery only dispensary" means a cannabis dispensary that provides medical cannabis or medical cannabis products to primary caregivers or qualified patients as defined in Section 11362.7 of the Health and Safety Code exclusively through delivery.

GF. "Medical marijuana" or "Medical cannabis" means marijuana authorized in strict compliance with Health & Safety Code §§ 11362.5, 11362.7 et seq., as such sections may be amended from time to time.

HG. "Parcel of land" means one piece of real property as identified by the county assessor's parcel number (APN) that is one contiguous parcel of real property, which is used to identify real property, its boundaries, and all the rights contained therein.

IH. "Primary caregiver" shall have the same definition as California Health and Safety Code Section 11362.7, and as may be amended, and which, as of March 2016,

defines "Primary Caregiver" as an individual designated by a qualified patient or by a person with an identification card, who has consistently assumed responsibility for the housing, health, or safety of that patient or person, and may include a licensed health care facility, a residential care facility, a hospice, or a home health agency as allowed by California Health and Safety Code Section 11362.7(d)(1)-(3).~~any of the following:~~

~~1. In any case in which a qualified patient or person with an identification card receives medical care or supportive services, or both, from a clinic licensed pursuant to Chapter 1 (commencing with Section 1200) of Division 2 of the California Health and Safety Code; a health care facility licensed pursuant to Chapter 2 (commencing with Section 1250) of Division 2 of the California Health and Safety Code; a residential care facility for persons with chronic life threatening illness licensed pursuant to Chapter 3.01 (commencing with Section 1568.01) of Division 2 of the California Health and Safety Code; a residential care facility for the elderly licensed pursuant to Chapter 3.2 (commencing with Section 1569) of Division 2 of the California Health and Safety Code; a hospice, or a home health agency licensed pursuant to Chapter 8 (commencing with Section 1725) of Division 2 of the California Health and Safety Code; the owner or operator, or no more than three employees who are designated by the owner or operator, of the clinic, facility, hospice, or home health agency, if designated as a primary caregiver by that qualified patient or person with an identification card.~~

~~2. An individual who has been designated as a primary caregiver by more than one qualified patient or person with an identification card, if every qualified patient or person with an identification card who has designated that individual as a primary caregiver resides in the same city or county as the primary caregiver.~~

~~3. An individual who has been designated as a primary caregiver by a qualified patient or person with an identification card who resides in a city or county other than that of the primary caregiver, if the individual has not been designated as a primary caregiver by any other qualified patient or person with an identification card.~~

Jl. "Qualified patient" shall have the same definition as California Health and Safety Code Section 11362.7 et seq., and as may be amended, and which, as of March 2016, means a person who is entitled to the protections of California Health & Safety Code Section 11362.5. For purposes of this ordinance, qualified patient shall include a person with an identification card, as that term is defined by California Health and Safety Code Section 11362.7 et seq.

~~J.~~ "Serious medical condition" shall have the same definition as California Health and Safety Code Section 11362.7 et seq., and as may be amended, and which means all of the following medical conditions:

- ~~1. Acquired immune deficiency syndrome (AIDS);~~
- ~~2. Anorexia;~~
- ~~3. Arthritis;~~
- ~~4. Cachexia;~~
- ~~5. Cancer;~~
- ~~6. Chronic pain;~~
- ~~7. Glaucoma;~~
- ~~8. Migraine;~~

- ~~9. Persistent muscle spasms, including, but not limited to, spasms associated with multiple sclerosis;~~
~~10. Seizures, including, but not limited to, seizures associated with epilepsy;~~
~~11. Severe nausea;~~
~~12. Any other chronic or persistent medical symptom that either:~~
~~a. Substantially limits the ability of the person to conduct one or more major life activities as defined in the Americans with Disabilities Act of 1990 (Public Law 101-336).~~
~~b. If not alleviated, may cause serious harm to the patient's safety or physical or mental health.~~

~~K. "Written documentation" shall have the same definition as California Health and Safety Code Section 11362.7 et seq., and as may be amended, and which defines "written documentation" as accurate reproductions of those portions of a patient's medical records that have been created by the attending physician, that contain the information required by paragraph (2) of subdivision (a) of California Health and Safety Code Section 11362.715, and that the patient may submit to a county health department or the county's designee as part of an application for an identification card.~~

K. "Smoking" shall have the same definition as Oakland Municipal Code Section 8.30, which as of March 2016 means "inhaling, exhaling, burning, or carrying any lighted cigar, cigarette, weed, or other combustible substance."

L. "Youth Center" means a community or recreation facility that primarily serves persons 18 years or younger.

M. "General Application permit" shall mean all applications issued under OMC 5.80 with the exception of Dispensary Equity Permits issued under section 5.80.040.

5.80.020 – Business permit required and application for permit.

A. Except for hospitals, research facilities, or an entity authorized pursuant to Section 8.46.030, it is unlawful for any owner, operator, or association to own, conduct, operate or maintain, or to participate therein, or to cause or to allow to be conducted, operated, or maintained, any dispensary, delivery or delivery only dispensary in or into the City unless there exists a valid business permit in compliance with the provisions of Chapter 5.02 and a permit issued under this eChapter. However, entities authorized under OMC Section 8.46 must abide by the same requirements imposed herein on dispensaries.

B. This Chapter, and the requirement to obtain a business permit, does not apply to the individual possession or cultivation of medical marijuana for personal use, nor does this eChapter apply to the usage, distribution, cultivation or processing of medical marijuana by qualified patients or primary caregivers when such group is of three or less individuals, and distributing, cultivating or processing the marijuana from a residential unit or a single non-residential parcel of land. Associations of three or less qualified patients or primary caregivers shall not be required to obtain a permit under Chapter 5.80, but must comply with applicable State law and the Attorney General Guidelines.

C. The City Administrator shall issue no more than eight new valid permits for the operation of dispensaries in the City per year. Delivery only dispensaries shall not be subject to this limit.

D. In addition to the requirements specified in Section 5.02.020 for business permits, the permit application for a dispensary shall set forth the following information:

1. Unless the City Administrator in his/her discretion determines that the location will not impact the peace, order and welfare of the public, evidence that the proposed location of such dispensary is not within 600 feet of a public or private school providing instruction in kindergarten or grades 1 to 12, inclusive (but not including any private school in which education is primarily conducted in private homes), public library, or youth center ~~(serving youth age 18 and under)~~, parks and recreation facilities, residential zone or another dispensary. The proposed dispensary or delivery only dispensary must be located in a commercial or industrial zone, or its equivalent as may be amended, of the City.

~~2. A complete description of the type, nature and extent of the enterprise to be conducted, with evidence satisfactory to the City Administrator that the enterprise is either a collective or cooperative, as described in the Attorney General Guidelines.~~

23. A plan of operations that will describe how the dispensary or delivery only dispensary will operate consistent with the intent of State law, and the provisions of this Chapter ~~and the Attorney General Guidelines~~, including but not limited to:

a. ~~Controls to verify membership in collectives and cooperatives to ensure medical marijuana will be dispensed only to qualified patients and primary caregivers, and~~

b. ~~Controls to acquire, possess, transport and distribute marijuana to and from state licensed medical cannabis entities members, and plans to ensure marijuana is acquired as part of a closed circuit of marijuana cultivation and consumption.~~

34. A security plan, as a separate document, outlining the proposed security arrangements to deter and prevent unauthorized entrance into areas containing medical cannabis or medical cannabis products and theft of medical cannabis or medical cannabis products at the dispensary, in accordance with minimum security measures required by State law for ensuring the safety of persons and to protect the premises from theft. The security plan shall be reviewed by the Police Department and the Office of the City Administrator and shall be exempt from disclosure as a public record pursuant to Government Code Section 6255(a).

4. Confirmation of the following criteria:

a. That the dispensary or delivery only dispensary will not contribute to undue proliferation of such uses in an area where additional ones would be undesirable, with consideration to be given to the area's function and character, problems of crime and loitering, and traffic problems and capacity;

b. That the dispensary or delivery only dispensary will not adversely affect adjacent or nearby churches, temples, or synagogues; public,

parochial, or private elementary, junior high, or high schools; public parks or recreation centers; or public or parochial playgrounds;

c. That the dispensary or delivery only dispensary will not interfere with the movement of people along an important pedestrian street;

d. That the dispensary or delivery only dispensary will be of an architectural and visual quality and character which harmonizes with, or where appropriate enhances, the surrounding area;

e. That the design will avoid unduly large or obtrusive signs, bleak unlandscaped parking areas, and an overall garish impression;

f. That adequate litter receptacles will be provided where appropriate;

g. That where the dispensary or delivery only dispensary is in close proximity to residential uses, and especially to bedroom windows, it will be limited in hours of operation, or designed or operated, so as to avoid disruption of residents' sleep.

h. That no cannabis or cannabis odors shall be detectable by sight or smell outside of a permitted facility.

5. Such other information deemed necessary to conduct any investigation or background check of the applicant, and for the City Administrator to determine compliance with this Chapter, the City's Municipal Code and Zoning Code.

E. Applications for dispensaries shall be subject to a hearing and must provide pPublic notice of the hearing in accordance with on the application shall be given as provided in Section 5.02.050. Applications for delivery only dispensaries shall not be subject to a hearing requirement. The City Administrator shall be the investigating official referred to in Section 5.02.030 to whom the application shall be referred. In recommending the granting or denying of such permit and in granting or denying the same, the City Administrator shall give particular consideration to the capacity, capitalization, and complaint history of the applicant and any other factors that in the City Administrator's discretion he/she deems necessary to the peace, order and welfare of the public. Fifty percent (50% of all permits issued under OMC 5.80 shall be issued to an Oakland resident who meets the Dispensary Equity Permit Program requirements set forth in Section 5.80.045. At no time shall the number of new General Application permits exceed the number of Dispensary Equity Permits issued by the City Administrator. The eight (8) existing dispensary operators are exempt from the 50% requirement. All applicants shall pay an application fee, a permit fee, and all inspection fees that may be required as part of the application process, as specified in the City's Master Fee Schedule.

F. At the time of submission of dispensary permit application, the applicant shall pay a dispensary permit application fee. The fee amount shall be set by City Council resolution in the City's Master Fee Schedule.

G. All dispensary permits shall be special business permits and shall be issued for a term of one year. No property interest, vested right, or entitlement to receive a future license to operate a medical marijuana business shall ever inure to the benefit of such

permit holder as such permits are revocable at any time with or without cause by the City Administrator subject to Section 5.80.070.

5.80.025 – Onsite consumption permit.

A. An applicant must obtain a secondary onsite consumption permit in order for cannabis to be consumed on the premises of the dispensary.

B. An onsite consumption permit may be issued at the discretion of the City Administrator to existing dispensaries in good standing following a public hearing conducted according to the requirements of Chapter 5.02, and based on an evaluative point system that takes into consideration the operating history and business practices of the applicant, and any other factors that are deemed necessary to promote the peace, order and welfare of the public. An application for an onsite consumption permit may be denied for failure to meet requirements of the City Building Code, City Fire Code, City Planning Code, this Chapter, and/or any violation of State or local law relevant to the operation of dispensaries.

C. The City Administrator shall establish conditions of approval for each onsite consumption permit, including but not limited to a parking plan, ventilation plan, anti-drugged driving plan, and set hours of operation. Set hours of operation may only be adjusted by submitting a written request to and obtaining approval from the City Administrator's Office.

D. The permit shall be subject to suspension or revocation in accordance with Section 5.80.070, and the owner/operator shall be liable for excessive police costs related to enforcement.

E. The application fee and annual fee for the onsite consumption permit shall be specified in the City's Master Fee Schedule.

F. All onsite consumption permits shall be special business permits and shall be issued for a term of one year. No property interest, vested right, or entitlement to receive a future license to operate a medical marijuana business shall ever inure to the benefit of such permit holder as such permits are revocable at any time with or without cause by the City Administrator subject to Section 5.80.070.

5.80.030 – Regulations.

The City Administrator shall establish administrative regulations for the permitting of dispensaries and delivery only dispensaries, and may set further standards for operation of dispensaries and delivery only dispensaries. The dispensary shall meet all the operating criteria for the dispensing of medical marijuana required pursuant to State law ~~California Health and Safety Code Section 11362.7 et seq.~~, the City Administrator's administrative regulations, and this Chapter.

5.80.040 – Performance and operating standards.

The City Administrator shall develop and implement performance and operating standards consistent with those set forth in Ordinance No. 12585 in the Office of the City Administrator Guidelines and shall modify such Guidelines from time to time as required by applicable law and consistent with public health, welfare and safety. Noncompliance of such operating standards shall constitute a breach of the permit issued hereunder and may render such permit suspended or revoked based upon the City Administrator's determination.

The following performance standards shall be included in the City Administrative regulations:

- A. No cannabis shall be smoked, ~~ingested or otherwise consumed on~~ inside the premises of the dispensary.
- B. The dispensary shall not hold or maintain a license from the State Department of Alcohol Beverage Control to sell alcoholic beverages, or operate a business that sells alcoholic beverages.
- C. Dispensaries must maintain a staff comprised of at least 50% Oakland residents and 25% Oakland residents in census tracts identified by the City Administrator as having high unemployment rates. The City Administrator may promulgate standards for phasing in this requirement for existing facilities.
- D. Dispensaries and delivery only dispensaries that hire and retain formerly incarcerated Oakland residents may apply for a tax credit or license fee reduction based on criteria established by the City Administrator.
- E. All dispensary employees and delivery only dispensary employees shall be paid a living wage as defined by OMC Chapter 2.28.
- F. Dispensaries and delivery only dispensaries must implement a track and trace program that records the movement of medical cannabis and medical cannabis products in their custody and make these records available to the City Administrator upon request.
- G. Fifty percent (50%) of all dispensary applications issued under OMC 5.80 shall be issued to an Oakland resident who meets the Dispensary Equity Permit Program requirements set forth in Section 5.80.045 below.
- H. At no time shall the number of new General Application permits exceed the number of Dispensary Equity Permits issued by the City Administrator.

5.80.045 – Dispensary Equity Permit Program.

- A. Criteria. Applicant must have at least one member who meets all of the following criteria:
 - 1. Be an Oakland resident who,
 - 2. Resides for at least two years prior to the date of application in Oakland Police Department Beats 26Y, 30X, 30Y, 31Z, 32Y, and 34X; or those individuals who,

- within the last ten years, have been previously incarcerated for a marijuana-related offense as a result of a conviction arising out of Oakland, California;
3. Maintains not less than a 50% ownership in the Dispensary applicant entity, partnership, limited liability corporation, collective, corporation, worker cooperative or other recognized ownership entity; and
 4. Prior marijuana or cannabis conviction shall not be a bar to equity ownership.

5.80.050 – Regulatory fees; seller's permit.

A. In addition to the dispensary application fee, the dispensary shall pay an annual regulatory fee at the same as applying for the business tax certificate or renewal thereof. The dispensary shall post a copy of the business tax certificate issued pursuant to Chapter 5.04, together with a copy of the dispensary permit and onsite consumption permit (if applicable) issued pursuant to this eChapter and Section 5.02.020, in a conspicuous place in the premises approved as a dispensary at all times.

B. The State Board of Equalization has determined that medical marijuana transactions are subject to sales tax, regardless of whether the individual or group makes a profit, and those engaging in transactions involving medical marijuana must obtain a seller's permit from the State Board of Equalization.

C. The fees referenced herein shall be set by the Master Fee Schedule Council resolution, as modified from time to time.

5.80.060 – Profit Sales.

~~The dispensary shall not profit from the sale or distribution of marijuana. Any monetary reimbursement that members provide to the dispensary should only be an amount necessary to cover overhead costs and operating expenses.~~

Retail sales of medical marijuana that violate California law or this eChapter are expressly prohibited.

5.80.070 – Revocation, suspension and appeals.

Notwithstanding Chapter 5.02, any decision by the City Administrator, except for the suspensions or revocations of permits, shall be final and conclusive, and there shall be no right of appeal to the City Council or any other appellate body.

For suspensions or revocations the City shall follow the procedures set forth in Section 5.02.080, ~~except an independent hearing officer shall make the initial determination as to whether to suspend or revoke the permit.~~ The appeal authorized in Section 5.02.100 shall be to ~~the City Administrator~~ an independent hearing officer, and such request for appeal must be made in writing within 14 days of the ~~hearing officer's~~ City Administrator's decision. The decision of the ~~City Administrator~~ independent hearing officer shall be final and conclusive.

5.80.080 – Prohibited operations; nonconforming uses.

A. All dispensaries in violation of California Health and Safety Code Section 11326.7, et seq., and 11362.5, and this eChapter are expressly prohibited. It is unlawful for any dispensary in the City, or any agent, employee or representative of such dispensary, to permit any breach of peace therein or any disturbance of public order or decorum by any tumultuous, riotous or disorderly conduct on the premises of the dispensary or during the delivery of medical cannabis.

B. Except for uses established pursuant to Chapter 8.46, no use which purports to have distributed marijuana prior to the enactment of this eChapter shall be deemed to have been a legally established use under the provisions of the Oakland Planning Code, this Code, or any other local ordinance, rule or regulation, and such use shall not be entitled to claim legal nonconforming status.

C. Any violations of this Chapter, including administrative regulations authorized by this Chapter, may be subject to administrative citation, pursuant to Chapters 1.08 and 1.12, and other applicable legal, injunctive or equitable remedies.

5.80.090 – Liability and indemnification.

A. To the fullest extent permitted by law, any actions taken by a public officer or employee under the provisions of this eChapter shall not become a personal liability of any public officer or employee of the City.

B. To the maximum extent permitted by law, the permittees under this Chapter shall defend (with counsel acceptable to the City), indemnify and hold harmless the City of Oakland, the Oakland City Council, and its respective officials, officers, employees, representatives, agents and volunteers (hereafter collectively called City) from any liability, damages, actions, claims, demands, litigation, loss (direct or indirect), causes of action, proceedings or judgment (including legal costs, attorneys' fees, expert witness or consultant fees, City Attorney or staff time, expenses or costs) (collectively called "Action") against the City to attack, set aside, void or annul, any medical cannabis-related approvals and actions and comply with the conditions under which such permit is granted, if any. The City may elect, in its sole discretion, to participate in the defense of said Action and the permittee shall reimburse the City for its reasonable legal costs and attorneys' fees.

C. Within ten (10) calendar days of the service of the pleadings upon the City of any Action as specified in Subsection B above, the permittee shall execute a Letter of Agreement with the City, acceptable to the Office of the City Attorney, which memorializes the above obligations. These obligations and the Letter of Agreement shall survive termination, extinguishment or invalidation of the medical cannabis-related approval. Failure to timely execute the Letter of Agreement does not relieve the applicant of any of the obligations contained in this Section or any other requirements or performance or operating standards that may be imposed by the City.

5.80.100 – Examination of books, records, witnesses—Penalty.

A. Permittees must provide the City Administrator with access to any licensed dispensary during normal business hours to verify compliance with this Chapter.

BA. Permittees must provide ~~t~~The City Administrator shall be provided with access to any and all financial information regarding the dispensary at any time, as needed to conduct an audit of the permittees under this ~~e~~Chapter to verify tax compliance under Chapter 5.80 and/or gross receipts tax requirements.

CB. The City Administrator is authorized to examine the books, papers, tax returns and records of any permittee for the purpose of verifying the accuracy of any declaration made, or if no declaration was made, to ascertain the business tax due.

DC. The City Administrator is authorized to examine a person under oath, for the purpose of verifying the accuracy of any declaration made, or if no declaration was made, to ascertain the business tax, registration or permit fees due under this ~~e~~Chapter. In order to ascertain the business tax, registration or permit fees due under this ~~e~~Chapter, the City Administrator may compel, by administrative subpoena, the production of relevant books, papers and records and the attendance of all persons as parties or witnesses.

ED. Every permittee is directed and required to furnish to the City Administrator, the means, facilities and opportunity for making such financial examinations and investigations.

EE. Any permittee refusal to comply with this section shall be deemed a violation of this ~~e~~Chapter, and administrative subpoenas shall be enforced pursuant to applicable law.

SECTION 4. Reporting. City staff shall report back to City Council no later than one year from the date of adoption of this legislation, providing information about the implementation, review of effectiveness of the included standards, including equity standards, issues that have arisen, if any, and whether any changes are recommended.

SECTION 5. California Environmental Quality Act. The City Council independently finds and determines that this action is exempt from CEQA pursuant to CEQA Guidelines sections 15061(b)(3) (general rule), 15183 (projects consistent with a community plan, general plan, or zoning), 15301 (existing facilities), 15308 (actions by regulatory agencies for protection of the environment) and 15309 (inspections), each of which provides a separate and independent basis for CEQA clearance and when viewed collectively provide an overall basis for CEQA clearance. The Environmental Review Officer or designee shall file a Notice of Exemption with the appropriate agencies.

SECTION 6. Severability. The provisions of this Ordinance are severable, and if any section, subsection, sentence, clause, phrase, paragraph, provision, or part of this Ordinance, or the application of this Ordinance to any person, is for any reason held to be invalid, preempted by state or federal law, or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. It is hereby declared to be the legislative intent of

the City Council that this Ordinance would have been adopted had such provisions not been included or such persons or circumstances been expressly excluded from its coverage.

SECTION 7. Ordinance Effective Date. Pursuant to Section 216 of the Charter of the City of Oakland, this Ordinance shall become effective immediately upon final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption by the Council of the City of Oakland.

SECTION 8. General Police Powers. This Ordinance is enacted pursuant to the City of Oakland's general police powers, including but not limited to Sections 106 of the Oakland City Charter and Section 7 of Article XI of the California Constitution.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL-WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID AND PRESIDENT
GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

Date of Attestation: _____

NOTICE AND DIGEST

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE CHAPTER 5.80, MEDICAL CANNABIS DISPENSARY PERMITS, TO ALIGN WITH CALIFORNIA'S MEDICAL MARIJUANA REGULATION AND SAFETY ACT AND ADOPTING CEQA EXEMPTION FINDINGS

This ordinance amends the City of Oakland's existing citywide medical cannabis regulations to align with new state law, the Medical Marijuana Regulation and Safety Act, by revising the permitting process for medical cannabis dispensaries.

FILED
OFFICE OF THE CITY CLERK
OAKLAND

REVISED AT COUNCIL 5/3/16

2016 MAY -5 PM 4:45

APPROVED AS TO FORM


CITY ATTORNEY'S OFFICE

INTRODUCED BY COUNCILMEMBER _____

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE CHAPTER 5.81, MEDICAL CANNABIS CULTIVATION FACILITY PERMITS, TO ALIGN WITH CALIFORNIA'S MEDICAL MARIJUANA REGULATION AND SAFETY ACT AND ADOPTING CEQA EXEMPTION FINDINGS

WHEREAS, in 1996, California voters approved Proposition 215 (codified at Health and Safety Code section 11362.5 and titled the "Compassionate Use Act of 1996"), which provides criminal immunity for patients and primary caregivers for the cultivation and possession of cannabis if a doctor has recommended the cannabis for medical purposes; and

WHEREAS, in 2004, Senate Bill 420 was enacted (codified at Health and Safety Code section 11362.7 *et seq.* and titled the "Medical Marijuana Program Act") to clarify the scope of the Compassionate Use Act of 1996. The Medical Marijuana Program Act allows cities and other governing bodies to adopt and enforce laws consistent with its provisions; and

WHEREAS, neither the Compassionate Use Act of 1996 nor the Medical Marijuana Program Act provided an effective statewide regulatory system for the medical cannabis industry, and this lack of uniform regulation created uncertainty about the legality of medical cannabis activities and endangered the safety of end users, who have not had the benefit of a monitored supply chain for medical cannabis, quality control, testing or labeling requirements; and

WHEREAS, in 2010, the Oakland City Council adopted Ordinance No. 13033 C.M.S. to establish citywide medical cannabis cultivation facility regulations (codified at OMC Chapter 5.81), to protect the public health, safety and welfare of patients and the community as a whole, but to date, the City has neither enforced these provisions nor issued any licenses or permits pursuant to these regulations; and

WHEREAS, in 2011, Assembly Bill 2650 was enacted (codified at Health and Safety Code section 11362.768). This law affirms that cities can adopt ordinances that

restrict the location and establishment of medical marijuana collectives, cooperatives, and dispensaries; and

WHEREAS, in *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.* (2013) 56 Cal.4th 729, the California Supreme Court concluded that nothing in the Compassionate Use Act or the Medical Marijuana Program Act precludes a local jurisdiction from regulating or prohibiting facilities that distribute medical marijuana; and

WHEREAS, in 2015, Assembly Bills 243 and 266 and Senate Bill 643 were enacted (codified at Business and Professions Code section 19300 et seq. and titled the "Medical Marijuana Regulation and Safety Act"); and

WHEREAS, the Medical Marijuana Regulation and Safety Act establishes a long-overdue comprehensive regulatory framework for medical cannabis in California (including production, transportation and sale of medical cannabis), requires establishment of uniform state minimum health and safety standards, testing standards, mandatory product testing, and security requirements at dispensaries and during transport of the product, and provides criminal immunity for licensees; and

WHEREAS, the Medical Marijuana Regulation and Safety Act preserves local control in a number of ways: (1) by requiring medical cannabis businesses to obtain both a state license and a local license or permit to operate legally in California, (2) by terminating the ability of a medical cannabis business to operate if its local license or permit is terminated, (3) by authorizing local governments to enforce state law in addition to local ordinances, if they request that authority and it is granted by the relevant state agency, (4) by providing for civil penalties for unlicensed activities, and continuing to apply applicable criminal penalties under existing law, and (5) by expressly protecting local licensing practices, zoning ordinances, and local actions taken under the constitutional police power; and

WHEREAS, the Medical Marijuana Regulation and Safety Act authorizes medical cannabis businesses to vertically integrate their business and hold multiple state licenses if they are located in jurisdictions that adopted a local ordinance, prior to July 1, 2015, allowing or requiring qualified businesses to cultivate, manufacture, and dispense medical cannabis or medical cannabis products; and

WHEREAS, the City of Oakland's medical cannabis regulations have allowed and will continue to allow an individual qualified business to cultivate, manufacture, and dispense medical cannabis or medical cannabis products; and

WHEREAS, extensive medical cannabis activities, including cultivation and manufacturing, currently occur in the City and have not been expressly regulated; and

WHEREAS, these activities have caused and continue to cause ongoing adverse impacts that can be harmful to the health, safety and welfare of Oakland residents and constitute a public nuisance, including without limitation damage to buildings containing indoor medical cannabis cultivation facilities, including improper and dangerous

electrical alterations and use, inadequate ventilation leading to mold and mildew, increased frequency of home-invasion robberies, and similar crimes; and

WHEREAS, many of these community impacts have fallen disproportionately on residential neighborhoods. These impacts have also created an increase in City response costs, including code enforcement, building, fire, and police staff time and expenses; and

WHEREAS, absent appropriate regulation, these unregulated medical cannabis activities pose a potential threat to the public health, safety and welfare;

WHEREAS, the City of Oakland wishes to amend OMC Chapter 5.81 to continue and expand citywide regulation of medical cannabis activities in a manner that protects the public health, safety and general welfare of the community, and in the interest of patients who qualify to obtain, possess and use marijuana for medical purposes, consistent with the Compassionate Use Act of 1996, the Medical Marijuana Program Act, and the Medical Marijuana Regulation and Safety Act; and

WHEREAS, the City of Oakland has a compelling interest in protecting the public health, safety, and welfare of its citizens, residents, visitors and businesses by developing and implementing strict performance and operating standards for medical cannabis cultivation, manufacturing and other facilities; and

WHEREAS, it is the City of Oakland's policy in the permitting of medical cannabis facilities to encourage the hiring of high unemployment groups, including Oakland residents that were formerly incarcerated; and

WHEREAS, communities of color have been negatively and disproportionately impacted by disparate enforcement of cannabis laws; and

WHEREAS, police arrest data reported to the Cannabis Regulatory Commission reflect disproportionately higher arrests for cannabis offenses in certain police beats; and

WHEREAS, individuals arrested or previously incarcerated for cannabis related offenses face significant barriers to obtaining employment, financial aid, public housing, and other economic opportunities; and

WHEREAS, the City of Oakland seeks to provide equity in ownership in the cannabis industry through the incorporation of a Cultivation, Manufacturing, Distribution, Testing, and Transporting Permit Program; and

WHEREAS, as part of its efforts to develop comprehensive amendments to the existing citywide medical cannabis regulations, staff conducted extensive public outreach, including public presentations to the City's Cannabis Regulatory Commission in February, July, and October 2015; and

WHEREAS, after a duly noticed public meetings on February 9, 2016, and April 26, 2016, the Public Safety Committee voted to recommend the proposal to the City Council with the inclusion of an equity component that requires 50% of all new cannabis permits be issued to applicants who reside in police beats negatively and disproportionately impacted by enforcement of cannabis laws; and

WHEREAS, the City Council held a duly noticed public hearing on May 3, 2016, to consider the proposed amendments and all interested parties were provided an ample opportunity to participate in said hearing and express their views; and

WHEREAS, nothing in this Ordinance shall be deemed to conflict with federal law as contained in the Controlled Substances Act, 21 U.S.C. § 841 or to license any activity that is prohibited under said Act except as mandated by State law; and

WHEREAS, nothing in this Ordinance shall be construed to (1) allow persons to engage in conduct that endangers others or causes a public nuisance; or (2) allow the use of cannabis for non-medical purposes; or (3) allow any activity relating to the sale, distribution, possession or use of cannabis that is illegal under state or federal law; and compliance with the requirements of this Ordinance shall not provide a defense to criminal prosecution under any applicable law; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. Recitals. The City Council finds and determines the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

SECTION 2. Purpose and Intent. It is the purpose and intent of this Ordinance to clarify and expressly authorize non-dispensary medical cannabis activities, including the cultivation of medical cannabis, in order to preserve the public peace, health, safety, and general welfare of the citizens and residents of, and travelers through, the City of Oakland, as authorized by the Medical Marijuana Regulation and Safety Act.

SECTION 3. Amendment of Chapter 5.81 of the Oakland Municipal Code. Oakland Municipal Code Chapter 5.81 is hereby amended as follows (additions are shown in double underline and deletions are shown as ~~strikethrough~~):

Chapter 5.81 – MEDICAL CANNABIS CULTIVATION, MANUFACTURING AND OTHER FACILITY PERMITS

5.81.010 – Findings and purpose.

A. The City Council, based on evidence presented to it in the proceedings leading to the adoption of this Chapter hereby finds that the lack of regulation of medical cannabis facilities other than medical cannabis dispensaries, including unregulated cultivation, manufacturing and processing of medical cannabis in the City has caused and is causing ongoing impacts to the community. These impacts include damage to buildings containing indoor medical cannabis cultivation facilities, including improper and

dangerous electrical alterations and use, inadequate ventilation leading to mold and mildew, increased frequency of home-invasion robberies and similar crimes, and that many of these impacts have fallen disproportionately on residential neighborhoods. These impacts have also created an increase in response costs, including code enforcement, building, fire, and police staff time and expenses.

B. The City Council further finds that the creation of a permitting process implementing public health and safety standards for medical cannabis facilities other than dispensaries will not only improve public health and safety but provide a measure of certainty for legitimate businesses and thus encourage them to situate in Oakland.

CB. The City acknowledges that the voters of the State have provided an exemption to prosecution for the cultivation, possession of cannabis for medical purposes under the Compassionate Use Act (CUA), but that the CUA does not address land use or building code impacts or issues arising from the resulting increase in cannabis cultivation within the City.

DG. The City acknowledges that sales of medical marijuana are subject to taxation by both the City and the State and that the California State Board of Equalization (BOE) is also requiring that businesses engaging in such retail transactions hold a seller's permit.

ED. The primary purpose and intent of this Chapter is to regulate the cultivation and processing of non-dispensary medical cannabis facilities, including the cultivation of medical cannabis, in a manner that protects the public health, safety and welfare of the community, as authorized by the Medical Marijuana Regulation and Safety Act.

5.81.020 – Definitions.

The following words or phrases, whenever used in this Chapter, shall be given the following definitions:

A. “Applicant” as used only in this Chapter shall be any industrial cannabis cultivation, processing, manufacturing facility that applies for a permit required under this Chapter.

B. “Batch” as used only in this Chapter shall be defined by the City Administrator to mean a discrete quantity of dried cannabis produced and sold together.

C. “Cannabis” or “Marijuana” as used only in this Chapter shall be the same, and as may be amended, as is defined in Section 5.80.010-8.46.020.

D. “Cannabis concentrate” as used only in this Chapter shall mean manufactured cannabis that has undergone a process to concentrate the cannabinoid active ingredient, thereby increasing the product’s potency.

ED. “Cannabis Dispensary” as used only in this Chapter shall be the same, and as may be amended, as is defined in Section 5.80.010 and is also referred to herein as “dispensary.”

FE. “City Administrator” as used only in this Chapter shall mean the City Administrator for the City of Oakland and his or her designee.

G. "Cultivate" as used only in this Chapter shall mean to plant, grow, harvest, dry, cure, grade or trim more than 48 ounces of dried cannabis and/or to plant, grow, harvest, dry, cure, grade or trim cannabis in an area greater than 96 square feet of total area within one parcel of land.

~~F. "Cultivation Area" as used only in this Chapter hereinafter shall mean the actual area in use for the entire cultivation process of cannabis plants (including seedling production, vegetation, and maturation), as well as reasonable walking space, such that, for example, two trays used for maturation, each measuring ten square feet and stacked vertically on top of each other shall be counted as 20 square feet of cultivation area.~~

~~G. "Industrial Cannabis Cultivation, Processing, Manufacturing Facility" hereinafter "cultivation and manufacturing facility" shall mean any facility used for cultivating, warehousing, storing, processing and/or manufacturing more than 48 ounces of dried cannabis, and/or cultivating or storing medical cannabis in an area greater than 96 square feet of total area within one parcel of land. Any establishment engaged in, permitted to be engaged in or carrying on any medical cannabis cultivation, processing, or manufacturing or other activity mentioned in this Chapter shall be deemed a an industrial cannabis cultivation and manufacturing facility as described in Section 5.81.040.~~

H. "Distribute" as used only in this Chapter shall mean the procurement, sale, and transport of medical cannabis and medical cannabis products between state licensed medical cannabis entities.

I. "Edible cannabis product" as used only in this Chapter shall mean manufactured cannabis that is intended to be used, in whole or in part, for human consumption, including, but not limited to, chewing gum.

J. "Manufactured cannabis" as used only in this Chapter shall mean raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, an edible product, or a topical product.

K. "Manufacture" as used only in this Chapter shall mean to produce, prepare, propagate, or compound manufactured medical cannabis or medical cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis.

L.H. "Medical cCannabis cCollective" as used only in this Chapter shall be the same, and as may be amended, as isf defined in Section 5.80.010.

M. "Medical marijuana" or "Medical cannabis" as used only in this Chapter shall be the same, and as may be amended, as is defined in Section 5.80.010.

