

City of Corona

*400 S. Vicentia Ave.
Corona, CA 92882*

Study Session Meeting Agenda - Final-revised

Wednesday, June 24, 2020

Council Chambers 3:30 PM



**CITY COUNCIL/SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF
CORONA/CORONA PUBLIC FINANCING AUTHORITY/CORONA UTILITY
AUTHORITY/CORONA HOUSING AUTHORITY MEETING**

**Jim Steiner, Mayor
Jacque Casillas, Vice Mayor
Yolanda Carrillo, Council Member
Jason Scott, Council Member
Wes Speake, Council Member**

** Revised Agenda on June 23, 2020 at 12:00 PM.

Staff Report and attachments have been added to the following item:

Item 1- Discussion and Direction Regarding Council Ad Hoc Committee's Recommendations for a Draft Ordinance and Related Policy Documents for Possible Permitting and Regulation of Commercial Cannabis Businesses in Manufacturing Zones. **

PLEDGE OF ALLEGIANCE

CONVENE OPEN SESSION

COMMUNICATIONS FROM THE PUBLIC

AGENDA ITEMS

- 1. REPORT** - [Discussion and Direction Regarding Council Ad Hoc Committee's Follow-Up Recommendations for a Draft Ordinance and Related Policy Documents for Possible Permitting and Regulation of Commercial Cannabis Businesses in Manufacturing Zones.](#)

Review and provide direction.

ADJOURNMENT

Agendas for all City meetings are posted at least 72 hours prior to the meeting in the entryway at City Hall. Written communications from the public for City Council Committee agendas must be received by the Management Services Department and for Study Session agendas must be received by the City Clerk's Office seven (7) days prior to the respective meeting.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the ADA Coordinator at (951) 736-2235. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.



Agenda Report

File #: 20-0520

**AGENDA REPORT
REQUEST FOR CITY COUNCIL ACTION**

DATE: 06/24/2020

TO: Honorable Mayor and City Council Members

FROM: Cannabis Ad Hoc Committee (Mayor Steiner & Council Member Scott)

SUBJECT:

Discussion and Direction Regarding Council Ad Hoc Committee's Follow-Up Recommendations for a Draft Ordinance and Related Policy Documents for Possible Permitting and Regulation of Commercial Cannabis Businesses in Manufacturing Zones.

RECOMMENDED ACTION:

Review and provide direction.

ANALYSIS:

PRIOR COUNCIL DIRECTION

June 26, 2019 Study Session: On June 26, 2019, the City Council held a study session on the possible regulation of commercial cannabis businesses and directed staff to begin work on a proposed ordinance and related policy documents to regulate commercial cannabis businesses. In addition to authorizing the formation of a Cannabis Ad Hoc Committee, consisting of Mayor Steiner and Council Member Scott, to work with staff on developing the regulatory documents, the Council gave direction on certain "big picture" issues to incorporate into the regulatory program.

February 19, 2020 Study Session: On February 19, 2020, the City Council held another study session at which the Cannabis Ad Hoc Committee and staff presented a proposed Ordinance and Resolution which addressed the "big picture" issues requested by the City Council.

While both the City Council and public had comments for consideration by the Ad Hoc Committee (discussed further below), the City Council largely supported the proposed documents, which are summarized in Exhibit "A" attached hereto.

COMMENTS FROM 02-19-20 STUDY SESSION

The City Council asked the Cannabis Ad Hoc Committee to meet and consider the comments from the Study Session. The Ad Hoc Committee has done that, and reports back as follows regarding its recommendations, which are included in redline format in Exhibits “B” and “C” attached hereto.

AD HOC COMMITTEE RECOMMENDATIONS

The Committee discussed the issues raised at the February 19, 2020 Study Session and provided the below recommendations.

Storefront Retail Merit-Based Evaluation Process

Panel Composition

- ✓ Issue Raised: Whether to consider either further defining selection process (e.g. Council nominations) or creating appeal process to the Council.

Recommendation: Leave as is with City Manager selecting panel members; believe the decision is better made outside of the political process.

