

ORDINANCE NO. 892

AN ORDINANCE OF THE CITY OF MADRAS ESTABLISHING TIME, PLACE, AND MANNER REGULATIONS CONCERNING RECREATIONAL MARIJUANA PRODUCERS, PROCESSORS, WHOLESALERS, LABORATORIES, AND RETAILERS.

WHEREAS, the City of Madras ("City") has all powers that the constitutions, statutes, and common law of the United States and Oregon expressly or impliedly grant or allow City; and

WHEREAS, the Madras City Council (the "Council") finds that the characteristics, operations, and potential impacts of recreational marijuana producers, processors, wholesalers, testing laboratories, and retailers necessitate (a) the establishment of particular reasonable time, place, and manner regulations for such operations, and (b) a separate permitting process for such operations; and

WHEREAS, City desires to reasonably regulate recreational marijuana operations in an effort to protect the public health, safety, and welfare.

NOW, THEREFORE, the City of Madras ordains as follows:

1. Findings. The above-stated findings are hereby adopted.
2. Purpose. The purpose of this Ordinance No. 892 (this "Ordinance") is to minimize any adverse public safety and public health impacts that may result from allowing recreational marijuana producers, processors, wholesalers, testing laboratories, and retailers to operate in City's incorporated limits by (a) adopting particular reasonable time, place, and manner regulations, and (b) a separate permitting process for such operations.
3. Definitions. For purposes of this Ordinance, the following terms and phrases have the meanings assigned to them below:

"Administrator" means City's city administrator (or his or her designee) and/or any other City officer, employee, or agent appointed by the Council from time to time.

"Business(es)" means the recreational marijuana business operated by the marijuana processor, producer, testing laboratory, wholesaler, retailer, and/or any combination thereof.

"Cannabinoid" means any of the chemical compounds that are the active constituents of marijuana.

"Company principle(s)" means a person who is a director, officer, shareholder, manager, member, or partner of an entity or has a controlling interest in the entity through his or her ownership or control of 10% or more of the ownership in the entity or 10% or more of the total investment interest in the entity.

"Controlled substance(s)" means a substance designated as Schedule I or Schedule II controlled substances by the Code of Federal Regulations Title 21, Chapter II, Part 1308.

"Convicted" means an adjudication of guilt upon a verdict or finding entered in a criminal proceeding in a court of competent jurisdiction.

"Financial interest" exists when a person, the person's immediate family, and/or a legal entity of which the person is a company principle (a) receives or is entitled to receive directly or indirectly any of the benefits of a business, (b) rents or leases real property to the business for use by the business, and/or (c) lends or gives money, real property, or personal property to the business for use in the business. For purposes of this definition, monies owed to suppliers or contractors for the reasonable cost of goods and services received does not constitute a financial interest in a business.

"Marijuana" means all parts of the plant Cannabis family Moraceae, whether growing or not; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant or its resin.

"Marijuana processors" means a processor required to be licensed under ORS 475B.090.

"Marijuana producers" means a producer required to be licensed under ORS 475B.070.

"Marijuana testing laboratory" means a facility that conducts testing of marijuana products as required by ORS 475B.555 and is required to be licensed under ORS 475B.560.

"Marijuana wholesalers" means a wholesaler required to be licensed under ORS 475B.100.

"Marijuana retailers" means a retailer required to be licensed under ORS 475B.110.

"Minor(s)" means any person under 21 years of age.

"Person(s)" means an individual.

“Zoning ordinance” means City Ordinance No. 864, as amended.

4. Annual Permit Required. The company principle of each business operating in City’s incorporated limits must possess a valid annual recreational marijuana permit issued under this Ordinance and must comply with the requirements of all applicable federal, state, and local laws, regulations, and ordinances, including, without limitation, this Ordinance. The permit term will be for a fiscal year, beginning July 1 and ending June 30 of the immediately following year. The permit must be obtained and renewed contemporaneously with the company principle’s obtainment and renewal of City’s business license. Permits are non-transferrable. A separate permit must be obtained for each form of business even if operated on the same premises or under the same ownership.

