




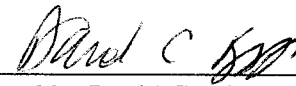
City of Carson

Report to Mayor and City Council

November 20, 2012
New Business Discussion

SUBJECT: CONSIDERATION OF INTERIM URGENCY ORDINANCE NO. 12-1507U ENACTED PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858 CONCERNING "CASH FOR GOLD" BUSINESSES AND DECLARING THE URGENCY THEREOF


Submitted by Clifford W. Graves
Director of Community Development


Approved by David C. Biggs
City Manager

I. SUMMARY

On November 7, 2012, the City Council discussed the issue of "cash for gold" businesses and directed staff to prepare an ordinance to be considered by the Planning Commission (Exhibit No. 1). Due to the time typically required to have an ordinance take effect, an urgency ordinance is proposed to provide immediate protection by prohibiting the establishment of "cash for gold" businesses during the pendency of the City's review and adoption of permanent zoning regulations. The urgency ordinance will be effective for 45 days unless extended by the City Council.

II. RECOMMENDATION

WAIVE further reading and ADOPT Ordinance No. 12-1507U, "AN INTERIM ORDINANCE OF THE CITY OF CARSON, CALIFORNIA, ENACTED PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858 PROHIBITING THE ESTABLISHMENT OF CASH FOR GOLD BUSINESSES DURING THE PENDENCY OF THE CITY'S REVIEW AND ADOPTION OF PERMANENT ZONING REGULATIONS FOR SUCH USE AND DECLARING THE URGENCY THEREOF."

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

A number of "cash for gold" businesses are open throughout the City. Law enforcement agencies indicate there is a safety concern with these types of businesses because of the likelihood that stolen gold and other precious metals can be easily sold to these businesses without accountability. Other communities have identified these types of businesses with an increase in criminal activity in areas where they are located and have adopted urgency moratoriums on these businesses.

10

In reviewing the business license database, there were 15 businesses that have active business licenses for secondhand sales for gold or other precious metals, with five operating at the SouthBay Pavilion. After further review, five of the businesses appear to be closed; two are home occupations; one is a jewelry store at the South Bay Pavilion; and one no longer buys or sells gold. This leaves six active businesses that currently operate as “cash for gold” businesses either wholly or in part. From those six businesses, four are located in the CR (Commercial, Regional) zone; one is located in the MU-CS (Mixed Use – Carson Street) zone; and one is located in the ML (Manufacturing Light) zone. Table 1 shows the businesses in Carson that have a secondhand dealer license and are operating to buy gold or other precious metals.

Table 1 – “Cash for Gold” Businesses in Carson

| BUSINESS NAME | DESCRIPTION | ZONE | LOCATION |
|--|---|-------------|---------------------------------|
| Coin Creations LLC | Makes coin bezels and jewelry frames | ML | 17818 S. Main Street |
| Gold Fever U S (Checks Cashed) | Associated with check cashing business | MU-CS | 198 E. Carson Street |
| Golden Time Jewelers | Kiosk inside mall | CR | 20700 S. Avalon Boulevard |
| Gold Stop | Closed | CR | 20700 S. Avalon Boulevard |
| Romano's Jewelers | Associated with jewelry sales | CR | 20700 S. Avalon Boulevard |
| Gold Rush | Closed | CR | 20700 S. Avalon Boulevard |
| Gold Fever.U.s | Kiosks inside mall (2 locations) | CR | 20700 S. Avalon Boulevard |
| Cash America Payday Advance | Associated with check cashing business; No longer buying gold | CR | 20771 S. Avalon Boulevard |
| Dave's Gold | Associated with clothing sales | CR | 20775 S. Avalon Boulevard |
| Gold Planet | New business | MU-CS | 21618 S. Figueroa Street |
| Gold Fever US | Closed | MU-CS | 21634 S. Figueroa Street |
| Vicky Boy Gold Trading | Home Occupation | RS | 23335 Orchard Avenue |
| Collectors Cottage | Closed | MU-CS | 259 E. Carson Street |
| We Buy Gold & Silver | Associated with clothing sales | CR | 659 E. Carson Street |
| Jacqueline Elizabeth Reyes | Home Occupation | RS | 323 W. 224 th Street |
| ML=Manufacturing Light; MU-CS=Mixed Use Carson Street; CR=Commercial, Regional; RS=Residential Single Family | | | |

Current Carson businesses have been considered as retail operations with no limitation related to location. The Business License Division has typically required a secondhand dealer's license from the State as well as a business license for secondhand sales. On November 7, 2012, the City Council directed the Planning Commission to initiate additional study and the identification of potential regulations for "cash for gold" businesses.

