

ORDINANCE NO. 20- 03

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EL CENTRO, CALIFORNIA, REPEALING CHAPTER 13, ARTICLE VII (COMMENCING WITH SECTION 13-110 OF THE CITY CODE) AND ADOPTING CHAPTER 13, ARTICLE X RELATED TO REGULATION OF ADULT USE STOREFRONT ONLY COMMERCIAL CANNABIS ACTIVITIES

Sec. 1. The City of El Centro finds as follows:

WHEREAS, the City of El Centro, California (“City”) is a municipal corporation, duly organized under its Charter and laws of the State of California; and,

WHEREAS, on June 18, 2019 the City Council adopted Ordinance No. 19-05 prohibiting commercial cannabis activities (as defined) within the City;

WHEREAS, based upon final regulations of the Bureau of Cannabis Control and input from the public as well as additional research and investigation, the City Council now has determined to allow certain limited retail commercial cannabis dispensaries within the City on the terms and conditions set out in this ordinance; and,

WHEREAS, the City Council also desires to protect the quality of life of the City's residents by ensuring such commercial cannabis businesses do not adversely affect the health, safety, and welfare of the City; and,

WHEREAS, the authority for this ordinances comes from Sections 5 and 7 of Article XI of the California Constitution, the provisions of MAUCRSA, any subsequent State legislation and/or regulations authorizing the City to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial adult-use cannabis activity; and

WHEREAS, the City Council finds that this ordinance is consistent with the General Plan because it proposes a comprehensive regulatory system for commercial cannabis activities. The regulations include numerical, locational, design, operating, security and sensitive-use distance regulations on commercial cannabis activities in addition to those required by state law and regulations. The Ordinance includes review and recommendations of applications for commercial cannabis activities, which will be overseen by the Community Development Director, and will include the Police Department and Planning Division of the Community Development Department. The Ordinance is consistent with the General Plan goals and policies and limits locations near community-sensitive uses; and

WHEREAS, the Police Department has reviewed and commented on the ordinance to ensure that it contains adequate regulations, in addition to those required by the state law and regulations and the terms of the state license, for security measures, including security cameras, panic buttons, monitored alarm systems, and on-site security guards. The application process will allow for the Police Department to review applications and provide recommendations. The Police Department's review is part of the determination of whether to approve a permit application.

WHEREAS, the City Council further finds that the Ordinance is not detrimental to the public interest, health, safety, convenience, or welfare. There are a high number of unpermitted commercial cannabis businesses currently operating in some cities. Such unpermitted commercial cannabis businesses may cause significant public health, safety and welfare concerns as discussed in the recitals above. The Ordinance addresses those public health, safety and welfare concerns by limiting the number and location of the commercial cannabis activities and imposing operating conditions that will ensure that persons over 21 years of age have safe access to cannabis while maintaining the quality of life for the City's residents. The Ordinance is not detrimental to but supportive of the public interest, health, safety, convenience, or welfare.

WHEREAS, the City Council finds and determines that this Ordinance is not subject to environmental review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment); Section 15060(c)(3) (the activity is not a project as defined in Section 15378) because it has no potential for resulting in a physical change of the environment, directly or indirectly; and Business and Professions Code Section 26055(h) because the Ordinance requires the discretionary review of permits to include any applicable environmental review pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code.

Section. 2. NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL CENTRO DOES ORDAIN AS FOLLOWS:

Chapter 13, Article VII is repealed in its entirety and amended to read as follows:

ARTICLE VII

Sec. 13-110- 13-131 – Reserved

Section 3. Chapter 13, Article X is adopted to read as follows:

Chapter 13, ARTICLE X COMMERCIAL CANNABIS ACTIVITIES

Sections:

13-150	Purpose and Intent
13-151	Legal Authority
13-152	Commercial Cannabis Activities Prohibited Unless Specifically Authorized by this Chapter
13-153	Compliance with Laws
13-154	Definitions
13-155	Location and Distance Requirements
13-156	Building Permits and Inspection
13-157	Reserved
13-158	Right to Occupy and to Use Property
13-159	Maximum Number and Type of Authorized Commercial Cannabis Businesses Permitted
13-160	Commercial Cannabis Business Permit Required to Engage in Commercial Cannabis Business
13-161	Procedures and Eligibility to Seek a Commercial Cannabis Business Permit
13-162	Reserved
13-163	Appeals of Qualification and Ranking Determinations
13-164	Land Use Entitlement Process to Obtain Commercial Cannabis Permit
13-165	Terms and Conditions of the Commercial Cannabis Permit
13-166	Renewal of Permit
13-167	Revocation of Permit
13-168	Effect of State License Suspension, Revocation, or Termination
13-169	City's Reservation of Rights
13-170	Persons Prohibited from Holding a Commercial Cannabis Business Permit
13-171	Cannabis Employee Requirements
13-172	Change in Ownership
13-173	Change of Location
13-174	City Business License
13-175	Limitations on City's Liability
13-176	Records and Recordkeeping
13-177	Security Measures
13-178	Restriction on Alcohol & Tobacco Sales
12-179	Additional Operating Requirements
13-180	Reserved
13-181	Promulgation of Regulations, Standards and Other Legal Duties
13-182	Fees and Charges

13-183	Community Benefit Fee; Community Relations
13-184	Permittee Responsible for Violations
13-185	Inspection and Enforcement
13-186	Violations declared a public nuisance
13-187	Each violation a separate offense
13-188	Criminal Penalties

Sec. 13-150. Purpose and Intent

(a) It is the purpose and intent of this Chapter to implement the provisions of the Medicinal and Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”) to provide access to adult-use of cannabis for persons over the age of 21 as authorized by the Control, Tax & Regulate the Adult Use Cannabis Act (“AUMA” or “Proposition 64” passed by California voters in 2016) and by the final regulations adopted by the Bureau of Cannabis Control, while imposing regulations on the use of land to protect the City’s residents, neighborhoods, and businesses from disproportionate and potentially negative impacts.

(b) As such, it is the purpose and intent of this Chapter to regulate storefront retail, commercial cannabis sales and prohibit all of the following: delivery from a non-storefront retailer, cultivation, processing, manufacturing, testing, sale, distribution and transportation of cannabis and cannabis products, as well as cannabis special events, to protect the health, safety, and welfare of the residents of the City of El Centro and to enforce rules and regulations consistent with State law.

(c) It is the further purpose and intent of this Chapter to require all commercial cannabis operators to obtain and renew a permit to operate within the City. Nothing in this Chapter is intended to authorize the possession, use, or provision of cannabis for purposes, or in any manner, that violates state or federal law.

(d) The provisions of this Chapter are in addition to any other permits, licenses and approvals which may be required to conduct business in the City, and are in addition to any permits, licenses and approval required under State, City, or other law.

(e) Except as otherwise provided, nothing in this Chapter regulates the personal use of cannabis as set out in Chapter 13, Art. IX.