Nf. "One-Parcel of lLand" as used only in this Chapter shall be the same, and as may be amended, as is defined in Section 5.80.010mean any single piece of real property as identified by the County Assessor's parcel number (APN) that is used to identify real property, its boundaries, and all the rights contained therein.

OJ. "Permittees" as used only in this Chapter are individuals or businesses cultivation and manufacturing facilities that have obtained a permit under this Chapter to cultivate, distribute, manufacture, test or transport.

PK. "Primary cGaregiver" as used only in this Chapter shall be the same, and as may be amended, as is defined in Section 5.80.010.

QL. "Qualified patient" as used only in this Chapter shall be the same, and as may be amended, as is defined in Section 5.80.010.

R. "Testing" as used only in this Chapter shall mean the conducting of analytical testing of cannabis, cannabis-derived products, hemp, or hemp-derived products.

S. "Topical cannabis" as used only in this Chapter shall mean a product intended for external use such as with cannabis-enriched lotions, balms and salves.

T. "Transport" as used only in this Chapter means the transfer of medical cannabis or medical cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting commercial cannabis activity, as defined by state law.

U. "Transporter" as used only in this Chapter means a person licensed to transport medical cannabis or medical cannabis products between state licensed medical cannabis facilities.

V. "Volatile Solvents" as used only in this Chapter shall mean those solvents used in the cannabis manufacturing process determined to be volatile by the California Department of Public Health or Oakland Fire Department.

M. "Written Recommendation" as used only in this Chapter shall be the same, and as may be amended, as if defined in Section 5.80.010.

W. "General Application permit" shall mean all applications issued under OMC 5.81 with the exception of Cultivation, Manufacturing, Distribution, Testing, and Transporting Equity Permits issued under section 5.81.030.

5.81.030 – Permit required.

A. Except for hospitals and research facilities that obtain written permission for cannabis cultivation under federal law, it is unlawful to ~~establish any cultivation, distribute, and manufacturing, test or transport facility~~ without a valid business permit issued pursuant to the provisions of this Chapter. Possession of other types of State or City permits or licenses does not exempt an applicant from the requirement of obtaining a permit under this Chapter. ~~It is unlawful for any entity organized on a for-profit basis, except for hospitals and research facilities, to engage in any medical cannabis cultivation whatsoever.~~

B. The City Administrator shall issue, as detailed below, special business permits for the ~~operation of industrial medical cannabis cultivation processing, distributing, and manufacturing, testing and transporting facilities.~~ In recommending the granting or denying of such permit and in granting or denying the same, the City Administrator shall give particular consideration to the capacity, capitalization, complaint history of the proposed cultivation and manufacturing facility as detailed in Section 5.81.040, and any other factors that in her/his discretion she/he deems necessary to the peace and order and welfare of the public. All applicants shall pay any necessary fees including without

limitation application fees, inspection fees and regulatory fees that may be required hereunder.

~~C. The City Administrator shall issue in the first year of this cultivation and manufacturing facility program no more than four permits. Two years after the first permit has been issued, the City Administrator shall return to the City Council to report on the development of this program, and determine how additional permits to meet the needs of medical cannabis dispensaries and other lawful cannabis providers shall be administered, if any.~~

CD. All cultivation, distribution, and manufacturing, testing and transporting facility permits shall be special business permits and shall be issued for a term of ~~one~~two years, subject to annual review one year from the date of prior issuance. No property interest, vested right, or entitlement to receive a future license to operate a medical marijuana business shall ever inure to the benefit of such permit holder as such permits are revocable at any time with or without cause by the City Administrator subject to Section 5.81.120.

DE. Cultivation, distribution, and manufacturing, testing, and transporting facility permits shall only be granted to entities operating legally according to State law.

E. More than one medical cannabis operator may situate on a single parcel of land, however, each operator will be required to obtain a permit for their applicable permit category.

F. No proposed use under this Chapter shall be located within a 600 foot radius of any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive (but not including any private school in which education is primarily conducted in private homes) nor situate in an area other than as prescribed below unless the City Administrator in his/her discretion determines that the location will not impact the peace, order and welfare of the public.

G. Fifty percent (50%) of all permits issued under OMC 5.81 shall be issued to an Oakland resident who meets the Equity Permit Program requirements set forth in Section 5.81.030(H) below. At no time shall the number of General Application permits issued under 5.81 in total exceed the number of Equity Permits under 5.81 in total issued by the City Administrator.

H. Cultivation, Manufacturing, Distribution, Testing, and Transporting Equity Permit Program Criteria. Applicant must have at least one member who meets all of the following criteria:

1. Be an Oakland resident who,
2. Resides for at least two years prior to the date of application in Oakland Police Department Beats 26Y, 30X, 30Y, 31Z, 32Y, and 34X (Oakland Police Department Beat Map is attached and incorporated herein by reference); or those individuals who, within the last ten years, have been previously incarcerated for marijuana-related offense as a result of a conviction arising out of Oakland, California;
3. Maintains not less than a 50% ownership in the Dispensary applicant entity, partnership, limited liability corporation, collective, corporation, worker cooperative or other recognized ownership entity; and

4. Prior marijuana or cannabis conviction shall not be a bar to equity ownership.

5.81.040 – Industrial eCultivation, distribution, testing and transporting of medical marijuana.

~~A. Any use of activity that involves possessing, cultivating, processing and/or manufacturing and/or more than 96 square feet of cultivation area shall constitute industrial cultivation of medical cannabis and shall only be allowed upon the granting of a permit as prescribed in this Chapter. Possession of other types of State or City permits or licenses does not exempt an applicant from the requirement of obtaining a permit under this Chapter.~~

~~AB. The pProposed location of a cultivation, distribution, testing or transporting and manufacturing facilitylocations shall be in areas where “light manufacturing industrial,” “research and development,” or their equivalent use, is permitted by right under the Oakland Planning Code, as may be amended; provided, however, that no vested or other right shall inure to the benefit of any cultivation, distribution, testing or transporting and manufacturing facility permittee. Public notice shall be given as provided in Section 5.02.050, and the investigating official referred to in Section 5.02.030 to whom the application shall be referred, shall be the City Administrator.~~

~~B. The aforementioned location restrictions shall not apply to existing dispensary cultivation facilities located at a retail location if the City Administrator in his/her discretion determines that the location will not impact the peace, order and welfare of the public.~~

~~C. The maximum size of any areas of cultivation shall not exceed any limitations or restrictions set forth in State law.~~

5.81.045 – Manufacturing of medical marijuana.

~~A. Proposed locations for manufacturing of medical cannabis products using nonvolatile solvents shall be in areas where “custom manufacturing industrial,” or its equivalent use, is permitted by right under the Oakland Planning Code, as may be amended, or in residential zones if the manufacturing is compliant with the restrictions imposed on cottage food operators under the California Homemade Food Act, Chapter 6.1 (commencing with Section 51035) of Part 1 of Division 1 of Title 5 of the Government Code.~~

~~B. Proposed locations for manufacturing of medical cannabis products using volatile solvents shall be in areas where “general manufacturing industrial” or its equivalent use, is permitted by right under the Oakland Planning Code, as may be amended.~~

5.81.050 – Application for permit.

A. All applicants shall pay an application fee as specified in the Master Fee Schedule.

B. All applicants shall submit written information to the City Administrator ~~including, but not limited to, that shall include, as applicable,~~ plans for security, odor mitigation, waste disposal, pest management, product testing, worker safety and compensation, local hiring, non diversion of product, facility location, capitalization, business plans, applicant complaint history, criminal background checks, plan for minimizing environmental impacts, compliance with City building and fire codes, and any additional information deemed necessary by the City Administrator. The City Administrator may design application forms specific to each permitted category and require inspections of proposed facilities before issuing a permit under this Chapter.

C. ~~All applicants shall be ranked by a point or similar system established by the City Administrator based on information submitted by each applicant and any additional information that may be submitted to or discovered by the City Administrator.~~ The City Administrator shall establish criteria for minimizing the carbon footprint, environmental impact and resource needs of permitted facilities. Applicants that demonstrate they can satisfy this environmental criteria, such as cultivators seeking to operate greenhouse facilities, will be given preference in the processing of their application.

D. All applicants shall demonstrate compliance with State law, during the course of the permit application procedure described under this Section, prior to issuing any permit, and upon the issuance of a permit, thereafter.

5.81.070 – Operating and performance standards.

A. Facilities permitted under this Chapter shall not be open to the public. The City Administrator shall establish operating and performance standards for permittees. The intent of these operating and performance standards is to minimize any negative effects and enhance the benefits of permitted facilities on the surrounding community.

B. The following standards shall be included in the City Administrator's regulations:

1. No cannabis or cannabis odors shall be detectable by sight or smell outside of a permitted facility.

2. Permitted facilities must install security cameras capable of documenting activity inside and outside the facility, as determined by the Oakland Police Department.

3. Permitted facilities shall maintain a staff that is at least 50% Oakland residents and at least 25% Oakland residents in census tracts identified by the City Administrator as having high unemployment rates. The City Administrator may promulgate standards for phasing in this requirement for existing facilities.

4. Permitted facilities that hire and retain formerly incarcerated Oakland residents may apply for a tax credit or license fee reduction based on criteria established by the City Administrator.

5. All employees shall be paid a living wage as defined by OMC Chapter 2.28.

6. Permitted facilities must implement a track and trace program that records the movement of medical cannabis and medical cannabis products in their

custody and make these records available to the City Administrator upon request.

C. Noncompliance of such operating standards shall constitute a breach of the permit issued hereunder and may render such permit suspended or revoked based upon the City Administrator's determination.

5.81.080 – Examination of books, records, witnesses—Information confidential—Penalty.

A. The City Administrator shall be provided access to any licensed medical cannabis cultivation, manufacturing, and other facility during normal business hours to verify compliance with this chapter.

AB. The City Administrator shall be provided access to any and all financial information at any time, as needed to conduct an audit of the permittees under this Chapter to verify tax compliance under Chapter ~~5.80~~ 5.81 and/or gross receipts tax requirements.

BC. The City Administrator is authorized to examine the books, papers, tax returns and records of any permittee for the purpose of verifying the accuracy of any declaration made, or if no declaration was made, to ascertain the business tax due.

The City Administrator is authorized to examine a person under oath, for the purpose of verifying the accuracy of any declaration made, or if no declaration was made, to ascertain the business tax, registration or permit fees due under this Chapter. In order to ascertain the business tax, registration or permit fees due under this Chapter, the City Administrator may compel, by administrative subpoena, the production of relevant books, papers and records and the attendance of all persons as parties or witnesses.

CD. Every permittee is directed and required to furnish to the City Administrator, the means, facilities and opportunity for making such financial examinations and investigations.

DE. Any permittee refusal to comply with this Section shall be deemed a violation of this Chapter, and administrative subpoenas shall be enforced pursuant to applicable law.

5.81.100 – Liability and indemnification.

A. To the fullest extent permitted by law, any actions taken by a public officer or employee under the provisions of this Chapter shall not become a personal liability of any public officer or employee of the City.

B. To the maximum extent permitted by law, t~~he~~ permittees under this Chapter hereby agree to save, shall defend (with counsel acceptable to the City), indemnify and keephold harmless the City of Oakland, the Oakland City Council, and its respective officials, officers, employees, representatives, agents and volunteers (hereafter collectively called "City") from any all-liability, damages, actions, claims, demands,

litigation, loss (direct or indirect), causes of action, or proceedings, or judgment (including legal costs, these for attorneys' fees, expert witness or consultant fees, City Attorney or staff time, expenses or costs) (collectively called "Action") against the City to attack, set aside, void or annul, any medical cannabis-related approvals and actions in consequence of the granting of this permit, and will in all things strictly comply with the conditions under which this such permit is granted, if any. The City may elect, in its sole discretion, to participate in the defense of said Action and the permittee shall reimburse the City for its reasonable legal costs and attorneys' fees.

C. Within ten (10) calendar days of the service of the pleadings upon the City of any Action as specified in Subsection B above, the permittee shall execute a Letter of Agreement with the City, acceptable to the Office of the City Attorney, which memorializes the above obligations. These obligations and the Letter of Agreement shall survive termination, extinguishment or invalidation of the medical cannabis-related approval. Failure to timely execute the Letter of Agreement does not relieve the applicant of any of the obligations contained in this Section or any other requirements or performance or operating standards that may be imposed by the City.

5.81.101 - Residential Personal use and individual limits for non-licensed medical cannabis cultivation.

Notwithstanding State law regarding medical cannabis cultivation, no qualified patient or primary caregiver may cultivate medical cannabis in an area of more than 32 square feet on one parcel of land, unless they form a cooperative or collective.

A collective or cooperative of qualified patients or primary caregivers, may cultivate medical cannabis covering an area of no more than 32 square feet in a residential unit or if in a nonresidential building on one parcel of land per each member of the cooperative or collective, up to a maximum of 216 cannabis/marijuana plants within a maximum growing area of 96 square feet indoor or 60 outdoor cannabis/marijuana plants on one parcel of land.

In the absence of a permit under this Chapter, such cultivation shall be subject to the following operating standards:

A. Cultivation, processing, possession, and/or manufacturing of medical marijuana in any residential areas shall be limited to qualified patients, primary caregivers, and medical cannabis collectives or cooperatives comprised of no more than three qualified patients and/or their primary caregivers. Every member of the medical cannabis collective or cooperative shall possess an identification card issued by the County of Alameda, or the State of California, or another agency recognized by the City pursuant to California Health and Safety Code Section 11362.7 et seq.

B. Cultivation, processing, possessing, and/or manufacturing of medical cannabis in residential areas shall be in conformance with the following standards:

1. The residential facility shall remain at all times a residence with legal and functioning cooking, sleeping and sanitation facilities. Medical cannabis cultivation, processing, possession, and/or manufacturing shall remain at all times secondary to the residential use of the property;

2. Cultivation possession, processing and/or manufacturing of medical cannabis in residential areas shall occur only in a secured residences occupied by the qualified patient or primary caregiver;
3. No individual residential facility or other facility housing the cultivation, processing and/or manufacturing of medical cannabis shall contain more than 48 ounces of dried cannabis, and/or more than 96 square feet of cultivation area;
4. If required by the building or fire code, the wall(s) adjacent to the indoor cultivation area shall be constructed with 5/8" Type X fire resistant drywall;
5. The cultivation area shall be in compliance with the current adopted edition of the California Building Code ~~§ 1203.4 natural ventilation or § 402.3 mechanical ventilation (or its equivalent(s))~~;
6. The cultivation area shall not adversely affect the health or safety of the residence or nearby properties through creation of mold, mildew, dust, glare, heat, noise, noxious gasses, odor, smoke, traffic, vibration, or other impacts, or be hazardous because of the use or storage of materials, processes, products or wastes;
7. All high amperage electrical equipment (exceeding six amps) used in the cultivation of medical cannabis, (e.g., lighting and ventilation) shall be plugged directly into a wall outlet or otherwise hardwired; the use of extension cords to supply power to high amperage electrical equipment (exceeding six amps) used in the cultivation of medical cannabis is prohibited;
8. Any electrical rewiring or remodeling shall first require an electrical permit from the City;
9. The use of butane gas products for personal use medical cannabis cultivation is prohibited; and
10. From a public right-of-way, there shall be no exterior evidence of medical cannabis cultivation occurring at the property.

C. If a qualified patient or primary caregiver who is cultivating, possessing, processing and/or manufacturing medical cannabis for personal use at the residence has a doctor's recommendation that the above allowable quantity does not meet the qualified patient's medical needs, the qualified patient or primary caregiver may possess an amount of marijuana consistent with the patient's needs, as specified by such doctor.

5.81.110 – Prohibited operations.

A. ~~All~~Any cultivating, distributing, processing, and manufacturing, testing, or transporting facilities that do not havewithout a permit under this Chapter areis expressly prohibited. No use that purports to have cultivated, distributed, manufactured, tested or transported or processed marijuana shall be deemed to have been a legally established use under the provisions of the Oakland Planning Code, the Oakland Municipal Code, or any other local ordinance, rule or regulation, and such use shall not be entitled to claim a vested right, legal nonconforming or other similar status. However, for the limited purpose of state licensing priority, operators may submit a

petition to the City Administrator's Office for a determination of good standing prior to January 1, 2016.

B. Any violations of this Chapter may be subject to administrative citation, pursuant to Chapters 1.08 and 1.12, and other applicable legal, injunctive or equitable remedies. No enforcement of this provision shall take place, though, until after the City Administrator has published information on how to apply for cultivation, distribution, laboratory, manufacturing and transporting permits and no enforcement shall take place against a permit applicant while their application is pending.

5.81.120 – Revocation, suspension and a Appeals.

Notwithstanding Section 5.02.100, any decision, except for suspension and or revocation, pursuant to this Chapter by the City Administrator or his/her designee shall be final and conclusive, with no appeal to the City Council or any other appellate body. For suspensions and/or revocations the City shall follow the procedures set forth in Section 5.02.080 only the City Administrator ~~an independent hearing officer shall make an initial determination with an appeal to an independent hearing officer the City Administrator~~ in writing within 14 days of the City Administrator's Administrative Hearing Officer's decision in accordance with procedures in set forth in Section 5.02.100. The decision of the independent hearing officer shall be final and conclusive.

SECTION 4. Reporting. City staff shall report back to City Council no later than one year from the date of adoption of this legislation, providing information about the implementation, review of effectiveness of the included standards, including equity standards, issues that have arisen, if any, and whether any changes are recommended.

SECTION 5. California Environmental Quality Act. The City Council independently finds and determines that this action is exempt from CEQA pursuant to CEQA Guidelines sections 15061(b)(3) (general rule), 15183 (projects consistent with a community plan, general plan, or zoning), 15301 (existing facilities), 15308 (actions by regulatory agencies for protection of the environment) and 15309 (inspections), each of which provides a separate and independent basis for CEQA clearance and when viewed collectively provide an overall basis for CEQA clearance. The Environmental Review Officer or designee shall file a Notice of Exemption with the appropriate agencies.

SECTION 65. Severability. The provisions of this Ordinance are severable, and if any section, subsection, sentence, clause, phrase, paragraph, provision, or part of this Ordinance, or the application of this Ordinance to any person, is for any reason held to be invalid, preempted by state or federal law, or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. It is hereby declared to be the legislative intent of the City Council that this Ordinance would have been adopted had such provisions not been included or such persons or circumstances been expressly excluded from its coverage.

SECTION 76. Ordinance Effective Date. Pursuant to Section 216 of the Charter of the City of Oakland, this Ordinance shall become effective immediately upon final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption by the Council of the City of Oakland.

SECTION 87. General Police Powers. This Ordinance is enacted pursuant to the City of Oakland's general police powers, including but not limited to Sections 106 of the Oakland City Charter and Section 7 of Article XI of the California Constitution.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL-WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID AND PRESIDENT
GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

Date of Attestation: _____

NOTICE AND DIGEST

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE CHAPTER 5.81, MEDICAL CANNABIS CULTIVATION FACILITY PERMITS, TO ALIGN WITH CALIFORNIA'S MEDICAL MARIJUANA REGULATION AND SAFETY ACT AND ADOPTING CEQA EXEMPTION FINDINGS

This ordinance amends the City of Oakland's existing citywide medical cannabis regulations to align with new state law, the Medical Marijuana Regulation and Safety Act, by establishing permitting processes for medical cannabis cultivators, manufacturers, testing laboratories, distributors and transporters.

FILED
OFFICE OF THE CITY CLERK
OAKLAND

REVISED AT COUNCIL 5/3/16

2016 MAY -5 PM 4: 45

APPROVED AS TO FORM


CITY ATTORNEY'S OFFICE

INTRODUCED BY COUNCILMEMBER _____

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE CHAPTER 5.81, MEDICAL CANNABIS CULTIVATION FACILITY PERMITS, TO ALIGN WITH CALIFORNIA'S MEDICAL MARIJUANA REGULATION AND SAFETY ACT AND ADOPTING CEQA EXEMPTION FINDINGS

WHEREAS, in 1996, California voters approved Proposition 215 (codified at Health and Safety Code section 11362.5 and titled the "Compassionate Use Act of 1996"), which provides criminal immunity for patients and primary caregivers for the cultivation and possession of cannabis if a doctor has recommended the cannabis for medical purposes; and

WHEREAS, in 2004, Senate Bill 420 was enacted (codified at Health and Safety Code section 11362.7 *et seq.* and titled the "Medical Marijuana Program Act") to clarify the scope of the Compassionate Use Act of 1996. The Medical Marijuana Program Act allows cities and other governing bodies to adopt and enforce laws consistent with its provisions; and

WHEREAS, neither the Compassionate Use Act of 1996 nor the Medical Marijuana Program Act provided an effective statewide regulatory system for the medical cannabis industry, and this lack of uniform regulation created uncertainty about the legality of medical cannabis activities and endangered the safety of end users, who have not had the benefit of a monitored supply chain for medical cannabis, quality control, testing or labeling requirements; and

WHEREAS, in 2010, the Oakland City Council adopted Ordinance No. 13033 C.M.S. to establish citywide medical cannabis cultivation facility regulations (codified at OMC Chapter 5.81), to protect the public health, safety and welfare of patients and the community as a whole, but to date, the City has neither enforced these provisions nor issued any licenses or permits pursuant to these regulations; and

WHEREAS, in 2011, Assembly Bill 2650 was enacted (codified at Health and Safety Code section 11362.768). This law affirms that cities can adopt ordinances that

restrict the location and establishment of medical marijuana collectives, cooperatives, and dispensaries; and

WHEREAS, in *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.* (2013) 56 Cal.4th 729, the California Supreme Court concluded that nothing in the Compassionate Use Act or the Medical Marijuana Program Act precludes a local jurisdiction from regulating or prohibiting facilities that distribute medical marijuana; and

WHEREAS, in 2015, Assembly Bills 243 and 266 and Senate Bill 643 were enacted (codified at Business and Professions Code section 19300 et seq. and titled the "Medical Marijuana Regulation and Safety Act"); and

WHEREAS, the Medical Marijuana Regulation and Safety Act establishes a long-overdue comprehensive regulatory framework for medical cannabis in California (including production, transportation and sale of medical cannabis), requires establishment of uniform state minimum health and safety standards, testing standards, mandatory product testing, and security requirements at dispensaries and during transport of the product, and provides criminal immunity for licensees; and

WHEREAS, the Medical Marijuana Regulation and Safety Act preserves local control in a number of ways: (1) by requiring medical cannabis businesses to obtain both a state license and a local license or permit to operate legally in California, (2) by terminating the ability of a medical cannabis business to operate if its local license or permit is terminated, (3) by authorizing local governments to enforce state law in addition to local ordinances, if they request that authority and it is granted by the relevant state agency, (4) by providing for civil penalties for unlicensed activities, and continuing to apply applicable criminal penalties under existing law, and (5) by expressly protecting local licensing practices, zoning ordinances, and local actions taken under the constitutional police power; and

WHEREAS, the Medical Marijuana Regulation and Safety Act authorizes medical cannabis businesses to vertically integrate their business and hold multiple state licenses if they are located in jurisdictions that adopted a local ordinance, prior to July 1, 2015, allowing or requiring qualified businesses to cultivate, manufacture, and dispense medical cannabis or medical cannabis products; and

WHEREAS, the City of Oakland's medical cannabis regulations have allowed and will continue to allow an individual qualified business to cultivate, manufacture, and dispense medical cannabis or medical cannabis products; and

WHEREAS, extensive medical cannabis activities, including cultivation and manufacturing, currently occur in the City and have not been expressly regulated; and

WHEREAS, these activities have caused and continue to cause ongoing adverse impacts that can be harmful to the health, safety and welfare of Oakland residents and constitute a public nuisance, including without limitation damage to buildings containing indoor medical cannabis cultivation facilities, including improper and dangerous

electrical alterations and use, inadequate ventilation leading to mold and mildew, increased frequency of home-invasion robberies, and similar crimes; and

WHEREAS, many of these community impacts have fallen disproportionately on residential neighborhoods. These impacts have also created an increase in City response costs, including code enforcement, building, fire, and police staff time and expenses; and

WHEREAS, absent appropriate regulation, these unregulated medical cannabis activities pose a potential threat to the public health, safety and welfare;

WHEREAS, the City of Oakland wishes to amend OMC Chapter 5.81 to continue and expand citywide regulation of medical cannabis activities in a manner that protects the public health, safety and general welfare of the community, and in the interest of patients who qualify to obtain, possess and use marijuana for medical purposes, consistent with the Compassionate Use Act of 1996, the Medical Marijuana Program Act, and the Medical Marijuana Regulation and Safety Act; and

WHEREAS, the City of Oakland has a compelling interest in protecting the public health, safety, and welfare of its citizens, residents, visitors and businesses by developing and implementing strict performance and operating standards for medical cannabis cultivation, manufacturing and other facilities; and

WHEREAS, it is the City of Oakland's policy in the permitting of medical cannabis facilities to encourage the hiring of high unemployment groups, including Oakland residents that were formerly incarcerated; and

WHEREAS, communities of color have been negatively and disproportionately impacted by disparate enforcement of cannabis laws; and

WHEREAS, police arrest data reported to the Cannabis Regulatory Commission reflect disproportionately higher arrests for cannabis offenses in certain police beats; and

WHEREAS, individuals arrested or previously incarcerated for cannabis related offenses face significant barriers to obtaining employment, financial aid, public housing, and other economic opportunities; and

WHEREAS, the City of Oakland seeks to provide equity in ownership in the cannabis industry through the incorporation of a Cultivation, Manufacturing, Distribution, Testing, and Transporting Permit Program; and

WHEREAS, as part of its efforts to develop comprehensive amendments to the existing citywide medical cannabis regulations, staff conducted extensive public outreach, including public presentations to the City's Cannabis Regulatory Commission in February, July, and October 2015; and

WHEREAS, after a duly noticed public meetings on February 9, 2016, and April 26, 2016, the Public Safety Committee voted to recommend the proposal to the City Council with the inclusion of an equity component that requires 50% of all new cannabis permits be issued to applicants who reside in police beats negatively and disproportionately impacted by enforcement of cannabis laws; and

WHEREAS, the City Council held a duly noticed public hearing on May 3, 2016, to consider the proposed amendments and all interested parties were provided an ample opportunity to participate in said hearing and express their views; and

WHEREAS, nothing in this Ordinance shall be deemed to conflict with federal law as contained in the Controlled Substances Act, 21 U.S.C. § 841 or to license any activity that is prohibited under said Act except as mandated by State law; and

WHEREAS, nothing in this Ordinance shall be construed to (1) allow persons to engage in conduct that endangers others or causes a public nuisance; or (2) allow the use of cannabis for non-medical purposes; or (3) allow any activity relating to the sale, distribution, possession or use of cannabis that is illegal under state or federal law; and compliance with the requirements of this Ordinance shall not provide a defense to criminal prosecution under any applicable law; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. Recitals. The City Council finds and determines the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

SECTION 2. Purpose and Intent. It is the purpose and intent of this Ordinance to clarify and expressly authorize non-dispensary medical cannabis activities, including the cultivation of medical cannabis, in order to preserve the public peace, health, safety, and general welfare of the citizens and residents of, and travelers through, the City of Oakland, as authorized by the Medical Marijuana Regulation and Safety Act.

SECTION 3. Amendment of Chapter 5.81 of the Oakland Municipal Code. Oakland Municipal Code Chapter 5.81 is hereby amended as follows (additions are shown in double underline and deletions are shown as ~~strikethrough~~):

Chapter 5.81 – MEDICAL CANNABIS CULTIVATION, MANUFACTURING AND OTHER FACILITY PERMITS

5.81.010 – Findings and purpose.

A. The City Council, based on evidence presented to it in the proceedings leading to the adoption of this Chapter hereby finds that the lack of regulation of medical cannabis facilities other than medical cannabis dispensaries, including unregulated cultivation, manufacturing and processing of medical cannabis in the City has caused and is causing ongoing impacts to the community. These impacts include damage to buildings containing indoor medical cannabis cultivation facilities, including improper and

dangerous electrical alterations and use, inadequate ventilation leading to mold and mildew, increased frequency of home-invasion robberies and similar crimes, and that many of these impacts have fallen disproportionately on residential neighborhoods. These impacts have also created an increase in response costs, including code enforcement, building, fire, and police staff time and expenses.

B. The City Council further finds that the creation of a permitting process implementing public health and safety standards for medical cannabis facilities other than dispensaries will not only improve public health and safety but provide a measure of certainty for legitimate businesses and thus encourage them to situate in Oakland.

CB. The City acknowledges that the voters of the State have provided an exemption to prosecution for the cultivation, possession of cannabis for medical purposes under the Compassionate Use Act (CUA), but that the CUA does not address land use or building code impacts or issues arising from the resulting increase in cannabis cultivation within the City.

DC. The City acknowledges that sales of medical marijuana are subject to taxation by both the City and the State and that the California State Board of Equalization (BOE) is also requiring that businesses engaging in such retail transactions hold a seller's permit.

ED. The primary purpose and intent of this Chapter is to regulate ~~the cultivation and processing of non-dispensary~~ medical cannabis facilities, including the cultivation of medical cannabis, in a manner that protects the public health, safety and welfare of the community, as authorized by the Medical Marijuana Regulation and Safety Act.

5.81.020 – Definitions.

The following words or phrases, whenever used in this Chapter, shall be given the following definitions:

A. "Applicant" as used only in this Chapter shall be any industrial cannabis cultivation, processing, manufacturing facility that applies for a permit required under this Chapter.

B. "Batch" as used only in this Chapter shall be defined by the City Administrator to mean a discrete quantity of dried cannabis produced and sold together.

C. "Cannabis" or "Marijuana" as used only in this Chapter shall be the same, and as may be amended, as is defined in Section 5.80.010-8.46.020.

D. "Cannabis concentrate" as used only in this Chapter shall mean manufactured cannabis that has undergone a process to concentrate the cannabinoid active ingredient, thereby increasing the product's potency.

ED. "Cannabis Dispensary" as used only in this Chapter shall be the same, and as may be amended, as is defined in Section 5.80.010 and is also referred to herein as "dispensary."

FE. "City Administrator" as used only in this Chapter shall mean the City Administrator for the City of Oakland and his or her designee.

G. "Cultivate" as used only in this Chapter shall mean to plant, grow, harvest, dry, cure, grade or trim more than 48 ounces of dried cannabis and/or to plant, grow, harvest, dry, cure, grade or trim cannabis in an area greater than 96 square feet of total area within one parcel of land.

F. "Cultivation Area" as used only in this Chapter hereinafter shall mean the actual area in use for the entire cultivation process of cannabis plants (including seedling production, vegetation, and maturation), as well as reasonable walking space, such that, for example, two trays used for maturation, each measuring ten square feet and stacked vertically on top of each other shall be counted as 20 square feet of cultivation area.

G. "Industrial Cannabis Cultivation, Processing, Manufacturing Facility" hereinafter "cultivation and manufacturing facility" shall mean any facility used for cultivating, warehousing, storing, processing and/or manufacturing more than 48 ounces of dried cannabis, and/or cultivating or storing medical cannabis in an area greater than 96 square feet of total area within one parcel of land. Any establishment engaged in, permitted to be engaged in or carrying on any medical cannabis cultivation, processing, or manufacturing or other activity mentioned in this Chapter shall be deemed a an industrial cannabis cultivation and manufacturing facility as described in Section 5.81.040.

H. "Distribute" as used only in this Chapter shall mean the procurement, sale, and transport of medical cannabis and medical cannabis products between state licensed medical cannabis entities.

I. "Edible cannabis product" as used only in this Chapter shall mean manufactured cannabis that is intended to be used, in whole or in part, for human consumption, including, but not limited to, chewing gum.

J. "Manufactured cannabis" as used only in this Chapter shall mean raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, an edible product, or a topical product.

K. "Manufacture" as used only in this Chapter shall mean to produce, prepare, propagate, or compound manufactured medical cannabis or medical cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis.

L.H. "Medical cCannabis cCollective" as used only in this Chapter shall be the same, and as may be amended, as isf defined in Section 5.80.010.

M. "Medical marijuana" or "Medical cannabis" as used only in this Chapter shall be the same, and as may be amended, as is defined in Section 5.80.010.

Nl. "One-Parcel of lLand" as used only in this Chapter shall be the same, and as may be amended, as is defined in Section 5.80.010mean any single piece of real property as identified by the County Assessor's parcel number (APN) that is used to identify real property, its boundaries, and all the rights contained therein.

OJ. "Permittees" as used only in this Chapter are individuals or businesses cultivation and manufacturing facilities that have obtained a permit under this Chapter to cultivate, distribute, manufacture, test or transport.

~~PK.~~ “Primary ~~c~~Garegiver” as used only in this Chapter shall be the same, and as may be amended, as is defined in Section 5.80.010.

~~QL.~~ “Qualified ~~p~~Patient” as used only in this Chapter shall be the same, and as may be amended, as is defined in Section 5.80.010.

~~R.~~ “Testing” as used only in this Chapter shall mean the conducting of analytical testing of cannabis, cannabis-derived products, hemp, or hemp-derived products.

~~S.~~ “Topical cannabis” as used only in this Chapter shall mean a product intended for external use such as with cannabis-enriched lotions, balms and salves.

~~T.~~ “Transport” as used only in this Chapter means the transfer of medical cannabis or medical cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting commercial cannabis activity, as defined by state law.

~~U.~~ “Transporter” as used only in this Chapter means a person licensed to transport medical cannabis or medical cannabis products between state licensed medical cannabis facilities.

~~V.~~ “Volatile Solvents” as used only in this Chapter shall mean those solvents used in the cannabis manufacturing process determined to be volatile by the California Department of Public Health or Oakland Fire Department.

~~M.~~ “Written Recommendation” as used only in this Chapter shall be the same, and as may be amended, as if defined in Section 5.80.010.

~~W.~~ “General Application permit” shall mean all applications issued under OMC 5.81 with the exception of Cultivation, Manufacturing, Distribution, Testing, and Transporting Equity Permits issued under section 5.81.030.

5.81.030 – Permit required.

~~A.~~ Except for hospitals and research facilities that obtain written permission for cannabis cultivation under federal law, it is unlawful to establish any cultivation, distribute, and manufacturing, test or transport facility without a valid business permit issued pursuant to the provisions of this Chapter. Possession of other types of State or City permits or licenses does not exempt an applicant from the requirement of obtaining a permit under this Chapter. ~~It is unlawful for any entity organized on a for-profit basis, except for hospitals and research facilities, to engage in any medical cannabis cultivation whatsoever.~~

~~B.~~ The City Administrator shall issue, as detailed below, special business permits for the operation of industrial medical cannabis cultivation processing, distributing, and manufacturing, testing and transporting facilities. ~~In recommending the granting or denying of such permit and in granting or denying the same, the City Administrator shall give particular consideration to the capacity, capitalization, complaint history of the proposed cultivation and manufacturing facility as detailed in Section 5.81.040, and any other factors that in her/his discretion she/he deems necessary to the peace and order and welfare of the public. All applicants shall pay any necessary fees including without~~

limitation application fees, inspection fees and regulatory fees that may be required hereunder.

