



Q

City of Costa Mesa, The City of Costa Mesa Retail Cannabis Tax and Regulation Measure

Shall an ordinance authorizing, regulating, taxing retail sales/deliveries of cannabis; limiting locations of cannabis establishments to protect neighborhoods, schools, children; requiring security; imposing a gross receipts tax of 4% to 7% on retail cannabis businesses until ended by voters; raising approximately \$3,000,000 annually for maintaining 911 response, fire/public safety protection, parks, youth/senior services, addressing homelessness, retaining small businesses, other general services; requiring public disclosure, funds controlled locally; be adopted?

What your vote means

YES	NO
A “yes” vote would allow the City to permit storefront cannabis in the commercial zone, and cannabis delivery businesses in the commercial and Green zones, subject to minimum safety requirements, 1000 foot separation from sensitive uses, compliance with state and local laws, a gross receipts tax of between four percent (4%) and seven percent (7%), with an annual published audit, if adopted by ordinance with a two-thirds vote of the entire City Council.	A “no” vote would continue the existing prohibition on retail and delivery of cannabis in the City.

For and against

FOR	AGAINST
<p>Tom Arnold Retired Firefighter</p> <p>Dr. Jason Kurtz Physician</p> <p>Ryan Johnson Attorney</p> <p>Salina Mendoza Director of Product Management</p> <p>Charlene Ashendorf Parks, Arts, Community Services Commission</p>	<p>No argument against this measure was submitted.</p>



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Full Text of Measure Q City of Costa Mesa

The City Council for the City of Costa Mesa submits the following measure to the voters of the City for approval and enactment:

SECTION 1. Name.

This ballot measure shall be known and may be cited as “the City of Costa Mesa Retail Cannabis Tax and Regulation Measure” and shall be referred to herein as the “Measure.”

SECTION 2. Purpose.

The purpose of the Measure is to amend Measure X to allow the City Council to adopt, and thereafter amend, by a 2/3 vote of the entire membership of the City Council, one or more ordinances to provide for the specific areas in the City within which City and state licensed cannabis retail storefront (dispensary) and non-storefront (delivery only) uses can be located; to provide minimum standards for future City regulation of these uses; and to impose a general tax on all retail and delivery cannabis businesses within the City, as well as on businesses making deliveries into the City if such deliveries are permitted by the City, at a rate of 4 to 7% of gross receipts. Nothing contained in this Measure is intended to limit, curtail or abrogate the City’s power to impose greater restrictions or limitations on retail cannabis uses than those set forth herein.

Now, therefore, the People of the City of Costa Mesa do ordain as follows:

AN ORDINANCE OF THE PEOPLE OF THE CITY OF COSTA MESA, CALIFORNIA, TO AMEND MEASURE X BY AUTHORIZING THE CITY COUNCIL TO ADOPT AN ORDINANCE PERMITTING, REGULATING AND ESTABLISHING A GROSS RECEIPTS TAX OF BETWEEN 4 TO 7% ON THE RETAIL SALE AND DELIVERY OF CANNABIS WITHIN THE CITY AS EXPRESSLY LIMITED HEREIN.

SECTION 3. Uncodified ordinance.

The City Council of the City of Costa Mesa, pursuant to the procedures set forth in the Government Code and the City’s Municipal Code and without prior approval of the electorate, may amend those provisions of Measure X that require a vote of the electorate as set forth in Ordinance No. 16-15, Section 8, “Future Changes”, as amended and as codified in Chapters I and VI of Title 9 and/or Chapters IV and IX of Title 13 of the Municipal Code, by the adoption or amendment of one or more ordinances to permit, regulate and/or impose a gross receipts tax upon the retail sale, both storefront (dispensaries) and non-storefront (delivery), of cannabis within the City, provided that such ordinance or amendment is adopted by a two-thirds vote of the entire membership of the City Council and meets the following minimum standards:

- a) the premises of retail storefront uses may be permitted in the commercial zone only;
- b) the premises of retail non-storefront (delivery) uses may be permitted in both the commercial zone and in the Green Zone only;
- c) the premises of retail storefront uses must be located a minimum of 1,000 feet from existing and permitted child daycare locations, K-12 schools, playgrounds, and/or homeless shelters, all as defined in the Zoning Code or as may otherwise be defined by City regulation or ordinance;
- d) security measures including but not limited to exterior lighting, video monitoring and security guards;
- e) for retail uses with two or more employees, a requirement for a labor peace agreement;
- f) imposes and/or maintains a gross receipts tax of no less than 4% and no more than 7% on all retail cannabis uses, which shall be applicable to all retail uses with physical premises in the City and, if so permitted by the City, to any retail non-storefront (delivery) use located outside the City that delivers cannabis within the City; and
- g) to ensure accountability, public disclosure and transparency, requires that the proceeds of this tax be subject to an annual audit by an independent certified public accountant which shall be reported to the City Council in a document or documents posted on the City’s website and available for public inspection.

SECTION 4. Definitions.

The “Green Zone” means those portions of the manufacturing park (MP) and planned development industrial (PDI) zones that are located both north of South Coast Drive and west of Harbor Boulevard, excluding any portion of the South Coast Collection. “Labor peace agreement” means an agreement as set forth in section 26001 of the Business and Professions Code. “Retail storefront” and “retail non-storefront” shall mean and include only those retailers operating in full compliance with all applicable state and local laws and regulations, including but not limited to those set forth in Title 16, Division 24, Chapter 3 of the California Code of Regulations.