5. Permit Application; Renewal; Updates; Termination; Fees.

5.1 Initial Application; Fee. Application forms for recreational marijuana permits will be available at Madras City Hall. Applications for initial and renewal permits must be submitted to City and signed under penalty of perjury. At the time of submission of an initial permit application, the applicant must pay a permit application and investigation fee. The permit application and investigative fee amount will be set from time to time by Council resolution. No portion of the fee is refundable if a permit is denied or operation of the business is discontinued for any reason. A separate permit application must be submitted for each proposed business location. The permit application documents may be included as part of City’s business license application materials and must contain, at minimum, the following:

- (a) The location of the proposed business;
- (b) A description of the type, nature, and extent of the business to be conducted;
- (c) A description of the proposed accounting and inventory systems for the business;
- (d) Certification that the proposed business is licensed to conduct business in compliance with Ordinance No. 849, City’s business license ordinance, and in compliance with all applicable federal, state, and local laws, regulations, and ordinances;
- (e) Certification that the proposed business has met the requirements of all applicable land use and/or development laws, regulations, and codes; and

- (f) Such other information deemed necessary or appropriate by the administrator to conduct any investigation and/or background check (including names and fingerprints) of the company principles, employees, volunteers, persons with a financial interest, and persons or entities providing debt financing for the business.
- 5.2 Renewal Application; Fee. A permit renewal application will include information similar in nature to that provided on the permittee's initial permit application and must be submitted to City not less than 30 days prior to expiration of the permit. Permit renewal application materials may be included as part of City's business license renewal application materials. At the time of submission of a permit renewal application, the permittee must pay a permit renewal application and investigation fee. The renewal application and investigation fee amount will be set from time to time by Council resolution. No portion of the fee is refundable if a permit is denied or operation of the business is discontinued for any reason.
- 5.3 Termination. A permit terminates automatically on June 30 of each year unless a permit renewal application is prior approved. A permit terminates automatically and without further act of City if any federal and/or state statutes, laws, regulations, ordinances, and/or guidelines are modified, changed, and/or interpreted in a manner by state or federal law enforcement officials so as to prohibit operation of the business under this Ordinance.
- 5.4 Notification of Changes. If a permittee is required to provide the Oregon Liquor Control Commission with any update, notice, report, or additional disclosure pursuant to OAR 845-025-1160 and/or any other state law and/or regulation, the permittee will supply the same information to City within the same deadline. If the supplied information necessitates a modification of the permit, such as the change in business location, the permittee will remit the applicable fee for an annual renewal.
6. Operation Regulations; Permit Conditions. Except as otherwise expressly provided under this Ordinance, each business must comply with the following operating regulations, in addition to any and all other applicable federal, state, and/or local laws, regulations, and/or ordinances:
- 6.1 Compliance with Applicable Laws. The business must at all times be operated in compliance with applicable Oregon laws and regulations, including, without limitation, ORS chapter 475B; OAR chapter 845; this Ordinance; all land use/development, building, and fire codes; and all other federal, state, and local laws, regulations, and ordinances, including, without limitation, those directly or indirectly relating to recreational

marijuana, including the payment of all fines, fees, and taxes owing to City.

- 6.2 Oregon Liquor Control Commission Registration Required. Each business must at all times be registered and in good standing under Oregon law.
- 6.3 Business License Required. Each business must have a current City business license.
- 6.4 Production and Processing Restrictions.
- (a) Co-location of businesses on the same premises is only permitted if and as allowed under applicable Oregon law and in accordance with the zoning ordinance.
 - (b) Subject to restrictions on certain forms of processing contained in this Ordinance, processors will only be permitted to engage in the forms of processing for which they have obtained applicable endorsements under OAR 845-025-3210.
 - (c) No production, processing, and/or wholesaling may occur in any outdoor area and/or in any structure where the production, processing, and/or wholesaling is visible from outside of the structure.
 - (d) Marijuana processors with an endorsement to produce cannabinoid extracts or concentrates must comply with state requirements for such production including, without limitation, OAR 845-025-3260.
 - (e) Marijuana processors with endorsements to produce cannabinoid edibles must comply with all state requirements for such production including, without limitation, OAR 845-025-3250.
- 6.5 On-Site Consumption Prohibited. Marijuana, alcohol, and other intoxicants must not be consumed, ingested, inhaled, and/or topically applied anywhere on the premises of the business, except that an employee of a business with a valid medical marijuana registry identification card may consume marijuana during his or her work shift as necessary for his or her medical condition as provided in OAR 845-025-1230(6)(b).
- 6.6 Operating Hours. Daily operating hours for retailers and wholesalers must be no earlier than 7:00 a.m. or later than 10:00 p.m., Monday through Sunday.