The City Council is requested to consider an urgency ordinance to place a 45-day moratorium on the establishment of "cash for gold" businesses. Staff believes that it is necessary to review and analyze the impact of "cash for gold" businesses and to formulate any necessary regulations, consistent with State law, governing the location and operation of such facilities in order to protect residents and businesses from harmful secondary effects. Regulations similar to secondhand stores or pawn shop establishments may be necessary.

Government Code Section 65858 details the requirements and the procedure for the adoption of an urgency ordinance. The following is a brief summary of the applicable requirements:

- No public noticing requirements apply to the initial adoption of an urgency ordinance;
- The City Council, to protect the public safety, health, and welfare, may adopt as an urgency measure an interim ordinance prohibiting any uses which may be in conflict with a contemplated general plan, specific plan or zoning proposal which the City Council, Planning Commission, or the Planning Division is considering or studying or intends to study within a reasonable time;
- An urgency ordinance must be approved by at least a four-fifth's vote;
- The urgency ordinance shall be in no further force and effect 45 days from its date of adoption;
- After noticing a public hearing, the City Council may extend the urgency ordinance for 10 months and 15 days and, subsequently, extend the urgency ordinance for one year. Any extension also requires at least a four-fifth's vote;
- The City Council shall not adopt or extend any urgency ordinance unless the ordinance contains legislative findings that there is a current and immediate threat to the public health, safety, or welfare, and that the approval of a medical marijuana dispensary would result in that threat to public health, safety, or welfare; and
- Ten days prior to the expiration of an urgency ordinance or any extension, the City Council shall issue a written report describing the measures taken to

alleviate the condition which led to the adoption of the ordinance.

It is staff's opinion that all the necessary criteria pursuant to Government Code Section 65858 cited above have been met. The moratorium would be effective for a period of 45 days unless extended by the City Council.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. City Council Staff Report dated November 7, 2012. (pgs. 5-10)
2. Draft Ordinance No. 12-1507U. (pgs. 11-13)

Document1

Prepared by: John F. Signo, AICP

TO:Rev09-04-2012

Reviewed by:

| | |
|-------------------------|--------------------|
| City Clerk | City Treasurer |
| Administrative Services | Public Works |
| Community Development | Community Services |

Action taken by City Council

Date _____ Action _____

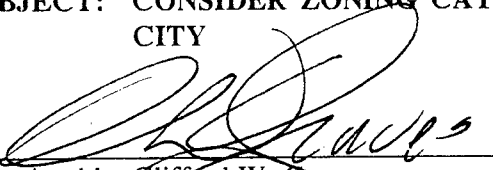


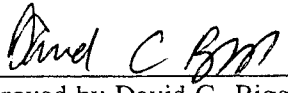
City of Carson

Report to Mayor and City Council

November 7, 2012
New Business Discussion

SUBJECT: CONSIDER ZONING CATEGORY OF "CASH FOR GOLD" BUSINESSES IN THE CITY


Submitted by Clifford W. Graves
Director of Community Development


Approved by David C. Biggs
City Manager

I. SUMMARY

This item is on the agenda at the request of Councilmember Davis-Holmes.

Recently, a number of "cash for gold" businesses have opened in the City. A survey of other cities shows these businesses are often categorized as secondhand stores or pawn shops and may require a conditional use permit (CUP). The City Council is asked to consider if special standards or a CUP is warranted and under which zoning district the use should be allowed.

