



**CITY OF HUGHSON
CITY COUNCIL MEETING
CITY HALL COUNCIL CHAMBERS
7018 Pine Street, Hughson, CA**

**AGENDA
MONDAY, November 23, 2015 – 7:00 P.M.**

CALL TO ORDER: Mayor Matt Beekman

ROLL CALL: Mayor Matt Beekman
Mayor Pro Tem Jeramy Young
Councilmember Jill Silva
Councilmember George Carr
Councilmember Harold Hill

FLAG SALUTE: Mayor Matt Beekman

INVOCATION: Hughson Ministerial Association

RULES FOR ADDRESSING CITY COUNCIL

Members of the audience who wish to address the City Council are requested to complete one of the forms located on the table at the entrance of the Council Chambers and submit it to the City Clerk. **Filling out the card is voluntary.**

1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):

Members of the audience may address the City Council on any item of interest to the public pertaining to the City and may step to the podium, state their name and city of residence for the record (requirement of name and city of residence is optional) and make their presentation. Please limit presentations to five minutes. Since the City Council cannot take action on matters not on the agenda, unless the action is authorized by Section 54954.2 of the Government Code, items of concern, which are not urgent in nature can be resolved more expeditiously by completing and submitting to the City Clerk a "Citizen Request Form" which may be obtained from the City Clerk.

2. PRESENTATIONS: NONE.**3. CONSENT CALENDAR:**

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council unless otherwise requested by an individual Councilmember for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

- 3.1: Approve the Minutes of the Regular Meeting of November 9, 2015.
- 3.2: Approve the Warrants Register.
- 3.3: Review and Approve the City of Hughson Treasurer's Report for September 2015.
- 3.4: Appoint Alan McFadon to the Hughson Planning Commission.
- 3.5: Accept the Quarterly City of Hughson Legislative Report.

4. UNFINISHED BUSINESS:

- 4.1: Review and Discuss the City's Potential Investment and Debt Reduction Options and Approve the City of Hughson's Interfund Loan Policy.

5. PUBLIC HEARING TO CONSIDER THE FOLLOWING: NONE.**6. NEW BUSINESS:**

- 6.1: Discuss and Consider Direction on Possible Changes to the Existing Medical Marijuana Ordinance Regulating Transport, Retail Operations and Cultivation of Marijuana Based on Recent Changes to State Law.

7. CORRESPONDENCE: NONE.**8. COMMENTS:**

- 8.1: Staff Reports and Comments: (Information Only – No Action)

City Manager:

City Clerk:

Community Development Director:

Director of Finance:

Police Services:

City Attorney:

8.2: Council Comments: (Information Only – No Action)

8.3: Mayor’s Comments: (Information Only – No Action)

9. CLOSED SESSION TO DISCUSS THE FOLLOWING: NONE.

ADJOURNMENT:

WAIVER WARNING

If you challenge a decision/direction of the City Council in court, you may be limited to raising only those issues you or someone else raised at a public hearing(s) described in this Agenda, or in written correspondence delivered to the City of Hughson at or prior to, the public hearing(s).

UPCOMING EVENTS:

November 27-28	▪ Thanksgiving Holiday – City Hall Closed
December 5	▪ Christmas Festival Christmas Boutique 12pm - 7pm
December 5	▪ Christmas Festival 5:00pm – Parade, Tree Lighting Ceremony, Boutique, and Hot Cocoa & Cookies.
December 14	▪ City Council Meeting @ City Hall Chambers, 7:00 p.m.
December 15	▪ Planning Commission Meeting, City Hall Chambers, 6:00pm
December 24-25	▪ Christmas Holiday – City Hall Closed
Dec 24- Jan 3, 2016	▪ Winter Closure - City Hall Closed – Open on Monday, January 4, 2016

AFFIDAVIT OF POSTING

DATE: November 19, 2015 **TIME:** 5:00 pm
NAME: Dominique Spinale Romo **TITLE:** City Clerk

**AMERICANS WITH DISABILITIES ACT/CALIFORNIA BROWN ACT
 NOTIFICATION FOR THE CITY OF HUGHSON**

This Agenda shall be made available upon request in alternative formats to persons with a disability; as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132) and the Ralph M. Brown Act (California Government Code Section 54954.2).

Disabled or Special needs Accommodation: In compliance with the Americans with Disabilities Act, persons requesting a disability related modification or accommodation in order to participate in the meeting and/or if you need assistance to attend or participate in a City Council meeting, please contact the City Clerk’s office at (209) 883-4054. Notification at least 48-hours prior to the meeting will assist the City Clerk in assuring that reasonable accommodations are made to provide accessibility to the meeting.

Notice Regarding Non-English Speakers:

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the City of Hughson City Council shall be in English and anyone wishing to address the Council is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

General Information: The Hughson City Council meets in the Council Chambers on the second and fourth Mondays of each month at 7:00 p.m., unless otherwise noticed.

Council Agendas: The City Council agenda is now available for public review at the City's website at www.hughson.org and City Clerk's Office, 7018 Pine Street, Hughson, California on the Friday, prior to the scheduled meeting. Copies and/or subscriptions can be purchased for a nominal fee through the City Clerk's Office.

Questions: Contact the City Clerk at (209) 883-4054



CITY OF HUGHSON AGENDA ITEM NO. 3.1 SECTION 3: CONSENT CALENDAR

Meeting Date: November 23, 2015
Subject: Approval of the City Council Minutes
Presented By: Dominique Spinale Romo, Assistant to the CM / City Clerk

Approved By: _____

Staff Recommendation:

Approve the Minutes of the Regular Meeting of November 9, 2015.

Background and Overview:

The draft minutes of the November 9, 2015 meeting are prepared for the Council's review.



CITY OF HUGHSON
CITY COUNCIL MEETING
CITY HALL COUNCIL CHAMBERS
7018 Pine Street, Hughson, CA

MINUTES
MONDAY, November 9, 2015 – 7:00 P.M.

CALL TO ORDER: Mayor Matt Beekman

ROLL CALL:

Present: Mayor Matt Beekman
Mayor Pro Tem Jeramy Young
Councilmember Jill Silva
Councilmember George Carr

Absent: Councilmember Harold Hill

Staff Present: Raul L. Mendez, City Manager
Daniel J. Schroeder, City Attorney
Larry Seymour, Chief of Police
Jaylen French, Community Development Director
Shannon Esenwein, Finance Director
Sam Rush, Public Works Superintendent
Jaime Velazquez, Utilities Superintendent
John Padilla, City Treasurer
Marilyn Castaneda, Management Intern

FLAG SALUTE: Mayor Matt Beekman

INVOCATION: Hughson Ministerial Association

1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):

Pine Street resident Lori Shaffer spoke to the City Council about the new speaker system at the Hughson Sports Complex being too loud, and asked if it violates the City's Ordinance regarding noise disturbances.

2. PRESENTATIONS: NONE.**3. CONSENT CALENDAR:**

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council unless otherwise requested by an individual Councilmember for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

- 3.1:** Approve the Minutes of the Regular Meeting of October 26, 2015.
- 3.2:** Approve the Warrants Register.
- 3.3:** Review and approve the City of Hughson Treasurer's Report: Investment Portfolio Report for August 2015.
- 3.4:** Authorize the Mayor to sign the amendment to the lease agreement and associated documents with Stanislaus County for property located at 2413 3rd Street in Hughson.
- 3.5:**
 - 1. Approval to utilize Condor Earth Technologies to conduct a Phase I Environmental Site Assessment on City property located near the Waste Water Treatment Facility.
 - 2. Authorize the City Manager to execute any necessary agreements with Condor Earth Technologies for completion of the said Phase I Environmental Site Assessment for a cost not to exceed \$3,600.
- 3.6:** Authorize the closure of City Hall from December 24, 2015 through January 1, 2016.

Councilmember Carr pulled Consent Calendar Item 3.5 for discussion.

BEEKMAN/CARR 4-1 (HILL- ABSENT) motion passes to approve Consent Calendar Items 3.1, 3.2, 3.3, 3.4, and 3.6.

CARR/YOUNG 4-1 (HILL-ABSENT) motion passes to approve Consent Calendar Item 3.5.

4. UNFINISHED BUSINESS: NONE.

5. PUBLIC HEARING TO CONSIDER THE FOLLOWING: NONE.

6. NEW BUSINESS: NONE.

7. CORRESPONDENCE: NONE.

8. COMMENTS:

8.1: Staff Reports and Comments: (Information Only – No Action)

City Manager: City Manager Mendez reminded the Council about the 2nd Thanksgiving Dinner on November 21 and the 20th Century Club’s Arts and Crafts Fair November 21-22.

He also updated the Council on the Legacy of Promise Dinner, the Christmas Festival, and Italian Nite.

City Clerk: Management Intern Marilyn Castaneda thanked the Council and city staff for the opportunity of filling the position of City Clerk, in City Clerk Spinale’s absence.

Community Development Director: Director French updated the Council on the Hatch and Santa Fe project and the status of applications for the Planning Parks & Recreation Commission vacancies.

Director of Finance: Director Esenwein updated the Council on the status of the Audit and draft financials.

Police Services:

City Attorney:

8.2: Council Comments: (Information Only – No Action)

Councilmember Carr updated the Council on his attendance at the Trunk or Treat Event and thanked the staff and fire department for their involvement. He also reminded the Council about the Arts and Crafts Fair and the FFA Pancake Breakfast the weekend of November 21-22.

Mayor Pro Tem Young updated the Council on his attendance at Italian Nite and that he will be attending the upcoming League of California Cities.

8.3: Mayor’s Comments: (Information Only – No Action)

Mayor Beekman updated the Council on his attendance at the Trunk or Treat Event and Italian Nite, and advised that they were both very successful events. He also attended a Chamber of Commerce and Hilmar Ag Tech meeting.

9. CLOSED SESSION TO DISCUSS THE FOLLOWING: NONE.

ADJOURNMENT:

4-0 (HILL- Absent) motion passes to adjourn the meetings at 7:31 p.m.

MATT BEEKMAN, Mayor

DOMINIQUE SPINALE ROMO, City Clerk



CITY OF HUGHSON AGENDA ITEM NO. 3.2

SECTION 3: CONSENT CALENDAR

Meeting Date: November 23, 2015
Subject: Approval of Warrants Register
Enclosure: Warrants Register
Presented By: Shannon Esenwein, Director of Finance

Approved By: _____

Staff Recommendation:

Approve the Warrants Register as presented.

Background and Overview:

The warrants register presented to the City Council is a listing of all expenditures paid from November 13 through November 18.

Fiscal Impact:

There are reductions in various funds for payment of expenses.

SE

REPORT.: Nov 18 15 Wednesday
 RUN....: Nov 18 15 Time: 10:20
 Run By.: Lisa Whiteside

City of Hughson
 Cash Disbursement Detail Report
 Check Listing for 11-15 Bank Account.: 0100

PAGE: 001
 ID #: PY-DP
 CTL.: HUG

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Payment Information Description
47101	11/13/2015	EMP01	STATE OF CALIFORNIA	\$ 1,223.73	B51113	PAYROLL TAXES
47102	11/13/2015	HAR02	THE HARTFORD	\$ 379.66	B51113	DEFERRED COMPENSATION
47103	11/13/2015	PER01	P.E.R.S.	\$ 6,666.75	B51113	RETIREMENT
47104	11/13/2015	STA23	CalPERS SUPPLEMENTAL INCO	\$ 710.00	B51113	DEFERRED COMPENSATION
47105	11/13/2015	UNI07	UNITED WAY OF STANISLAUS	\$ 29.00	B51113	UNITED WAY
47106	11/18/2015	A&A00	A&A PORTABLES, INC	\$ 75.00	1-634191	EXTRA CLEANING FOR TRUNK OR TREAT EVENT
47107	11/18/2015	ABS00	ABS PRESORT	\$ 680.30	101413	PRINTING OF UTILITY BILLS NOV/2015
47108	11/18/2015	AFL01	AFLAC	\$ 880.70	B51117	AFLAC
47109	11/18/2015	ALL07	ALLEY INSURANCE SERVICE,	\$ 592.00	1012	HEALTH PLAN CONSULTING
47110	11/18/2015	ARR00	NESTLE WATERS	\$ 54.15	B51116	DRINKING WATER FOR WASTEWATER TREATMENT PLANT
47111	11/18/2015	ATT01	AT&T	\$ 24.15	B51113	PHONE
47112	11/18/2015	BRE01	W.H. BRESHEARS	\$ 699.30	270449	FUEL
47113	11/18/2015	CAL08	CALAVERAS MATERIALS, INC.	\$ 280.90	1618102	AC TO REPAIR AREAS FOR BROKEN MAINS
47114	11/18/2015	CAR15	CARPET MAN	\$ 530.18	B51113	ADDITIONAL CARPET FOR LOCKER ROOM
47115	11/18/2015	DOW00	DOWNTOWN FORD SALES	\$ 25,259.72	B51113	REPLACEMENT FOR CITY TRUCK INVOLVED IN ACCIDENT
47116	11/18/2015	EXP00	EXPRESS PERSONNEL SERVICE	\$ 1,490.51	164251357	EXTRA HELP WEEK OF 10/18/15
				\$ 1,337.68	165182692	EXTRA HELP 11/1/15
			Check Total:	\$ 2,828.19		
47117	11/18/2015	EZN00	EZ NETWORK SOLUTIONS	\$ 317.58	30429	OFF SITE DATA STORAGE OCTOBER
47118	11/18/2015	FAR03	FARMERS BROTHERS COFFEE	\$ 59.07	62764179	COFFEE
47119	11/18/2015	GIL01	GILTON SOLID WASTE MANAGE	\$ 37,182.35	B51117	OCTOBER 2015 GARBAGE LESS FRANCHISE FEES
47120	11/18/2015	GON09	GONZALEZ, SALVADOR JR.	\$ 210.00	B51113	DAMAGE DEPOSIT REFUND FOR 11/7/15
47121	11/18/2015	HOM01	THE HOME DEPOT CRC	\$ 467.02	B51113	SUPPLIES FOR PW & BUILDINGS
47122	11/18/2015	HUG03	HUGHSON CHRONICLE	\$ 189.05	107847	LEGAL #1606 WEEK OF 11/3/15
47123	11/18/2015	HUG11	HUGHSON FARM SUPPLY	\$ 89.79	H143587	MISC. TOOLS & SUPPLIES
				\$ 31.75	H148365	MISC. TOOLS & SUPPLIES
				\$ 34.18	H148918	MISC. TOOLS & SUPPLIES
				\$ 8.02	H150954	MISC. TOOLS & SUPPLIES
				\$ 26.24	H151244	MISC TOOLS AND SUPPLIES
				\$ 61.34	H151509	MISC. TOOLS & SUPPLIES
				\$ 12.46	H156205	PLUMBING PARTS TO AIR COMPRESSOR AT WELL #6