Sec. 13-151. Legal Authority

Any standards, requirements, and regulations regarding health and safety, security, reporting and worker protections established by the State of California, or any of its departments or divisions, shall be the minimum standards applicable in the City to all commercial cannabis activity. It is the intent of this Chapter to regulate commercial cannabis activity in the City in compliance with all provisions of MAUCRSA and any subsequent state legislation and regulation as well as the provisions of this Chapter.

Sec. 13-152. Commercial Cannabis Activities Prohibited Unless Specifically Authorized by this Chapter

Except as specifically authorized in this Chapter, the commercial cultivation, manufacture, processing, storing, laboratory testing, labeling, sale, delivery, delivery from a non-storefront retailer, distribution or transportation (other than as provided under Section 26090(e) of the Business and Professions Code) of or special events involving cannabis or cannabis product or special events are expressly prohibited in the City.

Sec. 13-153. Compliance with Laws

Nothing in this Chapter shall be construed as authorizing any actions that violate federal, State or local law with respect to the operation of a commercial cannabis business. It shall be the responsibility of the owners, the operators, and the employees of the commercial cannabis business to ensure that the commercial cannabis business is, at all times, operating in a manner compliant with all applicable federal, State and local laws and regulations, specifically including those promulgated by the Bureau of Cannabis Control, and any subsequently enacted State law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of the commercial cannabis business permit.

Sec. 13-154. Definitions

When used in this Chapter, the following words shall have the meanings ascribed to them as set forth herein. Any reference to California statutes includes any regulations promulgated thereunder, and is deemed to include any successor or amended version of the referenced statute or regulatory provision.

(a) “Act” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act as that may be amended from time-to-time (MAUCRSA).

(b) “*Applicant*” means a person applying for a permit pursuant to this Chapter.

(c) “*Branded merchandise*” means clothing, hats, pencils, pens, keychains, mugs, water bottles, beverage glasses, notepads, lanyards, cannabis accessories, or other types of merchandise approved by the Bureau with the name or logo of a commercial cannabis business licensed pursuant to the Act. Branded merchandise does not include items containing cannabis or any items that are considered food as defined by Health and Safety Code section 109935.

(d) “*Bureau*” means the Bureau of Cannabis Control, previously named the Bureau of Marijuana Control, Bureau of Medical Cannabis Regulation, and Bureau of Medical Marijuana Regulation.

(e) “*Business day*” is a day Monday through Friday from 8:00 a.m. to 5.00 p.m. Pacific Time, excluding state holidays, during which the Bureau is closed for business.

(f) “*Cannabis*” means all parts of the Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “*Cannabis*” also means the separated resin, whether crude or purified, obtained from cannabis. “*Cannabis*” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this division, “*cannabis*” does not mean “*industrial hemp*” as defined by Section 11018.5 of the Health and Safety Code.

(g) “*Cannabis accessories*” has the same meaning as in Health and Safety Code section 11018.2.

(h) “*Cannabis product*” means a product containing cannabis, including, but not limited to, manufactured cannabis, - intended to be sold for use by cannabis patients in California pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the California Health and Safety Code (as the same may be amended from time-to-time) or pursuant to the Adult Use of Cannabis Act. For purposes of this Chapter, “*cannabis*” does not include industrial hemp as defined by Section 81000 of the California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.

(i) “*City*” means the City of El Centro.

(j) “*Chief of Police*” means the Chief of Police or designee.

(k) “*Commercial cannabis activity*” as allowed by this ordinance means the retail sale of commercial cannabis and cannabis products only at a storefront location and associated delivery of retail products from such storefront location as provided in this Chapter and excludes the delivery, delivery from a non-storefront retailer, cultivation, manufacture, special events, distribution, processing, storing, laboratory testing, packaging, labeling, or transportation of cannabis as well as the consumption of cannabis on the retail premises, except as otherwise provided in this Code or state law and regulations for personal use. Engaging in commercial cannabis business or in any commercial.

(l) “*Commercial cannabis business*” or “cannabis business” means any person or entity which engages in commercial cannabis activity as defined here, under a current state license and City permit.

(m) “*Commercial cannabis business permit*” means a regulatory permit issued by the City to a commercial cannabis business pursuant to this Chapter; the commercial cannabis business permit is required before any commercial cannabis activity may be conducted in the City. The initial permit and renewal of a commercial cannabis business permit are made expressly contingent upon the business’ ongoing compliance with all of the requirements of this Chapter and any regulations adopted by the City governing the commercial cannabis activity at issue.

(n) “*Community Development Director*” means the City Community Development Director or designee.

(o) “*Cultivation*” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

(p) “*Customer*” means a natural person at least 21 years of age.

(q) “*Day care center*” has the same meaning as in Section 1596.76 of the Health and Safety Code.

(r) “*Delivery*” means the commercial transfer of cannabis or cannabis products from a retail location to a customer. “Delivery” also includes the use by a retailer of any technology platform owned and controlled by the retailer. Delivery from a non-storefront retailer or any location other than a licensed and permitted commercial cannabis business is prohibited.

(s) “*Delivery employee*” means an individual employed by a licensed storefront retailer authorized to engage in retail sales who delivers cannabis goods from the licensed retailer to a customer at a physical address pursuant to state regulations.

(t) “*Dispensing*” means any activity involving the retail sale of cannabis or cannabis products from a retailer.

(u) “*Distribution*” means the procurement, sale, and transport of cannabis and cannabis products between licensees.

(v) “*Employee*” means any natural person who is employed or retained as an independent contractor by any permittee in consideration for direct or indirect monetary wages or profit, or any natural person who volunteers their services for an employer.

(w) “*Finance Director*” means the City Finance Director or designee.

(x) “*Free cannabis goods*” means any amount of cannabis goods provided to any person without cost or payment or exchange of any other thing of value.

(y) “*License*” means a permit or license issued by the State of California, or one of its departments or divisions, under Division 10 of the Business and Professions Code to engage in commercial cannabis activity as that may be amended from time-to-time.

(z) “*Licensee*” means any person holding a state license under Division 10 of the Business and Professions Code as that may be amended from time-to-time.

(aa) “*Licensing authority*” means the Bureau of Cannabis Control or any other state agency responsible for the issuance, renewal, or reinstatement of the License, or the state agency authorized to take disciplinary action against the Licensee.

(ab) “*Manufacture*” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.

(ac) “*Operation*” means any act for which a commercial cannabis business permit is required under the provisions of this Chapter.

(ad) “*Owner*” means any of the following:

(1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a permit, license or a licensee, unless the interest is solely a security interest, lien, or encumbrance.

(2) The Executive Director of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) An individual who will be participating in the direction, control, or management of the person applying for a commercial cannabis business permit or who has a financial interest in the commercial cannabis business other than a fixed lease of real property or security interest, lien or encumbrance.

(ae) “*Package*” and “*Packaging*” means any container or wrapper that may be used for enclosing or containing any cannabis goods for final retail sale. “*Package*” and “*packaging*” does not include a shipping container or outer wrapping used solely for the transport of cannabis goods in bulk quantity to a licensee.

(af) “*Permit*” means a commercial cannabis business permit issued by the City only for the purposes authorized by this Chapter.

(ag) “*Permittee*” means any person holding a permit under this Chapter.

