PREFACE:

When the City of California City (City) invited the commercial medical Cannabis Industry to their City, they may have gotten more than they bargained for. Illegal grow houses seemed to have sprouted up overnight. The resources of the Police, Fire, and Code Enforcement Departments are stretched almost to their limits. Concerned citizens, frustrated by what they perceived as government misconduct, reached out to the 2017-2018 Kern County Grand Jury (Grand Jury). City Council (Council) Meetings were described as chaotic and unproductive.

PURPOSE OF INQUIRY:

The Grand Jury received several citizen complaints expressing their concerns in regard to the legalization of the Cannabis Industry in California City. The complainants alleged favoritism and possible conflicts of interest by the Council. In response to these complaints, pursuant to California Penal Code §925(a), the Cities and Joint Powers Committee (Committee) inquired into the process used by the Council to issue permits to the Cannabis Businesses.

PROCESS:

The Committee visited the City on nine different dates to meet with the City Officials, Staff, and local residents. Additional interviews were conducted in the Grand Jury offices in Bakersfield. City records and personnel documents were subpoenaed and reviewed. Additional documents were supplied by interviewees. The Committee observed an inspection of a Cannabis Cultivation site by the City Police Department. Citizen complaints, the City’s website, and other internet sources were also reviewed. Previous Kern County Grand Jury reports, media accounts, the California Medical Marijuana Regulation and Safety Act (MMRSA), and City ordinances were studied in depth.

BACKGROUND AND FACTS:

California City was built on speculation. The ill-fated land rush of the 1950s and 1960s was the dream of developers who hoped to create an “oasis in the desert.” The City is now facing financial crisis and the possibility of disincorporation. The lack of industry and jobs contribute to the diminished tax base. The Special Election held on April 10, 2018, to extend the Special Parcel Tax beyond June 2018, did not receive the mandatory two-thirds vote and failed. The revenue generated by this tax would have funded essential services including, fire, police,
and road maintenance. City Officials hope the projected revenue from the Cannabis Industry will be the solution to their current budget crisis.

In October 2015, the Governor of California signed MMRSA into law. In June 2016, the California City Council directed the City Manager and the City Attorney’s Office to research, and to provide recommendations regarding the establishment of regulations for cultivating, manufacturing, selling, and testing of medical Cannabis.

The ordinances to regulate Cannabis continues to change and adapt as the industry develops. City Officials stated, “We are doing something that has never been done before.” The City is developing rules and regulations for a business that has never existed, so there are no guidelines. State guidelines are constantly changing, so the City has to keep up with the times. Adding to the confusion, MMRSA is now called Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA). (See Appendix A)

Interviewees commented that the medical marijuana business was being “crammed down our throats, whether we want it or not.” No one interviewed could remember voting to legalize Cannabis, despite voting to regulate and tax the industry. So, when asked if residents were given the opportunity to vote to legalize Cannabis, the official City response was always, “They voted to tax it.”

The Committee inquired into the process used by City Officials to determine whether to allow the Cannabis Industry to begin operations. According to City Officials, a survey was conducted using the website “Survey Monkey” to determine if the community wanted to legalize the Cannabis Industry. The following survey question was posted on the website:

https://www.surveymonkey.com

“In October 2015 Governor Brown signed into law a legislative package of bills that seeks to provide regulations for California’s medical cannabis industry. The Medical Marijuana Regulation and Safety Act (MMRSA) created a new state agency within the Department of Consumer Affairs to develop rules and licensing procedures for authorized medical cannabis dispensaries. The new law took effect on January 1, 2016. However, regulations under the new law are not expected until early 2017 and licensing is not anticipated to begin until early 2018. Companies and individuals have approached several municipalities in California to locate their operations that would include nurseries, cultivation and manufacturing of medical marijuana products to fill the demand this industry will produce. Nurseries provide the plant stock for use in cultivation that would be sold to other cultivation sites. Another possible aspect of commercial medical marijuana is research and development. If California City were approached by commercial medical marijuana cultivators and provided a revenue stream into the General Fund that would reduce or eliminate the need for a special or general tax, would this be an industry that you would accept in the community? Answered: 195 Skipped: 0”
Survey results:

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<thead>
<tr>
<th>Answer Choices</th>
<th>Percentages</th>
<th>Actual number</th>
</tr>
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<tr>
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<tr>
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<tr>
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<td>195</td>
</tr>
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</table>

Other examples of questions on the survey:

Would you accept commercial cultivation of medical marijuana if the plants or products produced were only exported out of California City?