SE

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Payment Invoice #	Payment Information Description
				\$ 57.81	H156680	PLUMBING PARTS FOR REPAIRING WATER SERVICES
				\$ 2.46	H156796	MISC. TOOLS & SUPPLIES
				\$ 29.46	H157351	MISC. TOOLS & SUPPLIES
				\$ 146.09	H157441	MISC. TOOLS & SUPPLIES
				\$ 152.56	H10107101	MISC. TOOLS & SUPPLIES
			Check Total:	\$ 652.16		
47124	11/18/2015	HUG34	VALLEY PARTS WAREHOUSE, I	\$ 26.86	160369	SUPPLY & PARTS FOR WASTEWATER SEWER & WATER
				\$ 107.94	160930	BATTERY FOR WATER DEPT. TRUCK
				\$ 156.57	161027	SMALL MATERIAL NEEDED FOR VEH. MAINT & REPAIR
				\$ 11.43	161579	SMALL MATERIAL NEEDED FOR VEH. MAINT & REPAIR
			Check Total:	\$ 302.80		
47125	11/18/2015	LAY00	LAYMAN ELECTRIC INC.	\$ 5,740.00	57440	REVAMP LIGHTING SYSTEM AT LEBRIGHT
47126	11/18/2015	LEG01	LEGAL SHIELD	\$ 25.90	B51113	LEGAL SERVICES
47127	11/18/2015	MAS01	MASSONE PAINTING	\$ 2,000.00	41	PAINT CABINETS AT THE SHERIFF'S OFFICE
47128	11/18/2015	MCR01	MCR ENGINEERING, INC	\$ 6,189.50	11292	ENGINEERING SERVICES
47129	11/18/2015	MIS01	MISSION UNIFORM SERVICE	\$ 92.24	500833111	UNIFORM SERVICE
				\$ 79.88	500919447	UNIFORM SERVICE
				\$ 95.30	501010814	UNIFORM SERVICE
				\$ 51.09	501057493	UNIFORM SERVICE
				\$ 30.00	501057494	UNIFORM SERVICE
				\$ 41.89	501102394	UNIFORM SERVICE
				\$ 30.00	501102395	UNIFORM SERVICE
				\$ 62.14	501146956	UNIFORM SERVICE
				\$ 30.00	501146957	UNIFORM SERVICE
				\$ 102.88	501192708	UNIFORM SERVICE
				\$ 61.56	501192709	UNIFORM SERVICE
				\$ 30.00	501192710	UNIFORM SERVICE
			Check Total:	\$ 706.98		
47130	11/18/2015	OPE01	OPERATING ENGINEERS LOCAL	\$ 282.00	B51113	LOCAL UNION #3 DUES

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Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Payment Information Description
47131	11/18/2015	PAC05	PACIFIC PLAN REVIEW	\$ 1,147.50	ADMINAUG	CONTRACT SRVCS PLANNING/B
				\$ 722.50	ADMOCT15	CONTRACT SRVCS PLANNING/B
				\$ 254.75	H1037-15	CONTRACT SRVCS PLANNING/B
				\$ 68.66	H1046-15	CONTRACT SRVCS PLANNING/B
				\$ 206.71	H1047-15	CONTRACT SRVCS PLANNING/B
				\$ 139.06	H1049-15	CONTRACT SRVCS PLANNING/B
				\$ 216.68	H1050-15	CONTRACT SRVCS PLANNING/B
				\$ 102.78	H1057-15	CONTRACT SRVCS PLANNING/B
				\$ 117.21	H1058-15	CONTRACT SRVCS PLANNING/B
				\$ 47.41	H1059-15	CONTRACT SRVCS PLANNING/B
				\$ 116.25	H1062-15	CONTRACT SRVCS PLANNING/B
47131	11/18/2015	PAC05	PACIFIC PLAN REVIEW	\$ 2,635.00	AUG2015IN	CONTRACT SRVCS PLANNING/B
				\$ 3,995.00	INSP10-15	CONTRACT SRVCS PLANNING/B
			Check Total:	\$ 9,769.51		
47132	11/18/2015	QUI03	QUICK N SAVE	\$ 51.83	1-0938	FUEL
				\$ 85.35	1-3877	FUEL
			Check Total:	\$ 137.18		
47133	11/18/2015	RIC04	RICOH USA, INC	\$ 2,186.54	95802644	COPIER LEASE
47134	11/18/2015	SAF01	SAFETLITE	\$ 515.84	320422	SAFETY KITS FOR VARIOUS LOCATIONS
				\$ 268.23	320424	SAFETY EQUIPMENT FOR STREETS & VEHICLES
			Check Total:	\$ 784.07		
47135	11/18/2015	SAN05	SAN JOAQUIN VALLEY	\$ 378.00	N112212	PERMIT FEES FOR EMERGENCY BACKUP GENERATOR WELL#5
				\$ 252.00	N112948	PERMIT FEES FOR EMERG. BACKUP GENERATOR WELL #4
				\$ 502.00	N113388	PERMIT FEES FOR EMERG. BACKUP GENERATOR WELL #3
			Check Total:	\$ 1,132.00		
47136	11/18/2015	SEE01	SEEGER'S	\$ 129.15	0118931IN	BUSINESS CARDS MENDEZ & FRENCH
47137	11/18/2015	SHO02	SHORE CHEMICAL COMPANY	\$ 1,188.37	43989	CHLORINE
47138	11/18/2015	SHR02	SHRED-IT USA LLC	\$ 135.81	408131545	SHREDDING
47139	11/18/2015	STA19	STATE WATER RESOURCES CON	\$ 8,698.84	LW1002218	WATER SYSTEM ENFORCEMENT FEES & 75 MONITORING HRS
				\$ 14,929.00	WD0110747	ANNUAL PERMIT FEE ID# 5CS 101002
				\$ 2,088.00	WD0111866	ANNUAL PERMIT FEE ID# 5SS 010968
			Check Total:	\$ 25,715.84		

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Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Payment Information Description
47140	11/18/2015	SYN02	SYNAGRO WEST, LLC	\$ 2,743.09	30-103676	SLUDGE REMOVAL
47141	11/18/2015	TID01	TURLOCK IRRIGATION DIST.	\$ 448.12	B51113	2015 IRRIGATION FIXED WATER CHARGE
47142	11/18/2015	TUR12	TURLOCK, CITY OF	\$ 297.40	2016-0008	FUEL
47143	11/18/2015	UNU01	UNUM LIFE INSURANCE CO.	\$ 1,067.14	B51113	LIFE INSURANCE WITHHOLDIN
47144	11/18/2015	USA01	USA BLUE BOOK	\$ 768.13	778138	CHLORINE PUMP REPLACEMENT TUBES & TO WATER SERV.
47145	11/18/2015	WAR00	WARDEN'S OFFICE	\$ 92.99	18750361	OFFICE SUPPLIES
47145	11/18/2015	WAR00	WARDEN'S OFFICE	\$ 60.54	18753700	OFFICE SUPPLIES
				\$ 519.48	18770800	OFFICE SUPPLIES
				\$ 41.84	18770801	OFFICE SUPPLIES
				\$ 751.23	18773360	OFFICE SUPPLIES
			Check Total:	\$ 1,466.08		
47146	11/18/2015	WIL14	WILLDAN ENGINEERING	\$ 1,615.00	2015-1109	ENGINEERING SERVICES FOR Oct-15
47147	11/18/2015	ZAV00	ZAVALA, JESUS	\$ 175.00	B51117	DAMAGE DEPOSIT REFUND
			Cash Account Total:	\$ 472,034.44		
			Total Disbursements:	\$ 472,034.44		



CITY OF HUGHSON AGENDA ITEM NO. 3.3 SECTION 3: CONSENT CALENDAR

Meeting Date: November 23, 2015
Subject: Approval of the Treasurer's Reports – September 2015
Presented By: John Padilla, City Treasurer

Approved By: _____

Staff Recommendation:

Review and approve the City of Hughson Treasurer's Report for September 2015.

Summary:

The City Treasurer is required to review the City's investment practices and approve the monthly Treasurer's report. Enclosed is the City of Hughson's Treasurer's Report for September 2015. As of September 2015, the City of Hughson's total cash and investment balance is \$15,610,884.01 and is in compliance with the City's investment policy. The City has sufficient cash flow to meet the City's expected expenditures for the next six months.

Background and Overview:

The Treasurer report for September 2015 reflects the most current representation of the City's funds and investments and provides a necessary outlook for both past, present, and future investment and spending habits. While investments and funds differ from time to time, it is the goal of the City to maintain safety and stability with its funds, while additionally promoting prudence and growth.

Enclosed is the City of Hughson Treasurer's Report for September 2015 along with supplementary graphs depicting the percentage of the City's total funds, a breakdown of the September 2015 Developer Impact Fees, and an additional line plot graph further demonstrating the Developer Impact Fees. This graph depicts the Developer Impact Fees' actual balance for the past five years, and continues with a projection based on the average rate of change for each fund over the next few years. After review and evaluation of the report, City staff has researched funds with a significant deficit balance and submit the following detailed explanation:

Redevelopment Account

The Redevelopment (RDA) account currently reflects a balance of \$2,746,593.75. This is as a result of the refinancing of the Redevelopment Bonds. These funds will remain in the RDA account until October when the bonds are paid.

Public Facilities Development Streets Fund:

The Public Facilities Development Streets Fund currently reflects a negative balance of (\$214,718.63), reflecting a positive difference of \$246,349.98 or a 53.43% increase from the previous year. The deficit is a result of the Euclid Bridge Project, which was constructed in Fiscal Year 2006/2007, for approximately \$1.3 million. The project was completed in anticipation of funding from Developer Impact Fees collected from new development. Unfortunately, the housing market declined significantly and the new development never materialized. Once the economy strengthens and new building starts again, the City can recognize additional developer impact fees and reduce the deficit more quickly.

Water Developer Impact Fee Fund:

The Water Developer Impact Fee Fund currently reflects a negative balance of (\$314,930.44), reflecting a positive difference of \$189,143.79 or a 37.52% increase from the previous year. After extensive review, City staff discovered that the remaining deficit is attributable to settlement arrangements that were made in Fiscal Year 2008/2009 and Fiscal Year 2009/2010 for the Water Tank on Fox Road near Charles Street. The Project Cost of the Water Tower Project was \$2,400,000. During that period, the City paid out \$650,000 in settlements. This account will be in a deficit position until additional development occurs and developer impact fees are collected to cover those unanticipated settlement costs.

Based on a staff review of 2012 Water Development and Street funds, the City would need development in the Feathers Glen (42 units) and Euclid South (69 units) subdivisions, or about 110 units to be built to see a positive balance in the Water and Street Development funds. These units reflect the areas that are most likely to see development. As of June 2015 the Fontana Ranch North subdivision has been completed and all units have attained final status.

Transportation Capital and CDBG Street Project Fund:

The Transportation Capital Project Fund currently reflects a negative balance of (\$206,235.46), reflecting a positive difference of \$109,924.04 or a 34.77% increase from the previous year. The CDBG Street Project Fund currently reflects a negative balance of (\$190,701.85), reflecting a negative difference of \$103,320.11 or a 118.24% decrease from the previous year. As the City continues to produce transportation and street projects, these funds will likely continue to show a negative balance. Currently the City is pending reimbursement for the Tully Road and Hughson Avenue projects. As of September 30, 2015, the 5th Street Project has been reimbursed in full. Additionally there are no longer reimbursement available related to the Pine Street project since the

project was completed in 2013 and the window of opportunity has since closed. City Staff will continue to monitor and report the status of these reimbursements as the funds become available.

Fiscal Impact:

As of September 2015, the total cash and investments balance for the City of Hughson is \$15,610,884.01. This compares to September 2014's total cash and investments balance of \$10,846,061.26 demonstrating a \$4,764,822.75 or a 43.93% increase.

**City of Hughson
Treasurer's Report
September 2015**

	MONEY MARKET	GENERAL	REDEVELOPMENT**	TOTAL
Bank Statement Totals	\$ 9,301,487.30	\$ 1,211,333.68	\$ 2,746,593.75	\$ 13,259,414.73
Adjustment-Direct Deposit Payroll	\$ -			\$ -
Outstanding Deposits +	\$ 10,985.18	\$ -	\$ -	\$ 10,985.18
Outstanding Checks/transfers -	\$ -	\$ (218,917.18)	\$ -	\$ (218,917.18)
ADJUSTED TOTAL	\$ 9,312,472.48	\$ 992,416.50	\$ 2,746,593.75	\$ 13,051,482.73
Investments: Various				\$ 1,034,464.94
Multi-Bank WWTP				\$ 1,446,163.48
Investments: L.A.I.F.		\$ 39,449.16	\$ 39,323.70	\$ 78,772.86

