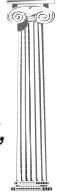


City of Lake Stevens Vision Statement



By 2030, we are a sustainable community around the lake with a vibrant economy, unsurpassed infrastructure and exceptional quality of life.

CITY COUNCIL REGULAR MEETING AGENDA
Lake Stevens School District Educational Service Center (Admin. Bldg.)
12309 22nd Street NE, Lake Stevens
Monday, October 28, 2013 - 7:00 p.m.

NOTE: **WORKSHOP ON VOUCHERS AT 6:45 P.M.**

CALL TO ORDER: 7:00 p.m.
Pledge of Allegiance

ROLL CALL:

GUEST BUSINESS:

CONSENT AGENDA:

*A.	Approve October vouchers.	Barb
*B.	Approve Council regular meeting minutes of October 14, 2013.	Norma
*C.	Adopt second and final reading of Ordinance No. 901, consent to transfer franchise from Black Rock Cable Inc. to WDH Black Rock, LLC.	Troy

ACTION ITEMS:

*A.	Confirm appointment of Jim Kelly to the Park Board.	Vern
*B.	Adopt Resolution No. 2013-10, approving Trooper Sean O'Connell for an honorary street designation.	Mick

DISCUSSION ITEMS:

A.	Proposed 2014 Budget.	Barb
*B.	Draft recreational marijuana land use regulations.	Karen

COUNCIL PERSON'S BUSINESS:

MAYOR'S BUSINESS:

STAFF REPORTS:

INFORMATION ITEMS:

EXECUTIVE SESSION:

A.	Potential litigation.
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Lake Stevens City Council Regular Meeting Agenda

October 28, 2013

ADJOURN:

* ITEMS ATTACHED	** ITEMS PREVIOUSLY DISTRIBUTED	# ITEMS TO BE DISTRIBUTED
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THE PUBLIC IS INVITED TO ATTEND

Special Needs

The City of Lake Stevens strives to provide accessible opportunities for individuals with disabilities. Please contact Steve Edin, City of Lake Stevens ADA Coordinator, (425) 377-3227, at least five business days prior to any City meeting or event if any accommodations are needed. For TDD users, please use the state's toll-free relay service, (800) 833-6384, and ask the operator to dial the City of Lake Stevens City Hall number.

NOTICE:

All proceedings of this meeting are audio recorded, except Executive Sessions

**BLANKET VOUCHER APPROVAL
 2013**

We, the undersigned Council members of the City of Lake Stevens, Snohomish County, Washington, do hereby certify that the merchandise or services hereinafter specified have been received and that the following vouchers have been approved for payment:

Payroll Direct Deposits	907821-907873	\$125,219.16
Payroll Checks	35756	\$2,546.64
Electronic Funds Transfers	651-656	\$32,439.55
Claims	35851-35909	\$127,732.83
Void Checks	35816	(\$18.00)
Tax Deposit(s)	10/15/2013	\$51,426.85
Total Vouchers Approved:		\$339,347.03

This 28th day of October 2013:

 Mayor

 Councilmember

 Finance Director

 Councilmember

 Councilmember

 Councilmember



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Direct Deposit Register

11-Oct-2013

Wells Fargo - AP

Lake Stevens

Direct Deposits to Accounts

11-Oct-2013	<u>Vendor</u>	<u>Source</u>	<u>Amount</u>	<u>Draft#</u>	<u>Bank Name</u>	<u>Transit</u>	<u>Account</u>
13027	DEPARTMENT OF LICENSING	C	\$387.00	651	Wells Fargo	123456789	123123123
Total:			\$387.00	Count:		1.00	

Direct Deposit Summary

<u>Type</u>	<u>Count</u>	<u>Total</u>
C	1	\$387.00

Pre-Note Transactions

Direct Deposit Register

18-Oct-2013

Wells Fargo - AP

Lake Stevens

Direct Deposits to Accounts

15-Oct-2013	<u>Vendor</u>	<u>Source</u>	<u>Amount</u>	<u>Draft#</u>	<u>Bank Name</u>	<u>Transit</u>	<u>Account</u>
9407	Department of Retirement (Pers	C	\$2,025.00	654	Wells Fargo	121000248	4159656917
9408	NATIONWIDE RETIREMENT SOL	C	\$1,323.25	655	Wells Fargo	121000248	4159656917
9405	Wash State Support Registry	C	\$402.46	656	Wells Fargo	121000248	4159656917
Total:			\$3,750.71		Count:	3.00	

Direct Deposit Summary

<u>Type</u>	<u>Count</u>	<u>Total</u>
C	3	\$3,750.71

Pre-Note Transactions

Direct Deposit Register

17-Oct-2013

Wells Fargo - AP

Lake Stevens

Direct Deposits to Accounts

17-Oct-2013	<u>Vendor</u>	<u>Source</u>	<u>Amount</u>	<u>Draft#</u>	<u>Bank Name</u>	<u>Transit</u>	<u>Account</u>
9362	Department of Revenue	C	\$2,263.68	652	Wells Fargo	121000248	4159656917
11866	Dept. of Labor & Industries	C	\$26,038.16	653	Wells Fargo	121000248	4159656917
Total:			\$28,301.84		Count:	2.00	

Direct Deposit Summary

<u>Type</u>	<u>Count</u>	<u>Total</u>
C	2	\$28,301.84

Pre-Note Transactions

Detail Check Register

17-Oct-13

Lake Stevens

Check No	Check Date	VendorNo	Vendor	Check Amount		
35851	17-Oct-13	969	Business Card			\$4,844.16
10/13 1056			Pkg/mtg/supl/Econ Dev exps	\$1,157.71	\$0.00	\$1,157.71
001003513103100			Administration - Office Supply	\$43.38		
001003513104300			Administration - Travel & Mtgs	\$9.59		
001007558004300			Planning - Travel & Mtgs	\$6.00		
001007558804111			Planning-Economic Development	\$1,071.54		
401070535004300			Sewer Utility - Travel & Mtgs	\$27.20		
10/13 1324			pkg/supplies/subscr/mailer	\$447.17	\$0.00	\$447.17
001007558003100			Planning - Office Supplies	\$17.13		
001007558004300			Planning - Travel & Mtgs	\$9.00		
001007558004400			Planning - Advertising	\$77.83		
001007558004900			Planning - Miscellaneous	\$24.00		
001007558804111			Planning-Economic Development	\$319.21		
10/13 7750			Lib ADA door/pkg/mailing	\$2,690.65	\$0.00	\$2,690.65
001012572506400			Library - Capital Outlay	\$2,633.75		
101016542003101			Street Fund Office Supplies	\$37.15		
101016542004300			Street Fund - Travel & Mtgs	\$12.00		
410016542404400			Storm Water - Advertising	\$7.75		
10/13 8877			Trvl/Transcript/vacuum/suppl	\$548.63	\$0.00	\$548.63
001008521003100			Law Enforcement - Office Suppl	\$124.35		
001008521003104			Law Enforcement-Operating Cost	\$374.27		
001008521004300			Law Enforce - Travel & Mtgs	\$50.01		
35852	17-Oct-13	13782	Department of Revenue			\$1,061.66
Q3.2013			Q3 2013 Leasehold Excise Tax	\$1,061.66	\$0.00	\$1,061.66
633013586000005			Leasehold Excise Tax Remit	\$1,061.66		
Total Of Checks:						\$5,905.82

Detail Check Register

24-Oct-13

Lake Stevens

Check No	Check Date	VendorNo	Vendor	Check Amount	
35853	28-Oct-13	1579	ACE HARDWARE		\$106.88
39836			Tar for evidence roof	\$43.43	\$0.00
					\$43.43
001008521003104			Law Enforcement-Operating Cost	\$43.43	
39840			Drill Bits	\$16.81	\$0.00
					\$16.81
101016542003102			Street Fund Operating Costs	\$16.81	
39849			AAA Batteries for flashlights	\$30.39	\$0.00
					\$30.39
410016542403102			Storm Water - Operating Costs	\$30.39	
39860			Wallplate	\$1.06	\$0.00
					\$1.06
001008521003104			Law Enforcement-Operating Cost	\$1.06	
39912			Texture spray	\$15.19	\$0.00
					\$15.19
001008521003104			Law Enforcement-Operating Cost	\$15.19	
35854	28-Oct-13	13328	ACES		\$329.00
9607			Safety Mtg: Flu Season 2013	\$329.00	\$0.00
					\$329.00
001003517620000			Admin. Safety program	\$77.64	
101016517620000			safety program	\$146.08	
410016517620000			safety program	\$105.28	
35855	28-Oct-13	137	Barmon Door and Plywood, Inc.		\$55.71
A65465			Spring Hinges Bathroom door	\$55.71	\$0.00
					\$55.71
001008521003104			Law Enforcement-Operating Cost	\$55.71	
35856	28-Oct-13	179	Blumenthal Uniforms		\$61.35
24407-01			Adams Academy Gear	\$61.35	\$0.00
					\$61.35
001008521002600			Law Enforcment Clothing	\$61.35	
35857	28-Oct-13	11952	Carquest Auto Parts Store		\$126.99
2421-196592			Relay for PW44	\$19.93	\$0.00
					\$19.93
001003518104800			IT Dept-Repair & Maint	\$19.93	
2421-196753			Wiper blades PT28	\$15.12	\$0.00
					\$15.12
001008521003104			Law Enforcement-Operating Cost	\$15.12	
2421-196780			Oil and filters	\$91.94	\$0.00
					\$91.94
101016542003102			Street Fund Operating Costs	\$91.94	
35858	28-Oct-13	13776	Chris L Griffen		\$300.00
C9665L			Public Defender svcs	\$300.00	\$0.00
					\$300.00

Detail Check Register

24-Oct-13

Lake Stevens

Check No	Check Date	VendorNo	Vendor	Check Amount	
001013512800000			Court Appointed Attorney Fees	\$300.00	
35859	28-Oct-13	274	City of Everett		\$1,395.00
i13002655			Animal shelter services	\$1,395.00	\$0.00
001008539004100			Code Enforcement - Professiona	\$1,395.00	
35860	28-Oct-13	12004	CITY OF MARYSVILLE		\$23,911.17
13-017			Court Citations Sept 2013	\$6,064.85	\$0.00
001013512500001			Municipal Court Fees	\$6,064.85	
POLIN11-0339			Prisoner Housing Sept 2013	\$17,746.32	\$0.00
001008523005100			Law Enforcement - Jail	\$17,746.32	
POLIN11-0345			Prisoner Medical Sept 2013	\$100.00	\$0.00
001008523005100			Law Enforcement - Jail	\$100.00	
35861	28-Oct-13	290	Co-Op Supply		\$33.12
604506			Propane	\$33.12	\$0.00
101016542003102			Street Fund Operating Costs	\$33.12	
35862	28-Oct-13	13030	COMCAST		\$120.80
09/13 0827887			Traffic signal control	\$120.80	\$0.00
101016542640000			Street Fund - Traffic Control	\$120.80	
35863	28-Oct-13	13030	COMCAST		\$109.76
10/13 0443150			Internet services	\$109.76	\$0.00
001003513104200			Administration-Communications	\$2.20	
001003514104200			City Clerks-Communications	\$6.59	
001003516104200			Human Resources-Communications	\$2.20	
001003518104200			IT Dept-Communications	\$4.39	
001004514234200			Finance - Communications	\$4.39	
001007558004200			Planning - Communication	\$17.56	
001008521004200			Law Enforcement - Communicatio	\$63.66	
001010576804200			Parks - Communication	\$2.93	
101016542004200			Street Fund - Communications	\$2.92	
410016542404200			Storm Water - Communications	\$2.92	
35864	28-Oct-13	13030	COMCAST		\$85.71
09/13			Internet services - shop	\$85.71	\$0.00
101016542004200			Street Fund - Communications	\$42.85	
410016542404200			Storm Water - Communications	\$42.86	
35865	28-Oct-13	13030	COMCAST		\$85.71

Detail Check Register

24-Oct-13

Lake Stevens

Check No	Check Date	VendorNo	Vendor		Check Amount	
09/13 0808840			Internet svc - Shop	\$85.71	\$0.00	\$85.71
101016542004200			Street Fund - Communications	\$42.85		
410016542404200			Storm Water - Communications	\$42.86		
35866	28-Oct-13	13757	Comdata Corporation			\$65.27
20193510			Fuel	\$65.27	\$0.00	\$65.27
001008521003200			Law Enforcement - Fuel	\$65.27		
35867	28-Oct-13	322	Concrete NorWest			\$202.83
912797			Sand for road sanding due to ice/sn	\$202.83	\$0.00	\$202.83
101016542660000			Street Fund - Snow & Ice Contr	\$202.83		
35868	28-Oct-13	91	Corporate Office Supply			\$1,034.17
143511i			office supplies	\$86.77	\$0.00	\$86.77
001008521003100			Law Enforcement - Office Suppl	\$86.77		
144009i			Supplies	\$263.05	\$0.00	\$263.05
001004514233100			Finance - Office Supplies	\$19.80		
001013519903100			General Government - Operating	\$243.25		
144081			printer to replace broken dell	\$542.95	\$0.00	\$542.95
001008521003100			Law Enforcement - Office Suppl	\$542.95		
144094i			office supplies	\$162.27	\$0.00	\$162.27
001008521003100			Law Enforcement - Office Suppl	\$162.27		
144133i			office supplies	\$118.32	\$0.00	\$118.32
001008521003100			Law Enforcement - Office Suppl	\$118.32		
144164cr			Toner return	(\$163.91)	\$0.00	(\$163.91)
001013519903100			General Government - Operating	(\$163.91)		
144249i			Supplies	\$226.65	\$0.00	\$226.65
001004514233100			Finance - Office Supplies	\$0.00		
001013519903100			General Government - Operating	\$226.65		
144310cr			Paper returned	(\$201.93)	\$0.00	(\$201.93)
001013519903100			General Government - Operating	(\$201.93)		
35869	28-Oct-13	420	Department Of Transportation			\$75.00
02257CN			LTAP class	\$75.00	\$0.00	\$75.00
101016542004001			Street Fund - Staff Developmen	\$37.50		
410016542404901			Storm Water - Staff Developmen	\$37.50		

Detail Check Register

24-Oct-13

Lake Stevens

Check No	Check Date	VendorNo	Vendor	Check Amount	
35870	28-Oct-13	12800	DEPT OF CORRECTIONS		\$334.54
MCC WC 0913	Work Crew			\$334.54	\$0.00
101016542004800	Street Fund - Repair & Mainten			\$234.18	
410016542404800	Storm Water - Repairs & Maint.			\$100.36	
35871	28-Oct-13	473	Electronic Business Machines		\$439.59
092309	Copier Maint			\$303.06	\$0.00
001013519904800	General Government - Repair/Ma			\$303.06	
092353	copier maint			\$136.53	\$0.00
001008521004800	Law Enforcement - Repair & Mai			\$136.53	
35872	28-Oct-13	485	Employment Security Department		\$366.00
Q3/2013	UI Tax for 945134-10 0			\$366.00	\$0.00
501000517007800	Payments To Claiments			\$366.00	
35873	28-Oct-13	13390	Evergreen State Heat		\$342.10
23103	HVAC repair Police Station			\$342.10	\$0.00
001008521004800	Law Enforcement - Repair & Mai			\$342.10	
35874	28-Oct-13	13764	Frontier		\$99.27
10/13 4253340835	Phone services			\$99.27	\$0.00
001013519904200	General Government - Communica			\$33.09	
101016542004200	Street Fund - Communications			\$33.09	
410016542404200	Storm Water - Communications			\$33.09	
35875	28-Oct-13	13010	Grainger		\$591.71
9261205778	Windshield De-Icer			\$29.85	\$0.00
101016542660000	Street Fund - Snow & Ice Contr			\$29.85	
9261205786	Carburator Cleaner			\$15.47	\$0.00
101016542003102	Street Fund Operating Costs			\$15.47	
9264022345	Bench brush			\$44.28	\$0.00
101016542003102	Street Fund Operating Costs			\$44.28	
9265144429	Wireless solar driveway monitor			\$160.32	\$0.00
101016542003102	Street Fund Operating Costs			\$120.75	
410016542403102	Storm Water - Operating Costs			\$39.57	
9265166851	Triangle warning kits for PW11, 26,			\$341.79	\$0.00

Detail Check Register

24-Oct-13

Lake Stevens

Check No	Check Date	VendorNo	Vendor	Check Amount	
101016542003102			Street Fund Operating Costs	\$136.80	
101016542004102			Street Fund-Sweeping	\$68.40	
410016542403102			Storm Water - Operating Costs	\$136.59	
35876	28-Oct-13	13971	Granite Construction Co		\$247.61
50687			Pant/Jacket	\$52.13	\$0.00
001010576802600			Parks - Clothing	\$18.25	
101016542002600			Street Fund - Clothing	\$33.88	
50693			2 signs 36x36 Flagger Ahead constr	\$195.48	\$0.00
101016542640000			Street Fund - Traffic Control	\$195.48	
35877	28-Oct-13	13949	Guardian ID Systems Inc		\$317.65
20130611-ID-06			Chid ID cards and Ink-750	\$317.65	\$0.00
001008521003100			Law Enforcement - Office Suppl	\$317.65	
35878	28-Oct-13	13500	HB Jaeger Co LLC		\$439.83
142001			Two trash racks and jet set for stor	\$439.83	\$0.00
410016542403102			Storm Water - Operating Costs	\$439.83	
35879	28-Oct-13	673	Home Depot		\$238.49
3141762			Rebar for solar school zone lights	\$238.49	\$0.00
101016542640000			Street Fund - Traffic Control	\$238.49	
35880	28-Oct-13	13509	Industrial Supply, Inc		\$318.20
523603			Replace brooms on sweeper	\$318.20	\$0.00
101016542004102			Street Fund-Sweeping	\$214.40	
410016542404103			Street Sweeping	\$103.80	
35881	28-Oct-13	13386	Jerad Wachtveitl		\$11.00
10/04/13			Pkg 8/2/13	\$11.00	\$0.00
001008521004300			Law Enforce - Travel & Mtgs	\$11.00	
35882	28-Oct-13	13681	JP Cooke Co.		\$17.15
255428			Supplies	\$17.15	\$0.00
001013519903100			General Government - Operating	\$17.15	
35883	28-Oct-13	13885	Lake Industries LLC		\$90.00
27469			Hauling spoil from storm water ditch	\$90.00	\$0.00
410016531503104			DOE-G1100060 SW Capacity Exp	\$90.00	
35884	28-Oct-13	14057	Lake Stevens Assembly of God		\$245.00
SPE2013-0013-19			Refund Park Permit	\$245.00	\$0.00

Detail Check Register

24-Oct-13

Lake Stevens

Check No	Check Date	VendorNo	Vendor	Check Amount	
001000362100000			Special Events - Rental Reimb	\$245.00	
35885	28-Oct-13	11777	Lake Stevens Fire		\$165.00
7346			Annual Fire Inspection Lakeshore Dr	\$165.00	\$0.00
					\$165.00
001008521003104			Law Enforcement-Operating Cost	\$165.00	
35886	28-Oct-13	852	Lake Stevens Journal		\$83.75
80089			LUA2013-0107 Blue Fern short plat	\$83.75	\$0.00
					\$83.75
001007558004400			Planning - Advertising	\$83.75	
35887	28-Oct-13	12751	LAKE STEVENS POLICE GUILD		\$916.50
10/15/13			Union Dues	\$916.50	\$0.00
					\$916.50
001000281000000			Payroll Liabilities	\$916.50	
35888	28-Oct-13	14048	Leon O Nixon III		\$1,187.76
10/11/13			Travel Exps for Chief process	\$1,187.76	\$0.00
					\$1,187.76
001008521004300			Law Enforce - Travel & Mtgs	\$1,187.76	
35889	28-Oct-13	12684	NORTHWEST CASCADE INC.		\$218.00
1-770478			Honeybucket rental	\$218.00	\$0.00
					\$218.00
001010576804500			Parks - Equipment Rental	\$218.00	
35890	28-Oct-13	12450	PITNEY BOWES		\$112.17
9619164-0T13			Postage machine rental	\$112.17	\$0.00
					\$112.17
001013519904500			General Government-Equip Renta	\$112.17	
35891	28-Oct-13	11869	PUGET SOUND ENERGY		\$137.31
10/13 200003723810			Utilities - Gas	\$74.05	\$0.00
					\$74.05
001008521004700			Law Enforcement - Utilities	\$74.05	
10/13 200024316495			Utilities - Gas	\$63.26	\$0.00
					\$63.26
001010576804700			Parks - Utilities	\$21.09	
101016542004700			Street Fund - Utilities	\$21.09	
410016542404701			Storm Water Utilities	\$21.08	
35892	28-Oct-13	13898	Quadrant Homes		\$1,443.26
BLD2013-0285			Building Permit refund	\$1,443.26	\$0.00
					\$1,443.26
001000322001000			Building Permits	\$1,443.26	
35893	28-Oct-13	12540	Republic Services #197		\$354.91
0197-001633923			Dumpster services	\$354.91	\$0.00
					\$354.91

Detail Check Register

24-Oct-13

Lake Stevens

Check No	Check Date	VendorNo	Vendor	Check Amount	
101016542003102			Street Fund Operating Costs	\$169.90	
101016542004500			Street Fund - Rentals/Leases	\$7.56	
410016542403102			Storm Water - Operating Costs	\$169.90	
410016542404501			Storm Water - Equipment Rental	\$7.55	
35894	28-Oct-13	12540	Republic Services #197		\$255.54
0197-001633726			Dumpster services	\$255.54	\$0.00
001010576803103			Parks-Lundeen-Operating Costs	\$242.49	
001010576804500			Parks - Equipment Rental	\$13.05	
35895	28-Oct-13	12540	Republic Services #197		\$113.17
0197-001634505			Dumpster services	\$113.17	\$0.00
001013519903100			General Government - Operating	\$100.22	
001013519904500			General Government-Equip Renta	\$12.95	
35896	28-Oct-13	13784	Robinson Noble		\$3,898.57
13-914			Geotechnical engineering 123rd Ave	\$3,898.57	\$0.00
101016542004100			Street Fund - Professional Ser	\$3,898.57	
35897	28-Oct-13	12722	SHRED-it WESTERN WASHINGTON		\$55.44
9402652939			Shredding services	\$55.44	\$0.00
001008521003104			Law Enforcement-Operating Cost	\$55.44	
35898	28-Oct-13	13715	Sno Co Sherrifs Office		\$13,440.85
2013-1781			Prisoner Housing Sept 2013	\$13,440.85	\$0.00
001008523005100			Law Enforcement - Jail	\$13,440.85	
35899	28-Oct-13	12961	SNOHOMISH COUNTY PUD		\$2,069.55
104088697		202342622		\$124.19	\$0.00
101016542630000			Street Fund - Street Lighting	\$124.19	
107400671		200178218		\$383.99	\$0.00
101016542630000			Street Fund - Street Lighting	\$383.99	
110713653		200206977		\$656.66	\$0.00
001012572504700			Library - Utilities	\$523.65	
001013519904700			General Government - Utilities	\$133.01	
114034089		202289237		\$32.03	\$0.00
001010575304901			Historical Museum	\$16.02	
001010575304905			Grimm House Expenses	\$16.01	
117351106		200860922		\$414.24	\$0.00
001013555504700			Community Center - Utilities	\$414.24	

Detail Check Register

24-Oct-13

Lake Stevens

Check No	Check Date	VendorNo	Vendor		Check Amount
1239855866		200363505		\$119.53	\$119.53
		101016542630000	Street Fund - Street Lighting	\$119.53	
123989465		203599006		\$254.43	\$254.43
		001010576804700	Parks - Utilities	\$84.81	
		101016542004700	Street Fund - Utilities	\$84.81	
		410016542404701	Storm Water Utilities	\$84.81	
137127055		202648705		\$84.48	\$84.48
		101016542630000	Street Fund - Street Lighting	\$84.48	
35900	28-Oct-13	12961	SNOHOMISH COUNTY PUD		\$32.03
147066085		201513934		\$32.03	\$32.03
		001010576804700	Parks - Utilities	\$32.03	
35901	28-Oct-13	14007	Snohomish County PW (S)		\$46,073.54
i000337359			Signal repair & Overlays	\$46,073.54	\$46,073.54
		101016542606400	Street Fund - Overlays	\$41,431.15	
		101016542640000	Street Fund - Traffic Control	\$4,642.39	
35902	28-Oct-13	13415	Staples		\$471.77
3205885060			copier staples/folders/CDs/steno pa	\$129.22	\$129.22
		001008521003100	Law Enforcement - Office Suppl	\$129.22	
3209411718			Computer speakers	\$39.88	\$39.88
		001008521003104	Law Enforcement-Operating Cost	\$39.88	
3211800545			paper	\$220.85	\$220.85
		001008521003100	Law Enforcement - Office Suppl	\$220.85	
3211914329			Supplies	\$81.82	\$81.82
		001003513103100	Administration - Office Supply	\$21.20	
		001003516103100	Human Resources-Office Supplie	\$9.05	
		001004514233100	Finance - Office Supplies	\$14.13	
		001013519903100	General Government - Operating	\$37.44	
35903	28-Oct-13	1419	State Auditors Office		\$7,334.50
L100283			2011 - 2012 Audit	\$7,334.50	\$7,334.50
		001004514234100	Finance - Professional Service	\$7,334.50	
35904	28-Oct-13	13931	Stericycle, Inc		\$20.72
3002404866			Hazardous waste disposal	\$20.72	\$20.72

Detail Check Register

24-Oct-13

Lake Stevens

Check No	Check Date	VendorNo	Vendor	Check Amount	
001008521004100			Law Enforcement - Professional	\$20.72	
35905	28-Oct-13	13994	Strategies 360		\$10,500.00
772-10245			Prof Svcs Hwy 9	\$1,500.00	\$0.00 \$1,500.00
001013511204101			Advisory Svcs - Lobbying	\$1,500.00	
772-10364			Prof Svcs Hwy 9	\$9,000.00	\$0.00 \$9,000.00
001013511204101			Advisory Svcs - Lobbying	\$9,000.00	
35906	28-Oct-13	13891	Tacoma Screw Products Inc		\$103.60
30435774			self drilling screws	\$13.58	\$0.00 \$13.58
101016542640000			Street Fund - Traffic Control	\$13.58	
30437011			gloves and deck screws	\$90.02	\$0.00 \$90.02
101016542003102			Street Fund Operating Costs	\$63.01	
410016542403102			Storm Water - Operating Costs	\$27.01	
35907	28-Oct-13	1491	The Everett Herald		\$281.56
888933			Permit Specialist Ad	\$199.00	\$0.00 \$199.00
001007558004400			Planning - Advertising	\$199.00	
LG516959			LUA2013-0102 Rain Garden Project	\$82.56	\$0.00 \$82.56
001007558004400			Planning - Advertising	\$82.56	
35908	28-Oct-13	13045	UPS		\$14.40
74Y42413			Evidence shipping	\$14.40	\$0.00 \$14.40
001008521004200			Law Enforcement - Communicatio	\$14.40	
35909	28-Oct-13	12761	WASHINGTON STATE PATROL		\$346.50
i14002436			Weapons permit background check	\$346.50	\$0.00 \$346.50
633008589000006			Gun Permit - FBI Remittance	\$346.50	
Total Of Checks:					\$121,827.01



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**CITY OF LAKE STEVENS
REGULAR CITY COUNCIL MEETING MINUTES**

Monday, October 14, 2013
Lake Stevens School District Educational Service Center (Admin. Bldg.)
12309 22nd Street N.E. Lake Stevens

CALL TO ORDER: 7:00 p.m. by Mayor Pro Tem John Spencer

COUNCILMEMBERS PRESENT: Todd Welch, Suzanne Quigley (arrived at 7:04 pm), Kathy Holder, Kim Daughtry, Marcus Tageant, Neal Dooley and John Spencer

COUNCILMEMBERS ABSENT: Mayor Vern Little

STAFF MEMBERS PRESENT: City Administrator Jan Berg, City Attorney Cheryl Beyer, Planning Director Becky Ableman, Finance Director Barb Stevens, Public Works Director Mick Monken, Human Resource Director Steve Edin, Interim Police Chief Dan Lorentzen, Officer James Barnes, Senior Planner Russ Wright, IT Director Troy Stevens and City Clerk/Admin. Asst. Norma Scott

OTHERS: Janice Huxford, Lisa Elder, Samuel Low, and Dave Huber

Excused Absence. Councilmember Tageant moved to excuse Councilmember Quigley, seconded by Councilmember Holder; motion carried unanimously. (6-0-0-1)

Guest Business. Janice Huxford, 2013 Aquafest President, introduced Lisa Elder as President and Treasurer for 2014. The team for 2014 is All American Aquafest. They are looking to hire a consultant who has been involved in other community's events; City staff has reviewed the proposal and is evaluating financial support.

Councilmember Quigley arrived at 7:04 p.m.

Samuel Low, 8409 4th Place SE, commented the community is supportive of the 2014 City budget. The community has two small concerns – need more training funds for the police officers and since several patrol officers left the City and is now severely understaffed need to keep the patrol support officer until the other officer positions are filled.

James Barnes, Lake Stevens Police Officer and Lake Stevens Police Guild President, commented additional police officers are being budgeted. Because of these the police department will lose the Police Support Officer (PSO). The PSO position is being replaced by a building inspector/code enforcement position. Mr. Barnes, representing the Police Guile, is In support of the 2014 budget. Councilmember Welch asked what the PSO job responsibilities would be with enforcement removed. Mr. Barnes responded the position would be responsible for such things as animal control, parking issues and quality of life issues. Without the PSO existing patrol units would handle animal control.

Dave Huber, 7304 10th Street SE, commented the City adopted a new car sales local business zone without a change in scope of what the car lot will entail. There is a change of use issue

with car sales in a location that was at one time used for car sales and parking lot. Cars will be moved in this evening and a code enforcement action will happen tomorrow. Cars will not have a for-sale sign on them and only one extra parking space is being created which should not be considered a substantial change. City Administrator Berg commented analysis of the new ordinance versus the previous ordinance will be provided to Council and Mr. Huber.

Recognition – appreciation for outstanding volunteer services to the City by The Church of Jesus Christ of Latter Day Saints. Councilmember Spencer noted that 100 volunteers did considerable work for the City. Since a representative of the Church was not present, this will be placed on the next agenda.

Consent Agenda. Councilmember Daughtry moved to approve the Consent Agenda (A. Approve October vouchers: Payroll Direct Deposits 907759-907820 for \$114,083.02, Payroll Checks 35753 for \$2,435.93, Electronic Funds Transfers 644-650 for \$136,294.14, Claims 35751-35752, 35754-35755, 35757-35850 for \$188,457.49, Tax Deposit(s) 10/1/2013 for \$44,307.97 for total vouchers approved of \$485,578.55); B. Approve Council regular meeting minutes of September 23, 2013; and C. Approve Council workshop meeting minutes of September 30, 2013), seconded by Councilmember Tageant; motion carried unanimously. (7-0-0-0)

First reading of Ordinance No. 901, consent to transfer franchise from Black Rock Cable Inc. to Astound Broadband LLC. IT Director Stevens provided a revised ordinance which changed the name from Astound Broadband LLC to WDH Black Rock LLC. The original franchise (Ordinance No. 743) was with Black Rock Inc and this ordinance transfers ownership to WDH Black Rock LLC as addressed in Ordinance No. 743. There is no change in level of service.

MOTION: Councilmember Dooley moved to approve first reading of Ordinance No. 901, consent to transfer franchise from Black Rock Cable Inc. to WDH Black Rock LLC, seconded by Councilmember Holder; motion carried unanimously. (7-0-0-0)

Councilmember Spencer commented we need to make sure we have enough cable band width. IT Director Stevens responded the cable is now in place and is ready for leasing.

Adopt Resolution No. 2013-10, authorizing the Mayor to execute Interlocal Agreement for the City to participate in the AWC Self-Insured Health Insurance Program and be subject to assessments. Human Resource Director Edin reported AWC went from a fully insured benefit program to a self-insured program. State requires each city to approve by resolution an interlocal agreement authorizing the City to participate in the self-insured program. This allows AWC Trust to eliminate several mandatory taxes for fully insured plans. There is no increase in cost to the City for 2014.

MOTION: Councilmember Welch moved to adopt Resolution 2013-10 authorizing the Mayor to execute Interlocal Agreement for the City to participate in the AWCC Self-Insured Health Insurance Program, seconded by Councilmember Tageant; motion carried unanimously. (7-0-0-0)

Appointment of Danny Pitocco to the Civil Service Commission. Human Resources Director Edin introduced Mr. Pitocco, who has held a previous civil service position.

MOTION: Councilmember Daughtry moved for appointment of Danny Pitocco to the Civil Service Commission, seconded by Councilmember Dooley; motion carried unanimously. (7-0-0-0)

Approve Snohomish County Interlocal Agreement (ILA) for Municipal Road and Street Services to perform maintenance and emergency services. Public Works Director Monken reported this interlocal is to perform maintenance such as pavement stripping. Snohomish County determined that some updates were needed to the prior ILA. Cost limits on each service requested by the City are not to exceed \$10,000 for a single project. There are no additional costs from the prior agreement.

