

Written materials relating to an item on this agenda that are distributed to the legislative bodies within 72 hours before the item is to be considered at its regularly scheduled meeting will be made available for public inspection at the City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Agenda reports are also on the City of Oxnard web site at [www.oxnard.org](http://www.oxnard.org).



AGENDA  
OXNARD CITY COUNCIL  
HOUSING AND ECONOMIC DEVELOPMENT COMMITTEE  
Council Chambers, 305 West Third Street  
May 12, 2020  
**Regular Meeting - 4:30 to 5:45 PM**

This meeting is held pursuant to the State Emergency Services Act, the Governor's Emergency Declaration, and Governor's Executive Order N-29-20 to allow members of the City Council or staff to participate via teleconference.

Pursuant to the Ventura County Public Health Official's order and Governor's Executive Order N-33-20, all city buildings are temporarily closed to the public. The public is encouraged to view the meeting from home on the City's website at [Oxnard.org/city-meetings](http://Oxnard.org/city-meetings), Spectrum channel 10, Frontier channel 35, or YouTube at [Youtube.com/oxnardnews](http://Youtube.com/oxnardnews). Video recordings are typically available online immediately following the meeting.

The public may provide comments to the City Council via email at [cityclerk@oxnard.org](mailto:cityclerk@oxnard.org) no later than 2:00 p.m. on the day of the meeting. Please identify the committee name, meeting date, and agenda item in the email Subject line.

A telephone option for public comments is also available at this time due to the State of California "Stay At Home" order. Requests to speak must be submitted no later than 2:00 p.m. on the day of the meeting. Use the form on the city's website to submit your request: [Oxnard.org/city-meetings](http://Oxnard.org/city-meetings), or call the City Clerk's Office at (805) 385-7803, or email your request to [cityclerk@oxnard.org](mailto:cityclerk@oxnard.org).

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

At this time, the legislative body will consider public comments for a maximum of fifteen minutes. A person may address the legislative body only on matters not appearing on the agenda and within the subject matter jurisdiction of the legislative body. Speaker cards will not be accepted after the beginning of the general public comment period. Based on the number of speaker cards submitted, the presiding officer may impose time limits per speaker. Typically, speakers are limited to two minutes, but shorter time may be established as deemed necessary. A person not able to address the legislative body at this time because the fifteen minutes expires may do so just prior to adjournment of the meeting. The legislative body cannot enter into a detailed discussion or take action on any items presented during public comments at this time. Such items may only be referred to the City Manager for administrative action or scheduled on a subsequent agenda for discussion.

C. CONSENT AGENDA

1. City Clerk Department

SUBJECT: Approval of Minutes.

RECOMMENDATION: That the Housing and Economic Development Committee approve the minutes of the April 28, 2020 regular meeting as presented.

Contact: Michelle Ascencion, (805) 385-7805

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in a meeting, please contact the City Clerk's Office at 385-7803. Notice at least 72 hours prior to the meeting will enable the City to reasonably arrange for your accessibility to the meeting.

**Agenda Item time estimates: (Staff Presentation / Committee Discussion / Public Comment)**

D. REPORTS

1. Community Development Department

SUBJECT: Amendments to Chapters 7 and 11 of the Oxnard City Code to establish fines for violation of Commercial Cannabis Businesses Regulations. (10/10/10)

RECOMMENDATION: That the Housing and Economic Development Committee:

1. Receive a report regarding criminal fines associated with illegal and legal cannabis operators; and
2. Recommend that City Council adopt an ordinance adding Section 7-56 (D) of Article III, Chapter 7 of the Oxnard City Code, and amending Section 11-452 of Article XVI, Chapter 11 of the Oxnard City Code regarding civil and criminal penalties for violations of Commercial Cannabis Business Ordinances and illegal operations.

Contact: Jeffrey Lambert, (805) 385-7882

E. ITEMS FOR FUTURE AGENDAS

F. ADJOURNMENT

MINUTES  
OXNARD CITY COUNCIL  
HOUSING AND ECONOMIC DEVELOPMENT COMMITTEE  
Regular Meeting  
April 28, 2020

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

At 4:31 p.m., Chair Madrigal called to order the regular meeting of the Oxnard City Council Housing and Economic Development Committee in the City Hall Council Chambers at 305 W. Third Street, Oxnard, California. The City Clerk called the roll and announced the posting of the agenda. Members Gabriela Basua, Tim Flynn, and Chair Oscar Madrigal were present via telephone.