Point System

- ✓ Issue #1 Raised: Whether to consider points for:

- Medicinal sales
- Medical background within ownership (note: legal prohibition)
- Local people within ownership
- Collective bargaining agreement already in place
- Committing to providing a “living wage”

Recommendation: 10 points to be given if local resident/business owner owns at least 51% of the business. Reduce the “Other Business Ownership Experience” category of the “Qualifications of Owners/Operators” section of the point system from 20 to 10 points and add this new category. Overall points to remain the same.

No points to be given for the other 4 suggestions:

- Medicinal sales: This will likely be common.
- Medical background within ownership: Legal prohibition.
- Collective bargaining agreement already in place: Believe City should not

- regulate wage issue.
- Committing to providing a “living wage”: Believe City should not regulate wage issue.

- ✓ Issue #2 Raised: Whether to consider having a minimum score.

Recommendation: No minimum required. Don’t believe one is needed, as the regulations mandate a high level already and the market will ultimately dictate the number of successful/quality operators.

- ✓ Issue #3 Raised: Whether the City needs to “flush-out” “bribes” within the community benefit portion.

Recommendation: No. This is the reason why we are using a confidential and independent outside panel.

- ✓ Issue #4 Raised: Whether and to what extent the panelist information and scoring would be publicly disclosed.

Recommendation: The Committee had always intended to disclose the names of the panel members upon completion of the scoring process, along with a summary of the scores for each applicant (not the individual scores awarded by each panel member).

Storefront Retail - Cap of 17

- ✓ Issue #1 Raised: Whether 17 is too many. Someone suggested limiting to 7.

Recommendation: City Ordinance to allow a number of storefront retail permits based upon a formula of 1 for every 15,000 in population, based on Department of Finance numbers and rounding up. Based upon current population of 168,248, the current number of permitted cannabis businesses would be 12.

- ✓ Issue #2 Raised: Whether City should allow all at once or over time.

Recommendation: All at once. Administratively makes more sense to process all at once, and once again the desire is to ultimately let the market dictate the number of successful/quality operators

Separation Requirements

- ✓ Issue Raised: Whether to allow discretion for fenced parks or other unique cases.

Recommendation: Do not permit exceptions for fenced parks or other unique cases. There are seemingly too many possibilities to account for every unique case and the separation requirement should be measured by the same standard for all businesses.

Allowed Zones

- ✓ Issue Raised: Whether to allow in more than “M” zones. Someone suggested to allow in commercial zones. Someone also suggested that the jeopardy to children was “overblown.”

Recommendation: Keep just in manufacturing zones.

Operating Fees

- ✓ Issue Raised: Whether the City’s suggested operating fees are too high.

Recommendation: Keep maximum percentages proposed in draft resolution (retail - up to 9%; manufacturing/distribution - up to 7%; testing - up to 3%).

Restrictions on Transfers

- ✓ Issue #1 Raised: Whether some transfer decisions should be delegated to staff as proposed.

Recommendation: Leave as is to allow City Manager to approve. No reason to have straightforward and restricted transfers come back to Council, particularly when original approvals will also be made at staff level with very strict criteria.

- ✓ Issue #2 Raised: Whether City should allow for certain involuntary transfers (death/bankruptcy).

Recommendation: Mirror state law (16 CCR §5024), which allows approval of continued operations if successor in interest has applied for a license that is under review or needs additional time to destroy/sell cannabis products.

Regulatory Issues

- ✓ Issue #1 Raised: Whether odor control measures are really required.

Recommendation: Yes. Continue to require odor control measures.

- ✓ Issue #2 Raised: Whether it is too broad to deny permits for any prior cannabis permit denial - should City deny only for prior denials for cause.

Recommendation: Delete proposed CMC §5.36.090(A)(9) that allows for denial based upon any prior cannabis denial because it doesn’t account for denial “for

cause". Leave possibility for permit denial in application though.

- ✓ Issue #3 Raised: Whether the City should require a certain percentage of local hiring (e.g. 20%).

Recommendation: Do not require a minimum percentage of local hires. City should be reluctant to regulate such issues. Moreover, they are likely to hire many locals in any event and the evaluation criteria provides points for proposals that include a plan to promote local hiring or provides incentives for local residents to work with the business.

- ✓ Issue #4 Raised: Whether to continue requiring ID badges, or should City just require businesses to maintain a list of employees and let state law control the badge issue.

Recommendation: Continue to require employees to have ID badges. Required State and City badges can be one and the same, and a list of employees is not as effective as requiring each employee to wear a badge.