TOTAL CASH & INVESTMENTS **\$ 15,610,884.01**

Books - All Funds	September 2014	September 2015	Difference
2 Water/Sewer Deposit	37,484.38	56,880.91	19,396.53
5 AB939 Source Reduction	2,396.28	0.00	-2,396.28
7 Public Safety Augmentation	0.00	0.00	0.00
8 Vehicle Abatement	16,058.51	13,960.19	-2,098.32
11 Traffic Congestion Fund	98,457.56	123,032.79	24,575.23
13 Redevelopment - Debt Service	9,483.49	2,714,223.63	2,704,740.14
17 Federal Officer Grant	6,620.00	6,620.00	0.00
18 Public Safety Realignment	32,351.76	35,722.01	3,370.25
19 Asset Forfeiture	6,995.43	6,995.43	0.00
25 Gas Tax 2106	-12,056.03	-13,079.75	-1,023.72
30 Gas Tax 2107	19,728.65	13,891.38	-5,837.27
31 Gas Tax 2105	26,859.19	36,145.82	9,286.63
35 Gas Tax 2107.5	3,672.14	2,672.14	-1,000.00
40 General Fund	839,716.16	1,412,046.93	572,330.77
401 General Fund Contingency Reserve	672,995.41	674,085.41	1,090.00
43 Trench Cut	75,611.40	76,326.80	715.40
48 Senior Community Center	8,454.11	8,387.03	-67.08
49 IT Reserve	50,856.40	82,548.12	31,691.72
50 U.S.F. Resource Com. Center	-38.18	1,302.57	1,340.75
51 Self-Insurance	73,703.49	73,303.49	-400.00
53 SLESF (Supplemental Law Enforcem	-9,802.76	3,753.36	13,556.12
54 Park Project	472,268.83	554,168.03	81,899.20
60 Sewer O & M	2,714,101.89	2,318,555.85	-395,546.04
61 Sewer Fixed Asset Replacement	2,333,686.67	2,897,081.55	563,394.88
66 WWTP Expansion 2008	2,610.06	208,908.46	206,298.40
69 LTF Non Motoriz	0.00	5,208.00	5,208.00
70 Local Transportation	205,632.02	247,658.62	42,026.60
71 Transportation	-316,159.50	-206,235.46	109,924.04
100/200 LLD's and BAD's	88,775.41	152,924.21	64,148.80
80 Water O & M	307,078.25	222,338.48	-84,739.77
82 Water Fixed Asset Replacement	519,711.88	776,363.76	256,651.88
88 PW CDBG Street Project	-87,381.74	-190,701.85	-103,320.11
80 Water Reserve-USDA GRANT	21,524.50	21,524.50	0.00
90 Garbage/Refuse	118,744.16	84,750.29	-33,993.87
91 Misc. Grants	0.00	0.00	0.00
92 98-EDBG-605 Small Bus. Loans	93,595.60	93,595.60	0.00
94 96-EDBG-438 Grant	403.43	403.43	0.00
95 94-STBG-799 Grant	158,756.03	160,560.50	1,804.47
96 HOME Program Grant (FTHB)	35,041.19	35,041.19	0.00
97 96-STBG-1013 Grant	138,106.78	196,109.35	58,002.57
98 HOME Rehabilitation Fund	40,000.00	40,000.00	0.00
Developer Impact Fees ***	2,040,018.41	2,663,811.24	623,792.83
TOTAL ALL FUNDS:	10,846,061.26	15,610,884.01	4,764,822.75
Break Down of Impact Fees ***			
10 Storm Drain	273,243.36	261,601.69	-11,641.67
20 Community Enhancement	72,964.85	100,203.06	27,238.21
41 Public Facilities Development	1,347,356.88	1,457,894.25	110,537.37
42 Public Facilities Development-Streets	-461,068.61	-214,718.63	-246,349.98
55 Parks DIF	378,166.78	417,974.52	39,807.74
62 Sewer Developer Impact Fees	933,429.38	955,786.79	22,357.41
81 Water Developer Impact Fees	-504,074.23	-314,930.44	-189,143.79
Break Down of Impact Fees ***	2,040,018.41	2,663,811.24	623,792.83

I hereby certify that the investment activity for this reporting period conforms with the Investment Policy adopted by the Hughson City Council, and the California Government Code Section 53601. I also certify that there are adequate funds available to meet the City of Hughson's budgeted and actual expenditures for the next six months.

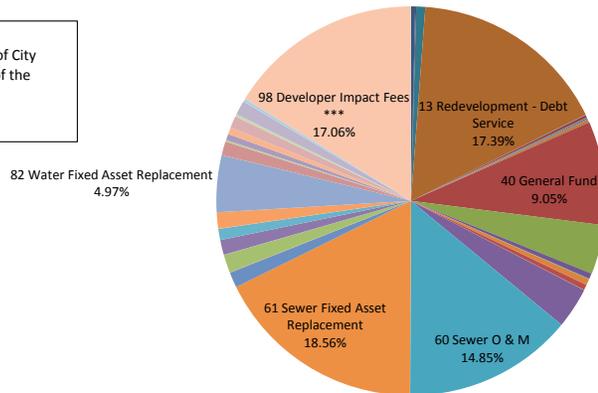
John Padilla, Treasurer

Date

Treasurer's Report - Charts and Graphs
September 2015

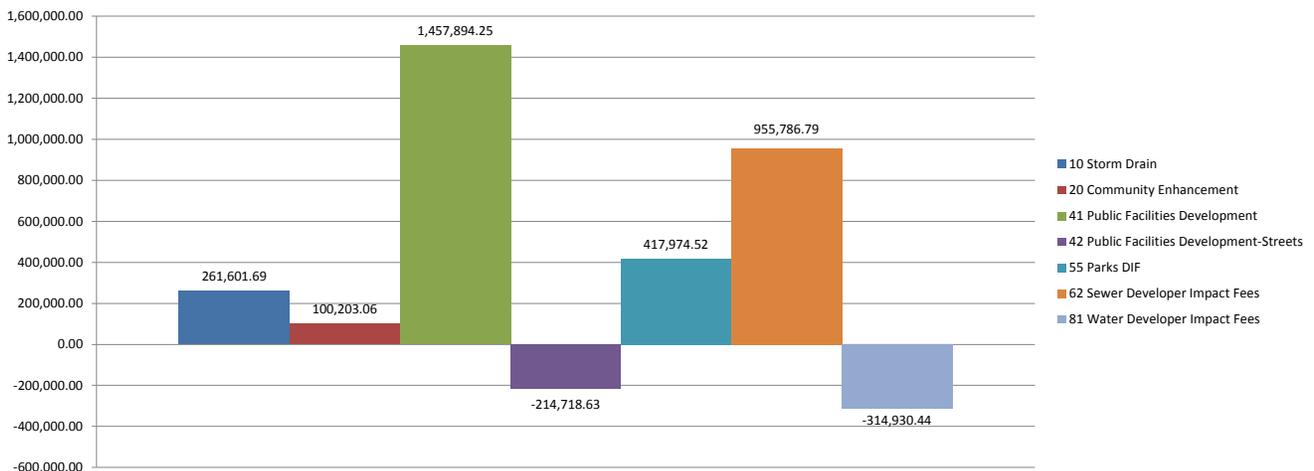
Percentage of all Funds for September 2015

Note:
Data displayed represents largest percentage of City funds. All other funds represent less than 5% of the City's total Cash and Investments.

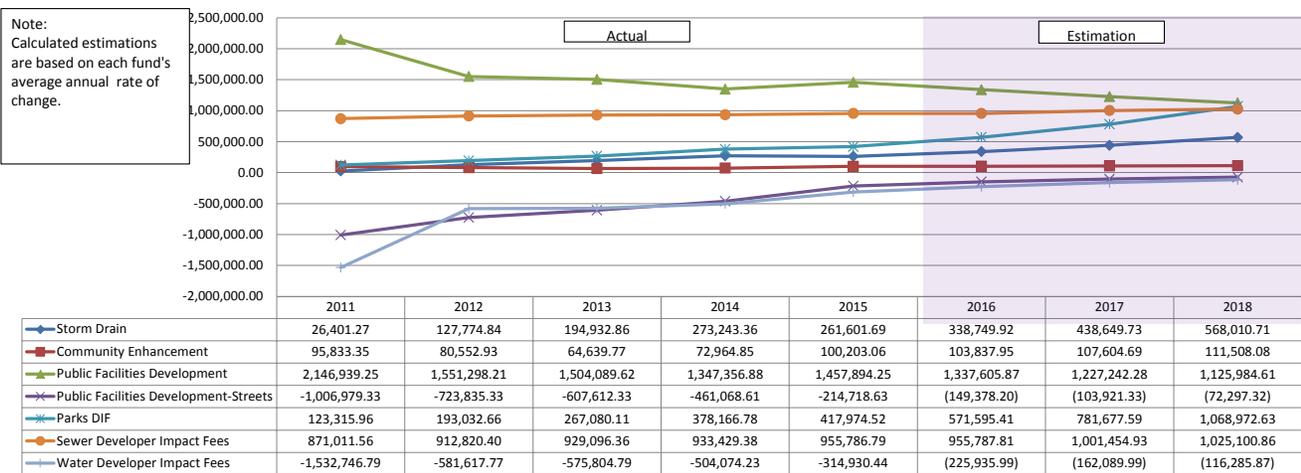


- 2 Water/Sewer Deposit
- 5 AB939 Source Reduction
- 7 Public Safety Augmentation
- 8 Vehicle Abatement
- 11 Traffic Congestion Fund
- 13 Redevelopment - Debt Service
- 17 Federal Officer Grant
- 18 Public Safety Realignment
- 19 Asset Forfeiture
- 25 Gas Tax 2106
- 30 Gas Tax 2107
- 31 Gas Tax 2105
- 35 Gas Tax 2107.5
- 40 General Fund
- 48 Senior Community Center
- 49 IT Reserve
- 43 Trench Cut
- 51 Self-Insurance
- 53 SLESF (Supplemental Law Enforcement Services Fund)
- 50 U.S.F. Resource Com. Center
- 60 Sewer O & M
- 61 Sewer Fixed Asset Replacement
- 54 Park Project
- 69 LTF Non Motoriz
- 70 Local Transportation
- 66 WWTP Expansion 2008
- 100/200 LLD's and BAD's
- 80 Water O & M
- 71 Transportation
- 88 PW CDBG Street Project
- 80 Water Reserve-USDA GRANT
- 82 Water Fixed Asset Replacement
- 91 Misc. Grants
- 92 98-EDBG-605 Small Bus. Loans
- 90 Garbage/Refuse
- 95 94-STBG-799 Grant
- 94 96-EDBG-438 Grant
- 96 HOME Program Grant (FTHB)

September 2015 Breakdown of Developer Impact Fees



5 Year Trend & Estimate for Developer Impact Fees for the Month of September





CITY OF HUGHSON AGENDA ITEM NO. 3.3

SECTION 3: CONSENT CALENDAR

Meeting Date: November 23, 2015
Subject: Approval to Appoint Alan McFadon to the Hughson Planning Commission
Presented By: Dominique Spinale Romo, City Clerk

Approved By: _____

Staff Recommendation:

Appoint Alan McFadon to the Hughson Planning Commission.

Background and Overview:

On September 23, 2015, City staff received formal notification from Commissioner Sanjay Patel that he was resigning from the Hughson Planning Commission. Council directed City staff at the October 12 meeting to advertise the vacancy for 30 days, scheduling the deadline to submit applications for November 12. The City received one application for the vacancy from Alan McFadon. Alan McFadon has previously served the City of Hughson as a Planning Commissioner.

Procedurally, the Mayor may make the appointment(s) subject to the approval of the City Council. Since the City only received one application, City staff listed this item under the Consent Calendar for appointment, as there are no other applications to consider. If appointed, Mr. McFadon will complete former Commissioner Patel's term, ending on December 31, 2016.

Fiscal Impact:

Per the Hughson Municipal Code, Hughson Planning Commissioners are compensated \$50 per meeting attended and reimbursement of necessary travel and other expenses incurred by the performance of their official duties. The City's annual budget includes funding for this commitment.



PLANNING COMMISSION APPLICATION

NAME: Alan F. McFadon

HOME ADDRESS: Metcalf Way, Hughson CA ZIP CODE: 95326

EMAIL: ALAN.MCFADON@ com PHONE NUMBER: _____

ARE YOU RELATED TO CURRENT CITY EMPLOYEE? NO

IF YES, PERSON'S NAME AND RELATIONSHIP: _____

LENGTH OF TIME AT: RESIDENCE 10 yrs IN HUGHSON 10 yrs IN COUNTY 22 yrs

CURRENT OCCUPATION: SHIFT MANAGER - STANISLAUS Regional 911

BUSINESS ADDRESS 3705 OAKDALE RD, Modesto CA PHONE: 552-3900

EDUCATION (Highest level of education, degree(s), etc.): Bachelor's Degree
IN Business / Public Administration

EMPLOYMENT HIGHLIGHTS: I've been in Public Safety for over
25 years, including service within the 911 System and
firefighting.

PRIOR PUBLIC SERVICE (If any): Hughson Planning Commission

PRESENT AND PAST COMMUNITY ACTIVITIES (DO NOT LIST PARTISAN POLITICAL ACTIVITIES): Hughson Baseball coach

WHAT ARE THE MOST IMPORTANT ISSUES FACING HUGHSON? (Relative to the position being sought): BALANCING small city charm with smart growth.
I have reviewed, and support, the current Housing
Element Update.

CANDIDATE'S STATEMENT

As a Candidate for the PLANNING COMMISSION, I submit the following:

I am a resident of the City of Hughson

I am registered to vote

My name is: ALAN F. MCFADON

My education and qualifications are: _____

- thorough understanding of the Hughson Planning Commission and related issues

- B/A in Public Administration

- 22 Years of Public Safety Service to Citizens of Stanislaus County

• Resume Available upon request

SIGNATURE:  DATE: 10-29-2015

MY REGISTERED VOTER ADDRESS IS. Metcalf way, Hughson CA

95326

****DELIVER TO CITY HALL, 7018 PINE STREET****
****MAIL TO: CITY CLERK, P.O. BOX 9, HUGHSON, CA 95326****
Questions? Contact City Hall at 883-4054



CITY OF HUGHSON AGENDA ITEM NO. 3.5 SECTION 3: CONSENT CALENDAR

Meeting Date: November 23, 2015
Subject: Consideration of the Quarterly City of Hughson
Legislative Report
Presented By: Raul L. Mendez, City Manager

Approved By: _____

Staff Recommendation:

Accept the Quarterly City of Hughson Legislative Report.

Background and Overview:

On March 24, 2014, the Hughson City Council adopted Resolution No. 2014-10, establishing the City of Hughson's Legislative Program. The Legislative Program contains General Principles (Home Rule, Annexation, Right of Way and Unfunded Mandates) and focuses on key policy areas: Environmental/Utilities and Public Works/Transportations/Telecommunications. The Legislative Program is intended to be a fluid document that is revisited periodically to enable the City Council and staff to react and respond when appropriate to legislative issues as they arise throughout the year in a timely manner. The document is made available to State and Federal elected representatives so that they are made aware of the issues that are important to Hughson and can advocate on those issues on the City's behalf.

Historically, the City of Hughson has conducted legislative advocacy through its work by designated members of the City Council with organizations such as the League of California Cities (LOCC) and the California Local Agency Formation Commission (CALAFCO). Due to limited staffing resources, this model has served the City of Hughson well. Occasionally, the City of Hughson is asked to consider taking positions of support or opposition on Federal and State Legislation and such requests are handled on a case-by-case basis by the Hughson City Council through its regular or special meetings.

Under the new model, the City Manager and staff conduct the initial review of legislative requests. If determine to be consistent with the City's Legislative Program they are further research and then discussed with the Mayor and Mayor Pro Tem prior to bringing forward for consideration by the full City Council. Matters not brought forward are shared with the City Council in a quarterly legislative report by the City Manager. The work by designated members on the Hughson City Council on the LOCC and CALAFCO continue as traditionally done. This

approach ensures that staffing resources are utilized wisely to only conduct extensive work and analysis on those legislative matters consistent with the adopted Hughson Legislative Program.

The following is a summary of key legislative activity since the reporting. City staff will prepare this report on a quarterly basis to keep the City Council and public informed of discussions and actions occurring at the Federal or State level.

League of California Cities Annual Conference

The League of California Cities (LOCC) is an association of California city officials who work together to enhance their knowledge and skills, exchange information, and combine resources so that they may influence policy decisions that affect cities.