Staff members present were Ashley Golden, Assistant City Manager; Kenneth Rozell, Chief Assistant City Attorney; Kathleen Mallory, Planning and Sustainability Manager; Emilio Ramirez, Housing Director; Jeffrey Lambert, Community Development Director; and Michelle Ascencion, City Clerk.

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA (None received.)

C. CONSENT AGENDA

City Clerk Department

1. SUBJECT: Approval of Minutes.

RECOMMENDATION: That the Housing and Economic Development Committee approve the minutes of the April 14, 2020 regular meeting as presented.

*It was moved by Member Flynn, seconded by Member Basua, to approve the minutes as presented.*

VOTE: Basua, Flynn, and Madrigal voted in favor; the motion carried 3-0.

D. REPORTS

Community Development Department

1. SUBJECT: Development Impact Fee: Affordable Housing In-Lieu Fee and Inclusionary Housing Ordinance Amendments.

RECOMMENDATION: That the Housing and Economic Development Committee:

1. Recommend the City Council receive a presentation and public comments regarding the Affordable Housing In-Lieu Nexus Study and fee and modifications to the City's Inclusionary Housing Ordinance;
2. Recommend the City Council adopt the Development Impact Fee Nexus Study;
3. Recommend the City Council adopt the Affordable Housing Ordinance; and
4. Recommend the City Council adopt the Affordable Housing Resolution.

The Planning and Sustainability Manager and Hitta Mosesman of Harris & Associates gave a report. Public comments were received from Barbara Macri-Ortiz. Written comments were received from Barbara Macri-Ortiz, Christine Rangel, Nancy Lindholm, Maury Ruano, Roy

Prince, Alondra Sema, Jim Bizzelle, and Eduardo Espinoza. Discussion ensued among the Committee, staff, and Ms. Mosesman.

*It was moved by Member Flynn, seconded by Chair Madrigal, to approve the recommended action, amending Recommendation No. 3 to recommend the City Council consider directing staff to update the inclusionary housing ordinance at the same time as the City updates the housing element. VOTE: Basua, Flynn, and Madrigal voted in favor; the motion carried 3-0.*

### Housing Department

2. SUBJECT: Award of Contract for the Kitchen Rehabilitation Project at Palm Vista.  
RECOMMENDATION: That the Housing and Economic Development Committee recommend the City of Oxnard Housing Authority Board of Commissioners approve and authorize the Chairman to execute a firm-fixed price contract in the amount of \$577,165 with Bentley Construction Group, Inc. (Agreement number A-8215).

The Housing Director gave a report. Discussion ensued among the Committee and staff.

*It was moved by Member Basua, seconded by Member Flynn, to approve the recommended action as presented. VOTE: Basua, Flynn, and Madrigal voted in favor; the motion carried 3-0.*

### E. ITEMS FOR FUTURE AGENDAS

Member Flynn requested a future item on the City's efforts to assist local businesses in getting back on track following the COVID-19 emergency.

### F. ADJOURNMENT

There being no further business on the agenda, and without objection, Chair Madrigal adjourned the meeting at 5:41 p.m.

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MICHELLE ASCENCION, CMC  
City Clerk

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OSCAR MADRIGAL  
Chair



**HOUSING AND ECONOMIC DEVELOPMENT COMMITTEE  
AGENDA REPORT  
REPORTS  
AGENDA ITEM NO. D.1**

**DATE:** May 12, 2020

**TO:** Housing and Economic Development Committee

**FROM:** Jeffrey Lambert, Community Development Director, (805) 385-7882,  
jeffrey.lambert@oxnard.org

**SUBJECT:** Amendments to Chapters 7 and 11 of the Oxnard City Code to establish fines for violation of Commercial Cannabis Businesses Regulations. (10/10/10)

**RECOMMENDATION**

That the Housing and Economic Development Committee:

1. Receive a report regarding criminal fines associated with illegal and legal cannabis operators; and
2. Recommend that City Council adopt an ordinance adding Section 7-56 (D) of Article III, Chapter 7 of the Oxnard City Code, and amending Section 11-452 of Article XVI, Chapter 11 of the Oxnard City Code regarding civil and criminal penalties for violations of Commercial Cannabis Business Ordinances and illegal operations.

**BACKGROUND**

On June 5, 2018, the City Council adopted Resolution 15,134 ordering a measure be placed on the election ballot to be held November 6, 2018 to consider the imposition of a cannabis business tax on commercial cannabis uses. This measure was approved by over 79% of voters.