(ah) “*Person*” includes any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

(ai) “*Premises*” means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or permittee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one permittee.

(aj) “*Promotional materials*” means any form, letter, circular, pamphlet, publication, or other written material directed to a customer or prospective customer to induce retail sales. Promotional material does not include permitted signs, displays, decorations, cannabis accessories, or cannabis goods furnished by a licensed cultivator, licensed manufacturer, licensed distributor, licensed microbusiness, or licensed cannabis event organizer to a retail licensee for advertising purposes. Promotional materials shall have no intrinsic or secondary value.

(ak) “*Publicly owned land*” means any building or real property that is owned, leased, or occupied by a city, county, state, federal, or other government entity.

(al) “*Purchaser*” means the customer who is engaged in a transaction with a permittee for purposes of obtaining cannabis or cannabis products.

(am) “*Residential area*” is an area that is within 600 feet of any single-family or multifamily residence, other than commercial hotels, motels, and similar establishments for temporary lodging.

(an) “*Retail area*” means a building, room, or other area that is open to the public, upon the licensed retailer premises authorized to engage in retail sales in which cannabis goods are sold or displayed as governed by the provisions of Chapter 3 of the final regulations.

(ao) “*Retailer*” means a storefront commercial cannabis business that offers cannabis, cannabis products, or devices for the use of cannabis or cannabis products, either individually or in any combination, for retail sale, including delivery from that storefront location, pursuant to express authorization, cannabis and cannabis products as part of a retail sale, and where the operator holds a valid commercial cannabis business permit from the City authorizing that operation of a retailer and a valid state license as required by state law to operate a retail cannabis business.

(ap) “*Sell,*” “*sale,*” and “*to sell*” include any transaction whereby, for any consideration, title to cannabis or cannabis products are transferred from one person to another, and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same, but does not include the return by the original purchaser to the location where the product was purchased.

(aq) “*Sublet*” means to lease or rent all or part of a leased or rented property.

(ar) “*Testing laboratory*” means a laboratory, facility, or entity in the state that offers or performs tests of cannabis or cannabis products and that is both of the following:

(1) Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the State; and

(2) Holds a valid commercial cannabis business permit from the City and a state license as required.

(as) “*Transport*” means the transfer of cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting commercial cannabis activity.

(at) “*Vehicle alarm system*” is a device or series of devices installed to discourage theft of the vehicle or its contents and is intended to summon general attention or to summon law enforcement as a result of an indication of an attempted breach of the vehicle.

(au) “*Youth center*” means any public or private facility that is primarily used to host recreational or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities.

Sec. 13-155. Location and Distance Requirements

Storefront retail commercial cannabis businesses are permitted to engage in commercial cannabis activities subject to the following zoning and locational requirements:

(a) The commercial cannabis business must be located on property zoned heavy commercial, tourist commercial, general commercial, light manufacturing or in successor zones as may be created from time to time, and must meet all of the requirements for development in these zones. A commercial cannabis business may not be located in the downtown commercial, office commercial, civic center, limited use, manufacturing business park, general manufacturing, or any residential zone.

(b) The property on which the cannabis business is located must also meet all of the distance requirements listed below. All distances shall be measured in a straight line without regard to intervening structures, except as listed in subsection (b)(3).

- (1) The building shall be not be within fifty (50) feet of any residentially zoned or residentially used parcel in the City, a neighboring city, or unincorporated county. The distance shall be measured in a straight line from the closest exterior wall to the residential parcel boundary line.
- (2) The parcel shall not be located within a six hundred (600) foot radius from any parcel in the City, a neighboring city, or unincorporated county containing any of the following:
 - A. A school providing instruction in kindergarten or any grades 1 through 12, (whether public, private, or charter, including pre-school, transitional kindergarten, and K-12) that is in existence at the time the permit is issued;
 - B. A commercial daycare center licensed by the City, another city, or County that is in existence at the time the permit is issued;
 - C. A youth center that is in existence at the time the permit is issued;
or
 - D. A public park that is in existence at the time the permit is issued.
- (3) For the purposes of this subsection (b), the distance measurement shall be without regard to intervening structures, with the exception of the

following, in which case the distance measurement shall be the shortest path of travel around the listed intervening structures:

A. Freeways;

B. Railroads;

(c) Each proposed cannabis business shall:

- (1) Conform with the City's general plan, any applicable specific and design requirements;
- (2) Comply with all applicable zoning and related development standards;
- (3) Be constructed in a manner that minimizes odors to surrounding uses, and promotes quality design and construction, and consistency with the surrounding properties;
- (4) Be adequate in size and shape to accommodate the yards, walls, fences, parking and loading facilities, landscaping and all items required for the development;
- (5) Be served by streets and highways adequate in width and improved as necessary to carry the kind and quantity of traffic such use will generate;
- (6) Be provided with adequate electricity, sewage, disposal, water, fire protection, storm drain facilities and other utilities for the intended purpose; and
- (7) Provide landscaping and other buffering if adjacent to residential uses, as directed by the Community Development Director.

Sec. 13-156. Building Permits and Inspection

Prior to commencing operations, and at all times thereafter, a commercial cannabis business shall be subject to a mandatory building inspection, and must obtain all required permits and approvals which would otherwise be required for any business of the same size and intensity operating in that zone. This includes but is not limited to obtaining any required building permit(s), Police and Fire Department approvals, and other zoning and land use permit(s) and approvals. No modifications to the structure of the premises shall be made without required approvals listed above.

Sec. 13-157. Reserved

Sec. 13-158. Right to Occupy and to Use Property

As a condition precedent to the City's issuance of a commercial cannabis business permit pursuant to this Chapter, any person intending to open and to operate a commercial cannabis business shall provide sufficient evidence, which sufficiency shall be determined in the reasonable discretion of the Community Development Director, of the legal right to occupy and to use the proposed location for the proposed commercial cannabis activity. In the event the proposed location will be leased or rented from another person, the applicant shall be required to provide a signed and notarized statement from all owners of the property, acknowledging that the property owners have read this Chapter and consent to the operation of the commercial cannabis business on the owner's property.

Sec. 13-159. Maximum Number and Type of Authorized Commercial Cannabis Businesses Permitted

The number of storefront retail commercial cannabis businesses permitted to operate in the City shall be two (2) or otherwise as established by Resolution of the City Council.

(a) This Chapter is only intended to create a maximum number of commercial cannabis businesses that may be issued permits to operate in the City. Nothing in this Chapter creates a mandate that the City must issue any or all of the commercial cannabis business permits if it is determined that the applicants do not meet the standards which are established in the application requirements or further amendments to the application process or that the City Council, upon further deliberation, determines that the issuance of any or all commercial cannabis business permits will impact the public safety, welfare or other policy concerns which may be detrimental in the issuance of these permits.

(b) Each calendar year following the City's initial award of permits, if any, or at any time in the City Council's discretion, the City Council may reassess the number of commercial cannabis business permits which are authorized for issuance. The City Council, in its discretion, may determine by Resolution that the number of commercial cannabis permits should be reduced, stay the same, or be expanded.