The LOCC offers innovative and integrated approaches to education conferences and alternative forms of learning that addresses the needs of local elected officials, city department heads, city staff and partners alike. The Annual Conference and Exposition, was held in San José on September 30-October 2, 2015 and provided an opportunity for such education, training and policy discussions. Mayor Pro Tem Jeremy Young and City Manager Raul Mendez represented the City of Hughson at this year's event.

Attendees at the Annual Conference and Exposition had an opportunity to attend a host of networking opportunities and concurrent sessions. The concurrent sessions provided information on the League of California Cities current initiatives as well as important public policy impacting local government. Like past events, the handouts are made available for reference on the League of California Cities web site. Main topics of discussion at this year's conference revolved around new legislation (including a statewide transportation initiative), cap and trade, economic development, voting rights act update, post redevelopment efforts, fiscal analysis tools, CalPERS, etc.

Additionally, the General Assembly approved three resolutions at the Annual Conference and Exposition (Mayor Pro Tem Young was the Hughson City Council's Voting Delegate):

- League Bylaw Amendment;
- Overconcentration of Alcohol and Drug Treatment Facilities; and
- Residential Rentals, Support for SB 593 (McGuire)

The League of California Cities Annual Conference and Exposition provides City leaders an opportunity to learn from one another and gather knowledge and tools that can be brought back to respective municipalities. Next year's event is scheduled to be held in Long Beach on October 5-7, 2016.

Legislative Outlook

Through the League of California Cities Central Valley Department Representative, Stephen Qualls, City staff was provided a summary of the legislative session and bills signed or vetoed by Governor Jerry Brown. The Governor signed 17 of the League's 21 requested signatures and vetoed 5 of the 11 requested vetoes.

According to the League, major positives for the League this year were his signatures on AB 2 (Alejo), which establishes a new economic development tool for poorer communities, and the medical marijuana regulatory bill package AB 243 (Wood), AB 266 (Bonta, Cooley, Jones-Sawyer, Lackey and Wood), and SB 643 (McGuire). Disappointments included the veto of AB 35 (Chiu and Atkins), which would have increased the availability of affordable housing tax credits by \$100 million, and his signature on several measures which erode local land use and contracting flexibility.

Signed Support Legislation

AB 2 (Alejo): Community Revitalization and Investment Authorities

This bill authorizes the creation of a new entity at the local level called a Community Revitalization Investment Authority that provides a redevelopment option for the most disadvantaged and poorest areas of our state.

AB 90 (Chau): Federal Housing Trust Fund

This bill prepares for future federal housing funding allocations by designating the state Department of Housing and Community Development (HCD) as the entity responsible for administering funds received through the Federal Housing Trust Fund. It requires HCD to collaborate with the California Housing Finance Agency in developing an allocation process meeting geographic distribution and other criteria and establishes a stakeholder process to inform these discussions.

AB 169 (Maienschein): Local Government: Public Records: Internet

This bill requires that those agencies that maintain an Internet Resource, which is titled or described as "open-data," meet specified formatting requirements.

AB 216 (Garcia): Vapor Products

This bill prohibits the sale of any device intended to deliver a non-nicotine product in a vapor state directly inhaled by the user to a person under 18 years of age.

AB 243 (Wood): Medical Marijuana

AB 243 requires: licensing and regulation of marijuana cultivation under the Department of Food and Agriculture (DFA); the Department of Pesticide Regulation to develop related standards for pesticides and other foreign object residue, including maximum tolerances; and the Department of Public Health to develop standards for production and labelling of marijuana edibles. This bill assigns joint responsibility to DFA, the Department of Fish and Wildlife (DFW) and the State Water Resources Control Board (SWRCB) to prevent illegal water diversion associated with marijuana cultivation from adversely affecting California fish population. The bill also directs a multi-agency task force (DFW-SWRCB) to

expand existing enforcement efforts to a statewide level to reduce adverse environmental impacts such as illegal discharge into waterways and poisoning of marine life and habitats.

AB 266 (Bonta, Cooley, Jones-Sawyer, Lackey, Wood): Medical Marijuana

AB 266 protects local control as it establishes statewide regulatory scheme. Under the bill, state regulation will be headed by the Bureau of Marijuana Regulation within Department of Consumer Affairs. The bill provides for dual licensing: the state would issue licenses, while local governments would issue permits or licenses to operate marijuana businesses, according to local ordinances. This legislation also requires establishment of uniform health and safety standards, testing standards, and security requirements at dispensaries and during transport of the product.

AB 313 (Atkins): Enhanced Infrastructure Finance District: Cleanup

This bill makes various improvements to the Enhanced Infrastructure Finance District tool that will facilitate implementation.

AB 388 (Chang): Homeless Veteran's Housing Funding Reports

AB 388 requires the HCD to report specified performance data to the Legislature as part of an annual evaluation performed by the department, in collaboration with the Department of Veterans Affairs, on the expenditure of \$600 million in bonds, authorized by Proposition 41, for a variety of housing options including assisting homeless veterans.

AB 851 (Mayes): LAFCO: Disincorporation

AB 851 updates existing disincorporation laws, including requiring plan for providing services to the area following disincorporation.

AB 1157 (Nazarian): Aircraft Property Tax Assessment

This bill continues the existing aircraft property tax assessment program based on local county assessors for one year.

AB 1222 (Bloom): Tow Trucks

This bill addresses the problem of tow truck scams by requiring better documentation and providing tools for better enforcement.

AB 1223 (O'Donnell): Emergency Medical Services: Ambulance Transportation

AB 1223 alleviates wait time for emergency medical services (EMS) personnel delivering patients by requiring the California Emergency Medical Services Authority to develop a methodology for determining an acceptable amount of time for EMS crews to offload their patients at emergency rooms. The bill requires local EMS authorities to adopt this methodology and begin tracking wait times, and it gives EMS crews the ability to deliver their patients to alternative treatment locations when emergency departments cannot receive them.

AB 1228 (Gibson): Housing for Homeless and Foster Youth

This bill encourages additional flexibility in student housing facilities at state community college and university campuses for the challenges faced by students

who are formerly homeless and foster youth.

SB 485 (Hernandez): County of L.A.: Sanitation Districts

SB 485 authorizes sanitation districts in Los Angeles County to acquire, construct, operate, maintain and furnish facilities for the diversion, management, and treatment of storm water and dry weather runoff.

SB 493 (Cannella): Elections in Cities: By or From Districts

SB 493 authorizes a city council of a city with a population less than 100,000 to adopt an ordinance to switch the election system from at-large to by-district.

SB 533 (Pan): Sales Tax Rebate Agreements

This bill amends existing law to remove several exceptions which have allowed sales tax rebate agreements to shift of local Bradley-Burns sales taxes away from local agencies without their knowledge and consent. SB 533 also requires notification of affected agencies prior to enacting future agreements that would result in reduced sales tax allocations to the affected agencies.

HOT SB 643 (McGuire): Medical Marijuana

This bill imposes fines of up to \$5,000 against physicians for violating the prohibition against having a financial interest in a marijuana business. Recommendations for cannabis without a prior examination would constitute unprofessional conduct. This bill also: imposes restrictions on advertising for physician recommendations; places Department of Food and Agriculture in charge of cultivation regulations and licensing, and require a track-and-trace program; itemize disqualifying felonies for state licensure; places the Department of Pesticide Regulation in charge of pesticide regulation and Department of Public Health in charge of production and labeling of edibles; and upholds local power to levy fees and taxes.

Vetoed Support Legislation

AB 35 (Chiu, Atkins): Housing Tax Credit

AB 35 would have increased the state's Low-Income Housing Tax Credit from \$70 to \$170 million annually for five years, providing an additional \$500 million to a program that is always heavily oversubscribed.

AB 428 (Nazarian): Seismic Rehabilitation Tax Credits

This bill would have offered a 30 percent tax credit for seismic rehabilitation of endangered properties, capped at a total of \$12 million per-year over a four-year program.

SB 25 (Roth): Incorporations

This bill would have assisted, through a property tax adjustment, four recently incorporated cities harmed by prior vehicle license fee takeaway.

SB 168 (Gaines, Jackson): Unmanned Aircraft Systems

This bill would have provided first-responder immunity for damage to drones interfering with firefighting, airborne or ground ambulances and search-and-rescue operations. It would have increased fines for violation of existing laws prohibiting

operations in flight-restricted airspace during emergencies.

Signed Oppose Legislation

AB 57 (Quirk): Wireless Telecom Facilities

This bill deems approved any application for colocation or siting of a new wireless telecommunications facility if a city or county fails to approve or disapprove the application within time periods that the Federal Communications Commission established.

HOT AB 744 (Chau): Density Bonus-Parking

AB 744 undermines local control by establishing unrealistically low parking standards for various affordable housing projects.

AB 1236 (Chiu): EV Charging Stations

This bill requires cities and counties to streamline and expedite the permitting and inspection process for electric vehicle charging stations.

SB 239 (Hertzberg): Fire Service Contracting/LAFCO: Request for Veto

This bill imposes significant barriers to new or extensions of contracts for firefighting services outside of jurisdictional boundaries.

SB 331 (Mendoza): Public Contracts: Local Agencies: Negotiations

SB 331 requires that cities, counties or special districts that have a COIN ordinance for labor negotiations to apply the same standards to other contracts valued at \$250,000 or more for goods or services.

SB 379 (Jackson): Land Use: Safety Element

This bill requires the safety element to be reviewed and updated as necessary to address climate adaptation and resiliency strategies applicable to that city or county.

Vetoed Oppose Legislation

AB 36 (Campos): Local Government: Federal Surplus Property

This bill would have prohibited local agencies from receiving surplus military equipment under the federal 1033 program unless the legislative body of the local agency has first voted to approve the acquisition at a public meeting that is compliant with the Brown Act. Amendments allowing for closed-session votes and limited disclosure about approved equipment under specified circumstances were deleted from bill.

AB 88 (Gomez): Sales Tax Exemption: Utility Appliance Purchases

This bill would have expanded the scope of utility programs that provide free appliances to low income individuals, by exempting the utility from sales tax (both state and local shares) associated with the equipment purchases.

AB 305 (Gonzalez): Workers' Compensation: Permanent Disability Apportionment

AB 305 would have prohibited apportionment of a permanent disability claim in the

case of a physical injury from being based on: pregnancy (or menopause if the condition is contemporaneous with the claimed physical injury) or psychiatric injury occurring on or from being based on psychiatric disability or impairment caused by sexual harassment.

AB 1301 (Jones-Sawyer): Voting Rights: Preclearance

AB 1301 would have established a statewide preclearance system, requiring that voting-related laws, regulations and policies be submitted to the Secretary of State for approval.

SB 406 (Jackson): Employment: Leave

This bill would have changed what family members are covered under existing law. It would also permit parents who work for the same employer to each take 12 weeks of leave.

No Position Signed Legislation

SB 107 (Budget): RDA Dissolution

This legislation makes significant changes to redevelopment dissolution laws and procedures and contains several unrelated items. The League previously distributed a comprehensive summary of this measure to its members. A letter to the Journal was submitted by Sen. Mark Leno (D-San Francisco) to clarify various aspects. Impacts on cities affected by this issue will depend on future Department of Finance interpretation and implementation.

Upcoming League of California Cities Events

New Mayors and Council Members Academy, Sacramento – January 20-22, 2016.

City Managers Department Meeting, Indian Wells – February 3-5, 2016.

Legislative Action Day, Sacramento – April 27, 2016.

Annual Conference – Long Beach – October 5-7, 2016.

Fiscal Impact:

Implementation of the City of Hughson's Legislative Program is managed by existing staff and through existing budgeted allocations.



CITY OF HUGHSON AGENDA ITEM NO. 4.1

SECTION 4: UNFINISHED BUSINESS

Meeting Date: November 23, 2015
Subject: Review and Discuss Investment and Debt Reduction Options and Approve the Interfund Loan Policy
Presented By: Shannon Esenwein, Director of Finance
Approved By: _____

Staff Recommendation:

1. Review and discuss the City's potential investment and debt reduction options.
2. Approve the City of Hughson's Interfund Loan Policy.

Background and Discussion:

On May 20, 2015, the Budget and Finance Subcommittee directed City staff to look at utilizing cash to pay down debt. On May 26, 2015, the City Council directed staff to review early debt repayment options and on June 22, 2015 to hold off on reinvesting in Certificates of Deposits until further analysis was complete on drawing down debt. At the October 26, 2015 Council meeting, Council directed staff to bring forward an Interfund Loan Policy and additional information regarding municipal bonds and corporate bonds

The City of Hughson maintains over 40 separate funds within its accounting system. Each fund has its own cash balance and funding source. For banking purposes, these funds are combined into the City's cash and investment pool and are maintained together in a single checking account, money market account and various certificate of deposits. The Monthly Treasurer's Report shows the current cash and investment balance on hand at a given point in time. Individual fund balances are included in the Budget.

Investments:

The City's investments are in held in one of 3 places: Bank of the West Money Market Account, LAIF and Multi-Bank Securities.