- ✓ Issue #5 Raised: Whether City should not require retailers to have armed guards, because it is more dangerous to do so.

Recommendation: Keep the requirement for retailers to have at least one armed security guard on the premises during hours of operation.

- ✓ Issue #6 Raised: Whether AB1291 requires the City to change its requirement for applicants to attest that they have or will enter into a labor peace agreement at the request of a bona-fide labor organization.

Recommendation: No.

- ✓ Issue #7: Whether the City should attempt to restrict advertising above and beyond State requirements, such as:

- 1,000 feet from sensitive uses? (note: state law already requires)
- Eliminate certain marketing strategies (e.g. discounts or happy hours)?
- No advertising on freeways (note: state law limits at state lines)

Recommendation: Continue to follow state law requirements, since state already adequately regulates.

- ✓ Issue #8: Whether City should restrict its ability to add or change regulations later.

Recommendation: No. City must have the ability to react and address changing times and circumstances.

As mentioned above, the proposed Ordinance and Resolution attached as Exhibits "B" and "C" 7

hereto include the above Ad Hoc Committee recommended changes in redline format.

CLEAN-UP REVISIONS SINCE 02-19-20 STUDY SESSION

In addition to the Ad Hoc Committee’s recommended changes noted above, staff has also included some minor clarifying changes (also noted in redline in the attachments). They include, for instance, changing the name of phase 2 of the application process from “conditional” approval to “provisional” approval, and including in Section 5.36.240(G) of the draft ordinance existing language from the CMC regarding state law exemptions to criminal prosecution for certain personal uses of cannabis.

POTENTIAL CANNABIS SCHEDULES

Staff is currently working on the CEQA analysis for the proposed Ordinance and Resolution. Assuming the CEQA analysis proceeds smoothly, staff has presented the Cannabis Ad Hoc Committee with the following attached draft Cannabis Schedules:

Draft Cannabis Schedules

Document Development & Consideration (Exhibit “D”)
Application Process (Exhibit “E”)

As discussed at the February Study Session and indicated in the attached draft schedules, a number of documents (other than the above Ordinance and Resolution) and actions are required before implementation can occur. Nonetheless, the draft schedules call for consideration and adoption of the required documents as early as September and October, with an effective date and application implementation as early as November.

If the City Council wishes to proceed with this schedule, discussion will be necessary regarding the fact that the draft schedules contemplate the addition of a planner position, which would have primary responsibility for the development and implementation of the application processes, as well as needed PD assistance with the application background process. Staff will be prepared to discuss these positions, since they have not yet received Council budget approval.

COMMITTEE ACTION:

As noted, the attached documents are being recommended for consideration by the Cannabis Ad Hoc Committee.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

There is no direct fiscal impact associated with the recommended action.

ENVIRONMENTAL ANALYSIS:

File #: 20-0520

No environmental review is required because the proposed discussion is preliminary and is not a project under the California Environmental Quality Act.

PREPARED BY: DEAN DERLETH, CITY ATTORNEY/LRM DIRECTOR

REVIEWED BY: JOANNE COLETTA, COMMUNITY DEVELOPMENT DIRECTOR

REVIEWED BY: GEORGE JOHNSTONE, CHIEF OF POLICE

SUBMITTED BY: JACOB ELLIS, CITY MANAGER

Attachments:

- EX "A" - SUMMARY OF ORD & RESO FROM 02-19-20 STUDY SESSION
- EX "B" - DRAFT ORDINANCE (REDLINE FROM 02-19-20 STUDY SESSION)
- EX "C" - DRAFT RESOLUTION (REDLINE FROM 02-19-20 STUDY SESSION)
- EX "D" - DRAFT SCHEDULE (DOCUMENT DEVELOPMENT & CONSIDERATION)
- EX "E" - DRAFT SCHEDULE (APPLICATION PROCESS)

ORDINANCE

(CMC 5.36 - COMMERCIAL CANNABIS)

I. Separation Requirements

- ✓ Storefront Retailers & Storefront Retail Microbusinesses – 1,000 Feet: Include more than is required by state law - a separation requirement equal to a *1,000-foot radius* (rather than 600 feet), measured from the public entrance of the retailer to the perimeter of any of the following that are in existence at the time the commercial cannabis permit is issued:
 - Public or private school (K through 12);
 - Youth center;
 - Day care center;
 - *Public or private park*;
 - *Residential zone*; or
 - *Any other Storefront Retailer or Storefront Retail Microbusiness*