<table>
<thead>
<tr>
<th>Answer choices</th>
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<tr>
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Would you accept commercial cultivation, nursery operations and manufacturing if there were strict security measures enforced at these facilities.

<table>
<thead>
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<td>195</td>
</tr>
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</table>
According to the 2016 United States Census records, the population of the City was 14,707 (including inmates). Only 1.4% of the population responded to the survey.

On June 6, 2017, City voters passed a Cannabis Business Tax (CBT). Proceeds of the CBT would be deposited in the City's General Fund and would be available for any legal municipal purpose. Police, Fire, Urgent Care, roads, and recreation services are examples of General Fund services that may be funded with tax proceeds.

The CBT would be paid by all businesses using Cannabis products, ancillary products, and/or accessories. Including all business activities such as:

- Cultivating
- Transporting
- Distributing
- Manufacturing
- Compounding
- Converting
- Processing
- Preparing
- Storing
- Packaging
- Delivering
- Testing
- Dispensing
- Retailing
- Wholesaling

The CBT applies only to persons or businesses engaging in the Cannabis Industry. It does not apply to personal cultivation, or use of Cannabis, as those terms are defined under State law.

The CBT will apply to these businesses and any other Cannabis Businesses that are allowed under future revisions of the California City Municipal Code (Municipal Code), or that otherwise exist. The Municipal Code provisions regulating the number or type of Cannabis Businesses can be amended by the Council. Payment of the tax does not authorize a business that is otherwise not permitted under the Municipal Code.

The initial tax rates for the CBT are:

- For cultivation:
  - Seven dollars ($7.00) annually per square foot of canopy space in a facility that uses exclusively artificial lighting
  - Five dollars ($5.00) annually per square foot of canopy space in a facility that uses a combination of natural and supplemental artificial lighting
  - One dollar ($1.00) annually per square foot of canopy space in a facility that uses no artificial lighting
  - Fifty cents ($0.50) annually per square foot of canopy space for any nursery
- For testing laboratories: two percent (2%) of gross receipts
- For all other Cannabis Businesses: six percent (6%) of gross receipts
The CBT would take effect July 1, 2018. The Council can adjust the rates at any time. Commencing on July 1, 2021, the maximum permissible rates for cultivation businesses will increase annually according to an inflation index. Except for this permitted inflation adjustment, the Council may not set any rate exceeding those set forth above. Estimates are that the initial annual proceeds from the CBT will be approximately $3.4 million per year. Actual proceeds will vary depending on the number, size, and gross receipts of Cannabis Businesses.

The Municipal Code, Chapter 6, Medical Cannabis, Articles 1 through 15, currently allows an unlimited number of Cannabis Businesses. Only Medical Cannabis Businesses are currently allowed, and they must be located, on property zoned M-1 (Light Industrial) or M-2 (Heavy Industrial). Recreational marijuana businesses are not allowed.

The application process for a permit to operate a Medical Cannabis Business takes between eighteen months and two years to complete. Each phase requires a specific fee, which must be paid before proceeding:

The evaluation and selection process shall consist of the following four phases:

- **Phase 1: Determination of Eligibility and Application ($3,258)**
  - Each Principal (primary business owner) must undergo a criminal history check including Live Scan Report
  - Verify zoning requirements of proposed location
  - Execute an agreement indemnifying the City from liability

- **Phase 2: Initial Ranking based on pre-determined point values ($701)**
  - Description of proposed location
  - Business Plan
  - Neighborhood Compatibility Plan
  - Safety and Security Plan