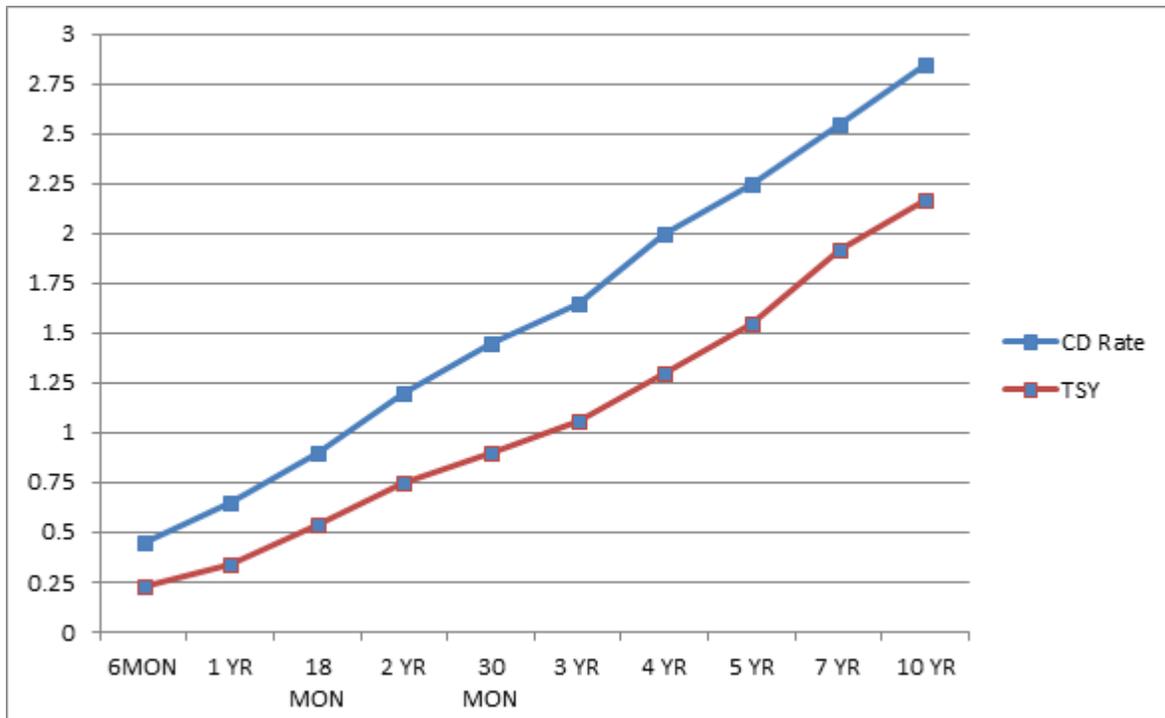
The rate of return on investments varies based on the market. The City's investment portfolio is currently yielding the interest rates shown below:

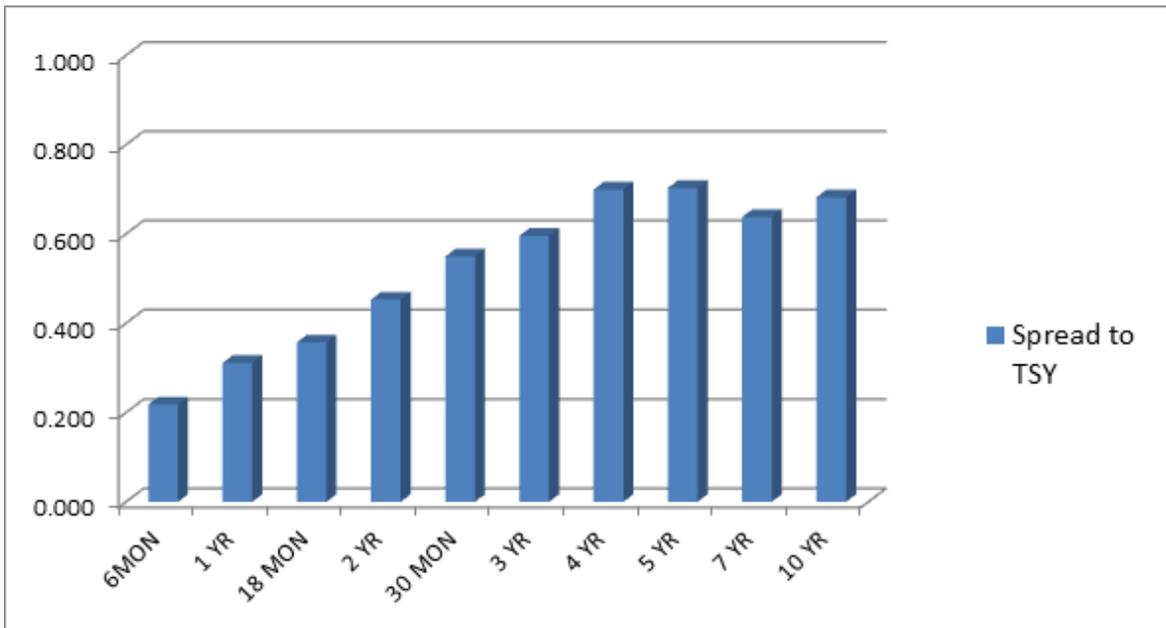
Account	Interest Rate
Money Market	0.08%
LAIF	0.26%
Certificate of Deposits	1.05-2.20%

When dealing with investment activities, the City of Hughson's primary objectives in order of priority are safety, liquidity and return on investment. Over 78% of the City's investments are held in a money market account with the Bank of the West.

US Treasury bills, notes and bonds are the baseline for interest rates and are the rate on which other investment rates are based. Treasury bills are short term securities maturing in one year or less. Treasury notes are interest bearing securities that have a fixed maturity of not less than one year and not more than ten years from the date of issue. Treasury bonds are interest bearing securities with maturities over ten years.

Treasury yield are between 20 to 70 basis points lower than Certificate of Deposit yields. The two graphs below show the difference in interest rate between Certificate of Deposit yields and US Treasury yields.





Municipal bonds are debt securities issued by states, cities, counties and other governmental entities to fund day to day obligations and to finance capital projects such as building schools, highways or sewer systems. General obligation bonds are supported by an issuer's pledge to use all its available resources and taxing power to provide for annual debt service requirements. This is essentially the full faith and credit pledge that most people associate with a general obligation bond. However, the value of this pledge will vary by state and by the type of issuer within each state. The strongest form of general obligation pledge is supported by an issuer's full faith and credit and a specific pledge of its ad valorem taxing power that is unlimited with respect to the rate or amount of the levy. This pledge requires the issuer to raise property taxes to the extent necessary to support the debt service obligation.

Below is an example of a municipal bond with a sale date of November 3, 2015 and an issue date of November 24, 2015:

Issuer : School District #79 Fremont, IL
 Sale Type : Negotiable
 Deal Size : \$9,320,000
 Sec Type : G.O. Unlimited
 Federal Tax Status : BQ State Tax Status : Y

Sale Date : 11/03/15

Dated Date : 11/24/15
 Moodys (rating/underlying) : Aa1 / NONE
 Insurance : NONE

First Coupon Date : 06/01/16

Maturity	Amt	Cpn%	Yld	Px	NRO Px to YTM Bal(M)
12/1/2016	\$65,000	2	0.53	101.492	YTW 0.531
12/1/2017	\$65,000	2	0.84	102.317	YTW 0.840
12/1/2018	\$70,000	2	1.06	102.785	YTW 1.060
12/1/2019	\$1,055,000	4	1.28	110.623	YTW 1.280
12/1/2020	\$1,030,000	4	1.52	111.941	YTW 1.520
12/1/2021	\$1,030,000	2.5	1.73	104.383	YTW 1.730
12/1/2022	\$1,225,000	4	1.91	113.668	YTW 1.910
12/1/2023	\$1,450,000	4	2.08	114.113	YTW 2.080
12/1/2024	\$1,425,000	4	2.22	113.009	YTW 2.388
12/1/2025	\$1,905,000	4	2.34	112.073	YTW 2.622
Premium Call Date:	NONE				
Par Call Date :	12/1/2023				

The chart above indicates that the coupon rate of the bond is between 2%-4%. Since these bonds are selling at a premium the actual yield on the bonds is between 0.53%-2.34% depending on the maturity date of the bond.

Another type of bond that the City could use as an investment option is corporate bonds. Corporate bonds are a debt security issued by a corporation and sold to investors. Companies use the proceeds from bond sales for a wide variety of purposes, including buying new equipment, investing in research and development, buying back their own stock, paying shareholder dividends, refinancing debt and financing mergers and acquisitions. Corporate bonds are considered higher risk than government bonds. As a result, interest rates are almost always higher. If a company defaults on its bonds and goes bankrupt, bondholders will have a claim on the company's assets and cash flows. The bond's terms determine the bondholder's priority in the claim.

The table below shows the current corporate offerings available through the City's Investment Banker as of November 2, 2015:

Corporate Debt/InterNotes

OVERVIEW

ISSUERS

CURRENT OFFERINGS

[About InterNotes](#) | [Types Of InterNotes](#) | [Features](#) | [Ratings](#) | [Risk Considerations](#) | [Risk Considerations](#)  [Print](#)

To view Sovereign, Supranational and Agency (SSA) Current Offerings, please click [HERE](#)

Investment Grade

Rates current as of 11/2/2015

Discover Financial Services

[MORE INFO](#)

CUSIP	Coupon	Payment	Maturity	Trades	Call date
cusip 	3.850%	Semi-Annual	11/15/2025	11/9/2015	8/15/2025

Ford Motor Credit Company LLC

[MORE INFO](#)

CUSIP	Coupon	Payment	Maturity	Trades	Call date
cusip 	3.000%	Semi-Annual	11/20/2020	11/9/2015	11/20/2016

National Rural Utilities Cooperative Finance Corp

[MORE INFO](#)

CUSIP	Coupon	Payment	Maturity	Trades	Call date
cusip 	2.800%	Monthly	11/15/2022	11/9/2015	No Call
cusip 	3.500%	Monthly	5/15/2027	11/9/2015	No Call

The City of Hughson's Investment Policy Subdivision 7.0 Authorized and Suitable Investments, paragraph (K) states that:

"Medium term notes (not to exceed 5 years) of U.S. corporations rated "A" or better by a nationally recognized rating services. Not more than 30% of City Funds can be invested in medium term notes."

The only corporate bond shown above that has a maturity of five years or less is offered by Ford Motor Credit.

Ford Motor Credit Company LLC Ford Credit Notes - Series B



Cusip	Maturity	Coupon	Payment	Callable	Dealer Price	Yield*	Ratings**	Trade Date	Pricing Supplement
34540TKD3	 11/20/20	3.000%	Semi	11/20/16	100	3.000%	Baa3/BBB- /BBB-	11/09/15	

The Ford Motor Credit Bond does meet the term restriction of 5 years, but it does not meet the rating restriction of grade A or better. Ford Motor Credit is rated Baa3, BBB-, and BBB- by the three rating agencies. The lower the rating the higher the coupon rate therefore, the coupon rate of the Ford Motor Credit Note is 3.00% which is higher than the current Certificate of Deposit rate of 2.20%. This investment is not an option for the City of Hughson but was shown for comparison purposes.

Another variety of Investment Grade Corporate Bonds are bonds issued by banks for the bank's financing needs. Below are two examples:

New World Bank Investor Notes 5/6mo Step Up					
International Bank for Reconstruction and Development (IBRD) Offerings					
AAA/Aaa Rating with Survivor's Option					
Structure	Maturity	Price	Freq	IRR @ Par	Call
5/6mo	11/15/2020	100	S/A	2.02%	5/15/2016
Step Details:	1.125%-2yrs, 1.25%-1yr, 1.50%, 2.00%, 4.00%, 6.00% each 6mo				
Trade Date:	11/9/2015		Settle Date:	11/16/2015	

Goldman Sachs	(A3/A-)	5yrNC1yr	11/25/2020
Coupon:			
	2.5yr	2.00%	
	1.5yr	3.00%	
	0.5yr	4.00%	
	0.5yr	5.00%	
Semi Pay/Quarterly Call (first call 11/25/2016)			
YTM @ 100 =	2.77%		

It is important to keep in mind that each security, whether it is a municipal bond or a corporate bond, must be individually analyzed to determine if the investment meets the City's Investment Objectives, complies with the City's Investment Policy and if it is an investment the City deems appropriate.

Another investment option which would allow greater diversification and is available to the City is to purchase shares in the Joint Power Authority Investment Pool. The City of Hughson's Investment Policy Subdivision 7.0 Authorized and Suitable Investments, paragraph (P) states that:

Shares of beneficial interest issued by a joint power authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions 7.0.A through 7.0.N, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the

joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The advisor is registered or exempt from registration with the Securities and Exchange Commission.

(2) The advisor has no less than five years of experience investing in the securities and obligations authorized in subdivisions 7.0.A through 7.0.N, inclusive.

(3) The advisor has assets under management in excess of five hundred million dollars (\$500,000,000).

The City of Hughson is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA) and therefore can participate in the investment pool managed by Chandler. The cities within Stanislaus County who currently participate in the investment pool with Chandler are Patterson, Newman, Oakdale and Waterford. Chandler has been the investment manager for CSJVRMA since 1999. They are an SEC-registered investment advisor and currently manage \$119.6 million for the Authority. Chandler's objectives are preserving principal, providing adequate liquidity and attaining a return consistent with the first two objectives. The investment pool is invested in fixed income securities authorized in the California Government Code and the Authority's investment policy, including U.S. Treasuries, federal agencies and corporate bonds. The minimum initial contribution is \$100,000. Currently, the investment management fees are approximately 0.105 of 1% (10.5 basis points) calculated on a blended rate that is based on the Authority's total assets under management. Investment management fees are deducted directly from the pool.

As shown in the table below the average coupon is 1.23%, with an average market yield to maturity is 1.03%, and an average S&P/ Moody Rating of AA+/Aa1. The average maturity is 2.56 years. The Investment pool is meant for longer term investments and should be available to the pool for at least one year. As with all investment pools, past performance is not indicative of future returns and money placed into these funds are not insured by FDIC. Investing in the RMA Investment pool would offer the City the most diversified portfolio possible.

Portfolio Characteristics CSJVRMA Claims Payment and Participant Pool As of September 30, 2015



Central San Joaquin Valley RMA Pool
Account #200

Portfolio Summary
As of 9/30/2015

PORTFOLIO CHARACTERISTICS	ACCOUNT SUMMARY	TOP ISSUERS																																															
<p>Average Duration 2.49</p> <p>Average Coupon 1.23 %</p> <p>Average Purchase YTM 1.26 %</p> <p>Average Market YTM 1.03 %</p> <p>Average S&P/Moody Rating AA+/Aa1</p> <p>Average Final Maturity 2.69 yrs</p> <p>Average Life 2.56 yrs</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">Beg. Values as of 8/31/15</th> <th style="text-align: right;">End Values as of 9/30/15</th> </tr> </thead> <tbody> <tr> <td>Market Value</td> <td style="text-align: right;">68,764,634</td> <td style="text-align: right;">69,376,165</td> </tr> <tr> <td>Accrued Interest</td> <td style="text-align: right;">203,476</td> <td style="text-align: right;">194,801</td> </tr> <tr> <td>Total Market Value</td> <td style="text-align: right;">68,968,110</td> <td style="text-align: right;">69,570,966</td> </tr> <tr> <td>Income Earned</td> <td style="text-align: right;">70,575</td> <td style="text-align: right;">71,048</td> </tr> <tr> <td>Cont/WD</td> <td></td> <td style="text-align: right;">267,499</td> </tr> <tr> <td>Par</td> <td style="text-align: right;">68,741,903</td> <td style="text-align: right;">69,084,530</td> </tr> <tr> <td>Book Value</td> <td style="text-align: right;">68,585,790</td> <td style="text-align: right;">68,938,009</td> </tr> <tr> <td>Cost Value</td> <td style="text-align: right;">68,575,899</td> <td style="text-align: right;">68,927,910</td> </tr> </tbody> </table>		Beg. Values as of 8/31/15	End Values as of 9/30/15	Market Value	68,764,634	69,376,165	Accrued Interest	203,476	194,801	Total Market Value	68,968,110	69,570,966	Income Earned	70,575	71,048	Cont/WD		267,499	Par	68,741,903	69,084,530	Book Value	68,585,790	68,938,009	Cost Value	68,575,899	68,927,910	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Issuer</th> <th style="text-align: right;">% Portfolio</th> </tr> </thead> <tbody> <tr> <td>Government of United States</td> <td style="text-align: right;">21.0 %</td> </tr> <tr> <td>Federal National Mortgage Assoc</td> <td style="text-align: right;">15.9 %</td> </tr> <tr> <td>Federal Home Loan Mortgage Corp</td> <td style="text-align: right;">14.1 %</td> </tr> <tr> <td>Federal Home Loan Bank</td> <td style="text-align: right;">11.7 %</td> </tr> <tr> <td>Toyota Motor Corp</td> <td style="text-align: right;">2.6 %</td> </tr> <tr> <td>Honda ABS</td> <td style="text-align: right;">2.5 %</td> </tr> <tr> <td>Federal Farm Credit Bank</td> <td style="text-align: right;">2.0 %</td> </tr> <tr> <td>Toyota ABS</td> <td style="text-align: right;">2.0 %</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">71.9 %</td> </tr> </tbody> </table>	Issuer	% Portfolio	Government of United States	21.0 %	Federal National Mortgage Assoc	15.9 %	Federal Home Loan Mortgage Corp	14.1 %	Federal Home Loan Bank	11.7 %	Toyota Motor Corp	2.6 %	Honda ABS	2.5 %	Federal Farm Credit Bank	2.0 %	Toyota ABS	2.0 %		71.9 %
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Total Rate of Return As of 9/30/2015	Current Month	Latest 3 Months	Year To Date	1 Yr	3 Yrs	Annualized		Since 6/30/1999	Since 6/30/1999																																								
Central San Joaquin Valley RMA Pool	0.49 %	0.65 %	1.62 %	2.15 %	1.07 %	1.48 %	3.51 %	4.21 %	95.42 %																																								
BAML 1-5 Yr US Treasury/Agency Index	0.52 %	0.69 %	1.64 %	2.13 %	0.92 %	1.25 %	3.18 %	3.85 %	84.62 %																																								
BAML 1-5 Yr US Issuers Corp/Govt Rated AAA-A Index	0.53 %	0.70 %	1.65 %	2.15 %	1.03 %	1.41 %	3.23 %	3.96 %	87.90 %																																								