~~C. The City Administrator shall issue in the first year of this cultivation and manufacturing facility program no more than four permits. Two years after the first permit has been issued, the City Administrator shall return to the City Council to report on the development of this program, and determine how additional permits to meet the needs of medical cannabis dispensaries and other lawful cannabis providers shall be administered, if any.~~

CD. All cultivation, distribution, and manufacturing, testing and transporting facility permits shall be special business permits and shall be issued for a term of ~~one~~two years, subject to annual review one year from the date of prior issuance. No property interest, vested right, or entitlement to receive a future license to operate a medical marijuana business shall ever inure to the benefit of such permit holder as such permits are revocable at any time with or without cause by the City Administrator subject to Section 5.81.120.

DE. Cultivation, distribution, and manufacturing, testing, and transporting facility permits shall only be granted to entities operating legally according to State law.

E. More than one medical cannabis operator may situate on a single parcel of land, however, each operator will be required to obtain a permit for their applicable permit category.

F. No proposed use under this Chapter shall be located within a 600 foot radius of any public or private school providing instruction in kindergarten or grades 1 to 12, inclusive (but not including any private school in which education is primarily conducted in private homes) nor situate in an area other than as prescribed below unless the City Administrator in his/her discretion determines that the location will not impact the peace, order and welfare of the public.

G. Fifty percent (50%) of all permits issued under OMC 5.81 shall be issued to an Oakland resident who meets the Equity Permit Program requirements set forth in Section 5.81.030(H) below. At no time shall the number of General Application permits issued under 5.81 in total exceed the number of Equity Permits under 5.81 in total issued by the City Administrator.

H. Cultivation, Manufacturing, Distribution, Testing, and Transporting Equity Permit Program Criteria. Applicant must have at least one member who meets all of the following criteria:

1. Be an Oakland resident who,
2. Resides for at least two years prior to the date of application in Oakland Police Department Beats 26Y, 30X, 30Y, 31Z, 32Y, and 34X (Oakland Police Department Beat Map is attached and incorporated herein by reference); or those individuals who, within the last ten years, have been previously incarcerated for marijuana-related offense as a result of a conviction arising out of Oakland, California;
3. Maintains not less than a 50% ownership in the Dispensary applicant entity, partnership, limited liability corporation, collective, corporation, worker cooperative or other recognized ownership entity; and

4. Prior marijuana or cannabis conviction shall not be a bar to equity ownership.

5.81.040 – Industrial eCultivation, distribution, testing and transporting of medical marijuana.

~~A. Any use of activity that involves possessing, cultivating, processing and/or manufacturing and/or more than 96 square feet of cultivation area shall constitute industrial cultivation of medical cannabis and shall only be allowed upon the granting of a permit as prescribed in this Chapter. Possession of other types of State or City permits or licenses does not exempt an applicant from the requirement of obtaining a permit under this Chapter.~~

~~AB. The pProposed location of a cultivation, distribution, testing or transporting and manufacturing facility locations shall be in areas where “light manufacturing industrial,” “research and development,” or their equivalent use, is permitted by right under the Oakland Planning Code, as may be amended; provided, however, that no vested or other right shall inure to the benefit of any cultivation, distribution, testing or transporting and manufacturing facility permittee. Public notice shall be given as provided in Section 5.02.050, and the investigating official referred to in Section 5.02.030 to whom the application shall be referred, shall be the City Administrator.~~

~~B. The aforementioned location restrictions shall not apply to existing dispensary cultivation facilities located at a retail location if the City Administrator in his/her discretion determines that the location will not impact the peace, order and welfare of the public.~~

~~C. The maximum size of any areas of cultivation shall not exceed any limitations or restrictions set forth in State law.~~

5.81.045 – Manufacturing of medical marijuana.

~~A. Proposed locations for manufacturing of medical cannabis products using nonvolatile solvents shall be in areas where “custom manufacturing industrial,” or its equivalent use, is permitted by right under the Oakland Planning Code, as may be amended, or in residential zones if the manufacturing is compliant with the restrictions imposed on cottage food operators under the California Homemade Food Act, Chapter 6.1 (commencing with Section 51035) of Part 1 of Division 1 of Title 5 of the Government Code.~~

~~B. Proposed locations for manufacturing of medical cannabis products using volatile solvents shall be in areas where “general manufacturing industrial” or its equivalent use, is permitted by right under the Oakland Planning Code, as may be amended.~~

5.81.050 – Application for permit.

A. All applicants shall pay an application fee as specified in the Master Fee Schedule.

B. ~~All applicants shall submit written information to the City Administrator including, but not limited to, that shall include, as applicable, plans for security, odor mitigation, waste disposal, pest management, product testing, worker safety and compensation, local hiring, non diversion of product, facility location, capitalization, business plans, applicant complaint history, criminal background checks, plan for minimizing environmental impacts, compliance with City building and fire codes, and any additional information deemed necessary by the City Administrator. The City Administrator may design application forms specific to each permitted category and require inspections of proposed facilities before issuing a permit under this Chapter.~~

C. ~~All applicants shall be ranked by a point or similar system established by the City Administrator based on information submitted by each applicant and any additional information that may be submitted to or discovered by the City Administrator. The City Administrator shall establish criteria for minimizing the carbon footprint, environmental impact and resource needs of permitted facilities. Applicants that demonstrate they can satisfy this environmental criteria, such as cultivators seeking to operate greenhouse facilities, will be given preference in the processing of their application.~~

D. All applicants shall demonstrate compliance with State law, during the course of the permit application procedure described under this Section, prior to issuing any permit, and upon the issuance of a permit, thereafter.

5.81.070 – Operating and performance standards.

A. Facilities permitted under this Chapter shall not be open to the public. The City Administrator shall establish operating and performance standards for permittees. The intent of these operating and performance standards is to minimize any negative effects and enhance the benefits of permitted facilities on the surrounding community.

B. The following standards shall be included in the City Administrator's regulations:

1. No cannabis or cannabis odors shall be detectable by sight or smell outside of a permitted facility.

2. Permitted facilities must install security cameras capable of documenting activity inside and outside the facility, as determined by the Oakland Police Department.

3. Permitted facilities shall maintain a staff that is at least 50% Oakland residents and at least 25% Oakland residents in census tracts identified by the City Administrator as having high unemployment rates. The City Administrator may promulgate standards for phasing in this requirement for existing facilities.

4. Permitted facilities that hire and retain formerly incarcerated Oakland residents may apply for a tax credit or license fee reduction based on criteria established by the City Administrator.

5. All employees shall be paid a living wage as defined by OMC Chapter 2.28.

6. Permitted facilities must implement a track and trace program that records the movement of medical cannabis and medical cannabis products in their

custody and make these records available to the City Administrator upon request.

C. Noncompliance of such operating standards shall constitute a breach of the permit issued hereunder and may render such permit suspended or revoked based upon the City Administrator's determination.

5.81.080 – Examination of books, records, witnesses—Information confidential—Penalty.

A. The City Administrator shall be provided access to any licensed medical cannabis cultivation, manufacturing, and other facility during normal business hours to verify compliance with this chapter.

AB. The City Administrator shall be provided access to any and all financial information at any time, as needed to conduct an audit of the permittees under this Chapter to verify tax compliance under Chapter 5.80 5.81 and/or gross receipts tax requirements.

BC. The City Administrator is authorized to examine the books, papers, tax returns and records of any permittee for the purpose of verifying the accuracy of any declaration made, or if no declaration was made, to ascertain the business tax due.

The City Administrator is authorized to examine a person under oath, for the purpose of verifying the accuracy of any declaration made, or if no declaration was made, to ascertain the business tax, registration or permit fees due under this Chapter. In order to ascertain the business tax, registration or permit fees due under this Chapter, the City Administrator may compel, by administrative subpoena, the production of relevant books, papers and records and the attendance of all persons as parties or witnesses.

CD. Every permittee is directed and required to furnish to the City Administrator, the means, facilities and opportunity for making such financial examinations and investigations.

DE. Any permittee refusal to comply with this Section shall be deemed a violation of this Chapter, and administrative subpoenas shall be enforced pursuant to applicable law.

5.81.100 – Liability and indemnification.

A. To the fullest extent permitted by law, any actions taken by a public officer or employee under the provisions of this Chapter shall not become a personal liability of any public officer or employee of the City.

B. To the maximum extent permitted by law, (The permittees under this Chapter hereby agree to save, shall defend (with counsel acceptable to the City), indemnify and keephold harmless the City of Oakland, the Oakland City Council, and its respective officials, officers, employees, representatives, agents and volunteers (hereafter collectively called "City") from any all liability, damages, actions, claims, demands,

litigation, loss (direct or indirect), causes of action, or proceedings, or judgment (including legal costs, those for attorneys' fees, expert witness or consultant fees, City Attorney or staff time, expenses or costs) (collectively called "Action") against the City to attack, set aside, void or annul, any medical cannabis-related approvals and actions in consequence of the granting of this permit, and will in all things strictly comply with the conditions under which this such permit is granted, if any. The City may elect, in its sole discretion, to participate in the defense of said Action and the permittee shall reimburse the City for its reasonable legal costs and attorneys' fees.

C. Within ten (10) calendar days of the service of the pleadings upon the City of any Action as specified in Subsection B above, the permittee shall execute a Letter of Agreement with the City, acceptable to the Office of the City Attorney, which memorializes the above obligations. These obligations and the Letter of Agreement shall survive termination, extinguishment or invalidation of the medical cannabis-related approval. Failure to timely execute the Letter of Agreement does not relieve the applicant of any of the obligations contained in this Section or any other requirements or performance or operating standards that may be imposed by the City.

5.81.101 - Residential ~~Personal use~~ and individual limits for non-licensed medical cannabis cultivation.

Notwithstanding State law regarding medical cannabis cultivation, no qualified patient or primary caregiver may cultivate medical cannabis in an area of more than 32 square feet on one parcel of land, unless they form a cooperative or collective.

A collective or cooperative of qualified patients or primary caregivers, may cultivate medical cannabis covering an area of no more than 32 square feet in a residential unit or if in a nonresidential building on one parcel of land per each member of the cooperative or collective, up to a maximum of 216 cannabis/marijuana plants within a maximum growing area of 96 square feet indoor or 60 outdoor cannabis/marijuana plants on one parcel of land.

In the absence of a permit under this Chapter, such cultivation shall be subject to the following operating standards:

A. Cultivation, processing, possession, and/or manufacturing of medical marijuana in any residential areas shall be limited to qualified patients, primary caregivers, and medical cannabis collectives or cooperatives comprised of no more than three qualified patients and/or their primary caregivers. Every member of the medical cannabis collective or cooperative shall possess an identification card issued by the County of Alameda, or the State of California, or another agency recognized by the City pursuant to California Health and Safety Code Section 11362.7 et seq.

B. Cultivation, processing, possessing, and/or manufacturing of medical cannabis in residential areas shall be in conformance with the following standards:

1. The residential facility shall remain at all times a residence with legal and functioning cooking, sleeping and sanitation facilities. Medical cannabis cultivation, processing, possession, and/or manufacturing shall remain at all times secondary to the residential use of the property;

2. Cultivation possession, processing and/or manufacturing of medical cannabis in residential areas shall occur only in a secured residences occupied by the qualified patient or primary caregiver;
3. No individual residential facility or other facility housing the cultivation, processing and/or manufacturing of medical cannabis shall contain more than 48 ounces of dried cannabis, and/or more than 96 square feet of cultivation area;
4. If required by the building or fire code, the wall(s) adjacent to the indoor cultivation area shall be constructed with 5/8" Type X fire resistant drywall;
5. The cultivation area shall be in compliance with the current adopted edition of the California Building Code ~~§ 1203.4 natural ventilation or § 402.3 mechanical ventilation (or its equivalent(s))~~;
6. The cultivation area shall not adversely affect the health or safety of the residence or nearby properties through creation of mold, mildew, dust, glare, heat, noise, noxious gasses, odor, smoke, traffic, vibration, or other impacts, or be hazardous because of the use or storage of materials, processes, products or wastes;
7. All high amperage electrical equipment (exceeding six amps) used in the cultivation of medical cannabis, (e.g., lighting and ventilation) shall be plugged directly into a wall outlet or otherwise hardwired; the use of extension cords to supply power to high amperage electrical equipment (exceeding six amps) used in the cultivation of medical cannabis is prohibited;
8. Any electrical rewiring or remodeling shall first require an electrical permit from the City;
9. The use of butane gas products for personal use medical cannabis cultivation is prohibited; and
10. From a public right-of-way, there shall be no exterior evidence of medical cannabis cultivation occurring at the property.

C. If a qualified patient or primary caregiver who is cultivating, possessing, processing and/or manufacturing medical cannabis for personal use at the residence has a doctor's recommendation that the above allowable quantity does not meet the qualified patient's medical needs, the qualified patient or primary caregiver may possess an amount of marijuana consistent with the patient's needs, as specified by such doctor.

5.81.110 – Prohibited operations.

A. ~~All~~Any cultivating, distributing, processing, and manufacturing, testing, or transporting facilities that do not havewithout a permit under this Chapter areis expressly prohibited. No use that purports to have cultivated, distributed, manufactured, tested or transported or processed marijuana shall be deemed to have been a legally established use under the provisions of the Oakland Planning Code, the Oakland Municipal Code, or any other local ordinance, rule or regulation, and such use shall not be entitled to claim a vested right, legal nonconforming or other similar status. However, for the limited purpose of state licensing priority, operators may submit a

petition to the City Administrator's Office for a determination of good standing prior to January 1, 2016.

B. Any violations of this Chapter may be subject to administrative citation, pursuant to Chapters 1.08 and 1.12, and other applicable legal, injunctive or equitable remedies. No enforcement of this provision shall take place, though, until after the City Administrator has published information on how to apply for cultivation, distribution, laboratory, manufacturing and transporting permits and no enforcement shall take place against a permit applicant while their application is pending.

5.81.120 – Revocation, suspension and aAppeals.

Notwithstanding Section 5.02.100, any decision, except for suspension and or revocation, pursuant to this Chapter by the City Administrator or his/her designee shall be final and conclusive, with no appeal to the City Council or any other appellate body. For suspensions and/or revocations the City shall follow the procedures set forth in Section 5.02.080 only the City Administrator ~~an independent hearing officer shall make an initial determination with an appeal to an independent hearing officer the City Administrator~~ in writing within 14 days of the City Administrator's Administrative Hearing Officer's decision in accordance with procedures in set forth in Section 5.02.100. The decision of the independent hearing officer shall be final and conclusive.

SECTION 4. Reporting. City staff shall report back to City Council no later than one year from the date of adoption of this legislation, providing information about the implementation, review of effectiveness of the included standards, including equity standards, issues that have arisen, if any, and whether any changes are recommended.

SECTION 5. California Environmental Quality Act. The City Council independently finds and determines that this action is exempt from CEQA pursuant to CEQA Guidelines sections 15061(b)(3) (general rule), 15183 (projects consistent with a community plan, general plan, or zoning), 15301 (existing facilities), 15308 (actions by regulatory agencies for protection of the environment) and 15309 (inspections), each of which provides a separate and independent basis for CEQA clearance and when viewed collectively provide an overall basis for CEQA clearance. The Environmental Review Officer or designee shall file a Notice of Exemption with the appropriate agencies.

SECTION 6. Severability. The provisions of this Ordinance are severable, and if any section, subsection, sentence, clause, phrase, paragraph, provision, or part of this Ordinance, or the application of this Ordinance to any person, is for any reason held to be invalid, preempted by state or federal law, or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. It is hereby declared to be the legislative intent of the City Council that this Ordinance would have been adopted had such provisions not been included or such persons or circumstances been expressly excluded from its coverage.

SECTION 7. Ordinance Effective Date. Pursuant to Section 216 of the Charter of the City of Oakland, this Ordinance shall become effective immediately upon final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption by the Council of the City of Oakland.

SECTION 8. General Police Powers. This Ordinance is enacted pursuant to the City of Oakland's general police powers, including but not limited to Sections 106 of the Oakland City Charter and Section 7 of Article XI of the California Constitution.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL-WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID AND PRESIDENT GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

Date of Attestation: _____

NOTICE AND DIGEST

ORDINANCE AMENDING OAKLAND MUNICIPAL CODE CHAPTER 5.81, MEDICAL CANNABIS CULTIVATION FACILITY PERMITS, TO ALIGN WITH CALIFORNIA'S MEDICAL MARIJUANA REGULATION AND SAFETY ACT AND ADOPTING CEQA EXEMPTION FINDINGS

This ordinance amends the City of Oakland's existing citywide medical cannabis regulations to align with new state law, the Medical Marijuana Regulation and Safety Act, by establishing permitting processes for medical cannabis cultivators, manufacturers, testing laboratories, distributors and transporters.

2016 APR 14 PM 6:25

INTRODUCED BY COUNCILMEMBER _____

APPROVED AS TO FORM


OFFICE OF THE CITY ATTORNEY

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

**ORDINANCE AMENDING THE FY 2015-16 MASTER FEE SCHEDULE
(ORDINANCE NO. 13320 C.M.S., AS AMENDED) TO MODIFY AND
ESTABLISH PERMIT APPLICATION AND ANNUAL REGULATORY
FEES FOR CITY OF OAKLAND LICENSED MEDICAL CANNABIS
FACILITIES AND ADOPTING CEQA EXEMPTION FINDINGS**

WHEREAS, in 2015, Assembly Bills 243 and 266 and Senate Bill 643 were enacted (codified at Business and Professions Code section 19300 et seq. and titled the "Medical Marijuana Regulation and Safety Act"); and

WHEREAS, in companion Ordinances, the City Council is considering amendments to existing citywide medical cannabis dispensary and cultivation regulations to align with the Medical Marijuana Regulation and Safety Act; and

WHEREAS, extensive medical cannabis activities, including cultivation and manufacturing, currently occur in the City and have not been expressly regulated; and

WHEREAS, these activities have caused and continue to cause ongoing adverse impacts that threaten the public health, safety and welfare of Oakland residents, oftentimes falling disproportionately on residential neighborhoods, including without limitation damage to buildings containing indoor medical cannabis cultivation facilities, including improper and dangerous electrical alterations and use, inadequate ventilation leading to mold and mildew, increased frequency of home-invasion robberies, and similar crimes; and

WHEREAS, these impacts have also created an increase in City response costs, including code enforcement, building, fire, and police staff time and expenses; and

WHEREAS, the City of Oakland wishes to amend the FY 2015-16 Master Fee Schedule to continue and expand citywide regulation of medical cannabis activities in a manner that protects the public health, safety and general welfare of the community, and in the interest of patients who qualify to obtain, possess and use marijuana for

medical purposes, while aligning local regulation of medical cannabis with the regulatory framework outlined in State law; and

WHEREAS, the City of Oakland periodically amends City Council Ordinance No. 13320 C.M.S. and updates its Master Fee Schedule to account for the various cost increases relating to municipal programs, services and activities; and

WHEREAS, the City has experienced and anticipates continuing increases in the costs to operate and maintain municipal government citywide; and

WHEREAS, City staff in the City Administrator's Office, Oakland Police Department, Revenue Management Bureau, Planning Bureau, Contracts and Compliance Division, and Office of the City Attorney (the "Departments") undertook analysis and evaluation of the revenue requirements to fund ongoing municipal services, programs and activities and the fee structure necessary to proportionately allocate the costs of providing these government services and programs; and

WHEREAS, the Agenda Report including Attachment 4 (herein the "Agenda Report") dated April 11, 2016, provided by the City Administrator's Office in support of the amendments to Ordinance No. 13320 C.M.S., was prepared and includes proposed fees and charges, and documentation supporting the estimated and reasonable costs for continuing to provide the various government services; and

WHEREAS, the investigations conducted by staff of the Departments reflected in the Agenda Report show that existing revenues are and will be insufficient to cover the current and projected costs of operating and maintaining identified City government activities, services and programs; and

WHEREAS, the fee modifications and additions proposed by the Departments, and the facts and analysis in support thereof are identified in the Agenda Report; and

WHEREAS, the Agenda Report shows that revenues derived from the proposed fees and charges will not exceed the funds required to provide the related government activities, services and programs of the Departments; and

WHEREAS, the Agenda Report shows that the amounts of the proposed fees and charges will not exceed the proportional cost of service provided or benefit attributable to each fee payer; and

WHEREAS, the Agenda Report shows that the proposed fees and charges for a product, benefit or service are imposed for a specific government service, benefit or product provided directly to the payer that is not provided to those not charged, and does not exceed the reasonable costs to the City of providing the service, benefit or product; and

WHEREAS, after duly noticed public meetings on April 26, 2016, the Public Safety Committee and the Finance Committee voted to recommend the proposal to the City Council; and

WHEREAS, the City Council held a duly noticed public hearing on May 3, 2016, to consider the proposed amendments and all interested parties were provided an ample opportunity to participate in said hearing and express their views; and

WHEREAS, based upon all written and oral reports and presentations to Council, including the Agenda Report and each of the Attachments thereto, the City Council finds and determines that the proposed modifications and additions to the Master Fee Schedule set forth herein are necessary to reimburse the City for the costs of performing the various municipal and regulatory functions, and that these fees do not exceed the proportional cost of the service or benefit attributable to the fee payer; and

WHEREAS, nothing in this Ordinance is intended to promote or condone the sale, distribution, possession or use of cannabis in violation of any applicable law, and compliance with the requirements of this Ordinance shall not provide a defense to criminal prosecution under any applicable law; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. Recitals. The City Council finds and determines the foregoing recitals are true and correct and are hereby incorporated herein as findings and determinations of the City Council.

SECTION 2. Amendment of the FY 2015-16 Master Fee Schedule. The FY 2015-16 Master Fee Schedule as set forth in Ordinance No. 13320 C.M.S., as amended, is hereby amended to modify and establish the fees assessed by the City Administrator's Office, Oakland Police Department, Revenue Management Bureau, Planning Bureau, Contracts and Compliance Division, and Office of the City Attorney as set forth in Attachment 4 attached hereto, incorporated into and made a part hereof.

SECTION 3. California Environmental Quality Act. The City Council independently finds and determines that this action is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) (general rule), and the Environmental Review Officer or designee shall file a Notice of Exemption with the appropriate agencies.

SECTION 4. Severability. The provisions of this Ordinance are severable, and if any section, subsection, sentence, clause, phrase, paragraph, provision, or part of this Ordinance, or the application of this Ordinance to any person, is for any reason held to be invalid, preempted by state or federal law, or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. It is hereby declared to be the legislative intent of the City Council that this Ordinance would have been adopted had such provisions not

been included or such persons or circumstances been expressly excluded from its coverage.

SECTION 5. Fee Effective Date. The fees imposed by this Ordinance shall be effective on the date this Ordinance becomes final and effective.

SECTION 6. Ordinance Effective Date. Pursuant to Section 216 of the Charter of the City of Oakland, this Ordinance shall become effective immediately upon final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption by the Council of the City of Oakland.

SECTION 7. General Police Powers. This Ordinance is enacted pursuant to the City of Oakland's general police powers, including but not limited to Sections 106 of the Oakland City Charter and Section 7 of Article XI of the California Constitution.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES -BROOKS, CAMPBELL-WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID AND PRESIDENT
GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

Date of Attestation: _____

NOTICE AND DIGEST

ORDINANCE AMENDING THE FY 2015-16 MASTER FEE SCHEDULE (ORDINANCE NO. 13320 C.M.S., AS AMENDED) TO MODIFY AND ESTABLISH PERMIT APPLICATION AND ANNUAL REGULATORY FEES FOR CITY OF OAKLAND LICENSED MEDICAL CANNABIS FACILITIES AND ADOPTING CEQA EXEMPTION FINDINGS

This ordinance amends the FY 2015-16 Master Fee Schedule to modify and establish permit application and annual regulatory fees for City of Oakland licensed medical cannabis facilities.

**City of Oakland
Master Fee Schedule**

Effective April 6, 2016

CITY ADMINISTRATOR

FEE DESCRIPTION	CURRENT FEE (FY 2015-16)		PROPOSED FEE (FY 2015-16)		% CHANGE
	FEE	UNIT	FEE	UNIT	
F. MEDICAL CANNABIS FACILITY DISPENSARY PERMITS					
1 Application Fee - <u>Medical Cannabis Dispensary</u>	8,800.00	Application	3,644.00	Application	-58.59%
2 <u>Application Fee - Non-Dispensary Medical Cannabis Facility</u>			2,474.00	Application	N/A
3 <u>Application Fee - On-Site Consumption</u>			2,813.00	Application	N/A
43 <u>Dispensary Renewal</u>	500.00	Permit/Year	500.00	Permit/Year	0.00%
3 <u>Dispensary with four (4) or more qualified patients or caregivers</u>	60,000.00	Non-refundable- annual- regulatory fee			N/A
5 <u>Medical Cannabis Facility (> \$150,000 gross annual sales)</u>			11,173.00	Non-refundable annual regulatory fee	N/A
6 <u>Medical Cannabis Facility (\$50,000-\$150,000 gross annual sales)</u>			5,586.00	Non-refundable annual regulatory fee	N/A
7 <u>Medical Cannabis Facility (<\$50,000 gross annual sales)</u>			2,790.00	Non-refundable annual regulatory fee	N/A
8 <u>On-Site Consumption</u>			1,628.00	Non-refundable annual regulatory fee	N/A

CITY ADMINISTRATORS OFFICE
SPECIAL ACTIVITY PERMITS

MEDICAL CANNABIS

Application Fee for Medical Cannabis Permits

Calculations based on overall process with estimated 98 permits

DEPT	CLASS	CLASS NAME	# Hours	Hourly Wage	RETIREMENT	FRINGE	OPEB	OVERHEAD	S+R+F+O+O	TOTAL COSTS
CAO	SS176	Administrative Assistant to the City Administrator	128	\$ 29.65	\$ 11.88	\$ 20.83	\$ 2.21	\$ -	\$ 64.57	\$ 8,265.30
CAO	EM117	Assistant to the City Administrator	14	\$ 67.96	\$ 27.23	\$ 47.74	\$ 5.08	\$ -	\$ 148.01	\$ 2,072.17

										\$ 10,337.47
		Supplies								\$ 5,000.00
								Subtotal		\$ 15,337.47

Total per permit baseline cost for staff time on overall application process

\$156.50

Calculations based on staff time evaluating individual permit

DEPT	CLASS	CLASS NAME	# Hours	Hourly Wage	RETIREMENT	FRINGE	OPEB	OVERHEAD	S+R+F+O+O	TOTAL COSTS
CAO	EM117	Assistant to the City Administrator	9	\$ 67.96	\$ 27.23	\$ 47.74	\$ 5.08		\$ 148.01	\$ 1,332.11
FMA	AF022	Tax Auditor II	1	\$ 40.54	\$ 16.24	\$ 28.47	\$ 3.03		\$ 88.29	\$ 88.29
CAO	ET108	City Administrator	1	\$ 150.00	\$ 60.10	\$ 105.36	\$ 11.20		\$ 326.67	\$ 326.67
CAO	SS176	Administrative Assistant to the City Administrator	4	\$ 29.65	\$ 11.88	\$ 20.83	\$ 2.21		\$ 64.57	\$ 258.29
P & Z	TC110	Graphic Delineator	1	\$ 30.72	\$ 12.31	\$ 21.58	\$ 2.29	\$ 6.61	\$ 73.52	\$ 73.52
OPD	PS190	Police Officer	2	\$ 51.03	\$ 22.75	\$ 34.37	\$ 3.81	\$ 7.84	\$ 119.80	\$ 239.60
								Subtotal		\$ 2,318.47

Total Estimated Cost for Application For Medical Cannabis Permit

\$ 2,474.97

Additional Costs for Dispensaries only:

Notification

\$ 1,105.00

Publication

\$ 65.00

Total Additional Costs

(No Change) \$ 1,170.00

Total Estimated Cost of Application for Medical Cannabis Dispensary Permit

\$ 3,644.97

CITY ADMINISTRATORS OFFICE
SPECIAL ACTIVITY PERMITS

WEEKLY BUDGETING

Annual Regulatory Fee for Medical Cannabis Facilities > \$150,000 in annual sales

DEPT	CLASS	CLASS NAME	% FTE	STEP 5 *	RETIREMENT	FRINGE	OPEB	OVERHEAD	\$+R+F+O+O	TOTAL COSTS
CAO	SS176	Administrative Assistant to the City Administrator	33%	\$ 57,819.72	\$ 23,168.36	\$ 40,612.57	\$ 4,319.13		\$ 125,919.78	\$ 41,553.53
CAO	EM117	Assistant to the City Administrator	50%	\$ 132,531.48	\$ 53,105.37	\$ 93,090.11	\$ 9,900.10		\$ 288,627.07	\$ 144,313.53
CAO	EM117	Assistant to the City Administrator	15%	\$ 132,531.48	\$ 53,105.37	\$ 93,090.11	\$ 9,900.10		\$ 288,627.07	\$ 43,294.06
OCA	AL030	Deputy City Attorney III	10%	\$ 146,115.24	\$ 58,548.38	\$ 102,631.34	\$ 10,914.81		\$ 318,209.77	\$ 31,820.98
Finance	AF022	Tax Auditor II	100%	\$ 79,053.00	\$ 31,676.54	\$ 55,526.83	\$ 5,905.26		\$ 172,161.62	\$ 172,161.62
Finance	AF003	Cashier	60%	\$ 48,048.00	\$ 19,252.83	\$ 33,748.92	\$ 3,589.19		\$ 104,638.93	\$ 62,783.36
CAO	AP153	Contracts and Compliance Officer	100%	\$ 92,394.36	\$ 37,022.42	\$ 64,897.80	\$ 6,901.86		\$ 201,216.44	\$ 201,216.44
					44.58%	67.36%	7.47%			
				STEP 5 *	RETIREMENT	FRINGE	OPEB	OVERHEAD	\$+R+F+O+O	
OPD	PS190	Police Officer	100%	\$ 111,447.00	\$ 49,683.07	\$ 75,070.70	\$ 8,325.09	\$ 17,118.26	\$ 261,644.12	\$ 261,644.12
										\$ 1,062,084.61

* Includes 4% COLA

City Administration Costs Only

O & M	\$ 11,273.83
Supplies & Equipment	\$ 17,000.00
Continuing Education	\$ 3,000.00
Vehicle usage	\$ 1,600.00
TOTAL COST	\$ 32,873.83

Salaries & Administrative Costs

\$ 1,094,958.44

Total Based on 98 Permits

\$ 11,173.05

Annual Regulatory Fee for Medical Cannabis Facilities < or equal to \$50,000-\$150,00 in annual sales

DEPT	CLASS	CLASS NAME	% FTE	STEP 5 *	RETIREMENT	FRINGE	OPEB	OVERHEAD	\$+R+F+O+O	TOTAL COSTS
CAO	SS176	Administrative Assistant to the City Administrator	17%	\$ 57,819.72	\$ 23,168.36	\$ 40,612.57	\$ 4,319.13		\$ 125,919.78	\$ 20,776.76
CAO	EM117	Assistant to the City Administrator	25%	\$ 132,531.48	\$ 53,105.37	\$ 93,090.11	\$ 9,900.10		\$ 288,627.07	\$ 72,156.77
CAO	EM117	Assistant to the City Administrator	8%	\$ 132,531.48	\$ 53,105.37	\$ 93,090.11	\$ 9,900.10		\$ 288,627.07	\$ 21,647.03
OCA	AL030	Deputy City Attorney III	5%	\$ 146,115.24	\$ 58,548.38	\$ 102,631.34	\$ 10,914.81		\$ 318,209.77	\$ 15,910.49
Finance	AF022	Tax Auditor II	50%	\$ 79,053.00	\$ 31,676.54	\$ 55,526.83	\$ 5,905.26		\$ 172,161.62	\$ 86,080.81
Finance	AF050	Tax Enforcement Officer II	30%	\$ 79,053.00	\$ 31,676.54	\$ 55,526.83	\$ 5,905.26		\$ 172,161.62	\$ 51,648.49
Finance	AF003	Cashier	30%	\$ 48,048.00	\$ 19,252.83	\$ 33,748.92	\$ 3,589.19		\$ 104,638.93	\$ 31,391.68
CAO	AP153	Contracts and Compliance Officer	50%	\$ 92,394.36	\$ 37,022.42	\$ 64,897.80	\$ 6,901.86		\$ 201,216.44	\$ 100,608.22
					44.58%	67.36%	7.47%			
				STEP 5 *	RETIREMENT	FRINGE	OPEB	OVERHEAD	\$+R+F+O+O	
OPD	PS190	Police Officer	50%	\$ 111,447.00	\$ 49,683.07	\$ 75,070.70	\$ 8,325.09	\$ 17,118.26	\$ 261,644.12	\$ 130,822.06
										\$ 531,042.31

* Includes 4% COLA

Salaries & Administrative Costs

\$ 547,475.23

Total Based on 98 Permits

\$ 5,586.48

Annual Regulatory Fee for Medical Cannabis Facilities < \$50,000 in annual sales

DEPT	CLASS	CLASS NAME	% FTE	STEP 5 *	RETIREMENT	FRINGE	OPEB	OVERHEAD	\$+R+F+O+O	TOTAL COSTS
CAO	SS176	Administrative Assistant to the City Administrator	8%	\$ 57,819.72	\$ 23,168.36	\$ 40,612.57	\$ 4,319.13		\$ 125,919.78	\$ 10,073.58
CAO	EM117	Assistant to the City Administrator	13%	\$ 132,531.48	\$ 53,105.37	\$ 93,090.11	\$ 9,900.10		\$ 288,627.07	\$ 36,078.38
CAO	EM117	Assistant to the City Administrator	4%	\$ 132,531.48	\$ 53,105.37	\$ 93,090.11	\$ 9,900.10		\$ 288,627.07	\$ 10,823.52
OCA	AL030	Deputy City Attorney III	3%	\$ 146,115.24	\$ 58,548.38	\$ 102,631.34	\$ 10,914.81		\$ 318,209.77	\$ 7,955.24
Finance	AF022	Tax Auditor II	25%	\$ 79,053.00	\$ 31,676.54	\$ 55,526.83	\$ 5,905.26		\$ 172,161.62	\$ 43,040.41
Finance	AF050	Tax Enforcement Officer II	15%	\$ 79,053.00	\$ 31,676.54	\$ 55,526.83	\$ 5,905.26		\$ 172,161.62	\$ 25,824.24
Finance	AF003	Cashier	15%	\$ 48,048.00	\$ 19,252.83	\$ 33,748.92	\$ 3,589.19		\$ 104,638.93	\$ 15,695.84
Finance	AP153	Contracts & Compliance Officer	25%	\$ 92,394.36	\$ 37,022.42	\$ 64,897.80	\$ 6,901.86		\$ 201,216.44	\$ 50,304.11
					44.58%	67.36%	7.47%			
				STEP 5 *	RETIREMENT	FRINGE	OPEB	OVERHEAD	\$+R+F+O+O	
OPD	PS190	Police Officer	25%	\$ 111,447.00	\$ 49,683.07	\$ 75,070.70	\$ 8,325.09	\$ 17,118.26	\$ 261,644.12	\$ 65,411.03
										\$ 265,206.35

* Includes 4% COLA

Salaries & Administrative Costs

\$ 273,424.81

Total Based on 98 Permits

\$ 2,790.05

NOTICE AND DIGEST

ORDINANCE AMENDING THE FY 2015-16 MASTER FEE SCHEDULE (ORDINANCE NO. 13320 C.M.S., AS AMENDED) TO MODIFY AND ESTABLISH PERMIT APPLICATION AND ANNUAL REGULATORY FEES FOR CITY OF OAKLAND LICENSED MEDICAL CANNABIS FACILITIES AND ADOPTING CEQA EXEMPTION FINDINGS

This ordinance amends the FY 2015-16 Master Fee Schedule to modify and establish permit application and annual regulatory fees for City of Oakland licensed medical cannabis facilities.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Kimberly Huy
Dept.:	City Manager	Dept.:	Community Services
Subject:	Adoption of Community Event Sponsorship Policy. (<i>Action Item</i>)	Date:	5/24/2016

OBJECTIVE

To request City Council approval to adopt a Community Event Sponsorship Policy.