The City Council adopted Ordinances 2960, 2965 and 2972 permitting cannabis manufacturing, distribution, testing, and retail dispensaries, respectively. The ordinances were adopted on June 18, 2019, November 1, 2019 and December 17, 2019. These ordinances established the location and operating standards for the various types of cannabis uses within the City.

On July 30, 2019, the City Council adopted Resolution 15,254 establishing permit fees associated with cannabis uses, including conceptual review and permit processes for cannabis uses. The City's go slow approach gave conceptual approval to permitting the following cannabis operators and number of cannabis uses: eight (8) manufacturers; three (3) distributors; two (2) testing labs; and eight (8) dispensaries in years 1 - 3 - with up to 16 retail dispensaries in years 3 - 5.

In January 2020, as a result of a competitive review and evaluation process, the City selected five (5) cannabis manufacturers and three (3) cannabis distributors. The next step is for these cannabis uses/operators to submit an application for a Development Design Review (DDR) permit. No applications for testing labs were received during this application window. To date, one (1) manufacturer and distributor has submitted the required DDR permit. The remaining businesses are in the process of developing their DDR application materials.

The retail dispensary and testing laboratory Commercial Cannabis Business (CCB) application window opened on February 18, 2020 and was scheduled to close on April 2, 2020. In light of COVID-19, the application window for cannabis retail and testing labs was extended to May 8, 2020. Given that the City did not secure the Council supported number of cannabis manufacturers, the application window for manufacturers was reopened at the same time the retail/testing lab application window was opened; the close of the manufacturing window is May 8th as well.

## **DISCUSSION**

The current cannabis ordinances establish that permitted CCB operators secure either a DDR (DDR - manufacturers, distributors, testing labs) or Special Use Permit (SUP - retail dispensaries). Conditions of approval will be imposed as part of the DDR and SUP approval process. Prior to issuance of a building permit or tenant improvement permit, applicants are required to accept the conditions of approval. The City's standard condition of approval allows revocation of a DDR or SUP permit for failure to comply with conditions of approval. In addition to revocation of a permit, California Government Code section 53069.4 allows a local agency to, by Ordinance, make any violation of any ordinance subject to an administrative fine or penalty. Government Code section 36900(b) limits the fine a City can assess per violation of any provision to \$1,000 and imprisonment of six months, or both. OCC Section 11-452 addresses both legal and illegal operators. If the City does not adopt more stringent fines, future CCB permittees would be subject to this section of the OCC and fine structure. This section of the OCC would cite legal CCB permittees with a misdemeanor infraction and establishes fines not to exceed \$1,000 and/or imprisonment, each day a violation is committed. Illegal operators would be subject to the same fine amount and prosecution as a general misdemeanor, and may be subject to prosecution.

As part of staff's work on cannabis permitting it became apparent that the current fine amounts were inadequate. With consideration to the amount of revenue legal and illegal cannabis operators collect, substantial fines are recommended as a deterrent. The inclusion of a cannabis business fine into the Oxnard City Code (OCC) will help to thoughtfully encourage business owners to comply with cannabis ordinance requirements and conditions of approval. Additionally, the fines will provide the Police Department and Code Enforcement Division with the ability to effectively regulate commercial cannabis businesses, and aid the City's efforts to prevent the distribution of illegal cannabis products and operations. Further, the fine structure will establish substantial financial sanctions for those that violate conditions of approval and CCB requirements contained in the CCB Ordinances. CCB violations would be enforceable through either a criminal or civil citation. Both types of citations would be subject to civil fines. The fines are proposed to escalate for each violation within one year of a previous violation.

The proposed OCC fine structure for CCB permittees allows the City to fine a CCB permittee after the first and second violation; revocation of the permit would accompany the second fine. The City's cannabis ordinance (Ord. 2960) allows the City the right to revoke the cannabis permit (Section 11.420) due to any violation of any rule, regulation and/or standard adopted pursuant specific sections of the City's cannabis ordinances. Additionally, Section 11.421 of Ord. 2960 establishes the CCB permittees yearly renewal process and grounds for non-renewal; included in the grounds for non-renewal is failure to comply with permit conditions and/or past renovation(s). The City Manager or his/her designee(s) is authorized to make all decisions concerning the issuance of a renewal permit (Section 11.421, (e) (see extracted pages of Ord. 2960 - 2 pages).