Debt Reduction:

The City of Hughson has the following Debt Service:

Debt	Fund	Interest Rate	Outstanding Principal	Annual Payment	Payoff Year
RDA Bond	13	4.50%	\$2,660,000.00	\$185,250.00	2036
Water Tank	80	3.40%	\$1,580,932.00	\$173,472.00	2026
USDA Water Loan	80	4.50%	\$390,000.00	\$27,550.00	2037
WWTP Expansion	66	3.40%	\$4,986,090.00	\$477,732.00	2028
State Water Loan WWTP	66	1.00%	\$17,330,208.00	\$1,258,138.00	2031

Redevelopment Agency Bond – This debt service was recently refinanced saving the community approximately \$395,000 in interest.

Water Tank Loan – The debt for the Water Tank Loan is a debt in the Water Enterprise-Fund 80. If regular payments are made on the Water Tank Loan, it will

be paid off in 2026. According to the First Amendment to the Installment Sale Agreement dated June 29, 2014, the City has the option to prepay the entire loan amount beginning March 29, 2019 at a prepayment price equal to 101% of the principal amount. Previously it was thought that the City could make additional principal payments on this loan. After receiving the entire loan document from the Municipal Finance Corporation, it was determined that the prepayment on the amendment specifically relates to the ability to prepay in part due to an insurance or condemnation award. If the City wishes to prepay this loan, it must be in full and after March 29, 2019.

USDA Water Loan – The debt for the USDA Water Loan is a debt in the Water Enterprise-Fund 80. If regular payments are made on the USDA Water Loan, it will be paid off in 2037. If the City pays off the entire principal balance of \$390,000 plus accrued interest on the USDA Loan by April 1, 2016, the total savings in interest expense would be almost \$220,000.

Wastewater Treatment Plant Expansion Loan – The debt for the Wastewater Treatment Plant Expansion Loan is a debt in the Sewer O & M-Fund 60. If regular payments are made on the Wastewater Treatment Plant Expansion Loan, it will be paid off in 2028. According to the First Amendment to the Installment Sale Agreement dated March 7, 2013, the City has the option to prepay the principal amount in whole beginning on March 7, 2018 at 101% of the principal plus accrued interest. After receiving the entire loan document from the Municipal Finance Corporation, it was determined that partial prepayment is only allowed in connection with an insurance or condemnation award. If the City wishes to prepay this loan it must be in full and after March 7, 2018.

State Water Loan Wastewater Treatment Plant – The interest rate charged on the loan is 1%, which is less than the City earns investing in Certificate of Deposits.

To reduce debt, the City should have money available in the appropriate fund before reducing or paying off debt. The anticipated fund balance for Fund 80 at June 30, 2016 is \$371,556 less the principal portion of the Water Tank Loan and the USDA Water Loan resulting in a cash balance of approximately \$240,000.

The anticipated fund balance for Fund 60 at June 30, 2016 is \$2,037,129. Per Section D.2 of Agreement No: 08-838-550 with the California State Water Resources Control Board, the City shall fund a reserve fund of one year's debt service from available cash. The annual payment for this loan is \$1,258,138 which leaves an available fund balance of \$779,000.

As discussed previously, if the City chooses to pay off the USDA Water Loan through the use of an Interfund loan a policy should be in place. Interfund loans are typically short-term in nature, are typically repaid in a single year and are used to bridge a temporary funding gap. An Interfund Loan must not interfere with the purpose for which the fund was established. Interfund loans of large amounts that span several years to repay increase the likelihood that the purpose of the source

funds will be impeded. Typically, City's adopt an Interfund Loan Policy to dictate the terms, conditions and procedures by which Interfund Loans are initiated and managed and to ensure arrangements meet generally accepted accounting principles. Various municipal Interfund Policies were reviewed in drafting the Interfund Policy for the City of Hughson. These municipalities include: City of Salinas, City of Redlands, City of San Jose, City of Sacramento, City of San Clemente and Yuba County. Attached is a Draft Interfund Loan Policy for Council's review and consideration.

Fiscal Impact:

There is no fiscal impact associated with the discussion item. As direction is provided on the best investment strategy and debt reduction option, City cash and loans payable would reduce accordingly.

INTERFUND LOAN POLICY

PURPOSE

The City's Interfund Loan Policy provides guidelines regarding the establishment and repayment of Interfund Loans. This policy:

- Requires City Council approval of Interfund loans, except for short-term working capital loans.
- Permits short-term Interfund loans for the following reasons:
 - To offset timing differences in cash flows;
 - For working capital to cover Council approved reimbursable grants and projects;
 - To provide advance spending for a capital project prior to securing project financing; and
 - For other needs as deemed appropriate by City Council.
- The term of the loan may continue over a period of more than one year, but not more than five years.
- Prohibits Interfund loans from being used to solve ongoing structural budget issues or hindering the accomplishment of any function or project for which the lending fund was established.

BACKGROUND

Interfund loans are an authorized short term loan from one fund to another for a specific purpose and with the requirement for repayment. Interfund loans are a recognized and necessary aspect of municipal finance. Interfund loans are typically short-term in nature, and are an allocation of resources between individual funds for working capital purposes. Interfund loans will be reported according to Generally Accepted Accounting Principles, as interfund receivables in lender funds and interfund payables in borrower funds. If repayment is not expected within a reasonable time, the interfund balances are reduced and the amount that is not expected to be repaid is reported as a transfer.

POLICY

Interfund loans, other than short-term working capital loans, must be approved by the City Council. Council approval will include the following terms:

- Purpose of the Interfund Loan
- Loan amount
- Loan terms
 - Repayment must have an identified funding source
 - Specific repayment schedule – loan period and payment requirements
 - Interest rate – imposed at a rate at least equal to the investment earning the fund would have received had the loan not occurred
- Identification of the source fund
 - Availability of unrestricted funds in the source fund
 - Review of multi-year plans for use of source fund cash

- Analysis of legal or contractual restrictions

Modifications

- Modification of any loan terms including but not limited to: loan amount, interest rate, and/or repayment schedule of an Interfund loan must be approved by a unanimous vote of the City Council.

Prohibited Uses

- Interfund loans will not be used to solve ongoing structural budget issues. Interfund loans will not hinder the accomplishment of any function or project for which the lending fund was established.



CITY COUNCIL AGENDA ITEM NO. 6.1

SECTION 6: NEW BUSINESS

Meeting Date: November 23, 2015
Subject: Discussion of Existing Medical Marijuana Ordinance and Possible Changes Regulating Cultivation, Delivery and Dispensaries and Retail Operations Based on Recent Changes to State Law.
Presented By: Raul L. Mendez, City Manager
Daniel J. Schroeder, City Attorney

Approved By: _____

Staff Recommendation:

Discuss and consider direction on possible changes to the existing Medical Marijuana Ordinance regulating transport, retail operations and cultivation of marijuana based on recent changes to State law.

Background and Overview:

Governor Jerry Brown Signs New Medical Marijuana Legislation

In October 2015, Governor Jerry Brown signed three bills that mark the State's first move towards regulating the medical marijuana industry.

In signing AB 243, AB 266, and SB 643 (hereinafter "Marijuana Regulations"), the Governor marked the establishing of "a long-overdue comprehensive regulatory framework for the production, transportation, and sale of medical marijuana," Brown said in his statement on what is being called Medical Marijuana Regulation and Safety Act.

"This new structure will make sure patients have access to medical marijuana, while ensuring a robust tracking system," said Brown. "This sends a clear and certain signal to our federal counterparts that California is implementing robust controls not only on paper, but in practice."

Although Proposition 215, which voters passed in 1996, legalized cannabis for patients in the State of California, Federal laws do not recognize medical marijuana laws in individual states since Federal Law preempts states laws. Next year's State ballot will also likely see at least one measure to legalize recreational use.

Cities across the State have begun efforts to better understand the local impact of the new legislation. A critical component of the recently enacted Marijuana Regulations is that local jurisdictions are still entitled to limit or prohibit cultivation and transportation of marijuana within their jurisdiction as long as they do so by March of 2016. In addition, the League of California Cities has prepared a series of informational forums to help municipalities with this process and to determine what steps, if necessary, to take locally to prepare for the future.

Understanding the Medical Marijuana Regulation and Safety Act

The League of California Cities has hosted a series of informational webinars following the Governor's signing of the Medical Marijuana Regulation and Safety Act. It has also prepared several educational pieces to assist cities (elected officials and staff alike) better understand the new legislation. The main documents include the following that have been attached for reference.

- A. Information Briefing (Powerpoint Presentation);
- B. Frequently Asked Questions; and
- C. New Legislation's Impact to Cultivation and Delivery.

The focus of this education and outreach effort has been to review the details of what each bill does, explain how the new legislation protects local control, highlight specific regulatory issues that require immediate attention from local governments and discuss timelines for implementation.

Although this is covered in greater detail in the attached documents, the following are some of the highlights in summary form in preparation for the discussion by the Hughson City Council and to assist with the development of possible direction for City staff.

The Medical Marijuana Regulation and Safety Act consists of three discrete pieces of legislation:

- AB 266 (Bonta, Cooley, Jones-Sawyer, Lackey, Wood) – Establishes dual licensing structure requiring state license and a local license or permit. Department of Consumer Affairs heads overall regulatory structure establishing minimum health and safety and testing standards.
- AB 243 (Wood) – Establishes a regulatory and licensing structure for cultivation sites under the Department of Food and Agriculture.
- SB 643 (McGuire) – Establishes criteria for licensing of medical marijuana businesses, regulates physicians, and recognizes local authority to levy taxes and fees.

This legislation protects local control in the following ways:

- Dual licensing: A requirement in statute that all marijuana businesses must have both a state license, and a local license or permit, to operate legally in California. Jurisdictions that regulate or ban medical marijuana will be able to retain their regulations or ban.

- Effect of local revocation of a permit or license: Revocation of a local license or permit terminates the ability of a marijuana business to operate in that jurisdiction under its state license.
- Enforcement: Local governments may enforce state law in addition to local ordinances, if they request that authority and if it is granted by the relevant state agency.
- State law penalties for unauthorized activity: Provides for civil penalties for unlicensed activity, and applicable criminal penalties under existing law will continue to apply. With certain exceptions, expressly protects local licensing practices, zoning ordinances, and local actions taken under the constitutional police power.

There are two areas that require immediate attention from local governments:

- Deliveries and mobile dispensaries: Delivery is permitted with a State license unless a city adopts an express prohibition on delivery (AB 266).
- Cultivation ordinances: Cities must adopt an ordinance prohibiting or regulating cultivation prior to March 1, 2016. Otherwise the State will be sole licensing authority.

Timeline for Implementation

According to the League of California Cities, none of the bills that comprise the Medical Marijuana Regulation and Safety Act explicitly specify a timeline for implementation. This is believed to be partly due to various State departments being at different stages in terms of their readiness. The rough timeline cities have been given for state licensing to begin is January 2018. The more immediate timeline for locals to bear in mind is March 2016 regarding respective cultivation ordinances

Taking a Look at the City of Hughson Municipal Code

Chapter 17 of the Hughson Municipal Code consists of zoning districts and explicitly states:

"It shall be unlawful for any person or entity to own, manage, conduct or operate any medicinal marijuana dispensary in any zone or to participate as an employee, contractor, agent or volunteer, or in any other manner or capacity, in any medical marijuana dispensary in the city of Hughson."

Preliminary discussions have occurred at the staff level and with members of the City Council regarding potential changes to the Hughson Municipal Code in light of the Medical Marijuana Regulation and Safety Act. Additionally, at the County level, the City Managers and the Chief Executive Officer have had several discussions regarding a regional approach and model ordinance for consistency and effectiveness. The City Attorney has begun looking into an ordinance amendment in light of the new legislation. The City Attorney has also reviewed examples of

ordinances already in place in other jurisdictions (Waterford, Escalon, etc.) and has been in recent contact with his counterparts from other local jurisdictions in the County to discuss this issue collectively.

To ensure that City staff has clear direction from the Hughson City Council on this issue, the City Attorney advised that a discussion was appropriate. As such, the latest information is provided to assist with the process.

Fiscal Impact:

There is no fiscal impact associated with this item at this time. Based on City Council direction, City staff will evaluate costs accordingly as appropriate and as work on this issue progresses.

Frequently Asked Questions (FAQs)

Medical Marijuana Regulation and Safety Act¹

Topic #1: Cultivation

*The State will be the sole licensing authority for the commercial cultivation of medical marijuana unless a city adopts land use regulations or ordinances regulating or prohibiting the cultivation of marijuana -- either expressly or otherwise under the principles of permissive zoning -- prior to **March 1, 2016.***²

1. **Question:** If a city wants to enact a total ban on cultivation, can the ban include cultivation for personal use?