MOTION: Councilmember Holder moved to approve Snohomish County Interlocal Agreement, seconded by Councilmember Tageant; motion carried unanimously. (7-0-0-0)

Adopt Resolution No. 2013-12, fees amendment. Public Works Director Monken noted the fee schedule changes are for construction plan approval and Engineering Design and Development Standards (EDDS) deviation requests including a new consultant fee. City Administrator Berg responded the applicant is not being charged double for use of staff and consultant. Mr. Monken reviewed the changes.

Councilmember Quigley asked if the EDDS fee should be on a hourly basis rather than a flat dollar amount so small projects are not subsidizing larger projects. Public Works Director Monken provided a list of fees other cities are charging. Mayor Pro Tem Spencer requested an hourly rate with a base fee and maximum and minimum for Council to review at the next meeting. It was Council consensus to bring back with a new deviation fee and adopt remaining fees this evening.

MOTION: Councilmember Daughtry moved to approve fee resolution with the exception of EDDS deviation request which will be brought back to the council at a later date, seconded by Councilmember Welch; motion carried unanimously. (7-0-0-0)

Proposed 2014 Budget. Finance Director Stevens provided an overview of Information Technology's budget and reviewed General Fund Expenditure Assumptions.

A lengthy discussion followed on the PSO position and how animal control would be handled by the police officers. City Administrator Berg commented they would leave the PSO position in through first quarter of 2014 for training purposes. Police Commander Lorentzen noted there are three officers patrolling at all times as a minimum. Mayor Pro Tem Spencer requested some background on police level of service – based on population and geographical.

Councilmember Tageant would like to look at the police training budget.

Councilmember Welch would like to look further at the PSO position and whether the person can be used for something else.

2013 Parks and Recreation Element update. Senior Planner Wright reported on the following: City held two open houses (Senior Center and Fire Station) and Park and Planning Commission meetings, looked at scope of work, defined park types based on level of service and acreage, and mailed 500 parks/recreation surveys (received 70 surveys back). Community

Lake Stevens City Council Regular Meeting Minutes

October 14, 2013

response included wanting walking and hiking trails (multi-use), acquisition of additional shoreline, neighborhood/community parks, skate parks, improved facilities such as restrooms, and favored user fees as a financing option. The Parks and Recreational Element goals and policies were updated. The next step is to finalize level of service. Also need to complete the Capital Facilities Element and the last step is new fees survey.

Councilmember Quigley requested a breakdown on mitigation funds - where they are concentrated and on a city-wide basis. Mayor Pro Tem Spencer noted that the west side of Highway 9 appears to be disproportionate compared to the east side for parks. Councilmember Quigley suggested using Grade Road City property for a nature boardwalk rather than acquiring more land.

Council Person's Business: Councilmembers reported on the following meetings: Tageant – Sewer Utility Subcommittee; Holder – Sewer meeting; Quigley – budget; Dooley – Sewer meeting; and Daughtry – Community Transit and PSRC framework for Transportation funding next Friday.

Staff Reports: Staff reported on the following: Finance Director Stevens – audit is wrapping up; Public Works Director Monken - PSE installed two gas line services permitted through the State with street patches being addressed (overlay next summer); and Interim Police Chief Lorentzen – new officer Nathan Adams will be attending the Police Academy.

Adjourn. Councilmember Tageant moved to adjourn at 9:00 pm, seconded by Councilmember Welch; motion carried unanimously. (7-0-0-0)

John Spencer, Mayor Pro Tem

Norma J. Scott, City Clerk/Admin. Asst.



LAKE STEVENS CITY COUNCIL
STAFF REPORT

Council Agenda Date: October 28, 2013

Subject: Ordinance to consent to the transfer of an OVS Franchise from Black Rock Cable, Inc to WDH Black Rock, LLC

Contact Person/Department: Troy Stevens / Information Services **Budget Impact:** None

City Attorney Approved Document As To Form: Yes No If no, explain: _____

RECOMMENDATION(S)/ACTION REQUESTED OF COUNCIL:

Approve Second and Final Reading of Ordinance 901.

SUMMARY/BACKGROUND:

In April of 2007 the City Council approved Ordinance 743 granting Black Rock Cable Inc. an OVS Franchise to provide services within the City of Lake Stevens for seven years. Pursuant to a merger agreement, Black Rock Cable, Inc. merged into WDH Black Rock, LLC and WDH Black Rock, LLC was the surviving company. In accordance with Ordinance 743, Section 11(A) on transfer requirements, it states that the City Council by ordinance must consent to the transfer of the OVS Franchise. The City Attorney has reviewed and approved Ordinance 901 granting WDH Black Rock, LLC's request to transfer of ownership. WDH Black Rock, LLC will be responsible for future franchise renewal.

APPLICABLE CITY POLICIES: None

BUDGET IMPACT: None

ATTACHMENTS:

- ▶ Exhibit A: Ordinance #743
- ▶ Exhibit B: Ordinance #901

**CITY OF LAKE STEVENS
LAKE STEVENS, WASHINGTON**

ORDINANCE NO. 743

AN ORDINANCE OF THE CITY OF LAKE STEVENS, WASHINGTON, GRANTING A SEVEN (7) YEAR FRANCHISE TO PROVIDE OPEN VIDEO AND DARK FIBER SERVICES WITHIN THE CITY OF LAKE STEVENS TO BLACK ROCK CABLE, INC., SETTING FORTH THE TERMS AND CONDITIONS OF SAID SERVICE, ESTABLISHING PENALTIES, AND FIXING AN EFFECTIVE DATE.

WHEREAS, Black Rock Cable, Inc. (hereinafter referred to as “Franchisee” or “Black Rock”) has applied to the City for a nonexclusive franchise to construct, maintain, operate, replace and repair an Open Video System in, on, across, over, along, under or through Rights-of-Way within the Franchise Area; and

WHEREAS, Franchisee currently plans to use its Open Video System to provide Dark Fiber Services, which is defined in this Franchise Ordinance to mean the provision of fiber optic infrastructure that does not transmit light pulses for the transmission of information, but which is capable of such transmission upon installation of optronic equipment by either the Franchisee or its subscribers; and

WHEREAS, Franchisee currently does not plan to use its Open Video System to provide Telecommunications Services, which is defined in this Franchise Ordinance and in LSMC 12.12.0020 to mean the transmission by fiber optic cable, electronics, or other such means of voice, data, video programming, or other such information to subscribers for a fee; and

WHEREAS, the City has considered the financial, technical and legal qualifications of Franchisee, and has determined that Franchisee's plans for constructing, operating and maintaining its Open Video System are adequate, in a full public proceeding affording due process to all concerned; and

WHEREAS, the public has had adequate notice and opportunity to comment on Franchisee's proposal to provide open video system service within the Franchise Area; and

WHEREAS, the City Council hereby finds that it would serve the public interest of the citizens of the City to grant a non-exclusive open video system franchise to the Franchisee subject to the terms and conditions hereinafter set forth; and

WHEREAS, the City is authorized by applicable law to grant one or more nonexclusive franchises to construct, operate and maintain an open video system or systems within the boundaries of the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE STEVENS DOES ORDAIN:

SECTION 1. SECTION 1. DEFINITIONS

For the purposes of this Ordinance, the following terms, phrases, words and their derivations shall have the meanings given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural include the singular, and words in the singular include the plural. Words not defined shall be given their common and ordinary meaning. The word “shall” is always mandatory and not merely directory.

1.1. “Access” means the availability for noncommercial use various agencies, institutions, organizations, groups and individuals in the community, including the City and its designees, of the Open Video System to acquire, create, receive, and distribute services and signals as permitted under applicable law including, but not limited to:

(a) “Public Access” means Access where community-based, noncommercial organizations, groups or individual members of the general public, on a nondiscriminatory basis, are the primary users.

(b) “Educational Access” means Access where schools are the primary users having editorial control over programming and services.

(c) “Governmental Access” means Access where governmental institutions or their designees are the primary users having editorial control over programming and services.

1.2. “Access Channel” means any Channel, or portion thereof, designated for Access purposes or otherwise made available to facilitate or transmit Access programming or services.

1.3. “Affiliate,” when used in connection with Franchisee, means any Person who owns or controls, is owned or controlled by, or is under common ownership or control with Franchisee.

1.4. “Bad Debt” means amounts lawfully owed by a Subscriber and accrued as revenues on the books of Franchisee, but not collected after reasonable efforts by Franchisee.

1.5. “Basic Service” means any service Tier that includes, at a minimum, the retransmission of local television Broadcast Signals and local Access programming.

1.6. “Broadcast Signal” means a television or radio signal transmitted over the air to a wide geographic audience, and received by an Open Video System by antenna, microwave, satellite dishes or any other means.

1.7. “Cable Act” means the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992 and the Telecommunications Act of 1996, as they may be amended, and any future federal cable television laws, acts or regulations.

1.8. “Channel” means a portion of the electromagnetic frequency spectrum which is used in the Open Video System and which is capable of delivering a television channel (as television channel is defined by the FCC by regulation).

1.9. “City” is the City of Lake Stevens, Washington, a municipal corporation, and all the area within its boundaries, as such may change from time to time.

1.10. “City Council” means the Lake Stevens City Council, or its successor, the governing body of the City of Lake Stevens.

1.11. “Connection”, with regard to connections to public buildings, means installation of fiber optic or coaxial cable or other System-related facilities through the outer wall of the building leaving adequate excess space to permit further connection to other facilities, plant or cable within the building.

1.12. “Dark Fiber” is optical fiber infrastructure installed and maintained by the Franchisee, that does not transmit light pulses for the transmission of information, but which is capable of such transmission upon installation of optronic equipment by either the Franchisee or its subscribers.

1.13. “Expanded Basic Service” means the Tier of optional video programming services, which is the level of service received by most Subscribers above Basic Service, and does not include Premium Services.

1.14. “FCC” means the Federal Communications Commission.

1.15. “Franchise” means this ordinance, which upon acceptance by the Franchisee will be a contractual agreement between the City and Franchisee, containing the specific provisions of the authorization herein granted by the City and the obligations herein required of the Franchisee, including references, specifications, requirements and other related matters.

1.16. “Franchise Area” means the area within the jurisdictional boundaries of the City, including any areas annexed by the City during the term of this Franchise.

1.17. “Franchise Authority” means any municipal entity with the legal authority to regulate the public rights-of-way.

1.18. “GAAP” means generally accepted accounting principles.

1.19. “Franchisee” means Black Rock Cable, Inc., or its lawful successor, transferee or assignee.

1.20. “Gross Revenues” means any and all revenue derived directly or indirectly by Franchisee, or by Franchisee’s Affiliates, from the operation of Franchisee’s Open Video System to provide Open Video Services and/or Dark Fiber Services in the Franchise Area. In the case of revenue from a single user (“User”) located both within and without the Franchise area, the revenue from that user shall be divided between the City and other Franchising Authorities according to the portion of the cable used by the User within each Franchising Authority’s Franchise Area. In addition, gross revenues under this paragraph include any advertising revenues received by an open video system operator or its affiliates in connection with the provision of video programming, where such revenues are included in the calculation of the incumbent cable operator’s franchise fees. Gross revenues do not include revenues collected by unaffiliated programming providers, such as subscriber or advertising revenues. Any gross

revenues fee that the open video system operator or its affiliate collects from video programming providers shall be excluded from gross revenues.

1.21. “Open Video System” or “System” means a system of facilities that is certified as an Open Video System by the FCC pursuant to 47 CFR 76.1500 et seq. and regularly provides Open Video System Services to subscribers of Franchisee’s System and also includes a system of facilities that provides Dark Fiber Services that are leased or otherwise provided to Franchisee’s subscribers.

1.22. “Open Video System Services” or “OVS Services” means such services as an Open Video System Operator may provide on or through a System as allowed or authorized by 47 U.S.C. §573 (1996)

1.23. “Operator” or “Open Video System Operator” means any person or group of persons who provide Services over an Open Video System and directly or through one or more affiliates owns a significant interest in such Open Video System or otherwise controls or is responsible for the management and operation of such Open Video System.

1.24. “Person” means any individual, sole proprietorship, partnership, association, or corporation, or any other form of entity or organization.

1.25. “Premium Service” means programming choices (such as movie Channels, pay-per-view programs, or video on demand) offered to Subscribers on a per-Channel, per-program or per-event basis.

1.26. “Right-of-Way” means each of the following, which have been dedicated to the public or are hereafter dedicated to the public and are maintained under public authority or by others and located within the City: streets, roadways, highways, avenues, lanes, alleys, bridges, sidewalks, easements, rights-of-way and similar public property and areas.

1.27. “State” means the State of Washington.

1.28. “Subscriber” means any Person who or which elects to subscribe to, for any purpose, service provided by Franchisee by means of or in connection with the Open Video System and whose premises are physically wired and lawfully activated to receive service from Franchisee’s Open Video System.

1.29. “Telecommunications” means the transmission, between or among points specified by the user, of information of the user’s choosing, without change in the form or content of the information as sent and received (as provided in 47 U.S.C. 153(43)).

1.30. “Telecommunications Service” means the offering of Telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used (as provided in 47 U.S.C. 153(46)).

1.31. “Tier” means a group of Channels for which a single periodic subscription fee is charged.

1.32. “Video Programming Provider” means any person or group of persons who has the right under the copyright laws to select and contract for carriage of specific video programming on an Open Video System.

SECTION 2. GRANT OF FRANCHISE

2.1. Grant

(A) The City hereby grants to Franchisee a nonexclusive authorization to make reasonable and lawful use of the Rights-of-Way within the City to construct, operate, maintain and reconstruct an Open Video System for the purpose of providing Open Video System Services and Dark Fiber Services, subject to the terms and conditions set forth in this Franchise. In order to provide any other services over the facilities that constitute the Open Video System, including “Telecommunications Services” as defined herein and in LSMC 12.12.0020, the Franchisee shall be required to obtain any additional governmental authorization(s) required by federal, State or local law, including Ch. 12.12 LSMC.

(B) Each and every term, provision or condition herein is subject to the provisions of State law, federal law, the Lake Stevens Municipal Code, and the ordinances and regulations enacted pursuant thereto.

(C) This Franchise shall not be interpreted to prevent the City from imposing additional lawful conditions, including additional compensation conditions for use of the Rights-of-Way, should Franchisee provide service other than Open Video System Services or Dark Fiber Service.

(D) No rights shall pass to Franchisee by implication. Without limiting the foregoing, by way of example and not limitation, this Franchise shall not include or be a substitute for:

(1) Any other permit or authorization required for the privilege of transacting and carrying on a business within the City that may be required by the ordinances and laws of the City;

(2) Any permit, agreement, or authorization required by the City for Right-of-Way users in connection with operations on or in Rights-of-Way or public property including, by way of example and not limitation, street cut permits; or

(3) Any permits or agreements for occupying any other property of the City or private entities to which access is not specifically granted by this Franchise including, without limitation, permits and agreements for placing devices on poles, in conduits or in or on other structures.

(E) This Franchise is intended to convey limited rights and interests only as to those Rights-of-Way in which the City has an actual interest. It is not a warranty of title or interest in any Right-of-Way; it does not provide the Franchisee with any interest in any particular location within the Right-of-Way; and it does not confer rights other than as expressly provided in the grant hereof.

(F) This Franchise does not authorize Franchisee to provide Telecommunications Service. This Franchise is not a bar to imposition of any lawful conditions on Franchisee with respect to Telecommunications, whether similar, different or the same as the conditions specified herein. This Franchise does not relieve Franchisee of any obligation it may have to obtain from the City an authorization to provide Telecommunications Services or relieve Franchisee of its obligation to comply with any such authorizations that may be lawfully required.

2.2. Use of Rights-of-Way

(A) Subject to the City's supervision and control, Franchisee may erect, install, construct, repair, replace, reconstruct, and retain in, on, over, under, upon, across, and along the Rights-of-Way within the City such wires, cables, conductors, ducts, conduits, vaults, manholes, amplifiers, pedestals, attachments and other property and equipment as are necessary and appurtenant to the operation of an Open Video System within the City.

(B) Franchisee must follow City-established requirements for placement of Open Video System facilities in Rights-of-Way, including the specific location of facilities in the Rights-of-Way, and must in any event install Open Video System facilities in a manner that minimizes interference with the use of the Rights-of-Way by others, including others that may be installing communications facilities. Within limits reasonably related to the City's role in protecting public health, safety and welfare, the City may require that Open Video System facilities be installed at a particular time, at a specific place, or in a particular manner, as a condition of access to a particular Right-of-Way; may deny access if Franchisee is not willing to comply with the City's requirements; and may remove, or require removal of, any facility that is not installed in compliance with the requirements established by the City, or which is installed without prior City approval of the time, place or manner of installation, and charge Franchisee for all the costs associated with removal; and may require Franchisee to cooperate with others to minimize adverse impacts on the Rights-of-Way through joint trenching and other arrangements. With regard to its management of the Rights-of-Way, the City shall treat the Franchisee and other users of the Rights-of-Way in a competitively neutral and nondiscriminatory manner.

2.3. Effective Date and Term of Franchise

This Franchise and the rights, privileges and authority granted hereunder shall take effect thirty days after adoption by City Council (the "Effective Date") and shall terminate seven years later on the tenth anniversary of the Effective Date, unless terminated sooner as hereinafter provided.

2.4. Franchise Nonexclusive

This Franchise shall be nonexclusive, and subject to all prior rights, interests, easements or licenses granted by the City to any Person to use any property, Right-of-Way, right, interest or license for any purpose whatsoever, including the right of the City to use same for any purpose it deems fit, including the same or similar purposes allowed Franchisee hereunder. The City may at any time grant authorization to use the Rights-of-Way for any purpose not incompatible with Franchisee's authority under this Franchise and for such additional franchises for Open Video Systems as the City deems appropriate.

2.5. Police Powers

(A) Franchisee's rights hereunder are subject to the police powers of the City to adopt and enforce ordinances necessary to the safety, health, and welfare of the public, and Franchisee agrees to comply with all laws and ordinances of general applicability enacted, or hereafter enacted, by the City or any other legally constituted governmental unit having lawful jurisdiction over the subject matter hereof. The City shall have the right to adopt, from time to time, such ordinances as may be deemed necessary in the exercise of its police power; provided that such ordinances shall be reasonable.

(B) The City reserves the right to exercise its police powers, notwithstanding anything in this Franchise to the contrary, and any conflict between the provisions of this Franchise and any other present or future lawful exercise of the City's police powers shall be resolved in favor of the latter.

2.6. Familiarity with Franchise

Franchisee acknowledges and warrants by acceptance of the rights, privileges, obligations, and agreements granted herein, that it has carefully read and fully comprehends the terms and conditions of this Franchise and is willing to and does accept all lawful and reasonable risks of the meaning of the provisions, terms and conditions herein. The Franchisee further acknowledges and states that it has fully studied and considered all requirements and provisions of this Franchise and finds that the same are commercially practicable at this time.

2.7 Effect of Acceptance

By accepting this Franchise, the Franchisee: (1) acknowledges and accepts the City's legal right to issue and enforce the Franchise; (2) accepts and agrees to comply with each and every provision of this Franchise, subject to applicable law; and (3) agrees that the Franchise was granted pursuant to processes and procedures consistent with applicable law and that it will not raise any claim to the contrary.

SECTION 3. FEE PAYMENT AND FINANCIAL CONTROLS

3.1. Fee

As compensation for the benefits and privileges granted under this Franchise and in consideration of permission to use the City's Rights-of-Way, Franchisee shall pay as a fee to the City, throughout the duration of this Franchise, an amount equal to five percent (5%) of Franchisee's Gross Revenues, provided that, to the extent applicable, such percentage rate is subject to the provisions of 47 U.S.C. §573(c)(2)(B).

3.2. Payments

Franchisee's fee payments to the City shall be computed quarterly for the preceding calendar quarter ending March 31, June 30, September 30, and December 31. Each quarterly payment shall be due and payable no later than thirty (30) days after said dates.

3.3. Acceptance of Payment and Recomputation

No acceptance of any payment shall be construed as an accord by the City that the amount paid is, in fact, the correct amount, nor shall any acceptance of payments be construed as a release of any claim the City may have for further or additional sums payable or for the performance of any other obligation of Franchisee.

3.4. Quarterly Fee Reports

Each payment shall be accompanied by a written report to the City, verified by an authorized representative of Franchisee, containing an accurate statement in summarized form, as well as in detail, of Franchisee's Gross Revenues and the computation of the payment amount. Such reports shall detail all Gross Revenues of the Open Video System and shall be drafted in accordance with GAAP.

3.5. Annual Fee Reports

Franchisee shall, within sixty (60) days after the end of each year, furnish to the City a statement stating the total amount of Gross Revenues for the year and all payments, deductions and computations for the period.

3.6. Audits

On an annual basis, upon thirty (30) days prior written notice, the City shall have the right to conduct an independent audit of Franchisee's records reasonably related to the administration or enforcement of this Franchise, in accordance with GAAP. If the audit shows that fee payments have been underpaid by three percent (3%) or more, Franchisee shall pay the total cost of the audit.

3.7. Late Payments

In the event any payment due quarterly is not received within thirty (30) days from the end of the calendar quarter, Franchisee shall pay interest on the amount due at the rate of one percent (1%) per month, compounded daily, calculated from the date the payment was originally due until the date the City receives the payment.

3.8. Tax Liability

Franchisee shall be liable for all taxes or other levies or assessments, which are now or hereafter required to be paid by businesses in general by any law of the City, the State or the United States, including, without limitation, sales, use and other taxes, business license fees or other payments. Payment of the fees under this Franchise shall not exempt Franchisee from the payment of any other license fee, permit fee, tax or charge on the business, occupation, property or income of Franchisee that may be lawfully imposed by the City.

3.9. Additional Commitments Not Franchise Fees

No term or condition in this Franchise shall in any way modify or affect Franchisee's obligation to pay Franchise Fees. Although the total sum of Franchise Fee payments and additional commitments set forth elsewhere in this Franchise may total more than five percent (5%) of Franchisee's Gross Revenues in any 12-month period, Franchisee agrees that the additional commitments herein are not Franchise Fees, nor are they to be offset or credited against any Franchise Fee payments due to the City, nor do they represent an increase in Franchise Fees to be passed through to subscribers.

3.10. Payment on Termination

If this Franchise terminates for any reason, the Franchisee shall file with the City within ninety (90) calendar days of the date of the termination, a financial statement showing the Gross Revenues received by the Franchisee since the end of the previous fiscal year. The City reserves the right to satisfy any remaining financial obligations of the Franchisee to the City by utilizing the funds available in the irrevocable letter of credit or performance bond provided by the Franchisee.

SECTION 4. ADMINISTRATION AND REGULATION

4.1. Authority

(A) The City shall be vested with the power and right to reasonably regulate the exercise of the privileges permitted by this Franchise in the public interest or to delegate that power and right, or any part thereof, to the extent permitted under law to any agent in its sole discretion.

(B) Nothing in this Franchise shall limit nor expand the City's right of eminent domain under State law.

(C) The Franchisee and the City shall be entitled to all rights and be bound by all changes in applicable local, State and federal law that occur subsequent to the effective date of this Franchise. The Franchisee and the City acknowledge that their rights and obligations under this Franchise are explicitly subject to all such changes.

4.2. Time Limits Strictly Construed

Whenever this Franchise sets forth a time for any act to be performed by Franchisee, such time shall be deemed to be of the essence, and any failure of Franchisee to perform within the allotted time may be considered a material breach of this Franchise and sufficient grounds for the City to invoke any relevant remedy.

SECTION 5. FINANCIAL AND INSURANCE REQUIREMENTS

5.1. Indemnification

(A) General Indemnification. Franchisee shall indemnify, defend and hold harmless the City, its officers, officials, boards, commissions, agents and employees, from any action or claim for injury, damage, loss, liability, cost or expense, including court and appeal

costs and attorneys' fees or expenses, arising from any casualty or accident to Person or property, including, without limitation, copyright infringement, defamation, and all other damages in any way arising out of, or by reason of, any construction, excavation, operation, maintenance, reconstruction, or any other act done under this Franchise, by or for Franchisee, its agents, or its employees, or by reason of any neglect or omission of Franchisee. Franchisee shall consult and cooperate with the City while conducting its defense of the City.

(B) Indemnification for Relocation. Franchisee shall indemnify the City for any damages, claims, additional costs or expenses assessed against, or payable by, the City arising out of, or resulting from, directly or indirectly, Franchisee's failure to remove, adjust or relocate any of its facilities in the Rights-of-Way in a timely manner in accordance with any relocation required by the City.

(C) Procedures and Defense. The City shall give the Franchisee timely written notice of any claim or of the commencement of any action, suit or other proceeding covered by the indemnity in this Section. If a claim or action arises, the City or any other indemnified party shall then tender the defense of the claim to Franchisee, which defense shall be at Franchisee's expense. The City may participate in the defense of a claim, and, in any event, Franchisee may not agree to any settlement of claims financially affecting the City without the City's prior written approval, which approval shall not be unreasonably withheld.

(D) Non-waiver. The fact that Franchisee carries out any activities under this Franchise through independent contractors shall not constitute an avoidance of or defense to Franchisee's duty of defense and indemnification under this subsection.

(E) Expenses. If separate representation to fully protect the interests of both parties is necessary, such as a conflict of interest between the City and the counsel selected by Franchisee to represent the City, Franchisee shall pay expenses incurred by the City in defending itself with regard to any action, suit or proceeding indemnified by Franchisee. The City's expenses shall include all out-of-pocket expenses, such as consultants' fees and shall also include the reasonable value of any services rendered by the City Attorney or his/her assistants or any employees of the City or its agents.

5.2. Insurance

(A) General Requirement. Franchisee must have adequate insurance during the entire term of this Franchise to protect the City against claims for death or injuries to Persons or damages to property or equipment that in any way relate to, arise from or are connected with this Franchise, or involve Franchisee, its agents, representatives, contractors, subcontractors and their employees.

(B) Minimum Insurance Limits. Franchisee shall maintain in full force and effect at its own cost and expense each of the following policies of insurance:

(1) Commercial General Liability insurance with limits of no less than one million dollars (\$1,000,000.00) per occurrence and two million dollars (\$2,000,000.00) excess liability.

(2) Commercial Automobile Liability insurance with minimum combined single limits of one million dollars (\$1,000,000.00) per occurrence and two million dollars (\$2,000,000.00) excess liability with respect to each of Franchisee's owned, hired and non-owned vehicles assigned to or used in the operation of the Open Video System in the City.

(3) Employer's Liability: One million dollars (\$1,000,000.00).

(C) Each policy shall provide that the insurance shall not be canceled or materially changed so as to be out of compliance with these requirements without forty-five (45) days' written notice first provided to the City, via certified mail, and ten (10) days' notice for nonpayment of premium. If the insurance is canceled or materially altered so as to be out of compliance with the requirements of this subsection within the term of this Franchise, Franchisee shall provide a replacement policy. Franchisee agrees to maintain continuous uninterrupted insurance coverage, in at least the amounts required, for the duration of this Franchise and, in the case of the Commercial General Liability, for at least one (1) year after expiration of this Franchise.

(D) Self insurance is not permitted for this Franchise, unless approved in advance and in writing by the City.

5.3. Deductibles / Certificate of Insurance

Any deductible of the policies shall not in any way limit Franchisee's liability to the City.

(A) Endorsements.

(1) All policies shall contain, or shall be endorsed so that:

(a) The City, its officers, officials, boards, commissions, employees and agents are to be covered as, and have the rights of, additional insureds with respect to liability arising out of activities performed by, or on behalf of, Franchisee under this Franchise or applicable law, or in the construction, operation or repair, or ownership of the Open Video System;

(b) Franchisee's insurance coverage shall be primary insurance with respect to the City, its officers, officials, boards, commissions, employees and agents. Any insurance or self-insurance maintained by the City, its officers, officials, boards, commissions, employees and agents shall be in excess of the Franchisee's insurance and shall not contribute to it; and

(c) Franchisee's insurance shall apply separately to each insured against whom a claim is made or lawsuit is brought, except with respect to the limits of the insurer's liability.

(B) Acceptability of Insurers. The insurance obtained by Franchisee shall be placed with insurers with a Best's rating of no less than "A-."

(C) Verification of Coverage. The Franchisee shall furnish the City with certificates of insurance and endorsements or a copy of the page of the policy reflecting blanket additional insured status. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on standard forms or such forms as are consistent with standard industry practices and are to be received and approved by the City prior to the commencement of activities associated with this Franchise. The Franchisee hereby warrants that its insurance policies satisfy the requirements of this Franchise and City laws.

5.4. Irrevocable Letter of Credit or Performance Bond

(A) No later than the Effective Date of this Franchise, Franchisee shall establish and provide to the City, as security for the faithful performance by Franchisee of all of the provisions of this Franchise, an irrevocable letter of credit from a financial institution satisfactory to the City or a performance bond in the amount of ten thousand dollars (\$10,000.00).

(B) The irrevocable letter of credit or performance bond may be drawn upon by the City for purposes including, but not limited to, the following:

(1) Failure of Franchisee to pay the City sums due under the terms of this Franchise;

(2) Reimbursement of costs borne by the City to correct Franchisee violations not corrected by Franchisee; and

(3) Monetary remedies or damages assessed against Franchisee due to default or breach of Franchise requirements.

(C) The City shall give Franchisee written notice of any withdrawal under this subsection upon such withdrawal. Within seven (7) days following receipt of such notice, Franchisee shall restore the irrevocable letter of credit or performance bond to the amount required under this Franchise. Franchisee's maintenance of the irrevocable letter of credit or performance bond shall not be construed to excuse unfaithful performance by Franchisee or to limit the liability of Franchisee to the amount of the irrevocable letter of credit or performance bond or otherwise to limit the City's recourse to any other remedy available at law or equity.

(D) Franchisee shall have the right to appeal to the City Council for reimbursement in the event Franchisee believes that the irrevocable letter of credit or performance bond was drawn upon improperly. Franchisee shall also have the right of judicial appeal, if Franchisee believes the irrevocable letter of credit or performance bond has not been properly drawn upon in accordance with this Franchise. Any funds the City erroneously or wrongfully withdraws from the irrevocable letter of credit or performance bond shall be returned to Franchisee with interest, from the date of withdrawal at a rate equal to the prime rate of interest as quoted in the Wall Street Journal.

SECTION 6. PRIVACY

6.1. Subscriber Privacy

Franchisee shall fully comply with any provisions regarding the privacy rights of Subscribers contained in federal, State, or local laws.

SECTION 7. REPORTS AND RECORDS

7.1. Open Records

Franchisee shall manage all of its operations in accordance with a policy of keeping its documents and records open and accessible to the City. The City shall have access to, and the right to inspect, any books and records of Franchisee, its parent corporations and affiliates, which are reasonably related to the administration or enforcement of the terms of this Franchise. Franchisee shall not deny the City access to any of Franchisee's records on the basis that Franchisee's records are under the control of any parent corporation or affiliate or a third party. The City may, in writing, request copies of any such records or books, and Franchisee shall provide such copies within thirty (30) days of the transmittal of such request. One (1) copy of all reports and records required under this or any other subsection shall be furnished to the City, at the sole expense of Franchisee. If the requested books and records are too voluminous or for security reasons cannot be copied or removed, then Franchisee may request, in writing within ten (10) days, that the City inspect them at Franchisee's office. If any books or records of Franchisee are not kept in a local office and not made available as copies to the City upon written request as set forth above, and if the City determines that an examination of such records is necessary or appropriate for the performance of any of the City's duties, administration or enforcement of this Franchise, then all reasonable travel and related expenses incurred in making such examination shall be paid by Franchisee.

7.2. Confidentiality

The City agrees to treat as confidential any books or records that constitute proprietary or confidential information under federal or State law, to the extent Franchisee makes the City aware of such confidentiality. Franchisee shall be responsible for clearly and conspicuously stamping the word "Confidential" on each page that contains confidential or proprietary information and shall provide a brief written explanation as to why such information is confidential under State or federal law. If the City believes it must release any such confidential books and records in the course of enforcing this Franchise or for any other reason, it shall advise Franchisee in advance so that Franchisee may take appropriate steps to protect its interests. If the City receives a demand from any person for disclosure of any information designated by Franchisee as confidential, the City shall, so far as consistent with applicable law, advise Franchisee and provide Franchisee with a copy of any written request by the party demanding access to such information within a reasonable time. Until otherwise ordered by a court or agency of competent jurisdiction, the City agrees that, to the extent permitted by State and federal law, it shall deny access to any of Franchisee's books and records marked confidential as set forth above to any person.

7.3. Records Required

(A) Franchisee shall at all times maintain, and shall furnish to the City upon request, the following information:

(1) A complete set of maps showing the exact location of all Open Video System equipment and facilities in the Right-of-Way, but excluding detail on proprietary electronics contained therein and Subscriber drops. As-built maps, including proprietary electronics, shall be available at Franchisee's offices for inspection by the City's authorized representative(s) or agent(s) and made available to such persons during the course of inspections as reasonably conducted by the City. These maps shall be certified as accurate by an appropriate representative of the Franchisee;

(2) A copy of all FCC filings on behalf of Franchisee which relate to the operation of the Open Video System in the City; and

(3) The number of Subscribers added or terminated, all construction activity, and total homes passed, for the previous twelve (12) months.