The proposed ordinance would impose different fines for legal and illegal cannabis operators. CCB permittees found to be in violation of conditions of approval would be issued a civil citation and fined \$10,000 for the first

violation within any 12-month period; CCB permittees would be fined \$15,000 for the second violation within any 12-month period and revocation of their CCB permit. CCB permittees would be subject to provisions of Ord. 2960 as summarized previously; the City Manager and/or designee would evaluate the CCB permittee as part of the renewal process including consideration to imposing additional conditions of approval to address past violation history. Ultimately, the ordinance permits and the City Manager has the authority to remove the CCB permit as a result of violations.

Illegal commercial cannabis operators would be fined \$30,000, per day and issued a Notice to Appear in court. Operating an illegal commercial cannabis operation would be a criminal offense.

The intent in creating a robust fine structure for legal and illegal cannabis operators is to ensure that legal operators comply with conditions of approval and that the revenue derived from legal operators is not diminished by illegal or black market operators. Repeat violators are required to pay fines that escalate per violation as a means of discouraging repeat offenses. Due to the lucrative nature of the cannabis industry, fines which are above the City's current fine structure are reasonable and proportional to revenue generated.

Staff researched a number of jurisdictions and their municipal code violation process and fines associated with cannabis. The City of Berkeley assesses a civil fine of \$10,000 when three willful violations are committed within a 12-month period and an additional fine of \$10,000 for each succeeding violation judged to have occurred within the same twelve-month period. The Cities of Needles, West Hollywood and Long Beach currently issue misdemeanor fines for violations of their cannabis Ordinance ranging from \$500 to \$1,000 per violation. Other jurisdictions like San Jose who allowed medical marijuana dispensaries prior to the passage of adult recreational use (Prop 84), imposes tiered escalating fines which range from \$5,000 to \$50,000 per violation based on the severity as outlined in the infraction.

Effective January 1, 2019 Assembly Bill (AB) 2598 adjusted the fine structure for health and safety violations, not to exceed \$2,500 per violation. On July 1, 2019 the State of California approved AB 97 which allows the Bureau of Cannabis Control to issue a citation to a licensee, not to exceed \$5,000 per violation; or \$30,000 per violation for illegal operators for any act or omission that violates State Law. Pending legislation AB 2122, would impose a civil penalty on persons aiding and abetting unlicensed commercial cannabis activity of up to \$30,000 for each violation. The staff recommended fine structure for CCB permittees is slightly above the Bureau of Cannabis Control violation amount. The staff recommended fine structure for illegal cannabis operators is in alignment with pending legislation AB2122 and the fine of \$30,000 for each violation. The cannabis industry and Bureau of Cannabis Control regulations are ever changing, new laws being introduced to Congress continually. As these changes may affect the City and our fine structure, staff will update the City Council as needed.

## **ENVIRONMENTAL IMPACT**

In accordance with the California Public Resources Code Sections 21000 et seq. and State California Environmental Quality Act (CEQA) Guidelines (Sections 15000 et seq.), Planning staff have determined that the proposed fee citation ordinance is exempt from CEQA pursuant to Sections 15061 and 15305 of Title 14, Division 6, Chapter 3 of the California Code of Regulations.

## **STRATEGIC PRIORITIES**

This agenda item supports the Quality of Life strategy. The purpose of the Quality of Life strategy is to build relationships and create opportunities within the community for safe and vibrant neighborhoods, which will

showcase the promising future of Oxnard. This item supports the following goals and objectives:

Goal 1. Improve community safety and quality of life through a combination of prevention, intervention, and suppression efforts that address crime and underlying issues.

Objective 1d. Examine options for long term sustainability of public safety services to ensure an efficient and effective public safety service delivery model.

## **FINANCIAL IMPACT**

Revenues from cannabis citations were not anticipated as part of the FY 2019-20 Adopted Budget. The proposed fines are intended to discourage violations of the Commercial Cannabis Business Ordinances and illegal operations. The fines are intended to prevent revenue loss from the sale of illegal cannabis to illicit organizations, and establish firm fiscal sanctions for those that violate conditions of approval and provisions contained within the City's Commercial Cannabis Business Ordinance. The fines are not intended to be revenue enhancing; therefore, the revenue estimate for FY 2020-21 is also zero. Fines will be assessed in accordance with the attached ordinance that is intended to be a deterrent to illegal and legal cannabis operators.