- **Phase 3: Second Ranking based on pre-determined point values ($1,790)**
  - Prior to the scheduling of the interviews in Phase 3:
    - Proposed site will be inspected by the assigned City designee, if there is an existing building structure, to ascertain current conditions of the facility
    - One Principal may be required to pass a Medical Cannabis Expertise Examination, demonstrating a working knowledge of state and local compliance standards as well as the Attorney General's Guidelines on Medicinal Cannabis
  - The second ranking will be scored based on the following criteria:
    - Final location (proof of ownership or a signed and notarized statement from the property owner)
    - Business Plan
    - Community Benefits
    - Enhanced Product Safety
    - Environmental Benefits
    - Labor and Employment
Before operations can proceed, according to Municipal Code, each proposed location is required to have a detailed safety plan:

“This plan should describe the fire prevention, suppression, HVAC, and alarm systems the facility will have in place. It should include assessment of the facility’s fire safety by a qualified fire prevention and suppression consultant. An appropriate plan will have considered all possible fire, hazardous material, and inhalation issues/threats and will have both written and physical mechanisms in place to deal with each specific situation.”

Cannabis Businesses are subject to mandatory building inspections and must obtain all permits and approvals required for any other business of the same size. This includes:

- Building Permits
- Fire Department approvals
- Health Department approvals
- Other zoning and land use permits or approvals
- Outdoor cultivation is prohibited; in no case shall Cannabis plants be visible to the public

A permitted Cannabis Business is required to provide sufficient security measures to deter and prevent the unauthorized entrance into areas containing Cannabis products, and to deter and prevent the theft of products. These security measures include, but are not limited to, all of the following:

- Preventing individuals from remaining on the premises if they are not engaging in an activity directly related to the permitted operations
- Establishing limited access areas accessible only to authorized personnel
- Except for live growing plants, which are being cultivated, all medical Cannabis products shall be stored in a secured and locked room, safe, or vault
- All medical Cannabis shall be kept in a manner as to prevent diversion, theft, and loss, except for limited amounts of Cannabis used for display purposes or for immediate sale at a dispensary
- Installing 24-hour security surveillance cameras to monitor all entrances and exits, all interior spaces within the business which are open and accessible to the public, and all interior spaces where Cannabis, cash, or
currency, are being stored. Video recordings shall be maintained for a minimum of ninety (90) days

- Sensors shall be installed to detect entry and exit from all secure areas
- Panic buttons shall be installed in all medical Cannabis Businesses
- Professionally installed, maintained, and monitored alarm systems
- Bars installed on the windows or the doors shall be installed only on the interior of the building
- Security personnel must be licensed by the State of California Bureau of Security and Investigative Services, and shall be subject to prior review and approval by the City Manager
- Businesses are required to have the capability to remain secure and operational during a power outage, and ensure that all access doors are not solely controlled by an electronic access panel, to guarantee that locks are not released during a power outage
- Businesses will identify a designated security representative/liaison to the City, who shall be reasonably available to meet with the City Manager, the Police Chief, or their designees, regarding any security related measures and/or operational issues
- Businesses shall have a storage and transportation plan, which describes in detail the procedures for safely and securely storing, transporting all Cannabis products, and any currency
- Businesses shall cooperate with the City, whenever the City Manager or his designee makes a request, upon reasonable notice to the business, to inspect or audit the effectiveness of any security plan
- Businesses shall notify the City Manager or his/her designee(s) within twenty-four (24) hours after discovering any of the following:
  - Significant discrepancies identified during inventory
  - Diversion, theft, loss, or any criminal activity involving the business or any agent or employee
  - Loss or unauthorized alteration of records related to Cannabis, registering qualifying patients, primary caregivers, or employees or agents
  - Any other breach of security

The Bureau of Cannabis Control (Bureau) is the lead agency in regulating Cannabis licenses for medical and adult use in California. The Bureau is responsible for licensing retailers, distributors, testing labs, microbusinesses, and temporary Cannabis events. This license is required before a local permit can be issued. The State gave cities authority to completely ban or regulate the trade as they see fit. The State estimates that Cannabis will generate a billion-dollar revenue stream. If local municipalities did not pass regulations, they risked the possibility of companies obtaining State Licenses and none of that revenue would come to the city or county. If a business is operating inside a city, it must adhere to that municipality’s rules, or the State will not issue a license.
The Code Enforcement Division works under the direction of the City Fire Department, and has been given the responsibility to enforce laws related to the safety, health, public welfare, neighborhood enhancement, and quality of life. The most common issues that Code Enforcement responds to are:

- Dangerous and abandoned buildings
- Fire hazards
- State housing law violations
- Zoning requirements
- Unpermitted construction
- Illegal businesses

Determining how to best utilize the resources of the Fire Department is a concern for citizens and Council Members. Cannabis manufacturing requires various hazardous materials, such as CO\textsubscript{2}. Cultivation or grow operations use materials similar to that of other indoor botanical and greenhouses; including pesticides, fungicides, nutrients, and fertilizers. The chemicals involved can range from benign to toxic. The former Fire Chief prepared a Medical Marijuana Impact Report, available at: https://www.calcityfire.us/issues(entry/ccfd-mmj-impact-report)

The report outlined recommendations for fire safety and suppression measures that the City should have implemented. This report was not well received or adopted by the Council.

In October and November 2017, multiple complaints were received by the City, regarding suspicious activity around an unoccupied building in a local mall, which is not zoned for Cannabis. The building had been red tagged by Code Enforcement. A red tag means that the building is not up to code and not suitable for occupancy. The complaints alleged a conflict of interest may exist because the owner of the mall is a local business owner with ties to the Council. Additionally, the interviewees stated, “There seems to be an apparent erosion of code compliance and record keeping on the part of the city:”

- Interviewees and the Committee experienced:
  - Heavy foot traffic in and out of the abandoned building
  - Multiple vehicles in the parking lot at all hours of the day and night
  - A truck transporting barrels of water to the location (See Appendix B)
  - The red tag was removed without follow-up inspection

- According to Code Enforcement:
  - The building was not permitted for occupancy
  - The building was red tagged because someone appeared to be living in a commercially zoned building
  - Subsequently, the red tag was removed and Code Enforcement was told to stay away
  - A strong smell of marijuana emitted from the building
• According to firefighters, during a training exercise, they were on the roof of an adjoining building and noticed a strong smell of marijuana coming from the building
• The owner of the property stated:
  o No illegal activities were allowed on the properties
  o Mall businesses are permitted for use as a church, nursery, and offices
  o Marijuana is not grown in that building
  o Growing only hemp for Cannabidiol (CBD) oil
  o Tenant was testing different genes of CBD from seedlings
  o Breeding program for hemp is a trade secret

The Interviewees and the Committee observed that, as of April 18, 2018, the building had been vacated and all activity had ceased.

The Committee received additional complaints about a hemp farm located in the middle of the desert, which seems to be connected to the abandoned building at the mall. The older ambulance that had been previously parked in front of the building at the mall had been relocated to the hemp farm. The interviewee saw several possible code violations including an 8-foot chain link fence topped with barbed wire, an assortment of trash, propane tanks, and gasoline cans. Code Enforcement also indicated that they were not aware of any permitted hemp farms in the City, but were told by City Officials to leave it alone, it is only hemp. (See Appendix C)

The United States Agricultural Act of 2014 (Farm Bill), Section 7606, authorizes institutions of higher education (e.g., universities) and State Departments of Agriculture, to grow and cultivate 'industrial hemp' (defined under the Act as marijuana with a THC content of 0.3 percent or less) for agricultural research purposes, where permitted under State law.

While legal Cannabis growers are beginning to establish their businesses, illegal growers have tried to circumvent the licensing process and have descended upon the City. The Police Department, acting on tips from the community, and complaints of the strong smell of marijuana coming from houses, has conducted raids on illegal residential grow houses. The following has occurred:
• Shut down over 50 illegal grow houses
• Arrested over 20 suspects
• Determined approximately 47 of the properties were rentals; only three were owner occupied
• Most grows were being tended by Chinese immigrants who speak only Mandarin
• Water Department records indicated that a high percentage of new applications had Asian surnames
• Organized crime may be involved
• Most paid six months’ rent, in cash, in advance
• Initial raids revealed that some of the growers commuted from the Bay Area to tend to plants a couple of times a week, leaving the houses unattended the rest of the week
• Recent raids indicate growers may have given up, as properties now appear abandoned
• Stealing power by illegally bypassing electrical meters
• The interiors of the houses were gutted and illegally rewired to facilitate the growing process, and the walls were covered in mold (See Appendix D)
• Seized approximately 1,640 pounds of illegal marijuana plants, which were disposed of pursuant to California Health and Safety Code §11479 (See Appendix E)

Inadequate infrastructure, mainly the lack of adequate power lines coming into the City, generates a major problem for developers. Southern California Edison (SCE) estimates that only 13 to 15 new businesses could be added to the grid. Local investors are working with SCE to construct a $6 million power improvement project by the airport. This project is oversized and allows for future growth and expansion, at no cost to the City.