7.4. Request for Documents

Upon written request, Franchisee shall submit to the City copies of any applications, notifications, communications and documents of any kind, submitted by Franchisee or its Affiliates to any federal, State, or local courts, regulatory agencies and other government bodies, if such documents directly relate to the operations of Franchisee's System within the Franchise Area. Franchisee shall submit such documents to the City no later than forty-five (45) days after receipt of the City's request. Franchisee shall not claim confidential, privileged or proprietary rights to such documents unless under federal, State, or local law such documents have been determined to be confidential by a court of competent jurisdiction, or a federal or state agency.

SECTION 8. GENERAL RIGHT-OF-WAY USE AND CONSTRUCTION

8.1. Right to Construct

Subject to applicable laws, regulations, rules, resolutions and ordinances of the City and the provisions of this Franchise, Franchisee may perform all construction in the Rights-of-Way for any facility needed for the maintenance or extension of Franchisee's Open Video System.

8.2. Right-of-Way Meetings

All work authorized and required hereunder shall be done in a safe, thorough and workmanlike manner. All installations of equipment shall be durable and installed in accordance with good engineering practices.

8.3. General Standard

All work authorized and required hereunder shall be done in a safe, thorough and workmanlike manner. All installations of equipment shall be permanent in nature, durable and installed in accordance with good engineering practices.

8.4. Permits Required for Construction

Prior to doing any work in the Right-of Way or other public property, Franchisee shall apply for, and obtain, appropriate permits from the City. As part of the permitting process, the City may impose such conditions and regulations as are necessary for the purpose of protecting any structures in such Rights-of-Way, proper restoration of such Rights-of-Way and structures, the protection of the public, and the continuity of pedestrian or vehicular traffic. Such conditions may also include the provision of a construction schedule and maps showing the location of the facilities to be installed in the Right-of-Way. Franchisee shall pay all applicable fees for the requisite City permits received by Franchisee.

8.5. Joint Trenching/Boring

Whenever it is possible and reasonably and financially practicable to joint trench or share bores or cuts, Franchisee shall work with other providers (such as telecommunications, cable, gas or electric companies), licensees, permittees and franchisees, so as to reduce so far as possible the number of Right-of-Way cuts within the Franchise Area.

8.6. Movement of Facilities During Emergencies

During emergencies, the City may move Franchisee's facilities without prior notice.

8.7. Emergency Permits

In the event that emergency repairs are necessary, Franchisee shall immediately notify the City of the need for such repairs. Franchisee may initiate such emergency repairs immediately, and shall apply for appropriate permits within forty-eight (48) hours after discovery of the emergency.

8.8. Compliance with Applicable Codes

(A) City Construction Codes. Franchisee shall comply with all applicable City construction-related codes, including, without limitation, all building codes, zoning codes, and related regulations.

(B) Tower Specifications. Antenna supporting structures (towers) shall be designed for the proper loading as specified by the Electronics Industries Association (EIA), as those specifications may be amended from time to time. Antenna supporting structures (towers) shall be painted, lighted, erected and maintained in accordance with all applicable rules and regulations of the Federal Aviation Administration and all other applicable federal, State, and local codes or regulations.

(C) Safety Codes. Franchisee shall comply with all federal, State and City safety requirements, rules, regulations, laws and practices and employ all necessary devices as required by applicable law during construction, operation and repair of its Open Video System. By way of illustration and not limitation, Franchisee shall comply with the National Electric Code, National Electrical Safety Code, and Occupational Safety and Health Administration (OSHA) Standards.

(D) One Call. Prior to placing any underground facilities, Franchisee will join and maintain membership in good standing with the Utility Coordinating Council One Call Center or other similar or successor organization which is designated to coordinate underground equipment locations and installations. Franchisee is familiar with Ch.19.122 (Washington State's "Underground Utilities" statutes) and understands and will abide by local procedures, customs and practices relating to the one call locator service program.

8.9. GIS Mapping

Franchisee shall comply with any generally applicable ordinances, rules, regulations and policies of the City regarding geographic information systems mapping for users of the Rights-of-Way.

8.10. Minimal Interference

Work in the Right-of-Way, on other public property, near public property, or on or near private property shall be done in a manner that causes the least interference with the rights and reasonable convenience of property owners and residents. Franchisee's Open Video System shall be constructed and maintained in such manner as not to interfere with sewers, water pipes, or any other property of the City or with any other pipes, wires, conduits, pedestals, structures, or other facilities that may have been laid in the Rights-of-Way by, or under, the City's authority. The Franchisee's Open Video System shall be located, erected and maintained so as not to endanger or interfere with the lives of Persons, or to interfere with new improvements the City may deem proper to make, or to unnecessarily hinder or obstruct the free use of the Rights-of-Way or other public property, and shall not interfere with the travel and use of public places by the public during the construction, repair, operation or removal thereof, and shall not obstruct or impede traffic. In the event of such interference, the City may require the removal or relocation of Franchisee's lines, cables, equipment and other appurtenances from the property in question at Franchisee's expense.

8.11. Safety

Franchisee shall provide and use any equipment and facilities necessary to control and carry Franchisee's signals so as to prevent injury to the City's property or property belonging to any Person. Franchisee, at its own expense, shall repair, renew, change and improve its facilities to keep them in good repair and safe and presentable condition. All excavations made by Franchisee in the Rights-of-Way shall be properly safeguarded for the prevention of accidents by the placement of adequate barriers, fences or boarding, the bounds of which, during periods of dusk and darkness, shall be clearly designated by warning lights.

8.12. Underground Construction and Use of Poles

(A) When required by general ordinances, resolutions, regulations or rules of the City or applicable State or federal law, Franchisee's Open Video System shall be placed underground at Franchisee's expense. Placing facilities underground does not preclude the use of ground-mounted appurtenances.

(B) Where electric and telephone lines are installed underground at the time of Open Video System construction, or when all such wiring is subsequently placed underground,

all Open Video System lines shall also be placed underground with other wireline service at no expense to the City or Subscribers, unless funding is generally available for such relocation to all users of the Rights-of-Way. Related Open Video System equipment, such as pedestals, must be placed in accordance with the City's applicable code requirements and rules. In areas where either electric or telephone utility wiring is aerial, the Franchisee may install aerial cable, except when a property owner or resident requests underground installation and agrees to bear the additional cost in excess of aerial installation.

(C) The Franchisee shall utilize existing poles and conduit wherever possible.

(D) In the event Franchisee cannot obtain the necessary poles and related facilities pursuant to a pole attachment agreement, and only in such event, then it shall be lawful for Franchisee to make all needed excavations in the Rights-of-Way for the purpose of placing, erecting, laying, maintaining, repairing, and removing poles, supports for wires and conductors, and any other facility needed for the maintenance or extension of Franchisee's Open Video System. All poles of Franchisee shall be located as designated by the proper City authorities and only upon written consent of the City.

(E) This Franchise does not grant, give or convey to the Franchisee the right or privilege to install its facilities in any manner on specific utility poles or equipment of the City or any other Person. Copies of agreements for the use of poles, conduits or other utility facilities must be provided upon request by the City.

(F) If the City requests, when Franchisee is constructing, relocating or placing ducts or conduits in public rights-of-way, that Franchisee provide the City with additional duct or conduit and related structures necessary to access the conduit, then such request shall be governed by federal, State and local law, including RCW 35.99.070.

8.13. Electrical Bonding

Franchisee shall ensure that all drops are properly bonded to the electrical power ground at the home, consistent with applicable code requirements. All non-conforming or non-performing drops shall be replaced by Franchisee as necessary.

8.14. Repair and Restoration of Property

(A) The Franchisee shall protect public and private property from damage. If damage occurs, the Franchisee shall promptly notify the property owner within twenty-four (24) hours in writing.

(B) Whenever Franchisee disturbs or damages any Right-of-Way, other public property or any private property, Franchisee shall promptly restore the Right-of-Way or property to at least its prior condition, normal wear and tear excepted, at its own expense.

(C) Rights-of-Way and Other Public Property. Franchisee shall warrant any restoration work performed by or for Franchisee in the Right-of-Way or on other public property for one (1) year. If restoration is not satisfactorily performed by the Franchisee within a reasonable time, the City may, after prior notice to the Franchisee, or without notice where the disturbance or damage may create a risk to public health or safety, cause the repairs to be made

and recover the cost of those repairs from the Franchisee. Within thirty (30) days of receipt of an itemized list of those costs, including the costs of labor, materials and equipment, the Franchisee shall pay the City such total amount.

(D) Private Property. Upon completion of the work that caused any disturbance or damage, Franchisee shall promptly commence restoration of private property and will use its best efforts to complete the restoration within seventy-two (72) hours, considering the nature of the work that must be performed.

8.15. Discontinuing Use/Abandonment of Open Video System Facilities

Whenever Franchisee intends to discontinue using any facility within the Rights-of-Way, Franchisee shall submit for the City's approval a complete description of the facility and the date on which Franchisee intends to discontinue using the facility. Franchisee may remove the facility or request that the City permit it to remain in place. Notwithstanding Franchisee's request that any such facility remain in place, the City may require Franchisee to remove the facility from the Right-of-Way or modify the facility to protect the public health, welfare, safety, and convenience, or otherwise serve the public interest. The City may require Franchisee to perform a combination of modification and removal of the facility. Franchisee shall complete such removal or modification in accordance with a schedule set by the City. Until such time as Franchisee removes or modifies the facility as directed by the City, or until the rights to and responsibility for the facility are accepted by another Person having authority to construct and maintain such facility, Franchisee shall be responsible for all necessary repairs and relocations of the facility, as well as maintenance of the Right-of-Way, in the same manner and degree as if the facility were in active use, and Franchisee shall retain all liability for such facility. If Franchisee abandons its facilities, the City may choose to use such facilities for any purpose whatsoever including, but not limited to, access purposes.

8.16. Movement of Open Video System Facilities For City Purposes

The City shall have the right to require Franchisee to relocate, remove, replace, modify or disconnect Franchisee's facilities and equipment located in the Rights-of-Way or on any other property of the City, in the event of an emergency or when reasonable public convenience requires such change (for example, without limitation, by reason of traffic conditions, public safety, Right-of-Way vacation, Right-of-Way construction, change or establishment of Right-of-Way grade, installation of sewers, drains, gas or water pipes, or any other types of structures or improvements by the City for public purposes). Such work shall be performed at the Franchisee's expense. Except during an emergency, the City shall provide reasonable notice to Franchisee, not to be less than five (5) business days, and shall allow Franchisee the opportunity to perform such action. In the event of any capital improvement project exceeding \$500,000 in expenditures by the City, which requires the removal, replacement, modification or disconnection of Franchisee's facilities or equipment, the City shall provide at least sixty (60) days' written notice to Franchisee. Following notice by the City, Franchisee shall relocate, remove, replace, modify or disconnect any of its facilities or equipment within any Right-of-Way, or on any other property of the City. If the City requires Franchisee to relocate its facilities located within the Rights-of-Way, the City shall make a reasonable effort to provide Franchisee with an alternate location within the Rights-of-Way. If funds are generally made available to users of the Rights-of-Way for such relocation, Franchisee shall be entitled to its pro rata share of such funds.

If the Franchisee fails to complete such work within the time prescribed and to the City's satisfaction, the City may cause the work to be done and bill the cost of the work to the Franchisee, including all costs and expenses incurred by the City due to Franchisee's delay. In such event, the City shall not be liable for any damage to any portion of Franchisee's Open Video System. Within thirty (30) days of receipt of an itemized list of such costs, the Franchisee shall pay the City.

8.17. Movement of Open Video System Facilities for Other Franchise Holders

If any removal, replacement, modification or disconnection of the Open Video System is required to accommodate the construction, operation or repair of the facilities or equipment of another City franchise holder, Franchisee shall, after at least thirty (30) days' advance written notice, take action to effect the necessary changes requested by the responsible entity. Franchisee may require that the costs associated with the removal, replacement, modification, disconnection or relocation be paid by the benefited party.

8.18. Temporary Changes for Other Permittees

At the request of any Person holding a valid permit and upon reasonable advance notice, Franchisee shall temporarily raise, lower or remove its wires as necessary to permit the moving of a building, vehicle, equipment or other item. The permit holder must bear the expense of such temporary changes, and Franchisee may require a reasonable deposit of the estimated payment in advance.

8.19. Reservation of City Use of Right-of-Way

Nothing in this Franchise shall prevent the City or public utilities owned, maintained or operated by public entities other than the City from constructing sewers, grading, paving, repairing or altering any Right-of-Way, laying down, repairing or removing water mains, or constructing or establishing any other public work or improvement. All such work shall be done, insofar as practicable, so as not to obstruct, injure or prevent the use and operation of Franchisee's Open Video System.

8.20. Tree Trimming

Franchisee may prune or cause to be pruned, using proper pruning practices, any tree in the City's Rights-of-Way which interferes with Franchisee's Open Video System. Franchisee shall comply with any general ordinance or regulations of the City regarding tree trimming. Except in emergencies, Franchisee may not prune trees at a point below thirty (30) feet above sidewalk grade until one (1) week written notice has been given to the owner or occupant of the premises abutting the Right-of-Way in or over which the tree is growing. The owner or occupant of the abutting premises may prune such tree at his or her own expense during this one (1) week period. If the owner or occupant fails to do so, Franchisee may prune such tree at its own expense. For purposes of this subsection, emergencies exist when it is necessary to prune to protect the public or Franchisee's facilities from imminent danger only. Franchisee shall be responsible for debris removal from such tree trimming, and failure to remove debris after a reasonable time shall result in debris being removed by the City and the costs involved being charged to the Franchisee. Tree trimming shall be coordinated with other franchisees and utility providers, including but not limited to the Public Utility District No. 1 of Snohomish County.

8.21. Inspection of Construction and Facilities

The City may inspect any of Franchisee's facilities, equipment or construction at any time upon at least twenty-four (24) hours notice, or, in case of emergency, upon demand without prior notice. If an unsafe condition is found to exist, the City, in addition to taking any other action permitted under applicable law, may order Franchisee, in writing, to make the necessary repairs and alterations specified therein forthwith to correct the unsafe condition by a time the City establishes. The City has the right to correct, inspect, administer and repair the unsafe condition, if Franchisee fails to do so, and to charge Franchisee therefore.

8.22. Stop Work

(A) On notice from the City that any work is being performed contrary to the provisions of this Franchise, or in an unsafe or dangerous manner as determined by the City, or in violation of the terms of any applicable permit, laws, regulations, ordinances, or standards, the work may immediately be stopped by the City.

(B) The stop work order shall:

- (1) Be in writing;
- (2) Be given to the Person doing the work or posted on the work site;
- (3) Be sent to Franchisee by overnight delivery at the address given herein;
- (4) Indicate the nature of the alleged violation or unsafe condition; and
- (5) Establish conditions under which work may be resumed.

8.23. Work of Contractors and Subcontractors

Franchisee's contractors and subcontractors shall be licensed and bonded in accordance with the City's ordinances, regulations and requirements. Work by contractors and subcontractors is subject to the same restrictions, limitations and conditions as if the work were performed by Franchisee. Franchisee shall be responsible for all work performed by its contractors and subcontractors and others performing work on its behalf as if the work were performed by it, shall ensure that all such work is performed in compliance with this Franchise and other applicable law, and shall be jointly and severally liable for all damages and correcting all damage caused by them. It is Franchisee's responsibility to ensure that contractors, subcontractors or other Persons performing work on Franchisee's behalf are familiar with the requirements of this Franchise and other applicable laws governing the work performed by them.

8.24. Construction Bond.

(A) Prior to commencing any construction work exceeding One Hundred Thousand Dollars, Franchisee shall provide a construction bond to ensure the faithful performance of its responsibilities under this Franchise and applicable law, including, by way of example and not limitation, its obligations to restore City Streets and other property. The amount of the construction bond shall be twenty-five percent of the construction cost. The

construction bond shall be in a form and with a surety acceptable to the City. Franchisee shall pay all premiums or costs associated with maintaining the construction bond and shall keep the same in full force and effect until the construction of the Open Video System shall have been completed and all restoration of public and private property shall have occurred regarding thereto. Thereafter, the construction bond shall be released, subject to the mutual written agreement of the parties.

(B) The construction bond may be drawn upon by the City for any proper purpose under this Franchise or as otherwise provided by applicable law.

(C) The City shall give Franchisee written notice of any withdrawal under this subsection upon such withdrawal. Within seven (7) days following receipt of such notice, Franchisee shall restore the construction bond to the amount required under this Franchise. Franchisee's maintenance of the construction bond shall not be construed to excuse unfaithful performance by Franchisee or to limit the liability of Franchisee to the amount of the construction bond or otherwise to limit the City's recourse to any other remedy available at law or equity.

(D) Franchisee shall have the right to appeal to the City Council for reimbursement in the event Franchisee believes that the construction bond was drawn upon improperly. Franchisee shall also have the right of judicial appeal, if Franchisee believes the construction bond has not been properly drawn upon in accordance with this Franchise. Any funds the City erroneously or wrongfully withdraws from the construction bond shall be returned to Franchisee with interest, from the date of withdrawal at a rate equal to the prime rate of interest as quoted in the Wall Street Journal.

SECTION 9. EMERGENCY ALERT SYSTEM AND TECHNICAL STANDARDS

9.1. Emergency Alert Capability

(A) If required by federal law or regulation, Franchisee shall provide the City an operating Emergency Alert System ("EAS") so that the City may use the Open Video System to transmit an emergency alert signal.

(B) The City shall permit only appropriately trained and authorized persons to operate the EAS equipment provided pursuant to this subsection.

(C) Franchisee shall ensure that the EAS is functioning properly at all times. It will test the EAS periodically, in a manner consistent with sound operational practices for emergency systems. Franchisee will advise the City of the testing schedule and the City may be present for the tests.

9.2. Technical Performance

The technical performance of the Open Video System shall meet or exceed all applicable federal (including, but not limited to, the FCC) and State technical standards, as they may be amended from time to time, regardless of the transmission technology utilized. The City shall have the full authority permitted by applicable law to enforce compliance with these technical standards.

SECTION 10. FRANCHISE VIOLATIONS

10.1. Procedure for Remediating Franchise Violations

(A) If the City believes that Franchisee has failed to perform any obligation under this Franchise or has failed to perform in a timely manner, the City shall notify Franchisee in writing, stating with reasonable specificity the nature of the alleged default. Franchisee shall have thirty (30) days from the receipt of such notice to:

(1) respond to the City, contesting the City's assertion that a default has occurred, and requesting a meeting in accordance with subsection (B), below; or

(2) cure the default; or

(3) notify the City that Franchisee cannot cure the default within the thirty (30) days, because of the nature of the default. In the event the default cannot be cured within thirty (30) days, Franchisee shall promptly take all reasonable steps to cure the default and notify the City in writing and in detail as to the exact steps that will be taken and the projected completion date. In such case, the City may set a meeting in accordance with subsection (B) below to determine whether additional time beyond the thirty (30) days specified above is indeed needed, and whether Franchisee's proposed completion schedule and steps are reasonable.

(B) If Franchisee does not cure the alleged default within the cure period stated above, or by the projected completion date under subsection (A)(3), or denies the default and requests a meeting in accordance with (A)(1), or the City orders a meeting in accordance with subsection (A)(3), the City shall set a meeting to investigate said issues or the existence of the alleged default. The City shall notify Franchisee of the meeting in writing and such meeting shall take place no less than thirty (30) days after Franchisee's receipt of notice of the meeting.

(C) If, after the meeting, the City determines that a default exists, the City shall order Franchisee to correct or remedy the default or breach within fifteen (15) days or within such other reasonable time period as the City shall determine. In the event Franchisee does not cure within such time frame to the City's reasonable satisfaction, the City may:

(1) Withdraw an amount from the irrevocable letter of credit or performance bond as monetary damages;

(2) Recommend the revocation of this Franchise pursuant to the procedures in subsection 10.2; or

(3) Recommend any other legal or equitable remedy available under this Franchise or any applicable law.

(D) The determination as to whether a violation of this Franchise has occurred shall be within the discretion of the City, provided that any such final determination may be subject to appeal to the City Council or review by a court of competent jurisdiction under applicable law.

10.2. Revocation

(A) In addition to revocation in accordance with other provisions of this Franchise, the City may revoke this Franchise and rescind all rights and privileges associated with this Franchise in the following circumstances, each of which represents a material breach of this Franchise:

(1) If Franchisee fails to perform any material obligation under this Franchise or under any other agreement, ordinance or document regarding the City and Franchisee;

(2) If Franchisee attempts to evade any material provision of this Franchise or to practice any fraud or deceit upon the City or Subscribers;

(3) If Franchisee becomes insolvent, or if there is an assignment for the benefit of Franchisee's creditors; or

(4) If Franchisee fails to comply with all provisions of federal law pertaining to Open Video System Operators, including, but not necessarily limited to, 47 U.S.C. 573 and 47 CFR 76.1500 et seq.

(B) Prior to forfeiture or termination of the Franchise, the City shall give written notice to the Franchisee of its intent to revoke the Franchise. The notice shall set forth the exact nature of the noncompliance. Franchisee shall have thirty (30) days from such notice to object in writing and to state its reasons for such objection and provide any explanation. In the event the City has not received a satisfactory response from Franchisee, it may then seek a termination of the Franchise by the City Council in accordance with this subsection.

(C) Any proceeding under the paragraph above shall be conducted by the City Council and open to the public. Franchisee shall be afforded at least forty-five (45) days prior written notice of such proceeding.

(1) At such proceeding, Franchisee shall be provided a fair opportunity for full participation, including the right to be represented by legal counsel, to introduce evidence, and to question witnesses. A complete verbatim record and transcript shall be made of such proceeding and the cost shall be shared equally between the parties. The City Council shall hear any Persons interested in the revocation, and shall allow Franchisee, in particular, an opportunity to state its position on the matter.

(2) Within ninety (90) days after the hearing, the City Council shall determine whether to revoke the Franchise and declare that the Franchise is revoked and the irrevocable letter of credit or performance bond forfeited, or, if the breach at issue is capable of being cured by Franchisee, to direct Franchisee to take appropriate remedial action within the time and in the manner and on the terms and conditions that the City Council determines are reasonable under the circumstances. If the City Council determines that the Franchise is to be revoked, the City Council shall set forth the reasons for such a decision and shall transmit a copy of the decision to the Franchisee. Franchisee shall be bound by the City Council's decision to revoke the Franchise unless it appeals the decision to a court of competent jurisdiction within fifteen (15) days of the date of the decision.

(3) Franchisee shall be entitled to such relief as the court may deem appropriate.

(4) The City Council may at its sole discretion take any lawful action which it deems appropriate to enforce the City's rights under the Franchise in lieu of revocation of the Franchise.

10.3. Procedures in the Event of Termination or Revocation

(A) If this Franchise expires without renewal or is otherwise lawfully terminated or revoked, the City may order the removal of the above-ground Open Video System facilities and such underground facilities from the City at Franchisee's sole expense within a reasonable period of time as determined by the City. In removing its plant, structures and equipment, Franchisee shall refill, at its own expense, any excavation that is made by it and shall leave all Rights-of-Way, public places and private property in as good condition as that prevailing prior to Franchisee's removal of its equipment without affecting the electrical or telephone wires or attachments. The indemnification and insurance provisions and the irrevocable letter of credit or performance bond, as applicable, shall remain in full force and effect during the period of removal, and Franchisee shall not be entitled to, and agrees not to request, compensation of any sort therefore.

(B) If Franchisee fails to complete any removal required by this subsection to the City's satisfaction, after written notice to Franchisee, the City may cause the work to be done and Franchisee shall reimburse the City for the costs incurred within thirty (30) days after receipt of an itemized list of the costs, or the City may recover the costs through the irrevocable letter of credit or performance bond, as applicable, provided by Franchisee.

10.4. Purchase of Open Video System

(A) If at any time this Franchise is lawfully revoked, terminated or not renewed (in accordance with applicable law), the City shall have the option to purchase the Open Video System.

(B) The City may, at any time after Franchise revocation, termination or non-renewal, offer in writing to purchase Franchisee's System. In any case where the City elects to purchase the System, the purchase shall be closed within one hundred twenty (120) days of the date of the City's audit of a balance sheet and current profit and loss statement of Franchisee's System. The City shall, as applicable, pay for the Open Video System in cash or certified funds, and Franchisee shall deliver appropriate bills of sale and other instruments of conveyance.

(C) For the purposes of this subsection, the price for the System shall be determined as follows:

(1) In the case of the expiration of the Franchise without renewal, at fair market value determined on the basis of Franchisee's System valued as a going concern, but with no value allocated the Franchise itself. In order to obtain the fair market value, this valuation shall be reduced by the amount of any lien, encumbrance, or other obligation of Franchisee that the City may assume.

(2) In the case of revocation for cause, the equitable price of Franchisee's Open Video System.

10.5. Receivership and Foreclosure

(A) At the option of the City, subject to applicable law, this Franchise may be revoked after the appointment of a receiver or trustee to take over and conduct the business of Franchisee whether in receivership, reorganization, bankruptcy or other action or proceeding, unless:

(1) The receivership or trusteeship is timely vacated; or

(2) The receivers or trustees have timely and fully complied with all the terms and provisions of this Franchise and have remedied all defaults under the Franchise. Additionally, the receivers or trustees shall have executed an agreement duly approved by the court having jurisdiction, by which the receivers or trustee assume and agree to be bound by each and every term, provision and limitation of this Franchise.

(B) If there is a foreclosure or other involuntary sale of the whole or any part of the plant property and equipment of Franchisee, the City may serve notice of revocation on Franchisee and to the purchaser at the sale, and the rights and privileges of Franchisee under this Franchise shall be revoked thirty (30) days after service of such notice, unless:

(1) The City has approved the transfer of the Franchise, in accordance with the procedure set forth in this Franchise and as provided by law; and

(2) The purchaser has covenanted and agreed with the City to assume and be bound by all the terms and conditions of this Franchise.

10.6. Alternative Remedies

No provision of this Franchise shall be deemed to bar the right of the City to seek or obtain judicial relief from a violation of any provision of the Franchise or any rule, regulation, requirement or directive promulgated hereunder. Neither the existence of other remedies identified in this Franchise nor the exercise thereof shall be deemed to bar or otherwise limit the right of the City to recover monetary damages for such violations by Franchisee or to seek and obtain judicial enforcement of Franchisee's obligations by means of specific performance, injunctive relief or mandate, or any other remedy at law or in equity.

10.7. Assessment of Monetary Damages

The City and Franchisee recognize the delays, expense and unique difficulties involved in proving in a legal proceeding the actual loss suffered by the City as a result of Franchisee's breach of certain provisions of this Franchise. Accordingly, instead of requiring such proof, the City and Franchisee agree that Franchisee shall pay to the City the sums set forth below for each day or part thereof that Franchisee shall be in breach of specific provisions of this Franchise. Such amounts are agreed to by both parties as a reasonable estimate of the actual damages the City would suffer in the event of Franchisee's breach of such provisions of this Franchise.

Subject to the City's giving written notice to the Franchisee and thirty (30) day right to cure period, the City may assess against Franchisee monetary damages up to two hundred fifty Ordinance No. 743

dollars (\$250) per day for material departure from the FCC technical performance standards; fifty (\$50) per day for failure to provide reports or notices as required by this Franchise; and up to one hundred dollars (\$100) per day for any other material breaches or defaults under the Franchise.

SECTION 11. FRANCHISE TRANSFER

(A) This Franchise as an asset of the Open Video System shall not be sold, assigned, transferred, leased or disposed of, either by involuntary sale or by voluntary sale, merger or consolidation; nor shall title thereto, either legal or equitable, or any right, interest or property therein pass to or vest in any Person or entity without the prior written consent of the City, which consent shall be by the City Council, acting by ordinance.

(B) The Franchisee shall promptly notify the City of any actual or proposed change in, or transfer of, or acquisition by any other party of control of the Franchisee. The word "control" as used herein is not limited to majority stockholders but includes actual working control in whatever manner exercised. Every change, transfer or acquisition of control of the Franchisee shall make this Franchise subject to cancellation unless and until the City shall have consented in writing thereto.

(C) The parties to the sale or transfer shall make a written request to the City for its approval of a sale or transfer and furnish all information required by law and the City.

(D) The City shall act by ordinance on the request within one hundred twenty (120) days of the request, provided it has received all requested information. Subject to the foregoing, if the City fails to render a final decision on the request within one hundred twenty (120) days, such request shall be deemed granted unless the requesting party and the City agree to an extension of time.

(E) Within thirty (30) days of any transfer or sale, if approved or deemed granted by the City, Franchisee shall file with the City a copy of the deed, agreement, lease or other written instrument evidencing such sale or transfer of ownership or control, certified and sworn to as correct by Franchisee and the transferee, and the transferee shall file its written acceptance agreeing to be bound by all of the provisions of this Franchise, subject to applicable law.

(F) In reviewing a request for sale or transfer, the City may inquire into the qualifications of the prospective controlling party or transferee, and Franchisee shall assist the City in so inquiring. The City may condition said sale or transfer upon such terms and conditions as it deems reasonably appropriate, provided, however, any such terms and conditions so attached shall be related to the qualifications of the prospective controlling party or transferee and to the resolution of outstanding and unresolved issues of noncompliance with the terms and conditions of this Franchise by Franchisee. Additionally, the prospective transferee or assignee must have been certified by the FCC to operate as an Open Video System Operator in the City.

(G) Notwithstanding anything to the contrary in this subsection, the prior approval of the City shall not be required for any sale, assignment or transfer of the Franchise or Open Video System to an entity controlling, controlled by or under the same common control as Franchisee. The proposed assignee or transferee must agree in writing to comply with all of the

provisions of the Franchise. Further, Franchisee may pledge the assets of the Open Video System for the purpose of financing without the consent of the City; provided that such pledge of assets shall not impair or mitigate Franchisee's responsibilities and capabilities to meet all of its obligations under the provisions of this Franchise.

SECTION 12. SEVERABILITY

If any Section, subsection, paragraph or provision of this Franchise is determined to be illegal, invalid or unconstitutional by any court or agency of competent jurisdiction, such determination shall have no effect on the validity of any other Section, subsection, paragraph or provision of this Franchise, all of which will remain in full force and effect for the term of the Franchise.

SECTION 13. MISCELLANEOUS PROVISIONS

13.1. Notices

Throughout the term of the Franchise, each party shall maintain and file with the other a local address for the service of notices by mail. All notices shall be sent postage prepaid to such respective address and such notices shall be effective upon the date of mailing. The City or the Franchisee may change these addresses by written notice at any time. At the Effective Date of this Franchise:

Franchisee's address shall be:

Black Rock Cable, Inc.
1512 Fairview St.
Bellingham, WA 98229

The City's address shall be:

City of Lake Stevens
1812 Main Street
P.O. Box 257
Lake Stevens, WA 98258

13.2. Descriptive Headings

The headings and titles of the Sections and subsections of this Franchise are for reference purposes only and shall not affect the meaning or interpretation of the text herein.

13.3. Costs and Expenses to be Borne by Franchisee

The costs and expenses associated with the City's review and processing of this Franchise will be borne by the Franchisee. The City's Franchise review and processing costs and expenses shall include, but not be limited to, all costs and expenses of legal review and publication of this Franchise and any other documents related hereto. Said costs and expenses shall be paid by the Franchisee within 30 days of receipt of appropriate invoice from the City.

13.4. Binding Effect

This Franchise shall be binding upon the parties hereto and their permitted successors and assigns.

13.5. Authority to Amend

This Franchise may be amended at any time by written agreement between the parties.

13.6. No Joint Venture

Nothing herein shall be deemed to create a joint venture or principal-agent relationship between the parties, and neither party is authorized to, nor shall either party, act toward third Persons or the public in any manner that would indicate any such relationship with the other.

13.7. Waiver

The failure of the City at any time to require performance by the Franchisee of any provision hereof shall in no way affect the right of the City hereafter to enforce the same. Nor shall the waiver by the City of any breach of any provision hereof be taken or held to be a waiver of any succeeding breach of such provision or as a waiver of the provision itself or any other provision.

13.8. Venue

Venue for any judicial proceeding regarding this Franchise shall be in Snohomish County.

13.9. Governing Law

Applicable local, State and federal law (including, but not limited to, the Cable Act and all rules, regulations, rulemakings and orders of the FCC) shall govern this Franchise.

13.10. Entire Agreement

This Franchise represents the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written negotiations between the parties.

13.11. Acceptance

After the passage and approval of this Ordinance and within thirty days after such approval, this Franchise shall be accepted by Black Rock by filing with the City Clerk an unconditional, acknowledged written acceptance of all terms and conditions of this Franchise. Failure of Black Rock to file such an acceptance within thirty days of approval shall be deemed a rejection by Black Rock, and the rights and privileges herein granted shall cease after expiration of the thirty day period after approval, unless the thirty day period is extended by ordinance duly passed for that purpose.