II. RECOMMENDATION

TAKE the following actions:

1. PROVIDE comments on "cash for gold" businesses.
2. RECEIVE and FILE this report.

III. ALTERNATIVES

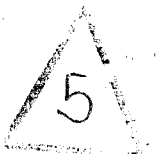
1. REFER this item to the Planning Commission with direction to initiate an ordinance amendment.
2. REQUEST a Moratorium be established and REFER this item to the Planning Commission with direction to initiate an ordinance amendment.
3. TAKE another action the City Council deems appropriate.

IV. BACKGROUND

A number of these "cash for gold" businesses are open throughout the City. Law enforcement agencies indicate there is a safety concern with these types of businesses because of the likelihood that stolen gold and other precious metals can be easily sold to these businesses without accountability. Other communities have identified these types of businesses with an increase in criminal activity in areas where they are located and have adopted urgency moratoriums on these businesses.

In reviewing the business license database, there were 15 businesses that have active business licenses for secondhand sales for gold or other precious metals with five operating at the SouthBay Pavilion. After further review, five of the businesses

EXHIBIT NO. 1-



appear to be closed, two are home occupations, one is a jewelry store at the South Bay Pavilion, and one no longer buys or sells gold. This leaves six active businesses that currently operate as “cash for gold” businesses either wholly or in part. From those six businesses, four are located in the CR (Commercial, Regional) zone, one is located in the MU-CS (Mixed Use – Carson Street) zone, and one is located in the ML (Manufacturing Light) zone. Table 1 shows the businesses in Carson that have a secondhand dealer license and are operating to buy gold or other precious metals.

Table 1 – “Cash for Gold” Businesses in Carson

| BUSINESS NAME | DESCRIPTION | ZONE | LOCATION |
|--|---|-------|---------------------------------|
| Coin Creations LLC | Makes coin bezels and jewelry frames | ML | 17818 S. Main Street |
| Gold Fever U S (Checks Cashed) | Associated with check cashing business | MU-CS | 198 E. Carson Street |
| Golden Time Jewelers | Kiosk inside mall | CR | 20700 S. Avalon Boulevard |
| Gold Stop | Closed | CR | 20700 S. Avalon Boulevard |
| Romano's Jewelers | Associated with jewelry sales | CR | 20700 S. Avalon Boulevard |
| Gold Rush | Closed | CR | 20700 S. Avalon Boulevard |
| Gold Fever.U.s | Kiosks inside mall (2 locations) | CR | 20700 S. Avalon Boulevard |
| Cash America Payday Advance | Associated with check cashing business; No longer buying gold | CR | 20771 S. Avalon Boulevard |
| Dave's Gold | Associated with clothing sales | CR | 20775 S. Avalon Boulevard |
| Gold Planet | Closed | MU-CS | 21618 S. Figueroa Street |
| Gold Fever US | Closed | MU-CS | 21634 S. Figueroa Street |
| Vicky Boy Gold Trading | Home Occupation | RS | 23335 Orchard Avenue |
| Collectors Cottage | Closed | MU-CS | 259 E. Carson Street |
| We Buy Gold & Silver | Associated with clothing sales | CR | 659 E. Carson Street |
| Jacqueline Elizabeth Reyes | Home Occupation | RS | 323 W. 224 th Street |
| ML=Manufacturing Light; MU-CS=Mixed Use Carson Street; CR=Commercial, Regional; RS=Residential Single Family | | | |

The issue of “cash for gold” businesses is not unique to Carson. A League of California Cities survey of 15 cities show that other communities are concerned with the potential negative impacts associated with this use. Some cities have adopted a moratorium to prevent the further proliferation of gold/precious metals businesses while working on an ordinance amendment. Nine cities consider the use similar to a secondhand store or a pawnshop including the cities of Pittsburg, Glendora, Colton, San Ramon, Agoura Hills, Moorpark, San Ramon, Delano, and San Leandro. Some

cities require a discretionary review process such as a CUP to regulate the use. Table 2 summarizes the survey of “cash for gold” businesses in other cities.