BACKGROUND

At the request of Council Member Bui, the City Council directed staff to develop a sponsorship policy for non-profit organizations interested in holding community events. The policy would provide guidance and limitations on how the organizations can request City Council sponsorship of a community event; and to provide a process by which an organization would become self-sufficient in the operation of events, thereby limiting the City's financial support.

DISCUSSION

Staff has developed a City Community Event Sponsorship Policy that outlines the general requirements and qualifications for a non-profit organization to be approved for City sponsorship of their community event.

To qualify for City sponsorship, non-profit organizations need to be a Garden Grove based organization and established within Garden Grove for a minimum period of five (5) years. The policy will limit organizations to the following:

- One request for sponsorship per organization, per year;
- Total value of sponsorship shall not exceed \$5,000; and
- Non-Profit Community Events that also serve as "fundraising" events are limited to four years of sponsorship, with the value of each year's sponsorship reduced by twenty-five percent (25%). Example, Year 1, City's sponsorship not greater than \$5,000; Year 2, City's sponsorship not greater than \$3,750; Year 3, City's sponsorship not greater than \$2,500; Year 4, City's sponsorship not greater than \$1,250. Year 5, no City sponsorship.

The City Manager will be permitted to approve up to ten (10) Community Event

sponsorship requests each fiscal year. Staff has identified three (3) "legacy" community events that will be approved as annual sponsored community events and will be considered as part of the City's ten (10) annual sponsored community events. These legacy community events have become a tradition in the City and will be considered "annually approved" until a City Council action to terminate further sponsorship occurs. These events include the:

- Cub Scout Pushcart Derby
- West Garden Grove Youth Baseball Parade
- Annual Garden Grove Community Foundation/Chamber of Commerce Golf Tournament

Should the number of community event sponsorships exceed ten (10), staff will return to the City Council for approval of those events. Community festivals enter into separate agreements with the City Council and are not considered part of this policy. City sponsorship for all events will be restricted to in-kind services, such as city staff support, use of City owned equipment, showmobile stage, and use of the City's rental facilities. The City does not provide cash sponsorship. Non-Profit Community Events that also serve as "fundraising" events are limited to four years of sponsorship, with the value of each year's sponsorship reduced by twenty-five percent (25%). Example, Year 1, City's sponsorship not greater than \$5,000; Year 2, City's sponsorship not greater than \$3,750; Year 3, City's sponsorship not greater than \$2,500; Year 4, City's sponsorship not greater than \$1,250. Year 5, no City sponsorship.

FINANCIAL IMPACT

The adoption of the proposed policy will have a financial impact to the City's General Fund of a maximum amount of \$50,000 each fiscal year. This amount is based on a community event not exceeding an amount of \$5,000, and limiting sponsorship to only ten (10) organizations each fiscal year.

RECOMMENDATION

It is recommended that the City Council:

- Adopt the proposed Community Event Sponsorship Policy; and
- Authorize the City Manager to implement and exercise the Community Event Sponsorship Policy.

By: Janet Pelayo, Manager

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	William E. Murray
Dept.:	City Manager	Dept.:	Public Works
Subject:	Award of contract to Kato Landscape, Inc., for Project No. 7279 - Irrigation Installation on Magnolia Street, Garden Grove. (Cost: \$374,510.00) (<i>Action Item</i>)		
		Date:	5/24/2016

OBJECTIVE

For City Council to award a contract to Kato Landscape, Inc., for Project No. 7279 – Irrigation Installation on Magnolia Street from Westminster Avenue to Trask Avenue and from Lampson Avenue to Chapman Avenue, Garden Grove.

BACKGROUND

In recent years, the City of Garden Grove has encouraged residents to decrease their water consumption for the purposes of decreasing the City's dependence on imported water from Metropolitan Water District due to the rising cost of that imported water. Consistent with that effort, staff pursues grant funding for projects that install water-efficient irrigation and drought tolerant plants. Several miles of projects have already been completed to date through this effort. Staff secured a grant to accomplish this goal for subject streets from OCTA's Measure M2 Environmental Cleanup Program in 2015. Magnolia medians currently have pop-up/overhead spray sprinklers, and are planted with grasses, shrubs and well-established trees.

DISCUSSION

The project consists of removal of grass, some shrubs and trees from existing medians and then replanted with native or drought tolerant plants with exposed soil covered by mulch, including installation of a new subsurface drip irrigation system as well as installing new Calsense irrigation controllers for irrigation efficiency. The project will also install Bio Clean Round Curb Inlet Filters within existing catch basins to remove 100% of trash and debris that flow into the catch basins. The project will reduce staff time to maintain.

Staff solicited bids for this project pursuant to Municipal Code Section 2.50.100. Two

(2) qualified bids were received and opened in the City Clerk's office at 11:00 a.m. on May 10, 2016. The lowest qualified bidder was Kato Landscape, Inc., with a total bid of \$374,510.00. This bid is within the current project budget. The licenses and references of the contractor have been reviewed and verified by staff, and all other documentation is in order. The anticipated contract schedule is as follows:

Award Contract	-	May 24, 2016
Begin Construction	-	July 11, 2016
Complete Construction	-	November 30, 2016

FINANCIAL IMPACT

There is no financial impact to the General Fund. This improvement is included in the 2015-16 Capital Improvement Budget, in the amount of \$374,510.00, and is funded by Water Enterprise Funds and OCTA M2 Grant Funding.

RECOMMENDATION

It is recommended that the City Council:

- Award a Contract to Kato Landscape, Inc., in the amount of \$374,510.00, for Project No. 7279 – Irrigation Installation on Magnolia Street, Garden Grove; and
- Authorize the City Manager to execute the agreement, and make minor modifications as appropriate thereto, on behalf of the City.

By: Navin B. Maru, Associate Engineer

ATTACHMENTS:

Description	Upload Date	Type	File Name
Bid Summary	5/11/2016	Cover Memo	5-24-16_bidsummarysheet.pdf
Agreement	5/11/2016	Cover Memo	5-24-16_katoagreement.pdf

**CITY OF GARDEN GROVE
PUBLIC WORKS DEPARTMENT
ENGINEERING DIVISION**

BID SUMMARY SHEET

**PROJECT: PROJECT NO. 7279
IRRIGATION INSTALLATION ON MAGNOLIA STREET
FROM WESTMINSTER AVENUE TO TRASK AVENUE AND
LAMPSON AVENUE TO CHAPMAN AVENUE**

BID OPENING: DATE: May 10, 2016

TIME: 11:00 a.m.

ENGINEER'S ESTIMATE: \$ 400,000.00

	<i>Bidder's Name</i>	<i>Total Bid</i>	<i>% Under/Over Engrs. Est</i>
1.	<i>Kato Landscape, Fountain Valley</i>	<i>\$ 374,510.00</i>	<i>- 06.37 %</i>
2.	<i>Kasa Construction, Chino</i>	<i>\$ 478,600.00</i>	<i>+ 19.65 %</i>

CONSTRUCTION AGREEMENT

KATO LANDSCAPE, INC.

THIS AGREEMENT is made this _____ day of _____, 2016 by the CITY OF GARDEN GROVE, a municipal corporation, ("CITY"), and KATO LANDSCAPE, INC., hereinafter referred to as ("CONTRACTOR").

RECITALS:

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to Garden Grove City Council Authorization dated _____.
2. CITY desires to utilize the services of CONTRACTOR to furnish material, equipment, and labor for the **IRRIGATION INSTALLATION ON MAGNOLIA STREET, PROJECT NO. 7279.**
3. CONTRACTOR is qualified by virtue of experience, training, education, and expertise to accomplish services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

- 5.1 General Conditions.** CONTRACTOR certifies and agrees that all the terms, conditions and obligations of the Contract Documents as hereinafter defined, the location of the job site, and the conditions under which the work is to be performed have been thoroughly reviewed, and enters into this Contract based upon CONTRACTOR'S investigation of all such matters and is in no way relying upon any opinions or representations of CITY. It is agreed that this Contract represents the entire agreement. It is further agreed that the Contract Documents including the Notice Inviting Bids, Special Instructions to Bidders, if any, and CONTRACTOR's Proposal, are incorporated in this Contract by reference, with the same force and effect as if the same were set forth at length herein, and that CONTRACTOR and its subcontractors, if any, will be and are bound by any and all of said Contract Documents insofar as they relate in any part or in any way, directly or indirectly, to the work covered by this Contract.

"Project" as used herein defines the entire scope of the work covered by all the Contract Documents. Anything mentioned in the Specifications and not indicated in the Plans, or indicated in the Plans and not mentioned in the Specifications, shall be of like effect as if indicated and mentioned in both. In case of discrepancy in the Plans or Specifications, the matter shall be immediately submitted to CITY's Engineer, without whose decision CONTRACTOR shall not adjust said discrepancy save only at CONTRACTOR'S own risk and expense. The decision of the Engineer shall be final.

- 5.2 Materials and Labor.** CONTRACTOR shall furnish, under the conditions expressed in the Plans and Specifications, at CONTRACTOR'S own expense, all labor and materials necessary, except such as are mentioned in the Specifications to be furnished by the CITY, to construct and complete the project, in good workmanlike and substantial order.

SECTION 5 - AGREEMENT (Continued)

If CONTRACTOR fails to pay for labor or materials when due, CITY may settle such claims by making demand upon the surety to this Agreement. In the event of the failure or refusal of the surety to satisfy said claims, CITY may settle them directly and deduct the amount of payments from the Contract price and any amounts due to CONTRACTOR. In the event CITY receives a stop notice from any laborer or material supplier alleging non-payment by CONTRACTOR, CITY shall be entitled to deduct all of its costs and expenses incurred relating thereto, including but not limited to administrative and legal fees.

5.3 Project. The PROJECT is described as: **IRRIGATION INSTALLATION ON MAGNOLIA STREET, PROJECT NO. 7279.**

5.4 Plans and Specifications. The work to be done is shown in a set of detailed Plans and Specifications entitled: **IRRIGATION INSTALLATION ON MAGNOLIA STREET, PROJECT NO. 7279.**

Said Plans and Specifications and any revision, amendments or addenda thereto are attached hereto and incorporated herein as part of this Contract and referred to by reference. The work to be done must also be in accordance with the General Provisions, Standard Specifications and Standard Plans of the CITY, which are also incorporated herein and referred to by, reference.

5.5 Time of Commencement and Completion. CONTRACTOR shall have **ten (10) working days from the award of the Contract** to execute the Contract and supply the CITY with all the documents and information required by the Instructions to Bidders and the other Contract Documents, including but not limited to, the necessary bonds and insurance certificates and endorsements. Once the CITY receives the executed contract and all of the other properly drafted and executed documents and information, it may issue a Notice to Proceed to the CONTRACTOR. If CONTRACTOR refuses or fails to provide the required documents and information within the ten (10) city working days, the CITY may then rescind the award of the Contract and then award the Contract to the next lowest responsive and responsible bidder.

Upon receipt of the Notice to Proceed, CONTRACTOR agrees to submit shop drawings **within fourteen (14) calendar days**. Further, upon receipt of the Notice to Proceed, the CONTRACTOR shall diligently prosecute the work to completion as required per the plans and specifications within **Sixty (60)** working days excluding delays caused or authorized by the CITY as set forth in Sections 5.7, 5.8 and 5.9 hereof.

5.6 Time is of the Essence. Time is of the essence of this Contract.

Contractor shall have **fourteen (14) calendar days from the award of the Contract** to execute the Contract and supply CITY with all of the documents and information required by the Instruction to Bidders and the other Contract Documents, including but not limited to, the necessary bonds and insurance certificates and endorsements. Once the CITY receives the executed Contract and all of the other properly drafted and executed documents and information, it may issue a Notice to Proceed to the CONTRACTOR. If CONTRACTOR refuses or fails to execute the Contract or refuses or fails to provide the required documents and information within the fourteen (14) calendar days, the CITY may then rescind the award of the Contract and then award the Contract to the next lowest responsible and responsive bidder.

SECTION 5 - AGREEMENT (Continued)

As required by the Contract Documents, CONTRACTOR shall prepare and obtain approval of all shop drawings, details and samples, and do all other things necessary and incidental to the prosecution of CONTRACTOR'S work in conformance with an approved construction progress schedule. CONTRACTOR shall coordinate the work covered by this Contract with that of all other CONTRACTORS, subcontractors and of the CITY, in a manner that will facilitate the efficient completion of the entire work in accordance with Section 5.5 herein. CITY shall have complete control of the premises on which the work is to be performed and shall have the right to decide the time or order in which the various portions of the work shall be installed or the priority of the work of other subcontractors, and, in general, all matters representing the timely and orderly conduct of the work of CONTRACTOR on the premises.

- 5.7 Excusable Delays.** CONTRACTOR shall be excused for any delay in the prosecution or completion of the Project caused by acts of God; inclement weather; damages caused by fire or other casualty for which CONTRACTOR is not responsible; any act, neglect or default of CITY; failure of CITY to make timely payments to CONTRACTOR; late delivery of materials required by this CONTRACT to be furnished by CITY; combined action of the workers in no way caused by or resulting from default or collusion on the part of CONTRACTOR; a lockout by CITY; or any other delays unforeseen by CONTRACTOR and beyond CONTRACTOR'S reasonable control.

CITY shall extend the time fixed in Section 5.5 herein for completion of the Project by the number of days CONTRACTOR has thus been delayed, if CONTRACTOR presents a written request to CITY for such time extension within fifteen (15) days of the commencement of such delay and CITY finds that the delay is justified. CITY'S decision will be conclusive on the parties to this Contract. Failure to file such request within the time allowed shall be deemed a waiver of the claim by CONTRACTOR.

No claims by CONTRACTOR for additional compensation or damages for delays will be allowed unless CONTRACTOR satisfies CITY that such delays were unavoidable and not the result of any action or inaction of CONTRACTOR and that CONTRACTOR took all available measures to mitigate such damages. Extensions of time and extra compensation as a result of incurring undisclosed utilities would be determined in accordance with Section 9-103A of the California Department of Transportation Standard Specifications dated July 1992. The CITY'S decision will be conclusive on all parties to this Contract.

- 5.8 Extra Work.** The Contract price includes compensation for all work performed by CONTRACTOR, unless CONTRACTOR obtains a written change order signed by a designated representative of CITY specifying the exact nature of the extra work and the amount of extra compensation to be paid all as more particularly set forth in Section 5.9 hereof.

CITY shall extend the time fixed in Section 5.5 for completion of the Project by the number of days reasonably required for CONTRACTOR to perform the extra work, as determined by CITY'S Engineer. The decision of the Engineer shall be final.

- 5.9 Changes in Project.**

- 5.9.1** CITY may at any time, without notice to any surety, by written order designated or indicated to be a change order, make any change in the work within the general scope of the Contract, including but not limited to changes:

SECTION 5 - AGREEMENT (Continued)

- a. In the Specifications (including drawings and designs);
- b. In the time, method or manner of performance of the work;
- c. In the CITY-furnished facilities, equipment, materials, services or site; or
- d. Directing acceleration in the performance of the work.

If CONTRACTOR believes that the written order issued as part of this Section 5.9.1 has caused an increase in costs or time, the CONTRACTOR shall submit a written request for equitable adjustment to the CITY that includes a detailed cost breakdown and time impact analysis in sufficient detail to allow the CITY to analyze the request. Said notice shall be submitted via certified mail within twenty (20) days of the CONTRACTOR'S receipt of the written order. CONTRACTOR'S failure to submit the written request for equitable adjustment within the required twenty (20) days shall constitute a waiver of any potential change order or claim for said alleged change. The CITY shall review CONTRACTOR'S request and shall provide a written response within thirty (30) days of receipt of the request either approving or denying the request.

- 5.9.2** A change may also be any other conflict, difficulty or issue which the CONTRACTOR believes caused any change to the CONTRACTOR'S costs or project schedule, provided CONTRACTOR gives the CITY written notice and a request for equitable adjustment that includes a detailed cost breakdown and time impact analysis in sufficient detail to allow the CITY to analyze the request. The notice shall also state the date the CONTRACTOR became aware of the issue, circumstances and source of the issue and that CONTRACTOR regards the issue as a change order. Said written notice shall be delivered to the CITY via certified mail within twenty (20) days of CONTRACTOR'S first notice of the issue. CONTRACTOR'S failure to submit the notice, which includes the written request for equitable adjustment within the required twenty (20) days shall constitute a waiver of any potential change order or claim for said alleged change. The CITY shall review CONTRACTOR'S request and shall provide a written response within thirty (30) days of receipt of the request either approving or denying the request.
- 5.9.3** Except as provided in this Section 5.9, no order, statement or conduct of the CITY or its representatives shall be treated as a change under this Section 5.9 or entitle CONTRACTOR to an equitable adjustment.
- 5.9.4** Except for claims based on defective specifications, no claim for any change under paragraph 5.9.1 or 5.9.2 above shall be allowed for any work performed more than 20 days before the CONTRACTOR gives written notice as required in paragraphs 5.9.1 and 5.9.2. In the case of defective specifications for which the CITY is responsible, the equitable adjustment shall include any increased direct cost CONTRACTOR reasonably incurred in attempting to comply with those defective specifications.
- 5.9.5** If CONTRACTOR intends to assert a claim for an equitable adjustment under this Section 5.9, it must, within thirty (30) days after receipt of a denial of a request for equitable adjustment under paragraphs 5.9.1 and 5.9.2, submit a written statement to the CITY setting forth the general nature and monetary extent of such claim. The CITY may extend the 30-day period. CONTRACTOR'S failure to submit the notice

SECTION 5 - AGREEMENT (Continued)

of a claim, within the required thirty (30) days shall constitute a waiver of the claim by the CONTRACTOR.

5.9.6 No claim by CONTRACTOR for an equitable adjustment shall be allowed if made after final payment under this Agreement.

5.9.7 CONTRACTOR hereby agrees to make any and all changes, furnish the materials and perform the work that CITY may require without nullifying this Contract. CONTRACTOR shall adhere strictly to the Plans and Specifications unless a change there from is authorized in writing by the CITY. Under no condition shall CONTRACTOR make any changes to the Project, either in additions or deductions, without the written order of the CITY and the CITY shall not pay for any extra charges made by CONTRACTOR that have not been agreed upon in advance in writing by the CITY. CONTRACTOR shall submit immediately to the CITY written copies of its firm's cost or credit proposal for change in the work. Disputed work shall be performed as ordered in writing by the CITY and the proper cost or credit breakdowns therefore shall be submitted without delay by CONTRACTOR to CITY.

5.10 **Liquidated Damages for Delay.** The parties agree that if the total work called for under this Contract, in all parts and requirements, is not completed within the time specified in Section 5.5 herein, plus the allowance made for delays or extensions authorized under Sections 5.7, 5.8 and 5.9 herein, the CITY will sustain damage which would be extremely difficult and impractical to ascertain. The parties therefore agree that CONTRACTOR will pay to CITY the sum of five hundred dollars (\$500.00) per day for each calendar day during which completion of the Project is so delayed. CONTRACTOR agrees to pay such liquidated damages and further agrees that CITY may offset the amount of liquidated damages from any monies due or that may become due CONTRACTOR under the Contract.

5.11 **Contract Price and Method of Payment.** CITY agrees to pay and the CONTRACTOR agrees to accept as full consideration for the faithful performance of this Contract, subject to any subsequent additions or deductions as provided in approved change orders, the sum of **Three Hundred and Seventy Four Thousand Five Hundred and Ten dollars and No Cents (\$ 374,510.00)** as itemized in the bid proposal.

Progress payments shall be made to the CONTRACTOR per month for each successive month as the work progresses. The CONTRACTOR shall be paid such sum as will bring the total payments received since the commencement of the work up to ninety five percent (95%) of the value of the work completed, less all previous payments, provided that the CONTRACTOR submits the request for payment in writing prior to the end of the day required to meet the payment schedule. The CITY will retain five percent (5%) of the amount of each such progress estimate and material cost until 30 days after the recordation of the Notice of Completion.

It is the prime contractor's responsibility to pay his subcontractors and suppliers on a monthly basis regardless of prime contractor submitting his progress invoice in writing to the City.

Payments shall be made on demands drawn in the manner required by law, accompanied by a certificate signed by the CITY'S Engineer, stating that the work for which payment is demanded has been performed in accordance with the terms of the Contract. Partial

SECTION 5 - AGREEMENT (Continued)

payments of the Contract price shall not be considered as an acceptance of any part of the work.

- 5.12 Substitution of Securities in Lieu of Retention of Funds.** Pursuant to California Public Works Contract Code § 22300, the CONTRACTOR will be entitled to post approved securities with the CITY or an approved financial institution in order to have the CITY release funds retained by the CITY to ensure performance of the Contract. CONTRACTOR shall be required to execute an addendum to this Contract together with escrow instructions and any other documents in order to effect this substitution.

- 5.13 Completion.** Within 10 days after the contract completion date of the Project, CONTRACTOR shall file with the CITY'S Engineer its affidavit stating that all workers and persons employed, all firms supplying materials, and all subcontractors upon the Project have been paid in full, and that there are no claims outstanding against the Project for either labor or material, except those certain items, if any, to be set forth in an affidavit covering disputed claims, or items in connection with Stop Notices which have been filed under the provisions of the statutes of the State of California. CITY may require affidavits or certificates of payment and/or releases from any subcontractor, laborer or material supplier.

5.14 Contractor's Employees Compensation

- 5.14.1 General Prevailing Rate.** CITY has ascertained CONTRACTOR shall comply with all applicable requirements of Division 2, Part 7, Chapter 1 of the California Labor Code and all applicable federal requirements respecting the payment of prevailing wages. If there is a difference between the minimum wage rates predetermined by the Secretary of Labor and the prevailing wage rates determined by the Director of the Department of Industrial Relations (DIR) for similar classifications of labor, the CONTRACTOR and its Subcontractors shall pay not less than the higher wage rate. The DIR will not accept lower State wage rates not specifically included in the Federal minimum wage determinations. This includes "helper" (or other classifications based on hours of experience) or any other classification not appearing in the Federal Wage determinations. Where Federal wage determinations do not contain the State wage rate determination otherwise available for use by the CONTRACTOR and Subcontractors, the CONTRACTOR and its Subcontractors shall pay not less than the Federal Minimum wage rate which most closely approximates the duties of the employees in question."

- 5.14.2 Forfeiture for Violation.** CONTRACTOR shall, as a penalty to the CITY, forfeit one hundred dollars (\$100.00) for each calendar day or portion thereof for each worker paid (either by the CONTRACTOR or any subcontractor under it) less than the prevailing rate of per diem wages as set by the Director of Industrial Relations, in accordance with Sections 1770-1780 of the California Labor Code for the work provided for in this Contract, all in accordance with Section 1775 of the Labor Code of the State of California.

- 5.14.3 Apprentices.** Section 1777.5, 1777.6 and 1777.7 of the Labor Code of the State of California, regarding the employment of apprentices is applicable to this Contract and the CONTRACTOR shall comply therewith; provided, however, that this requirement shall not apply if and/or to the extent that the Contract of the general CONTRACTOR, or the contracts of specialty contractors not bidding for work

SECTION 5 - AGREEMENT (Continued)

through a general or prime contractor involve less than thirty thousand dollars (\$30,000.00).

5.14.4 Workday. In the performance of this Contract, not more than eight (8) hours shall constitute a day's work, and CONTRACTOR shall not require more than eight (8) hours of labor in a day from any person employed by him hereunder except as provided in paragraph (5.14.2) above. CONTRACTOR shall conform to Article 3, Chapter 1, Part 7 (Sections 1810 et seq.) of the Labor Code of the State of California and shall forfeit to the CITY as a penalty, the sum of twenty-five Dollars (\$25.00) for each worker employed in the execution of this Contract by CONTRACTOR or any subcontractor for each calendar day during which any worker is required or permitted to labor more than eight (8) hours in any one calendar day and forty (40) hours in any one week in violation of said Article. CONTRACTOR shall keep an accurate record showing the name and actual hours worked each calendar day and each calendar week by each worker employed by CONTRACTOR in connection with the Project.

5.14.5 Record of Wages: Inspection. CONTRACTOR agrees to maintain accurate payroll records showing the name, address, social security number, work classification, straight-time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker or other employee employed by it in connection with the Project and agrees to require that each of its subcontractors does the same. The applicable CONTRACTOR or subcontractor or its agent having authority over such matters shall certify all payroll records as accurate. CONTRACTOR further agrees that its payroll records and those of its subcontractors shall be available to the employee or employee's representative, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards and shall comply with all of the provisions of Labor Code Section 1776, in general. CONTRACTOR shall comply with all of the provisions of Labor Code Section 1776, and shall submit payroll records to the Labor Commissioner pursuant to Labor Code section 1771.4(a)(3). The CONTRACTOR shall submit copies of certified payroll reports **and cancelled checks** for labors, every two weeks to the Engineer. Certified payroll and cancelled checks submittals are due one month after start of construction and every two weeks thereafter. *If the certified payroll and cancelled checks are not submitted, the CONTRACTOR will be notified that compliance is required within five (5) working days or contract work must cease. The CITY will not be responsible for any delay or acceleration charges or any incurred costs or damages as a result of the work stoppage due to CONTRACTOR's failure to comply.* Work shall be ceased in an orderly, safe fashion with all vehicle access restored. Should this not occur, CITY will correct the deficiencies and deduct the cost from funds due to the CONTRACTOR. In addition, no progress payment shall be made until the copies of certified payroll reports and cancelled checks are submitted.

5.14.6 Contractor Registration. CONTRACTOR and its subcontractors must be registered with the California Department of Industrial Relations pursuant to Labor Code Section 1725.5. This Agreement shall not be effective until CONTRACTOR provides proof of registration to the CITY.

5.14.7 Posting of Job Site Notices. CONTRACTOR shall comply with the job site notices posting requirements established by the Labor Commissioner pursuant to Title 8,

SECTION 5 - AGREEMENT (Continued)

California Code of Regulations Section 16461(e) or other regulation promulgated pursuant to Labor Code Section 1771.4(a) (2).

5.14.8 Notice of DIR Compliance Monitoring and Enforcement. Pursuant to Labor Code Section 1771.4, this Project is subject to compliance monitoring and enforcement by the California Department of Industrial Relations.

5.15 Surety Bonds. CONTRACTOR shall, prior to entering into performance of this Agreement, furnish a performance bond, on the CITY's bond form in the amount of one hundred percent (100%) of the Contract price, to guarantee the faithful performance of the work, and a payment bond, on the CITY's form in the amount of one hundred percent (100%) of the Contract price, to guarantee payment of all claims for labor and materials furnished. Bonds submitted on any form other than the CITY's form will be rejected. The required bonds shall be from a surety licensed to do business in the State of California and with a current A.M. Best's rating of A-, VII. This Contract shall not become effective until such bonds are supplied and approved by the CITY."

5.16 Insurance.

5.16.1 COMMENCEMENT OF WORK. CONTRACTOR shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the CITY. All insurance required by this Agreement shall contain a statement of obligation on the part of the carrier to notify the city of any material change, cancellation, or termination at least **thirty (30) days** in advance. A **waiver of subrogation** shall be provided by the insurer for **each policy** waiving subrogation against CITY, its officers, officials, employees, agents, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees, as determined by the CITY, Claims **made** and **modified occurrence** policies **shall not be accepted** for any policy. All Subcontractors shall be required to provide and maintain the same insurances as required of CONTRACTOR under this contract. CONTRACTOR shall be required to collect and maintain all required insurances from all Subcontractors.

5.16.2 CONTRACTOR is aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for Workers' Compensation or undertake self-insurance in accordance with the provisions of that Code, and will comply with such provisions before commencing the performance of the work of this Contract.

5.16.3 CONTRACTOR and all Subcontractors shall carry workers' compensation insurance for the protection of its employees during the progress of the work. The insurer shall waive its rights of subrogation against the CITY, its officers, officials, employees, agents, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees, as determined by the CITY, and shall issue a waiver of subrogation.

5.16.4 Before CONTRACTOR performs any work at, or prepares or delivers materials to, the site of construction, CONTRACTOR shall furnish:

SECTION 5 - AGREEMENT (Continued)

Additional Insured Endorsements, **ongoing and products-completed operations**, for the **Commercial General Liability** policy, including mobile equipment and not excluding XCU. Endorsements shall designate CITY, its officers, officials, employees, agents, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees, as determined by the CITY, as additional insureds for liability arising out of work or operations performed by or on behalf of the CONTRACTOR. CONTRACTOR shall provide to CITY proof of insurance and endorsement forms that conform to CITY's requirements, as approved by the CITY. (**Form CG 20 26 07 04 & Form CG 20 37 07 04** or equivalent) (**Claims made and modified occurrence policies are not acceptable**; Insurance companies must be acceptable to CITY and have a minimum A.M. Best Guide rating of A-, class VII or better, as approved by CITY).

An Additional Insured Endorsement for an **Automobile Liability** policy and shall designate CITY, its officers, officials, employees, agents, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees, as determined by the CITY, as additional insureds for automobiles owned, leased, hired, or borrowed by the CONTRACTOR. CONTRACTOR shall provide to CITY proof of insurance and endorsement forms that conform to CITY's requirements, as approved by the CITY. (**Form CA 20 48 02 99** or equivalent) (**Claims made and modified occurrence policies are not acceptable**; Insurance companies must be acceptable to CITY and have a minimum A.M. Best Guide rating of A-, class VII or better, as approved by CITY).

A Loss Payee Endorsement for the **Course of Construction** policy designating the City of Garden Grove as Loss Payee. (**Claims made and modified occurrence policies are not acceptable**; Insurance companies must be acceptable to CITY and have a minimum A.M. Best Guide rating of A-, class VII or better, as approved by CITY).

In the event any of CONTRACTOR'S underlying policies do not meet policy limits as required here in, CONTRACTOR shall provide the schedule of underlying policies for a **follows form excess liability** policy, state that the excess policy follows form on the insurance certificate, and an additional insured endorsement for the excess liability policy designating CITY, its officers, officials, employees, agents, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees, as determined by the CITY, as additional insureds. (**Claims made and modified occurrence policies are not acceptable**; Insurance companies must be acceptable to CITY and have a minimum A.M. Best Guide rating of A-, class VII or better, as approved by CITY).

For any claims related to this Project, the CONTRACTOR's insurance coverage shall be primary insurance as respects CITY, its officers, officials, employees, agents, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees, as determined by the CITY. Any insurance or self-insurance maintained by the CITY, its officers, officials, employees, agents, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents,

SECTION 5 - AGREEMENT (Continued)

and employees, as determined by the CITY, shall be excess of the CONTRACTOR's insurance and not contribute with it.

- 5.16.5** Before CONTRACTOR performs any work at, or prepares or delivers materials to, the site of construction, CONTRACTOR shall furnish:

CONTRACTOR shall maintain all of the foregoing insurance coverage in force until the work under this Contract is fully completed. The requirement for carrying the foregoing insurance shall not derogate from the provisions for indemnification of CITY by CONTRACTOR under Section 5.17 of this Contract. Notwithstanding nor diminishing the obligations of CONTRACTOR with respect to the foregoing, CONTRACTOR shall subscribe for and maintain in full force and effect during the life of this Contract, the following insurance in amounts not less than the amounts specified and issued by a company admitted and licensed in California and having a Best's Guide Rating of A-Class VII or better (claims made and modified occurrence policies are not acceptable):

Workers' Compensation	As required by the State of California.
Employer's Liability	Not less than \$1,000,000 per accident for bodily injury or disease.
Commercial General Liability (including on-going operations, products , - completed operations, and mobile equipment, and not excluding XCU)	Not less than \$5,000,000 per occurrence for bodily injury, personal injury and property damage.
Automobile Liability, for all automobiles including non-owned and hired vehicles	Not less than \$2,000,000 combined single limit for bodily injury and property damage.
Course of Construction	Completed value of the project with no coinsurance penalty provisions.
Follows Form Excess Liability	Required for any underlying policy that does not meet the underlying policy limits required herein.

If contractor maintains higher insurance limits than the minimums shown above, CONTRACTOR shall provide coverage for the higher limits otherwise maintained by the CONTRACTOR.

CITY or its representatives shall at all times have the right to inspect and receive a certified copy of all said policies of insurance, including certificates and endorsements at CONTRACTORS sole cost and expense. CONTRACTOR shall pay the premiums on the insurance hereinabove required.

SECTION 5 - AGREEMENT (Continued)

5.17 Risk and Indemnification. All work covered by this Contract done at the site of construction or in preparing or delivering materials to the site shall be at the risk of CONTRACTOR alone. CONTRACTOR agrees to save, indemnify and keep the CITY, its Officers, Agents, Employees, Engineers, and Consultants for this Contract, and all public agencies from whom permits will be obtained and their directors, Officers, Agents and Employees harmless against any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (CONTRACTOR'S employees included) and damage to property, arising directly or indirectly out of the obligations herein undertaken or out of the operations conducted by CONTRACTOR, save and except claims or litigation arising through the sole negligence or sole willful misconduct of CITY and will make good to reimburse CITY for any expenditures, including reasonable attorneys' fees CITY may incur by reason of such matters, and if requested by CITY, will defend any such suits at the sole cost and expense of CONTRACTOR.

5.18 Termination.

5.18.1 This Contract may be terminated in whole or in part in writing by the CITY for its convenience, provided that the CONTRACTOR is given (1) not less than ten (10) calendar days written notice (delivered by certified mail, return receipt requested) of intent to terminate, and (2) an opportunity for consultation with the terminating party prior to termination. Termination of contract shall conform to Section 8 of the California, Department of Transportation Standard Specifications.