Banks are regulated by the Federal Government, and marijuana remains illegal at the federal level, creating potential legal issues for banks that receive money from Cannabis Businesses. As a result, most financial institutions may not service the Cannabis Businesses. The City contacted a consulting firm, West Coast AML Service LLC, (an anti-money laundering service in business for over 20 years) regarding their options in handling funds (fees and taxes) obtained from the Cannabis industry. The City has reached an agreement with a local bank to accept tax revenues generated by Cannabis. It is still unclear whether banks will accept cash deposits directly from the businesses themselves.

Despite the initial challenges, the first Cannabis Business has begun operating in the City. Described as a state of the art indoor cultivation facility, the new business is being closely monitored by City Officials and residents. In contrast to the illegal grows in residential areas, the legally licensed Cannabis Business appears to be an asset to the community. Operating under strict regulation and tight security, the facility is expecting their first harvest in May 2018. Since there are no manufacturing facilities in the City, the product will be processed outside of the City.

Other major investors who expressed interest in the Cannabis Industry included major sports figures, who promised to bring state of the art manufacturing facilities to the area. On January 12, 2018, the Mojave Desert News article titled, “NBA Star Brad Miller and Mountain Chief/CHC break ground in Cal City.” Reported, “California City and Mountain Chief have an opportunity to make history in California’s cannabis market by providing the purest, healthy, pesticide free
cannabis product on the market. We look forward to bringing jobs and contributing to the local community.” The project is yet to come to fruition.

FINDINGS:

F1. The “Monkey Survey” may have been an inadequate indicator of the will of the people. Residents were only given 3 days to reply to the survey, and the small number of responses was not proportionate to the size of the population.

F2. Conflicting information provided by City Officials regarding fees collected during the permitting process raised questions of improper accounting practices. However, reports range from 180 to 200 or more issued permits, with only four completed applications. There is a discrepancy in the terminology used by City Officials, as well as in the actual accounting of fees. One City Official stated we only collected about $55,000 in fees.
   a. Total fees owed for each issued permit is $7,636
   b. 180 issued permits equals $1,375,020 in fees collected
   c. Recent documents obtained from the City: (See Appendix F)
      1) Revenues totaling $2,344,305.25
      2) Direct bills totaling $792,916.21
      3) Balance of $892,574.51

F3. Interviewees and employees were uncertain about who was in charge of the permitting process, and which department was collecting the fees.

F4. Due to lack of adequate power and paved roads, the infrastructure of the City is insufficient to handle the demands of the anticipated growth of the Cannabis Businesses.

F5. The only accurate way to determine if a plant is marijuana or hemp is through lab testing; making it impossible to determine by sight which product is being cultivated.

F6. The already short-staffed and overworked Police Department is overburdened by demands placed on them by the onslaught of illegal growers that invaded the City.

F7. Law Enforcement Officers from various Federal, State, County, and other agencies assisted the Police Department in carrying out the raids on the illegal grow houses.

F8. Houses raided by the Police have been red-tagged by Code Enforcement for health and safety violations.
F9. The cost in property damages, per each illegal grow house, has been estimated at between $30,000 and $40,000 per house. This leaves the property owners as victims of these illegal activities. (See Appendix D)

F10. Interviewees expressed mixed opinions on the legalization of medical marijuana. Some examples of responses:

- The City is expecting too much out of it, trying to push it through, and cutting corners to get medical marijuana businesses
- No problem with it as long as it is all legal and well regulated
- I’m open-minded, I support it. It is all legal. I like it because it is a source of revenue
- Don’t oppose it. It is a positive issue for the City. I see it as helping the City’s finances, and benefits the community

F11. Ignoring the alleged illegal activities at the mall property may give the business owner an unfair advantage, or a head start toward establishing a legal business in the future. The permitting process was scheduled to begin in January 2018, so commercial cultivation was not yet legal.