Sec. 13-160. Commercial Cannabis Business Permit Required to Engage in Commercial Cannabis Business

(a) No person may engage in any commercial cannabis business or in any commercial cannabis activity within the City, including but not limited to cultivation, manufacture, processing, laboratory testing, transporting, dispensing, special events, distribution, or sale of cannabis or a cannabis product unless the person (1) has a valid, current commercial cannabis business permit from the City; (2) has a valid, current State Seller's Permit; and (3) is currently in compliance with all applicable state and local laws and regulations pertaining to the commercial cannabis business and the commercial cannabis activities, including the duty to obtain a City business permit and business license and any required state licenses. Engaging in a commercial cannabis business or in any commercial cannabis activity includes establishing, owning, managing, conducting, leasing to, operating, causing, permitting, aiding, abetting, suffering or concealing the fact of such an act.

(b) The requirements for issuance of a City permit are in addition to all those required for a current state license as provided by state law and Chapter 3 of the final regulations issued by the Bureau of Cannabis Control, as those may be amended from time to time. Evidence of a current state license must be provided by the retailer.

(c) No immediate family member of any City Council member is eligible to apply for or obtain a commercial cannabis business permit. As used here, "immediate family member" means spouse, domestic partner, child, parent, brother or sister.

Sec. 13-161. Procedures and Eligibility to Seek a Commercial Cannabis Business Permit

(a) Procedures. The Community Development Director shall develop and make available written procedures, rules and forms to govern the application process for a City permit, the manner in which the decision will be made regarding ranking of applications for such permit as well as the nature of and steps for issuance of any commercial cannabis business permit(s). Such procedures will set out the detailed, objective review criteria to be evaluated on a point system or equivalent quantitative evaluation scale tied to each set of review criteria. There shall be separate criteria for preliminary and for final review. The criteria shall include but are not limited to the following provisions; (i) for payment of a community benefit fee to the City; evidence of a current state license; completion of background checks, if required, and certain financial requirements. All procedures shall be posted on the City website.

(b) Each applicant shall execute an agreement, in a form approved by the City Attorney, releasing the City from any liability associated with the selection process and indemnifying, defending (at applicant's sole cost and expense with counsel chosen by the City), and holding the City, its elected officials, officers, employees, representatives, attorneys and agents, harmless, from any and all claims, losses, damages, injuries, liabilities, fines, penalties or losses which arise out of, or which are in any way related to, the City's review or issuance of a

commercial cannabis business permit, the City's decision to approve the operation of the commercial cannabis business or activity, including but not limited to the process used by the City in making its decision, or the alleged violation of any federal, state or local laws by the commercial cannabis business or any of its officers, employees or agents.

(c) Preliminary Review: Based upon the review criteria developed under subsection (a) above, a preliminary determination of eligibility will be made by the Community Development Director based upon completion and submission of an application and payment of the application fee during a defined application period. Late, incomplete or applications which do not meet the requirements of this Chapter shall be returned without consideration. No fees will be returned.

(d) Final Review: Those applicants approved after the preliminary review will be asked to submit additional, more detailed information such as (by way of example only) a business plan and structure of a community benefit fee in order to continue in the eligibility process. There will be an additional City fee charged for the review of the more detailed submission. Such submission shall be made during a defined period. At the end of that period, the Community Development Director, Chief of Police and Finance Director shall review, rank and recommend to the City Manager the top two applicants

(e) Selection of Retailers: The City Manager shall determine the final two applicants eligible to apply for a City permit. The City Manager may determine there is only one final applicant or that there are no such applicants. The City Manager also may designate applicants not ranked in the final two who will be eligible to apply for a City permit if one or more of the two applicants does not apply for or does not receive a commercial cannabis permit. At the time of determination of the final applicant(s), the applications submitted by such applicants will be available for public review.

(f) The City Manager's determination may be appealed pursuant to Section 13-163, below.

Sec. 13-162 Reserved

Sec. 13-163. Appeals of Qualification and Ranking Determinations

(a) Within twenty (20) calendar days after the date of written notification of the determination by the City Manager, an aggrieved applicant may appeal such determination by filing a written appeal with the City Clerk setting forth the reasons why the determination was not proper. If no appeal of a determination is made within such twenty-day period, the City Manager's determination shall be final.

(b) At the time of filing the appellant shall pay the appeal fee as established by Resolution of the City Council from time to time.

(c) Any appeal stays the decision under appeal.

(d) Upon receipt of the written appeal, the City Clerk shall set the matter for a hearing before the Board of Appeals. The Board of Appeals shall hear the matter as an appellate body and shall determine if the selection of the eligible two applicants complied with the provisions of the review criteria, this chapter and state law. The hearing pursuant to the written procedures set forth by the City and provided to the appellant.

(e) The decision of the Board of Appeals is final.

Sec. 13-164. Land Use Entitlement Process to Obtain Commercial Cannabis Permit

(a) An applicant determined to be eligible to obtain a commercial cannabis permit shall have ninety (90) calendar days to file a complete land use application for the commercial cannabis permit, unless otherwise extended by written agreement of the Community Development Director. A complete application includes payment of the applicable fee or deposit.

(b) An application for a commercial cannabis permit shall be processed in a manner similar to that set out in City Code Chapter 29, Article V, Division 6 of this City Code, specifically including applicable environmental review. Official issuance of the commercial cannabis business permit(s), however, is conditioned upon the applicant obtaining all required land use approvals with associated environmental review as well as agreeing to all terms and conditions of the permit.

(c) Failure to apply for a commercial cannabis permit within 90 calendar days of selection shall disqualify that applicant for at least one year. In the event an eligible applicant is disqualified The City Manager may offer another eligible applicant the opportunity to enter the land use process on the same terms and conditions.

Sec. 13-165. Term and Conditions of the Commercial Cannabis Permit.

(a) The permit shall include all requirements of state law and regulations and of this Chapter and specifically those regarding recordkeeping, security measures, minors, hours of operation and other matters.

(b) The commercial cannabis business permit shall be for a term of three years and shall expire at the end of each three-year period unless renewed as provided herein. Furthermore, no permittee may begin operations, notwithstanding the issuance of a permit, unless all of the state and local laws and regulations, including but not limited to the requirements of this Chapter, applicable building permits, and conditions of the commercial cannabis business permit, have been met.

(c) The commercial cannabis business shall be subject to annual inspection.

Sec. 13-166 Renewal Applications

(a) An application for renewal of a commercial cannabis business permit shall be filed at least ninety (90) days prior to the expiration date of the current permit. It is the sole responsibility of the commercial cannabis business owner or operator to file for such a renewal. It is not the responsibility of the City to provide a reminder although the City may choose to do so. If not renewed, the permit expires. Notwithstanding any other provisions of this Code, another permit may be obtained only through the processes set out in this Ordinance.

(b) The renewal application shall contain all the information required for new applications and shall be current as of the date of the renewal.

(c) The applicant shall pay a separate renewal fee in an amount to be set by Resolution of the City Council to cover the direct and indirect costs of processing the renewal permit application.