5.18.2 If termination for default or convenience is effected by the CITY, an equitable adjustment in the price provided for in this Contract shall be made, but (1) no amount shall be allowed for anticipated profit on unperformed services or other work, and (2) any payment due to the CONTRACTOR at the time of termination may be adjusted to cover any additional costs to the CITY because of the CONTRACTOR'S default. The equitable adjustment for any termination shall provide for payment to the CONTRACTOR for services rendered and expenses incurred in accordance with Section 8 of the California, Department of Transportation Standard Specifications.

5.18.3 Upon receipt of a termination action under paragraph (5.18.1) or (5.18.2) above, the CONTRACTOR shall (1) promptly discontinue all affected work (unless the notice directs otherwise), and (2) deliver or otherwise make available to the CITY all data, drawings, specifications, reports, estimates, summaries and such other information and materials as may have been accumulated by the CONTRACTOR in performing this Contract whether completed or in process.

5.18.4 Upon termination under paragraphs (5.18.1) and (5.18.2) above, the CITY may take over the work and may award another party an agreement to complete the work under this Contract.

5.19 Warranty. The CONTRACTOR agrees to perform all work under this Contract in accordance with the CITY'S designs, drawings and specifications.

The CONTRACTOR guarantees for a period of one (1) year from the date of the notice of completion of the work that the completed work is free from all defects due to faulty materials, equipment or workmanship and that he shall promptly make whatever adjustments or corrections which may be necessary to cure any defects, including repairs

SECTION 5 - AGREEMENT (Continued)

or any damage to other parts of the system resulting from such defects. The CITY shall promptly give notice to the CONTRACTOR of observed defects. In the event that the CONTRACTOR fails to make adjustments, repairs, corrections or other work made necessary by such defects, the CITY may do so and charge the CONTRACTOR the cost incurred. The performance bond shall remain in full force and effect through the guarantee period.

The CONTRACTOR'S obligations under this clause are in addition to the CONTRACTOR'S other express or implied assurances of this Contract or state law and in no way diminish any other rights that the CITY may have against the CONTRACTOR for faulty materials, equipment or work.

5.20 Attorneys' Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Contract, each party shall be responsible for their own attorneys' fees, costs and necessary expenses. If any action is brought against the CONTRACTOR or any subcontractor to enforce a Stop Notice or Notice to Withhold, which named the CITY as a party to said action, the CITY shall be entitled to all attorneys' fees, costs and necessary disbursements arising out of the defense of such action by the CITY. The CITY shall be entitled to deduct its costs for any Stop Notice filed, whether court action is involved or not.

5.21 Notices. Any notice required or permitted under this Contract may be given by ordinary mail at the address set forth below. Any party whose address changes shall notify the other party in writing.

To CITY:

*City of Garden Grove.
Public Works Department
Attention: Navin Maru
11222 Acacia Parkway
Garden Grove, CA 92842
(714) 741-5180
(714) 741-5578 Fax*

TO CONTRACTOR:

*Kato Landscape, Inc.
18182 Bushard Street
Fountain Valley, CA 92708
(714) 963-4615
(714) 963-6424 Fax*

SECTION 5 - AGREEMENT (Continued)

IN WITNESS THEREOF, these parties have executed this Construction Agreement on the day and year shown below.

Date: _____

"CITY"
CITY OF GARDEN GROVE

By: _____

Scott C. Stiles
City Manager

ATTEST:

City Clerk

Date: _____

"CONTRACTOR"

CONTRACTOR'S State License No. **806122**
(Expiration Date: 03/31/2018)

By: _____

Title: _____

Date: _____

APPROVED AS TO FORM:



Garden Grove City Attorney

Date: 5-10-16

If CONTRACTOR is a corporation, a Corporate Resolution and/or Corporate Seal is required.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Omar Sandoval
Dept.:	City Manager	Dept.:	City Attorney
Subject:	Consideration of abatement action for the Lotus Plaza Project (Galleria Project) 10080 and 10189 Garden Grove Boulevard, Garden Grove. (<i>Action Item</i>)		
		Date:	5/24/2016

OBJECTIVE

For the City Council to consider enforcement of the issued Notice and Order to effectuate abatement action on the Lotus Plaza Project (Galleria Project) construction site at 10080 and 10189 Garden Grove Boulevard, Garden Grove.

BACKGROUND

At the Regular City Council Meeting of December 8, 2015, the City Council considered enforcement of the pending Notice and Order issued on July 2, 2013, for demolition of the unfinished structure on the above site. At that time, the City Council continued its consideration to May 24, 2016, to allow the parties to continue to negotiate agreements to restart construction on the site.

The City Council has received various written status updates on the project over the last two years. One year ago, Brooks Street was interested in taking over the ground lease of the property from Cathay Bank to restart the construction of a new development on the property utilizing the existing skeleton structure at the site. At the November 24, 2015, Council Meeting, Cathay Bank had reported to the City that a Purchase and Sales Agreement had been reached between Brooks Street and Cathay Bank to begin the process to renew the project. That action was to be followed by agreement(s) between Brooks Street (new lessee), Cathay Bank (existing lessee), and the Hoag Foundation (property owner). However, the agreement had not been finalized at that time and the City Council continued the matter to December 8, 2015.

On December 8, 2015, the City Council continued the matter for close to five months to May 24, 2016, to allow the parties more time to negotiate.

DISCUSSION

The parties were not able to finalize a deal. Instead, litigation between Cathay Bank and Hoag Foundation ensued in January 2016, further preventing any continuation of construction on the site. Various motions are currently pending before the court that could resolve the case, which is otherwise set for trial on March 13, 2017. For example, Hoag's Motion for Summary Judgment is scheduled for July 29, 2016, at 1:30 p.m. in Department C11 in the Orange County central court. Cathay's motion to strike Hoag's cross-complaint is scheduled for July 22 at 1:30 p.m. in the same court. Consequently, an opportunity for the parties to resolve their legal entanglements may arise after the July 2016 court hearings and the Council may consider continuing its consideration of enforcement of the Notice and Order until its August 23, 2016, meeting.

FINANCIAL IMPACT

Commencement of an abatement action will cost the City an estimated \$6,000 to \$10,000. However, the costs could increase depending on the parties' cooperation or opposition to the action.

RECOMMENDATION

It is recommended that the City Council:

- Continue consideration of this matter until its August 23, 2016 meeting; or
- Authorize the City Attorney to commence an action to enforce the Notice and Order to have a court order the abatement of the nuisance and appoint a receiver to ensure removal of the unfinished structures on the site.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Prior Reports and Background Material	5/17/2016	Backup Material	Lotus.pdf

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Kathy Bailor
Dept:	City Manager	Dept:	City Clerk
Subject:	CONSIDERATION OF OPTIONS FOR THE LOTUS PLAZA PROJECT (GALLERIA PROJECT) AT 10080 AND 10189 GARDEN GROVE BOULEVARD	Date:	December 8, 2015

At the November 24, 2015, meeting, the City Council requested that this matter be brought back for consideration.

Kathy

KATHY BAILOR, CMC
City Clerk's Office

Attachment: November 24, 2015, agenda report and attachments

Approved for Agenda listing

Wac. Ah

Scott C. Stiles
City Manager

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott Stiles	From:	Karl Hill
Dept:	City Manager	Dept:	Community Development
Subject:	CONSIDERATION OF OPTIONS FOR THE LOTUS PLAZA PROJECT (GALLERIA PROJECT) 10080 AND 10189 GARDEN GROVE BOULEVARD		
		Date:	November 24, 2015

OBJECTIVE

For the City Council to consider options and provide direction on the issued Notice and Order to effectuate abatement action on the Lotus Plaza Project construction site at 10080 and 10189 Garden Grove Boulevard.

BACKGROUND

At the regular City Council meeting of November 10, 2015, the City Council requested for Staff to return with the opportunity to consider enforcement of the pending Notice and Order issued July 2, 2013 on the above site.

The City Council received a written status update on May 26, 2015, which included prior status updates; a project time-line history; and correspondence from Cathay Bank, Hoag Foundation, and a prospective Developer: Brooks Street. Since the meeting of May 26, 2015, it was anticipated that involved parties concerning the Lotus Plaza development, would have shown certain progress to assure the City that the project was moving forward. Recently, as reported to the City, a Purchase and Sales Agreement (PSA) had been reached between the prospective Developer, Brooks Street, and Cathay Bank to begin the process to renew the project. That action was to be followed by agreement(s) between these two entities and the Hoag Foundation. To date, it is the City's understanding that no further agreement and/or action has occurred to move the project forward. Therefore, at this time, no entitlement package has been submitted to the City for further consideration in order to renew the project.

DISCUSSION

Due to inaction on the part of the parties involved, it is suggested that City Council consider additional information and/or input that may be provided by the parties involved in this matter along with the following options:

- Authorize commencement of a court action to enforce the Notice and Order to have a court abate the nuisance and appoint a receiver to ensure removal of all structures on the site; or

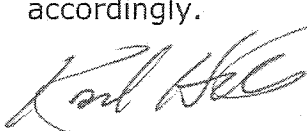
- Allow all parties involved more time to continue to work through the issues concerning the pending agreements to allow the project to move forward; or
- Consider an alternative approach by setting incremental deadlines for certain actions to occur, and subsequent to failing to meet such deadlines, take the appropriate action to have the structures removed.

FINANCIAL IMPACTS

Commencement of an action will cost the City an estimated \$6,000 to \$ 10,000 dollars. However, the costs can increase depending on the parties' cooperation or opposition to the action.

RECOMMENDATION

It is recommended that the City Council consider the matter, including any additional input, testimony or other information/material, and direct staff accordingly.



KARL HILL
Acting Community Development Director

- Attachment 1: Administrative Board of Appeals Resolution No. 002-13
Attachment 2: Notice and Order dated July 2, 2013
Attachment 3: Notice and Order Extension dated November 7, 2014
Attachment 4: Request to provide evidence of agreements and applications to move project forward, dated September 11, 2015
Attachment 5: Status Update dated May 26, 2015 with accompanying attachments

File: PUD-107-05-council memo direction 11-2015

Recommended for Approval



Scott C. Stiles
City Manager

RESOLUTION NO. 002-13

A RESOLUTION OF THE ADMINISTRATIVE BOARD OF APPEALS OF THE CITY OF GARDEN GROVE, CALIFORNIA, DENYING THE APPEAL OF CATHAY GENERAL BANCORP, INC. OF THE GARDEN GROVE BUILDING OFFICIAL'S JULY 2, 2013 NOTICE AND ORDER RE: BOARDING UP / DEMMOLITION OF ABANDONED CONSTRUCTION PERTAINING TO THE GARDEN GROVE GALLERIA PROJECT LOCATED AT 10080 & 10180 GARDEN GROVE BOULEVARD

WHEREAS, on July 2, 2013, pursuant to the provisions of the 2009 International Property Maintenance Code (as adopted pursuant to Section 18.04.010 of the Garden Grove Municipal Code), the Building Official of the City of Garden Grove issued a Notice and Order to Emlen W. Hoag Foundation, Garden Grove Galleria, LLC, and Cathay General Bancorp, Inc. (the "Notice and Order") related to the Garden Grove Galleria Project located at 10080 and 10180 Garden Grove Boulevard in the City of Garden Grove, which directed that the abandoned construction site thereon be boarded up for future repair for a period not to exceed one year and that the structure thereon be demolished if construction was not recommenced within that one year period; and

WHEREAS, on July 18, 2013, Cathay General Bancorp, Inc. filed an appeal of the Building Official's July 2, 2013 Notice and Order and requested a hearing on its appeal before Administrative Board of Appeals of the City of Garden Grove; and

WHEREAS, on October 30, 2013, a hearing before the Administrative Board of Appeals of the City of Garden Grove was held at which the Administrative Board of Appeals considered testimony and evidence related to the July 2, 2013 Notice and Order and Cathay General Bancorp, Inc.'s appeal of the Notice and Order pursuant to the relevant provisions of the Garden Grove Municipal Code, the 2009 International Property Maintenance Code, and Resolution 001-13 of the Administrative Board of Appeals of the City of Garden Grove; and

WHEREAS, Cathay General Bancorp, Inc. and all other persons with an interest in the subject matter of the appeal were afforded an opportunity to be heard and present evidence to the Administrative Board of Appeals of the City of Garden Grove;

NOW, THEREFORE, THE ADMINISTRATIVE BOARD OF APPEALS OF THE CITY OF GARDEN GROVE, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. The Administrative Board of Appeals of the City of Garden Grove hereby makes the following findings of fact:

1. Construction on the development project commonly known as the Garden Grove Galleria, which is located at 10080 and 10180 Garden Grove Boulevard in the City of Garden Grove (hereinafter the "Project"), commenced shortly after issuance of Building Permits 88685 through 88688 in January of 2007;
2. Construction activity at the Project site ceased in approximately July 2009, which is when the City conducted its last inspection of the progress of the construction work at the Project site;
3. The City was formally informed that construction activity on the Project ceased via correspondence dated March 22, 2010, which advised that the Project experienced a "stop to work due to the economic climate and the funding from Cathay Bank", and which requested an extension of Building Permits 88685 through 88688.
4. The City granted the March 22, 2010 request for an extension of Building Permits 88685 through 88688 for a period of 180 days, and thereafter granted four additional requests for extensions of those Building Permits in September 2010, March 2011, August 2011 and February 2012. Construction activity at the Project Site did not recommence during the period the Building Permits were extended.
5. On September 1, 2012, Building Permits 88685 through 88688 expired.
6. On July 2, 2013, the Building Official issued a Notice and Order to Emlen W. Hoag Foundation, Garden Grove Galleria, LLC, and Cathay General Bancorp, Inc. directing that the Project site be boarded for future repair for a period not to exceed one year from the date of the Notice and Order and that the uncompleted structures on the Project site be demolished if construction was not recommenced within that one-year period.
7. Section 110.1 of the 2009 International Property Maintenance Code directs and authorizes the City's Building Official to order the demolition and removal of any structure, normal construction of which has ceased for a period in excess of two years. Alternatively, that section authorizes the Building Official to order that such a structure be boarded up for future repair for a period not to exceed one year.
8. Normal construction activity on the Project site has ceased for a period in excess of two years.
9. The provisions of the IPMC fully apply to the Project and the Project site.
10. The Building Official correctly interpreted the intent of the IPMC in issuance of the Notice and Order.

11. The Building Official has determined that measures in place at the Project site as of October 30, 2013, specifically, the maintenance of fencing, gates, and utilization of a full time security company to monitor the Project site, satisfy the requirements of the Notice and Order and IPMC to "board up" the structure for future repair and that the property be secured from entry.

SECTION 2. Based on the findings of fact referenced herein and after consideration of all relevant testimony and evidence submitted at the October 30, 2013 meeting of the Administrative Board of Appeals of the City of Garden Grove, the July 2, 2013 Notice and Order of the Building Official of the City of Garden Grove is hereby affirmed, and the appeal filed by Cathay General Bancorp, Inc. on July 18, 2013, is hereby denied in its entirety.

SECTION 3. The Building Official is directed to provide notice of the decision of the Administrative Board of Appeals and of this Resolution to Appellant, Cathay General Bancorp, Inc. within seven (7) days of the date this Resolution is adopted.

SECTION 4. This Resolution shall become final effective immediately.

Adopted this 30th day of October, 2013.



CITY OF GARDEN GROVE

July 2, 2013

Bruce A. Broadwater
Mayor

Dina Nguyen
Mayor Pro Tem

Steven R. Jones
Council Member

Christopher V. Phan
Council Member

Kris Beard
Council Member

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED & U.S. MAIL

Garden Grove Galleria, LLC
c/o Theodore Yoon
886 Fallen Leaf Road
Arcadia, CA 91006

Cathay General Bancorp, Inc.
c/o Perry Oei
9650 Flair Drive
El Monte, CA 91731

The Emilen W. Hoag Foundation, Inc.
c/o William Brinckloe, Jr.
9841 Irvine Center Drive, #220
Irvine, CA 92618

Re: Notice and Order of Building Official re Boarding
Up/Demolition of Abandoned Construction: Garden Grove
Galleria Project;
10080 & 10180 Garden Grove Boulevard, Garden Grove, CA

Gentlepersons:

As you know, normal construction on the Garden Grove Galleria Project located at 10080 & 10180 Garden Grove Boulevard (the "Project") ceased in 2009. The building permits issued for the Project (Permit Nos. 88685 - 88688) expired in November of 2012. In its current condition, the Project constitutes blight in the community, negatively impacts property values, and if allowed to remain unfinished, the Project's construction site will likely become unsafe, an attractive nuisance, and a harborage for vagrants and criminals.

This correspondence will serve as the City's written notice and order, pursuant to the provisions of the 2009 International Property Maintenance Code ("IPMC"), which is adopted by Garden Grove Municipal Code section 18.04.010, that the Project must be boarded up for future repair as set forth in this notice. IPMC section 110.1 states in relevant part:

"[w]here there has been a cessation of normal construction of any structure for a period of more than two years, the code official shall order the owner [of the structure] to demolish and

Page 2

remove such structure, or [to] board up [the structure] for future repair. Boarding up the building for future repair shall not extend beyond one year"


Pursuant to IPMC section 110.1, you are hereby ordered to board the Project for future repair for a period not to exceed one year from the date of this notice, unless that period is extended, in writing, by the Building Official. In the event that construction on the Project does not recommence within one year of the date of this notice, you are hereby ordered to demolish and remove any and all structures and materials related to the construction of the Project to the satisfaction of the Building Official. In the meantime, you must take steps to ensure that the Property remains secured from entry and advise the City of the measures taken to comply with this order. Further, please be advised that nothing in this Notice and Order shall preclude the City from instituting other enforcement action with regard to the site, including requiring earlier repair or demolition of the building, should the City determine that the structure is dangerous or the property is otherwise in violation of the Garden Grove Municipal Code or its adopted building standards codes.

As mentioned above, all previously issued building and other permits related to the Project have expired. Accordingly, prior to commencement of any construction on the Project you must first secure any necessary permits and submit updated plans as may be required by the Building Official. Please be advised that resumption of construction activities may require new discretionary land use approvals.

Pursuant to the provisions of the IPMC, you have the right to appeal this order to the City's designated Board of Appeals. (See, IPMC §111 et seq.) Any appeal must be in writing and must be filed within 20 days of the date of this notice. If you have any questions about the actions required by this notice, or wish to discuss the Project in greater detail, please do not hesitate to contact the undersigned.

Respectfully,

Community Development Department
Susan Emery, Director



Rodrigo Victoria
Building Official

cc: City Attorney
City Manager



CITY OF GARDEN GROVE

November 7, 2014

VIA CERTIFIED MAIL,
RETURN RECEIPT REQUESTED & US MAIL

The Emlen W. Hoag Foundation, Inc.
 Attn: William A. Grant, II, President
 9860 Larson Avenue
 Garden Grove, CA 92844-1630

Re: **July 2, 2013 Notice and Order of Building Official re**
Boarding Up/Demolition of Abandoned Construction:
Garden Grove Galleria Project at 10080 & 10180 Garden
Grove Boulevard, Garden Grove, CA

Mr. Brinckloe:

This correspondence is in reference to the July 2, 2013 Notice and Order pertaining to the Garden Grove Galleria Project located at 10080 & 10180 Garden Grove Boulevard (the "Project"), a copy of which is enclosed herewith. The Emlen W. Hoag Foundation, Inc. ("Hoag Foundation") is the owner of the subject property.

In accordance with Section 110.1 of the International Property Maintenance Code, adopted pursuant to Section 18.04.010 of the Garden Grove Municipal Code, the July 2, 2013 Notice and Order required (a) that the Project be boarded up for future repair for a period not to exceed one year from the date of the Notice and Order and (b) that, in the event that construction of the Project did not recommence within one year of the date of the Notice and Order, all structures and materials relating to construction of the Project be demolished and removed.

It has been well over one year from the date of the Notice and Order and construction of the Project has not recommenced. Further, as of the date of this letter, no application has even been submitted by or on behalf of Hoag Foundation for land use entitlements and permits needed to facilitate recommencement of construction of the Project.

Assuming that a complete application package for the necessary land use entitlements needed to facilitate recommencement of construction of the Project has not been submitted to the City by or on behalf Hoag Foundation by December 1, 2014, Hoag Foundation is hereby directed to comply with the July 2, 2013 Notice and Order and Section 110.1 of the International Property Maintenance Code and promptly commence and pursue to completion the demolition and removal of all structures and materials relating to construction of the Project.

Respectfully,

Susan Emery
Assistant City Manager and Director of Community Development



Bill Tewfik
Building Official

cc: City Attorney
City Manager

William Brinckloe, Jr.
9841 Irvine Center Drive, #220
Irvine, CA 92618

William A. Grant, II, DVM
Community Veterinary Hospital, Inc.
13200 Euclid Street
Garden Grove, CA 92843

Garden Grove Galleria, LLC
c/o Theodore Yoon
886 Fallen Leaf Road
Arcadia, CA 91006

Cathay General Bancorp, Inc.
c/o Perry Oei
9650 Flair Drive
El Monte, CA 91731

Enclosure



CITY OF GARDEN GROVE

September 11, 2015

714-741-5100

VIA EMAIL AND FIRST CLASS MAIL

Lisa L. Kim
SVP, General Counsel & Secretary
Cathay Bank
Corporate Center
9650 Flair Drive
El Monte, CA 91731

Bao Nguyen
Mayor

Steven R. Jones
Mayor Pro Tem

Christopher V. Phan
Council Member

Phat Bui
Council Member

Kris Beard
Council Member

Re: Property Owned by The Emlen W. Hoag Foundation Located at 10080
and 10180 Garden Grove Boulevard, Garden Grove, California

Dear Ms. Kim:

Thank you for attending the City of Garden Grove City Council meeting of August 25, 2015, wherein you informed the City Council that Cathay Bank and Brooks Street were very close to finalizing a Purchase and Sale Agreement ("PSA") to facilitate development of the unfinished construction on the above-referenced property. Although you had mentioned that the parties were days from finalizing the PSA, we have not received confirmation of the same. In our telephone conversation on Tuesday, September 8, 2015, you indicated that you would call me on Thursday, September 10, 2015, to provide me with confirmation.

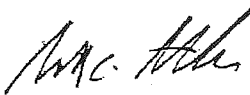
Based on the representations provided to the City Council on August 25, 2015, and earlier this week, the City is hereby requesting that Cathay Bank provide evidence of the PSA with Brooks Street by Tuesday, September 15, 2015. In order to maintain the momentum, we also ask that Cathay Bank, Brooks Street, and the Hoag Foundation provide the City evidence of a tri-party agreement permitting Brooks Street to proceed with development of the property by Friday, September 25, 2015 with application(s) for entitlements filed by October 9, 2015. The entitlement application(s) will require the signature of the Hoag Foundation as property owner.

Note that this letter is not intended to constitute an extension of time for compliance under the July 2, 2013, Notice and Order. The Notice and Order remains in full force and effect, and the City reserves the right to enforce it at any time. Provided the above timelines are met, however, the City will entertain entering into a tolling agreement pertaining to enforcement of the July 2, 2013, Notice and Order.

Lisa L. Kim, SVP, General Counsel and Secretary
Cathay Bank
September 11, 2015
Page 2

Please don't hesitate to contact me should you have any questions or concerns pertaining to this matter.

Sincerely,



Scott C. Stiles
City Manager

cc: Mayor and Members of the Garden Grove City Council
William B. Brinkdoe, Jr. (Counsel for Hoag Foundation)
Karl Hill, Interim Community Development Director
Erin Webb, Senior Planner
James H. Eggart, Assistant City Attorney

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Mayor & City Council Members From: Allan Roeder
Dept: Dept: City Manager
Subject: STATUS REPORT ON THE LOTUS Date: May 26, 2015
 PLAZA PROJECT (GALLERIA
 PROJECT), 10080 AND 10189
 GARDEN GROVE BOULEVARD

Background

At the regular City Council meeting of March 24, 2015, the City Council received an update on the progress involving Cathay Bank and the Hoag Foundation towards development of the subject property. Copies of the staff reports for that City Council presentation as well as the earlier City Council request to review options for the site are attached as background for you and members of the public.

At the conclusion of the presentation of March 24, 2015, the City Council requested that this subject be brought back on agenda in 60 days for an update. The City Council additionally requested a Closed Session for legal advisement as to options available to the City as they pertain to the current condition of 10080 and 10189 Garden Grove Boulevard. The Closed Session regarding legal options was subsequently held at the regular City Council meeting of April 14, 2015.

On May 19, 2015, representatives of the Hoag Foundation and City staff received a presentation and status update from Cathay Bank and its selected developer, Brooks Street (Lucas, Austin & Alexander LLC). As City Council will recall, representatives of Brooks Street addressed the City Council at your March 24th meeting regarding its experience & qualifications to undertake this project. At the presentation held on May 19, 2015, Brooks Street shared in more specific terms the status of its investigation of the site as well as the introduction of a new member of its team, LABHolding, Inc. Mr. Shaheen Sadeghi of LABHolding, Inc. provided an extensive overview of the commercial & open space concepts for the site. The concepts presented were generally well received by all parties with the recognition that considerably greater detail is needed. Brooks Street is working in concert with LABHolding, Inc. to prepare information for presentation to the City Council and the public at your May 26, 2015 meeting.

All parties are continuing to communicate and work collaboratively to create a project that will not only be successful but which the Garden Grove community can be proud of. Based on the presentation of May 19, 2015, we are at the stage where Brooks Street will begin meeting with City staff in an effort to document required

STATUS REPORT ON THE LOTUS PLAZA PROJECT (GALLERIA PROJECT), 10080 AND
10189 GARDEN GROVE BOULEVARD
May 26, 2015
Page 2

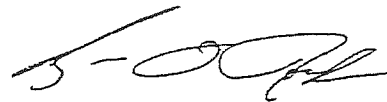
land use approvals and a timetable for formal submission. Representatives of the Hoag Foundation, Cathay Bank and Brooks Street will be in attendance at your meeting to address any questions the City Council may have regarding progress to date.



ALLAN ROEDER
Interim City Manager

Cc. City Attorney, Community Development Director

Approved for Agenda listing



Allan L. Roeder
Interim City Manager

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Mayor & City Council Members From: Allan Roeder
Dept: Dept: City Manager
Subject: STATUS REPORT ON THE LOTUS Date: March 24, 2015
 PLAZA PROJECT (GALLERIA
 PROJECT), 10080 AND 10189
 GARDEN GROVE BOULEVARD

BACKGROUND

At your regular meeting of February 24, 2015 at the request of Mayor Nguyen, the City Council received a report on the status of the existing building structure at the above, subject location. A copy of the staff report and written input from Cathay Bank and the Emlen W. Hoag Foundation were submitted to the City Council and the public at that meeting (please see attached Exhibit A).

Representatives of both the Hoag Foundation and Cathay Bank addressed the City Council and the community in terms of their respective efforts to move forward with a new project for the site. The attached materials provide a comprehensive summary of what was presented to the public in terms of what has transpired to date and some of the challenges remaining ahead. Following questions and deliberations by the City Council, it was requested that this matter be brought back to the City Council in 30 days for a status report as to progress made.

On Tuesday March 17, 2015, representatives of Cathay Bank, Board members and representatives of the Hoag Foundation and representatives from the City Attorney's Office, Development Services Department and City Manager's Department met to discuss the progress to date. Over the past 30 days, Cathay Bank advised that it has actively solicited proposals for the site. They indicate that they are down to a few finalists and expect to select the preferred developer within 2 weeks. As a demonstration of the level of effort taken over the past 30 days, a presentation was made (please see attached Exhibit B) by one of the finalists, Brooks Street (Lucas, Austin & Alexander LLC). It is important to bear in mind that this is not a specific proposal and any graphic representations, milestones and/or illustrative detail in Exhibit B is for purposes of expressing Brooks Street's experience in undertaking a project of this nature.

STATUS REPORT ON THE LOTUS PLAZA PROJECT (GALLERIA PROJECT), 10080 AND
10189 GARDEN GROVE BOULEVARD

March 24, 2015

Page 2

In summary, the meeting was valuable in terms of learning of the progress made over the past 30 days and keeping the lines of communication open between the Foundation, the City and Cathay Bank. It bears noting, however, that there are still significant concerns over the mixed use zoning for the site, the retail component, parking and related factors. The Foundation has commissioned a market analysis to assist in guiding its prospective deliberations and has agreed to share that analysis with the City.

Representatives of the Hoag Foundation and Cathay Bank will be in attendance at the City Council meeting to speak to their progress to date and to answer questions of the City Council.

A handwritten signature in black ink, appearing to read 'Allan Roeder', with a stylized, flowing script.

ALLAN ROEDER
Interim City Manager

Attachments:

- Exhibit A – Request to Review Options for Lotus Plaza Project/Galleria Project
- Exhibit B – Brooks Street Presentation

AGENDA ITEM NO. 9b

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Mayor & City Council Members	From:	Allan Roeder
Dept:		Dept:	City Manager
Subject:	REQUEST TO REVIEW OPTIONS FOR LOTUS PLAZA PROJECT/GALLERIA PROJECT LOCATED AT 10080 AND 10180 GARDEN GROVE BOULEVARD		
		Date:	February 24, 2015

Summary

At the regular City Council meeting of February 10, 2015, Mayor Nguyen requested that the above subject project be brought back before the City Council with a staff presentation as to options for removing the "steel skeleton" on the subject site. As the City Council is aware, this location has a significant history leading up to its current condition. To better put matters in perspective, staff has prepared the attached "Timeline for Emlen W. Hoag Foundation Project" for the benefit of the City Council and the public.

City staff had previously scheduled a meeting with representatives of the Hoag Foundation and Cathay Bank to discuss the status of the site. That meeting took place on February 13, 2015 and focused on many of the topics of interest to the City Council and the community. Overall it was a very candid conversation that concluded with an expression of interest by all parties to attempt to move matters forward. To that end, representatives of the Hoag Foundation and Cathay Bank are expected to be in attendance at your meeting of February 24, 2015 to address the City Council.

Staff will be prepared at your meeting to generally discuss options available to the City, the Hoag Foundation and Cathay Bank. Elimination of the structure as it currently exists may occur under a limited range of scenarios as generally noted in the following:

1. Construction of a project utilizing the existing structure that conforms to the existing General Plan and Zoning for the Site, subject to Planning Commission and/or City Council approval of a new Site Plan and other required land use entitlements.

REQUEST TO REVIEW OPTIONS FOR LOTUS PLAZA PROJECT/GALLERIA PROJECT
LOCATED AT 10080 AND 10180 GARDEN GROVE BOULEVARD
February 24, 2015
Page 2

2. Construct a project utilizing the existing structure that requires a General Plan, Zone Change, and/or Zoning Code amendments, subject to City Council approval of the necessary /desired General Plan and/or Zoning amendments and a new Site Plan and other required land use entitlements.
3. Full or partial demolition of the existing structure in conjunction with construction of an entirely different project on the Site, subject to Planning Commission and City Council approval of all required General Plan or Zoning amendments and required land use entitlements.
4. Full demolition of the existing structure prior to consideration and/or approval of a replacement project.

As I believe you will hear at your meeting, there are conflicting interests for the site due to market conditions, a desire to utilize what has already been invested in the site and the City's General Plan goals. At this point in time, it is unclear whether those competing interests can be reconciled and, if so, in what fashion, at what cost, and in what length of time?

Any options under discussion will need to take all of these factors into consideration.



ALLAN ROEDER
Interim City Manager

Attachment: Timeline for Emlen W. Hoag Foundation Project

Timeline for Emlen W. Hoag Foundation Project

At 10080 and 10180 Garden Grove Boulevard

Galleria Project 2004-2011

Lotus Plaza Project 2011 – 2014

- 2004 **REVIEW OF CONCEPTUAL PLANS.** Planning staff begins working on review of Design Development plans for the Galleria project with Architect Sungjun Yoo. By October 2004, regular meetings are occurring with Planning, Engineering, Building and Fire staff to review Galleria project and work on outstanding issues.
- May 6, 2005 **NEIGHBORHOOD MEETING** held at the Boys & Girls Club Gymnasium at 9680 Larson Street to discuss the Garden Grove Galleria mixed-use project.
- May 19, 2005 **PLANNING COMMISSION APPROVES SITE PLAN.** The Galleria project is presented to Planning Commission and a public hearing is held. Planning Commission votes 5 - 1 to adopt the Mitigated Negative Declaration and to approve the Site Plan and to recommend to City Council the approval of the General Plan Amendment, Mixed Use Planned Unit Development, and a Development Agreement. [SP-368-05, PUD-107-05, GPA-2-05(A)]
- June 28, 2005 **CITY COUNCIL MEETING.** The Galleria project is heard by City Council, a public hearing is held and all interested parties were given an opportunity to be heard and the proposal was given due and careful consideration.
- July 12, 2005 **CITY COUNCIL ADOPTS ORDINANCES APPROVING GPA, PUD, & DA.** The City Council adopts ordinances approving the Planned Unit Development (PUD-107-05) which changes the zoning designation from C-3 (Heavy Commercial) to Mixed Use PUD, approving the General Plan Amendment [GPA-2-05(A)] changing the land use designation from Heavy Commercial (HC) to Mixed Use (MU), and approving a Development Agreement for the Garden Grove Galleria, LLC.
- January 10, 2007 **PERMITS ISSUED.** The City issued Building Permits numbered 88685 through 88688 for the Galleria Project.
- July 20, 2009 **LAST INSPECTION.** The last building inspection by the City in relation to the Galleria project was conducted on July 20, 2009.

February 2010	GG GALLERIA LLC, FILES LAWSUIT. The Garden Grove Galleria, LLC, files a lawsuit against Cathay Bank.
March 22, 2010	GALLERIA DEVELOPER STOPS WORK. Garden Grove Galleria, LLC advises the City that they had temporarily stopped work on the Project, citing "the economic climate and funding from Cathay Bank".
March 23, 2010	CITY GRANTS FIRST BUILDING PERMIT EXTENSION. Garden Grove Galleria requests a 180-Day extension of the Building permits which is granted by the Building Department. (SUBSEQUENT EXTENSIONS were requested on September 13, 2010, March 7, 2011, August 5, 2011, and February 15, 2012. All these requests were granted by the Building Department.
September 2011	GG GALLERIA, LLC, TERMINATES LEASE AND ABANDONS PROJECT. The Hoag Foundation is served a Notice of Default and Right to Terminate Garden Grove Galleria's ground lease. Garden Grove Galleria, LLC, notifies the Hoag Foundation that it is abandoning the property and giving possession to the Hoag Foundation.
January 2012	NEW MIXED USE ZONING FOR PROPERTY. The City Council adopts an ordinance approving new Mixed Use Zones throughout the City. The subject property is rezoned to Garden Grove Mixed Use 1 (GGMU1) which allows for 42 residential units per acre with a mandatory commercial component of 0.3 FAR (Floor Area Ratio).
January 2012	REVISED PROJECT (Lotus Plaza) FROM NEW ARCHITECT AND DEVELOPER. A new architect and developer for the Hoag Foundation submits design development plans for a revised project. The developer, Tri-Millennium Homes, and their architect, Mahmoud Gharachedaghi, propose 144 residential units and 53,000 sq. ft. of commercial floor area.
February 22, 2012	FINAL NOTICE OF EXTENSION ISSUED BY BUILDING DEPARTMENT. The final notice of extension is issued by the City on February 15, 2015 for the Galleria project. The final notice specifies that Building Permits will expire on September 1, 2012, unless work on the Project recommences and inspections are requested by that date.
February 2012	MEETINGS BETWEEN CITY STAFF AND LOTUS PLAZA ARCHITECT AND DEVELOPER.
August 31, 2012	JURY VERDICT FOR GARDEN GROVE GALLERIA. Jury verdict in favor of Garden Grove Galleria, LLC, and against Cathay Bank. Jury awards GG Galleria the amount of its investment. The judgment is appealed.