SECTION 14. EFFECTIVE DATE

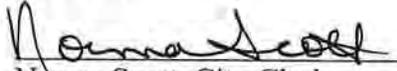
This Ordinance shall be in full force and effect five (5) days after its passage and publication of a summary consisting of its title.

PASSED by the City Council and approved by the Mayor this 2nd day of April, 2007.



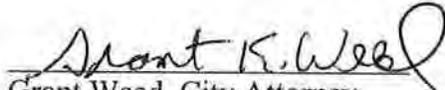
Vern Little, Mayor

ATTEST:



Norma Scott, City Clerk

APPROVED AS TO FORM:



Grant Weed, City Attorney

Passed: April 2, 2007

Valid:

Published: April 11, 2007

Effective: April 16, 2007

Exhibit A – Acceptance of Franchise

In accordance with Subsection 13.11 of the Franchise between the City of Lake Stevens (“the City”) and Black Rock Cable, Inc. (“the Franchisee”), the Franchisee hereby submits this Acceptance of Franchise to the City.

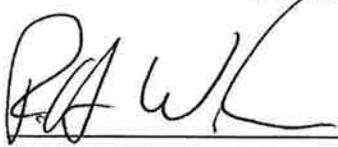
The Franchisee hereby accepts and agrees to comply with all terms, provisions, and conditions of the Franchise.

Attached herewith is a certificate of insurance in accordance with Subsection 5.3 of the Franchise.

The Franchisee hereby agrees to reimburse the City for its Franchise review and processing costs within 30 days of receipt of appropriate invoice from the City in accordance with Subsection 13.3 of the Franchise.

The Franchisee hereby certifies that the undersigned is a duly authorized officer of the Franchisee with the authority to execute this Acceptance of Franchise.

ACCEPTED BY BLACK ROCK CABLE, INC.

 , its  Date: 4/16/07 , 2007

Name, Title

**CITY OF LAKE STEVENS
LAKE STEVENS, WASHINGTON**

ORDINANCE NO. 901

AN ORDINANCE OF THE CITY LAKE STEVENS CONSENTING TO THE TRANSFER OF FRANCHISE TO PROVIDE OPEN VIDEO AND DARK FIBER SERVICES FROM BLACK ROCK CABLE INC TO WDH BLACK ROCK, LLC

WHEREAS, Ordinance No. 743 establishes requirements for transfer of the OVS (Open Video Service) Franchise held by Black Rock Cable Inc.; and

WHEREAS, Black Rock Cable, Inc. merged into WDH Black Rock, LLC and WDH Black Rock, LLC was the surviving company; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE STEVENS DO ORDAIN AS FOLLOWS:

SECTION 1 The City hereby consents to the transfer of the OVS franchise agreement to provide open video and dark fiber services to WDH Black Rock, LLC as required in Ordinance No. 743, Section 11, Franchise Transfer.

SECTION 2. Effective Date and Publication. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effect and be in force five (5) days after the date of publication.

PASSED by the City Council of the City of Lake Stevens this ____ day of _____, 2013.

Vern Little, Mayor

ATTEST/AUTHENTICATION:

Norma J. Scott, City Clerk/Admin Asst

APPROVED AS TO FORM:

Grant K. Weed, City Attorney

First Reading: October 14, 2013

Second and Final Reading: October 28, 2013

Published:

Effective:

Office of the Mayor

To: City Council
From: Mayor Little
Re: Park Board Appointment
Date: October 24, 2013

One position on the Park Board is open, vacated by Will Brandt. I am recommending Council's confirmation of Jim Kelley. Jim is employed by a national transportation provider, has a BS degree in Computer Information Systems, and a City resident for over 16 years. He volunteered for the position at a Park Board meeting and is proactive for a skateboard park as well as worked with the County on park amenities. I have personally known Jim for ten years through the Rotary Club.

With this appointment, the Park Board will have full membership.

Thank you for your consideration.



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LAKE STEVENS CITY COUNCIL
STAFF REPORT

Council Agenda Date: 28 October 2013

Subject: Request for Honorary Street Designation – Trooper Sean O’Connell

Contact Mick Monken **Budget Impact:** \$500 (est)
Person/Department: Public Works

RECOMMENDATION(S)/ACTION REQUESTED OF COUNCIL: Adopt Resolution 2013-11 allowing for the honorary street name for Trooper Sean O’Connell.

SUMMARY/BACKGROUND: In 2013, the City Council adopted Resolution 2013-7 which allows citizens and groups the opportunity to honor individuals or groups that have made significant contributions to the Community as a first responder. Qualifications for Honorary Recognition requires the approval by Resolution by the City Council for an individual or group that has: 1) been a first responder; 2) gone beyond the call of duty; 3) and/or has demonstrated contribution to the community in the line of duty; and 4) has some connection to the Lake Stevens community.

On 27 September 2013, the City received an Application –Request for Honorary Street Designation for Trooper Sean O’Connell, Washington State Patrol, who was killed in the line of duty in May 2013. Trooper O’Connell was a resident of Lake Stevens. The request is to have 83rd Avenue SE at the intersection of 20th Street SE be the placement of the Honorary Street Designation sign. A copy of the Application is included in Attachment A.

APPLICABLE CITY POLICIES: Resolution 2013-7 Honorary Street Designation

BUDGET IMPACT: The funding will come out Street Fund.

ATTACHMENTS:

- ▶ Exhibit A: Application – Request for Honorary Street Designation
- ▶ Exhibit B: Resolution 2013-11
- ▶ Exhibit C: Sign Layout

ATTACHMENT A



Application - Request for Honorary Street Designation

Applicant Name/Organization: SAMUEL LOW

Applicant/Organization Address: 8409 4TH PL SE LAKE STEVENS, WA 98258

Phone: 425 923-9662 Email: BELOW@JUNO.COM

1. Honorary street names are restricted to a first responders who have served or have some connection to the Lake Stevens Community.

A. For whom/what are you recommending this designation?
TROOPER SEAN O'CONNELL

B. What is the reason for this recommendation?
TO HONOR HIS SERVICE AND TO REMEMBER HIS LIFE GIVEN IN THE LINE OF DUTY. AN ACTIVE RESIDENT OF LAKE STEVENS. 83RD AVE SE WAS A ROAD TROOPER SEAN O'CONNELL DROVE ALMOST DAILY.

2. Location of Proposed honorary street name designation:

A. Street Name 83RD AVENUE SE
(Example: 99th Avenue SE)

B. between INTERSECTION OF 83RD and 20TH ST SE
(Example: between Chapel Hill Road and 4th Street NE)

C. What is the proposed designation? (Example: Honorary Officer Joe Jones Boulevard)
TROOPER SEAN O'CONNELL WSP #1076 MEMORIAL DRIVE

D. Please include a general drawing of the design of the sign and show a symbol, if included.

Please complete and mail the attached form to:

Lake Stevens City Council
ATTN: City Clerk
P.O. Box 257
Lake Stevens, WA 98258

**TROOPER SEAN O'CONNELL
WSP #1076 MEMORIAL DRIVE**

Signature of the Applicant:  Date: 9/27/2013

Date Sign Installed: _____ Date Sign Removed: _____

Date Sign Replaced: _____ Date Sign Replaced: _____

RECEIVED
SEP 27 2013
CITY OF LAKE STEVENS

**ATTACHMENT B
CITY OF LAKE STEVENS
LAKE STEVENS, WASHINGTON**

RESOLUTION No. 2013-11

**A RESOLUTION OF THE CITY OF LAKE STEVENS,
APPROVING AN HONORARY STREET DESIGNATION
SIGN IN MEMORY OF TROOPER SEAN O'CONNELL.**

WHEREAS, in September 2013, the City Council adopted Resolution No. 2013-7 allowing for the honorary street designation for first responders; and

WHEREAS, an honorary street designation would not change the official street name; and

WHEREAS, honorary street designation would not be used for addressing purposes and therefore would not change existing property addresses; and

WHEREAS, this action is exempt from the requirements of the State Environmental Policy Act as a procedural action pursuant to WAC 197-11-800(19); and

WHEREAS, the City has received an Application Request for Honorary Street Designation for Trooper Sean O'Connell who died in the line of duty; and

WHEREAS, Trooper Sean O'Connell was a resident in the City of Lake Stevens at the time of his death; and

WHEREAS, the requested honorary street designated sign location is on 83rd Avenue SE, north of 20th Street SE; and

WHEREAS, under Resolution No. 2013-7 the City Council must approve the individual or group and location for the placement of an honorary street designation; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE STEVENS AS FOLLOWS:

Section 1. In accordance with Resolution No. 2013-7, the City Council approves the placement of an honorary street designation sign in memory of Washington State Trooper Sean O'Connell to be placed on 83rd Avenue SE north of the intersection 20th Street SE.

Section 2. Severability. If any section, sentence, clause or phrase of this resolution should be held invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this resolution.

Section 3. Effective Date. This resolution shall take effect immediately upon passage by the Lake Stevens City Council.

PASSED by the City Council of the City of Lake Stevens this 14th day of October 2013.

Vern Little, Mayor

ATTEST:

Norma J. Scott, City Clerk/Admin. Asst.

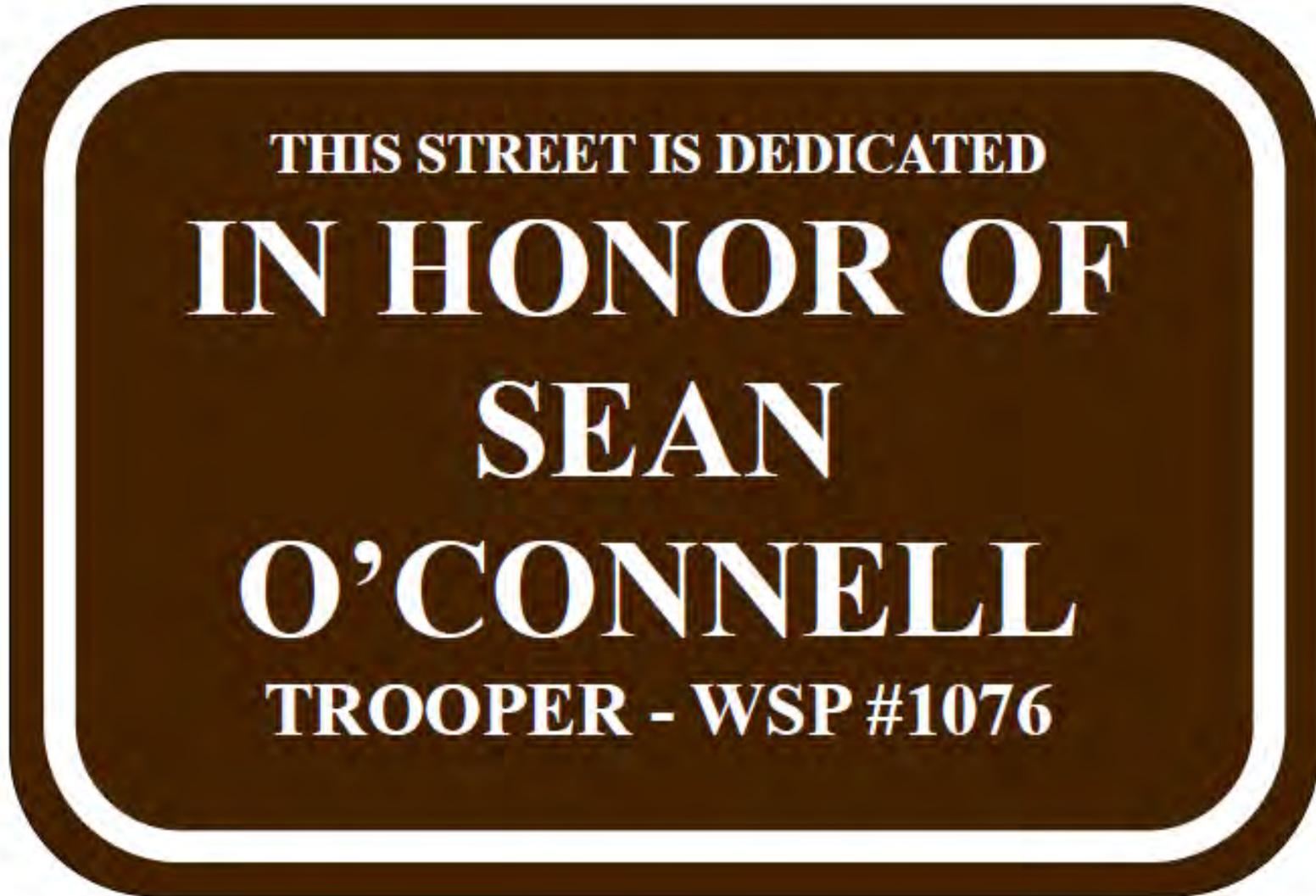
APPROVED AS TO FORM:

Grant K. Weed, City Attorney

(Resolution 2013-11)

ATTACHMENT C

Note: Actual sign size is 12 inches by 8 inches





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LAKE STEVENS CITY COUNCIL
STAFF REPORT

Council Agenda Date: October 28, 2013

Subject: Recreational Marijuana Regulations (LUA2013-0096) – Briefing

Contact Person/Department: Karen Watkins, Planning **Budget Impact:** None

RECOMMENDATION(S)/ACTION REQUESTED OF COUNCIL: **No action requested of Council as staff will brief the Council on the State adopted rules, Draft Marijuana Overlay Map, and proposed land use regulations.**

SUMMARY: Washington state voters approved Initiative Measure No. 502 (I-502) November 6, 2012 to legalize the production, processing, sale and use of marijuana and marijuana products purchased from state licensed stores by adults age twenty-one and over (*Attachment A*). The Washington State Liquor Control Board (WSLCB) adopted rules on October 16, 2013 with the effective date 30 days later. Individual jurisdictions are required to adopt land use regulations consistent with the State’s rules. The WSLCB had determined that the City of Lake Stevens is allowed one marijuana retail outlet. Marijuana producers and processors are not restricted in numbers, but would be restricted by land use regulations.

BACKGROUND: On August 21, 2013 the Lake Stevens City Council approved Ordinance 900, enacting a six-month moratorium, prohibiting the establishment, permitting, licensing and operating, cultivation, production, and retail sales of marijuana and marijuana derivatives within the City of Lake Stevens to allow the City an opportunity to evaluate the potential impacts, develop a work plan and consider appropriate regulations relating to the licensing and operation of marijuana facilities as described in I-502. On September 23, 2013, the City Council held a public meeting on the moratorium and adopted a work program (Resolution 2013-9). An updated work program is included in *Appendix B*.

DISCUSSION: With availability of the State adopted rules in the Washington Administrative Code (*Appendix C*), the City is able to draft specific land use regulations for marijuana facilities including production, processing and retail. Earlier in the year, the Association of Washington Cities (AWC) provided a short summary of guidance on Land Use for recreational marijuana:

Can jurisdictions implement policies to limit producers, processors and retailers licenses and locations? *Growing marijuana (unless it is a collective garden) remains illegal until the Liquor Control Board (LCB) establishes a process for licensing and regulation. The LCB will also regulate permissions for marijuana cultivation, processing, distribution, and retail facilities.*

The initiative specifies that only state-licensed production, processing and sale of marijuana are permitted. The initiative intended that the licensing process be similar to that for alcohol. Cities

will have the ability to object to the LCB regarding a proposed license. Presumably, local land use and zoning regulations will apply to the siting of growing, processing and retail outlets. The initiative specifies that such facilities must be at least 1,000 feet from elementary and secondary schools, playgrounds, recreation centers, day cares, parks, transit centers, libraries and arcades.

Medical marijuana collective gardens and not affected by this initiative.

The cities of Everett and Mukilteo and Snohomish County have draft or interim regulations currently under consideration by their Planning Commissions and City Councils in October. Staff reviewed the proposed regulations, the Municipal Research and Services Center website and the Washington Liquor Control Board website before drafting the proposed marijuana regulations for the City of Lake Stevens. MRSC frequently asked questions on recreational marijuana facilities is in **Appendix D**. The proposed regulations have been sent to the City Attorney for review before the briefing.

The purpose of the briefing is to discuss the proposed regulations and understand the direction Council would like to take with the regulations before a briefing with the Planning Commission on November 6, 2013. The first step was to create a draft Marijuana Overlay Map (**Appendix E**) meeting the one thousand foot buffer from the perimeter of the grounds of elementary or secondary schools, playgrounds, recreation centers or facilities, child care centers, public parks, public transit centers, libraries, or game arcades where admission is not restricted to persons age twenty-one or older. The zones with parcels outside the buffer are the Planned Business District (PBD), Light Industrial (LI), and General Industrial (GI) and the Subarea Zones of Mixed-Use Neighborhood (MUN), Commercial District (CD), Neighborhood Business (NB), and Business District (BD). Currently, the buffer excludes all Local Business (LB) and Central Business District (CBD) zones, but these zones may be compatible with a marijuana retail outlet if the buffers excluding these zones change in the future.

All Marijuana Facilities (production, processing and retail) are required to be outside the buffer, but the City does not have to allow marijuana facilities in all available parcels in the above zones if the use does not meet the purpose and uses of the zone. The City Council may further restrict the location of marijuana facilities than only the 1,000 foot buffer zone. Snohomish County is requiring all marijuana production within urban zones be inside greenhouses or buildings; outside production may only occur in rural zones. The proposed regulations also require indoor only production.

The WSLCB rules set three tiers for marijuana production based on the three size categories, which must be designated in the applicant's operating plan submitted to the WSLCB. The three categories are:

1. Tier 1 – less than 2,000 square feet;
2. Tier 2 – 2,000 square feet to 10,000 square feet; and
3. Tier 3 – 10,000 square feet to 30,000 square feet.

The Subarea Zones described in Chapter 14.38 do regulate the size of some types of development. For example, in the Business District, secondary uses and retail uses may not exceed 5,000 square feet. The Council could choose to set up size restrictions in specific zones.

Some jurisdictions are adding the definitions to the jurisdiction's code (e.g., Mukilteo and Tacoma) and other jurisdictions are adopting by reference the definitions in RCW 69.50.101 (e.g., Snohomish County). Some jurisdictions are adopting code amendments to the Business License codes (e.g., Mukilteo and Spokane), and others are not. Council can make a determination on how to address these issues.

Appendix F includes the proposed marijuana regulations. The regulations propose minor amendments to Title 4 Businesses Licenses and Regulations and Title 14 Land Use Code. The proposed code amendments are consistent with the Washington Liquor Control Board adopted rules. **The proposed regulations are a starting point for discussion with City Council.** The Work Program shows future briefings with Council on November 12 and December 9, 2013.

APPLICABLE CITY POLICIES: Title 4 LSMC (Business Licenses and Regulations) and Title 14 LSMC (Land Use Code)

BUDGET IMPACT: No budget impact.

ATTACHMENTS:

- A. Initiative 502 (Revised Code of Washington)
- B. Updated Work Program
- C. State Adopted Marijuana Rules (Chapter 314-55 WAC – Marijuana Licenses, Application Process, Requirements, and Reporting)
- D. Draft Marijuana Overlay Map
- E. MRSC Frequently Asked Questions for Recreational Marijuana Facilities
- F. Proposed Marijuana Regulations

CERTIFICATION OF ENROLLMENT
SUBSTITUTE SENATE BILL 5524

Chapter 12, Laws of 2013

63rd Legislature
2013 Regular Session

PHARMACIES--PRESCRIPTIONS--OUT-OF-STATE PHYSICIAN ASSISTANTS

EFFECTIVE DATE: 07/28/13

Passed by the Senate March 4, 2013
YEAS 49 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House April 3, 2013
YEAS 97 NAYS 0

FRANK CHOPP

Speaker of the House of Representatives

Approved April 17, 2013, 1:50 p.m.

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5524** as passed by the Senate and the House of Representatives on the dates hereon set forth.

HUNTER G. GOODMAN

Secretary

FILED

April 17, 2013

JAY INSLEE

Governor of the State of Washington

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 5524

Passed Legislature - 2013 Regular Session

State of Washington 63rd Legislature 2013 Regular Session

By Senate Health Care (originally sponsored by Senators Cleveland, Schlicher, Benton, Baumgartner, Keiser, Shin, and Kline)

READ FIRST TIME 02/22/13.

1 AN ACT Relating to authorizing Washington pharmacies to fill
2 prescriptions written by physician assistants in other states; and
3 reenacting and amending RCW 69.41.030 and 69.50.101.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 69.41.030 and 2011 1st sp.s. c 15 s 79 and 2011 c 336
6 s 837 are each reenacted and amended to read as follows:

7 (1) It shall be unlawful for any person to sell, deliver, or
8 possess any legend drug except upon the order or prescription of a
9 physician under chapter 18.71 RCW, an osteopathic physician and surgeon
10 under chapter 18.57 RCW, an optometrist licensed under chapter 18.53
11 RCW who is certified by the optometry board under RCW 18.53.010, a
12 dentist under chapter 18.32 RCW, a podiatric physician and surgeon
13 under chapter 18.22 RCW, a veterinarian under chapter 18.92 RCW, a
14 commissioned medical or dental officer in the United States armed
15 forces or public health service in the discharge of his or her official
16 duties, a duly licensed physician or dentist employed by the veterans
17 administration in the discharge of his or her official duties, a
18 registered nurse or advanced registered nurse practitioner under
19 chapter 18.79 RCW when authorized by the nursing care quality assurance

ATTACHMENT A

1 commission, an osteopathic physician assistant under chapter 18.57A RCW
2 when authorized by the board of osteopathic medicine and surgery, a
3 physician assistant under chapter 18.71A RCW when authorized by the
4 medical quality assurance commission, or any of the following
5 professionals in any province of Canada that shares a common border
6 with the state of Washington or in any state of the United States: A
7 physician licensed to practice medicine and surgery or a physician
8 licensed to practice osteopathic medicine and surgery, a dentist
9 licensed to practice dentistry, a podiatric physician and surgeon
10 licensed to practice podiatric medicine and surgery, a licensed
11 advanced registered nurse practitioner, a licensed physician assistant,
12 a licensed osteopathic physician assistant, or a veterinarian licensed
13 to practice veterinary medicine: PROVIDED, HOWEVER, That the above
14 provisions shall not apply to sale, delivery, or possession by drug
15 wholesalers or drug manufacturers, or their agents or employees, or to
16 any practitioner acting within the scope of his or her license, or to
17 a common or contract carrier or warehouse operator, or any employee
18 thereof, whose possession of any legend drug is in the usual course of
19 business or employment: PROVIDED FURTHER, That nothing in this chapter
20 or chapter 18.64 RCW shall prevent a family planning clinic that is
21 under contract with the health care authority from selling, delivering,
22 possessing, and dispensing commercially prepackaged oral contraceptives
23 prescribed by authorized, licensed health care practitioners.

24 (2)(a) A violation of this section involving the sale, delivery, or
25 possession with intent to sell or deliver is a class B felony
26 punishable according to chapter 9A.20 RCW.

27 (b) A violation of this section involving possession is a
28 misdemeanor.

29 **Sec. 2.** RCW 69.50.101 and 2013 c 3 s 2 (Initiative Measure No.
30 502) and 2012 c 8 s 1 are each reenacted and amended to read as
31 follows:

32 Unless the context clearly requires otherwise, definitions of terms
33 shall be as indicated where used in this chapter:

34 (a) "Administer" means to apply a controlled substance, whether by
35 injection, inhalation, ingestion, or any other means, directly to the
36 body of a patient or research subject by:

ATTACHMENT A

1 (1) a practitioner authorized to prescribe (or, by the
2 practitioner's authorized agent); or

3 (2) the patient or research subject at the direction and in the
4 presence of the practitioner.

5 (b) "Agent" means an authorized person who acts on behalf of or at
6 the direction of a manufacturer, distributor, or dispenser. It does
7 not include a common or contract carrier, public warehouseperson, or
8 employee of the carrier or warehouseperson.

9 (c) "Board" means the state board of pharmacy.

10 (d) "Controlled substance" means a drug, substance, or immediate
11 precursor included in Schedules I through V as set forth in federal or
12 state laws, or federal or board rules.

13 (e)(1) "Controlled substance analog" means a substance the chemical
14 structure of which is substantially similar to the chemical structure
15 of a controlled substance in Schedule I or II and:

16 (i) that has a stimulant, depressant, or hallucinogenic effect on
17 the central nervous system substantially similar to the stimulant,
18 depressant, or hallucinogenic effect on the central nervous system of
19 a controlled substance included in Schedule I or II; or

20 (ii) with respect to a particular individual, that the individual
21 represents or intends to have a stimulant, depressant, or
22 hallucinogenic effect on the central nervous system substantially
23 similar to the stimulant, depressant, or hallucinogenic effect on the
24 central nervous system of a controlled substance included in Schedule
25 I or II.

26 (2) The term does not include:

27 (i) a controlled substance;

28 (ii) a substance for which there is an approved new drug
29 application;

30 (iii) a substance with respect to which an exemption is in effect
31 for investigational use by a particular person under Section 505 of the
32 federal Food, Drug and Cosmetic Act, 21 U.S.C. Sec. 355, to the extent
33 conduct with respect to the substance is pursuant to the exemption; or

34 (iv) any substance to the extent not intended for human consumption
35 before an exemption takes effect with respect to the substance.

36 (f) "Deliver" or "delivery," means the actual or constructive
37 transfer from one person to another of a substance, whether or not
38 there is an agency relationship.

ATTACHMENT A

- 1 (g) "Department" means the department of health.
- 2 (h) "Dispense" means the interpretation of a prescription or order
3 for a controlled substance and, pursuant to that prescription or order,
4 the proper selection, measuring, compounding, labeling, or packaging
5 necessary to prepare that prescription or order for delivery.
- 6 (i) "Dispenser" means a practitioner who dispenses.
- 7 (j) "Distribute" means to deliver other than by administering or
8 dispensing a controlled substance.
- 9 (k) "Distributor" means a person who distributes.
- 10 (l) "Drug" means (1) a controlled substance recognized as a drug in
11 the official United States pharmacopoeia/national formulary or the
12 official homeopathic pharmacopoeia of the United States, or any
13 supplement to them; (2) controlled substances intended for use in the
14 diagnosis, cure, mitigation, treatment, or prevention of disease in
15 individuals or animals; (3) controlled substances (other than food)
16 intended to affect the structure or any function of the body of
17 individuals or animals; and (4) controlled substances intended for use
18 as a component of any article specified in (1), (2), or (3) of this
19 subsection. The term does not include devices or their components,
20 parts, or accessories.
- 21 (m) "Drug enforcement administration" means the drug enforcement
22 administration in the United States Department of Justice, or its
23 successor agency.
- 24 (n) "Immediate precursor" means a substance:
- 25 (1) that the state board of pharmacy has found to be and by rule
26 designates as being the principal compound commonly used, or produced
27 primarily for use, in the manufacture of a controlled substance;
- 28 (2) that is an immediate chemical intermediary used or likely to be
29 used in the manufacture of a controlled substance; and
- 30 (3) the control of which is necessary to prevent, curtail, or limit
31 the manufacture of the controlled substance.
- 32 (o) "Isomer" means an optical isomer, but in ~~((RCW 69.50.101))~~
33 subsection (x)(5) of this section, RCW 69.50.204(a) (12) and (34), and
34 69.50.206(b)(4), the term includes any geometrical isomer; in RCW
35 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any
36 positional isomer; and in RCW 69.50.204(a)(35), 69.50.204(c), and
37 69.50.208(a) the term includes any positional or geometric isomer.

ATTACHMENT A

1 (p) "Lot" means a definite quantity of marijuana, useable
2 marijuana, or marijuana-infused product identified by a lot number,
3 every portion or package of which is uniform within recognized
4 tolerances for the factors that appear in the labeling.

5 (q) "Lot number" shall identify the licensee by business or trade
6 name and Washington state unified business identifier number, and the
7 date of harvest or processing for each lot of marijuana, useable
8 marijuana, or marijuana-infused product.

9 (r) "Manufacture" means the production, preparation, propagation,
10 compounding, conversion, or processing of a controlled substance,
11 either directly or indirectly or by extraction from substances of
12 natural origin, or independently by means of chemical synthesis, or by
13 a combination of extraction and chemical synthesis, and includes any
14 packaging or repackaging of the substance or labeling or relabeling of
15 its container. The term does not include the preparation, compounding,
16 packaging, repackaging, labeling, or relabeling of a controlled
17 substance:

18 (1) by a practitioner as an incident to the practitioner's
19 administering or dispensing of a controlled substance in the course of
20 the practitioner's professional practice; or

21 (2) by a practitioner, or by the practitioner's authorized agent
22 under the practitioner's supervision, for the purpose of, or as an
23 incident to, research, teaching, or chemical analysis and not for sale.

24 (s) "Marijuana" or "marihuana" means all parts of the plant
25 Cannabis, whether growing or not, with a THC concentration greater than
26 0.3 percent on a dry weight basis; the seeds thereof; the resin
27 extracted from any part of the plant; and every compound, manufacture,
28 salt, derivative, mixture, or preparation of the plant, its seeds or
29 resin. The term does not include the mature stalks of the plant, fiber
30 produced from the stalks, oil or cake made from the seeds of the plant,
31 any other compound, manufacture, salt, derivative, mixture, or
32 preparation of the mature stalks (except the resin extracted
33 therefrom), fiber, oil, or cake, or the sterilized seed of the plant
34 which is incapable of germination.

35 (t) "Marijuana processor" means a person licensed by the state
36 liquor control board to process marijuana into useable marijuana and
37 marijuana-infused products, package and label useable marijuana and

ATTACHMENT A

1 marijuana-infused products for sale in retail outlets, and sell useable
2 marijuana and marijuana-infused products at wholesale to marijuana
3 retailers.

4 (u) "Marijuana producer" means a person licensed by the state
5 liquor control board to produce and sell marijuana at wholesale to
6 marijuana processors and other marijuana producers.

7 (v) "Marijuana-infused products" means products that contain
8 marijuana or marijuana extracts and are intended for human use. The
9 term "marijuana-infused products" does not include useable marijuana.

10 (w) "Marijuana retailer" means a person licensed by the state
11 liquor control board to sell useable marijuana and marijuana-infused
12 products in a retail outlet.

13 (x) "Narcotic drug" means any of the following, whether produced
14 directly or indirectly by extraction from substances of vegetable
15 origin, or independently by means of chemical synthesis, or by a
16 combination of extraction and chemical synthesis:

17 (1) Opium, opium derivative, and any derivative of opium or opium
18 derivative, including their salts, isomers, and salts of isomers,
19 whenever the existence of the salts, isomers, and salts of isomers is
20 possible within the specific chemical designation. The term does not
21 include the isoquinoline alkaloids of opium.

22 (2) Synthetic opiate and any derivative of synthetic opiate,
23 including their isomers, esters, ethers, salts, and salts of isomers,
24 esters, and ethers, whenever the existence of the isomers, esters,
25 ethers, and salts is possible within the specific chemical designation.

26 (3) Poppy straw and concentrate of poppy straw.

27 (4) Coca leaves, except coca leaves and extracts of coca leaves
28 from which cocaine, ecgonine, and derivatives or ecgonine or their
29 salts have been removed.

30 (5) Cocaine, or any salt, isomer, or salt of isomer thereof.

31 (6) Cocaine base.

32 (7) Ecgonine, or any derivative, salt, isomer, or salt of isomer
33 thereof.

34 (8) Any compound, mixture, or preparation containing any quantity
35 of any substance referred to in subparagraphs (1) through (7).

36 (y) "Opiate" means any substance having an addiction-forming or
37 addiction-sustaining liability similar to morphine or being capable of
38 conversion into a drug having addiction-forming or addiction-sustaining

ATTACHMENT A

1 liability. The term includes opium, substances derived from opium
2 (opium derivatives), and synthetic opiates. The term does not include,
3 unless specifically designated as controlled under RCW 69.50.201, the
4 dextrorotatory isomer of 3-methoxy-n-methylmorphinan and its salts
5 (dextromethorphan). The term includes the racemic and levorotatory
6 forms of dextromethorphan.

7 (z) "Opium poppy" means the plant of the species *Papaver somniferum*
8 L., except its seeds.

9 (aa) "Person" means individual, corporation, business trust,
10 estate, trust, partnership, association, joint venture, government,
11 governmental subdivision or agency, or any other legal or commercial
12 entity.

13 (bb) "Poppy straw" means all parts, except the seeds, of the opium
14 poppy, after mowing.

15 (cc) "Practitioner" means:

16 (1) A physician under chapter 18.71 RCW; a physician assistant
17 under chapter 18.71A RCW; an osteopathic physician and surgeon under
18 chapter 18.57 RCW; an osteopathic physician assistant under chapter
19 18.57A RCW who is licensed under RCW 18.57A.020 subject to any
20 limitations in RCW 18.57A.040; an optometrist licensed under chapter
21 18.53 RCW who is certified by the optometry board under RCW 18.53.010
22 subject to any limitations in RCW 18.53.010; a dentist under chapter
23 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW;
24 a veterinarian under chapter 18.92 RCW; a registered nurse, advanced
25 registered nurse practitioner, or licensed practical nurse under
26 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW
27 who is licensed under RCW 18.36A.030 subject to any limitations in RCW
28 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific
29 investigator under this chapter, licensed, registered or otherwise
30 permitted insofar as is consistent with those licensing laws to
31 distribute, dispense, conduct research with respect to or administer a
32 controlled substance in the course of their professional practice or
33 research in this state.