Table 2 – “Cash for Gold” Businesses in Other California Cities

| CITY | REQUIREMENT | COMMENTS |
|------------------|---|--|
| San Rafael | CUP | Secondhand dealer’s license required from State; police permit required |
| Pittsburg | CUP | Considered secondhand businesses and categorized as “pawn shops” |
| Glendora | Permitted subject to location and development standards | Revised code to create “cash for gold” classification; similar to pawn shops and secondhand dealers; established permitted zones, separation requirements, and operation and development standards |
| Colton | Permitted | Similar to pawn shops and thrift stores; secondhand dealer’s permit required from State; background check required by police department; CUP not required in most commercial districts |
| San Ramon | Minor CUP | Classified as secondhand shops |
| Agoura Hills | Permitted | Classified as secondhand retailers; considered changing code but did not because fewer inquiries for licenses were received |
| Vacaville | Design Review | Police review and State license as a pawnshop required |
| Livermore | Permitted as recycling facility | Zoning Administrator determination; similar to recycling facility (i.e., where people can drop off recycling materials for cash) |
| Los Gatos | Permitted as ancillary use | Allowed in conjunction with retail or whole sale operations; approved with caveat that pawn service is not allowed |
| Moorpark | Administrative permit | Classified as secondhand stores; Director establishes conditions of approval; police review required |
| San Ramon | Use Permit | Classified as secondhand store if gold is not sold; gold buying at jewelry stores considered secondary and use permit not required |
| Hawaiian Gardens | Minor Use Permit | Required secondhand dealer license from state; Director approves use with conditions |
| Citrus Heights | Permitted | Treated as retail use if not pawning; secondhand dealers license and background check required |
| Delano | Permitted as pawnshops | Considered pawnshops; subject to State licensing and review by police dept. |
| San Leandro | CUP | Considered secondhand sales; allowed in commercial zones; CUP has deterred use; police has concerns |

Current Carson businesses have been considered as retail operations with no limitation related to location. The Business License Division has typically required a secondhand dealer's license from the State as well as a business license for secondhand sales. Based upon the proliferation of gold buying businesses, the City Council may seek to modify the requirements. The following options have been identified:

1. Define Gold Buying Businesses as a Secondhand Store or Pawn Shop

Based on Section 9131.1 of the Carson Municipal Code (Exhibit No. 1), secondhand stores and pawn shops are only permitted in the Commercial General and industrial zoning districts. If gold buying businesses are classified as a secondhand store or pawn shop, the majority of existing businesses listed in Table 1 would have to close based upon a strict interpretation. An ordinance amendment or interpretation could be considered to allow jewelry stores to provide precious metals buying services as an accessory use.

2. Establish Special Standards for Gold Buying Businesses

To consider existing businesses, an ordinance amendment could create a distinct classification for gold/precious metals dealers similar to the City of Glendora. A special classification would allow the City to impose location, operation, and development standards for controlling the use. This could allow the City to have distancing requirements from sensitive uses and other "cash for gold" businesses. The ordinance amendment would establish which zone districts would permit gold/precious metals dealers that offer services to the general public. No CUP would be required.

3. Establish a Conditional Use Permit for Gold Buying Businesses

The City could consider whether to require a CUP, which could allow the City to impose location, operation, and development standards in addition to other requirements determined on a case by case basis. A CUP could regulate the hours of operation, require security cameras, impose signage requirements, and monitor the businesses on a regular basis.

4. Establish a Moratorium for Gold Buying Businesses

The City Council could consider a moratorium on the issuance of business licenses and occupancy permits for the establishment and operation of gold buying businesses during the review of possible ordinance amendments. The City Council could direct staff and the Planning Commission to develop comprehensive and appropriate revisions to the City's Zoning Ordinance including, but not limited to, an assessment of whether gold buying businesses are an appropriate use in the City and, if such uses are appropriate, the preparation of

location, development and operating standards for the establishment and operation of such businesses.