“A facility or entity that is operating in compliance with local zoning ordinances and other state and local requirements on or before January 1, 2018, may continue its operations until its application for licensure is approved or denied pursuant to this chapter.” AB 266, Section 19321(c)

COMMENTS:

The Committee thanks City Officials and Staff for their co-operation in providing information used in this report. The City seems to be divided into two opposing groups. One group is in favor of allowing the Cannabis Businesses to be located in the City, and the other is against it. The temptation to cut corners and take shortcuts may cloud the issue, and give the appearance of misconduct. As a result, the division within the City is magnified.

RECOMMENDATIONS:

R1. The City of California City should conduct an independent audit that accounts for all fees collected from Cannabis applications and permits. (Finding 2)

R2. The City should consolidate the Cannabis permitting process into one department and under one supervisor. (Finding 3)

R3. The City should contract with a testing lab to verify whether plants are Cannabis or hemp. (Finding 5)
R4. The Grand Jury recommends that City Officials search for programs or grants that may be available to property owners, who have incurred losses due to damages by illegal growers. (Findings 8 and 9)

R5. The City should establish a timeline for the clean-up of illegal grow houses, and assist the property owners in the process due to health and safety concerns. (Findings 8 and 9)

R6. The City should enforce all Cannabis ordinances equally. All rules and regulations must be equally adhered to by all applicants. (Finding 11)

NOTES:

- The City of California City should post a copy of this report where it will be available for public review.

- Persons wishing to receive an email notification of newly released reports may sign up at: www.kerncounty.com/grandjury

- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: www.kerncounty.com/grandjury.

RESPONSE REQUIRED WITHIN 90 DAYS TO:

PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 200
BAKERSFIELD, CA  93301

CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA  93301
APPENDICES

Appendix A:

Sec. 5-6.102. - Legal Authority.
Pursuant to Sections 5 and 7 of Article XI of the California Constitution, and the provisions of the "Medicinal and Adult-Use Cannabis Regulation and Safety Act" ("MAUCRSA") (and as the same may be amended from time to time), the City of California City is authorized to adopt ordinances that establish standards, requirements and regulations for local licenses and permits for cannabis and cannabis-related activity. Any standards, requirements, and regulations regarding health and safety, security, and worker protections established by the State of California, or any of its departments or divisions, shall be the minimum standards applicable in the City of California City to cannabis, and/or cannabis-related activity.
Appendix B:

Photos supplied by Interviewees

Truck appears to be delivering water to the building.

Ambulance parked outside of Red Tagged building.
Appendix C:

Pictures provided by Interviewees

Ambulance parked inside fence at Hemp Farm.
Appendix D:

Pictures provided by California City Police Department.
Pictures provided by California City Police Department
Appendix E:

State of California HEALTH AND SAFETY CODE Section 11479

Notwithstanding Sections 11473 and 11473.5, at any time after seizure by a law enforcement agency of a suspected controlled substance, except in the case of growing or harvested cannabis, that amount in excess of 10 pounds in gross weight may be destroyed without a court order by the chief of the law enforcement agency or a designated subordinate. In the case of growing or harvested cannabis, that amount in excess of two pounds, or the amount of cannabis a medicinal cannabis patient or designated caregiver is authorized to possess by ordinance in the city or county where the cannabis was seized, whichever is greater, may be destroyed without a court order by the chief of the law enforcement agency or a designated subordinate. Destruction shall not take place pursuant to this section until all of the following requirements are satisfied:

(a) At least five random and representative samples have been taken, for evidentiary purposes, from the total amount of suspected controlled substances to be destroyed. These samples shall be in addition to the 10 pounds required above. When the suspected controlled substance consists of growing or harvested cannabis plants, at least one 2-pound sample or a sample in the amount of medicinal cannabis a medicinal cannabis patient or designated caregiver is authorized to possess by ordinance in the city or county where the cannabis was seized, whichever is greater, shall be retained. This sample may include stalks, branches, or leaves. In addition, five representative samples of leaves or buds shall be retained for evidentiary purposes from the total amount of suspected controlled substances to be destroyed.