34 (2) A pharmacy, hospital or other institution licensed, registered,
35 or otherwise permitted to distribute, dispense, conduct research with
36 respect to or to administer a controlled substance in the course of
37 professional practice or research in this state.

ATTACHMENT A

1 (3) A physician licensed to practice medicine and surgery, a
2 physician licensed to practice osteopathic medicine and surgery, a
3 dentist licensed to practice dentistry, a podiatric physician and
4 surgeon licensed to practice podiatric medicine and surgery, a licensed
5 physician assistant or a licensed osteopathic physician assistant
6 specifically approved to prescribe controlled substances by his or her
7 state's medical quality assurance commission or equivalent and his or
8 her supervising physician, an advanced registered nurse practitioner
9 licensed to prescribe controlled substances, or a veterinarian licensed
10 to practice veterinary medicine in any state of the United States.

11 (dd) "Prescription" means an order for controlled substances issued
12 by a practitioner duly authorized by law or rule in the state of
13 Washington to prescribe controlled substances within the scope of his
14 or her professional practice for a legitimate medical purpose.

15 (ee) "Production" includes the manufacturing, planting,
16 cultivating, growing, or harvesting of a controlled substance.

17 (ff) "Retail outlet" means a location licensed by the state liquor
18 control board for the retail sale of useable marijuana and marijuana-
19 infused products.

20 (gg) "Secretary" means the secretary of health or the secretary's
21 designee.

22 (hh) "State," unless the context otherwise requires, means a state
23 of the United States, the District of Columbia, the Commonwealth of
24 Puerto Rico, or a territory or insular possession subject to the
25 jurisdiction of the United States.

26 (ii) "THC concentration" means percent of delta-9
27 tetrahydrocannabinol content per dry weight of any part of the plant
28 *Cannabis*, or per volume or weight of marijuana product.

29 (jj) "Ultimate user" means an individual who lawfully possesses a
30 controlled substance for the individual's own use or for the use of a
31 member of the individual's household or for administering to an animal
32 owned by the individual or by a member of the individual's household.

33 (kk) "Useable marijuana" means dried marijuana flowers. The term
34 "useable marijuana" does not include marijuana-infused products.

35 (ll) "Electronic communication of prescription information" means
36 the communication of prescription information by computer, or the
37 transmission of an exact visual image of a prescription by facsimile,
38 or other electronic means for original prescription information or

ATTACHMENT A

1 prescription refill information for a Schedule III-V controlled
2 substance between an authorized practitioner and a pharmacy or the
3 transfer of prescription information for a controlled substance from
4 one pharmacy to another pharmacy.

Passed by the Senate March 4, 2013.

Passed by the House April 3, 2013.

Approved by the Governor April 17, 2013.

Filed in Office of Secretary of State April 17, 2013.

Updated City of Lake Stevens Recreational Marijuana Regulations Work Program (LUA2013-0096)

ACTIVITY	Moratorium / Draft Regulations												
	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY						
Research													
Draft Code Amendments													
Draft Ordinances													
Attorney Review													
Prepare & Issue SEPA (comment/appeal)				14-day review									
Commerce Review				60-day review									
Notice Planning Commission Public Hearing in LSJ				11/13&20/2013									
Planning Commission Review (B-briefing; PH-public hearing)			10/2/2013(B)	11/6/2013(B)	12/4/2013(PH)								
Notice City Council Public Hearing in LSJ		9/11/2013			12/25/13 &	01/01/2014							
City Council Briefings & Workshops (B-briefing; PH-public hearing)		9/23/13(PH)	10/28/13	11/12/13(B)	12/9/2013(B)					01/13/2014 (PH - 1 st Reading)			
City Council Public Hearing, 1 st Reading												02/10/2014 (PH - 2 nd Reading)	
City Council Public Hearing, 2nd & Final Reading													2/21/2014 Moratorium expires
Effective date	8/21/2013 Moratorium adopted												

Purpose: Determine the appropriate local regulations for marijuana uses as defined in Ordinance 900 and develop appropriate regulations for permitting, licensing, cultivation, processing, and sales of marijuana and marijuana products for inclusion in the Lake Stevens Municipal Code.

Note: The moratorium enacted by Ordinance 900 expires on February 21, 2014. The city of Lake Stevens will endeavor to complete permanent regulations within that period. If the city needs additional time to complete the work program and adopt permanent regulations, it may extend the moratorium subject to public notice and an additional public hearing.

**Chapter 314-55 WAC
MARIJUANA LICENSES, APPLICATION PROCESS, REQUIREMENTS, AND REPORTING**

NEW SECTION

WAC 314-55-005 What is the purpose of this chapter? The purpose of this chapter is to outline the application process, qualifications and requirements to obtain and maintain a marijuana license and the reporting requirements for a marijuana licensee.

NEW SECTION

WAC 314-55-010 Definitions. Following are definitions for the purpose of this chapter. Other definitions are in RCW 69.50.101.

(1) "Applicant" or "marijuana license applicant" means any person or business entity who is considered by the board as a true party of interest in a marijuana license, as outlined in WAC 314-55-035.

(2) "Batch" means a quantity of marijuana-infused product containing material from one or more lots of marijuana.

(3) "Business name" or "trade name" means the name of a licensed business as used by the licensee on signs and advertising.

(4) "Child care center" means an entity that regularly provides child day care and early learning services for a group of children for periods of less than twenty-four hours licensed by the Washington state department of early learning under chapter 170-295 WAC.

(5) "Elementary school" means a school for early education that provides the first four to eight years of basic education and recognized by the Washington state superintendent of public instruction.

(6) "Financier" means any person or entity, other than a banking institution, that has made or will make an investment in the licensed business. A financier can be a person or entity that provides money as a gift, loans money to the applicant/business and expects to be paid back the amount of the loan with or without interest, or expects any percentage of the profits from the business in exchange for a loan or expertise.

(7) "Game arcade" means an entertainment venue featuring primarily video games, simulators, and/or other amusement devices where persons under twenty-one years of age are not restricted.

(8) "Library" means an organized collection of resources made accessible to the public for reference or borrowing supported with money derived from taxation.

(9) "Licensee" or "marijuana licensee" means any person or entity that holds a marijuana license, or any person or entity who is a true party of interest in a marijuana license, as outlined in WAC 314-55-035.

(10) "Lot" means either of the following:

(a) The flowers from one or more marijuana plants of the same strain. A single lot of flowers cannot weigh more than five pounds; or

(b) The trim, leaves, or other plant matter from one or more marijuana plants. A single lot of trim, leaves, or other plant matter cannot weigh more than fifteen pounds.

(11) "Marijuana strain" means a pure breed or hybrid variety of Cannabis reflecting similar or identical combinations of properties such as appearance, taste, color, smell, cannabinoid profile, and potency.

(12) "Member" means a principal or governing person of a given entity, including but not limited to: LLC member/manager, president, vice-president, secretary, treasurer, CEO, director, stockholder, partner, general partner, limited partner. This includes all spouses of all principals or governing persons named in this definition and referenced in WAC 314-55-035.

(13) "Pesticide" means, but is not limited to: (a) Any substance or mixture of substances intended to prevent, destroy, control, repel, or mitigate any insect, rodent, snail, slug, fungus, weed, and any other form of plant or animal life or virus, except virus on or in a living person or other animal which is normally considered to be a pest; (b) any substance or mixture of substances intended to be used as a plant regulator, defoliant, or desiccant; and (c) any spray adjuvant. Pesticides include substances commonly referred to as herbicides, fungicides, and insecticides.

(14) "Perimeter" means a property line that encloses an area.

(15) "Plant canopy" means the square footage dedicated to live plant production, such as maintain mother plants, propagating plants from seed to plant tissue, clones, vegetative or flowering area. Plant canopy does not include areas such as space used for the storage of fertilizers, pesticides, or other products, quarantine, office space, etc.

(16) "Playground" means a public outdoor recreation area for children, usually equipped with swings, slides, and other playground equipment, owned and/or managed by a city, county, state, or federal government.

(17) "Public park" means an area of land for the enjoyment of the public, having facilities for rest and/or recreation, such as a baseball diamond or basketball court, owned and/or managed by a city, county, state, federal government, or metropolitan park district. Public park does not include trails.

(18) "Public transit center" means a facility located outside of the public right of way that is owned and managed by a transit agency or city, county, state, or federal government for the express purpose of staging people and vehicles where several bus or other transit routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route to route transfers.

(19) "Recreation center or facility" means a supervised center that provides a broad range of activities and events intended primarily for use by persons under twenty-one years of age, owned and/or managed by a charitable nonprofit organization, city, county, state, or federal government.

(20) "Residence" means a person's address where he or she physically resides and maintains his or her abode.

(21) "Secondary school" means a high and/or middle school: A school for students who have completed their primary education, usually attended by children in grades seven to twelve and recognized by the Washington state superintendent of public instruction.

(22) "Unit" means an individually packaged marijuana-infused solid or liquid product meant to be eaten or swallowed, not to exceed ten servings or one hundred milligrams of active tetrahydrocannabinol (THC), or Delta 9.

NEW SECTION

WAC 314-55-015 General information about marijuana licenses. (1) A person or entity must meet certain qualifications to receive a marijuana license, which are continuing qualifications in order to maintain the license.

(2) All applicants and employees working in each licensed establishment must be at least twenty-one years of age.

(3) Minors restricted signs must be posted at all marijuana licensed premises.

(4) A marijuana license applicant may not exercise any of the privileges of a marijuana license until the board approves the license application.

(5) The board will not approve any marijuana license for a location where law enforcement access, without notice or cause, is limited. This includes a personal residence.

(6) The board will not approve any marijuana license for a location on federal lands.

(7) The board will not approve any marijuana retailer license for a location within another business. More than one license could be located in the same building if each licensee has their own area separated by full walls with their own entrance. Product may not be commingled.

(8) Every marijuana licensee must post and keep posted its license, or licenses, and any additional correspondence containing conditions and restrictions imposed by the board in a conspicuous place on the premises.

(9) In approving a marijuana license, the board reserves the right to impose special conditions as to the involvement in the operations of the licensed business of any former licensees, their former employees, or any person who does not qualify for a marijuana license.

(10) A marijuana processor or retailer licensed by the board shall conduct the processing, storage, and sale of marijuana-infused products using sanitary practices and ensure facilities are constructed, kept, and maintained in a clean and sanitary condition in accordance with rules and as prescribed by the Washington state department of agriculture under chapters 16-165 and 16-167 WAC.

(11) Marijuana licensees may not allow the consumption of marijuana or marijuana-infused products on the licensed premises.

NEW SECTION

WAC 314-55-020 Marijuana license qualifications and application process. Each marijuana license application is unique and investigated individually. The board may inquire and request documents regarding all matters in connection with the marijuana license application. The

application requirements for a marijuana license include, but are not necessarily limited to, the following:

(1) Per RCW 69.50.331, the board shall send a notice to cities and counties, and may send a notice to tribal governments or port authorities regarding the marijuana license application. The local authority has twenty days to respond with a recommendation to approve or an objection to the applicant, location, or both.

(2) The board will verify that the proposed business meets the minimum requirements for the type of marijuana license requested.

(3) The board will conduct an investigation of the applicants' criminal history and administrative violation history, per WAC 314-55-040 and 314-55-045.

(a) The criminal history background check will consist of completion of a personal/criminal history form provided by the board and submission of fingerprints to a vendor approved by the board. The applicant will be responsible for paying all fees required by the vendor for fingerprinting. These fingerprints will be submitted to the Washington state patrol and the Federal Bureau of Investigation for comparison to their criminal records. The applicant will be responsible for paying all fees required by the Washington state patrol and the Federal Bureau of Investigation.

(b) Financiers will also be subject to criminal history investigations equivalent to that of the license applicant. Financiers will also be responsible for paying all fees required for the criminal history check. Financiers must meet the three month residency requirement.

(4) The board will conduct a financial investigation in order to verify the source of funds used for the acquisition and startup of the business, the applicants' right to the real and personal property, and to verify the true party(ies) of interest.

(5) The board may require a demonstration by the applicant that they are familiar with marijuana laws and rules.

(6) The board may conduct a final inspection of the proposed licensed business, in order to determine if the applicant has complied with all the requirements of the license requested.

(7) Per RCW 69.50.331 (1)(b), all applicants applying for a marijuana license must have resided in the state of Washington for at least three months prior to application for a marijuana license. All partnerships, employee cooperatives, associations, nonprofit corporations, corporations and limited liability companies applying for a marijuana license must be formed in Washington. All members must also meet the three month residency requirement. Managers or agents who manage a licensee's place of business must also meet the three month residency requirement.

(8) Submission of an operating plan that demonstrates the applicant is qualified to hold the marijuana license applied for to the satisfaction of the board. The operating plan shall include the following elements in accordance with the applicable standards in the Washington Administrative Code (WAC).

(9) As part of the application process, each applicant must submit in a format supplied by the board an operating plan detailing the following as it pertains to the license type being sought. This operating plan must also include a floor plan or site plan drawn to scale which illustrates the entire operation being proposed. The operating plan must include the following information:

Producer	Processor	Retailer
Security	Security	Security
Traceability	Traceability	Traceability
Employee qualifications and training	Employee qualifications and training	Employee qualifications and training
Transportation of product including packaging of product for transportation	Transportation of product	
Destruction of waste product	Destruction of waste product	Destruction of waste product
Description of growing operation include growing media, size of grow space allocated for plant production, space allocated for any other business activity, description of all equipment used in the production process, and a list of soil amendments, fertilizers, other crop production aids, or pesticides, utilized in the production process	Description of the types of products to be processed at this location together with a complete description of all equipment and solvents, gases, chemicals and other compounds used to create extracts and for processing of marijuana-infused products	
Testing procedures and protocols	Testing procedures and protocols	
	Description of the types of products to be processed at this location together with a complete description of processing of marijuana-infused products	
	Description of packaging and labeling of products to be processed	
		What array of products are to be sold and how are the products to be displayed to consumers

After obtaining a license, the license holder must notify the board in advance of any substantial change in their operating plan. Depending on the degree of change, prior approval may be required before the change is implemented.

(10) Applicants applying for a marijuana license must be current in any tax obligations to the Washington state department of revenue, as an individual or as part of any entity in which they have an ownership interest. Applicants must sign an attestation that, under penalty of denial or loss of licensure, that representation is correct.

(11) The issuance or approval of a license shall not be construed as a license for, or an approval of, any violations of local rules or ordinances including, but not limited to: Building and fire codes, zoning ordinances, and business licensing requirements.

(12) Upon failure to respond to the board licensing and regulation division's requests for information within the timeline provided, the application may be administratively closed or denial of the application will be sought.

NEW SECTION

WAC 314-55-035 What persons or entities have to qualify for a marijuana license? A marijuana license must be issued in the name(s) of the true party(ies) of interest.

(1) **True parties of interest** - For purposes of this title, "true party of interest" means:

True party of interest	Persons to be qualified
Sole proprietorship	Sole proprietor and spouse.
General partnership	All partners and spouses.
Limited partnership, limited liability partnership, or limited liability limited partnership	<ul style="list-style-type: none"> • All general partners and their spouses. • All limited partners and spouses.
Limited liability company	<ul style="list-style-type: none"> • All members and their spouses. • All managers and their spouses.
Privately held corporation	<ul style="list-style-type: none"> • All corporate officers (or persons with equivalent title) and their spouses. • All stockholders and their spouses.
Publicly held corporation	<p>All corporate officers (or persons with equivalent title) and their spouses.</p> <p>All stockholders and their spouses.</p>
Multilevel ownership structures	All persons and entities that make up the ownership structure (and their spouses).
Any entity or person (inclusive of financiers) that are expecting a percentage of the profits in exchange for a monetary loan or expertise.	<p>Any entity or person who is in receipt of, or has the right to receive, a percentage of the gross or net profit from the licensed business during any full or partial calendar or fiscal year.</p> <p>Any entity or person who exercises control over the licensed business in exchange for money or expertise.</p> <p>For the purposes of this chapter:</p> <ul style="list-style-type: none"> • "Gross profit" includes the entire gross receipts from all sales and services made in, upon, or from the licensed business. • "Net profit" means gross sales minus cost of goods sold.
Nonprofit corporations	All individuals and spouses, and entities having membership rights in accordance with the provisions of the articles of incorporation or the bylaws.

(2) For purposes of this section, "true party of interest" does not mean:

(a) A person or entity receiving reasonable payment for rent on a fixed basis under a bona fide lease or rental obligation, unless the

lessor or property manager exercises control over or participates in the management of the business.

(b) A person who receives a bonus as an employee, if: The employee is on a fixed wage or salary and the bonus is not more than twenty-five percent of the employee's prebonus annual compensation; or the bonus is based on a written incentive/bonus program that is not out of the ordinary for the services rendered.

(c) A person or entity contracting with the applicant(s) to sell the property, unless the contract holder exercises control over or participates in the management of the licensed business.

(3) **Financiers** - The board will conduct a financial investigation as well as a criminal background of financiers.

(4) **Persons who exercise control of business** - The board will conduct an investigation of any person or entity who exercises any control over the applicant's business operations. This may include both a financial investigation and/or a criminal history background.

NEW SECTION

WAC 314-55-040 What criminal history might prevent a marijuana license applicant from receiving or keeping a marijuana license? (1) When the board processes a criminal history check on an applicant, it uses a point system to determine if the person qualifies for a license. The board will not normally issue a marijuana license or renew a license to an applicant who has accumulated eight or more points as indicated below:

Description	Time period during which points will be assigned	Points assigned
Felony conviction	Ten years	12 points
Gross misdemeanor conviction	Three years	5 points
Misdemeanor conviction	Three years	4 points
Currently under federal or state supervision for a felony conviction	n/a	8 points
Nondisclosure of any of the above	n/a	4 points each

(2) If a case is pending for an alleged offense that would earn eight or more points, the board will hold the application for the disposition of the case. If the disposition is not settled within ninety days, the board will administratively close the application.

(3) The board may not issue a marijuana license to anyone who has accumulated eight or more points as referenced above. This is a discretionary threshold and it is further recommended that the following exceptions to this standard be applied:

Exception to criminal history point assignment. This exception to the criminal history point assignment will expire on July 1, 2014:

(a) Prior to initial license application, two federal or state misdemeanor convictions for the possession only of marijuana within the previous three years may not be applicable to the criminal history points accumulated. All criminal history must be reported on the personal/criminal history form.

(i) Regardless of applicability, failure to disclose full criminal history will result in point accumulation;

(ii) State misdemeanor possession convictions accrued after December 6, 2013, exceeding the allowable amounts of marijuana, usable marijuana, and marijuana-infused products described in chapter 69.50 RCW shall count toward criminal history point accumulation.

(b) Prior to initial license application, any single state or federal conviction for the growing, possession, or sale of marijuana will be considered for mitigation on an individual basis. Mitigation will be considered based on the quantity of product involved and other circumstances surrounding the conviction.

(4) Once licensed, marijuana licensees must report any criminal convictions to the board within fourteen days.

NEW SECTION

WAC 314-55-045 What marijuana law or rule violation history might prevent an applicant from receiving a marijuana license? The board will conduct an investigation of all applicants' marijuana law or rule administrative violation history. The board will not normally issue a marijuana license to a person, or to an entity with a true party of interest, who has the following violation history; or to any person who has demonstrated a pattern of disregard for laws or rules.

Violation Type (see WAC 314-55-515)	Period of Consideration
<ul style="list-style-type: none"> • Three or more public safety violations; 	<ul style="list-style-type: none"> • Violations issued within three years of the date the application is received by the board's licensing and regulation division.
<ul style="list-style-type: none"> • Four or more regulatory violations; or 	
<ul style="list-style-type: none"> • One to four, or more license violations. 	<ul style="list-style-type: none"> • Violations issued within the last three years the true party(ies) of interest were licensed.

NEW SECTION

WAC 314-55-050 Reasons the board may seek denial, suspension, or cancellation of a marijuana license application or license. Following is a list of reasons the board may deny, suspend, or cancel a marijuana-

na license application or license. Per RCW 66.50.331, the board has broad discretionary authority to approve or deny a marijuana license application for reasons including, but not limited to, the following:

(1) Failure to meet qualifications or requirements for the specific marijuana producer, processor, or retail license, as outlined in this chapter and chapter 69.50 RCW.

(2) Failure or refusal to submit information or documentation requested by the board during the evaluation process.

(3) The applicant makes a misrepresentation of fact, or fails to disclose a material fact to the board during the application process or any subsequent investigation after a license has been issued.

(4) Failure to meet the criminal history standards outlined in WAC 314-55-040.

(5) Failure to meet the marijuana law or rule violation history standards outlined in WAC 314-55-045.

(6) The source of funds identified by the applicant to be used for the acquisition, startup and operation of the business is questionable, unverifiable, or determined by the board to be gained in a manner which is in violation by law.

(7) Denies the board or its authorized representative access to any place where a licensed activity takes place or fails to produce any book, record or document required by law or board rule.

(8) Has been denied or had a marijuana license or medical marijuana license suspended or canceled in another state or local jurisdiction.

(9) Where the city, county, tribal government, or port authority has submitted a substantiated objection per the requirements in RCW 69.50.331 (7) and (9).

(10) The board shall not issue a new marijuana license if the proposed licensed business is within one thousand feet of the perimeter of the grounds of any of the following entities. The distance shall be measured along the most direct route over or across established public walks, streets, or other public passageway between the proposed building/business location to the perimeter of the grounds of the entities listed below:

(a) Elementary or secondary school;

(b) Playground;

(c) Recreation center or facility;

(d) Child care center;

(e) Public park;

(f) Public transit center;

(g) Library; or

(h) Any game arcade (where admission is not restricted to persons age twenty-one or older).

(11) Has failed to pay taxes or fees required under chapter 69.50 RCW or failed to provide production, processing, inventory, sales and transportation reports to documentation required under this chapter.

(12) Failure to submit an attestation that they are current in any tax obligations to the Washington state department of revenue.

(13) Has been denied a liquor license or had a liquor license suspended or revoked in this or any other state.

(14) The operating plan does not demonstrate, to the satisfaction of the board, the applicant is qualified for a license.

(15) Failure to operate in accordance with the board approved operating plan.

(16) The board determines the issuance of the license will not be in the best interest of the welfare, health, or safety of the people of the state.

NEW SECTION

WAC 314-55-070 Process if the board denies a marijuana license application. If the board denies a marijuana license application, the applicants may:

(1) Request an administrative hearing per chapter 34.05 RCW, the Administrative Procedure Act.

(2) Reapply for the license no sooner than one year from the date on the final order of denial.

NEW SECTION

WAC 314-55-075 What is a marijuana producer license and what are the requirements and fees related to a marijuana producer license? (1) A marijuana producer license allows the licensee to produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Marijuana production must take place within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors. Outdoor production may take place in non-rigid greenhouses, other structures, or an expanse of open or cleared ground fully enclosed by a physical barrier. To obscure public view of the premises, outdoor production must be enclosed by a sight obscure wall or fence at least eight feet high. Outdoor producers must meet security requirements described in WAC 314-55-083.

(2) The application fee for a marijuana producer license is two hundred fifty dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.

(3) The annual fee for issuance and renewal of a marijuana producer license is one thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.

(4) The board will initially limit the opportunity to apply for a marijuana producer license to a thirty-day calendar window beginning with the effective date of this section. In order for a marijuana producer application license to be considered it must be received no later than thirty days after the effective date of the rules adopted by the board. The board may reopen the marijuana producer application window after the initial evaluation of the applications received and at subsequent times when the board deems necessary.

(5) Any entity and/or principals within any entity are limited to no more than three marijuana producer licenses.

(6) The maximum amount of space for marijuana production is limited to two million square feet. Applicants must designate on their operating plan the size category of the production premises and the

amount of actual square footage in their premises that will be designated as plant canopy. There are three categories as follows:

(a) Tier 1 - Less than two thousand square feet;

(b) Tier 2 - Two thousand square feet to ten thousand square feet; and

(c) Tier 3 - Ten thousand square feet to thirty thousand square feet.

(7) The board may reduce a licensee's or applicant's square footage designated to plant canopy for the following reasons:

(a) If the amount of square feet of production of all licensees exceeds the maximum of two million square feet the board will reduce the allowed square footage by the same percentage.

(b) If fifty percent production space used for plant canopy in the licensee's operating plan is not met by the end of the first year of operation the board may reduce the tier of licensure.

(8) If the total amount of square feet of marijuana production exceeds two million square feet, the board reserves the right to reduce all licensee's production by the same percentage or reduce licensee production by one or more tiers by the same percentage.

(9) The maximum allowed amount of marijuana on a producer's premises at any time is as follows:

(a) Outdoor or greenhouse grows - One and one-quarter of a year's harvest; or

(b) Indoor grows - Six months of their annual harvest.

NEW SECTION

WAC 314-55-077 What is a marijuana processor license and what are the requirements and fees related to a marijuana processor license?

(1) A marijuana processor license allows the licensee to process, package, and label usable marijuana and marijuana-infused products for sale at wholesale to marijuana retailers.

(2) A marijuana processor is allowed to blend tested useable marijuana from multiple lots into a single package for sale to a marijuana retail licensee providing the label requirements for each lot used in the blend are met and the percentage by weight of each lot is also included on the label.

(3) The application fee for a marijuana processor license is two hundred fifty dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.

(4) The annual fee for issuance and renewal of a marijuana processor license is one thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.

(5) The board will initially limit the opportunity to apply for a marijuana processor license to a thirty-day calendar window beginning with the effective date of this section. In order for a marijuana processor application license to be considered it must be received no later than thirty days after the effective date of the rules adopted by the board. The board may reopen the marijuana processor application window after the initial evaluation of the applications that are re-

ceived and processed, and at subsequent times when the board deems necessary.

(6) Any entity and/or principals within any entity are limited to no more than three marijuana processor licenses.

(7) Marijuana processor licensees are allowed to have a maximum of six months of their average useable marijuana and six months average of their total production on their licensed premises at any time.

NEW SECTION

WAC 314-55-079 What is a marijuana retailer license and what are the requirements and fees related to a marijuana retailer license? (1)

A marijuana retailer license allows the licensee to sell only usable marijuana, marijuana-infused products, and marijuana paraphernalia at retail in retail outlets to persons twenty-one years of age and older.

(2) Marijuana extracts, such as hash, hash oil, shatter, and wax can be infused in products sold in a marijuana retail store, but RCW 69.50.354 does not allow the sale of extracts that are not infused in products. A marijuana extract does not meet the definition of a marijuana-infused product per RCW 69.50.101.

(3) Internet sales and delivery of product is prohibited.

(4) The application fee for a marijuana retailer's license is two hundred fifty dollars. The applicant is also responsible for paying the fees required by the approved vendor for fingerprint evaluation.

(5) The annual fee for issuance and renewal of a marijuana retailer's license is one thousand dollars. The board will conduct random criminal history checks at the time of renewal that will require the licensee to submit fingerprints for evaluation from the approved vendor. The licensee will be responsible for all fees required for the criminal history checks.

(6) Marijuana retailers may not sell marijuana products below their acquisition cost.

(7) Marijuana retailer licensees are allowed to have a maximum of four months of their average inventory on their licensed premises at any given time.

NEW SECTION

WAC 314-55-081 Who can apply for a marijuana retailer license?

(1) Using estimated consumption data and population data obtained from the office of financial management (OFM) population data, the liquor control board will determine the maximum number of marijuana retail locations per county.

The number of retail locations will be determined using a method that distributes the number of locations proportionate to the most populous cities within each county. Locations not assigned to a specific city will be at large. At large locations can be used for unincorporated areas in the county or in cities within the county that have no retail licenses designated. Once the number of locations per city and at large have been identified, the eligible applicants will be selected by lottery in the event the number of applications exceeds

the allotted amount for the cities and county. Any lottery conducted by the board will be witnessed by an independent third party.

(2) The number of marijuana retail licenses determined by the board can be found on the liquor control board web site at www.liq.wa.gov.

(3) Any entity and/or principals within any entity are limited to no more than three retail marijuana licenses with no multiple location licensee allowed more than thirty-three percent of the allowed licenses in any county or city.

(4) The board will initially limit the opportunity to apply for a marijuana retailer license to a thirty-day calendar window beginning with the effective date of this section. In order for a marijuana retailer license application to be considered it must be received no later than thirty days after the effective date of the rules adopted by the board. The board may reopen the marijuana retailer application window after the initial evaluation of the applications received and at subsequent times when the board deems necessary.

NEW SECTION

WAC 314-55-082 Insurance requirements. Marijuana licensees shall provide insurance coverage as set out in this section. The intent of the required insurance is to protect the consumer should there be any claims, suits, actions, costs, damages or expenses arising from any negligent or intentional act or omission of the marijuana licensees. Marijuana licensees shall furnish evidence in the form of a certificate of insurance satisfactory to the board that insurance, in the following kinds and minimum amounts, has been secured. Failure to provide proof of insurance, as required, may result in license cancellation.

(1) Commercial general liability insurance: The licensee shall at all times carry and maintain commercial general liability insurance and if necessary, commercial umbrella insurance for bodily injury and property damage arising out of licensed activities. This insurance shall cover such claims as may be caused by any act, omission, or negligence of the licensee or its officers, agents, representatives, assigns, or servants. The insurance shall also cover bodily injury, including disease, illness and death, and property damage arising out of the licensee's premises/operations, products, and personal injury. The limits of liability insurance shall not be less than one million dollars.

(2) Insurance carrier rating: The insurance required in subsection (1) of this section shall be issued by an insurance company authorized to do business within the state of Washington. Insurance is to be placed with a carrier that has a rating of A - Class VII or better in the most recently published edition of *Best's Reports*. If an insurer is not admitted, all insurance policies and procedures for issuing the insurance policies must comply with chapters 48.15 RCW and 284-15 WAC.

(3) Additional insured. The board shall be named as an additional insured on all general liability, umbrella, and excess insurance policies. All policies shall be primary over any other valid and collectable insurance.

NEW SECTION

WAC 314-55-083 What are the security requirements for a marijuana licensee? The security requirements for a marijuana licensee are as follows:

(1) **Display of identification badge.** All employees on the licensed premises shall be required to hold and properly display an identification badge issued by the licensed employer at all times while on the licensed premises.

(2) **Alarm systems.** At a minimum, each licensed premises must have a security alarm system on all perimeter entry points and perimeter windows. Motion detectors, pressure switches, duress, panic, and hold-up alarms may also be utilized.

(3) **Surveillance system.** At a minimum, a complete video surveillance with minimum camera resolution of 640x470 pixel and must be internet protocol (IP) compatible and recording system for controlled areas within the licensed premises and entire perimeter fencing and gates enclosing an outdoor grow operation, to ensure control of the area. The requirements include image acquisition, video recording, management and monitoring hardware and support systems. All recorded images must clearly and accurately display the time and date. Time is to be measured in accordance with the U.S. National Institute Standards and Technology standards.

(a) All controlled access areas, security rooms/areas and all points of ingress/egress to limited access areas, all points of ingress/egress to the exterior of the licensed premises, and all point-of-sale (POS) areas must have fixed camera coverage capable of identifying activity occurring within a minimum of twenty feet of all entry and exit points.

(b) Camera placement shall allow for the clear and certain identification of any individual on the licensed premises.

(c) All entrances and exits to the facility shall be recorded from both indoor and outdoor vantage points, and capable of clearly identifying any activities occurring within the facility or within the grow rooms in low light conditions. The surveillance system storage device must be secured on-site in a lock box, cabinet, closet, or secured in another manner to protect from employee tampering or criminal theft.

(d) All perimeter fencing and gates enclosing an outdoor grow operation must have full video surveillance capable of clearly identifying any activities occurring within twenty feet of the exterior of the perimeter. Any gate or other entry point that is part of the enclosure for an outdoor growing operation must have fixed camera coverage capable of identifying activity occurring within a minimum of twenty feet of the exterior, twenty-four hours a day. A motion detection lighting system may be employed to illuminate the gate area in low light conditions.

(e) Areas where marijuana is grown, cured or manufactured including destroying waste, shall have a camera placement in the room facing the primary entry door, and in adequate fixed positions, at a height which will provide a clear, unobstructed view of the regular activity without a sight blockage from lighting hoods, fixtures, or other equipment, allowing for the clear and certain identification of persons and activities at all times.

(f) All marijuana or marijuana-infused products that are intended to be removed or transported from marijuana producer to marijuana pro-

cessor and/or marijuana processor to marijuana retailer shall be staged in an area known as the "quarantine" location for a minimum of twenty-four hours. Transport manifest with product information and weights must be affixed to the product. At no time during the quarantine period can the product be handled or moved under any circumstances and is subject to auditing by the liquor control board or designees.