Answer: Yes. Under *Live Oak*³, a city can ban all marijuana cultivation -- even cultivation of small amounts by qualified patients. The *Live Oak* ban had no exceptions for personal use by a qualified patient. The new legislation does not change the law in this regard.

2. **Question:** Must a city's ordinance prohibiting cultivation make an exception for personal medical marijuana cultivation of up to 6 mature or 12 immature plants?⁴

Answer: No. In the *Live Oak* case, the California Court of Appeal upheld the city's total ban on all marijuana cultivation. That authority is preserved under the new legislation.

3. **Question:** Is a person who cultivates marijuana for his or her personal medical use required to get a cultivation license from the State?

¹ AB 266 (Bonta, Cooley, Jones-Sawyer, Lack, Wood); AB 243 (Wood); and SB 643 (McGuire). Effective 1/1/2016. Please consult your City Attorney before taking action to implement the MMRSA. The answers to these FAQs may be different in your city based upon your municipal code, regulations, and policies. The answers do not constitute legal advice from the League of California Cities®.

² Health & Safety 11362.777(c).

³ *Maral v. City of Live Oak* (2013) 221 Cal.App.4th 975.

⁴ Health & Safety Code 11362.77 allows a qualified patient to cultivate 6 mature or 12 immature plants without criminal liability.

Answer: No, if the area used for cultivation does not exceed 100 square feet, or 500 square feet for a primary caregiver with no more than five patients.⁵ If the areas exceed these limits, then a State license is required. The exemption from the State licensing requirements does not prevent a city from regulating or banning cultivation by persons exempt from State licensing requirements.⁶

4. **Question:** Can a city prevent the State from becoming the sole licensing authority for cultivation by adopting an ordinance that permits the cultivation of six plants per residence prior to March 1, 2016?

Answer: Yes. The State becomes the sole licensing authority for cultivation as of March 1, 2016 if a city does not have a land use regulation or ordinance “regulating or prohibiting the cultivation of marijuana.” An ordinance permitting cultivation under certain specific conditions (not more than six plants per residence) is an ordinance “regulating” marijuana cultivation and therefore qualifies. However, in order to be completely clear, the City Attorney may wish to determine whether it is advisable to prohibit all other types of cultivation as part of the ordinance.

5. **Question:** Must the cultivation prohibition be adopted as part of a city’s zoning code? Could it be adopted instead under the city’s business licenses and regulations?

Answer: It’s not possible to answer “yes” or “no.” AB 243 requires a “land use regulation or ordinance.” Whether the phrase “land use” requires a zoning ordinance is a question for the city attorney to answer based on the particular language of the city’s municipal code.

6. **Question:** Can a city ban large growers but still allow qualified patients to cultivate a small amount of medical marijuana in their private residences?

Answer: Yes. There’s nothing in the legislation that requires a total ban. The most important consideration is to clearly identify cultivation that is prohibited and cultivation that is allowed and to do so before March 1, 2016.

7. **Question:** Is a temporary land use moratorium (under Government Code section 65858) on medical marijuana cultivation that is effective in a city by March 1, 2016 sufficient to prevent the State from having sole licensing authority under the new law for medical marijuana cultivation applicants in that city?

⁵ Business & Professions Code 19319; Health & Safety 11362.777(g).

⁶ Health & Safety Code 11362.777(g).

Answer: Probably not. The new law requires a land use regulation or ordinance that prohibits or regulates cultivation. Because a moratorium adopted under Government Code 65858 would only temporarily prohibit cultivation, it may not qualify as a land use ordinance that “prohibits” cultivation.

8. **Question:** Can a local medical marijuana cultivation ordinance be enacted on an urgency basis in order to comply with the March 1, 2016 deadline in the new legislation?

Answer: Yes, with urgency findings relating to the statutory deadline.

Topic #2: Delivery

Deliveries of medical marijuana can only be made by a State-licensed dispensary in a city that does not explicitly prohibit deliveries by local ordinance. If a city wants to prevent deliveries within its jurisdiction, it must adopt an ordinance expressly prohibiting them.⁷

9. **Question:** Is there a deadline for adopting an ordinance explicitly prohibiting deliveries?

Answer: There is no deadline in the new law. However, best practice would be to adopt the ordinance prior to the date the State begins issuing licenses allowing deliveries so as to reduce the risk of confusion and to avoid the process of requesting the State to terminate the operations of a dispensary making deliveries within the city. The legislation does not specify a deadline for the State to begin issuing any category of license. The State is generally expected to begin issuing licenses on January 1, 2018, but it could begin sooner.

10. **Question:** What are the quantities that delivery services will be authorized to transport?

Answer: The amount that local delivery services will be authorized to carry will be determined by the Bureau of Medical Marijuana Regulation within the Department of Consumer Affairs. The determination will be based on security considerations, cash value, and other factors. The amount will be a statewide threshold, authorized for delivery primarily to patients, primary caregivers, and testing labs. Larger amounts will not be considered “delivery” but rather “transport” triggering heightened security requirements while the product is being moved.

⁷ Health & Safety 19340.

Topic 3: Dispensaries and Retail Operations

11. **Question:** Will cities still be able to ban dispensaries?

Answer: Yes. Cities currently have the ability to enact bans on dispensaries and other marijuana retail operations. The new law will not change that, and in fact requires a local permit and a State license before a marijuana business can begin operations within a specific jurisdiction. Cities will retain the discretion to deny permits or licenses to marijuana dispensaries.

12. **Question:** Can a city allow dispensaries and prohibit delivery services?

Answer: Yes. But cities should be aware that if they wish to prohibit delivery services, an ordinance prohibiting delivery services is required.

Topic #4: Other Questions

13. **Question:** Does the new legislation make any distinction between “not-for-profit” and “for profit” medical marijuana businesses?

Answer: No. There is no distinction in the new legislation between medical marijuana businesses that operate “for profit” and those that operate on a “not-for-profit” basis. The new law does not mandate that dispensaries or other businesses operate under either business model.

14. **Question:** Are marijuana edibles covered under the new legislation? Is there a separate designation for them under the new law, with additional State regulatory requirements?

Answer: The new legislation directs the State Department of Public Health (DPH) to develop standards for the production and labeling of all edible medical cannabis products (Business & Professions Code section 19332(c)). A license is required from DPH to “manufacture” edibles. The DPH standards are “minimum standards.” A city may adopt additional stricter standards, requirements and regulations regarding “edibles” (Business & Professions Code section 19316(a)). Cities also retain their ability to license and regulate edible sales or distribution.

15. **Question:** The new law says: "upon approval of the state, cities may enforce state law". If an existing medical marijuana dispensary does not have both licenses (State and city), then must a city wait for the State to approve shutting the dispensary down

before a city can cite the dispensary or otherwise seek to shut it down under the city's ordinances and regulations?

Answer: No. A city may enforce its own ordinances and regulations against the dispensary since a medical marijuana dispensary cannot operate lawfully unless it complies with all local ordinances and regulations.

16. **Question:** Does a P.O. Box qualify as a medical marijuana business location? Is that considered a "use" in a city?

Answer: The answer to this question depends upon a city's municipal code. The State law prohibits a person from engaging in commercial cannabis activity without possessing both a State license and a local permit, license or other authorization. A State licensee may not commence activity under the authority of a State license until the applicant has complied with all requirements of the applicable local ordinance (Business & Professions Code section 19320). A city's municipal code will determine whether a "use" includes a post office box.

17. **Question:** Does the new law address extraction of THC, butane or other substances from marijuana?

Answer: The new law does not specifically address the issue of extraction at all – other than to acknowledge very generally that extraction falls within the definition of manufacturing, and that medical marijuana or a product derived from it may contain extracts.

18. **Question:** Since patients and primary caregivers are exempt from the licensing requirement under specified circumstances, how will that work if they are also owners of a dispensary or cultivation site?

Answer: A primary caregiver or qualified patient who seeks to operate a dispensary or cultivation site is subject to the same State licensing requirements and local permitting requirements as any other person.

19. **Question:** What types of medical marijuana businesses require a State license?

Answer: The new law creates six State licensing categories: Dispensary, Distributor, Transport, Cultivation, Manufacturing, and Special Dispensary Status for licensees who have a maximum of three dispensaries. Any person or entity wishing to operate under a State license must also comply with all local requirements.

20. **Question:** Several initiative measures to legalize recreational marijuana have been filed with the Attorney General in advance of the November 2016 ballot. Should a city be considering prohibiting or regulating recreational marijuana at this time?

Answer: No. The new law does not address recreational use of marijuana. It adds a licensing structure for businesses that wish to serve those qualified patients and primary caregivers who use medical marijuana for their personal use. The League of California Cities is following the various recreational marijuana initiative measures that have been filed with the Attorney General. There is no need for a city to take any action at this time. If a city is interested in following these measures, more information can be found at: <https://www.oag.ca.gov/initiatives/active-measures>.

21. **Question:** Does the new law protect the privacy of patients and primary caregivers?

Answer: Yes. Patient and primary caregiver information is confidential and not subject to disclosure under the California Public Records Act, except as necessary for employees of the State or any city to perform official duties.

22. **Question:** Is there a provision in the new law giving business operators priority for State licensing if they can show that they are in compliance with local ordinances? If so, what is the purpose of this provision?

Answer: Yes. The State licensing authority is required to prioritize any facility or entity that can demonstrate to the authority's satisfaction that it was in operation and in good standing with the local jurisdiction by January 1, 2016. This provision is intended as an incentive for business operators to be in compliance with local ordinances, to ease any difficulties local governments may have in launching their local regulatory structures, and to help expedite the initial phase of issuing state licenses.

23. **Question:** Does the new law address food trucks that sell marijuana edibles?

Answer: No. The operation of food trucks are within the control and regulation of cities and county health departments.

PLEASE NOTE: This document will be updated periodically, as needed, and will remain available at www.cacities.org. As noted above, each city should consult with its city attorney on all of these issues. The answers to these FAQs do not constitute legal advice from the League of California Cities®.

Informational Briefing:

Medical Marijuana Regulation and Safety Act

- This briefing is designed to educate our members on the three bills comprising the Medical Marijuana Regulation and Safety Act (MMRSA). Its goals are to:
 - Explain how this legislation protects local control;
 - Review the details of what each bill does;
 - Highlight specific regulatory issues that require immediate attention from local governments;
 - Discuss timelines for implementation
 - Field your questions

Note: Some of the provisions of the new laws discussed in this briefing are not included in the Medical Marijuana Regulation and Safety Act.

Medical Marijuana Regulation and Safety Act

- The Medical Marijuana Regulation and Safety Act consists of three discrete pieces of legislation:
- **AB 266 (Bonta, Cooley, Jones-Sawyer, Lackey, Wood)** – Establishes dual licensing structure requiring state license *and* a local license or permit. Department of Consumer Affairs heads overall regulatory structure establishing minimum health and safety and testing standards.
- **AB 243 (Wood)**– Establishes a regulatory and licensing structure for cultivation sites under the Department of Food and Agriculture.
- **SB 643 (McGuire)** - Establishes criteria for licensing of medical marijuana businesses, regulates physicians, and recognizes local authority to levy taxes and fees.

Medical Marijuana Regulation and Safety Act

- This legislation protects local control in the following ways:
- **Dual licensing**: A requirement in statute that all marijuana businesses must have **both** a state license, and a local license or permit, to operate legally in California. Jurisdictions that regulate or ban medical marijuana will be able to retain their regulations or ban.
- **Effect of Local Revocation of a Permit or License**: Revocation of a local license or permit terminates the ability of a marijuana business to operate in that jurisdiction under its state license.
- **Enforcement**: Local governments may enforce state law in addition to local ordinances, if they request that authority and if it is granted by the relevant state agency.
- **State law penalties for unauthorized activity**: Provides for civil penalties for unlicensed activity, and applicable criminal penalties under existing law will continue to apply.
- With certain exceptions, expressly protects local licensing practices, zoning ordinances, and local actions taken under the constitutional police power.

Medical Marijuana Regulation and Safety Act

- This legislation protects public safety in the following ways:
- **SB 643**: Establishes a track and trace program for all marijuana.
- **AB 266**:
 - Limits vertical integration by requiring third party distribution, transportation and testing.
 - Requires the development of a study that identifies the impact and impairing effect that marijuana has on motor skills.
 - Establishes uniform security requirements at dispensaries as well as for transporters.

Key State Medical Marijuana Laws

- Medical Marijuana Regulation and Safety Act (Business and Profession Code section 19300 through 19360). Governs the licensing and control of all medical marijuana businesses in the state and provides criminal immunity for licensees.
- Compassionate Use Act of 1996 (Health and Safety Code section 11362.5). Criminal violations relating to possession and cultivation of marijuana do not apply to patients and primary caregivers for possession and cultivation of marijuana for personal medical use with doctor's approval.
- Medical Marijuana Program (Health and Safety Code section 11362.7 through 11362.9). Establishes voluntary program for identification cards issued by county for qualified patients and primary caregivers and provides criminal immunity to qualified patients and primary caregivers for certain activities involving medical marijuana.

Medical Marijuana Regulation and Safety Act

Two areas will require immediate attention from local governments:

- **Deliveries and mobile dispensaries:** Delivery is permitted with a State license unless a city adopts an express prohibition on delivery (AB 266).
- **Cultivation ordinances:** Cities must adopt an ordinance prohibiting or regulating cultivation prior to March 1, 2016. Otherwise the State will be sole licensing authority.

Medical Marijuana Regulation and Safety Act

- **AB 266 Medical Marijuana – what the bill does:**
 - Establishes a statewide regulatory scheme administered by the Bureau of Medical Marijuana Regulation (BMMR) within the Department of Consumer Affairs (DCA).
 - Provides for dual licensing: both a state license, and a local permit or license, *issued according to local ordinances*, are required.
 - Caps total cultivation for a single licensee at 4 acres statewide, subject to local ordinances.
 - Creates four licensing categories: Dispensary, Distributor, Transport, and Special Dispensary Status for licensees who have a maximum of three dispensaries. Specifies various sub-categories of licensees (indoor cultivation, outdoor cultivation, etc.)
 - Limits cross-licensing: Operators may hold one state license in up to two separate license categories. Prohibits medical marijuana licensees from also holding licenses to sell alcohol.

Medical Marijuana Regulation and Safety Act

- **AB 266 Medical Marijuana – what the bill does:**
- Grandfathers in vertically integrated businesses (i.e. businesses that operate and control their own cultivation, manufacturing, and dispensing operations) if a local ordinance allowed or required such a business model and it was enacted on or before July 1, 2015. Requires businesses to operate in compliance with local ordinances, and to have been engaged in all the specified activities on July 1, 2015.
- Requires establishment of uniform state minimum health and safety standards, testing standards, and security requirements at dispensaries and during transport of the product. Product testing is mandatory.
- Specifies a standard for certification of testing labs, and specified minimum testing requirements. Prohibits testing lab operators from being licensees in any other category, and from holding a financial or ownership interest in any other category of licensed business.