(b) Photographs and videos have been taken that reasonably and accurately demonstrate the total amount of the suspected controlled substance to be destroyed.

(c) The gross weight of the suspected controlled substance has been determined, either by actually weighing the suspected controlled substance or by estimating that weight after dimensional measurement of the total suspected controlled substance.

(d) The chief of the law enforcement agency has determined that it is not reasonably possible to preserve the suspected controlled substance in place, or to remove the suspected controlled substance to another location. In making this determination, the difficulty of transporting and storing the suspected controlled substance to another site and the storage facilities may be taken into consideration.

Subsequent to any destruction of a suspected controlled substance pursuant to this section, an affidavit shall be filed within 30 days in the court that has jurisdiction over any pending criminal proceedings pertaining to that suspected
controlled substance, reciting the applicable information required by subdivisions (a), (b), (c), and (d) together with information establishing the location of the suspected controlled substance, and specifying the date and time of the destruction. In the event that there are no criminal proceedings pending that pertain to that suspected controlled substance, the affidavit may be filed in any court within the county that would have jurisdiction over a person against whom those criminal charges might be filed. (Amended by Stats. 2017, Ch. 27, Sec. 154. (SB 94) Effective June 27, 2017.)
APPENDIX F:

### Schedule of MMIB Direct Bills for FY 16-17 and FYTD 2-28-18

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*Estimate sent on 3/7/18; will book once invoice received.

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<th>Vendor</th>
<th>Date</th>
<th>Amount</th>
<th>GL Account</th>
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<td>HDL</td>
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<td>Staples Advantage</td>
<td>7/22/2017</td>
<td>511.42</td>
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<td>HDL</td>
<td>8/14/2017</td>
<td>337,500.00</td>
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<td>Jones &amp; Mayer</td>
<td>9/30/2017</td>
<td>19,485.39</td>
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<td>U S Bank Corporate Payment</td>
<td>10/25/2017</td>
<td>1,089.00</td>
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<td>Jones &amp; Mayer</td>
<td>10/31/2017</td>
<td>14,110.84</td>
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<td>Jones &amp; Mayer</td>
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<td>Jones &amp; Mayer</td>
<td>12/31/2017</td>
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<td>Jones &amp; Mayer</td>
<td>1/31/2018</td>
<td>11,579.22</td>
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<tr>
<td>Jones &amp; Mayer</td>
<td>1/31/2018</td>
<td>7,277.50</td>
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<td>Total</td>
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<td>446,777.42</td>
<td>10-4171-495</td>
<td>Round 2</td>
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<td>659,996.59</td>
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<td>792,916.21</td>
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### Summary Schedule of MMIBs Revenues and Expenses for FY16-17 and FYTD 2-28-18

<table>
<thead>
<tr>
<th>Description</th>
<th>Totals</th>
<th>FY16-17</th>
<th>FYTD 2-28-18</th>
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</thead>
<tbody>
<tr>
<td>MMIB Revenues</td>
<td>2,344,305.25</td>
<td>752,416.00</td>
<td>1,591,889.25</td>
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<tr>
<td>(Less) Live Scan Fees and Zoning Verification</td>
<td>(67,850.00)</td>
<td>(36,244.00)</td>
<td>(31,606.00)</td>
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<tr>
<td>MMIB Rev's after Live Scan &amp; Zoning Verification Alloc's</td>
<td>2,276,455.25</td>
<td>716,172.00</td>
<td>1,560,283.25</td>
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<tr>
<td>(Less) Payroll Allocations (using % allocation in cost determination)</td>
<td>(590,964.53)</td>
<td>(268,063.18)</td>
<td>(322,901.35)</td>
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<td>MMIB Rev's after Payroll Allocations</td>
<td>1,685,490.72</td>
<td>448,108.82</td>
<td>1,237,381.90</td>
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<tr>
<td>(Less) Total Direct Bills</td>
<td>(792,916.21)</td>
<td>(132,919.62)</td>
<td>(659,996.59)</td>
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<tr>
<td>MMIB Rev's (less) MMIB Direct Bills</td>
<td>892,574.51</td>
<td>315,189.20</td>
<td>577,385.31</td>
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