(g) All camera recordings must be continuously recorded twenty-four hours a day. All surveillance recordings must be kept for a minimum of forty-five days on the licensee's recording device. All videos are subject to inspection by any liquor control board employee or law enforcement officer, and must be copied and provided to the board or law enforcement officer upon request.

(4) **Traceability:** To prevent diversion and to promote public safety, marijuana licensees must track marijuana from seed to sale. Licensees must provide the required information on a system specified by the board. All costs related to the reporting requirements are borne by the licensee. Marijuana seedlings, clones, plants, lots of usable marijuana or trim, leaves, and other plant matter, batches of extracts and marijuana-infused products must be traceable from production through processing, and finally into the retail environment including being able to identify which lot was used as base material to create each batch of extracts or infused products. The following information is required and must be kept completely up-to-date in a system specified by the board:

(a) Key notification of "events," such as when a plant enters the system (moved from the seedling or clone area to the vegetation production area at a young age);

(b) When plants are to be partially or fully harvested or destroyed;

(c) When a lot or batch of marijuana-infused product is to be destroyed;

(d) When usable marijuana or marijuana-infused products are transported;

(e) Any theft of marijuana seedlings, clones, plants, trim or other plant material, extract, infused product, or other item containing marijuana;

(f) There is a seventy-two hour mandatory waiting period after the notification described in this subsection is given before any plant may be destroyed or a lot or batch of marijuana or marijuana-infused product may be destroyed;

(g) There is a twenty-four hour mandatory waiting period after the notification described in this subsection to allow for inspection before a lot of marijuana is transported from a producer to a processor;

(h) There is a twenty-four hour mandatory waiting period after the notification described in this subsection to allow for inspection before useable marijuana, or marijuana-infused products are transported from a processor to a retailer.

(i) Prior to reaching eight inches in height or width, each marijuana plant must be tagged and tracked individually, which typically should happen when a plant is moved from the seed germination or clone area to the vegetation production area;

(j) A complete inventory of all marijuana seedlings, clones, all plants, lots of usable marijuana or trim, leaves, and other plant matter, batches of extract and marijuana-infused products;

(k) All point of sale records;

- (l) Marijuana excise tax records;
- (m) All samples sent to an independent testing lab and the quality assurance test results;
- (n) All free samples provided to another licensee for purposes of negotiating a sale;
- (o) All samples used for testing for quality by the producer or processor;
- (p) Samples containing usable marijuana provided to retailers;
- (q) Samples provided to the board or their designee for quality assurance compliance checks; and
- (r) Other information specified by the board.

(5) **Start-up inventory for marijuana producers.** Within fifteen days of starting production operations a producer must have all non-flowering marijuana plants physically on the licensed premises. The producer must immediately record each marijuana plant that enters the facility in the traceability system during this fifteen day time frame. No flowering marijuana plants may be brought into the facility during this fifteen day time frame. After this fifteen day time frame expires, a producer may only start plants from seed or create clones from a marijuana plant located physically on their licensed premises, or purchase marijuana seeds, clones, or plants from another licensed producer.

(6) **Samples.** Free samples of usable marijuana may be provided by producers or processors, or used for product quality testing, as set forth in this section.

(a) Samples are limited to two grams and a producer may not provide any one licensed processor more than four grams of usable marijuana per month free of charge for the purpose of negotiating a sale. The producer must record the amount of each sample and the processor receiving the sample in the traceability system.

(b) Samples are limited to two grams and a processor may not provide any one licensed retailer more than four grams of usable marijuana per month free of charge for the purpose of negotiating a sale. The processor must record the amount of each sample and the retailer receiving the sample in the traceability system.

(c) Samples are limited to two units and a processor may not provide any one licensed retailer more than six ounces of marijuana infused in solid form per month free of charge for the purpose of negotiating a sale. The processor must record the amount of each sample and the retailer receiving the sample in the traceability system.

(d) Samples are limited to two units and a processor may not provide any one licensed retailer more than twenty-four ounces of marijuana-infused liquid per month free of charge for the purpose of negotiating a sale. The processor must record the amount of each sample and the retailer receiving the sample in the traceability system.

(e) Samples are limited to one-half gram and a processor may not provide any one licensed retailer more than one gram of marijuana-infused extract meant for inhalation per month free of charge for the purpose of negotiating a sale. The processor must record the amount of each sample and the retailer receiving the sample in the traceability system.

(f) Producers may sample one gram of useable marijuana per strain, per month for quality sampling. Sampling for quality may not take place at a licensed premises. Only the producer or employees of the licensee may sample the useable marijuana for quality. The producer must record the amount of each sample and the employee(s) conducting the sampling in the traceability system.

(g) Processors may sample one unit, per batch of a new edible marijuana-infused product to be offered for sale on the market. Sampling for quality may not take place at a licensed premises. Only the processor or employees of the licensee may sample the edible marijuana-infused product. The processor must record the amount of each sample and the employee(s) conducting the sampling in the traceability system.

(h) Processors may sample up to one quarter gram, per batch of a new marijuana-infused extract for inhalation to be offered for sale on the market. Sampling for quality may not take place at a licensed premises. Only the processor or employee(s) of the licensee may sample the marijuana-infused extract for inhalation. The processor must record the amount of each sample and the employee(s) conducting the sampling in the traceability system.

(i) The limits described in subsection (3) of this section do not apply to the usable marijuana in sample jars that may be provided to retailers described in WAC 314-55-105(8).

(j) Retailers may not provide free samples to customers.

NEW SECTION

WAC 314-55-084 Production of marijuana. Only the following specified soil amendments, fertilizers, other crop production aids, and pesticides may be used in the production of marijuana:

(1) Materials listed or registered by the Washington state department of agriculture (WSDA) or Organic Materials Review Institute (OMRI) as allowable for use in organic production, processing, and handling under the U.S. Department of Agriculture's national organics standards, also called the National Organic Program (NOP), consistent with requirements at 7 C.F.R. Part 205.

(2) Pesticides registered by WSDA under chapter 15.58 RCW as allowed for use in the production, processing, and handling of marijuana. Pesticides must be used consistent with the label requirements.

(3) Commercial fertilizers registered by WSDA under chapter 15.54 RCW.

(4) Potting soil and other growing media available commercially in the state of Washington may be used in marijuana production. Producers growing outdoors are not required to meet land eligibility requirements outlined in 7 C.F.R. Part 205.202.

NEW SECTION

WAC 314-55-085 What are the transportation requirements for a marijuana licensee? (1) **Notification of shipment.** Upon transporting any marijuana or marijuana product, a producer, processor or retailer shall notify the board of the type and amount and/or weight of marijuana and/or marijuana products being transported, the name of transporter, times of departure and expected delivery. This information must be reported in the traceability system described in WAC 314-55-083(4).

(2) **Receipt of shipment.** Upon receiving the shipment, the licensee receiving the product shall report the amount and/or weight of marijuana and/or marijuana products received in the traceability system.

(3) **Transportation manifest.** A complete transport manifest containing all information required by the board must be kept with the product at all times.

(4) **Records of transportation.** Records of all transportation must be kept for a minimum of three years at the licensee's location.

(5) **Transportation of product.** Marijuana or marijuana products that are being transported must meet the following requirements:

(a) Only the marijuana licensee or an employee of the licensee may transport product;

(b) Marijuana or marijuana products must be in a sealed package or container approved by the board pursuant to WAC 314-55-105;

(c) Sealed packages or containers cannot be opened during transport;

(d) Marijuana or marijuana products must be in a locked, safe and secure storage compartment that is secured to the inside body/compartment of the vehicle transporting the marijuana or marijuana products;

(e) Any vehicle transporting marijuana or marijuana products must travel directly from the shipping licensee to the receiving licensee and must not make any unnecessary stops in between except to other facilities receiving product.

NEW SECTION

WAC 314-55-086 What are the mandatory signs a marijuana licensee must post on a licensed premises? (1) Notices regarding persons under twenty-one years of age must be conspicuously posted on the premises as follows:

Type of licensee	Sign must contain the following language:	Required location of sign
Marijuana producer, marijuana processor, and marijuana retailer	"Persons under twenty-one years of age not permitted on these premises."	Conspicuous location at each entry to premises.

The board will provide the required notices, or licensees may design their own notices as long as they are legible and contain the required language.

(2) **Signs provided by the board prohibiting opening a package of marijuana or marijuana-infused product in public or consumption of marijuana or marijuana-infused products in public, must be posted as follows:**

Type of premises	Required location of sign
Marijuana retail	Posted in plain view at the main entrance to the establishment.

(3) **The premises' current and valid master license with appropriate endorsements must be conspicuously posted on the premises and available for inspection by liquor enforcement officers.**

NEW SECTION

WAC 314-55-087 What are the recordkeeping requirements for marijuana licensees? (1) Marijuana licensees are responsible to keep records that clearly reflect all financial transactions and the financial condition of the business. The following records must be kept and maintained on the licensed premises for a three-year period and must be made available for inspection if requested by an employee of the liquor control board:

(a) Purchase invoices and supporting documents, to include the items and/or services purchased, from whom the items were purchased, and the date of purchase;

(b) Bank statements and canceled checks for any accounts relating to the licensed business;

(c) Accounting and tax records related to the licensed business and each true party of interest;

(d) Records of all financial transactions related to the licensed business, including contracts and/or agreements for services performed or received that relate to the licensed business;

(e) All employee records, to include training;

(f) Records of each daily application of pesticides applied to the marijuana plants or growing medium. For each application, the producer shall record the following information on the same day the application is made:

(i) Full name of each employee who applied the pesticide;

(ii) The date the pesticide was applied;

(iii) The name of the pesticide or product name listed on the registration label which was applied;

(iv) The concentration and total amount of pesticide per plant; and

(v) For outdoor production, the concentration of pesticide that was applied to the field. Liquor applications may be recorded as, but are not limited to, amount of product per one hundred gallons of liquor spray, gallons per acre of output volume, ppm, percent product in tank mix (e.g., one percent). For chemigation applications, record "inches of water applied" or other appropriate measure.

(g) Soil amendment, fertilizers, or other crop production aids applied to the growing medium or used in the process of growing marijuana;

(h) Production and processing records, including harvest and curing, weighing, destruction of marijuana, creating batches of marijuana-infused products and packaging into lots and units;

(i) Records of each batch of extracts or infused marijuana products made, including at a minimum, the lots of usable marijuana or trim, leaves, and other plant matter used (including the total weight of the base product used), any solvents or other compounds utilized, and the product type and the total weight of the end product produced, such as hash oil, shatter, tincture, infused dairy butter, etc.;

(j) Transportation records as described in WAC 314-55-085;

(k) Inventory records;

(l) All samples sent to an independent testing lab and the quality assurance test results;

(m) All free samples provided to another licensee for purposes of negotiating a sale;

(n) All samples used for testing for quality by the producer or processor;

(o) Sample jars containing usable marijuana provided to retailers; and

(p) Records of any theft of marijuana seedlings, clones, plants, trim or other plant material, extract, marijuana-infused product, or other item containing marijuana.

(2) If the marijuana licensee keeps records within an automated data processing (ADP) and/or point-of-sale (POS) system, the system must include a method for producing legible records that will provide the same information required of that type of record within this section. The ADP and/or POS system is acceptable if it complies with the following guidelines:

(a) Provides an audit trail so that details (invoices and vouchers) underlying the summary accounting data may be identified and made available upon request.

(b) Provides the opportunity to trace any transaction back to the original source or forward to a final total. If printouts of transactions are not made when they are processed, the system must have the ability to reconstruct these transactions.

(c) Has available a full description of the ADP and/or POS portion of the accounting system. This should show the applications being performed, the procedures employed in each application, and the controls used to ensure accurate and reliable processing.

(3) The provisions contained in subsections (1) and (2) of this section do not eliminate the requirement to maintain source documents, but they do allow the source documents to be maintained in some other location.

NEW SECTION

WAC 314-55-089 What are the tax and reporting requirements for marijuana licensees? (1) Marijuana licensees must submit monthly report(s) and payments to the board. The required monthly reports must be:

(a) On a form or electronic system designated by the board;

(b) Filed every month, including months with no activity or payment due;

(c) Submitted, with payment due, to the board on or before the twentieth day of each month, for the previous month. (For example, a report listing transactions for the month of January is due by February 20th.) When the twentieth day of the month falls on a Saturday, Sunday, or a legal holiday, the filing must be postmarked by the U.S. Postal Service no later than the next postal business day;

(d) Filed separately for each marijuana license held; and

(e) All records must be maintained and available for review for a three-year period on licensed premises (see WAC 314-55-087).

(2) **Marijuana producer licensees:** On a monthly basis, marijuana producers must maintain records and report purchases from other licensed marijuana producers, current production and inventory on hand, sales by product type, and lost and destroyed product in a manner prescribed by the board.

A marijuana producer licensee must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale to a licensed marijuana processor.

(3) **Marijuana processor licensees:** On a monthly basis, marijuana processors must maintain records and report purchases from licensed marijuana producers, production of marijuana-infused products, sales by product type to marijuana retailers, and lost and/or destroyed product in a manner prescribed by the board.

A marijuana processor licensee must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each wholesale sale of usable marijuana and marijuana-infused product to a licensed marijuana retailer.

(4) **Marijuana retailer's licensees:** On a monthly basis, marijuana retailers must maintain records and report purchases from licensed marijuana processors, sales by product type to consumers, and lost and/or destroyed product in a manner prescribed by the board.

A marijuana retailer licensee must pay to the board a marijuana excise tax of twenty-five percent of the selling price on each retail sale of usable marijuana or marijuana-infused products.

NEW SECTION

WAC 314-55-092 What if a marijuana licensee fails to report or pay, or reports or pays late? (1) If a marijuana licensee does not submit its monthly reports and payment(s) to the board as required in WAC 314-55-089: The licensee is subject to penalties.

Penalties: A penalty of two percent per month will be assessed on any payments postmarked after the twentieth day of the month following the month of sale. When the twentieth day of the month falls on a Saturday, Sunday, or a legal holiday, the filing must be postmarked by the U.S. Postal Service no later than the next postal business day.

(2) Failure to make a report and/or pay the license taxes and/or penalties in the manner and dates outlined in WAC 314-55-089 will be sufficient grounds for the board to suspend or revoke a marijuana license.

NEW SECTION

WAC 314-55-095 Marijuana servings and transaction limitations. Marijuana dosage and transaction limitations are as follows:

(1) **Single serving.** A single serving of a marijuana-infused product amounts to ten milligrams active tetrahydrocannabinol (THC), or Delta 9.

(2) **Maximum number of servings.** The maximum number of servings in any one single unit of marijuana-infused product meant to be eaten or swallowed is ten servings or one hundred milligrams of active THC, or Delta 9. A single unit of marijuana-infused extract for inhalation cannot exceed one gram.

(3) **Transaction limitation.** A single transaction is limited to one ounce of usable marijuana, sixteen ounces of marijuana-infused product in solid form, seven grams of marijuana-infused extract for inhalation, and seventy-two ounces of marijuana-infused product in liquid form for persons twenty-one years of age and older.

NEW SECTION

WAC 314-55-097 Marijuana waste disposal—Liquids and solids. (1) Solid and liquid wastes generated during marijuana production and processing must be stored, managed, and disposed of in accordance with applicable state and local laws and regulations.

(2) Wastewater generated during marijuana production and processing must be disposed of in compliance with applicable state and local laws and regulations.

(3) Wastes from the production and processing of marijuana plants must be evaluated against the state's dangerous waste regulations (chapter 173-303 WAC) to determine if those wastes designate as dangerous waste. It is the responsibility of each waste generator to properly evaluate their waste to determine if it designates as a dangerous waste. If a generator's waste does designate as a dangerous waste, then that waste(s) is subject to the applicable management standards found in chapter 173-303 WAC.

(a) Wastes that must be evaluated against the dangerous waste regulations include, but are not limited to, the following:

(i) Waste from marijuana flowers, trim and solid plant material used to create an extract (per WAC 315-55-104).

(ii) Waste solvents used in the marijuana process (per WAC 315-55-104).

(iii) Discarded plant waste, spent solvents and laboratory wastes from any marijuana processing or quality assurance testing.

(iv) Marijuana extract that fails to meet quality testing.

(b) Marijuana wastes that do not designate as dangerous shall be managed in accordance with subsection (4) of this section.

(c) A marijuana plant, usable marijuana, trim and other plant material in itself is not considered dangerous waste as defined under chapter 173-303 WAC unless it has been treated or contaminated with a solvent.

(4) Marijuana waste that does not designate as dangerous waste (per subsection (3) of this section) must be rendered unusable following the methods in subsection (5) of this section prior to leaving a licensed producer, processor, retail facility, or laboratory. Disposal of the marijuana waste rendered unusable must follow the methods under subsection (6) of this section.

(a) Wastes that must be rendered unusable prior to disposal include, but are not limited to, the following:

(i) Waste evaluated per subsection (3) of this section and determined to not designate as "Dangerous Waste."

(ii) Marijuana plant waste, including roots, stalks, leaves, and stems that have not been processed with solvent.

(iii) Solid marijuana sample plant waste possessed by third-party laboratories accredited by the board to test for quality assurance that must be disposed of.

(iv) Other wastes as determined by the LCB.

(b) A producer or processor must provide the board a minimum of seventy-two hours notice in the traceability system described in WAC 314-55-083(4) prior to rendering the product unusable and disposing of it.

(5) The allowable method to render marijuana plant waste unusable is by grinding and incorporating the marijuana plant waste with other ground materials so the resulting mixture is at least fifty percent

nonmarijuana waste by volume. Other methods to render marijuana waste unusable must be approved by LCB before implementation.

Material used to grind with the marijuana falls into two categories: Compostable waste and noncompostable waste.

(a) Compostable mixed waste: Marijuana waste to be disposed as compost feedstock or in another organic waste method (for example, anaerobic digester) may be mixed with the following types of waste materials:

- (i) Food waste;
- (ii) Yard waste;
- (iii) Vegetable based grease or oils; or
- (iv) Other wastes as approved by the LCB.

(b) Noncompostable mixed waste: Marijuana waste to be disposed in a landfill or another disposal method (for example, incinerator) may be mixed with the following types of waste materials:

- (i) Paper waste;
- (ii) Cardboard waste;
- (iii) Plastic waste;
- (iv) Soil; or
- (v) Other wastes as approved by the LCB.

(6) Marijuana wastes rendered unusable following the method described in subsection (4) of this section can be disposed.

(a) Disposal of the marijuana waste rendered unusable may be delivered to a permitted solid waste facility for final disposition. Examples of acceptable permitted solid waste facilities include:

- (i) Compostable mixed waste: Compost, anaerobic digester, or other facility with approval of the jurisdictional health department.
- (ii) Noncompostable mixed waste: Landfill, incinerator, or other facility with approval of the jurisdictional health department.

(b) Disposal of the marijuana waste rendered unusable may be managed on-site by the generator in accordance with the standards of chapter 173-350 WAC.

(c) A record of the final destination of marijuana waste rendered unusable.

NEW SECTION

WAC 314-55-099 Standardized scales. (1) Marijuana producer and processor licensees must have at least one scale on the licensed premises for the traceability and inventory of products.

(2) The scales and other measuring devices are subject to chapter 19.94 RCW, and must meet the requirements of the most current version of chapters 16-662 and 16-664 WAC.

(3) Licensees must register scales on a business license application with business license services through the department of revenue as required under chapter 19.94 RCW.

NEW SECTION

WAC 314-55-102 Quality assurance testing. (1) A person with financial interest in an accredited third-party testing lab may not have

direct or indirect financial interest in a licensed marijuana producer or processor for whom they are conducting required quality assurance tests.

(2) As a condition of accreditation, each lab must employ a scientific director responsible to ensure the achievement and maintenance of quality standards of practice. The scientific director shall meet the following minimum qualifications:

(a) Has earned, from a college or university accredited by a national or regional certifying authority a doctorate in the chemical or biological sciences and a minimum of two years' post-degree laboratory experience; or

(b) Has earned a master's degree in the chemical or biological sciences and has a minimum of four years' of post-degree laboratory experience; or

(c) Has earned a bachelor's degree in the chemical or biological sciences and has a minimum of six years of post-education laboratory experience.

(3) As a condition of accreditation, labs must follow the most current version of the Cannabis Inflorescence and Leaf monograph published by the *American Herbal Pharmacopoeia* or notify the board what alternative scientifically valid testing methodology the lab is following for each quality assurance test. The board may require third-party validation of any monograph or analytical method followed by the lab to ensure the methodology produces scientifically accurate results prior to them using those standards when conducting required quality assurance tests.

(4) As a condition of accreditation, the board may require third-party validation and ongoing monitoring of a lab's basic proficiency to correctly execute the analytical methodologies employed by the lab.

(5) Labs must adopt and follow minimum good lab practices (GLPs), and maintain internal standard operating procedures (SOPs), and a quality control/quality assurance (QC/QA) program as specified by the board. The board or authorized third-party organization can conduct audits of a lab's GLPs, SOPs, QC/QA, and inspect all other related records.

(6) The general body of required quality assurance tests for marijuana flowers, infused products, and extracts may include moisture content, potency analysis, foreign matter inspection, microbiological screening, pesticide and other chemical residue and metals screening, and residual solvents levels.

(7) Table of required quality assurance tests.

Product	Test(s) Required	Sample Size Needed to Complete all Tests
Flowers to be sold as usable marijuana (see note below)	1. Moisture content 2. Potency analysis 3. Foreign matter inspection 4. Microbiological screening	Up to 7 grams
Flowers to be used to make an extract (nonsolvent) like kief, hashish, bubble hash, or infused dairy butter, or oils or fats derived from natural sources	None	None
Extract (nonsolvent) like kief, hashish, bubble hash or infused dairy butter, or oils or fats derived from natural sources	1. Potency analysis 2. Foreign matter inspection 3. Microbiological screening	Up to 7 grams
Flowers to be used to make an extract (solvent based), made with a CO ₂ extractor, or with a food grade ethanol or glycerin	1. Foreign matter inspection 2. Microbiological screening	Up to 7 grams

Product	Test(s) Required	Sample Size Needed to Complete all Tests
Extract (solvent based) made using n-butane, isobutane, propane, heptane, or other solvents or gases approved by the board of at least 99% purity	1. Potency analysis 2. Residual solvent test 3. Microbiological screening (only if using flowers and other plant material that failed initial test)	Up to 2 grams
Extract made with a CO ₂ extractor like hash oil	1. Potency analysis 2. Microbiological screening (only if using flowers and other plant material that failed initial test)	Up to 2 grams
Extract made with food grade ethanol	1. Potency analysis 2. Microbiological screening (only if using flowers and other plant material that failed initial test)	Up to 2 grams
Extract made with food grade glycerin or propylene glycol	1. Potency analysis	Up to 1 gram
Infused edible	1. Potency analysis 2. Microbiological screening	1 unit
Infused liquid like a soda or tonic	1. Potency analysis 2. Microbiological screening	1 unit
Infused topical	1. Potency analysis	1 unit

(8) Independent testing labs may request additional sample material in excess of amounts listed in the table in subsection (7) of this section for the purposes of completing required quality assurance tests. Labs meeting the board's accreditation requirements may retrieve samples from a marijuana licensee's licensed premises and transport the samples directly to the lab.

(9) Labs meeting the board's accreditation requirements are not limited in the amount of useable marijuana and marijuana products they may have on their premises at any given time, but they must have records to prove all marijuana and marijuana-infused products only for the testing purposes described in WAC 314-55-102.

(10) At the discretion of the board, a producer or processor must provide an employee of the board or their designee samples in the amount listed in subsection (7) of this section for random compliance checks. Samples may be screened for pesticides and chemical residues, unsafe levels of metals, and used for other quality assurance tests deemed necessary by the board. All costs of this testing will be borne by the producer or processor.

(11) No lot of usable flower or batch of marijuana-infused product may be sold or transported until the completion of all required quality assurance testing.

(12) Any useable marijuana or marijuana-infused product that passed the required quality assurance tests may be labeled as "Class A." Only "Class A" useable marijuana or marijuana-infused product will be allowed to be sold.

(13) If a lot of marijuana flowers fail a quality assurance test, any marijuana plant trim, leaf and other usable material from the same plants automatically fails quality assurance testing also. Upon approval of the board, a lot that fails a quality assurance test may be used to make a CO₂ or solvent based extract. After processing, the CO₂ or solvent based extract must still pass all required quality assurance tests in WAC 314-55-102.

(14) At the request of the producer or processor, the board may authorize a retest to validate a failed test result on a case-by-case basis. All costs of the retest will be borne by the producer or the processor.

NEW SECTION

WAC 314-55-104 Marijuana processor license extraction requirements. (1) Processors are limited to certain methods, equipment, solvents, gases and mediums when creating marijuana extracts.

(2) Processors may use the hydrocarbons N-butane, isobutane, propane, or heptane or other solvents or gases exhibiting low to minimal potential human health-related toxicity approved by the board. These solvents must be of at least ninety-nine percent purity and a processor must use them in a professional grade closed loop extraction system designed to recover the solvents, work in a spark free environment with proper ventilation, and follow all applicable local fire, safety and building codes in processing and the storage of the solvents.

(3) Processors may use a professional grade closed loop CO₂ gas extraction system where every vessel is rated to a minimum of nine hundred pounds per square inch and follow all applicable local fire, safety and building codes in processing and the storage of the solvents. The CO₂ must be of at least ninety-nine percent purity.

(4) Processors may use heat, screens, presses, steam distillation, ice water, and other methods without employing solvents or gases to create kief, hashish, bubble hash, or infused dairy butter, or oils or fats derived from natural sources, and other extracts.

(5) Processors may use food grade glycerin, ethanol, and propylene glycol solvents to create extracts.

(6) Processors creating marijuana extracts must develop standard operating procedures, good manufacturing practices, and a training plan prior to producing extracts for the marketplace. Any person using solvents or gases in a closed looped system to create marijuana extracts must be fully trained on how to use the system, have direct access to applicable material safety data sheets and handle and store the solvents and gases safely.

(7) Parts per million for one gram of finished extract cannot exceed 500 parts per million or residual solvent or gas when quality assurance tested per RCW 69.50.348.

NEW SECTION

WAC 314-55-105 Packaging and labeling requirements. (1) All usable marijuana and marijuana products must be stored behind a counter or other barrier to ensure a customer does not have direct access to the product.

(2) Any container or packaging containing usable marijuana or marijuana products must protect the product from contamination and must not impart any toxic or deleterious substance to the usable marijuana or marijuana product.

(3) Upon the request of a retail customer, a retailer must disclose the name of the accredited third-party testing lab and results of the required quality assurance test for any usable marijuana or other marijuana product the customer is considering purchasing.

(4) usable marijuana and marijuana products may not be labeled as organic unless permitted by the United States Department of Agriculture in accordance with the Organic Foods Production Act.

(5) The accredited third-party testing lab and required results of the quality assurance test must be included with each lot and disclosed to the customer buying the lot.

(6) A marijuana producer must make quality assurance test results available to any processor purchasing product. A marijuana producer must label each lot of marijuana with the following information:

- (a) Lot number;
- (b) UBI number of the producer; and
- (c) Weight of the product.

(7) Marijuana-infused products meant to be eaten, swallowed, or inhaled, must be packaged in child resistant packaging in accordance with Title 16 C.F.R. 1700 of the Poison Prevention Packaging Act or use standards specified in this subsection. Marijuana-infused product in solid or liquid form may be packaged in plastic four mil or greater in thickness and be heat sealed with no easy-open tab, dimple, corner, or flap as to make it difficult for a child to open and as a tamper-proof measure. Marijuana-infused product in liquid form may also be sealed using a metal crown cork style bottle cap.

(8) A processor may provide a retailer free samples of usable marijuana packaged in a sample jar protected by a plastic or metal mesh screen to allow customers to smell the product before purchase. The sample jar may not contain more than three and one-half grams of usable marijuana. The sample jar and the usable marijuana within may not be sold to a customer and must be either returned to the licensed processor who provide the usable marijuana and sample jar or destroyed by the retailer after use in the manner described in WAC 314-55-097 and noted in the traceability system.

(9) A producer or processor may not treat or otherwise adulterate usable marijuana with any organic or nonorganic chemical or other compound whatsoever to alter the color, appearance, weight, or smell of the usable marijuana.

(10) Labels must comply with the version of NIST Handbook 130, Uniform Packaging and Labeling Regulation adopted in chapter 16-662 WAC.

(11) All usable marijuana when sold at retail must include accompanying material that contains the following warnings that state:

- (a) "Warning: This product has intoxicating effects and may be habit forming. Smoking is hazardous to your health";
- (b) "There may be health risks associated with consumption of this product";
- (c) "Should not be used by women that are pregnant or breast feeding";
- (d) "For use only by adults twenty-one and older. Keep out of reach of children";
- (e) "Marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug";
- (f) Statement that discloses all pesticides applied to the marijuana plants and growing medium during production and processing.

(12) All marijuana-infused products sold at retail must include accompanying material that contains the following warnings that state:

- (a) "There may be health risks associated with consumption of this product";
- (b) "This product is infused with marijuana or active compounds of marijuana";
- (c) "Should not be used by women that are pregnant or breast feeding";

(d) "For use only by adults twenty-one and older. Keep out of reach of children";

(e) "Products containing marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug";

(f) "Caution: When eaten or swallowed, the intoxicating effects of this drug may be delayed by two or more hours."

(g) Statement that discloses all pesticides applied to the marijuana plants and growing medium during production of the base marijuana used to create the extract added to the infused product; and

(h) Statement that discloses the type of extraction method, including any solvents, gases, or other chemicals or compounds used to produce or that are added to the extract.

(13) Labels affixed to the container or package containing usable marijuana sold at retail must include:

(a) The business or trade name and Washington state unified business identifier number of the licensees that produced, processed, and sold the usable marijuana;

(b) Lot number;

(c) Concentration of THC, THCA, CBD, including a total of active cannabinoids (potency profile);

(d) Net weight in ounces and grams or volume as appropriate;

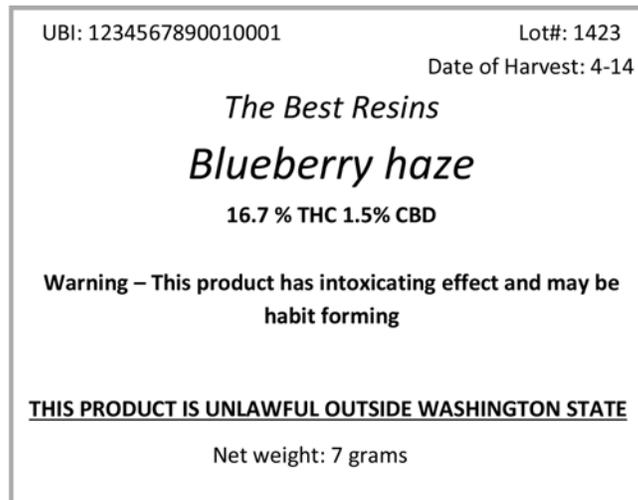
(e) Warnings that state: "This product has intoxicating effects and may be habit forming";

(f) Statement that "This product may be unlawful outside of Washington state";

(g) Date of harvest.

(h) The board may create a logo that must be placed on all usable marijuana and marijuana-infused products.

(14) Sample label mock up for a container or package containing usable marijuana sold at retail with required information:



(15) Labels affixed to the container or package containing marijuana-infused products sold at retail must include:

(a) The business or trade name and Washington state unified business identifier number of the licensees that produced, processed, and sold the usable marijuana;

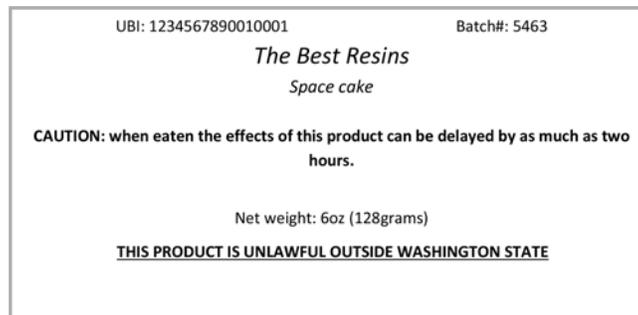
(b) Lot numbers of all base marijuana used to create the extract;

(c) Batch number;

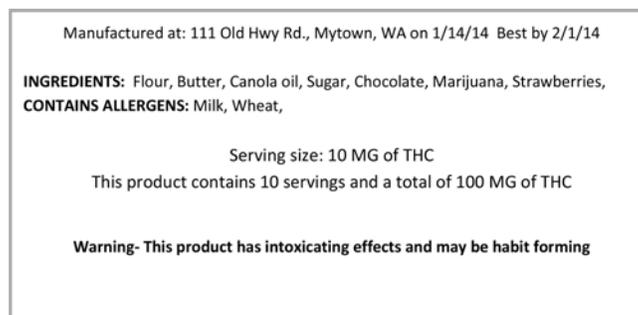
(d) Date manufactured;

- (e) Best by date;
 - (f) Recommended serving size and the number of servings contained within the unit, including total milligrams of active tetrahydrocannabinol (THC), or Delta 9;
 - (g) Net weight in ounces and grams, or volume as appropriate;
 - (h) List of all ingredients and any allergens;
 - (i) "Caution: When eaten or swallowed, the intoxicating effects of this drug may be delayed by two or more hours."
 - (j) If a marijuana extract was added to the product, disclosure of the type of extraction process and any solvent, gas, or other chemical used in the extraction process, or any other compound added to the extract;
 - (k) Warnings that state: "This product has intoxicating effects and may be habit forming";
 - (l) Statement that "This product may be unlawful outside of Washington state";
 - (m) The board may create a logo that must be placed on all usable marijuana and marijuana-infused products.
- (16) **Sample label mock up (front and back) for a container or package containing marijuana-infused products sold at retail with required information:**

(Front of label)



(Back of label)



NEW SECTION

WAC 314-55-120 Ownership changes. (1) Licensees must receive prior board approval before making any of the following ownership changes (see WAC 314-55-035 for the definition of "true party of interest"):

Type of change	Type of application	Fee
Change in the qualifying persons in a: Sole proprietorship, general partnership, limited partnership, or limited liability partnership.	New application.	Application fee and annual fee for current license privilege.
Change in the qualifying persons for a publicly or privately held corporation. The board will waive the fee for a corporate change when the proposed change consists solely of dropping an approved officer.	Application for change in corporate officer and/or stockholder.	\$75
Change in the qualifying persons in a limited liability company.	Application for change of limited liability company member and/or manager.	\$75

(2) The board may inquire into all matters in connection with any such sale of stock/units or proposed change in officers/members.