There will, however, be costs associated with these enforcement actions. These costs are unknown at this point. Once they come into focus, the Housing and Economic Development Committee will be receiving an update on the cannabis local equity program, including a program for enforcement and inspection. This will likely result in a recommendation to establish an additional cannabis enforcement permit fee which will be different than the cannabis citation fee considered within this staff report.

*Prepared by: Kathleen Mallory, Planning & Sustainability Manager, Tammy Gutierrez, Contract Planner*

## **ATTACHMENTS**

1. Cannabis Citation Ordinance Draft
2. Presentation

**ORDINANCE NO. XXX**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OXNARD AMENDING OXNARD CITY CODE CHAPTER 11, ARTICLE XVI, SECTION 11-452 AND CHAPTER 7, ARTICLE III, SECTION 7-56 TO ESTABLISH FINES FOR VIOLATION OF COMMERCIAL CANNABIS BUSINESS REGULATIONS**

WHEREAS, the City of Oxnard intends to adopt regulations on fines for Commercial Cannabis Business (“CCBs”); and

WHEREAS, on June 5, 2018, the City Council adopted Resolution 15,134 ordering a measure be placed on the election ballot to be held November 6, 2018 to consider the adoption of imposing a cannabis business tax on commercial cannabis uses. This measure was approved by over 79% of voters. Advancing the ballot measure allows the City to continue its “go slow” approach in considering commercial cannabis uses while preserving the City’s ability to tax cannabis activities; and

WHEREAS, on June 18, 2019, November 1, 2019 and December 17, 2019 the City Council adopted Ordinances 2960, 2965 and 2972 permitting cannabis manufacturing, distribution, testing, and retail dispensaries, respectively. These ordinances established the location and operating standards for the various types of cannabis uses within the City; and

WHEREAS, on July 30, 2019, the City Council adopted Resolution 15,254 establishing new fees for the various types of cannabis uses within the City; and

WHEREAS, on January 17, 2020, as a result of a competitive process, the City selected five (5) cannabis manufacturers and three (3) cannabis distributors which would be permitted to file an application for a Development Design Review (DDR) permit. To date, one (1) manufacturer and distributor have submitted the required DDR permit. The remaining businesses are in the process of developing their DDR application materials; and

WHEREAS, Due to the lucrative nature of this industry, fines must justify compliance with the City’s regulations; and

WHEREAS, Compliance of business operators will likely improve when criminal citations are issued with fines that are reasonable and proportional to revenue generated; and

WHEREAS, amendments to the Oxnard City Code are necessary to ensure that fines and penalties for violating cannabis related laws and regulations are clearly established.

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

Section 1. Chapter 7, Article III, Section 7-56, is amended to add Subsection D D to read as follows:

“(D) This Article outlines the fine structure for violations of regulations established by the Commercial Cannabis Business Ordinance.”

Section 2. Chapter 11, Article XVI, Section 11-452, of the Oxnard City Code is amended to read as follows:

“SEC. 11-452. CRIMINAL PENALTIES.

Each and every violation of the provisions of this Article may at the discretion of the District Attorney or City Attorney be prosecuted as an infraction or misdemeanor and upon conviction be subject to imprisonment in the County jail for a period of not more than six (6) months, or both such fine and imprisonment. Each commercial cannabis business may be cited for any violation of any law and/or any rule, regulation and/or standard adoption pursuant to this Article. A fine not to exceed ten thousand dollars (\$10,000) for the first violation, twenty thousand dollars (\$20,000) for the second violation and revocation of the permit for a period of two years after which time the business operator would have to reapply, for any violation of Sections 11.437, 11.438, 11-440 (h), 11-441 through 11-444. The fine for operating an unlicensed and/or unpermitted CCB shall be thirty thousand dollars (\$30,000) per day and the issuance of a Notice to Appear in court. Each day a violation is committed or permitted to continue shall constitute a separate offense. At the discretion of the City Manager or his or her designee, higher or lower fines or penalties may be recommended based on the facts of individual cases where generally supported by aggravating or mitigating circumstances. Aggravating factors may include, but are not limited to: prior disciplinary history, nature and severity of the act(s), violations, offenses, or crime(s) under consideration, actual or potential harm to the public, actual or potential harm to any consumer, prior warning letters, licensee involvement, premises in high crime area, lack of cooperation by licensee in investigation, appearance and actual age of minor, continuing course or pattern of conduct. Mitigating factors may include, but are not limited to: length of licensure at subject location without prior discipline problems, positive action by licensee to correct problem, documented training of licensee and employees and cooperation by licensee in investigation.”