SECTION 5. Future Changes.

Any future changes or amendments to this ordinance, including any future changes or amendments to any Municipal Code section affected by this Measure, may occur in the manner set forth in the Government Code and the City’s Municipal Code, by a two-thirds vote of the entire City Council and shall not require a vote of the people, except that any future enlargement of the areas within which retail cannabis uses may be located, any reduction in the minimum standards set forth herein and/or any reduction in the gross receipts tax below 4% or any increase above 7% shall require a vote of the people.

SECTION 6. Inconsistencies.

Any provision of the Costa Mesa Municipal Code or appendices hereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to that extent necessary to affect the provisions of this Ordinance.

SECTION 7. Severability.

If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The People of the City of Costa Mesa hereby declares that they would have adopted this ordinance, and each and every section, subsection, sentence, clause, or phrase not declared



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invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION 8. Effective Date.

This ordinance shall take effect according to law ten days after certification of the election at which it is adopted.

Impartial Analysis City of Costa Mesa Measure Q

Measure Q, known as the "The City of Costa Mesa Retail Cannabis Tax and Regulation Measure" (referred to herein as the "Measure") would amend Measure X (Ordinance No. 16-15, as amended and as codified in Costa Mesa Municipal Code, Title 9, Chapters I and VI and Title 13, Chapters IV and IX) to authorize the City to adopt an ordinance(s) which permits and regulates retail cannabis uses, defined to include both storefront (dispensaries) and non-storefront (delivery only) businesses, operating in full compliance with state and local laws and regulations, including but not limited to Bureau of Cannabis Control regulations, and which imposes a four percent (4%) to seven percent (7%) gross receipts tax on retail cannabis businesses. Such ordinance must be adopted by a two-thirds vote of the entire City Council membership and must meet specific minimum requirements that: (a) the premises of retail storefront uses may be permitted in the commercial zone only; (b) the premises of retail non-storefront uses may be permitted only in the commercial zone and the Green Zone, as defined; (c) the premises of retail storefront uses must be located a minimum of 1,000 feet from child daycare locations, K-12 schools, playgrounds, and homeless shelters; (d) security measures be in place for all retail cannabis uses including exterior lighting, video monitoring and security guards; (e) a labor peace agreement be required for retail cannabis businesses with two or more employees; (f) the gross receipts tax imposed be a minimum of 4% and a maximum of 7% (raising up to approximately \$2.6 million); and (g) the proceeds of the gross receipts tax be subject to an annual audit by certified public accountants, reported to the City Council, posted on the City's website and available for public inspection. The tax would be applicable to all retail cannabis uses located within the City, and to any business located outside the City which delivers cannabis into the City, if permitted. The existing prohibitions in the Municipal Code against sale and delivery of cannabis products within the City remain in place until such time as the City Council adopts an ordinance regulating these uses pursuant to the Measure.

So long as the minimum requirements of the Measure are not reduced, the City Council can approve future changes or amendments to an authorized ordinance pursuant to the procedures set forth in the Government Code and the Municipal Code, except that it must be adopted by a two-thirds vote of the entire City Council. However, any future enlargement of the areas within which retail cannabis uses may be located, any reduction in the minimum standards set forth in the Measure and/or any reduction in the gross receipts tax below 4% or any increase above 7% must be approved by a vote of the electorate.

A "no" vote would continue the existing prohibition on retail and delivery of cannabis in the City.

THE ABOVE STATEMENT IS AN IMPARTIAL ANALYSIS OF MEASURE Q. IF YOU WOULD LIKE A COPY OF MEASURE Q OR THE PROPOSED ORDINANCE, PLEASE CONTACT THE COSTA MESA CITY CLERK'S OFFICE AT (714) 754-5225 AND A COPY WILL BE MAILED TO YOU AT NO COST, OR IT IS AVAILABLE ONLINE AT www.costamesaca.gov.

Dated: July 29, 2020

s/ Kimberly Hall Barlow
City Attorney



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Argument in Favor of Measure Q

YES, on Measure Q will establish local control, and create funding to regulate cannabis in Costa Mesa.

YES, on Measure Q will provide critical additional tax revenue of approximately \$3M annually to ensure public safety resources in the police and fire department, preserve our parks, maintain youth and senior programs, and help our community rebound from the COVID-19 crisis.

YES, on Measure Q will only allow retail store-front uses in the commercial zone while providing a 1,000 foot protective buffer around schools, parks, daycares, and homeless shelters.

YES, on Measure Q will create a safe source of tested, legal cannabis products that will drive out illegal dispensaries that sell unsafe and untested products, and provide resources to crack down on illegal dispensaries.

YES, on Measure Q will generate up to 200 quality jobs with living wages and comprehensive benefits for future workers.

YES, on Measure Q will require a transparent, public audit of all city expenditures paid for from the cannabis tax dollars.

s/ Tom Arnold
Retired Firefighter

s/ Dr. Jason Kurtz
Physician

s/ Ryan Johnson
Attorney

s/ Salina Mendoza
Director of Product Management

s/ Charlene Ashendorf
Parks, Arts, Community Services Commission

No argument against this measure was submitted.