NEW SECTION

WAC 314-55-125 Change of location. (1) Changing your marijuana license to a new location requires an application, per the process outlined in WAC 314-55-020.

(2) A change of location occurs any time a move by the licensee results in any change to the physical location address.

NEW SECTION

WAC 314-55-130 Change of business name. (1) If you wish to change the name of your business, you must apply for a change of trade name with the department of revenue, business license service.

(2) If you wish to change your corporation or limited liability company name, you must apply for a change of name through the secretary of state.

(3) See chapter 434-12 WAC for guidelines for trade names.

NEW SECTION

WAC 314-55-135 Discontinue marijuana sales. You must notify the board's enforcement and education division in writing if you plan to stop doing business for more than thirty days, or if you plan to permanently discontinue marijuana sales.

NEW SECTION

WAC 314-55-140 Death or incapacity of a marijuana licensee. (1) The appointed guardian, executor, administrator, receiver, trustee, or assignee must notify the board's licensing and regulation division in the event of the death, incapacity, receivership, bankruptcy, or assignment for benefit of creditors of any licensee.

(2) The board may give the appointed guardian, executor, administrator, receiver, trustee, or assignee written approval to continue marijuana sales on the licensed business premises for the duration of the existing license and to renew the license when it expires.

(a) The person must be a resident of the state of Washington.

(b) A criminal background check may be required.

(3) When the matter is resolved by the court, the true party(ies) of interest must apply for a marijuana license for the business.

NEW SECTION

WAC 314-55-145 Are marijuana license fees refundable? When a license is suspended or canceled, or the licensed business is discontinued, the unused portion of the marijuana license fee will not be refunded.

NEW SECTION

WAC 314-55-147 What hours may a marijuana retailer licensee conduct sales? A marijuana retailer licensee may sell usable marijuana, marijuana-infused products, and marijuana paraphernalia between the hours of 8 a.m. and 12 a.m.

NEW SECTION

WAC 314-55-150 What are the forms of acceptable identification?

(1) Following are the forms of identification that are acceptable to verify a person's age for the purpose of purchasing marijuana:

(a) Driver's license, instruction permit, or identification card of any state, or province of Canada, from a U.S. territory or the Dis-

trict of Columbia, or "identocard" issued by the Washington state department of licensing per RCW 46.20.117;

(b) United States armed forces identification card issued to active duty, reserve, and retired personnel and the personnel's dependents, which may include an embedded, digital signature in lieu of a visible signature;

(c) Passport;

(d) Merchant Marine identification card issued by the United States Coast Guard; and

(e) Enrollment card issued by the governing authority of a federally recognized Indian tribe located in Washington, if the enrollment card incorporates security features comparable to those implemented by the department of licensing for Washington driver's licenses.

(2) The identification document is not acceptable to verify age if expired.

NEW SECTION

WAC 314-55-155 Advertising. (1) Advertising by retail licensees.

The board limits each retail licensed premises to one sign identifying the retail outlet by the licensee's business name or trade name that is affixed or hanging in the windows or on the outside of the premises that is visible to the general public from the public right of way. The size of the sign is limited to sixteen hundred square inches.

(2) **General.** All marijuana advertising and labels of useable marijuana and marijuana-infused products sold in the state of Washington may not contain any statement, or illustration that:

(a) Is false or misleading;

(b) Promotes over consumption;

(c) Represents the use of marijuana has curative or therapeutic effects;

(d) Depicts a child or other person under legal age to consume marijuana, or includes:

(i) Objects, such as toys, characters, or cartoon characters suggesting the presence of a child, or any other depiction designed in any manner to be especially appealing to children or other persons under legal age to consume marijuana; or

(ii) Is designed in any manner that would be especially appealing to children or other persons under twenty-one years of age.

(3) No licensed marijuana producer, processor, or retailer shall place or maintain, or cause to be placed or maintained, an advertisement of marijuana, usable marijuana, or a marijuana-infused product in any form or through any medium whatsoever:

(a) Within one thousand feet of the perimeter of a school grounds, playground, recreation center or facility, child care center, public park, library, or a game arcade admission to which it is not restricted to persons aged twenty-one years or older;

(b) On or in a public transit vehicle or public transit shelter;
or

(c) On or in a publicly owned or operated property.

(4) Giveaways, coupons, and distribution of branded merchandise are banned.

(5) All advertising must contain the following warnings:

- (a) "This product has intoxicating effects and may be habit forming.";
- (b) "Marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug.";
- (c) "There may be health risks associated with consumption of this product."; and
- (d) "For use only by adults twenty-one and older. Keep out of the reach of children."

NEW SECTION

WAC 314-55-160 Objections to marijuana license applications. (1) How can persons, cities, counties, tribal governments, or port authorities object to the issuance of a marijuana license? Per RCW 69.50.331, the board will notify cities, counties, tribal governments, and port authorities of the following types of marijuana applications. In addition to these entities, any person or group may comment in writing to the board regarding an application.

Type of application	Entities the board will/may notify
<ul style="list-style-type: none"> • Applications for an annual marijuana license at a new location. 	<ul style="list-style-type: none"> • Cities and counties in which the premises is located will be notified. Tribal governments and port authorities in which the premises is located may be notified.
<ul style="list-style-type: none"> • Applications to change the class of an existing annual marijuana license. 	
<ul style="list-style-type: none"> • Changes of ownership at existing licensed premises. 	<ul style="list-style-type: none"> • Cities and counties in which the premises is located will be notified. Tribal governments and port authorities in which the premises is located may be notified.

(2) **What will happen if a person or entity objects to a marijuana license application?** When deciding whether to issue or deny a marijuana license application, the board will give substantial weight to input from governmental jurisdictions in which the premises is located based upon chronic illegal activity associated with the applicant's operations of the premises proposed to be licensed or the applicant's operation of any other licensed premises; and other persons or groups. Note: Per RCW 69.50.331, the board shall not issue a new marijuana license if any of the following are within one thousand feet of the premises to be licensed: Any elementary or secondary schools, playgrounds, recreation centers or facilities, child care centers, public

parks, public transit centers, libraries, game arcade where admission is not restricted to persons twenty-one years of age or older.

(a) If the board contemplates issuing a license over the objection of a governmental jurisdiction in which the premises is located, the government subdivision may request an adjudicative hearing under the provisions of the Administrative Procedure Act, chapter 34.05 RCW. If the board, in its discretion, grants the governmental jurisdiction(s) an adjudicative hearing, the applicant will be notified and given the opportunity to present evidence at the hearing.

(b) If the board denies a marijuana license application based on the objection from a governmental jurisdiction, the applicant(s) may either:

(i) Reapply for the license no sooner than one year from the date on the final order of denial; or

(ii) Submit a written request on a form provided by the board for an adjudicative hearing under the provisions of the Administrative Procedure Act, chapter 34.05 RCW. The request must be received within twenty days of the date the intent to deny notification was mailed.

NEW SECTION

WAC 314-55-165 Objections to marijuana license renewals. (1) How can local cities, counties, tribal governments, or port authorities object to the renewal of a marijuana license?

(a) The board will give governmental jurisdictions approximately ninety days written notice of premises that hold annual marijuana licenses in that jurisdiction that are up for renewal.

(b) Per RCW 69.50.331, if a county, city, tribal government, or port authority wants to object to the renewal of a marijuana license in its jurisdiction, it must submit a letter to the board detailing the reason(s) for the objection and a statement of all facts on which the objections are based.

(c) The county, city, tribal government, or port authority may submit a written request to the board for an extension for good cause shown.

(d) This letter must be received by the board at least thirty days before the marijuana license expires. The objection must state specific reasons and facts that show issuance of the marijuana license at the proposed location or to the applicant business how it will detrimentally impact the safety, health, or welfare of the community.

(e) If the objection is received within thirty days of the expiration date or the licensee has already renewed the license, the objection will be considered as a complaint and possible license revocation may be pursued by the enforcement division.

(f) Objections from the public will be referred to the appropriate city, county, tribal government, or port authority for action under subsection (2) of this section. Upon receipt of the objection, the board licensing and regulation division will acknowledge receipt of the objection(s) and forward to the appropriate city, county, tribal government, or port authority. Such jurisdiction may or may not, based on the public objection, request nonrenewal.

(2) What will happen if a city, county, tribal government, or port authority objects to the renewal of a marijuana license? The board will give substantial weight to a city, county, tribal govern-

ment, or port authority objection to a marijuana license renewal of a premises in its jurisdiction based upon chronic illegal activity associated with the licensee's operation of the premises. Based on the jurisdiction's input and any information in the licensing file, the board will decide to either renew the marijuana license, or to pursue nonrenewal.

(a) Board decides to renew the marijuana license:	(b) Board decides to pursue nonrenewal of the marijuana license:
<p>(i) The board will notify the jurisdiction(s) in writing of its intent to renew the license, stating the reason for this decision.</p> <p>(ii) The jurisdiction(s) may contest the renewal and request an adjudicative hearing under the provisions of the Administrative Procedure Act (chapter 34.05 RCW) by submitting a written request on a form provided by the board. The request must be received within twenty days of the date the intent to renew notification was mailed. If the board, in its discretion, grants the governmental jurisdiction(s) an adjudicative hearing, the applicant will be notified and given the opportunity to present evidence at the hearing.</p>	<p>(i) The board will notify the licensee in writing of its intent to not renew the license, stating the reason for this decision.</p> <p>(ii) The licensee may contest the nonrenewal action and request an adjudicative hearing under the provisions of the Administrative Procedure Act (chapter 34.05 RCW) by submitting a written request on a form provided by the board. The request must be received within twenty days of the date the intent to deny notification was mailed.</p> <p>(iii) If the licensee requests a hearing, the governmental jurisdiction will be notified.</p> <p>(iv) During the hearing and any subsequent appeal process, the licensee is issued a temporary operating permit for the marijuana license until a final decision is made.</p>

NEW SECTION

WAC 314-55-505 What are the procedures for notifying a licensee of an alleged violation of a liquor control board statute or regulation? (1) When an enforcement officer believes that a licensee has violated a board statute or regulation, the officer may prepare an administrative violation notice (AVN) and mail or deliver the notice to the licensee, licensee's agent, or employee.

(2) The AVN notice will include:

- (a) A complete narrative description of the violation(s) the officer is charging;
- (b) The date(s) of the violation(s);
- (c) A copy of the law(s) and/or regulation(s) allegedly violated;
- (d) An outline of the licensee's options as outlined in WAC 314-55-510; and
- (e) The recommended penalty.

(i) If the recommended penalty is the standard penalty, see WAC 314-55-520 through 314-55-535 for licensees.

(ii) For cases in which there are aggravating or mitigating circumstances, the penalty may be adjusted from the standard penalty.

NEW SECTION

WAC 314-55-506 What is the process once the board summarily suspends a marijuana license? (1) The board may summarily suspend any license after the board's enforcement division has completed a preliminary staff investigation of the violation and upon a determination that immediate cessation of the licensed activities is necessary for the protection or preservation of the public health, safety, or welfare.

(2) Suspension of any license under this provision shall take effect immediately upon personal service on the licensee or employee thereof of the summary suspension order unless otherwise provided in the order.

(3) When a license has been summarily suspended by the board, an adjudicative proceeding for revocation or other action must be promptly instituted before an administrative law judge assigned by the office of administrative hearings. If a request for an administrative hearing is timely filed by the licensee or permit holder, then a hearing shall be held within ninety days of the effective date of the summary suspension ordered by the board.

NEW SECTION

WAC 314-55-507 How may a licensee challenge the summary suspension of his or her marijuana license? (1) Upon summary suspension of a license by the board pursuant to WAC 314-55-506, an affected licensee may petition the board for a stay of suspension pursuant to RCW 34.05.467 and 34.05.550(1). A petition for a stay of suspension must be received by the board within fifteen days of service of the summary suspension order. The petition for stay shall state the basis on which the stay is sought.

(2) A hearing shall be held before an administrative law judge within fourteen days of receipt of a timely petition for stay. The hearing shall be limited to consideration of whether a stay should be granted, or whether the terms of the suspension may be modified to allow the conduct of limited activities under current licenses or permits.

(3) Any hearing conducted pursuant to subsection (2) of this section shall be a brief adjudicative proceeding under RCW 34.05.485. The agency record for the hearing shall consist of the documentary information upon which the summary suspension was based. The licensee or permit holder shall have the burden of demonstrating by clear and convincing evidence that:

(a) The licensee is likely to prevail upon the merits at hearing;

(b) Without relief, the licensee will suffer irreparable injury. For purposes of this section, elimination of income from licensed activities shall not be deemed irreparable injury;

(c) The grant of relief will not substantially harm other parties to the proceedings; and

(d) The threat to the public health, safety, or welfare is not sufficiently serious to justify continuation of the suspension, or that modification of the terms of the suspension will adequately protect the public interest.

(4) The initial order on stay shall be effective immediately upon service unless another date is specified in the order.

NEW SECTION

WAC 314-55-508 Review of orders on stay. (1) The licensee, or agency, may petition the board for review of an initial order on stay. Any petition for review must be in writing and received by the board within ten days of service of the initial order. If neither party has requested review within ten days of service, the initial order shall be deemed the final order of the board for purposes of RCW 34.05.467.

(2) If the board receives a timely petition for review, the board shall consider the petition within fifteen days of service of the petition for review. Consideration on review shall be limited to the record of the hearing on stay.

(3) The order of the board on the petition for review shall be effective upon personal service unless another date is specified in the order and is final pursuant to RCW 34.05.467. Final disposition of the petition for stay shall not affect subsequent administrative proceedings for suspension or revocation of a license.

NEW SECTION

WAC 314-55-510 What options does a licensee have once he/she receives a notice of an administrative violation? (1) **A licensee has twenty days from receipt of the notice to:**

- (a) Accept the recommended penalty; or
- (b) Request a settlement conference in writing; or
- (c) Request an administrative hearing in writing.

A response must be submitted on a form provided by the agency.

(2) **What happens if a licensee does not respond to the administrative violation notice within twenty days?**

(a) If a licensee does not respond to the administrative violation notice within twenty days, the recommended suspension penalty will go into effect.

(b) If the penalty does not include a suspension, the licensee must pay a twenty-five percent late fee in addition to the recommended penalty. The recommended penalty plus the late fee must be received within thirty days of the violation notice issue date.

(3) **What are the procedures when a licensee requests a settlement conference?**

(a) If the licensee requests a settlement conference, the hearing examiner or designee will contact the licensee to discuss the violation.

(b) Both the licensee and the hearing examiner or designee will discuss the circumstances surrounding the charge, the recommended penalty, and any aggravating or mitigating factors.

(c) If a compromise is reached, the hearing examiner or designee will prepare a compromise settlement agreement. The hearing examiner or designee will forward the compromise settlement agreement, authorized by both parties, to the board, or designee, for approval.

(i) If the board, or designee, approves the compromise, a copy of the signed settlement agreement will be sent to the licensee and will become part of the licensing history.

(ii) If the board, or designee, does not approve the compromise, the licensee will be notified of the decision. The licensee will be given the option to renegotiate with the hearing examiner or designee, of accepting the originally recommended penalty, or of requesting an administrative hearing on the charges.

(d) If the licensee and the hearing examiner or designee cannot reach agreement on a settlement proposal, the licensee may accept the originally recommended penalty, or the hearing examiner or designee will forward a request for an administrative hearing to the board's hearings coordinator.

NEW SECTION

WAC 314-55-515 What are the penalties if a marijuana license holder violates a marijuana law or rule? (1) The purpose of WAC 314-55-515 through 314-55-540 is to outline what penalty a marijuana licensee can expect if a licensee or employee violates a liquor control board law or rule. (WAC rules listed in the categories provide reference areas, and may not be all inclusive.)

(2) Penalties for violations by marijuana licensees or employees are broken down into four categories:

(a) Group One—Public safety violations, WAC 314-55-520.

(b) Group Two—Regulatory violations, WAC 314-55-525.

(c) Group Three—License violations, WAC 314-55-530.

(d) Group Four—Producer violations involving the manufacture, supply, and/or distribution of marijuana by nonretail licensees and prohibited practices between nonretail licensees and retail licensees, WAC 314-55-535.

(3) For the purposes of chapter 314-55 WAC, a three-year window for violations is measured from the date one violation occurred to the date a subsequent violation occurred.

(4) The following schedules are meant to serve as guidelines. Based on mitigating or aggravating circumstances, the liquor control board may impose a different penalty than the standard penalties outlined in these schedules. Based on mitigating circumstances, the board may offer a monetary option in lieu of suspension, or alternate penalty, during a settlement conference as outlined in WAC 314-55-510(3).

(a) Mitigating circumstances	(b) Aggravating circumstances
<p>Mitigating circumstances that may result in fewer days of suspension and/or a lower monetary option may include demonstrated business policies and/or practices that reduce the risk of future violations.</p> <p>Examples include:</p> <ul style="list-style-type: none"> • Having a signed acknowledgment of the business' responsible handling and sales policies on file for each employee; • Having an employee training plan that includes annual training on marijuana laws. 	<p>Aggravating circumstances that may result in increased days of suspension, and/or increased monetary option, and/or cancellation of marijuana license may include business operations or behaviors that create an increased risk for a violation and/or intentional commission of a violation.</p> <p>Examples include:</p> <ul style="list-style-type: none"> • Failing to call 911 for local law enforcement or medical assistance when requested by a customer, a liquor control board officer, or when people have sustained injuries.

NEW SECTION

WAC 314-55-520 Group 1 violations against public safety. Group 1 violations are considered the most serious because they present a direct threat to public safety. Based on chapter 69.50 RCW, some violations have only a monetary option. Some violations beyond the first violation do not have a monetary option upon issuance of a violation notice. The liquor control board may offer a monetary option in lieu of suspension days based on mitigating circumstances as outlined in WAC 314-55-515(4).

Violation Type	1st Violation	2nd Violation in a three-year window	3rd Violation in a three-year window	4th Violation in a three-year window
Violations involving minors:	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license	
Sale or service to minor: Sale of marijuana and/or paraphernalia to a person under twenty-one years of age WAC 314-55-079	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license	
Allowing a minor to frequent a restricted area. RCW 69.50.357	\$1,000 monetary fine	\$1,000 monetary fine	\$1,000 monetary fine	
Employee under legal age. RCW 69.50.357	\$1,000 monetary fine	\$1,000 monetary fine	\$1,000 monetary fine	\$1,000 monetary fine
Licensee and/or employee open and/or consuming marijuana on a retail licensed premises. RCW 69.50.357	\$1,000 monetary fine	\$1,000 monetary fine	\$1,000 monetary fine	\$1,000 monetary fine
Conduct violations: Criminal conduct: Permitting or engaging in criminal conduct.	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license	

ATTACHMENT C

Violation Type	1st Violation	2nd Violation in a three-year window	3rd Violation in a three-year window	4th Violation in a three-year window
Using unauthorized pesticides, soil amendments, fertilizers, other crop production aids. WAC 314-55-020(8) WAC 314-55-083(4) WAC 314-55-087 (1)(f)	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license	
Adulterate usable marijuana with organic or nonorganic chemical or other compound WAC 314-55-105(8)	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license	
Using unauthorized solvents or gases in processing WAC 314-55-104	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license	
Refusal to allow an inspection and/or obstructing a law enforcement officer from performing their official duties. WAC 314-55-050	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license	
Marijuana purchased from an unauthorized source. Marijuana sold to an unauthorized source. Sales in excess of transaction limitations. WAC 314-55-095(3)	Cancellation of license Cancellation of license Cancellation of license			

NEW SECTION

WAC 314-55-525 Group 2 regulatory violations. Group 2 violations are violations involving general regulation and administration of retail or nonretail licenses.

Violation Type	1st Violation	2nd Violation in a three-year window	3rd Violation in a three-year window	4th Violation in a three-year window
Hours of service: Sales of marijuana between 12:00 a.m. and 8:00 a.m.	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Advertising: Violations (statements/illustrations). WAC 314-55-155(2)	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Advertising violations – Sign exceeding 1600 square inches; within 1000 feet of prohibited areas; on or in public transit vehicles, shelters, or publicly owned or operated property. RCW 69.50.357 RCW 69.50.369	\$1,000 monetary fine	\$1,000 monetary fine	\$1,000 monetary fine	\$1,000 monetary fine
Packaging and/or labeling violations (processor/retailer). WAC 314-55-105	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Licensee/employee failing to display required security badge. WAC 314-55-083(1)	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license

Violation Type	1st Violation	2nd Violation in a three-year window	3rd Violation in a three-year window	4th Violation in a three-year window
Failure to maintain required security alarm and surveillance systems. WAC 314-55-083 (2) and (3)	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Records: Improper record-keeping. WAC 314-55-087 WAC 314-55-089 (3), (4), and (5)	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Failure to submit monthly tax reports and/or payments. WAC 314-55-089 WAC 314-55-092	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Signs: Failure to post required signs. WAC 314-55-086	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Failure to utilize and/or maintain traceability (processor or retail licensee). WAC 314-55-083(4)	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Violation of transportation requirements. WAC 314-55-085	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Exceeding maximum serving requirements for marijuana-infused products. WAC 314-55-095(2)	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Failure for a processor to meet marijuana waste disposal requirements. WAC 314-55-097	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Failure to maintain standardized scale requirements (processor/retailer). WAC 314-55-099	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Marijuana processor extraction requirements. WAC 314-55-104	5-day suspension or \$500 monetary option	10-day suspension or \$2,500 monetary option	30-day suspension	Cancellation of license
Retail outlet selling unauthorized products. RCW 69.50.357	\$1,000 monetary fine	\$1,000 monetary fine	\$1,000 monetary fine	\$1,000 monetary fine
Retailer displaying products in a manner visible to the general public from a public right of way. RCW 69.50.357	\$1,000 monetary fine	\$1,000 monetary fine	\$1,000 monetary fine	\$1,000 monetary fine

NEW SECTION

WAC 314-55-530 Group 3 license violations. Group 3 violations are violations involving licensing requirements, license classification, and special restrictions.

Violation Type	1st Violation	2nd Violation in a three-year window	3rd Violation in a three-year window	4th Violation in a three-year window
True party of interest violation. WAC 314-55-035	Cancellation of license			
Failure to furnish required documents. WAC 314-55-050	Cancellation of license			
Misrepresentation of fact. WAC 314-55-050	Cancellation of license			
Operating plan: Violations of a board-approved operating plan. WAC 314-55-020	5-day suspension or \$500 monetary option	10-day suspension or \$1,500 monetary option	30-day suspension	Cancellation of license
Failing to gain board approval for changes in existing ownership. WAC 314-55-120	30-day suspension	Cancellation of license		
Failure to maintain required insurance. WAC 314-55-080	30-day suspension	Cancellation of license		

NEW SECTION

WAC 314-55-535 Group 4 marijuana producer violations. Group 4 violations are violations involving the manufacture, supply, and/or distribution of marijuana by marijuana producer licensees and prohibited practices between a marijuana producer licensee and a marijuana retailer licensee.

Violation Type	1st Violation	2nd Violation in a three-year window	3rd Violation in a three-year window	4th Violation in a three-year window
Unauthorized sale to a retail licensee. WAC 314-55-075	\$2,500 monetary fine	\$5,000 monetary fine and destruction of 25% of harvestable plants	\$15,000 monetary fine and destruction of 50% of harvestable plants	Cancellation of license
Failure to utilize and/or maintain traceability. WAC 314-55-083(4)	\$2,500 monetary fine	\$5,000 monetary fine and destruction of 25% of harvestable plants	\$15,000 monetary fine and destruction of 50% of harvestable plants	Cancellation of license
Packaging and/or labeling violations (producer). WAC 314-55-105	\$2,500 monetary fine	\$5,000 monetary fine and destruction of 25% of harvestable plants	\$15,000 monetary fine and destruction of 50% of harvestable plants	Cancellation of license
Unauthorized product/unapproved storage or delivery.	\$2,500 monetary fine	\$5,000 monetary fine and destruction of 25% of harvestable plants	\$15,000 monetary fine and destruction of 50% of harvestable plants	Cancellation of license
Failure for a producer to meet marijuana waste disposal requirements. WAC 314-55-097	\$2,500 monetary fine	\$5,000 monetary fine and destruction of 25% of harvestable plants	\$15,000 monetary fine and destruction of 50% of harvestable plants	Cancellation of license
Records: Improper recordkeeping. WAC 314-55-087 WAC 314-55-089 (2) and (4) WAC 314-55-092	\$2,500 monetary fine	\$5,000 monetary fine and destruction of 25% of harvestable plants	\$15,000 monetary fine and destruction of 50% of harvestable plants	Cancellation of license
Violation of transportation requirements. WAC 314-55-085	\$2,500 monetary fine	\$5,000 monetary fine and destruction of 25% of harvestable plants	\$15,000 monetary fine and destruction of 50% of harvestable plants	Cancellation of license

Violation Type	1st Violation	2nd Violation in a three-year window	3rd Violation in a three-year window	4th Violation in a three-year window
Failure to maintain required security alarm and surveillance systems. WAC 314-55-083 (2) and (3)	\$2,500 monetary fine	\$5,000 monetary fine and destruction of 25% of harvestable plants	\$15,000 monetary fine and destruction of 50% of harvestable plants	Cancellation of license
Failure to maintain standardized scale requirements (producer). WAC 314-55-099	\$2,500 monetary fine	\$5,000 monetary fine and destruction of 25% of harvestable plants	\$15,000 monetary fine and destruction of 50% of harvestable plants	Cancellation of license
Violation.				

NEW SECTION

WAC 314-55-540 Information about marijuana license suspensions.

(1) On the date a marijuana license suspension goes into effect, a liquor control officer will post a suspension notice in a conspicuous place on or about the licensed premises. This notice will state that the license has been suspended by order of the liquor control board due to a violation of a board law or rule.

(2) During the period of marijuana license suspension, the licensee and employees:

(a) Are required to maintain compliance with all applicable marijuana laws and rules;

(b) May not remove, alter, or cover the posted suspension notice, and may not permit another person to do so;

(c) May not place or permit the placement of any statement on the licensed premises indicating that the premises have been closed for any reason other than as stated in the suspension notice;

(d) May not advertise by any means that the licensed premises is closed for any reason other than as stated in the liquor control board's suspension notice.

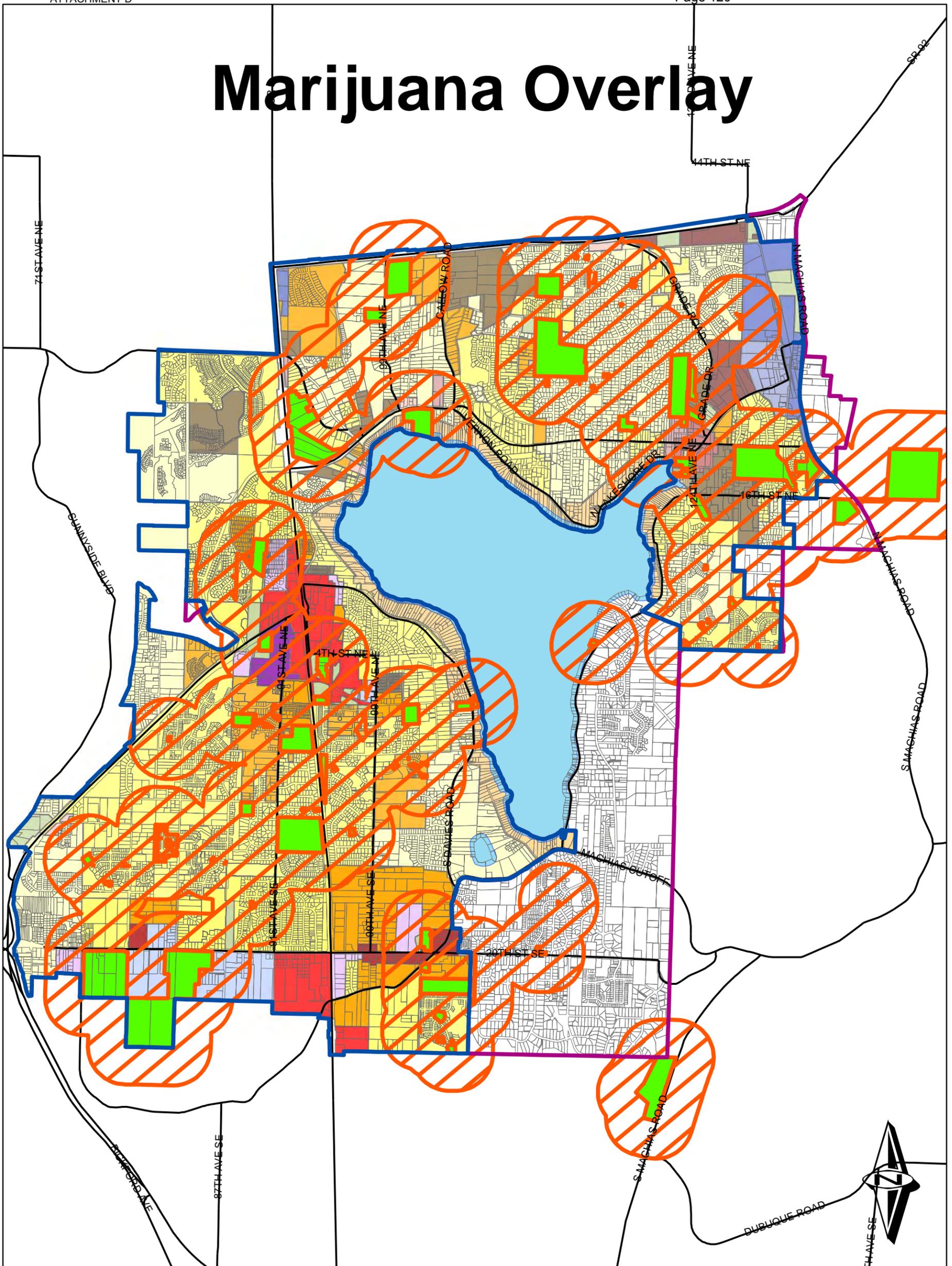
(3) During the period of marijuana license suspension:

(a) A marijuana retailer or marijuana processor licensee may not operate his/her business during the dates and times of suspension.

(b) There is no sale, delivery, service, destruction, removal, or receipt of marijuana during a license suspension.

(c) A producer of marijuana may do whatever is necessary as a part of the producing process to keep current stock that is on hand at the time of the suspension from spoiling or becoming unsalable during a suspension, provided it does not include processing the product. The producer may not receive any agricultural products used in the production of marijuana during the period of suspension.

Marijuana Overlay



Boundary	City Zones	City Zones	Subarea Zones
City of Lake Stevens	Suburban Residential (SR)	Mixed Use (MU)	Urban Residential (UR)
Unincorporated UGA	Urban Residential (UR)	Central Business District (CBD)	High Urban Residential (HUR)
Affected parcels	High Urban Residential (HUR)	Planned Business District (PBD)	Mixed-Use Neighborhood (MUN)
1000-ft Buffer	Waterfront Residential (WR)	Light Industrial (LI)	Main Street (MS)
	Multi-Family Residential (MFR)	General Industrial (GI)	Commercial District (CD)
	MF Development Agreement (MFDA)	GI Development Agreement (GIDA)	Neighborhood Business (NB)
	Local Business (LB)	Public / Semi-Public (P/SP)	Business District (BD)
			Public / Semi-Public (P/SP)



MUNICIPAL RESEARCH AND SERVICES CENTER

Marijuana Land Use Issues

Frequently Asked Questions

If a city or county establishes zoning for recreational marijuana businesses (providing locations where state licensed growers, processors and retailers can set up shop), would that governmental action in any way put at risk the receipt of federal funds related to other local government functions, such as roads, airports, clean water projects, etc.?