- 6.7 Odors. Each business must utilize an air filtration and ventilation system (and employ such other measures and means) that confines all objectionable odors associated with the business to the business's premises. Odor control measures must be installed and operational prior to commencing business operations. For purposes of this Section 6.7, the standard for judging "objectionable odors" will be that of a reasonable person with ordinary sensibilities after taking into consideration the character of the neighborhood in which the odor is made and where the odor is detected.
- 6.8 Disposal. Each business must provide for secure disposal of marijuana waste, expired marijuana products, marijuana remnants, and marijuana byproducts. Receptacles for such disposal must not be placed within the business's exterior refuse containers or otherwise outside of the control of the business.
- 6.9 Business Location. Each retailer must not be located (a) at the same address as any other business except as permitted under Section 6.4(a) of this Ordinance, (b) within 1,000 feet of the real property comprising a public or private elementary, secondary, and/or career school attended primarily by minors, and/or (c) in any area and/or zone not expressly permitted under the zoning ordinance. "Within 1,000 feet" means a straight line measurement in a radius extending for 1,000 feet or less in every direction from the closest point on the boundary line of the real property on which the retailer is sited.
- 6.10 Signage. Signage will comply with any and all applicable sign codes.
- 6.11 Packaging of Edibles. All edible marijuana products sold and/or otherwise transferred on a retailer's premises must (a) contain warning labels on the outside of the packaging that state "For use only by adults 21 and older— Keep out of reach of children," "It is illegal to drive a motor vehicle while under the influence of marijuana," and "BE CAUTIOUS" in bold, capital letters, followed by "Cannabinoid edibles can take up to 2 hours or more to take effect," (b) be packaged in a tamper-proof hard or soft-bodied receptacle that is designed and constructed to be significantly difficult for children under five years of age to open and that is sealed, opaque such that the product cannot be seen from outside the packaging, closable for any product intended for more than a single use or containing multiple servings, and not brightly colored, depicting cartoons, or in the shape of an animal or any other commercially recognizable toy or candy, and (c) satisfies any and all applicable state requirements for packaging and labeling.
- 6.12 Minors. No minor is allowed on any business premises. No minor is allowed to enter the area of a business where marijuana is present.

- 6.13 Criminal Convictions. A person who has been convicted in any state for any felony, including for the manufacture or delivery of a controlled substance in Schedule I or Schedule II, once or more in the five years immediately preceding the date of application (or renewal) or twice or more in the person's lifetime may not be a company principle, employee, and/or volunteer of the business or have a financial interest in the business operated in City's incorporated limits.
- 6.14 Accounting System and Records. Each business must have an accounting system specifically designed for enterprises reliant on transactions conducted primarily in cash such that revenue and expenses are recorded as they are paid, regardless of when goods are received or delivered, and sufficient to maintain detailed, auditable financial records. If the administrator finds that the business's books and records are deficient in any way and/or if the accounting system is not auditable, the business must modify the business's accounting system to meet the requirements of the administrator.
- 6.15 Record Keeping. Each business must keep and preserve records of all sales made by the business and such other books or accounts as may be required by the administrator. Each business must keep and preserve for a period of at least three years records containing at least the following information, in addition to that information specified under Oregon law: (a) true names and any aliases of the company principles; (b) true names and any aliases of employees/volunteers of the business; (c) true names and addresses and any aliases of persons that have or within the preceding year have had a financial interest in the business; (d) documentation concerning costs related to transferring, handling, securing, insuring, testing, packaging, and processing marijuana, and the cost of supplies, utilities, and rent or mortgage; (e) the amount of money paid by a business to a grower for each transfer of marijuana; (f) state and federal income tax returns; and (g) any other additional information the administrator deems necessary or appropriate.
- 6.16 Permit Display. Each business must display its current permit inside the business location in a prominent place easily visible to persons conducting transactions in the business and adjacent to the business's business license.
- 6.17 Sales and Transfers. Sales or other transfers of marijuana products on the business premises must occur inside the business's building and must be conducted only between the business and buyer. No walk-up or drive-through service is allowed.