September 1, 2012	BUILDING PERMITS EXPIRED.
July 2, 2013	NOTICE AND ORDER ISSUED BY CITY BUILDING OFFICIAL. Given the lack of construction activity, a Notice and Order was issued. The Notice and Order required that the Project site be boarded for future repair for a period not to exceed one year from the date of the Notice and Order, and that the Project be demolished in the event that construction on the Project did not recommence within the one-year period.
October 30, 2013	BOARD OF APPEALS MEETING – CATHAY BANK APPEAL IS DENIED. Cathay General Bankcorp, Inc. (Cathay Bank) appealed the July 2, 2013 Notice and Order. The Garden Grove Administrative Board of Appeals met on October 30, 2013, held and closed a public hearing, and adopted a Resolution to deny the appeal.
End of 2013 – 2014	ONGOING MEETINGS AND REVIEW OF LOTUS PLAZA PROJECT. Lotus Plaza project goes through process of committee technical review.
May 2014	MEETING WITH HOAG FOUNDATION BOARD AND ATTORNEY. Susan Emery and Erin Webb meet with members of the HOAG Foundation Board and their attorney, Bill Brinckloe.
July 2014	CITY AGREES TO GPA TO AMEND DU PER ACRE/NATIVE AMERICAN TRIBAL NOTIFICATIONS ARE SENT/DRAFT OF NEW INITIAL STUDY – MITIGATED NEGATIVE DECLARATION IS SUBMITTED/HOAG FOUNDATION AGREES TO 12-FOOT LOT LINE ADJUSTMENT. Through committee review process, City agrees to allow General Plan Amendment to change density from 42 du per acre to 50 du per acre (50 du is the density approved and being built at the Brookhurst Triangle also in the GGMU-1 zone). Because of GPA, notification is required to be sent to the Native American Tribal Council. Notices are sent and the representatives have 4 months to respond with an end date of November 17, 2014. This will delay the noticing for any public hearing.
September 2014	TECHNICAL REVIEW OF TRAFFIC TECHNICAL MEMO AND PROPOSED DROP-OFF.
October 29, 2014	LETTER FROM HOAG FOUNDATION ARCHITECT STATING LOTUS PLAZA IS NOT A VIABLE PROJECT. The architect states that the project is under parked based on his review of City requirements including the Housing Element and the commercial component is not viable. He states the project has little chance for success.
November 3, 2014	PHONE CONVERSATION WITH LOTUS PLAZA ARCHITECT ABOUT HOAG CONCERNS. HOAG Foundation is not in agreement with the 10% reduction in

parking provided by the zoning code. The architect is working to minimize this to a 4% reduction. Also, HOAG asked him to inquire if the City would allow a waiver from the required commercial FAR of .3; they would like the amount of commercial space reduced.

November 7, 2014	LETTER FROM CITY ATTORNEY EXTENDING NOTICE & ORDER DEADLINE TO 12/1/14.
November 24, 2014	LETTER FROM CATHAY BANK ATTORNEY THAT A DRAFT TRI-PARTY AGREEMENT HAD BEEN RECEIVED AND REQUESTING A 45-DAY EXTENSION OF THE 12/1/14 DEADLINE FOR THE NOTICE & ORDER.
January 9, 2015	LETTER FROM ATTORNEY FOR HOAG FOUNDATION THAT THE BOARD DISAPPROVED THE LOTUS PLAZA PROJECT.



CATHAY BANK

VIA EMAIL AND PERSONAL DELIVERY

February 20, 2015

Honorable Mayor Bao Nguyen
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Mayor Pro Tem Steve Jones
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Councilman Christopher Phan
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Councilman Phat Bui
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Councilman Kris Beard
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Mr. Allan L. Roeder
Interim City Mgr. – City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Ms. Erin Webb
Senior Planner
City of Garden Grove – Comm. Dev. Dept.
11222 Acacia Parkway
Garden Grove, CA 92840

James H. Eggart, Esq.
Thomas R. Nixon, Esq.
Woodruff Spradlin & Smart
555 Anton Blvd., Suite 1200
Costa Mesa, CA 92626

Re: 10800 and 10180 Garden Grove Boulevard, Garden Grove, CA (the "Property")

Dear Sirs and Madam,

Cathay Bank, the current lender on the leasehold interest of the Property, appreciates this opportunity to provide to the Garden Grove City Council and affiliated parties, a brief background and current status of the Property. As you are aware, the Emlen W. Hoag Foundation, a California non-profit corporation ("Hoag Foundation"), the fee owner of the Property, as Landlord and Garden Grove Galleria, LLC, a California limited liability company ("GGG"), as Tenant, entered into a Ground Lease dated March 18, 2004, as amended (the "Ground Lease"), pursuant to which Hoag Foundation leased to GGG the Property. Under the GGG Ground Lease, the original proposed project was to construct a mixed-use residential and retail development, containing sixty-six (66) condominiums and approximately one hundred thousand (100,000) square feet of retail floor area, which was commonly known as the "Garden Grove Galleria" (the "GGG Project").

On October 30, 2007, Cathay Bank, along with two other participant banks (with Cathay Bank as the lead bank), made a loan to GGG in the original principal amount of \$42,500,000.00 (the "Loan"). The Loan was made pursuant to a Construction Loan Agreement dated as of October 30, 2007 (the "Loan Agreement"). The Loan was secured by that certain Construction Deed of Trust dated as of October 30, 2007 (the "Deed of Trust") encumbering GGG's rights and interest under the GGG Ground Lease as security for the Loan and wherein GGG assigned to Cathay Bank all of the right, title and interest of GGG in and to all leases, rental agreements, tenant improvement, construction and reimbursements agreements involving or relating to the Property as security for the Loan.

In connection with the Loan, Hoag Foundation, Cathay Bank and GGG entered into a Ground Lease Consent, Estoppel Certificate and Agreement dated November 7, 2007 (the "Ground Lease Consent"). The Note, the Loan Agreement, the Deed of Trust, the Assignment of Leases, the Ground Lease Consent and any and all other agreements, documents or instruments entered into by GGG and Cathay Bank in connection with the Loan are collectively referred to as the "Loan Documents".

Thereafter, disputes arose between GGG and Cathay Bank over their respective rights and obligations pursuant to the Loan Documents, which culminated in the filing of a lawsuit in February 2010 by GGG against Cathay Bank in the Superior Court of the State of California in and for the County of Orange captioned *Garden Grove Galleria, LLC v. Cathay Bank, et al.* (Case No. 30-2010-00342212), as well as the filing of Cathay Bank's cross-complaint against GGG and the guarantors in April 2010 (the "Lawsuit"). On or about August 31, 2012, the jury issued a verdict on the complaint in favor of GGG and against Cathay Bank and awarded damages in favor of GGG in the sum of \$11,275,000.00. On or about January 14, 2013, the Court, in the cross-complaint, ruled against Cathay Bank, including its motion to be permitted to judicially foreclose under the Deed of Trust. Judgment was subsequently entered in the Lawsuit on February 24, 2014 ("Judgment"). Cathay Bank obtained a statutory appeal bond and filed an appeal of the Judgment in July 2014 in the Court of Appeal of the State of California, Fourth Appellate District, Division Three; Appeal No. G050395 (the "Appeal"), which is pending as of this writing. Cathay Bank's appellate brief was filed on November 6, 2014. GGG's respondent's appellate brief was filed on or about January 26, 2015. Cathay Bank's reply brief is due to be filed on or before March 19, 2015. Oral argument has not yet been set by the Court of Appeal.

On September 17, 2012, Hoag Foundation, in the manner provided in the GGG Ground Lease, served on GGG and Cathay Bank Three Day Notices to Cure or Quit. On October 9, 2012, Hoag Foundation and Cathay Bank entered into a Reinstatement and Cure Agreement (the "Cure Agreement"). In the Cure Agreement, Cathay Bank agreed, among others, to cure the monetary defaults of GGG pursuant to the GGG Ground Lease. In consideration for the covenants and agreements of Cathay Bank, in the Cure Agreement, Hoag Foundation agreed in the Cure Agreement to reinstate the GGG Ground Lease.

On July 2, 2013, the City of Garden Grove (the "City") served Hoag Foundation, Cathay Bank and GGG with written notice regarding the GGG Project contending, among other things,

that the partially completed improvements on the Property constitute blight, and the Property is unsafe and an attractive nuisance. As a result, the City gave Hoag Foundation, Cathay Bank and GGG one year to commence construction of the GGG Project or, if that did not occur, to commence the demolition and removal of the existing partially-completed improvements on the Property. The City subsequently extended the demolition deadline to August 16, 2014. Thereafter, Hoag Foundation received correspondence from the City to Hoag Foundation, upon which Cathay Bank and GGG were copied, dated November 7, 2014, directing the partially completed improvements on the Property be demolished if by December 1, 2014 a "complete application package for the necessary land use entitlements needed to facilitate recommencement of construction of the Project has not been submitted to the City ..." In a letter to the City from Cathay Bank dated November 24, 2014, Cathay Bank requested the City to grant a forty-five (45) day extension of the demolition deadline. The City has not yet responded to the extension request of Cathay Bank.

During this period of time, Cathay Bank sought a developer that might be acceptable to Hoag Foundation to complete the GGG Project, but taking into account that the real estate and economic environment had materially changed subsequent to the start of the GGG Project. With this in mind, Cathay Bank had numerous communications with Tri-Millennium Homes, Inc. ("TMH") about the nature of the GGG Project. TMH also had communications with Hoag Foundation concerning changes to the GGG Project.

Ultimately, Cathay Bank and TMH entered into a Purchase and Sale Agreement and Joint Escrow Instructions, dated April 16, 2014 (the "PSA"). In the PSA, Cathay Bank agreed to sell, and TMH agreed to purchase, certain assets, including the right to enter into a new ground lease with Hoag Foundation. In connection with the PSA, Cathay Bank and TMH requested Hoag Foundation to enter into a new ground lease of the Property with TMH, or an affiliate of TMH, as TMH proposed to construct a retail/apartment development on the Property to be known as "Garden Grove Lotus Plaza" (the "TMH Project").

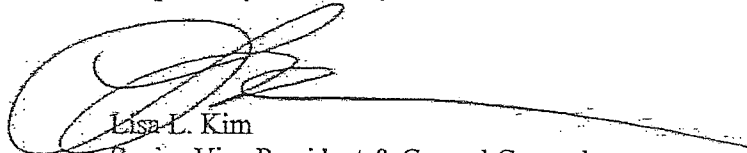
Thereafter, Hoag Foundation, Cathay Bank and TMH began negotiations of a Tri-Party Agreement ("TPA"), which, among other things, would grant TMH a new ground lease at closing of the PSA and TPA. However, prior to Hoag Foundation and the parties completing negotiations for the TPA, on or about December 18, 2014, Hoag Foundation voted to disapprove the TMH Project.

Since then, Cathay Bank has been and is actively working to identify other potential purchasers/developers of the GGG Project, with the cooperation of Hoag Foundation. Once this occurs, it is Cathay Bank's goal to enter into a purchase agreement with the buyer/developer, negotiate a tri-party agreement with such party and Hoag Foundation, and then consummate the transaction so that construction of the building on the Property can be completed. The prospective buyer/developer will need to entitle the Property for whatever project is ultimately agreed upon among the parties, including the City. Cathay Bank has to date received a letter of intent by an interested buyer/developer as well as received numerous inquiries from other mixed use developers and have been showing the site to numerous but capable developers. One of the challenging issues that the prospective developers have indicated to both Cathay Bank and Hoag

Foundation is the required retail component of the project. The City requires at least 40,000 square feet of retail space. Since the inception of the GGG Project and the current market trend for residential units, the mixed used/retail concept may pose certain challenges for all parties. Cathay Bank and Hoag Foundation are diligently pursuing the best feasible development project for the Property and will continue to work with each other and the City. In the next few months a buyer/developer will be selected by Cathay Bank and Hoag Foundation who we hope will be compatible with working with the City to obtain entitlements to complete the project. It is Cathay Bank and Hoag Foundation's goal to construct a building that the City of Garden Grove and the Hoag Foundation will be proud to have in its City for a very long time.

On behalf of Cathay Bank, we appreciate this opportunity to meet with the City and answer any questions you may have. You may also contact me at (626) 279-3297 or lisa.kim@cathaybank.com.

Respectfully submitted,



Lisa L. Kim
Senior Vice President & General Counsel
of Cathay Bank

cc: Mr. Bill Grant
Mr. Scott Weimer
William Brinckloe, Esq.
Mr. Heng W. Chen

THE EMLLEN W. HOAG FOUNDATION

**9860 Larson Avenue
Garden Grove, California 92844**

February 20, 2015

Mr. Allan L. Roeder
Interim City Manager
City Manager's Office
City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840

Re: Property Owned by The Emlen W. Hoag Foundation ("Hoag Foundation") and Located at 10080 & 10180 Garden Grove Boulevard, Garden Grove, California (the "Property")

Dear Mr. Roeder:

Hoag Foundation appreciates the efforts of the City of Garden Grove in establishing the meeting among the representatives of the City, Hoag Foundation and Cathay Bank on February 13, 2015. Hoag Foundation believes the meeting was very productive and informative.

In the meeting you advised the City Council requested the status of the Property and the partially constructed improvements thereon be addressed at the City Council meeting on February 24, 2015. The City Council instructed City staff to advise as to the options of the City. The purpose of this letter is to provide the City with the input of Hoag Foundation.

I. ABOUT HOAG FOUNDATION.

Hoag Foundation is a charitable foundation that was formed in 1951 for the benefit of the children of Garden Grove. The Board of Trustees for Hoag Foundation administers the operations of Hoag Foundation. The Board of Trustees are volunteers and members of the community.

Hoag Foundation owns approximately 11 acres of property. The property consists of 2 parcels, a 3-acre parcel on Garden Grove Boulevard, which is referred to as the Property in this letter. Hoag Foundation also owns an 8-acre parcel to the south of the Property, upon which the Boys & Girls Club of Garden Grove ("BGCGG") main facility is located. In addition, the 8-acre parcel contains KiwanisLand, an approximate 5-acre park, and the Lions Club building.

II. HISTORY OF THE PROPERTY.

Historically, Hoag Foundation ground leased the Property and used the rent to support the BGCGG. In 2003, Hoag Foundation entered into a 99-year Ground Lease of the Property with Garden Grove Galleria ("GGG"). Pursuant to the Ground Lease, GGG was to construct a mixed-use high-end retail and luxury residential project on the Property. The retail component consisted of a 2-story shopping center containing a total of 125,983 square feet. The residential component consisted of 66 condominiums.

Mr. Allan L. Roeder
Interim City Manager
City of Garden Grove
February 20, 2015
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In connection with the construction of the GGG project, GGG obtained a loan from Cathay Bank. In January 2010, Cathay Bank ceased funding the construction loan. When construction halted numerous lawsuits were filed and litigation ensued, which took approximately 4 years to resolve. Ultimately, GGG was awarded a judgment against Cathay Bank for approximately \$11,275,000. The GGG judgment is currently being appealed by Cathay Bank.

GGG maintains that it no longer has any leasehold or other interest in the Property and has "walked away" from the Property. Cathay Bank is endeavoring to locate a replacement developer to enter into a new ground lease with Hoag Foundation and complete the partially constructed improvements. Hoag Foundation is cooperating with Cathay Bank in connection with Cathay Bank's efforts to locate a replacement developer. However, Hoag Foundation has final approval over both any new ground lease of the Property and the proposed development.

III. OBJECTIVES OF HOAG FOUNDATION.

Hoag Foundation is willing to cooperate with both Cathay Bank and the City in an effort to have a project developed on the Property that benefits Hoag Foundation and the City on a long-term basis. Hoag Foundation recently disapproved a development proposal for the Property based upon concerns regarding whether parking would be sufficient and the resulting negative impact on the community.

Additionally, pursuant to the zoning requirements of the City, the developer was required to have a minimum of 40,000 square feet of commercial/retail space. Hoag Foundation had serious reservations as to whether the retail component would be successful due to, among other things, the fact that retail patrons would have to park in a parking garage.

Although the decision to disapprove the proposed project was difficult for the Board of Trustees, the Board concluded it was in the best long-term interest of both Hoag Foundation and the community for the project not to proceed. Hoag Foundation is aware the partially constructed improvements on the Property are an eyesore and detract from the community.

Hoag Foundation is also cognizant of the fact that the City issued a demolition Notice and Order on July 2, 2013. Pursuant to the Notice and Order, the partially constructed improvements were to be demolished by December 1, 2014. As the City is aware, both Hoag Foundation and Cathay Bank have requested a reasonable extension of the demolition deadline.

It is the position of Hoag Foundation, if a developer and development plan for the modification of the partially constructed improvements cannot be identified within a reasonable period of time, the improvements should be demolished. Hoag Foundation agrees with the strong sentiment and consensus in the City that either a project must move forward in an expeditious manner, or the partially constructed improvements should be demolished.

IV. CHALLENGES INVOLVING THE PROJECT.

In connection with Hoag Foundation's efforts to cooperate with Cathay Bank in locating a new developer, Hoag Foundation has met with various developer representatives. Additionally, Hoag Foundation has referred to Cathay Bank all developers and interested parties who have contacted Hoag Foundation.

Mr. Allan L. Roeder
Interim City Manager
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From the discussions with the various representatives of developers and interested parties, there are certain issues that have been identified, which constitute major hurdles to the completion of any project on the Property. As members of the community and in view of the significant cooperation of the City in the past, the Board of Trustees of Hoag Foundation believes it is appropriate to disclose to the City and its constituents issues of concern.

A. DESIGN CONSTRAINTS. One of the primary constraints faced by developers is how to adapt the existing improvements for a different development. The steel structure of the building has been erected, and the adjacent concrete parking garage is approximately 50% complete. As a result, it is difficult for any developer to adapt the existing improvements for a different use such as apartments and/or to add parking.

Hoag Foundation has also been advised the GGG project would not be constructed today. This is because land values in Garden Grove are not sufficiently high to justify the construction of a steel high-rise, mixed-use development building. Also, there is not sufficient demand for retail space, especially in a high-rise building with a parking garage, to support retail uses.

For example, Lennar Homes' A-Town project in the Platinum Triangle in the City of Anaheim was to contain 11 high-rises, including 2 mixed-use, residential and retail 35-story towers. Lennar Homes is in the process of significantly revising the A-Town development plan with the tallest buildings being 6-story residential. Furthermore, the office and retail components are to be significantly reduced.

Several other developers of projects in the Platinum Triangle have modified their development plans to remove or significantly reduce any office and/or retail component. It appears residential housing is in demand and the most expanding segment of the Orange County real estate market as compared to office and/or retail uses.

B. ZONING ISSUES. The overall consensus of the development community and the architectural consultant engaged by Hoag Foundation is that it will be extremely challenging for retail uses to be successful on the Property as part of a mixed-use development. This is because consumers in Orange County have consistently demonstrated an aversion to patronizing retail establishment where the consumer must park in a parking garage.

Examples of the foregoing are the Triangle Square project in Costa Mesa and the Kaleidoscope project in Mission Viejo. Upon opening, Triangle Square had many nationally-recognized retail tenants as well as a grocery store. Ultimately, all of the initial tenants ceased operations due to the fact that there was not sufficient patronage. The foregoing appears to be primarily attributable to the fact that consumers had to park in a parking garage.

As noted above, pursuant to the zoning ordinance of the City, the minimum required retail space is 40,000 square feet. Although the first floor could be developed with 40,000 square feet of retail, this would force consumers to park on the second floor or above, which is less than ideal. If the 40,000 square feet of retail is divided between the first and second floors, Hoag Foundation has been advised it is questionable whether either or both the first and second floor retail space would be successful.

Mr. Allan L. Roeder
Interim City Manager
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Hoag Foundation respectfully submits that the City might consider revisiting the mixed-use zoning ordinance of the City. This is because numerous developers have advised Hoag Foundation that retail space in the project will not be successful. Hoag Foundation believes that vacant retail space in the project would substantially detract from any residential component and be counterproductive to the intent of mixed-use zoning and the revitalization of Garden Grove Boulevard.

An Orange County residential apartment developer has advised Hoag Foundation it would be interested in adapting the partially constructed improvements for apartments, provided there is no requirement to construct retail/commercial space. However, even if the City approved the adaption of the partially constructed improvements for apartments only, there are other challenges that would have to be overcome, including parking and access issues.

Perhaps, a Commercial Market Analysis should be performed in an effort to ascertain the viability of any commercial/retail space in the project. It is the understanding of Hoag Foundation that, in connection with developers' requests for the modification of existing entitlements involving a reduction of the required retail/commercial space, other Orange County cities have required a Commercial Market Analysis to be performed.

C. CONSTRUCTION ISSUES. Several developers have advised Hoag Foundation it may be a challenge for a developer to locate a construction company and structural engineer who are willing to certify the construction of the improvements on the Property. This is because of the uncertainty created by the cessation of construction and/or as a result of having to adapt the partially constructed improvements. Additionally, the general contractor and structural engineer for GGG are no longer in business.

All of the entitlements and building permits for the GGG project have terminated. Thus, it will be necessary to obtain new entitlements and building permits for any proposed project. Additionally, all of the plans and specifications will have to be updated, as the Uniform Building Code has changed since the GGG project was initially approved.

Although there may have been millions of dollars spent on the partially constructed improvements, they may have no value (or a negative value, if the cost to demolish is more than the scrap value), unless a developer can adapt the improvements for a use that is acceptable to the City and Hoag Foundation. Additionally, any developer must ascertain whether the cost to complete construction of the improvements versus the ultimate value of and the projected return from the project upon completion will make economic sense.

V. REQUESTS/RECOMMENDATIONS OF HOAG FOUNDATION.

In the February 13 meeting with the City, Cathay Bank's representatives requested the City to grant an extension of the December 1, 2014 demolition Notice and Order deadline to December 31, 2015. Cathay Bank requested the extension to provide time for Cathay Bank to identify a developer and development plan that is acceptable to the City and Hoag Foundation.

You responded the City may be willing to agree to a reasonable extension of the demolition Notice and Order deadline. However, you noted, as a condition to any extension of the demolition Notice and Order deadline, the City may require Cathay Bank to enter into a written agreement with the City.

Mr. Allan L. Roeder
Interim City Manager
City of Garden Grove
February 20, 2015
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You suggested that in consideration for the City agreeing to an extension of the demolition Notice and Order deadline, Cathay Bank agree in writing to reasonable milestones and/or conditions that must be satisfied by a specified date. If the milestones and/or conditions are not satisfied by the date specified, Cathay Bank would consent and agree to the demolition of the partially constructed improvements. Furthermore, Cathay Bank would be required to post a bond with the City for the estimated demolition cost.

Hoag Foundation is completely supportive of your suggestion. Although Hoag Foundation is willing to cooperate with Cathay Bank, Hoag Foundation believes there must be a date by which either the project proceeds, or the partially completed improvements are demolished. Furthermore, in connection with any extension of the demolition deadline, Hoag Foundation is willing to enter into a written agreement with the City and Cathay Bank consenting to the demolition of the partially constructed improvements, if the benchmarks are not achieved.

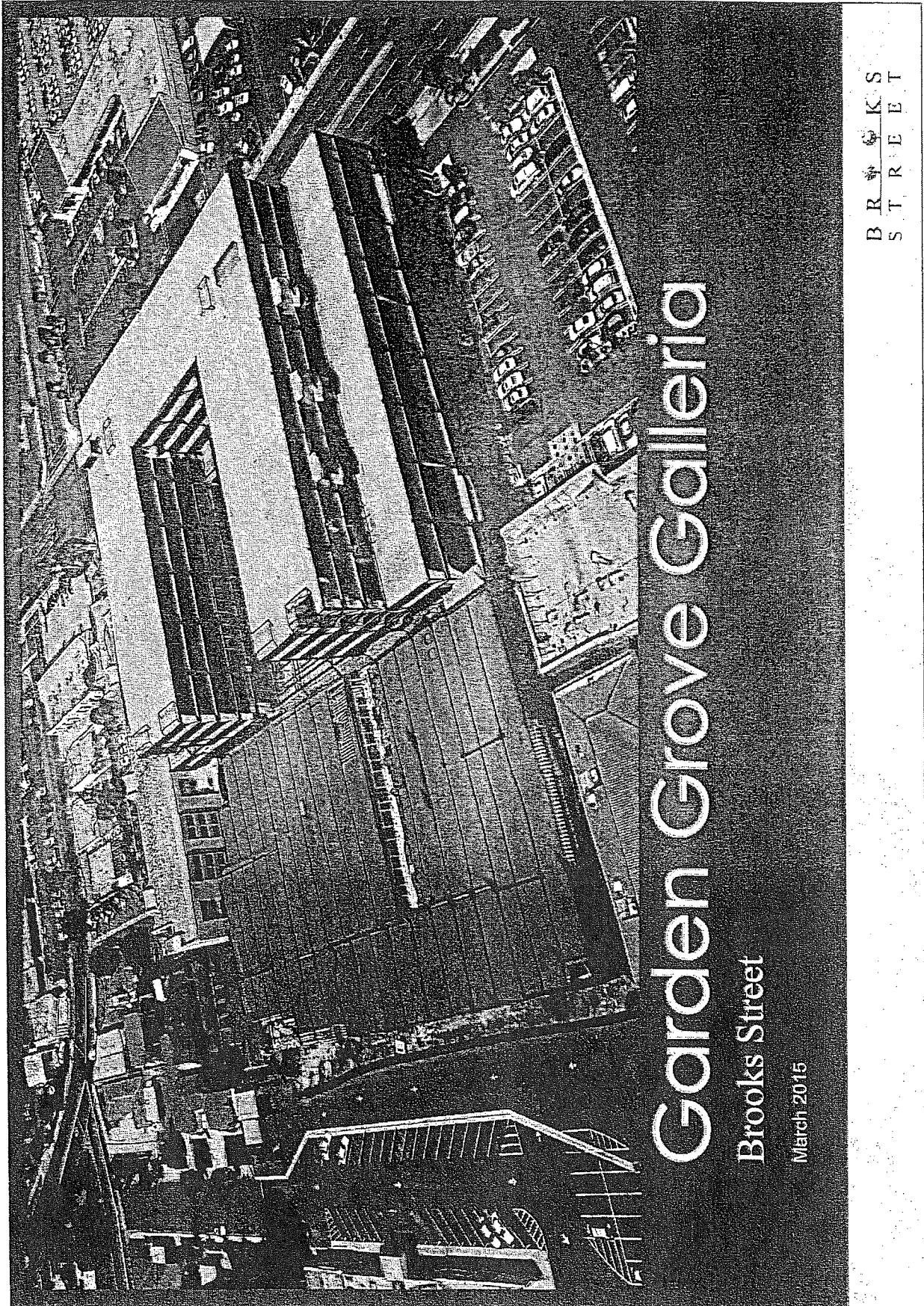
Hoag Foundation's representatives will be present at the City Council meeting on February 24, 2015, to answer any questions and provide any additional information requested by the City. Hoag Foundation appreciates the City's consideration of this letter.

Very truly yours,

William A. Grant, II /dp

William A. Grant, II
President
The Emlen W. Hoag Foundation

cc: Hoag Foundation Board of Trustees (via email)
Ms. Pat Halberstandt, The Boys & Girls Club of Garden Grove (via email)
William B. Brinckloe, Jr., Esq. (via email)
Ms. Erin Webb (via email)
Thomas F. Nixon, Esq. (via email)
James H. Eggart, Esq. (via email)
Mr. Heng W. Chen, Cathay Bank (via email)
Lisa L. Kim, Esq., Cathay Bank (via email)



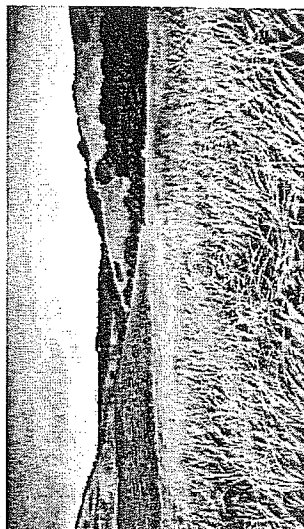
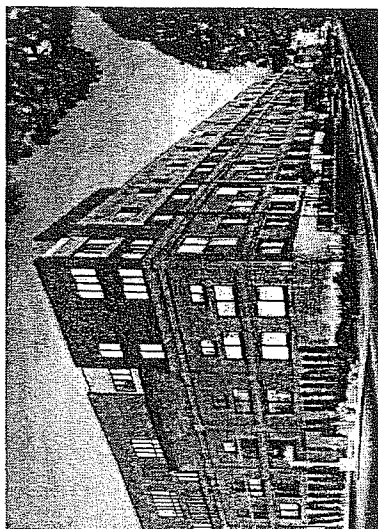
About Brooks Street

Who We Are

- Founded in 2002, Brooks Street is a fully-integrated real estate company with over \$1 billion of real estate under active management in California.
- The company manages a diverse range of projects, including homebuilding, urban infill, adaptive reuse, mixed-use, hospitality and master planned communities.

The Company

- Brooks Street's management team consists of experienced real estate professionals with a proven track record in acquisitions, entitlements, land development, and construction.
- The company employs approximately 40 associates with headquarters in Newport Beach and an office in Orinda, California.
- Brooks Street's development platform includes full accounting, human resources, sales, marketing, construction and customer service support with rigorous policies and procedures.



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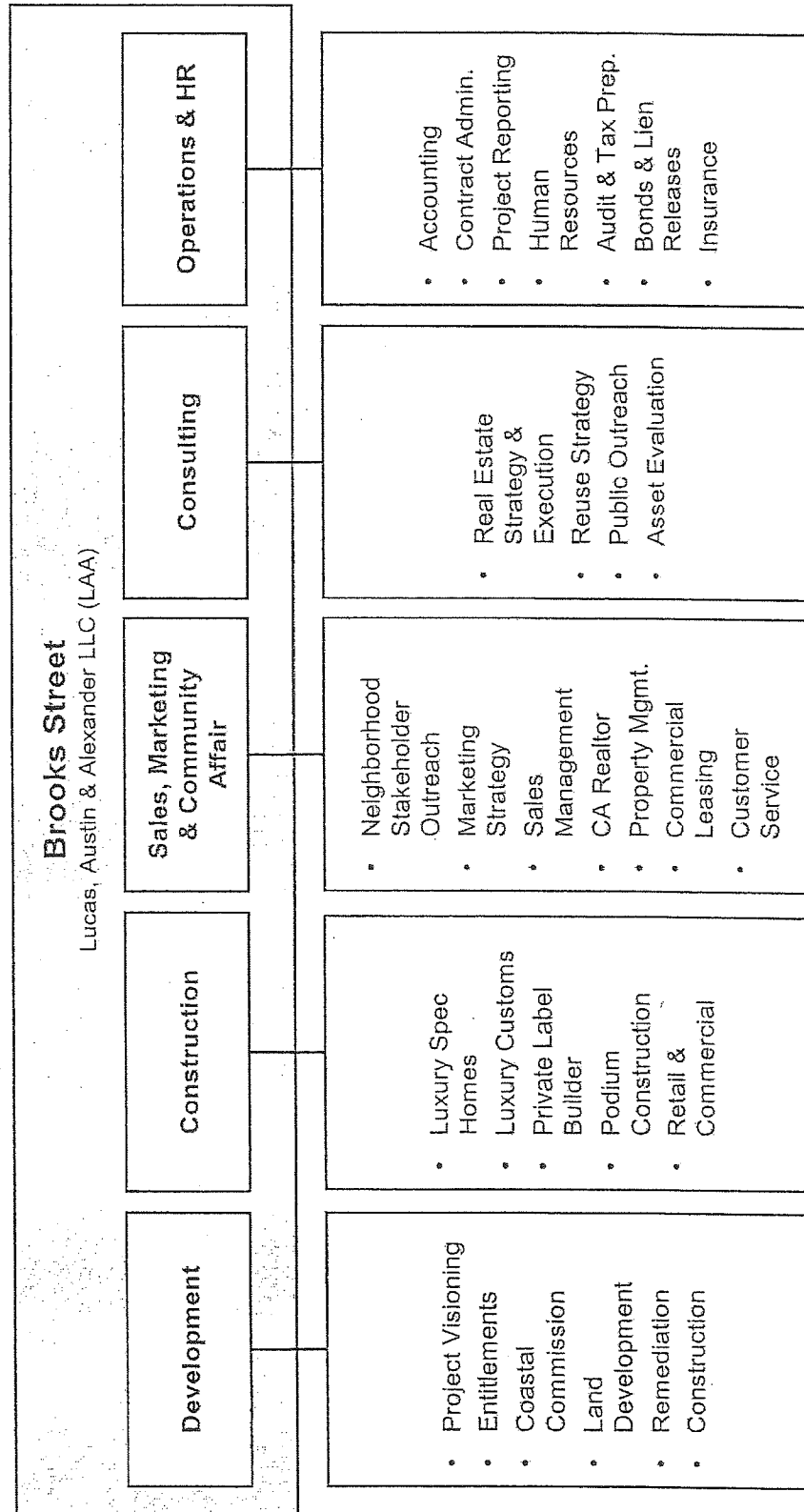
Our Principles for Success

1. Location: Brooks Street focuses on premier locations such as those near the coast and proximate to gateway employment, entertainment, shopping, and educational centers. Brooks Street has successfully managed projects through out the western United States.
2. Experience: The company's management team brings extensive operational expertise from former leadership positions with public and private companies, including Lennar, Lowe Enterprises, Pacific Bay Homes (a Ford Motor Company subsidiary), Shea Homes, Centex Homes, and CityView.
3. Partnerships: Brooks Street has successfully built long-term relationships with capital partners, financial institutions, public agencies and other project stakeholders which has resulted in many repeat deals. The reputations of both the company and individuals has always remained at the core of every deal, and Brooks Street prides itself on successfully demonstrating its commitment to honesty, transparency, and integrity.
4. Underwriting: Brooks Street utilizes a rigorous underwriting process that incorporates multiple disciplines, including detailed market analytics, risk assessments, and financial scenarios. Every deal is evaluated critically by a formal Investment Underwriting Committee that includes principals and key members of the management team.