(d) An application for renewal of a commercial cannabis business permit shall be rejected if any of the following exists:

- (1) The application for renewal is filed less than ninety (90) days before the expiration of the commercial cannabis business permit unless the permit has been in effect only for 90 days or less..
- (2) The commercial cannabis business permit is suspended or revoked at the time of the application.
- (3) The commercial cannabis business has not been in regular and continuous operation in the six (6) months prior to the renewal application unless the permit has been in effect only for 90 days or less.

- (4) The commercial cannabis business has failed to conform to the requirements of this Chapter, or of any regulations adopted pursuant to this Chapter.
- (5) The permittee fails or is unable to renew its State of California license.
- (6) If the City has determined, based on substantial evidence, that the permittee or applicant is in violation of the requirements of this Chapter, of the City Code, or of the state rules and regulations, and the City or state has determined that the violation is grounds for termination or revocation of the commercial cannabis business permit.

(e) The Community Development Director, after consultation with the Chief of Police, is authorized to make all decisions concerning the issuance of a renewal permit. In making the decision, the Community Development Director or designee(s) is authorized to impose additional conditions to a renewal permit, if it is determined to be necessary to ensure compliance with state or federal or local laws and regulations or to preserve the public health, safety or welfare. Appeals from the decision of the Community Development Director shall be made to the City Manager; an appeal from the decision of the City Manager shall go to the Board of Appeals pursuant to Section 13-163 above.

(f) If a renewal application is rejected, a person may file a new application pursuant to this Chapter no sooner than one (1) year from the date of the rejection.

(g) If the commercial cannabis business does not intend to renew the permit and will not be filing an application to do so, the City must be notified at least ninety (90) calendar days before the expiration date of the permit.

(h) Upon expiration of any permit, the commercial cannabis business must close and remove its signage, equipment and property from the Premises. Failure to close will result in an abatement action by the City with all costs of abatement recovered from the business.

Sec. 13-167. Revocation of Permits

Commercial cannabis business permits may be suspended or revoked by the Community Development Director for any violation of any law and/or any rule, regulation and/or standard adopted pursuant to this Chapter or pursuant to state or federal law or regulations.

Sec. 13-168. Effect of State License Suspension, Revocation, or Termination

Suspension of a license issued by the State of California, or by any of its departments or divisions, shall immediately suspend the ability of a commercial cannabis business to operate within the City, until the State of California, or its respective department or division, reinstates or reissues the State license. Should the State of California, or any of its departments or divisions, revoke or terminate the license of a commercial cannabis business, such revocation or termination shall also immediately revoke or terminate the ability of a commercial cannabis business to operate within the City without further action by the Community Development Director other than notice of such automatic termination.

Sec. 13-169. City's Reservation of Rights

The City's determination is discretionary. The City reserves the right to reject any or all initial applications. Prior to permit issuance, the City may also modify, postpone, or cancel any request for applications, or the entire program under this Chapter, at any time without liability, obligation, or commitment to any party, firm, or organization, to the extent permitted by law. Persons submitting applications assume the risk that all or any part of the program, or any particular category of permit potentially authorized under this Chapter, may be cancelled at any time prior to permit issuance. The City further reserves the right to request and obtain additional information from any candidate submitting an application. In addition to any other justification provided, including a failure to comply with other requirements in this Chapter, an application RISKS BEING REJECTED for any of the following reasons:

- (1) The application was received after the designated time and date;
- (2) The application did not contain the required elements, exhibits, or was not fully responsive to the request for permit application.

Notwithstanding anything in this Chapter to the contrary, the City Council reserves the right to reject any or all applications if it determines it would be in the best interest of the City, taking into account any health, safety and welfare impacts on the community. Applicants shall have no right to a commercial cannabis business permit until a permit is actually issued, and then only for the duration of the permit term. Each applicant assumes the risk that, at any time prior to the issuance of a permit, the City Council may terminate or delay the program created under this Chapter or otherwise revise, amend, or repeal this Chapter.

Sec. 13-170. Persons Prohibited from Holding a Commercial Cannabis Business Permit or Being Employed by a Commercial Cannabis Business

(a) No person may hold a commercial cannabis business permit, or be employed by a commercial cannabis business in the City if any of the following conditions exist:

- (1) The applicant, permittee, or employee has been denied a commercial cannabis business permit, or similar license, or has had such a permit or license suspended or revoked by any city, county, city and county or any state cannabis licensing authority, or is in violation of the terms of such license or of state law or regulations, whether or not the license has been denied, suspended or revoked;
- (2) The applicant, permittee, or employee, or the owner of the property upon which the proposed commercial cannabis activity is to occur, was found by the appropriate taxing agency to have been in non-compliance with federal, state or local tax laws or failed to report income from commercial cannabis activities to federal, state, or local government in violation of law.

Within fifteen (15) calendar days of any other change in the information provided in the application form or any change in status of compliance with the provisions of this Chapter, including any change in the commercial cannabis business location or ownership or management members, the applicant shall file an updated application form with the Community Development Director for review along with the application amendment fee. Failure to provide such information is a violation of this Chapter and could result in permit suspension or revocation.

Sec. 13-171. Cannabis Employee Requirements

(a) Any person who is an employee within a commercial cannabis business must be legally authorized to do so under applicable state law. Additional requirements of state law and regulations shall be applicable to delivery employees.

(b) A commercial cannabis business shall keep the following records of each of its employees on file at the premises of the business to show continuing employee eligibility for employment:

- (1) Name, address, and phone number of the employee;
- (2) Verification of employee age and identity. A copy of a photo identification such as a Real ID, driver's license, government issued identification card, passport or other proof that the applicant is at least twenty-one (21) years of age;

- (3) A list of any crimes enumerated in California Business and Professions Code Section 26057(b)(4) for which the employee has been convicted;
- (4) Name, address, and contact person for all previous employers of the employee for the last ten (10) years, including, but not limited to, all employers from which the applicant was fired, resigned, or asked to leave and the reasons for such dismissal or firing;

(c) The permittee shall provide to the Chief of Police, upon request, the records described above in subsection (b). The Chief of Police may review the records and may require and/or conduct a background check (at the sole expense of the permittee) to determine whether any employee has been convicted of a crime that shows the employee:

- (1) Is dishonest; or
- (2) Has committed a felony or misdemeanor involving fraud, deceit, embezzlement; or
- (3) Was convicted of a violent felony, a crime of moral turpitude; or
- (4) The illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substances Act, except for cannabis related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.

13-172 Change in Ownership

(a) The person granted a commercial cannabis business permit shall not transfer ownership or control of the permit to another person unless and until the transferee obtains an amendment to the permit from the Community Development Director stating that the transferee is now the permittee. Such an amendment may be obtained only if the transferee files an application with the Community Development Director in accordance with all provisions of this Chapter (as though the transferee were applying for an original commercial cannabis business permit) accompanied by a transfer fee in amount set by Resolution of the City Council (or if not set, shall be the same amount as the application fee), and the Community Development Director determines in accordance with this Chapter that the transferee passed the background check required for permittees and meets all other requirements of this Chapter. No transfer of ownership may occur

within one year (1) of the date the commercial cannabis business permit is originally issued, except as provided below in subsection (d).