The City Council should consider if existing ordinances provide an adequate level of review and regulation for current and future gold buying businesses. If there are perceived deficiencies, the City Council should provide direction to initiate additional study and the identification of potential regulations. Amending existing ordinances or establishing a CUP requirement would require review and recommendation from the Planning Commission prior to consideration by the City Council.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. Carson Municipal Code, Section 9131.1. (pg. 6)

Prepared by: John F. Signo, AICP Senior Planner

TO: Rev09-04-2012

Reviewed by:

| | |
|-------------------------|--------------------|
| City Clerk | City Treasurer |
| Administrative Services | Public Works |
| Community Development | Community Services |

Action taken by City Council

Date _____ Action _____

Division 1. Uses Permitted**§ 9131.1 Uses Permitted.**

Uses are permitted in the commercial zones as indicated in the following table:

USES PERMITTED IN COMMERCIAL ZONES**Legend**

- X. Automatically permitted use.
 - L. Automatically permitted use provided special limitations and requirements are satisfied as noted herein or in Division 8 of this Part.
 - D. Use permitted subject to the approval of the Director.
 - LD. Use permitted provided special limitations and requirements are satisfied as noted herein, in Division 8 of this Part and in Division 8 of Part 2, and subject to the approval of the Director.
 - C. Use permitted upon approval of a conditional use permit.
 - CC. Use permitted upon approval of the City Council as prescribed, under other provisions of the Carson Municipal Code.
- All commercial uses permitted by this Part shall be subject to the requirements contained in CMC 9172.23, Site Plan and Design Review, except temporary uses (See CMC 9131.1). (Ord. 84-704)

ZONES

CN CR CG CA MU-CS MU-SB

Retail Sales:*

* Alcoholic beverage sales, food services, and vehicle services are listed under separate headings.

| | | | | | | |
|---|---|---|---|--|---|---|
| Department stores, variety stores, and specialized stores for apparel, items for personal use, household items, plants and flowers, and supplies and small equipment for businesses, including antiques** but no other secondhand items. Swap meets and flea markets, as defined in CMC 9191.670, are prohibited. | X | X | X | | X | X |
|---|---|---|---|--|---|---|

** Incidental restoration permitted.

| | | | | | | |
|---|---|---|----------|--|--|--|
| Indoor mini-mart, auction house. (Ord. 86-763U, § 1; Ord. 87-813, § 1) | C | | C | | | |
| Building materials other than ornamental brick, stone, tile, or flagstone. (Incidental storage of sand, gravel, or rock limited to 2,000 tons total.) | | L | L | | | |
| Ornamental brick, stone, tile or flagstone. (See CMC 9133.) | | | C | | | |
| Monuments, tombstones, statuary. | | | X | | | |
| Feed and grain. | | | X | | | |
| <u>Secondhand store, pawn shop.</u> | | | <u>X</u> | | | |

ORDINANCE NO. 12-1507U

AN INTERIM ORDINANCE OF THE CITY OF CARSON, CALIFORNIA, ENACTED PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTIONS 36934, 36937, AND 65858 PROHIBITING THE ESTABLISHMENT OF CASH FOR GOLD BUSINESSES DURING THE PENDENCY OF THE CITY'S REVIEW AND ADOPTION OF PERMANENT ZONING REGULATIONS FOR SUCH USE AND DECLARING THE URGENCY THEREOF

WHEREAS, the Carson Municipal Code, including the Carson Zoning Code, currently lacks the ability to regulate cash for gold businesses; and

WHEREAS, the City of Carson (City) has observed an increase of these uses opening within the City; and

WHEREAS, on November 7, 2012, the City Council discussed the significance of this issue and determined there is a detrimental impact to the health and welfare of the community without proper regulations for these uses; and

WHEREAS, other California cities that have permitted the establishment of cash for gold businesses have witnessed negative secondary effects including increased crime, such as burglaries and robberies in the areas immediately surrounding such uses; and

WHEREAS, City staff require time to develop appropriate regulations of cash for gold businesses consistent with state and federal law; and

WHEREAS, the City Council desires, on an urgency basis, to temporarily prohibit the establishment of cash for gold businesses within the City; and

WHEREAS, Government Code Sections 36934, 36937 and 65858 expressly authorize the City Council to adopt an urgency ordinance for the immediate preservation of the public peace, health or safety and to prohibit a use that is in conflict with a contemplated general plan, specific plan, or zoning proposal that the legislative body, planning commission or the planning department is considering or studying or intends to study within a reasonable time.