We have not heard or read anything that would lead us to believe that any federal agency would restrict or deny federal funds to any local government in Washington because of compliance with the state laws and regulations regarding recreational marijuana.

If a city has determined that all of the land within the city limits is either zoned residential or is within the 1,000 foot separation zone (from schools, parks, recreation centers, etc.) established by I-502, is the city still required to allow recreational marijuana businesses?

No, in that circumstance the state laws and regulations prohibit the locating of any recreational marijuana businesses within your boundaries. Please let your residents know, and notify the Liquor Control Board of your initial determination. The Liquor Control Board will determine if the 1,000 foot separation distance restricts a recreational marijuana business from a specific proposed site.

The Liquor Control Board released a list showing how many licenses they might issue for each county, and how many for certain designated cities. The list labels some stores as being "at large" - what does that mean?

The "at large" stores are retail stores that will be issued licenses for locations within a county, but not within a city that is listed. The "at large" stores could be located in unincorporated areas of the county or in an incorporated city or town that is not listed.

Are there restrictions on where marijuana retailers may be located?

Stores may not be within 1000 feet of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, library, or arcade.

Can jurisdictions limit where producers, processors, and retailers of marijuana locate?

Local land use and zoning regulations will apply to the siting of marijuana growing, processing, and retail locations. All producers, processors, and retailers of marijuana will require a license issued by the Liquor Control Board. Cities will have the ability to object to the granting of a proposed license.

MUNICIPAL RESEARCH AND SERVICES CENTER

The following three questions were asked by attorney Colin Olivers of Everett, and the responses are by Alan Rathbun, Washington Liquor Control Board:

Is the LCB requiring anything from local governments as part of the application process? I've had several people concerned that they needed city business licenses to apply for the state license. My reading is that they need a state business license to apply, but nothing from local jurisdictions. There appears to be some confusion on this point.

The only thing requested of local governments in the application process is a response to the "local authority notice" as to whether they object to either the location or the applicant and on what grounds that objection is based. As I said at WSAMA, we will not be considering denial based on a local ordinance, but we do want to notify applicants if there is a local "hurdle" that must be crossed before they can ultimately operate in their chosen location. Yes, a WSLCB license is the only requirement under I-502, but we do recognize that many cities and counties have business license or other local land use requirements over which they have authority.

There was a question about later location of sensitive uses (schools, libraries, etc.) within the 1,000-foot setback. You mentioned that you wouldn't pull a license in this scenario. My follow up question is whether you would consider the location of the sensitive land use in the yearly re-licensing decision.

Once a license is issued by the WSLCB based on application of the requirements of law and rule, we do not anticipate seeking cancellation or non-renewal of that license based simply on the movement of "sensitive use" within the 1,000-foot buffer of that licensed location. Once issued, any intent to cancel or revoke that license will require due process for the license holder and likely an administrative hearing.

I was wondering whether the LCB considered any regulations related to odor. Our police have identified this as a concern from their experience with smaller scale illegal grows. Did the LCB consider this issue directly and determine that there would not be significant odor impacts (even for Tier 3 producers) or did the issue never directly come up?

The LCB did get comments on odor; however we viewed this issue similar to other environmental issues around licensed locations that are outside our scope under I-502. We understand that other agencies like the Puget Sound Clean Air Agency would be the more relevant authority to seek such regulation rather than the LCB. We have consistently communicated with our potential applicants that there may be many other regulations that they may face outside the requirements for obtaining a producer, processor or retail marijuana license.

**PROPOSED RECREATIONAL MARIJUANA REGULATIONS FOR CITY COUNCIL BRIEFING ON
OCTOBER 28, 2013**

4.04.040 Exemptions.

(a) The following shall be required to submit a completed license application to the City Clerk to determine if they are exempt from the licensing requirements, but shall not be required to pay a license fee:

(1) All honorably discharged veterans exempt from paying license fees as provided in RCW [73.04.050](#), Right to peddle, vend, sell goods without license - License fee on business established under act of congress prohibited, and RCW [73.04.060](#), Right to peddle, vend, sell goods without license - Issuance of license, as the same exist or may hereinafter be amended.

(2) Sales of any fruits, vegetables, berries, butter, eggs, fish, milk, poultry, meat, etc., or other farm products or edibles raised, caught, produced, or manufactured within the State of Washington and sold by the farmer or gardener raising, catching, producing or manufacturing the same.

(b) The following shall be exempt from the licensing provisions of this chapter:

(1) Nonprofit and not-for-profit activities and fundraising sales carried on by religious, charitable, educational, benevolent, fraternal or social organizations which have been determined by the Internal Revenue Service (IRS) of the United States to be exempt from the payment of income tax;

(2) Nonprofit and not-for-profit activities and fundraising sales carried on by corporations registered as nonprofit by the Secretary of State's Office;

(3) Casual sale of items of personal property where the person conducting such sale is not regularly engaged in the business of selling items of personal property (for example, garage sales, service agency bake sales); such sales shall not exceed four sales per year;

(4) Public utility companies, or any instrumentality of the United States, State of Washington, or political subdivisions thereof with respect to the exercise of governmental functions;

(5) All special events including vendors in a temporary bazaar or community fair for which a land use permit has been issued to the sponsor thereof as defined in Section [14.16C.065](#), Events, and Section [14.40.010](#), Table of Permissible Uses, of Title [14](#), Land Use Code;

(6) Minors engaged in baby-sitting, delivery of newspapers, lawn mowing, car washing, and similar activities where no other person is employed by the minor;

(7) Any nonresident business where the only event occurring within the City is the mere delivery of goods or merchandise sold at business premises located outside of the City;

(8) Any nonresident business where the only event occurring within the City is the mere rental of a postal box located at the United States Post Office facility within the City; provided, however, that any person claiming such an exemption shall provide the City Clerk with a copy of a valid and current business license issued by the jurisdiction in which the business has a fixed location to qualify for said exemption;

(9) Sales conducted as fundraisers for youth athletic, scouting, or educational organizations. By way of illustration and not limitation, these organizations may include Boy Scouts and Girl Scouts, youth soccer, basketball, football, softball, and other youth athletic organizations.

(c) Marijuana producers, processors and retail facilities are subject to fees and building permit requirements.

4.04.070 Procedure for Issuance of License.

(a) After receiving a completed application for a business license, the City Clerk may forward a copy of the application to the Planning, Building, Police, and Fire Departments and any other appropriate department which have the duty of enforcing all City regulations and ordinances.

(b) The departments shall review the completed application and obtain additional information from the applicant as needed, inspect the premises proposed to be operated when deemed necessary, and shall make written verification to the City Clerk that such application and premises comply with the codes of the City. No license may be issued without such verification.

(c) An application for a business license shall be denied if:

(1) It contains a material omission of fact, misrepresentation or fraud;

(2) The applicant has been convicted of a felony and if the time elapsed since the felony is less than 10 years and the felony for which the applicant was convicted directly relates to the specific business for which the license is sought. Applicants who have a current state license to operate a marijuana facility who have applied for a business license to operate a marijuana business are exempted from the requirements of Subsection (c)(2);

(3) The premises on or in which the business will be operated violates a building, zoning, fire or any other applicable law of the City;

(4) The applicant has not received or has been denied a land use permit to operate the proposed business at the address proposed;

**PROPOSED RECREATIONAL MARIJUANA REGULATIONS FOR CITY COUNCIL BRIEFING ON
OCTOBER 28, 2013**

- (5) The business for which the license is sought will result in a danger to the public health, safety or welfare, or the violation of any Federal (except for current state-licensed recreational marijuana producers, processors or retailers), State or local law, ordinance or regulations; or
- (6) The applicant has had a similar license revoked by the City within a period of one year prior to the date of making application for a license hereunder; provided, that any applicant denied a license under the provisions of this chapter may reapply if and when the reasons for denial no longer exist.
- (d) After review and approval of the completed application by all of the appropriate departments, the State Department of Licensing's Master License Service in coordination with the City Clerk shall issue the applicable license or licenses authorized by this chapter.
- (e) The decision of the City regarding issuance or denial of an applicant's initial business license shall be rendered within 90 days of the date of filing of the completed application, unless an extension is requested by the applicant or the City.
- (f) When the City determines that there is cause for denial of any business license application, the City Clerk shall notify the applicant by certified mail, return receipt requested, of the City's decision. Notice mailed to the address on file shall be deemed received three days after mailing. The notice shall specify the grounds for the denial. The applicant affected thereby shall have the right to appeal such action by filing a notice of appeal with the City Clerk as provided in Section 4.04.160, Appeal and Hearing.

4.04.150 Suspension or Revocation of License - Grounds.

- (a) Depending upon the severity of any public health and safety problem presented by a violation of this chapter and based upon the recommendation of the appropriate department head, the City Clerk may suspend, deny or revoke any business license when the licensee, licensee's officers, employees or agents does any of the following:
- (1) Knowingly causes, aids, abets or conspires with another to cause any person to violate any of the laws of this State, or the City which may affect or relate to the licensee's business;
 - (2) Has obtained a license or permit by fraud, misrepresentation, concealment or through inadvertence or mistake;
 - (3) Has been convicted of a felony and if the time elapsed since the felony is less than 10 years and the felony for which the licensee was convicted directly relates to the specific business for which the license was sought, except for business licenses issued to operators of a marijuana facility who have a current state license to operate a marijuana facility;
 - (4) Violates Lake Stevens Municipal Code Title 14, Land Use Code;
 - (5) Engages in unfair or deceptive acts or practices in the conduct of the business, operated the business in such a manner as to constitute breach of the peace, or menace to the health, safety or general welfare of the public; or
 - (6) Fails to renew a business license within 90 days after the expiration date of the license.
- (b) When the City determines that there is cause for suspending, denying or revoking any license issued pursuant to this chapter, the City Clerk shall notify the person holding such license by certified mail, return receipt requested, of the City's decision. Notice mailed to the address on file shall be deemed received three days after mailing. The notice shall specify the grounds for the suspension, denial or revocation. The suspension, denial or revocation shall become effective 10 days from the date the notice is delivered or deemed received unless the person affected thereby files a written request with the City within such 10-day period of a hearing before the City Council or to such other hearing body as may hereafter be established by the City Council.
- (c) It is unlawful for any person whose license has been revoked, denied or suspended, to keep the license issued to him/her in his/her possession or under his control, and the same shall immediately be surrendered to the City Clerk. When revoked or denied, the license shall be cancelled, and when suspended the City Clerk shall retain the same during the period of suspension.
- (d) A business license revoked/terminated for failure to pay the annual license fee may be reinstated if payment of the amount due, together with any penalties due thereon, is made within 10 days of the date of notice, but may also require reapplication for the City license and approval by the City before the revoked/terminated business may continue operation within the City.

14.08.010 Definitions of Basic Terms.

Amend the following definitions:

Day Care Center, Commercial. Any child care arrangement that provides day care on a regular basis for more than 12 children of whom at least one is unrelated to the provider. See "Child Care Center" definition.

**PROPOSED RECREATIONAL MARIJUANA REGULATIONS FOR CITY COUNCIL BRIEFING ON
OCTOBER 28, 2013**

Day Care, In-Home. Any child care arrangement that provides day care on a regular basis for less than 12 children of whom at least one is unrelated to the provider. See "Child Care Center" definition.

Add the following new definitions consistent with Chapter 314-55 WAC

Child Care Center (Definition related to recreational marijuana facilities regulations only). An entity that regularly provides child day care and early learning services for a group of children for periods of less than twenty-four hours licensed by the Washington State Department of Early Learning under chapter 170-295 WAC. Child care centers include "Commercial Day Care Center" and "In-Home Day Care" entities.

Elementary school (Definition related to recreational marijuana facilities regulations only). A school for early education that provides the first four to eight years of basic education and recognized by the Washington State Superintendent of Public Instruction.

Game Arcade (Definition related to recreational marijuana facilities regulations only). An entertainment venue featuring primarily video games, simulators, and/or other amusement devices where persons under twenty-one years of age are not restricted.

Library (Definition related to recreational marijuana facilities regulations only). An organized collection of resources made accessible to the public for reference or borrowing supported with money derived from taxation.

Marijuana Facility (Definition related to recreational marijuana facilities regulations only). A state-licensed marijuana production, processing, or retail facility or a medical cannabis collective garden. Marijuana facilities shall not be a home occupation.

Marijuana Processing Facility (Definition related to recreational marijuana facilities regulations only). An entity licensed by the State of Washington Liquor Control Board to process marijuana into useable marijuana and marijuana-infused products, package and label usable marijuana and marijuana-infused products for sale in retail outlets, and sell useable marijuana and marijuana-infused products at wholesale to marijuana retailers. A marijuana processing facility shall not be a home occupation.

Marijuana Production Facility (Definition related to recreational marijuana facilities regulations only). An entity licensed by the State of Washington Liquor Control Board to produce marijuana at wholesale to marijuana processor licensees and to other marijuana producers. A marijuana production facility shall not be a home occupation.

Marijuana Retail Facility (Definition related to recreational marijuana facilities regulations only). An entity licensed by the State of Washington Liquor Control Board to sell only usable marijuana, marijuana-infused products and marijuana paraphernalia to persons twenty-one years of age and older in a retail outlet. A marijuana retail facility shall not be a home occupation.

Playground (Definition related to recreational marijuana facilities regulations only). A public outdoor recreation area for children, usually equipped with swings, slides, and other playground equipment, owned and/or managed by a city, county, state, or federal government.

Public Park (Definition related to recreational marijuana facilities regulations only). An area of land for the enjoyment of the public, having facilities for rest and/or recreation, such as a baseball diamond or basketball court, owned and/or managed by a city, county, state, federal government, or metropolitan park district. Public park does not include trails.

Public Transit Center (Definition related to recreational marijuana facilities regulations only). A facility located outside of the public right-of-way that is owned and managed by a transit agency or city, county, state, or federal government for the express purpose of staging people and vehicles where several bus or other transit routes converge. They serve as efficient hubs to allow bus riders from various locations to assemble at a central point to take advantage of express trips or other route to route transfers.

**PROPOSED RECREATIONAL MARIJUANA REGULATIONS FOR CITY COUNCIL BRIEFING ON
OCTOBER 28, 2013**

Recreation Center or Facility (Definition related to recreational marijuana facilities regulations only). A supervised center that provides a broad range of activities and events intended primarily for use by persons under twenty-one years of age, owned and/or managed by a charitable nonprofit organization, city, county, state, or federal government.

Secondary School (Definition related to recreational marijuana facilities regulations only). A high and/or middle school: A school for students who have completed their primary education, usually attended by children in grades seven to twelve and recognized by the Washington State Superintendent of Public Instruction.

14.16C.070 Home Occupations.

(a) The purpose of this section is to allow small-scale commercial occupations incidental to residential uses to be located in residences while guaranteeing all residents freedom from excessive noise, traffic, nuisance, fire hazard, and other possible effects of commercial uses being conducted in residential neighborhoods.

(b) Procedure. A home occupation permit is approved by the Planning Director for each home occupation. Home occupations shall be reviewed in the manner and following the procedures established in Chapters [14.16A](#) and [14.16B](#) for a Type I review.

(c) Standards. Home occupations are permitted as an accessory use to the residential use of a property only when all of the following conditions are met:

- (1) The total area devoted to all home occupation(s) shall not exceed 25 percent of the floor area of the dwelling unit or 500 square feet, whichever is less. Areas within attached garages and storage buildings shall not be considered part of the dwelling unit for purposes of calculating allowable home occupation area but may be used for storage of goods associated with the home occupation;
- (2) The home occupation may be located in the principal dwelling, except that those related to growing or storing of plants used by the home occupation(s) may be in an accessory structure. If located in an accessory structure, the area devoted to the occupation, as described in subsection (c)(1) of this section, shall be based upon the floor area of the dwelling only;
- (3) No business activity may occur outside of any buildings on site, including displays of goods, stock in trade or other commodities;
- (4) Not more than one person outside of the family shall be employed on the premises;
- (5) The home occupation shall in no way alter the normal residential character of the premises;
- (6) No objectionable noise, fumes, odor, or dust shall be allowed;
- (7) The home occupation(s) shall not use electrical or mechanical equipment that results in:
 - (i) A change to the fire rating of the structure(s) used for the home occupation(s);
 - (ii) Visual or audible interference in radio or television receivers, or electronic equipment located off-premises; or
 - (iii) Fluctuations in line voltage off-premises;
- (8) No equipment or material may be stored, altered or repaired on any exterior portion of the premises;
- (9) Sales shall be limited to:
 - (i) Products accessory to the home occupation (e.g., shampoo for beauty shop, etc.);
 - (ii) Merchandise which is produced on the premises; and/or
 - (iii) Mail order, internet and telephone sales; and
 - (iv) With appointment for pick up or off-site delivery;
- (10) Services to patrons shall be arranged by appointment or provided off site;
- (11) In addition to required parking for the dwelling unit, one on-site parking stall shall be provided when services are rendered on-site;
- (12) The home occupation(s) may use or store a vehicle for pickup of materials used by the home occupation(s) or the distribution of products from the site, provided:
 - (i) No more than two such vehicles shall be allowed;
 - (ii) Such vehicles shall not be parked within any required setback areas of the lot or on adjacent streets; and
 - (iii) Such vehicles shall not exceed the weight capacity of one ton;
- (13) Signs in connection with the home occupation shall comply with the restrictions of Chapter [14.68](#), Signs; and
- (14) No sales or services will be conducted on the premises which will generate more than 10 average daily round trips per day by customers except for day care.

**PROPOSED RECREATIONAL MARIJUANA REGULATIONS FOR CITY COUNCIL BRIEFING ON
OCTOBER 28, 2013**

(d) The following is a nonexhaustive list of examples of enterprises that may be granted a home occupation permit if they meet the foregoing standards:

- (1) Office or studio of a physician, dentist, artist, musician, lawyer, architect, engineer, teacher, or similar professional;
- (2) Workshops, greenhouses, or kilns;
- (3) Dressmaking or hairdressing studios; and
- (4) Day care.

(e) Prohibited home occupations are enterprises which may create objectionable noise, fumes, odor, dust or electrical interference and may involve hazardous materials or on-site storage of petroleum products, and which are not compatible with residential development. The following is a nonexhaustive list of examples of such prohibited enterprises:

- (1) Automobile, truck and heavy equipment repair;
- (2) Autobody work or painting;
- (3) Parking and storage of heavy equipment;
- (4) Storage of building materials for use on other properties; ((or))
- (5) Marijuana production, processing or retail facility; or
- (6) Similar types of enterprises.

(f) Transferability. A home occupation permit issued to one person shall not be transferable to any other person; nor shall a home occupation permit be valid at any other address than the one listed on the permit.

(g) Additional Conditions. In granting approval for a home occupation, the Planning Director may attach additional conditions to ensure the home occupation will be in harmony with, and not detrimental to, the character of the residential neighborhood.

(h) Inspections. Any home occupation authorized under the provisions of this chapter shall be open to inspection and review at all reasonable times by enforcement officials for purposes of verifying compliance with the conditions of approval and other provisions of this title.

(i) Modification. The Planning Director shall have authority to grant an administrative modification to the standards listed in subsection (c) of this section, provided the use is consistent with the purposes of this chapter and will be operated in harmony with the character of and create no significant impact to the residential neighborhood. The Planning Director is authorized to approve administrative modifications only in cases of unique circumstances, such as large property acreage, remote site access or site location, or small scale of use, when these circumstances ensure the commercial operation remains incidental to the dwelling and in no way alters the normal residential character of the premises. No modification shall be granted which would be detrimental to the public health, or welfare or the environment.

(j) In-Home Day Care Standards.

- (1) Home day care and adult family care facilities shall meet State licensing requirements, including those pertaining to building, fire safety, and health codes. A copy of the required State license, if applicable, shall be furnished by the applicant with the City business license application.
- (2) There shall be minimal, if any, change in the outside appearance of the residence.
- (3) Where outdoor recreation facilities are provided for children in day care facilities, they shall be screened by a fence at least four feet high, where abutting residentially zoned property.
- (4) The facility shall provide a safe passenger loading area.
- (5) The day care provider shall provide written notification to immediately adjoining property owners of the intent to locate and maintain a facility and provide a copy of the notification to the Planning Department.

14.38.020 Zoning Districts.

The following zoning districts implement the goals, policies and distribution of land uses set forth in the subarea plans.

(a) Business District (BD). The purpose of this district is to promote community and regional employment and accommodate land uses such as corporate offices, general offices, research and development, medical clinics, technology, and light manufacturing and assembly. Secondary uses include warehousing, storage and distribution associated with a principal use and small-scale retail and services that support the principal uses and objectives of the district. This district should be located in areas with direct access to highways and arterials in addition to transit facilities, adequate public services and traffic capacity.

- (1) Principal Uses.
 - (i) Educational services (colleges and/or technical schools);
 - (ii) Finance and insurance;
 - (iii) Health care services;

**PROPOSED RECREATIONAL MARIJUANA REGULATIONS FOR CITY COUNCIL BRIEFING ON
OCTOBER 28, 2013**

- (iv) Light manufacturing and assembly;
 - (v) Management of companies and enterprises;
 - (vi) Professional, scientific, and technical services; and
 - (vii) Transit-oriented development (including transit facilities/stops).
- (2) Secondary Uses.
- (i) Food services;
 - (ii) Information services;
 - (iii) Personal services;
 - (iv) Retail trade;
 - (v) Wholesale trade; and
 - (vi) Warehousing, storage and distribution.
- (3) Special Regulations.
- (i) Secondary service uses and retail trade shall not exceed 5,000 gross square feet;
 - (ii) Wholesale trade accessory to the principal use shall not exceed 15 percent of the gross floor area of individual structures;
 - (iii) Warehousing, storage and distribution accessory to the principal use shall not exceed 25 percent of the gross floor area of individual structures;
 - (iv) Places of worship over 10,000 gross square feet require a conditional use permit per Section [14.16C.045](#); and
 - (v) Wireless and cellular communications facilities require an administrative conditional use permit per Section [14.16C.015](#).
 - (vi) A marijuana retail facility is permitted if identified as an allowed site on the current Marijuana Overlay Map located at the Permit Center.
 - (vii) A marijuana processing facility is permitted if identified as an allowed site on the current Marijuana Overlay Map located at the Permit Center.
- (b) Commercial District (CD). The purpose of this district is to accommodate the high-intensity retail needs of the community and regional market by attracting a mix of large to small format retail stores and restaurants to create a vibrant and unified regional shopping center. Transportation accessibility, exposure to highways and arterials with adequate public services and traffic capacity characterize this district.
- (1) Principal Uses.
- (i) Accommodation services;
 - (ii) Arts and entertainment;
 - (iii) Food services;
 - (iv) Retail trade; and
 - (v) Transit-oriented development (including transit facilities/stops).
- (2) Secondary Uses.
- (i) Amusement and recreation industries;
 - (ii) Commercial parking structures/lots;
 - (iii) Educational services (colleges and/or technical schools);
 - (iv) Finance and insurance;
 - (v) Health care services;
 - (vi) Information services;
 - (vii) Personal services;
 - (viii) Professional, scientific, and technical services; and
 - (ix) Public administration.
- (3) Residential Uses.
- (i) Mixed use multi-family residential units including apartments, condominiums, and live/work units, where the majority of residential units are located above commercial uses.
- (4) Special Regulations.
- (i) Health care, professional, scientific, and technical services require a conditional use permit per Section [14.16C.045](#) when the structure's footprint exceeds 10,000 gross square feet;
 - (ii) Places of worship over 10,000 gross square feet require a conditional use permit per Section [14.16C.045](#);
 - (iii) Wireless and cellular communications facilities require an administrative conditional use permit per Section [14.16C.015](#); and
 - (iv) Outdoor retail sales of building materials, garden equipment and supplies, and vehicles are permitted.
 - (v) A marijuana retail facility is permitted if identified as an allowed site on the current Marijuana Overlay Map located at the Permit Center.

**PROPOSED RECREATIONAL MARIJUANA REGULATIONS FOR CITY COUNCIL BRIEFING ON
OCTOBER 28, 2013**

(c) Main Street District (MS). The purpose of this district is to provide pedestrian-oriented commercial uses that serve the community and region by attracting a variety of small (up to 10,000 gross square feet) to mid-sized (approximately 30,000 gross square feet) businesses along with high-density residential uses in proximity to other retail and residential areas. Building design and pedestrian-oriented features would support an active and pleasant streetscape. This district should include enhanced sidewalks, public spaces and amenities for pedestrians and cyclists that emphasize pedestrian movement over vehicular movement.

- (1) Principal Uses.
 - (i) Arts and entertainment;
 - (ii) Food services;
 - (iii) Small to mid-size retail trade; and
 - (iv) Transit facilities/stops.
- (2) Secondary Uses.
 - (i) Amusement and recreation industries;
 - (ii) Commercial parking structures/lots;
 - (iii) Finance and insurance;
 - (iv) Health care services;
 - (v) Personal services;
 - (vi) Professional, scientific, and technical services; and
 - (vii) Public administration.
- (3) Residential Uses.
 - (i) Mixed use multi-family residential units including apartments, condominiums, and live/work units, where the majority of residential units are located above commercial uses.
- (4) Special Regulations.
 - (i) Automotive, boat, and recreational vehicle sales and services are not allowed.
 - (ii) Drive-through uses are not allowed between the building and right-of-way and are subject to screening requirements found in the applicable design guidelines.
 - (iii) Theaters and performing arts venues are limited to a maximum size of 500 seats.
 - (iv) The footprint of small to mid-size retail trade uses, in any single-use structure, may not exceed 30,000 gross square feet.
 - (v) Health care, professional, scientific, or technical service structures' footprints may not exceed 5,000 gross square feet.
 - (vi) Wireless and cellular communications facilities require an administrative conditional use permit per Section [14.16C.015](#).
 - (vii) Marijuana facilities are not allowed.

(d) Mixed Use Neighborhood (MUN). The purpose of this district is to accommodate higher density residential development in proximity to employment and retail centers and provide basic convenience goods and services in areas with available public services and adequate traffic capacities. This district would have a minimum density of 15 dwelling units per acre. This district would create a transition between higher and lower intensity land uses.

- (1) Principal Uses.
 - (i) Multi-family apartments and condominiums;
 - (ii) Townhomes and row houses; and
 - (iii) Residential over retail/office including live/work units.
- (2) Secondary Uses.
 - (i) Neighborhood-oriented retail trade and personal services that meet the convenience shopping and services needs of the immediate and surrounding area.
- (3) Special Regulations.
 - (i) Mixed use building configurations may include a vertical or horizontal stratification.
 - a. Retail and service uses located in attached mixed use buildings are limited to the ground level;
 - b. Sites with retail and service uses located in detached buildings are limited to a maximum floor area of 10,000 gross square feet;
 - c. Detached buildings with a footprint greater than 10,000 gross square feet require a conditional use permit per Section [14.16C.045](#);
 - d. Commercial uses should be oriented toward the primary frontage, with residential uses behind.
 - (ii) In the 20th Street SE Corridor, the district will allow innovative housing options per Chapter [14.46](#).
 - (iii) Automotive, boat, and recreational vehicle sales and services are not allowed.

**PROPOSED RECREATIONAL MARIJUANA REGULATIONS FOR CITY COUNCIL BRIEFING ON
OCTOBER 28, 2013**

- (iv) Drive-through uses are not allowed between the building and right-of-way and are subject to screening requirements found in the applicable design guidelines.
- (v) Wireless and cellular communications facilities require an administrative conditional use permit per Section [14.16C.015](#).

(vi) Marijuana facilities are not allowed.

(e) Neighborhood Business (NB). The purpose of this district is to provide convenience goods, services, and opportunities for smaller scale shopping centers near neighborhoods that cater to pedestrians and commuters. This district should be located in areas with available public services, transportation accessibility to arterials and adequate traffic capacities.

(1) Principal Uses.

- (i) Arts and entertainment;
- (ii) Food services;
- (iii) Personal services;
- (iv) Small retail trade; and
- (v) Transit facilities/stops.

(2) Secondary Uses.

- (i) Amusement and recreation industries;
- (ii) Finance and insurance;
- (iii) Professional, scientific, and technical services; and
- (iv) Public administration.

(3) Special Regulations.

- (i) Automotive, boat, and recreational vehicle sales are not allowed.
- (ii) Drive-through uses are subject to screening requirements found in the applicable design guidelines.
- (iii) The footprint of any single structure may not exceed 10,000 gross square feet.
- (iv) Wireless and cellular communications facilities require an administrative conditional use permit per Section [14.16C.015](#).

(v) A marijuana retail facility is permitted if identified as an allowed site on the current Marijuana Overlay Map located at the Permit Center

14.40.010 Table of Permissible Uses.

Table 14.40.I – Table of Permissible Uses by Zones is amended by adding a new Use Category 27.000 for Recreational Marijuana State-Licensed Facilities and adding a new footnote #21.

PROPOSED RECREATIONAL MARIJUANA REGULATIONS FOR CITY COUNCIL BRIEFING ON OCTOBER 28, 2013

TABLE 14.40-I: TABLE OF PERMISSIBLE USES BY ZONES¹⁶

USE DESCRIPTIONS		SR	WR	UR	HUR	MFR	NC ⁴	LB	CBD	MU ¹	PBD ⁵	SRC	LI	GI	P/SP	
27.000	RECREATIONAL MARIJUANA STATE-LICENSED FACILITIES ^{21, 22}															
27.100	Marijuana Processing Facility – Indoor Only											P	P	P		
27.200	Marijuana Production Facility – Indoor Only											P	P	P		
27.300	Marijuana Retail Facility							P	P		P		P	P		

²¹ Specific locations allowed within the identified zones is based on the current Marijuana Overlay Map created pursuant to WAC 314-55-050(10) requiring a one thousand foot perimeter of the grounds of elementary or secondary schools, playgrounds, recreation center or facility, child care center, public park, public transit center, library or game arcade as defined in LSMC 14.08.010.

²² Subject to Section [14.44.097](#) (Recreational Marijuana State-Licensed Facilities).

**PROPOSED RECREATIONAL MARIJUANA REGULATIONS FOR CITY COUNCIL BRIEFING ON
OCTOBER 28, 2013**

Add new Section to Chapter 14.44 LSMC Supplementary Use Regulations

14.44.097 Recreational Marijuana State-Licensed Facilities for Production, Processing and Retail.

All state-licensed marijuana facilities shall meet the following development standards:

- (a) All facilities must be state-licensed and comply with all requirements of state law and the Washington State Liquor Control Board's regulations for state-licensed marijuana facilities.
- (b) No marijuana facility shall be allowed as a home occupation.
- (c) The definitions set forth in RCW 69.50.101-.102, WAC 314-55-010 and LSMC 14.08.010 shall control.
- (d) Location.
 - (1) No more than one facility shall be located on a single parcel.
 - (2) Marijuana retail and processing facilities shall be located fully within a permanent structure designed to comply with the city building code and constructed under a building/tenant improvement permit from the city regardless of the size or configuration of the structure.
 - (3) Marijuana production facilities shall be located:
 - (i) Fully within a permanent structure designed to comply with the city building code and constructed under a building/tenant improvement permit from the city regardless of the size or configuration of the structure; or
 - (ii) In non-rigid greenhouses or other structures. Outside production facilities are not allowed within City limits
 - (4) Marijuana facilities shall not be located in a mobile or temporary structure.
 - (5) No state-licensed marijuana facility shall be located within 1,000 feet of the perimeter of a parcel which has on it at least one of any of the land uses listed below and as shown on the current Marijuana Overlay Map available for review at the Permit Center:
 - (i) Elementary or secondary school (public or private);
 - (ii) Playground;
 - (iii) Recreation center or facility;
 - (iv) Child care center;
 - (v) Public park;
 - (vi) Public transit center;
 - (vii) Library;
 - (viii) Any game arcade which allows admission to persons under 21 years of age.
- (e) No production, processing or delivery of marijuana may be visible to the public nor may it be visible through windows.
- (f) All fertilizers, chemicals, gases and hazardous materials shall be handled in compliance with all applicable local, state and federal regulations. No fertilizers, chemicals, gases or hazardous materials shall be allowed to enter a sanitary sewer or stormwater sewer system nor be released into the atmosphere outside of the structure where the facility is located.
- (g) No odors shall be allowed to migrate beyond the interior portion of the structure where a marijuana facility is located.
- (h) A City of Lake Stevens business license pursuant to Chapter 4.04 LSMC and a state license pursuant to Chapter 314-55 WAC shall be obtained prior to the start of operations of the facility.
- (i) All facilities shall comply with Chapter 19.27 RCW, State Building Code Act and Chapter 14.80 LSMC Buildings and Construction. Appropriate permits shall be obtained for all changes of use, tenant improvements, mechanical system improvements, electrical upgrades and similar work.
- (j) All facilities are required to comply with municipal tax regulations and all other applicable City regulations.
- (k) City of Lake Stevens sign code (Chapter 14.68 LSMC) shall be followed with the additional signs requirements pursuant to Initiative 502 (allowing retailers one sign identifying the outlet's business or trade name not to exceed 1600 square inches) and notices regarding persons under 21 years old and signs prohibiting opening packages or consumption in public places pursuant to WAC 314-55-086.