Medical Marijuana Regulation and Safety Act

- **AB 266 Medical Marijuana – what the bill does:**
 - Labor Peace: Includes a labor peace agreement under which unions agree not to engage in strikes, work stoppages, etc. and employers agree to provide unions reasonable access to employees for the purpose of organizing them. Specifies that such an agreement does not mandate a particular method of election.
 - Specifies that patients and primary caregivers are exempt from the state licensing requirement, and provides that their information is not to be disclosed and is confidential under the California Public Records Act.
 - Phases out the existing model of marijuana cooperatives and collectives one year after DCA announces that state licensing has begun. Thereafter license will be required.

Medical Marijuana Regulation and Safety Act

- **AB 243 Medical Marijuana – what the bill does:**
- Places the Dept. of Food and Agriculture (DFA) in charge of State licensing and regulation of indoor and outdoor cultivation sites.
- Mandates the Dept. of Pesticide Regulation (DPR) to develop standards for pesticides in marijuana cultivation, and maximum tolerances for pesticides and other foreign object residue.
- Mandates the Dept. of Public Health to develop standards for production and labelling of all edible medical cannabis products.
- Assigns joint responsibility to DFA, Dept. of Fish and Wildlife, and the State Water Resources Control Board (SWRCB) to prevent illegal water diversion associated with marijuana cultivation from adversely affecting California fish population.

Medical Marijuana Regulation and Safety Act

- **AB 243 Medical Marijuana – what the bill does:**
- Specifies that DPR, in consultation with SWRCB, is to develop regulations for application of pesticides in all cultivation.
- Specifies various types of cultivation licenses.
- Directs the multi-agency task force headed by the Dept. of Fish and Wildlife and the SWRCB to expand its existing enforcement efforts to a statewide level to reduce adverse impacts of marijuana cultivation, including environmental impacts such as illegal discharge into waterways and poisoning of marine life and habitats.

Medical Marijuana Regulation and Safety Act

- **SB 643 Medical Marijuana – what the bill does:**
- Directs California Medical Board to prioritize investigation of excessive recommendations by physicians;
- Imposes fines (\$5000.00) vs. physicians for violating prohibition against having a financial interest in a marijuana business;
- Recommendation for cannabis without a prior examination constitutes unprofessional conduct;
- Imposes restrictions on advertising for physician recommendations;

Medical Marijuana Regulation and Safety Act

- **SB 643 Medical Marijuana – what the bill does:**
- Places Dept. of Food and Agriculture in charge of cultivation regulations and licensing, and requires a track and trace program;
- Codifies dual licensing (state license and local license or permit), and itemizes disqualifying felonies for state licensure;
- Places DPR in charge of pesticide regulation; DPH in charge of production and labelling of edibles;
- Authorizes counties to tax – declaratory of existing law.

Medical Marijuana Regulation and Safety Act

- **SB 643: Disqualifying felony convictions for licensure**
 - These include felony narcotics convictions, violent felony convictions, serious felony convictions, and felony convictions involving fraud, deceit or embezzlement.
 - Applications cannot be denied if the denial is based solely on the applicant's conviction of a crime for which the applicant was subsequently granted a certificate of rehabilitation, or if the applicant's conviction was subsequently dismissed.

Medical Marijuana Regulation and Safety Act

- **Delivery of Medical Marijuana (AB 266)**
- “Delivery” means the commercial transfer of medical cannabis or medical cannabis products from a dispensary, up to an amount determined by the bureau to a primary caregiver or qualified patient as defined in Section 11362.7 of the Health & Safety Code, or a testing laboratory.
- “Delivery” also includes the use by a dispensary or any technology platform owned and controlled by the dispensary or independently licensed under this chapter 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. (Business & Professions Code 19300.5(m))

Medical Marijuana Regulation and Safety Act

- **Delivery of Medical Marijuana (AB 266)**
- *“Deliveries” can only be made by a dispensary and in a city, county, or city and county that does not **explicitly prohibit** it by local ordinance. Business & Professions Code 19340(a). See also Section 19340(b)(1).*
- Therefore, if your city wishes to prohibit delivery of medical marijuana within your city, an ordinance must be adopted to explicitly prohibit deliveries.
- Timing: State licenses are expected to be issued starting January 1, 2018. A facility or entity that is operating in compliance with local zoning ordinances and other state and local requirements may continue its operations until its application for licensure is approved or denied effective January 1, 2018 (Business & Professions 19321(c)).
- Ordinance explicitly prohibiting deliveries should include (1) an amendment to the zoning code prohibiting “delivery” (as defined in AB 266) in any zoning district; or (2) an amendment to the Municipal Code relating to business operations prohibiting “delivery” of ‘medical marijuana’ and “medical cannabis products” (as defined in AB 266) as a business within the city.

Medical Marijuana Regulation and Safety Act

● Cultivation (AB 243)

- AB 243 (Wood) prohibits cultivation of medical marijuana without first obtaining both a local license/permit/other entitlement for use and a state license. A person may not apply for a state license without first receiving a local license/permit/other entitlement for use.
- A person may not submit an application for a state license if proposed cultivation will violate provisions of local ordinance or regulation or if medical marijuana is prohibited by city, county, or city and county either expressly or otherwise under principles of permissive zoning (Health & Safety 11372.777(b)).

Medical Marijuana Regulation and Safety Act

- **Cultivation (AB 243)**

- **However...** 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 the principles or permissive zoning*, or chooses not to administer a conditional permit program pursuant to this section, then commencing March 1, 2016, the state is the sole licensing authority for medical marijuana cultivation applicants (Health & Safety 11372.777(c)(4)). [March 1, 2016 deadline does not apply to cultivation for personal medical use within 100 square foot area/500 square foot area for primary care-taker].
- Under a “permissive” zoning code, “any use not enumerated in the code is presumptively prohibited.” *City of Corona v. Naulis* (2008) 166 Cal.App.4th 418, 425 cited in *County of Sonoma v. Superior Court* (2010) 190 Cal.App.4th 1312, FN. 3

Medical Marijuana Regulation and Safety Act

- **Cultivation (AB 243) – Examples:**
- City #1: Municipal Code that expressly prohibits cultivation of marijuana: No need to take any action.
- City #2: Municipal Code that expressly regulates (requires a permit or license or other entitlement) the cultivation of medical marijuana: No need to take any action.
- City #3: Municipal Code that does not expressly prohibit or expressly regulate (requires a permit or license or other entitlement) to cultivate medical marijuana and is not a “permissive zoning” code. ***Need to take action (see next slide)***
- City #4: Municipal Code that is a “permissive zoning” code and does not enumerate cultivation of medical marijuana as a permitted or conditional use: ***Need to take action (see second slide following)***.

Medical Marijuana Regulation and Safety Act

- **Cultivation (AB 243) – Examples:**
- **City #3 : What needs to be done before March 1, 2016?**
- **City #3: Enact an ordinance. The Department of Food and Agriculture will be the sole licensing authority for the cultivation of medical marijuana within City #3 *if City #3 does not have an ordinance either expressly prohibiting or expressly regulating the cultivation of medical marijuana before March 1, 2016.* (Health & Safety Code 11362.777(c)(4). Second reading of an ordinance must occur by January 29, 2016 or a city may consider adopting an urgency ordinance pursuant to Government Code 36937).**

Medical Marijuana Regulation and Safety Act

- Cultivation (AB 243) – Examples:
- City #4 : What needs to be done before March 1, 2016?
- City #4: If City #4 prohibits the cultivation of medical marijuana “under principles of permissive zoning,” then the Department of Food and Agriculture may not issue a state license to cultivate medical marijuana within City #4. (Health & Safety Code 11362.777(b)(3)). ***However, the city still needs take action (see next slide).***

Medical Marijuana Regulation and Safety Act

- **Cultivation - General Guidelines for Cities**
- Check and confirm that your city's zoning code is adopted and implemented under the principles of permissive zoning. If not, take action recommended for City #3.
- If confirmed that your city's zoning code is adopted and implemented under the principles of permissive zoning: Adopt a resolution that includes the following provisions:
 - (1) States that H & S 11362.777(b)(3) states that Department of Food and Agriculture may not issue a state license to cultivate medical marijuana within a city that prohibits cultivation under principles of permissive zoning;
 - (2) Re-affirms and confirms that the Zoning Code is adopted and operates under the principles of permissive zoning;
 - (3) States this means that cultivation of marijuana is not allowed within City #4 because it is not expressly permitted and,
 - (4) Therefore, the State is not allowed to issue a license for the cultivation of medical marijuana within City #4.

Medical Marijuana Regulation and Safety Act

- Timeline for Implementation
 - None of the bills specify a timeline for implementation
 - This is partly due to various departments being at different stages in terms of their readiness
 - The rough timeline we have been given for state licensing to begin is January 2018
 - The more immediate timeline for locals to bear in mind is March 2016 regarding your cultivation ordinances

Medical Marijuana Regulation and Safety Act

- Questions?

MEDICAL MARIJUANA REGULATION AND SAFETY ACT¹

What Cities Need to Know About the New Law and Cultivation

OVERVIEW

Here's what you need to know:

- **Local prohibition or regulation:** Cities may prohibit or regulate medical marijuana businesses within their jurisdictions. **Local authority remains intact under the new law.**
- **State license required:** All medical marijuana businesses – dispensary sales, delivery service, cultivation, transport or distribution – must have a State license².
- **State license not enough:** A medical marijuana business in any city may only operate if it has permission from the State and permission from the city (“dual licensing”).
- **Enforcement:** Revocation of local permission to operate means a medical marijuana business must terminate operation because the new law requires dual licensing. Upon approval of the State, a city may enforce State law.
- **State law penalties for unlicensed activity:** There are civil penalties and criminal penalties for operating without a State license.

CULTIVATION

Here's what you need to know:

If your city does **not** have a land use ordinance in place regulating or prohibiting the cultivation of marijuana, *either expressly or otherwise under the principles of permissive zoning*, or chooses not to administer a conditional permit program, then commencing **March 1, 2016**, the State Department of Food and Agriculture will be the sole licensing authority for medical marijuana cultivation applicants.

¹ AB 266 (Bonta, Cooley, Jones-Sawyer, Lack, Wood); AB 243 (Wood); and SB 643 (McGuire). Effective 1/1/2016.

² The Department of Consumer Affairs estimates it will begin issuing State licenses in January 2018. The Department of Food and Agriculture and the Department of Public Health also have licensing authority under the new law. Businesses operating in compliance with local ordinances will get priority in the State licensing application process.

October 27, 2015

CULTIVATION

Here's what you need to do:

Determine if your city fits within City #1 or City #2 as described below:

- **City #1:** Municipal Code that does not expressly prohibit nor expressly regulate cultivation of medical marijuana and is not a “permissive zoning” code. **Need to take action.**

ACTION REQUIRED: Adopt a land use ordinance regulating or prohibiting the cultivation of medical marijuana. The ordinance must be effective by February 28, 2016. The ordinance may be adopted as an “urgency ordinance,” or second reading must occur on or before January 29, 2016.

- **City #2:** Municipal Code that is a “permissive zoning” code and does not enumerate cultivation of medical marijuana as a permitted or conditional use. **Need to take action.**

ACTION REQUIRED: (1) Check and confirm that your city’s zoning code is adopted and implemented under the principles of permissive zoning. If not, take action recommended for City #1. (2) If confirmed, adopt a resolution that includes the following provisions:

- States that Health & Safety Code section 11362.777(b)(3) provides that the Department of Food and Agriculture may not issue a State license to cultivate medical marijuana within a city that prohibits cultivation under principles of permissive zoning;
- Re-affirms and confirms that the Zoning Code is adopted and operates under the principles of permissive zoning;
- States this means that cultivation of marijuana is not allowed within City #2 because it is not expressly permitted; and
- Therefore, the State is not allowed to issue a license for the cultivation of medical marijuana within City #2.

Be sure to consult with your city attorney before taking any of the actions recommended in this document.



MEDICAL MARIJUANA REGULATION AND SAFETY ACT¹

What Cities Need to Know About the New Law and Delivery Services

OVERVIEW

Here's what you need to know:

- **Local prohibition or regulation:** Cities may prohibit or regulate medical marijuana businesses within their jurisdictions. **Local authority remains intact under the new law.**
- **State license required:** All medical marijuana businesses – dispensary sales, delivery service, cultivation, or transport – must have a State license².
- **State license not enough:** A medical marijuana business in any city may only operate if it has permission from the State **and** permission from the city (“dual licensing”).
- **Enforcement:** Revocation of local permission to operate means a medical marijuana business must terminate operation because the new law requires dual licensing. Upon approval of the State, a city may enforce State law.
- **State law penalties for unlicensed activity:** There are civil penalties and criminal penalties for operating without a State license.

DELIVERY

Here's what you need to know:

If a city does not expressly prohibit the delivery of medical marijuana within its jurisdiction, delivery will be allowed (with a State dispensary license). This means that if your city wishes to prohibit the delivery of medical marijuana within its jurisdiction, the city must adopt an ordinance expressly prohibiting delivery services and mobile dispensaries.

DELIVERY

Here's what you need to do:

- Determine whether your city currently bans delivery services for medical marijuana.
- If you have a ban, determine whether it is an express ban, or a ban enacted via permissive zoning (i.e., it is not listed in your zoning or other codes as a permitted activity within the city limits).
- If you have an express ban specifically identifying marijuana deliveries as a prohibited activity, you do not need to take further action.
- If you wish to prohibit delivery services but do not have an express ban, **you need to take further action.**

ACTION REQUIRED: Adopt an ordinance expressly banning deliveries within your jurisdiction. If you do not adopt an express ban ordinance before the State begins issuing any State licenses, a State-licensed dispensary will be able to deliver medical marijuana within your jurisdiction. You may adopt an ordinance expressly banning deliveries after the State begins to issue licenses. However, it may be difficult to terminate the State licensee's deliveries at that time. Therefore, best practice is for an ordinance to be in place before the State begins issuing State licenses. The State currently estimates that it will begin issuing dispensary licenses in January 2018, but that could certainly happen sooner.

- A ban enacted via permissive zoning is not an express ban.

Be sure to consult with your city attorney before taking any of the actions recommended in this document.

¹ AB 266 (Bonta, Cooley, Jones-Sawyer, Lack, Wood); AB 243 (Wood); and SB 643 (McGuire). Effective 1/1/2016.

² The Department of Consumer Affairs estimates it will begin issuing State licenses in January 2018. The Department of Food and Agriculture and the Department of Public Health also have licensing authority under the new law. Businesses operating in compliance with local ordinances will get priority in the State licensing application process.