NOW, THEREFORE, the City Council of the City of Carson, California, does ordain as follows:

Section 1. Findings

A. There are currently no ordinances in the Carson Municipal or Zoning Code (collectively, "Code") specifically regulating or monitoring the location, zoning standards, or other aspects for cash for gold businesses.

B. Although the City has made a conscientious effort to plan for specific uses within all zone districts and to anticipate conflicts between competing land uses in order to protect the

public's health, safety, and welfare, the Code does not currently provide specific development regulations or definitions relative to the use or placement of cash for gold businesses.

C. The City has received inquiries regarding applications for cash for gold businesses and has concerns that the Code does not adequately address the use.

D. Carson Municipal Code Section 9131.1 states that all uses are prohibited except as expressly permitted by the provision of the Zoning Ordinance. To authorize the establishment of cash for gold businesses, the Carson Municipal Code would require revisions to specifically identify such use and provide for the method by which they may be permitted by the City.

E. The establishment of cash for gold businesses without appropriate rules and regulations could result in the creation of negative secondary effects such as an increase in crime in the areas immediately surrounding such use and an irreversible incompatibility of land uses. Other jurisdictions such as the cities of Agoura Hills, Glendora, and San Leandro have received and investigated a number of complaints of criminal activity, including robberies and burglaries, at or near cash for gold businesses. Such criminal activity is the type of negative secondary effect associated with the presence of cash for gold businesses that a zoning study will seek to limit.

F. To allow time for the City to consider, study and enact regulations for cash for gold businesses, it is necessary to temporarily suspend the approval of cash for gold businesses as such use may be in conflict with the development standards and implementing regulations that the City ultimately imposes after the City considers and studies within a reasonable time.

G. A moratorium will provide the City with time to draft and adopt regulations, that are consistent with the Act and Senate Bill 420, to regulate the location and operation of cash for gold businesses and existing businesses which seek to supplement their current services offered to include the buying and selling of gold or other precious metals in a manner that is consistent with the Code, compatible with surrounding neighborhoods and in the best interests of the residents of the City.

H. A moratorium will also provide the City time to evaluate the impact, if any, of recent court cases related to cash for gold businesses and on any land use regulations that the City may consider in regulating these businesses.

Section 2. Interim Prohibition

From and after the date of this ordinance, no use permit, variance, building permit, business license or any other entitlement for use shall be approved or issued for the establishment or operation of, and no person shall otherwise establish, a "cash for gold" business and no existing business shall begin buying or selling gold or other precious metals for a period of 45 days.

For purposes of this ordinance, "cash for gold" shall mean any business or location where gold or other precious metals is bought or sold. This does not include coin dealers, antique stores, auctions, jewelry stores or the reconditioning and sale of household appliances.

Section 3. Urgent Need

This interim ordinance is urgently needed for the immediate preservation of the public health, safety, and general welfare, and it shall take effect immediately upon adoption, and it shall be of no further force and effect 45 days following the date of its adoption unless extended in accordance with the provisions set forth in Government Code Section 65858.

Section 4. Authority

Government Code Section 65858 provides that an urgency measure in the form of an initial interim ordinance may be adopted without prior public notice by a four-fifths vote of the City Council, which shall be effective for only 45 days following its date of adoption. Government Code Section 65858 further provides that such an urgency measure may be extended following compliance with that section for up to an additional 22 months and 15 days beyond the original 45-day period.

Section 5. Penalties

The definitions and penalties for land use violations that are prescribed in the Carson Zoning Code shall apply to violations of the provisions of this Interim Ordinance.

Section 6. Severability

If any provision of this Interim Ordinance or the application thereof to any persons or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this Interim Ordinance which can be given effect without the invalid provision or application and to this end the provisions of this Interim Ordinance are hereby declared to be severable.

PASSED, APPROVED, and ADOPTED this _____ day of November, 2012.

Mayor, Jim Dear

ATTEST:

City Clerk Donesia L. Gause, CMC

APPROVED AS TO FORM:

City Attorney