(b) Commercial cannabis business permits issued through the grant of a transfer by the City Manager shall be valid for the remaining period of the original license. Before the transferee's permit expires, the transferee shall apply for a renewal permit in the manner required by this Chapter.

(c) Changes in ownership of a permittee's business structure or a substantial change in the ownership of a permittee business entity (changes that result in a change of more than 51% of the original ownership), must be approved by the Community Development Director through the transfer process contained in subsection (a). Failure to comply with this provision is grounds for permit revocation.

(d) A permittee may change the form of business entity without applying to the Community Development Director for a transfer of permit, provided that the membership of the new business entity is substantially similar to the original permit holder business entity (at least 51% of the membership is identical). The permit holder is required to notify the City Manager in writing of the change within ten (10) calendar days of the change. Failure to comply with this provision is grounds for permit revocation.

(e) No commercial cannabis business permit may be transferred when the City has notified the permittee that the permit has been or may be suspended or revoked.

(f) Any attempt to transfer a commercial cannabis business permit either directly or indirectly in violation of this section is hereby declared void, and such a purported transfer shall be deemed a violation of this Chapter as well as grounds for revocation of the permit.

Sec. 13-173. Change of Location

The location specified in the commercial cannabis business permit may not change without an amendment to the permit, processed in the same manner as an initial permit pursuant to the process and fees set forth in this Chapter.

Sec. 13-174. City Business License

Notwithstanding any other requirements of this Chapter, prior to commencing operations, and at all times thereafter, a commercial cannabis business shall maintain a valid City business license, renewably annually.

Sec.13-175 Limitations on City's Liability

To the fullest extent permitted by law, the City does not and shall not assume any liability whatsoever with respect to having issued a commercial cannabis business permit pursuant to this Chapter or otherwise approving the operation of any commercial cannabis business. As a condition to the approval of any commercial cannabis business permit, the applicant shall be required to demonstrate to the City Clerk that the applicant meets all of the following conditions before receipt of the commercial cannabis business permit:

(a) Provide evidence of commercial liability, workers' compensation and other insurance at coverage limits, and with conditions thereon determined necessary and appropriate from time to time by the Risk Manager.

(b) Reimburse the City for all direct and indirect costs and expenses, including but not limited to legal fees and costs and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the applicant's commercial cannabis business permit, or related to the City's approval of a commercial cannabis activity.

Sec. 13-176. Records and Recordkeeping

(a) Each person granted a commercial cannabis business shall maintain accurate books and records in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis (at or before the time of the renewal of a commercial cannabis business permit issued pursuant to this Chapter), or at any time upon reasonable request of the Community Development Director or Finance Director, each commercial cannabis business shall file a sworn statement detailing the number of sales by the commercial cannabis business during the previous twelve-month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes paid or due to be paid, including, but not limited to, employee withholdings.

(b) On an annual basis, at the request of the City Finance Director, each permittee shall submit to the City a financial audit of the business's operations conducted by an independent certified public accountant. At the request of the Finance Director, each permittee shall provide copies of the last three (3) years of their local, state and federal tax returns so that the City may verify the information provided above; any such returns provided shall be kept confidential.

(c) Each permittee shall be subject to a regulatory compliance review and financial audit as determined by the Finance Director.

(d) Each person granted a commercial cannabis business permit shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the commercial cannabis business, and separately of all the officers, managers, employees, and agents currently employed or otherwise engaged by the commercial cannabis business. The register required by this paragraph shall be provided to the Community Development Director upon a reasonable request.

(e) As required by regulations set out by the Bureau and this Chapter, all commercial cannabis businesses shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the growing and production or manufacturing, laboratory testing and distribution processes until purchase as set forth MAUCRSA. Additionally, all commercial cannabis businesses shall maintain records that identify the source of all products (company name, location, license numbers etc.).

(d) Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPAA) regulations, each commercial cannabis business shall allow the City access to the business's books, records, accounts, together with any other data or documents relevant to its permitted commercial cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than forty-eight (48) hours after receipt of the City's request, unless otherwise stipulated by the City. The City may require the materials to be submitted in an electronic format that is compatible with the City's software and hardware.

Sec. 13-177. Security Measures

(a) In addition to the requirements of Chapter 3 of the final regulations of the Bureau of Cannabis Control, including but not limited to Section 5403.1, a commercial cannabis business shall implement sufficient security measures to deter and prevent the unauthorized entrance into areas containing cannabis or cannabis products, to deter and prevent the theft of cannabis or cannabis products at the commercial cannabis business and to deter and prevent loitering in and around the business while open or closed. These security measures shall include, but shall not be limited to, all of the following:

- (1) Preventing individuals from remaining on the premises of the commercial cannabis business if they are not engaging in an activity directly related to the permitted operations of the commercial cannabis business.

- (2) Establishing limited access areas accessible only to authorized commercial cannabis business personnel.
- (3) All cannabis and cannabis products not displayed shall be stored in a secured and locked room, safe, or vault. All cannabis and cannabis products, shall be kept in a manner as to prevent diversion, theft, and loss,
- (4) Installing 24-hour security surveillance cameras that meet the requirements of the final regulations of the Bureau and are of at least HD-quality to monitor all entrances and exits to and from the premises, all interior spaces within the commercial cannabis business which are open and accessible to the public, all interior spaces where cannabis, cash or currency, is being stored for any period of time on a regular basis and all interior spaces where diversion of cannabis could reasonably occur. Cameras shall clearly show each point of sale location, register with a time/date stamp. Video recordings shall be maintained for one year and shall be made available to the City immediately upon request. Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the site of the commercial cannabis business.
- (5) Sensors such as motion detectors and acceptable to the City shall be installed to detect entry and exit from all secure areas.
- (6) Panic buttons shall be installed in all commercial cannabis businesses within areas accessible to customers.
- (7) Installing, maintaining, and monitoring an alarm system. The owner and operator shall be subject to the City's security alarm systems requirements of Chapter 16, Art. XII of this Code.
- (8) Any bars installed on the windows or the doors of the commercial cannabis business shall be installed only on the interior of the building as approved by the Community Development Department, Building Official and Fire Department.
- (9) Uniformed licensed security personnel shall be employed to monitor site activity, control loitering and site access, and to serve as a visual deterrent to unlawful activities. Security personnel shall be on-site 24 hours a day or as otherwise authorized by the Community Development Director in the terms of the permit. Security personnel must be licensed by the State of

California Bureau of Security and Investigative Services personnel and shall be subject to the prior review and approval of the Community Development Director, with such approval not to be unreasonably withheld. The Chief of Police may require that such security personnel be armed.

- (10) Each commercial cannabis business shall have the capability to remain secure during a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage.
- (11) Security measures shall conform to national Crime Prevention Through Environmental Design (CPTED) standards.

(b) Each commercial cannabis business shall identify a designated security representative/liaison to the City who shall be reasonably available to meet with City staff regarding any security related measures or and operational issues. The commercial cannabis business shall notify the Community Development Director and Police Department within twenty four (24) hours of a change in designated security representative/liaison.