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Company Organization



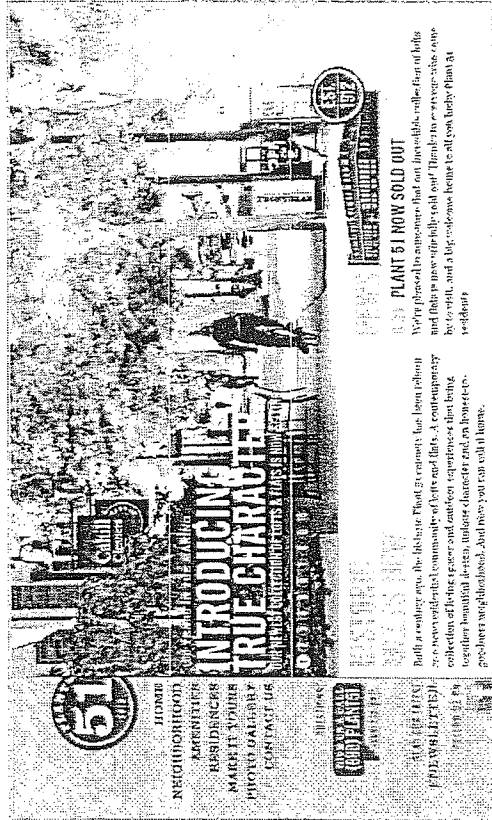
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PRECEDENT PROJECT – BACK FROM THE DEAD

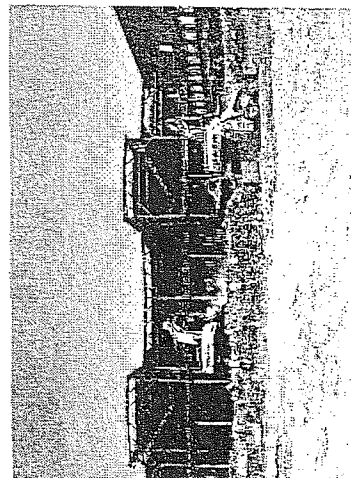
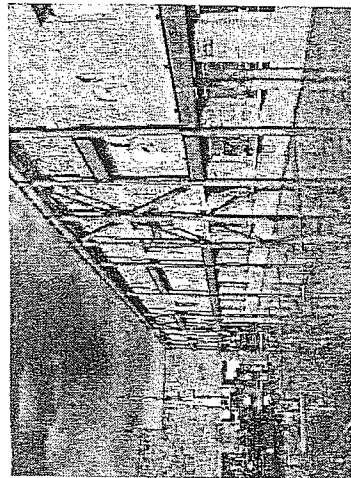
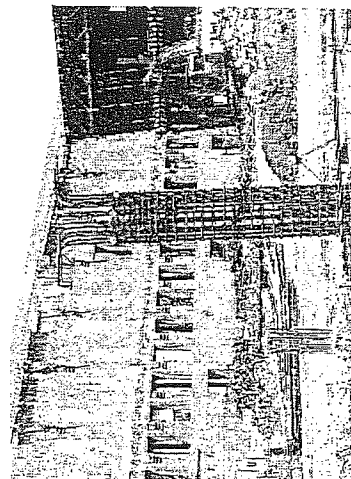
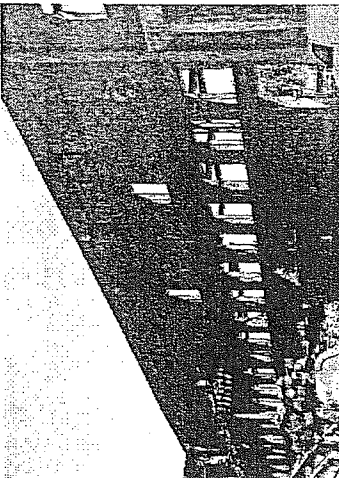
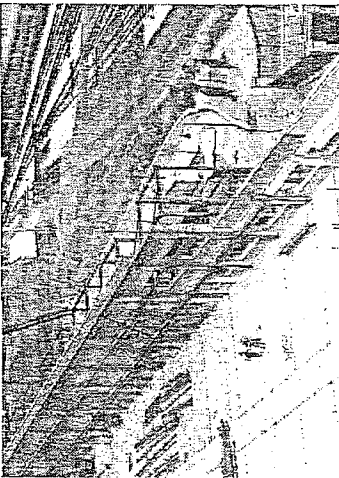
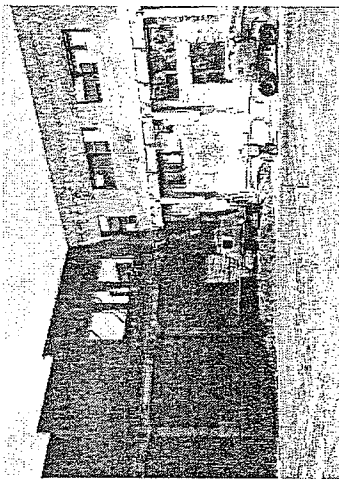
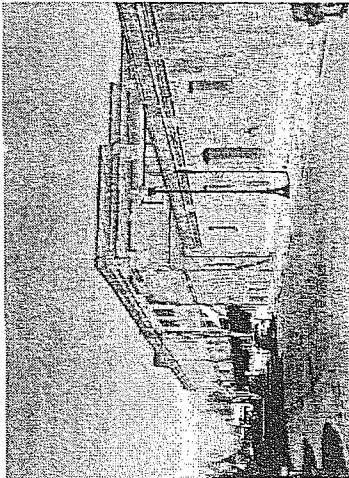
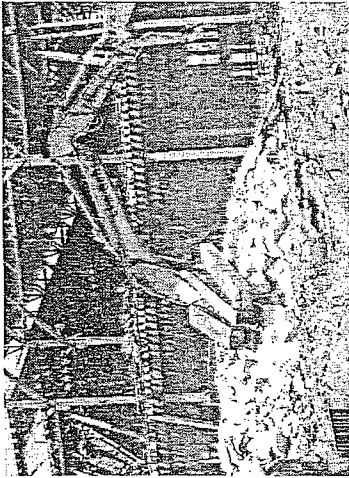
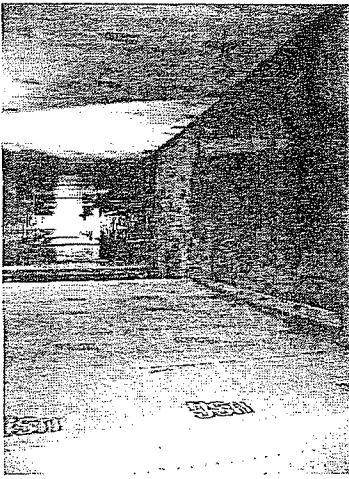
Plant 51 – San Jose, California

- Distressed asset from Centex Portfolio.
- Rehabilitation of old commercial building into residential.
- Project was partially demolished with some structural upgrades started but not completed. Brooks Street restarted project after 3 years of dormancy.
- Brooks Street took over the development and modified the plan to fit surrounding urban lifestyle.
- Urban lifestyle amenities
 - Yoga studio
 - Bike kitchen
 - Transit
- Best selling project in San Jose ('11)

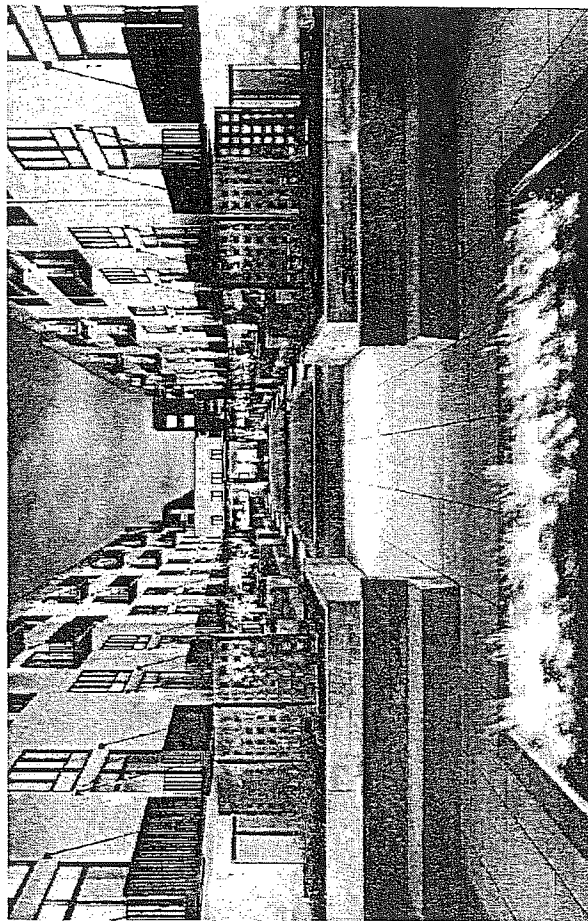
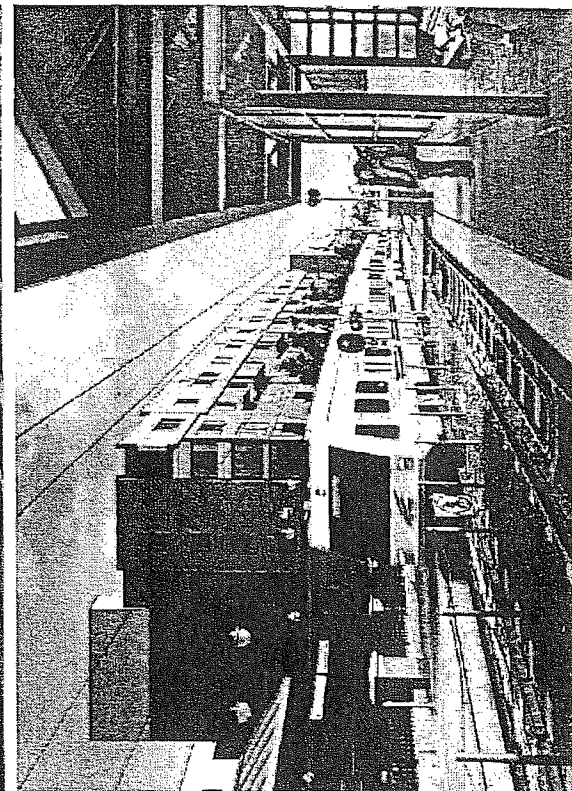
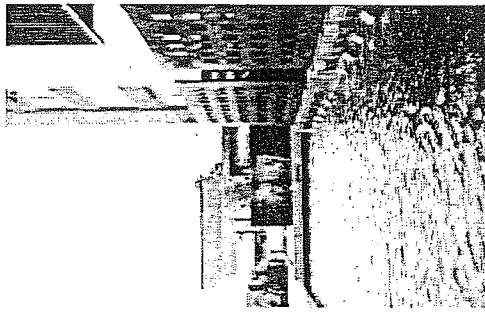
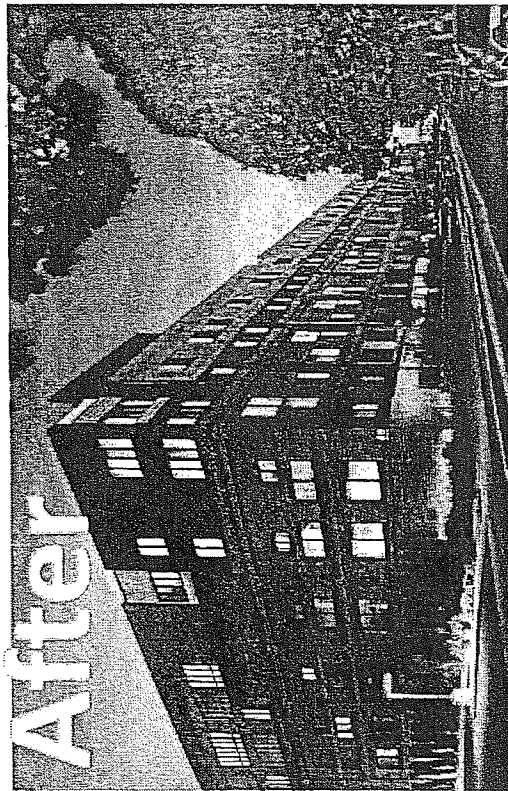


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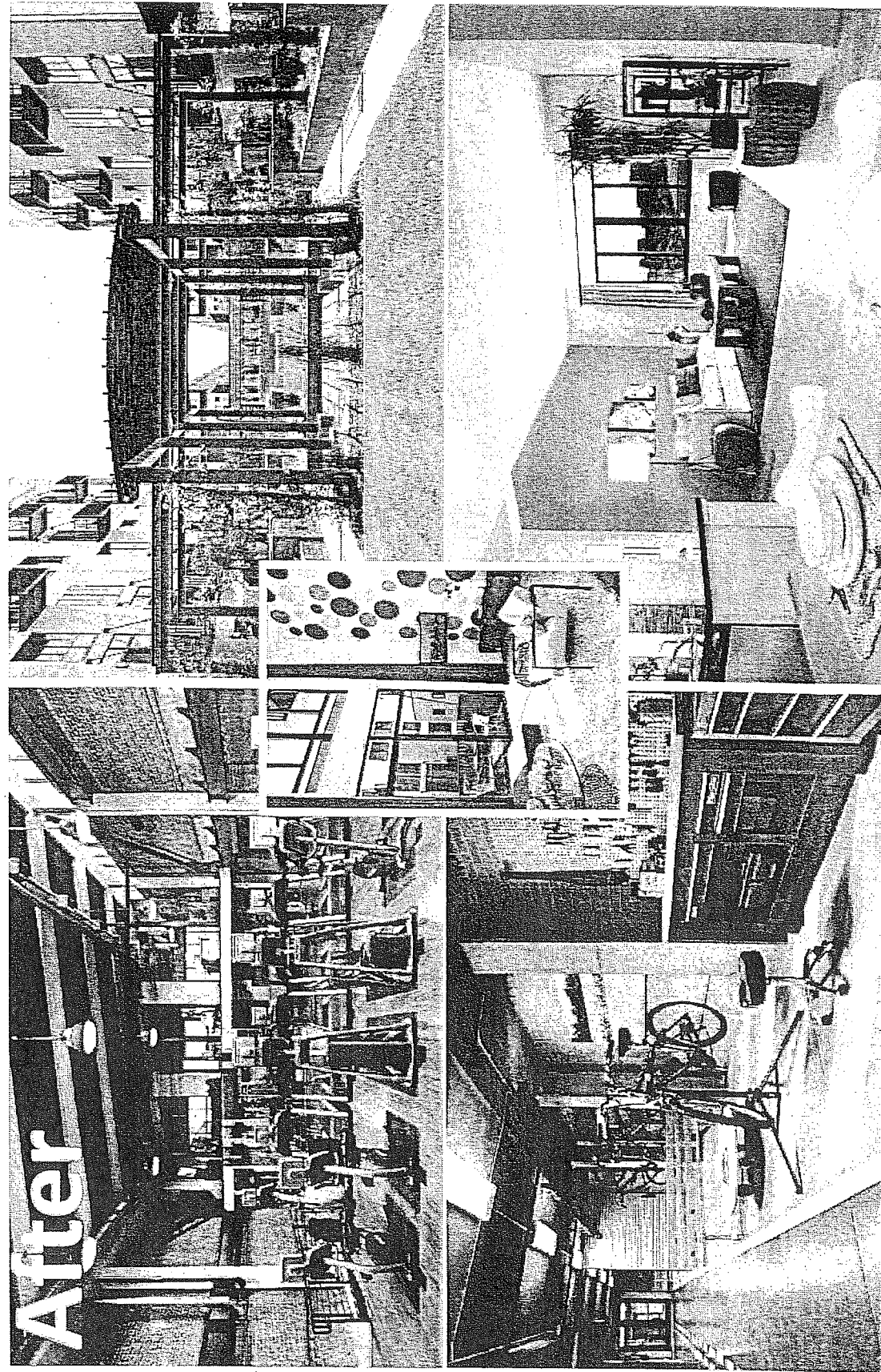
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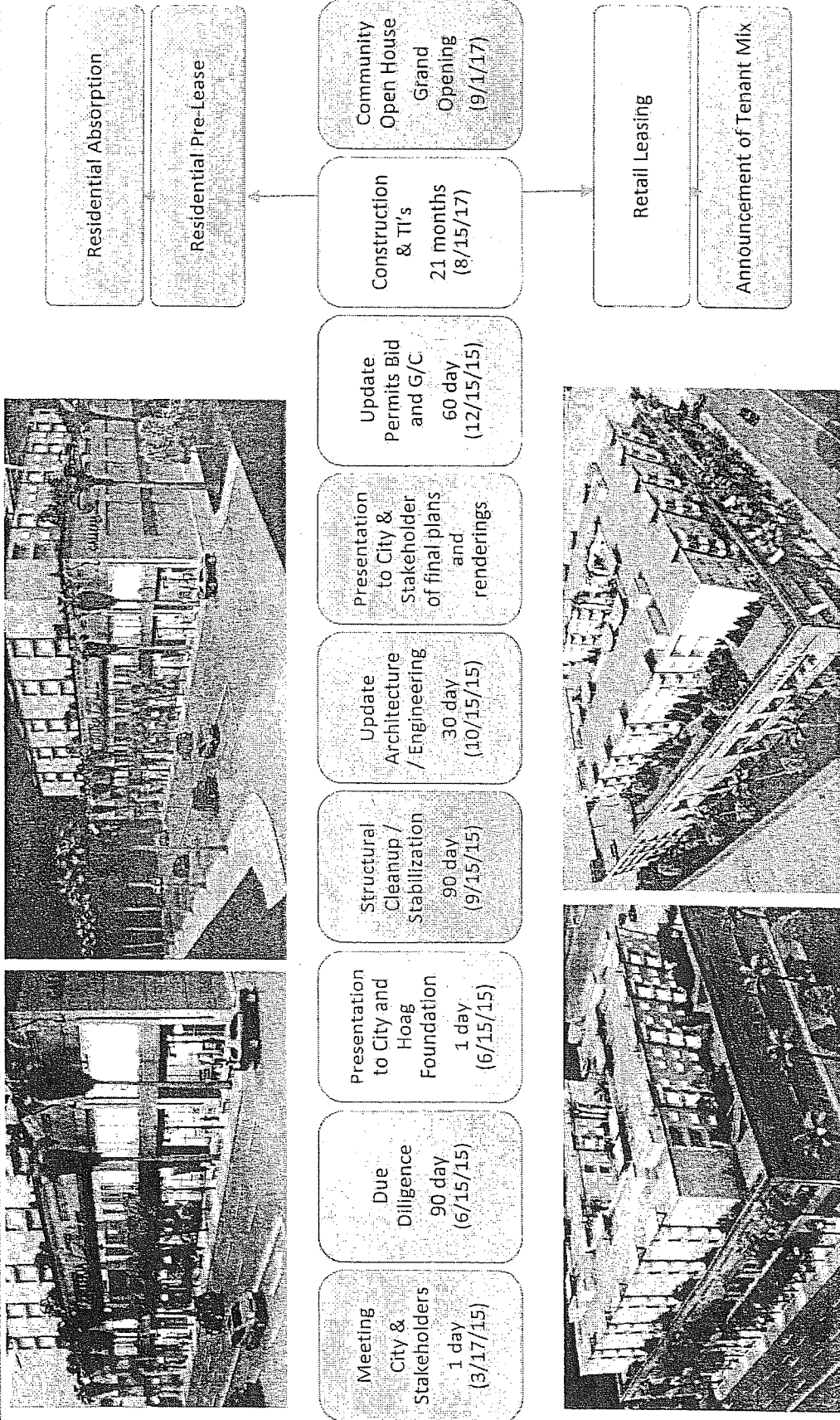


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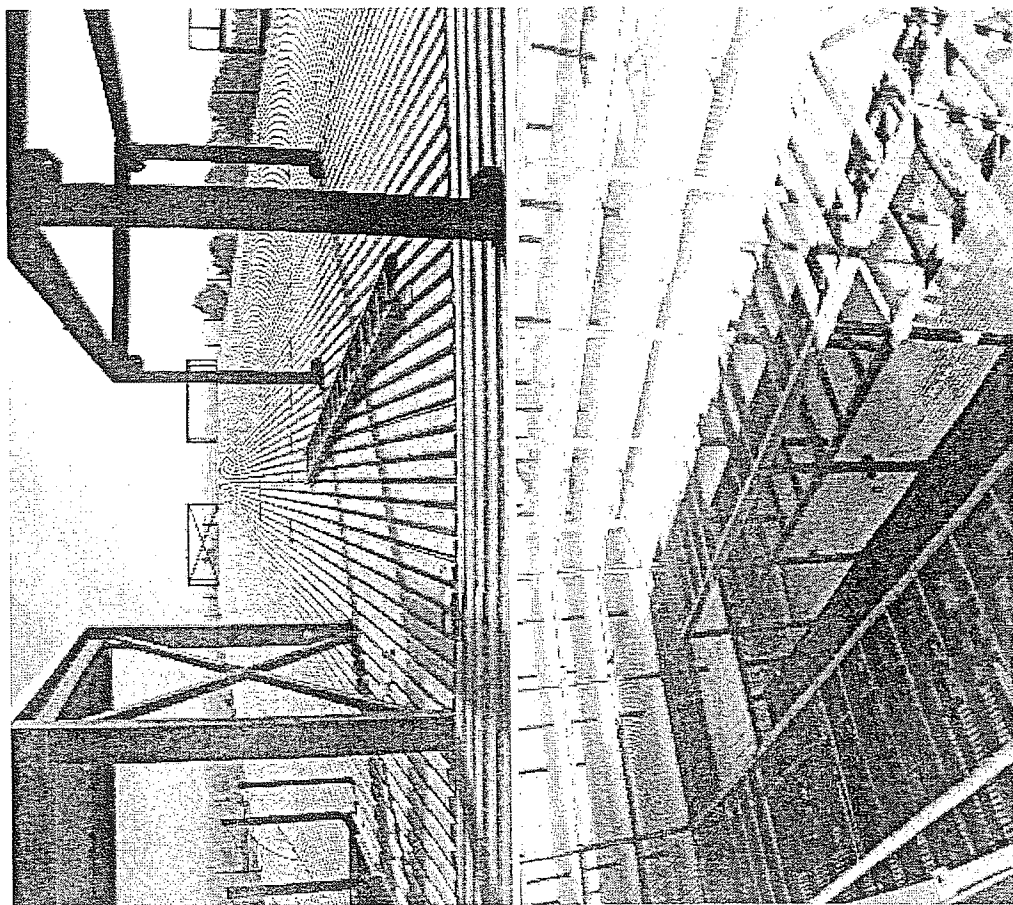
KEY MILESTONES – DRAFT



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DUE DILIGENCE CHECK LIST

- Plans and Construction Forensic Analysis
 - Structural Integrity
 - Plan 'as-built' Constructability Review
 - Construction Costs Analysis
- City Interface – Staff & Decision Makers
- Meet with Community Stakeholders
- Market Analysis
 - Residential
 - Retail
- Financial Analysis
 - Revenue
 - Costs
 - Cash Flow
- Legal Review
- Financial Structure
 - Bank Debt
 - Equity



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About Us

Principals & Management Team

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Scott Goldie

Managing Principal, Northern California Division

- 25+ years of experience in finance, entitlements and operations
- Former Northern California Division President of Pacific Bay Homes, LLC
- Former Principal of Northgate Environmental Management, Inc.
- BS from George Washington University, MBA from Kellogg

Chris Yelich

Managing Principal, Southern California Division

- 25+ years of experience in entitlements, operations, sales and marketing
- Former Orange County Division President of Pacific Bay Homes, LLC
- Award-winning master plan developer
- BA from University of California, Los Angeles

Neil Brandom

Managing Principal, Southern California Division

- 25+ years of real estate development, homebuilding and finance
- Managed large international infrastructure projects
- Luxury custom homebuilder and industrial developer
- BE from University of New South Wales, MBA from CSU Fullerton

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Rich Knowland

Principal, Southern California Division

- 25+ years of experience in homebuilding throughout the Southwest
- Former Managing Principal of Pacific Terra Holdings
- Former Division President and Regional Vice President for Lennar
- Proven track record in entitling, developing and selling large master planned communities

Chuck Dragicevich

Principal, Southern California Division

- 35+ years of experience in real estate development, financing, and operations
- Former Partner and EVP of CityView, a pension fund advisory firm
- Managed portfolio of 48 projects exceeding \$2B
- Former Division President of Lennar Homes

Michael Mohler

Chief Operating Officer, Southern California Division

- 35+ years of experience in resort, residential and mixed-use developments
- Managing Director of Newport Banning Ranch in coastal Newport Beach
- Extensive experience processing entitlements through the CA Coastal Commission
- Former Senior VP of Lowe Enterprises

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Bruce Yamamoto

Chief Investment Officer, Northern California Division

- 20+ years experience in real estate development and finance
- Formerly served as a Project Manager for Pacific Bay Homes
- Former Principal of North Lawn Ventures strategy consulting
- BS from UC Berkeley and MBA from The Anderson School at UCLA

Ken Jo

Vice President of Business Development, Southern California Division

- 20+ years experience in finance, acquisitions, construction, and sales
- Former Director of Real Estate Development for BETEK Corporation
- Former VP of Business Development for CalPac Engineering and Construction
- Former Asset Manager for Lennar Communities and Lennar Orange County Homebuilding

Mike Perry

Director of Sales, Northern California Division

- 25+ years in real estate sales and marketing and a California Licensed Real Estate Broker
- Former Director of Training for Centex and VP of Sales for the Northern California Division
- Former VP of Sales and Marketing for the Bay Area Region for John Laing Homes
- Former member of US Air Force

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Valerie Roos

Director of Sales & Marketing, Southern California Division

- 20+ years in homebuilding and a California licensed broker
- Former Division President for Lennar Homes
- Over 15 years VP of sales and marketing for Lennar homes and Lennar Urban
- Recently responsible for the sale out of Central Park West, Irvine, CA.

Brett Isaacman

Vice President of Operations, Southern California Division

- Extensive expertise in constructing multi-family and mixed-use developments
- Proven track record on projects with 20-300+ residential, 20k SF-300k SF retail and office, multi-level reinforced concrete garages, site development work, and offsite improvements
- Formerly headed up The Sun Group's legal department and handled all of their legal and governmental matters

Greg Brun

Senior Project Director, Northern California Division

- 30+ years in residential and commercial real estate
- Oversees the integration of redevelopment with remedial work for several of PG&E's Manufactured Gas Plant sites in Northern California
- Formerly operated his own real estate development, brokerage, and consulting firm with over \$152M in assets under management

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B R E T T
S T R E E T

Alice Lewis

Controller, Southern California Division

- 10+ years of real estate specific accounting experience
- Extensive operational expertise from working with publicly traded companies
- Focuses on audit/tax management, treasury, and corporate governance
- Manages accounting and reporting functions for Brooks Street

Peter Helfrich

Project Director, Southern California Division

- Successfully secured entitlement approvals for Timoteo, a 250-acre property in Beaumont, CA that is slated for a 2.9M sq ft distribution facility
- Active in business development and investor relations
- Former co-founder of telecommunications company Axcelerate, which was successfully sold to iPass

Rewdy Holstein

Project Director, Northern California Division

- Current project manager for Newport Banning Ranch, a 400-acre property in Newport Beach with a complex entitlement process
- Former Director at Developers Research, an Irvine-based real estate consulting group
- Former Audit Associate with KPMG
- Bachelor of Accounting from University of San Diego

CONFIDENTIAL

B R O O K S
S T R E E T

Contact Info

Brooks Street

Southern California Division

1300 Quail Street, Suite 100

Newport Beach, CA 92660

P: 949.833.0222

F: 949.833.1960

Managing Principals:

Chris Yelich (yelich@brooks-street.com)

Neil Brandom (brandom@brooks-street.com)

Rich Knowland (knowland@brooks-street.com)

Chuck Dragicevich (dragicevich@brooks-street.com)

Brooks Street

Northern California Division

101 Wilder Road

Orinda, CA 94563

P: 925.258.0084

F: 925.258.9975

Managing Principal:

Scott Goldie (goldie@brooks-street.com)

www.brooks-street.com

CONFIDENTIAL

B R O O K S
S T R E E T



CATHAY BANK

IN CONNECTION WITH
AGENDA ITEM NO. 7.b.

December 8, 2015

VIA EMAIL AND HAND DELIVERED

City Council
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Building Official
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Re: Demolition Order for 10080 and 10180 Garden Grove Boulevard ("Property"); Request for Extension of Time to Building Official and City Council at City Council Meeting of December 8, 2015 -- Agenda Item 7b;

Honorable Mayor Nguyen and City Council and Building Official for the City of Garden Grove:

I. Introduction

Cathay Bank made a loan ("Loan") to the Garden Grove Galleria, LLC ("GGG") in the original principal amount of \$42,500,000, which was evidenced by, among other things that certain Promissory Note ("Note") dated October 30, 2007, and secured, in part, by that certain Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing ("Deed of Trust") as well as by that certain Assignment of Leases ("Assignment").

Hoag Foundation, as "Landlord", and GGG as "Tenant", entered into that certain Ground Lease dated March 18, 2004, which was encumbered by the Deed of Trust to repay the Loan. In connection with the Loan, Hoag Foundation, Cathay Bank and GGG entered into that certain Ground Lease Consent, Estoppel Certificate and Agreement dated November 7, 2007 (the "Ground Lease Consent"). The Note, Deed of Trust, Assignment, Ground Lease Consent and other documents and instruments entered into in connection with the Loan (all as amended) are hereinafter referred to as the "Loan Documents."

II. Objection and Request to City Council and Building Official

Cathay Bank is appearing before you and submitting this letter to the City Council and the Building Official of the City of Garden Grove in Cathay Bank's capacity as a lender under the Loan Documents to:

- (1) inform you of its desire to preserve its collateral under the Loan Documents by objecting to any enforcement of the Demolition Order (defined below) until such time as Cathay Bank has an opportunity to enforce its rights under the Loan Documents and as otherwise permitted in law and equity by and against the Hoag Foundation; and
- (2) request that the Building Official reconsider the Demolition Order after proper notice to all parties, including Brooks Street (the current developer and purchaser of the Assets); and
- (3) request that the Building Official grant an extension of the time period for compliance with the Demolition Order from the original period under the Demolition Order to one (1) year from the date hereof as permitted in accordance with Section 110.1 of the International Property Maintenance Code adopted by the City.

The grounds for granting such requests are as set forth in the public records and herein as well as the information previously submitted to the City, orally and/or in writing, to the City Council and City Staff by Cathay Bank, Hoag Foundation and Brooks Street.

III. Grounds and Support for Request.

A. Necessity to Gain Legal Control.

As stated above, Cathay Bank is a lender with no direct control over the Property. Now that Hoag has suddenly without legitimate explanation terminated the finalization of a structure for the development of the Property, Cathay Bank needs to consider its legal rights to specifically enforce the understanding between parties, and enforce appropriate rights under the Loan Documents and all other potential claims pursuant to applicable law, all of which are expressly reserved.

B. Extension is Within Spirit of Code Provision.

The City is well aware of the work and substantial funds that Cathay Bank has undertaken to secure a new developer to proceed forward with the Project. In fact, pursuant to the binding understandings between parties, Cathay Bank had secured Tri-Millennium Homes, Inc. ("TMH") who worked closely with the City to develop a plan for redevelopment of the Property, but it was Hoag who unilaterally disapproved it as a developer and the project. According to Bill Brinckloe, attorney for Hoag, Hoag disapproved TMH as it was felt that the City and TMH were working together to create "Section 8 Housing".

Despite the setback with TMH, Cathay Bank has been working with Brooks Street and the "Lab" as the new developer. Brooks Streets and the Lab's qualifications and progress to date is set forth on Exhibit "A" and as set forth in a letter from Brooks Street of even date hereof.

The International Property Maintenance Code as adopted by the City is focused on “deteriorated or dilapidated or has become so out of repair as to be dangerous, unsafe, insanitary or otherwise unfit for human habitation or occupancy” or cessation of normal construction for two years. Here, there are no dangerous conditions and efforts are being made by Cathay Bank to recommence construction, but such efforts have now been stopped by Hoag, and Cathay Bank must consider and pursue other legal options. It is within the spirit if not the letter of the code that an extension should be granted due to circumstances beyond the control of Cathay Bank.

C. Harm of Demolition Justifies Extension.

Cathay Bank has a security interest in the improvements. It is estimated that in excess of \$20 Million were spent in hard and soft costs in constructing the improvements. If these unique property improvements are demolished, the value will be lost forever as the market and other conditions would not justify their reconstruction (See Brooks Street letter of even date hereof).

As a result, demolition of the improvements will cause *irreparable harm* to Cathay Bank as it will lose its secured property and suffer other intangible and long term harm.

Irreparable harm will also result to the City in (i) a long and expensive process in attempting to demolish the improvements, (ii) loss of tax revenues, (iii) loss of new housing units demanded for city and region, and (iv) loss of a project that is redeveloping the area.

D. Hoag Foundation Position Makes No Sense.

Hoag goes to great lengths to attempt to hide behind being a non-profit corporation. It says that continued expenditures would “not further the mission or programs services ...”, “proceeding further would be speculation as there is no guaranty [of] ... a replacement developer.”, and “[c]ontinuing to incur unreimbursed expenses would be a waste of the assets of Hoag Foundation, and ultimately result in exhausting the financial resources of Hoag Foundation.” See Annual Registration Renewal Fee Report of Hoag Foundation.

As the City has been told, Cathay Bank has (i) paid all rent, (ii) paid all security costs, (iii) paid all property taxes, including the December 10, 2015 payment, and (iii) paid in excess of \$1,000,000 in attorneys’ fees. Cathay Bank, as you know, has also offered to pay all current attorneys’ fees in the amount of \$556,973.37 representing the Foundation’s legal expenses for the period of June 1, 2014 to May 31, 2015. In addition, Cathay Bank offered to keep the Foundation’s legal fees current and pay its counsels on a rolling basis.

Common sense tells one that Hoag Foundation is heading down a path of speculation and uncertainty by supporting the demolition and not completing the transaction with Brooks Street and Cathay Bank after it has (i) has as we understand always leased the Property for revenue, (ii) is not out of pocket of any costs to date that could not have been reimbursed, and (iii) terminates negotiations after its attorneys had prepared documentation and structured the current transaction.

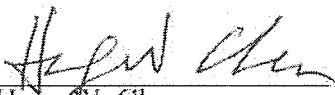
Hoag should not be rewarded by having the current improvements demolished by its conduct. Cathay Bank must be given the opportunity to correct this injustice for the benefit of Cathay Bank and the entire community of Garden Grove by a delay in the Demolition Order.

IV. Conclusion and Request

Enforcement of any Demolition Order will only result in great harm and a great delay in any type of redevelopment of the Property. Thus, Cathay Bank, in its capacity as a secured lender, respectfully request that the Demolition Order be either terminated or stayed for a period of one (1) year from the date hereof for the grounds set forth above.

Please note that Cathay Bank is reserving all of its rights and remedies at law and in equity and nothing herein is intended to limit or waive such rights and remedies.