Section 3. If any subsection, sentence, clause, phrase or word of the Ordinance is for any reason held to be invalid by a court of competent jurisdiction, such decisions shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed and adopted this Ordinance, and each and all provisions hereof, irrespective of the fact that one or more provisions may be declared invalid.

Section 4. Pursuant to Government Code Section 36933(c)(1), the City Attorney was designated to prepare, and the City Clerk to published, a summary of this ordinance, and a certified copy of the ordinance was posted in the Office of the City Clerk a minimum of five (5) days before the City Council’s adoption of this ordinance.

Section 5. The City Clerk shall certify to the adoption of this ordinance and shall cause the summary thereof to be published within fifteen (15) calendar days of the adoption and shall post a certified copy of this ordinance, include the vote for and against the same, in the office of the City Clerk in accordance with Government Code Section 36933. Ordinance No. \_\_\_ was first read on \_\_\_\_\_, 2020, finally adopted on \_\_\_\_\_, 2020, to become effective thirty (30) days thereafter.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Tim Flynn, Mayor

ATTEST:

\_\_\_\_\_  
Michelle Ascencion, City Clerk

\_\_\_\_\_  
Stephen M. Fischer, City Attorney

# Amendments to Chapters 7 and 11 of the Oxnard City Code Fines for Violation of Commercial Cannabis Businesses Regulations and Illegal Cannabis Operators

Jeffrey Lambert, Community Development Director  
Kathleen Mallory, Planning & Sustainability Manager

Housing & Economic Development Committee  
May 12, 2020



## Background

- **November 2018** - a cannabis business tax on commercial cannabis uses was approved by voters (79% passage rate).
- **January 2020** - As a result of a competitive review and evaluation process, City selected five (5) cannabis manufacturers and three (3) cannabis distributors; this selection permits these cannabis uses/operators to submit an application for a Development Design Review (DDR) permit. for a Commercial Cannabis Business (CCB).
- Retail dispensary, testing labs, and manufacturing applications due May 8th.

## Analysis and Need for Citation Structure

- Including Cannabis business fines into the Oxnard City Code (OCC) is an effective tool to encourage business owners to comply with cannabis ordinance requirements/conditions of approval.
- New fines are intended to curtail distribution of illegal cannabis products and operations.
- Fines are proposed to escalate for each violation within one year of a previous violation.

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## Analysis and Need for Citation Structure (continued)

- **Current fine structure (OCC Section 11-452)** - Regulates legal and illegal operators; subject to \$1,000 and imprisonment of six months, or both.
- **Proposed fine structure** - Would impose different fines for legal and illegal cannabis operators:
  - **Legal CCB** - CCB permittees found to be in violation of conditions of approval issued a civil citation and fined \$10,000 for the first violation within any 12-month period; CCB permittees would be fined \$15,000 for the second violation within any 12-month period and revocation of their CCB permit.

### Proposed fine structure, continued:

- **Legal CCB** - permittees subject to yearly renewal process; City Manager and/or designee evaluate CCB permittee, including consideration to imposing additional conditions of approval to address past violation history.
  - City Manager has the authority to revoke the CCB permit as a result of violations.
- **Illegal CCB** - operators fined \$30,000/day and issued a Notice to Appear in court; would be a criminal offense.

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## Analysis and Need for Citation Structure, continued:

- Proposed ordinances ensures revenue derived from legal operators is not diminished by illegal or black market operators.
- Repeat violators are required to pay fines that escalate per violation as a means of discouraging repeat offenses
- City has the authority to impose fines in excess of state amounts. Staff recommended fine structure for illegal cannabis operators is in alignment with pending legislation AB2122 and the fine of \$30,000 for each violation.
- Recommended fine structure from other jurisdictions; proposed fine generally consistent.

## Recommendation

That the Housing and Economic Development Committee:

1. Receive a report regarding criminal fines associated with illegal and legal cannabis operators; and
2. Recommend that City Council adopt an ordinance adding Section 7-56 (D) to Article III, Chapter 7 of the Oxnard City Code, and amending Section 11-452 to Article XVI, Chapter 11 of the Oxnard City Code regarding civil and criminal penalties for violations of Commercial Cannabis Business Ordinances and illegal operations.

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## DISCUSSION