(c) As part of the application and permitting process, each commercial cannabis business shall have a storage and transportation plan, which describes in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, and any currency in compliance with state laws and regulations.

(d) The commercial cannabis business shall cooperate with the City whenever the City makes a request, upon reasonable notice to the commercial cannabis business, to inspect or audit the effectiveness of any security plan or of any other requirement of this Chapter.

(e) A commercial cannabis business shall notify the Chief of Police and Community Development Director within twenty-four (24) hours after discovering any of the following:

- (1) Significant discrepancies identified during inventory. “Significance discrepancies” shall have the same meaning as defined in Section 5034 of the Bureau of Cannabis Control text of regulations.
- (2) Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business.

- (3) The loss or unauthorized alteration of records related to cannabis, registering qualifying patients, primary caregivers, or employees or agents of the commercial cannabis business.
- (4) Any other breach of security.

Sec. 13-178. Restriction on Alcohol & Tobacco Sales

- (a) No person shall cause or permit the sale, dispensing, or consumption of alcoholic beverages to any person on the property occupied by the commercial cannabis business.
- (b) No person shall cause or permit the sale of tobacco products to any person on the property occupied by the commercial cannabis business.

Sec. 13-179. Operating Requirements

- (a) No more than two (2) retailers may operate within the City at any one time and no more than that number shall be issued a permit by the City. Only retailers offering storefront purchase (customers purchase and obtain cannabis onsite) may deliver such products. There is no obligation for the City to issue that number or any commercial cannabis permits.
- (b) Retail commercial cannabis businesses may operate only during the hours specified in the commercial cannabis business permit issued by the City or as specified by state regulation (open for sale and delivery between 6:00 a.m. and 10 p.m. PST).
- (c) On-site consumption of cannabis is prohibited at all times by all individuals on the property and will be grounds for city permit revocation.
- (d) No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall be visible or discernable from the exterior of any property issued a commercial cannabis business permit, or on any of the vehicles owned or used as part of the commercial cannabis business. No outdoor storage of cannabis or cannabis products is permitted at any time.
- (e) Reporting and Tracking of Product and of Gross Sales. Each commercial cannabis business shall comply with state laws and regulations regarding tracking and tracing the movement of cannabis. The commercial cannabis business shall ensure that such information is provided to the City at the same time as to the Bureau of Cannabis Control. Such information shall include

but is not limited to the identification of the delivery vehicles used, including the number and type of delivery vehicles used.

(f) All cannabis and cannabis products sold or delivered shall be solid and delivered in full conformance with the State and local regulations. No cannabis or cannabis products may be sold, distributed, or transferred out of the State.

(g) Emergency Contact. Each commercial cannabis business shall provide the Community Development Director and Chief of Police with the name, telephone number (both land line and mobile, if available) of an on-site employee or owner to whom emergency notice can be provided at any hour of the day. The commercial cannabis business shall notify the Community Development Director and Chief of Police within 24 hours of any change in such designation and provided updated contact information.

(i) Signage and Notices.

- (1) In addition to the requirements otherwise set forth in this section, business identification signage for a commercial cannabis business shall conform to the requirements of this sub-section as well as those of Chapter 22.1 of this Code, including, but not limited to, seeking the issuance of a City sign permit if and when required.
- (2) No signs placed on the premises of a commercial cannabis business shall obstruct any entrance or exit to the building or any window.
- (3) Each entrance to a commercial cannabis business shall be visibly posted with a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the commercial cannabis business is prohibited.
- (4) Business identification signage shall be limited to that needed for identification only and shall not contain any logos or information that identifies, advertises, or lists the services or the products offered. No commercial cannabis business shall advertise by having a person holding a sign and advertising the business to passersby, whether such person is on the premises of the commercial cannabis business or elsewhere including, but not limited to, the public right-of-way.

- (5) Advertising shall meet the requirements of federal, state and local laws and regulations specifically including those of the Bureau of Cannabis Control.

(h) Minors.

- (1) As set out in state regulations, persons under the age of twenty-one (21) years shall not be allowed on the Premises of a commercial cannabis business and shall not be allowed to serve as a driver for a mobile delivery service. It shall be unlawful and a violation of this Chapter for any person to employ any person at a commercial cannabis business who is not at least twenty-one (21) years of age.
- (2) The entrance to the commercial cannabis business shall be clearly and legibly posted with a notice that no person under the age of twenty-one (21) years of age is permitted to enter upon the premises of the commercial cannabis business.
- (3) Retailers must verify the age of customers to ensure persons under the age of twenty-one (21) are not permitted.

(i) Odor Control. Odor control devices and techniques shall be incorporated in all commercial cannabis businesses to ensure that odors from cannabis are not detectable off-site. Commercial cannabis businesses shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the commercial cannabis business that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the commercial cannabis business. As such, commercial cannabis businesses must install and maintain an exhaust air filtration system with odor control that prevents internal odors from being emitted externally, or any other equipment which the Community Development Director determines is a more effective method or technology or as provided by state law.

(j) Display of Permit and City Business License. The original copy of the commercial cannabis business permit issued by the City pursuant to this Chapter and the City issued business license shall be posted inside the commercial cannabis business at all times in a location readily-visible to the public.

(k) Littering and Loitering. The owner and/or operator of a commercial cannabis business shall prohibit loitering by persons outside the facility both on the premises and within a fifty (50) foot radius of the premises and shall be responsible for removing debris, litter and other discarded materials from that area, and keeping it clean.

(l) The interior and exterior of the Premises of the commercial cannabis business shall be well lit at all times. The windows of the building shall provide an unobstructed view into the interior.

(m) Entrances into the retailer shall be locked at all times with entry strictly controlled so that there is no entry without verification the customer is authorized to enter based upon a confirmation of age and identity based upon a valid form of identification as provided by the final regulations of the Bureau. A "buzz-in" electronic/mechanical entry system may be utilized to limit access to and entry to the retailer to separate it from the reception/lobby area.

(n) Retailers may sell only those amounts of cannabis products authorized by state regulations, as those may be amended from time to time.

(o) Retailers may have only that quantity of cannabis and cannabis products reasonably anticipated to meet the daily demand readily available for sale on-site in the retail sales area of the retailer accessible to the public.

(p) All restroom facilities shall remain locked and under the control of management.

(q) Any graffiti on the property must be removed within 24 hours of discovery.

Sec. 13-180. Reserved

Sec. 13-181 Promulgation of Regulations, Standards and Other Legal Duties

(a) The Community Development Director is authorized to establish any additional rules, regulations, interpretations and standards governing the issuance, denial or renewal of commercial cannabis business permits, the ongoing operation of commercial cannabis businesses and the City's oversight, or concerning any other subject determined to be necessary to carry out the purposes of this Chapter.

(b) Regulations shall be provided to all commercial cannabis businesses, permit applicants and published on the City's website.

(c) Regulations shall become effective upon date of posting. Commercial cannabis businesses shall be required to comply with all state and local laws and regulations, including but not limited to such rules, regulations or standards adopted pursuant to this Section.