CATHAY BANK, a
California banking corporation

By: 
Heng W. Chen,
Executive Vice President
and Chief Financial Officer

cc: Mr. Scott Stiles
Omar Sandoval, Esq.
Lisa L. Kim, Esq.
Jonathan Curtis, Esq.
Patrick McCalla, Esq.
Brooks Street

Exhibit "A"

Brooks Street's Qualifications and Work and Progress to Date

1. Binding Purchase Agreement. Brooks Street, as "Buyer", has entered into a binding Purchase and Sale Agreement and Joint Escrow Instructions dated September 16, 2015 (as amended, "Purchase Agreement") with Cathay Bank to purchase the "Assets" for the development of the Property.
2. Brooks Street Highly Qualified Developer. Brooks Street is a successful and highly respected developer who has turned around troubled projects and developed new and exciting projects that benefit (economically and otherwise) many cities and their citizens. Brooks Street is presently executing on over \$1.5 billion worth of real estate projects, including brownfield remediation, urban infill, adaptive reuse, mixed-use, and master planned communities.
3. Brooks Street Institutional Partners. Brooks Street is not a start up but is a well seasoned company with debt and equity relationships that include some of the most prominent and active institutions in the United States and Canada, including Cherokee Investment Partners, Farallon Capital Management, Walton Street Capital, Westbrook Partners and Hillwood (a Ross Perot company).
4. Unique and Desirable Project Never Objected to by Hoag. Brooks Street's "Project" for the Property is a mixed use residential and retail project with a sense of place where local business and citizens can thrive, all as presented in concept to the City (see Staff report) and Hoag. At NO time has Hoag expressed to Cathay Bank any negative comments as to Brooks Street as a company or its Project for the Property.
5. Equity Capital Committed to Project by Respected Capital Partner. We understand that Brooks Street has all equity capital to develop the Project.
6. Due Diligence Completed to Date and Limited Due Diligence Remains. Brooks Street has completed its basic due diligence for the Project, including market studies, but it was prevented from completing its remaining due diligence of the steel structure and parking structure by Hoag denying access to the Property months ago.
7. Agreements Entered into with Hoag. Brooks Street has entered into the following agreements with Hoag, as required or necessitated by the requirements of its counsel, Bill Brinckloe.
 - a. Access and Indemnity Agreement (now expired), and
 - b. Confidentiality and Non-Reliance Agreement (as amended).
8. Agreements Remaining to be Finalized Using Forms Generated by Hoag's Attorney. Cathay Bank and Brooks Street have reviewed and made comments or suggestions to

ALL of the following remaining draft agreements as originally drafted by Hoag's counsel, Bill Brinckloe, but neither has heard from Bill Brinckloe as to whether there are any outstanding questions or objections.

- a. Ground Lease, which includes as attachments:
 - Performance and Completion Guaranty,
 - Subordination, Non-Disturbance and Attornment Agreement,
 - Estoppel Certificate, and
 - Memorandum of Ground Lease.
 - b. Tri-Party Agreement, which includes as attachments:
 - Mutual Settlement and Release Agreement (prior owner, Garden Grove Galleria, LLC, who we understand has already signed the agreement),
 - Bill of Sale and Assignment of Tangible and Intangible Property,
 - Release of Memorandum of Ground Lease,
 - Acceptance of Responsibility (Demolition Order), and
 - Bill of Sale.
9. Financial Terms Confirmed. Cathay Bank and Brooks Street did not change the basic financial terms required by Hoag as expressed in the original ground lease or the "TMH" version or otherwise expressed by Bill Brinckloe.
10. Critical Information to Consider Regarding Any Demolition. Both Cathay Bank and Brooks Street are informed and believe based upon their analysis and market conditions of the following:
- a. it would be economically infeasible to rebuild the current steel structure and parking improvements if they were to be demolished,
 - b. demolishing such improvements would create irreparable injury as the use of the existing improvements is the highest and best use for the Property, and
 - c. demolishing such improvements will result in a termination of the current Purchase Agreement.
11. Time Frames for Project Development. Brooks Street estimates that the following time frames for development of the Project can be achieved, with construction commencing as early as 10 months from today:
- a. Complete remaining due diligence (primarily physical): 40 days or less.
 - b. Complete negotiation of remaining agreements, assuming a typical sophisticated party with desire to complete: 20 to 30 days.
 - c. Complete City entitlement application and related plans for City consideration: 60 days after due diligence and agreement of documentation.
 - d. Complete City entitlements: 4 – 6 months from date of submission of entitlements application to City.
 - e. Commence construction: 3 – 4 months from date of City approval of entitlements application.

RECEIVED
CITY OF GARDEN GROVE
CITY CLERK'S OFFICE

THE EMLLEN W. HOAG FOUNDATION

**9860 Larson Avenue
Garden Grove, California 92844**

2015 DEC -3 A 8:16

December 3, 2015

HAND DELIVERED

Mr. Scott C. Stiles
City Manager
City Clerk's Office
City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840

Re: Property Owned by The Emlen W. Hoag Foundation ("Hoag Foundation") and Located at 10080 & 10180 Garden Grove Boulevard, Garden Grove, California (the "Property")

Dear Mr. Stiles:

Enclosed is a City Clerk file-stamped copy of Hoag Foundation's correspondence to you dated November 20, 2015. Also, enclosed is an executed copy of the "Annual Registration Renewal Fee Report to Attorney General of California" of Hoag Foundation for 2014 and the Addendum thereto (the "Annual Report"). The Annual Report was enclosed with Hoag Foundation's November 20 correspondence, and was filed with the California Attorney General on November 23, 2015.

In the November 20 letter, Hoag Foundation informed the City of Hoag Foundation's decision that it is not in Hoag Foundation's best interest to continue to cooperate in connection with Cathay Bank's attempts to locate a replacement developer for the Property. At the November 24, 2015 City Council meeting, at the request of the City, Hoag Foundation agreed to reconsider the decision.

On December 1, 2015, Hoag Foundation held a Special Meeting of the Board of Trustees to reconsider the decision. The Board of Trustees considered the conditional offer made by Cathay Bank at the November 24 City Council meeting to reimburse a portion of the attorneys' fees and costs incurred by Hoag Foundation. However, as mentioned in the Annual Report, there are several other issues of concern to Hoag Foundation, in addition to the conditions Cathay Bank seeks to impose on the reimbursement of Hoag Foundation's attorneys' fees.

The primary issue of concern is the speculative nature of the "investment." In summary, Hoag Foundation is an Internal Revenue Code 501(c)(3) charitable foundation and a non-profit California corporation. Pursuant to California law, Hoag Foundation is prohibited from engaging in speculative investing.

It has been over five (5) years since construction ceased and any progress towards the resumption of construction has been negligible, at best. As of today, there has been no meeting of the minds as to even the key conceptual terms of any transaction.

In addition to Cathay Bank, to conclude any transaction Hoag Foundation would be required to negotiate with a developer and the developer's capital partner and/or lender. The members of the Board of Trustees of Hoag Foundation are unpaid volunteers and do not have any development experience. Additionally, Hoag Foundation does not have any staff or employees to supervise and manage a clearly complex transaction.

Mr. Scott C. Stiles
City Manager
December 3, 2015
Page 2

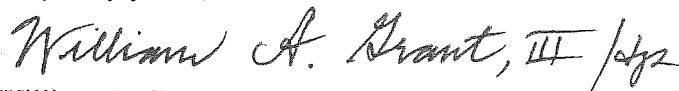
As fiduciaries, the Board of Trustees are obligated to make informed and prudent business decisions. To participate in such a complex transaction, Hoag Foundation is completely reliant upon attorneys and other experts, which is extremely costly. Also, the management and supervision duties that would be required for the Board of Trustees to oversee and protect Hoag Foundation's interests would unduly burden them as volunteers.

Thus, after considering all of the above, and based upon the advice of experts and other professional advisers, the Board of Trustees voted unanimously at the Special Meeting on December 1, 2015, not to reverse their prior unanimous decision. The Board of Trustees determined the potential benefit, if any, to be derived by Hoag Foundation is far outweighed by the potential detriment to Hoag Foundation by participating in any transaction with Cathay Bank.

As the City stated at the November 24 City Council meeting, issues involving any replacement developer for the Property is a private party matter. Hoag Foundation sincerely hopes the City respects and appreciates this difficult decision of the Board of Trustees.

Hoag Foundation requests this letter and the enclosures be filed and incorporated into the official record for the City Council meeting on Tuesday, December 8, 2015. For the information of the City, Hoag Foundation is concurrently providing this correspondence to Cathay Bank.

Very truly yours,

A handwritten signature in dark ink, reading "William A. Grant, III" followed by a stylized flourish.

William A. Grant, II
President

Enclosures

cc: California Attorney General (w/encls.)
Hoag Foundation Board of Trustees (w/encls.)(via email)
Ms. Pat Halberstadt, Boys & Girls Club of Garden Grove (w/encls.)(via email)
William B. Brinckloe, Jr., Esq. (w/encls.)(via email)
Thomas E. Gibbs, Esq. (w/encls.)(via email)

THE EMLLEN W. HOAG FOUNDATION
9860 Larson Avenue
Garden Grove, California 92844

November 20, 2015

2015 NOV 20 P 2: 28

HAND DELIVERED

Mr. Scott C. Stiles
City Manager
City Clerk's Office
City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840

Re: Property Owned by The Emlen W. Hoag Foundation ("Hoag Foundation") and Located at 10080 & 10180 Garden Grove Boulevard, Garden Grove, California (the "Property")

Dear Mr. Stiles:

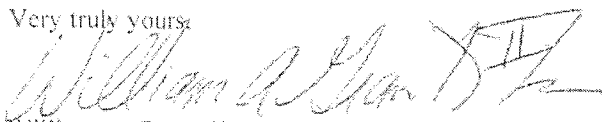
The City of Garden Grove requested Hoag Foundation provide the City with an update on the status of the efforts of Hoag Foundation to cooperate with Cathay Bank, in connection with Cathay Bank's attempt to locate a replacement developer for the Property. Enclosed for the information of the City is an executed copy of the "Annual Registration Renewal Fee Report to Attorney General of California" of Hoag Foundation for 2014 and the Addendum thereto (the "Annual Report").

The Annual Report is being filed by Hoag Foundation with the Attorney General and will be available for public viewing on the website of the Attorney General. Hoag Foundation also provided Cathay Bank with the Annual Report.

As discussed in the Addendum, the Board of Trustees of Hoag Foundation held a Special Meeting on November 12, 2015. For, among others, the reasons stated in the Addendum, the Board of Trustees determined it is not in Hoag Foundation's best interest to continue to cooperate in connection with Cathay Bank's attempts to locate a replacement developer for the Property. In view of the decision of the Board of Trustees, the City is advised Hoag Foundation will not be signing a Letter of Authorization granting Cathay Bank, or any other party, the right to submit to the City of Garden Grove Community Development Department for entitlements or development approval for the Property.

As the City is aware, Hoag Foundation is a tax-exempt charity and nonprofit corporation that benefits the Boys & Girls Club of Garden Grove. Hoag Foundation hopes the City respects the fact that the Board of Trustees of Hoag Foundation is obligated, pursuant to federal and California law, to make decisions that are in the best interest of Hoag Foundation and its charitable mission.

Very truly yours,


William A. Grant, II
President

Enclosure

cc: Hoag Foundation Board of Trustees (w/encl.)(via email)
Ms. Pat Halberstandt, Boys & Girls Club of Garden Grove (w/encl.)(via email)
William B. Brinckloe, Jr., Esq. (w/encl.)(via email)
Thomas E. Gibbs, Esq. (w/encl.)(via email)

MAIL TO:
Registry of Charitable Trusts
P.O. Box 903447
Sacramento, CA 94203-4470
Telephone: (916) 445-2021

WEB SITE ADDRESS:
<http://ag.ca.gov/charities/>

ANNUAL REGISTRATION RENEWAL FEE REPORT TO ATTORNEY GENERAL OF CALIFORNIA

Sections 12586 and 12587, California Government Code
11 Cal. Code Regs. sections 301-307, 311 and 312

Failure to submit this report annually no later than four months and fifteen days after the end of the organization's accounting period may result in the loss of tax exemption and the assessment of a minimum tax of \$800, plus interest, and/or fines or filing penalties as defined in Government Code section 12586.1. IRS extensions will be honored.



State Charity Registration Number <u>001249</u> The Emlien W. Hoag Foundation Name of Organization 9860 Larson Avenue Address (Number and Street) Garden Grove, California 92844 City or Town, State and ZIP Code	Check if: <input type="checkbox"/> Change of address <input type="checkbox"/> Amended report Corporate or Organization No. <u>D 0254444</u> Federal Employer I.D. No. <u>95-1890734</u>
---	---

ANNUAL REGISTRATION RENEWAL FEE SCHEDULE (11 Cal. Code Regs. sections 301-307, 311 and 312) Make Check Payable to Attorney General's Registry of Charitable Trusts

Gross Annual Revenue	Fee	Gross Annual Revenue	Fee	Gross Annual Revenue	Fee
Less than \$25,000	0	Between 100,001 and \$250,000	\$50	Between \$1,000,001 and \$10 million	\$150
Between \$25,000 and \$100,000	\$25	Between \$250,001 and \$1 million	\$75	Between \$10,000,001 and \$50 million	\$225
				Greater than \$50 million	\$300

PART A - ACTIVITIES

For your most recent full accounting period (beginning 01 / 01 / 2014 ending 12 / 31 / 2014) list:
 Gross annual revenue \$ 1,256,842.00 Total assets \$ 1,258,180.00

PART B - STATEMENTS REGARDING ORGANIZATION DURING THE PERIOD OF THIS REPORT

Note: If you answer "yes" to any of the questions below, you must attach a separate sheet providing an explanation and details for each "yes" response. Please review RRF-1 instructions for information required.

	Yes	No
1. During this reporting period, were there any contracts, loans, leases or other financial transactions between the organization and any officer, director or trustee thereof either directly or with an entity in which any such officer, director or trustee had any financial interest?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. During this reporting period, was there any theft, embezzlement, diversion or misuse of the organization's charitable property or funds?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. During this reporting period, did non-program expenditures exceed 50% of gross revenues? See the Addendum attached	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. During this reporting period, were any organization funds used to pay any penalty, fine or judgment? If you filed a Form 4720 with the Internal Revenue Service, attach a copy.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. During this reporting period, were the services of a commercial fundraiser or fundraising counsel for charitable purposes used? If "yes," provide an attachment listing the name, address, and telephone number of the service provider.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. During this reporting period, did the organization receive any governmental funding? If so, provide an attachment listing the name of the agency, mailing address, contact person, and telephone number.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7. During this reporting period, did the organization hold a raffle for charitable purposes? If "yes," provide an attachment indicating the number of raffles and the date(s) they occurred.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8. Does the organization conduct a vehicle donation program? If "yes," provide an attachment indicating whether the program is operated by the charity or whether the organization contracts with a commercial fundraiser for charitable purposes.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9. Did your organization have prepared an audited financial statement in accordance with generally accepted accounting principles for this reporting period?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Organization's area code and telephone number (714) 838 - 1704

Organization's e-mail address vets4pets@aol.com

I declare under penalty of perjury that I have examined this report, including accompanying documents, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of authorized officer

David P. Stewart

Printed Name

Treasurer

Title

11/20/15

Date

RRF-1 (3-05)

ADDENDUM TO THE EMLLEN W. HOAG FOUNDATION, A CALIFORNIA NONPROFIT CORPORATION, 2014 ANNUAL REGISTRATION RENEWAL FEE REPORT TO ATTORNEY GENERAL OF CALIFORNIA

I. BACKGROUND. Part B, Question #3 of the Annual Fee Report inquires, "During this reporting period, did non-program expenditures exceed 50% of gross revenues?" The instructions to Part B, Question #3 state, if the answer to Question #3 is "Yes":

"provide a signed statement listing the non-program expenditures and the reasons why they exceeded 50% of gross revenues. If you believe that non-program expenditures were reasonable, furnish a signed statement explaining the reasons why. If not, describe the steps the organization will take to lower non-program expenditures. Non-program expenditures are any expenditures that do not meet the definition of 'program services' set forth in the Internal Revenue Service Instructions for Form 990 and Form 990-EZ."

The Internal Revenue Service instructions to Form 990 define a program service as "an activity of an organization that accomplishes its exempt purposes." The 2014 Form 990 for THE EMLLEN W. HOAG FOUNDATION ("**Hoag Foundation**") provides Hoag Foundation's mission and program service is to provide "financial support for the Boys & Girls Club of Garden Grove."

II. 2014 NON-PROGRAM EXPENDITURES. As shown in Hoag Foundation's IRS Form 990 for 2014, Hoag Foundation's total revenues for 2014 were \$1,256,842.00. In 2014, Hoag Foundation was paid \$264,000.00 in rent pursuant to the Ground Lease of an approximate three-acre parcel of land owned by Hoag Foundation and located at 10080 & 10180 Garden Grove Boulevard, Garden Grove, California (the "**Property**"). The remaining revenues received by Hoag Foundation in 2014 were for the reimbursement of attorneys' fees and other costs and expenses incurred by Hoag Foundation and involving the Property.

In 2014, Hoag Foundation paid a total of \$321,239.92 in attorneys' fees to two (2) law firms that represented Hoag Foundation in connection with matters involving the Property. The attorneys' fees paid by Hoag Foundation exceeded fifty percent (50%) of the gross revenues of Hoag Foundation for 2014, excluding the amounts reimbursed to Hoag Foundation in 2014.

III. HISTORY OF HOAG FOUNDATION AND THE PROPERTY. Hoag Foundation is a California nonprofit corporation that was formed on May 29, 1951, "for general charitable and eleemosynary purposes ..." for the benefit of the Boys & Girls Club of Garden Grove ("**BGCGG**"). The Board of Trustees of Hoag Foundation manages and administers the operations of Hoag Foundation. The Board of Trustees are volunteers who receive no compensation and are members of the community.

Hoag Foundation also owns an eight-acre parcel of land that adjoins the Property to the south. The eight-acre parcel contains the BGCGG's main facility, KiwanisLand, which is an approximate five-acre park, and the Lions Club building (the "**Boys & Girls Club Parcel**"). Hoag Foundation leases the Boys & Girls Club Parcel to the BGCGG for \$1.00 per year.

Historically, Hoag Foundation ground leased the Property. The rent received by Hoag Foundation is used to support the BGCGG. Initially, the Property was ground leased by Hoag Foundation to a Chrysler dealership in the 1950's, which ground lease terminated in 2002.

In 2003, Hoag Foundation entered into the Ground Lease of the Property with Garden Grove Galleria ("GGG"). In the Ground Lease, GGG agreed to construct on the Property a mixed-use high-end retail and luxury residential project known as "Garden Grove Galleria." The retail component consisted of a two-story shopping center containing a total of 125,983 square feet. The residential component consisted of 66 condominiums.

In October 2007, GGG entered into a Construction Loan with Cathay Bank pursuant to which Cathay Bank agreed to lend GGG \$42.5 million to construct the project. In January 2010, after funding approximately \$19 million on the Construction Loan, Cathay Bank ceased funding the Construction Loan.

When Cathay Bank ceased funding the Construction Loan, construction halted and numerous mechanic's lien claims and lawsuits were filed and litigation ensued. GGG defaulted pursuant to the Ground Lease. GGG sued Cathay Bank, alleging Cathay Bank breached the Construction Loan. Cathay Bank filed counterclaims against GGG for breach of the Construction Loan, and to foreclose Cathay Bank's Deed of Trust that secured the Construction Loan and encumbered the Ground Lease.

In connection with the Construction Loan, Hoag Foundation, Cathay Bank and GGG entered into a Ground Lease Consent, Estoppel Certificate and Agreement on November 7, 2007 (the "**Consent**"). In the Consent, Hoag Foundation consented to the encumbrance of the Ground Lease by Cathay Bank's Deed of Trust. As more particularly provided in the Consent, Hoag Foundation is prevented from terminating the Ground Lease, while Cathay Bank is pursuing its foreclosure remedies for GGG's alleged breach of the Construction Loan.

In August 2012, a jury returned a verdict finding that GGG did not breach the Construction Loan and that Cathay Bank did breach the Construction Loan, and awarding GGG approximately \$11,275,000 in damages. The Court subsequently entered judgment on that verdict, and also for GGG and against Cathay Bank on Cathay Bank's foreclosure cause of action, which judgment Cathay Bank appealed. On November 6, 2015, the Court of Appeal for the State of California, Fourth Appellate District, Division Three, denied Cathay Bank's appeal and affirmed GGG's judgment against Cathay Bank, including on Cathay Bank's foreclosure cause of action.

Cathay Bank has until December 17, 2015, to file a Writ for Certiorari to the California Supreme Court appealing the decision of the Court of Appeal. It is not known whether Cathay Bank will seek review by the California Supreme Court.

In October 2012, Hoag Foundation and Cathay Bank entered into a Cure and Reinstatement Agreement (the "**Cure Agreement**"). Pursuant to the Cure Agreement, Cathay Bank agreed to resolve the mechanic's lien claims that encumbered the Property. Additionally, Cathay Bank agreed to pay delinquent property taxes owed on the Property to the Orange County Tax Collector/Assessor, the delinquent rent owed to Hoag Foundation and the attorneys' fees incurred by Hoag Foundation to October 2012.

In 2014, Hoag Foundation, without any obligation on the part of or liability to Hoag Foundation, cooperated with Cathay Bank's attempts to locate a developer to replace GGG. As part of the process, in October 2014, Cathay Bank reimbursed the attorneys' fees incurred by Hoag Foundation for the period of November 2012 through May 2014.

In December 2014, Cathay Bank proposed to Hoag Foundation a replacement developer for the Property. However, based upon the opinions of experts and the advice of consultants to Hoag Foundation, the Board of Trustees voted to unanimously disapprove the proposed development of the replacement developer.

In 2015, Hoag Foundation, once again, without any obligation on the part of or liability to Hoag Foundation, cooperated with Cathay Bank's renewed attempt to identify and obtain a replacement developer. In approximately February 2015, Cathay Bank proposed a second replacement developer to Hoag Foundation.

For the period of February through September 2015, Hoag Foundation cooperated with Cathay Bank and the proposed second replacement developer. Hoag Foundation's cooperation included attending several meetings with Cathay Bank, the proposed developer, and the City of Garden Grove. In addition, Hoag Foundation assisted in facilitating access to the Property by the proposed developer to perform due diligence.

On June 18, 2015, Hoag Foundation requested Cathay Bank to reimburse Hoag Foundation the attorneys' fees it incurred for the one-year period commencing as of June 1 2014, the date to which Cathay Bank last reimbursed Hoag Foundation's attorneys' fees, through May 31, 2015. In addition, Hoag Foundation requested Cathay Bank to reimburse the cost Hoag Foundation incurred to have a Retail Market Feasibility Analysis prepared on the Property. Cathay Bank was advised the Board of Trustees would not authorize Hoag Foundation's counsel to perform any further work in connection with the proposed replacement developer transaction, if Hoag Foundation was not reimbursed the attorneys' fees and costs by July 1, 2015.

Initially, Cathay Bank responded it would consider the reimbursement request and provide a response. Thereafter, Cathay Bank requested copies of the attorneys' fees invoices for which Hoag Foundation was requesting reimbursement. In August 2015, Hoag Foundation redacted any attorney-client privileged information and provided Cathay Bank with copies of all of the attorneys' fees invoices.

During the period of July through September 2015, Hoag Foundation continued to cooperate with Cathay Bank and the proposed replacement developer. This is because Cathay Bank continued to advise Hoag Foundation that Cathay Bank was evaluating the attorneys' fees and costs reimbursement request and would provide a response to Hoag Foundation. When it became reasonably apparent to the Board of Trustees that Cathay Bank would not reimburse the attorneys' fees and costs incurred by Hoag Foundation, the Board of Trustees held a Special Meeting on October 1, 2015.

At the October 1, 2015 Special Meeting, the Board of Trustees reviewed the mission statement of Hoag Foundation and the fiduciary duties and obligations of the Board of Trustees. The Board of Trustees directed transactional counsel to further advise the Board of Trustees on the propriety of Hoag Foundation continuing to incur unreimbursed fees and costs in attempting to cooperate with Cathay Bank. Also, the Board of Trustees instructed legal counsel not to perform any further work in connection with any transaction with Cathay Bank, unless required to protect the interests of Hoag Foundation.

On November 12, 2015, the Board of Trustees held a second Special Meeting. At the Special Meeting, transactional counsel summarized California and federal law that applies to nonprofit corporations. Additionally, the Board of Trustees was advised as to the provisions of the California

Corporation Code governing assets, such as the Property, held for investment by nonprofit corporations.

The Board of Trustees was provided with a summary of their fiduciary obligations pursuant to California law. The Board of Trustees was also provided with the California Attorney General's Guide for Charities and the Internal Revenue Service publication Governance and Related Topics - 501(c)(3) Organizations (the "Publication").

IV. LAWS GOVERNING CALIFORNIA TAX-EXEMPT NONPROFIT CORPORATIONS.

Hoag Foundation is an Internal Revenue Code 501(c)(3) tax-exempt nonprofit corporation. To maintain its qualification as a tax-exempt organization pursuant to the Internal Revenue Code, Hoag Foundation is prohibited from expending funds that do not further its program services. In the Publication, the IRS concludes "[b]y making full and accurate information about its mission, activities, finance, and governance publicly available, a charity encourages transparency and accountability to its constituents."

Since the Property is owned by a nonprofit corporation and is held for investment, Hoag Foundation must comply with the requirements of Corporations Code Section 5240. Section 5240(b) provides that a nonprofit corporation, when investing assets held for investment must:

"(1) Avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the corporation's capital.

(2) Comply with additional standards, if any, imposed by the articles, bylaws or express terms of an instrument or agreement pursuant to which the assets were contributed to the corporation."

Section 5240(d) provides directors of a corporation, in carrying out their duties pursuant to Section 5240, may rely upon the advice of consultants and third parties, as provided in Section 5231(b) of the California Corporations Code.

Section 5231(a) addresses the duties of a director of a nonprofit corporation and provides a director shall perform its duties "in good faith, in a manner that director believes to be in the best interests of the corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances." Section 5231(c) provides, in part, a director who performs its duties in accordance with the requirements of Section 5231 "shall have no liability based upon any alleged failure to discharge the person's obligations as a director"

V. DECISIONS OF THE BOARD OF TRUSTEES. At the Special Meeting on November 12, 2015, the Board of Trustees discussed and considered the legal obligations of Hoag Foundation and the Board of Trustees under federal and California law. The Board of Trustees voted unanimously, for several reasons, that it would not be reasonable and/or in the best interest of Hoag Foundation, for Hoag Foundation to continue to attempt to cooperate with Cathay Bank in locating a replacement developer.

The reasons include:

- Continued expenditures by Hoag Foundation would not further the mission or program services of Hoag Foundation.

- Hoag Foundation has no obligation and/or duty to cooperate with Cathay Bank in connection with any attempts by Cathay Bank to locate a replacement developer.
- Proceeding any further would constitute speculation by Hoag Foundation, as there is no guarantee Cathay Bank will consummate any transaction with a replacement developer.
- Continuing to incur unreimbursed expenses could constitute a waste of the assets of Hoag Foundation, and ultimately result in exhausting the financial resources of Hoag Foundation.

VI. CONCLUSION. As noted above, the instructions to Part B, Question #3 state, if non-program expenditures exceed fifty percent (50%) of gross revenues, explain why the organization believes the expenditures were reasonable. Hoag Foundation believes the amounts expended, in an attempt to cooperate with Cathay Bank were reasonable, as Hoag Foundation determined a completed project would benefit the community and assure the long-term payment of the rent to Hoag Foundation pursuant to the Ground Lease.

However, after two (2) years of attempting to cooperate with Cathay Bank and incurring significant unreimbursed fees and costs, the Board of Trustees determined it is no longer appropriate or in the best interest of Hoag Foundation for Hoag Foundation to continue to attempt to cooperate with Cathay Bank in locating a replacement developer. As a result, Hoag Foundation has taken the steps required to eliminate the non-program related expenditures by ceasing to incur fees and costs in attempts to cooperate with Cathay Bank.

Hoag Foundation intends to evaluate its legal rights and remedies in view of the existing situation.

IN WITNESS WHEREOF, the duly authorized representatives of Hoag Foundation have executed this Addendum on November 20, 2015.

HOAG FOUNDATION

THE EMLLEN W. HOAG FOUNDATION, a
California nonprofit corporation

By: William A. Grant, II
William A. Grant, II
President

By: David P. Stewart
David P. Stewart
Treasurer

B R O O K S
S T R E E T

December 8, 2015

Via Email and Hand Delivered

City Council
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

Re: City Council Meeting of December 8, 2015; Agenda Item 7b; 10080 and 10180
Garden Grove Boulevard; Property Previously Known as Garden Grove Galleria

Honorable Mayor Nguyen and City Council:

A Joint Venture of Brooks Street and the Lab Holdings has been selected as developer of the 10080 and 10180 Garden Grove Boulevard property ("Property"), which was previously known as the Garden Grove Galleria project. Unfortunately, due to the very unusual legal circumstances between Hoag and Cathay Bank, we have been unable to meet with Hoag to finalize a mutually acceptable land lease which will enable us to move forward with the project. Consequently, we are unable to be present at tonight's hearing but do want to share our commitment and willingness to move the project forward should Hoag decide to pursue a development solution.

Over the past year, we have worked with City staff, Cathay and our development team to develop a new vision for the property that will create an iconic mixed use development that will provide long term lease income to the Hoag Foundation, new property tax, sales tax and jobs for Garden Grove and which will be identified as one of the only truly vertically integrated mixed use developments in Orange County. Our plans for the property have been very well received by City staff, Hoag and Cathay and they are market and financially feasible. During your deliberations tonight, please consider the following:

1. Binding Purchase Agreement. Brooks Street, as "Buyer", has entered into a binding Purchase and Sale Agreement and Joint Escrow Instructions dated September 16, 2015 (as amended, "Purchase Agreement") with Cathay Bank to purchase the "Assets" for the development of the Property.
2. Brooks Street and Lab Holdings as Qualified Developer. Brooks Street and Lab

Holdings are both successful and highly respected developers who have turned around troubled projects and developed new and exciting projects that benefit (economically and otherwise) many cities and their citizens. Brooks Street is presently executing on over \$1.5 billion worth of real estate projects, including brownfield remediation, urban infill, adaptive reuse, mixed-use, and master planned communities. Lab Holdings owns and operates a number of highly successful and unique retail and entertainment projects throughout Orange County.

3. Financial Capabilities. Brooks Street is a well seasoned company with debt and equity relationships that include some of the most prominent and active institutions in the United States and Canada, including Cherokee Investment Partners, Farallon Capital Management, Walton Street Capital, Westbrook Partners and Hillwood (a Ross Perot company). For thirty years, Lab Holdings has owned and operated a number of retail centers in Orange County including the Lab, the Camp and the Anaheim Packing House, among others.
4. Unique and Desirable Project Never Objected to by Hoag. The proposed "Project" for the Property is a mixed use residential and retail project with a sense of place where local business and citizens can thrive, all as presented in concept to the City (see Staff report) and Hoag. At NO time has Hoag expressed to Brooks Street/Lab any negative comments as to the company or its Project for the Property.
5. Equity Capital Committed to Project by Respected Capital Partner. Brooks Street/Lab have all the required equity capital to develop the Project. Brooks Street's/Lab capital partner is Hillwood, which is a Ross Perot company.
6. Due Diligence Completed to Date and Limited Due Diligence Remains. Brooks Street/Lab have completed its basic due diligence for the Project, including market studies, engineering and architectural studies, but it was prevented from completing its remaining forensic due diligence of the steel structure and parking structure by Hoag denying access to the Property months ago.
7. Agreements Entered into with Hoag. Brooks Street has entered into the following agreements with Hoag, as required or necessitated by the requirements of its counsel, Bill Brinckloe.
 - a. Access and Indemnity Agreement (now expired), and
 - b. Confidentiality and Non-Reliance Agreement (as amended).
8. Agreements Remaining to be Finalized Using Forms Generated by Hoag's Attorney. Brooks Street has reviewed and made comments or suggestions to ALL of the following remaining draft agreements as originally drafted by Hoag's counsel, Bill Brinckloe, but Brooks Street has never heard from Bill Brinckloe as to whether there are any outstanding questions or objections.
 - a. Ground Lease, which includes as attachments:

- Performance and Completion Guaranty,
 - Subordination, Non-Disturbance and Attornment Agreement,
 - Estoppel Certificate, and
 - Memorandum of Ground Lease.
- b. Tri-Party Agreement, which includes as attachments:
- Mutual Settlement and Release Agreement (prior owner, Garden Grove Galleria, LLC, who we understand has already signed the agreement),
 - Bill of Sale and Assignment of Tangible and Intangible Property,
 - Release of Memorandum of Ground Lease,
 - Acceptance of Responsibility (Demolition Order), and
 - Bill of Sale.
9. Financial Terms Confirmed. Brooks Street did not change the basic financial terms required by Hoag as expressed in the original ground lease or the "TMH" version or otherwise expressed by Bill Brinckloe.
10. Costs to Rebuild Current Improvements. Brooks Street estimates that the hard and soft costs to complete the currently existing steel and parking structure improvements would be approximately \$43,000,000.
11. Critical Information to Consider Regarding Any Demolition. Brooks Street is informed and believes based upon its analysis and market conditions of the following:
- a. it would be economically infeasible to rebuild the current steel structure and parking improvements if they were to be demolished,
 - b. demolishing such improvements would create irreparable injury as the use of the existing improvements is the highest and best use for the Property, and
 - c. demolishing such improvements will result in a termination of the current Purchase Agreement.
12. Time Frames for Project Development. Brooks Street estimates that the following time frames for development the Project can be achieved, with construction commencing as early as 10 months from today:
- a. Complete remaining due diligence (primarily physical): 40 days or less.
 - b. Complete negotiation of remaining agreements, assuming a typical sophisticated party with desire to complete: 20 to 30 days.
 - c. Complete City entitlement application and related plans for City consideration: 60 days after due diligence and agreement of documentation.
 - d. Complete City entitlements: 4 – 6 months from date of submission of entitlements application to City.
 - e. Commence construction: 3 – 4 months from date of City approval of entitlements application.

We hope that this information is helpful and that you do not proceed forward with enforcement of any Demolition Order. Rather, we encourage you to be patient and allow Hoag and Cathay work out any differences. Clearly, *enforcement of any Demolition Order will only result in great harm and a great delay in any type of redevelopment of the Property.*

We will be pleased to answer any questions or provide any further information that you may desire.

LUCAS, AUSTIN & ALEXANDER, LLC, a
California limited liability company, d/b/a
BROOKS STREET

By: Rich Knowland
Name: Rich Knowland
Title: Principal

cc: Cathay Bank
Mr. Scott Stiles
Omar Sandoval