- 6.18 Mobile Retailers Prohibited. Mobile retailers are prohibited. No person will locate, operate, own, allow to be operated, and/or aid, abet, and/or assist in the operation of any mobile retailer that transports or delivers, or arranges the transportation or delivery of, marijuana to a person.
- 6.19 Security System. Each business must obtain and maintain a fully operable security system that complies with applicable Oregon laws and regulations. The security system will be maintained in good working condition and will be in use at all times.
- 6.20 Worker Permits. All employees who perform work on behalf of an Oregon Liquor Control Commission licensed marijuana producer, processor, wholesaler, and/or retailer, including, without limitation, the licensees working in a licensed business or managing information in the cannabis tracking system, must possess a marijuana worker permit.
7. Background Checks. City will send to the Madras Police Department the information provided on each initial or renewal permit application. The police department may conduct criminal background checks (or obtain the results of background checks conducted by the Oregon Liquor Control Commission) to determine whether any person specified therein (including, without limitation, any person with financial interest, company principle, employee, or volunteer) has any history of felony convictions in Oregon and will inform City whether all persons named in the permit application passed the required Oregon background checks. Each business will provide City the results of criminal background checks (including federal background checks) for any person specified in an initial or renewal permit application including, without limitation, any person with financial interest, company principle, employee, or volunteer, to determine if any person specified therein has any history of federal or state felony convictions. If, following an initial application or renewal, an additional person is proposed to be a person with financial interest, company principle, employee, or volunteer, then such person must pass the background check prior to assuming such position.
8. Release; Indemnification.
- 8.1 Release of Liability. By accepting a permit issued pursuant to this Ordinance, the business, business owners, persons with a financial interest, and company principle(s) waive and release City and City's officers, employees, volunteers, agents, insurers, and self-insurance pool for, from, and against any and all injuries, claims, demands, actions, suits, damages, liabilities, costs, and expenses of any kind, including, without limitation, attorney fees and costs, which arise out of or result from any arrest and/or prosecution of the business, business owners, persons with financial interest, company principles, employees, volunteers, clients, customers, and/or any other associated persons for violations of any federal, state, and/or local laws, regulations, and/or ordinances.

8.2 Indemnification. By accepting a permit issued pursuant to this Ordinance, the business, business owners, persons with a financial interest, and company principle(s) will, on a joint and several basis, indemnify and hold harmless City and City's officers, employees, volunteers, agents, insurers, and self-insurance pool for, from, and against any and all injuries, claims, demands, actions, suits, damages, liabilities, costs, and expenses of any kind whatsoever, including, without limitation, attorney fees and costs, arising out of or resulting from in any manner the operation of the business, including, without limitation, any bodily injury, personal injury, sickness, disease, death, property loss or damage, and/or any other loss.

9. Permit Denial, Suspension, and Revocation; Penalties; Appeals.

9.1 Grounds for Denial, Suspension, Revocation. The administrator may deny, suspend, or revoke a permit for failure to comply with this Ordinance, for submitting falsified information to City or to the Oregon Liquor Control Commission, and/or for noncompliance with any other City ordinances or regulations or violations of federal, state, and/or local laws, regulations, and/or ordinances.

9.2 Notice of Revocation or Suspension. The administrator must provide to the permittee written notice of any permit suspension or revocation and reasons therefor by first-class US mail at least 10 calendar days prior to the effective date of the revocation or suspension.

9.3 Appeal. A decision to deny, suspend, or revoke a permit may be appealed by delivering personally a written notice of appeal to the administrator on or before the effective date of the denial, suspension, or revocation. Unless the administrator has declared that imminent danger to the public will exist, the administrator's decision to revoke or suspend is stayed pending appeal. The administrator will transmit the notice of appeal together with the file of the appealed matter to the Council after which transmission the Council will fix a time and place for hearing the appeal. The Council will give the appellant not less than 10 days' prior written notice of the time and place of hearing of the appealed matter.