Sec. 13-182 Fees and Charges

(a) No person may commence or continue any commercial cannabis activity in the City, without timely paying in full all fees and charges required for the operation of a commercial cannabis activity. All fees and charges associated with the operation of a commercial cannabis activity shall be established by Resolution of the City Council which may be amended from time to time. Such fees and charges may include, but are not limited to, a regulatory fee imposed for the reasonable regulatory costs to the City for issuing licenses and permits, performing investigations, inspections, and audits, and the administrative and criminal enforcement and adjudication thereof and include but are not limited to the following fees: applications fees for preliminary and final applications, appeal fees, land use application fees, cannabis permit fees and renewal fees, permit amendment fees, inspection fees and business license fees.

(b) The amount of any fee, cost or charge imposed pursuant to this Chapter shall be deemed a debt to the City that is recoverable via an authorized administrative process as set forth by ordinance, or in any court of competent jurisdiction, or in any other manner authorized by law.

(c) All commercial cannabis businesses authorized to operate under this Chapter shall pay all sales, use, business, employment and other applicable taxes, and all license, registration, and other fees required under federal, state and local law. Each commercial cannabis business shall cooperate with City with respect to any reasonable request to audit the commercial cannabis business' books and records for the purpose of verifying compliance with this section, including but not limited to a verification of the amount of taxes required to be paid during any period.

Sec. 13-183 Community Benefit Fee; Community Relations

(a) The City has determined that it is not in the interest of a commercial cannabis business to seek approval of an additional local tax on cannabis sales. Therefore, the City seeks to negotiate a community benefit fee with the successful commercial cannabis businesses.

(b) Upon the written request of the Chief of Police, Community Development Director, Finance Director or other City staff, the owner, manager, and community relations representative from each commercial cannabis business holding a permit issued pursuant to this Chapter shall attend meetings with the City staff and other interested parties as requested to discuss costs, benefits, and other community issues arising as a result of implementation of this Chapter.

(c) Commercial cannabis businesses to which a permit is issued pursuant to this Chapter shall develop a public outreach and educational program for youth organizations and educational institutions that outlines the risks of youth addiction to cannabis, and that identifies resources available to youth related to drugs and drug addiction and provide such information on the its website. The program shall be updated at the same time as permit renewal.

Sec. 13-184 Permittee Responsible for Violations

The person to whom a permit is issued pursuant to this Chapter shall be responsible for all violations of the laws of the State of California or of the regulations and/or the ordinances of the City, whether committed by the permittee or any employee or agent of the permittee, which violations occur in or about the premises of the commercial cannabis business whether or not said violations occur within the permittee's presence.

Sec. 13-185 Inspection and Enforcement

(a) The Community Development Director, Building Official, Finance Director and Chief of Police are charged with enforcing the provisions of this Chapter, and any provision hereof, and may enter the location of a commercial cannabis business at any time, without notice, and inspect the location of any commercial cannabis business as well as any recordings and records required to be maintained pursuant to this Chapter or under applicable provisions of State law.

(b) It is unlawful for any person having responsibility over the operation of a commercial cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a commercial cannabis business under this Chapter or under state or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a commercial cannabis business under this Chapter or under state or local law.

(c) The commercial cannabis business is subject to annual inspections including but not limited to those associated with business license annual renewal and Fire Code requirements.

Sec. 3-186 Violations declared a public nuisance

Each and every violation of the provisions of this Chapter is hereby deemed unlawful and a public nuisance and may be abated as provided by the City Code and the costs of such abatement and enforcement recovered. Such violations also may be the subject of administrative citations.

Sec.13-187 Each violation a separate offense

Each and every violation of this Chapter shall constitute a separate violation. Additionally, as a nuisance per se, any violation of this Chapter shall be subject to injunctive relief, any permit issued pursuant to this Chapter being deemed null and void, disgorgement and payment to the City for any monies unlawfully obtained, costs of abatement, costs of investigation, attorney fees, and any other relief or remedy available at law or in equity. The City may also pursue any and all remedies and actions available and applicable under state and local laws for any violations committed by the commercial cannabis business or persons related to, or associated with, the commercial cannabis activity. Additionally, when there is determined to be an imminent threat to public health, safety or welfare, the City Manager, Community Development Director, or Chief of Police may take immediate action to temporarily suspend a commercial cannabis business permit issued by the City, pending an appeal hearing as provided in this Chapter. The remedies provided herein are not to be construed as exclusive remedies. The City is authorized to pursue any proceedings or remedies provided by law.

Sec. 13-188 Criminal Penalties

Any person causing, permitting, aiding, abetting, suffering or concealing a violation of this Chapter shall be guilty of a misdemeanor, and may, in the discretion of the City Attorney, be prosecuted as a misdemeanor and upon conviction be subject to a fine not to exceed one thousand dollars (\$1,000) or imprisonment in the city or county jail for a period of not more than six (6) months, or by both such fine and imprisonment. The City Attorney, in their sound discretion, may prosecute a violation of this Chapter as an infraction, rather than a misdemeanor, or reduce or agree to the reduction of a previously filed misdemeanor to an infraction.

Any person convicted of an infraction under this provisions of this Chapter shall be punished by a fine not exceeding one hundred dollars (\$100) for the first violation, a fine not exceeding two hundred dollars (\$200) for a second violation within one year, and a fine not exceeding five hundred dollars (\$500) for a third violation within one year. A fourth violation of this Chapter within one year shall be charged as a misdemeanor and may not be reduced to an infraction. Each day a violation is committed or permitted to continue shall constitute a separate offense. Alternatively, the City finds and declares that the maximum administrative fines allowed by law

are necessary to protect the public health, safety and welfare and that a fine in the amount of \$1000 per violation may be levied.

SECTION 4. EFFECTIVE DATE

This Ordinance shall be effective 30 days from the date of its adoption.

SECTION 5. SEVERABILITY

While it is the intent of the City Council to adopt a comprehensive regulatory system for commercial cannabis activities within the City, if any provision of this Ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end, the provisions of this Ordinance are severable. The City Council declares that they would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

INTRODUCED at a regular meeting of the City Council of the City of El Centro, California, held on the 21st day of April 2020.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of El Centro, California, held on the 5th day of May, 2020.

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Efrain Silva, Mayor
City of El Centro

ATTEST:

By: _____
Norma Wyles, City Clerk

APPROVED AS TO FORM:
Office of the City Attorney

By: _____
Elizabeth Martyn, City Attorney

STATE OF CALIFORNIA)
COUNTY OF IMPERIAL) SS
CITY OF EL CENTRO)

I, Norma Wyles, City Clerk of the City of El Centro, California, do hereby certify that the foregoing Ordinance No. 20-03 , had its first reading on April 21, 2020, and its second reading on May 5, 2020, was passed by the following vote:

AYES: Garcia, Silva, Oliva
NOES: Jackson, Viegas-Walker
ABSENT: None
ABSTAINED: None

AYES: Garcia, Silva, Oliva
NOES: Jackson, Viegas-Walker
ABSENT: None
ABSTAINED: None

By: _____
Norma Wyles, City Clerk