9.4 Violations; Infractions. Violation of or failure to comply with any provision of this Ordinance is punishable upon conviction by a fine not to exceed \$500.00. City will be entitled to collect from any company principle violating or otherwise failing to comply with this Ordinance City's reasonable attorney fees and other fees, costs, and expenses incurred by City to enforce this Ordinance, including, without limitation, any costs incurred by City to audit a business's records. Each day in violation constitutes a separate offense. Business owners, company principles,

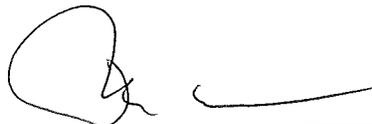
employees, and volunteers are jointly and severally liable for such offenses.

- 9.5 Remedies not Exclusive. The remedies provided in this Section 9 are not exclusive and will not prevent City from exercising any other rights and/or remedies available under law, nor will provisions of this Ordinance prohibit or restrict City or other appropriate prosecutor from pursuing criminal charges under state law and/or City ordinances.
10. Public Nuisance Declared. Operation of any business within City's incorporated limits in violation of this Ordinance is hereby declared a public nuisance and may be abated pursuant to all available remedies.
11. Examination of Books, Records, and Premises.
- 11.1 Examinations by Administrator. To determine compliance with the requirements of this Ordinance, Oregon law, all land use/development, building, and fire codes, and/or all other federal, state, and local laws, regulations, and ordinances, including, without limitation, those directly or indirectly relating to recreational marijuana, including the payment of all fines, fees, and taxes owing to City, the administrator may examine or cause to be examined by an agent or representative designated by the administrator, at any reasonable time, the premises of the business, including wastewater from the business, and any and all financial, operational, and other information or documentation, including books, papers, payroll reports, and state and federal income tax returns. Every company principle is directed and required to furnish to the administrator the means, facilities, and opportunity for making such examinations and investigations.
- 11.2 Criminal Investigations. As part of the investigation of a crime or violation of this Ordinance that law enforcement officials reasonably suspect has taken place on the business premises, the Madras Police Department will be allowed to view surveillance videotapes or digital recordings relating to the business at any reasonable time.
- 11.3 Access. Without reducing or waiving any provisions of this Ordinance, the Madras Police Department will have the same access to the business, business records, and business operations as allowed to state inspectors. Denial or interference with such access will be grounds for revocation or suspension of the business's permit.
12. Severability; Corrections; Automatic Repeal. All pronouns contained in this Ordinance and any variations thereof will be deemed to refer to the masculine, feminine, or neutral, singular or plural, as the identity of the parties may require. The singular includes the plural and the plural includes the singular. The word

"or" is not exclusive. The words "include," "includes," and "including" are not limiting. Any reference to a particular law, statute, rule, regulation, code, or ordinance includes the law, statute, rule, regulation, code, or ordinance as now in force and hereafter amended. If any section, subsection, sentence, clause, and/or portion of this Ordinance is for any reason held invalid, unenforceable, and/or unconstitutional, such invalid, unenforceable, and/or unconstitutional section, subsection, sentence, clause, and/or portion will (a) yield to a construction permitting enforcement to the maximum extent permitted by applicable law, and (b) not affect the validity, enforceability, and/or constitutionality of the remaining portion of this Ordinance. This Ordinance may be corrected by order of the Council to cure editorial and/or clerical errors. Nothing in this Ordinance affects the validity of any criminal or civil enforcement actions commenced prior to the adoption of this Ordinance; all City ordinances existing at the time that such actions were filed will remain valid and in full force and effect for purposes of those actions. This Ordinance will be automatically repealed in its entirety and of no further force and effect without further action of the Council if the 2016 ballot measure prohibiting (banning) the establishment and operation of recreational marijuana producers, processors, wholesalers, and retailers referred by the Council to City's electors is passed (approved).

APPROVED AND ADOPTED by the City Council of the City of Madras and signed by the Mayor this 11th day of October, 20 16.

Ayes: 5
Nays: 0
Abstentions: 0
Absent: 1
Vacancies: 0



Royce Embanks, Mayor

ATTEST:

Karen J. Coleman
Karen J. Coleman, City Recorder