- ✓ Manufacturers, Distributors & Testing Labs – 600 Feet (State Requirement): Include the same as required by state law - a separation requirement equal to a 600-foot radius, measured from the primary entrance of such commercial cannabis business to the perimeter of any of the following that are in existence at the time the commercial cannabis permit is issued:
 - Public or private school (K through 12);
 - Youth center;
 - Day care center;
 - *Public or private park*; or
 - *Residential zone*

- ✓ Freeways: Measurements to stop at the freeway, except when it comes to measuring from schools, youth centers or day care centers, since the state minimum of 600 feet will still need to be met.

II. Cap - Storefront Retail & Storefront Retail Microbusinesses

- ✓ Cap - 17: Using what is commonly referred to as a reasonable range for retail establishments (1 for every 10K – 15K population), the Committee recommended a cap of 17 Storefront Retailers or Storefront Retail Microbusinesses.

No cap was recommended for Manufacturing, Distribution, Testing Labs and Non-Storefront Retailers

III. Operational Requirements

The Committee recommended numerous operational requirements, including the following (see references to applicable CMC 5.36 Sections in the attached Ordinance):

- ✓ All Commercial Cannabis Businesses
CMC Section 5.36.170
- ✓ Additional for Retailers & Storefront Retail Microbusinesses
CMC Section 5.36.180
- ✓ Additional for Manufacturers, Distributors and Testing Laboratories
CMC Section 5.36.190

IV. Permit Restrictions on Transfers, Changes & Alterations

The Committee recommended the following:

- ✓ City Permit and Permittee: Transfers of commercial cannabis permits are limited as follows:
 - May Transfer Less Than Majority Ownership With City Review & Approval
 - May Change Name or Form of Business Entity With Notice & Amendment
 - No Transfer for First 12 Months
 - No Operation With Name Not On Permit
 - No Transfer If Permit is Suspended
 - No Transfer of Certificate of Occupancy
- ✓ Business Premises: A commercial cannabis permit is nontransferable to other locations, except as follows:
 - City Manager Approval (new location must meet all CMC and other applicable requirements, and must be reviewed and evaluated using same criteria as other cannabis businesses)

RESOLUTION

(RULES & REGULATIONS FOR PERMITTING COMMERCIAL CANNABIS BUSINESSES)

I. Merit-Based Selection

The Committee recommended merit-based for the following:

- ✓ Storefront Retailers: The merit-based evaluation process would apply to Storefront Retailers only, including Storefront Retail Microbusinesses. Permit applications for all other commercial cannabis businesses would be considered on a first-come first-served basis.
- ✓ Merit-Based Evaluation Criteria – Attachment “A” of Rules & Regs: The proposed point system is included as Attachment “A” to the Rules and Regulations. The point system is broken down in major categories as follows:

Qualifications of Owners/Operators	150 Points
Business Plan/Financial Investment	150 Points
Operations Plan	130 Points
Security Plan	130 Points
Community Benefit	120 Points

Each of these major categories is further broken down by various components, each of which is worth a maximum number of points and the sum of which adds up to the above points.

II. Non-Merit-Based Selection

- ✓ All Other Cannabis Businesses: Permit applications for all other commercial cannabis businesses would be considered on a first-come first-served basis.

III. Application

The Committee is recommending the following:

- ✓ Application Packet: In order for an application packet to be deemed complete, all items listed below must be submitted. Application packets shall be no longer than 75 pages of text (single-sided) and 25 pages of images for a total of 100 pages.
 - Application Form

- Premises Information
- Business Plan
- Operations Plan
- Security Plan
- Site/Floor Plan
- Merit-Based Information (If Applicable)
- Live Scan/Background Checks
- Additional Information
- Application Fees

✓ Application Form: The completed application must include at least the following:

- Applicant Information
- Owner, Officer and Manager Information
- Contact Information
- Business Entity Status
- Cannabis Activity (Desired Permit)
- Cannabis Activity Experience
- Cannabis Activity Denials, Suspensions or Revocations (5 years)
- Criminal Convictions (Various Years)
- State Law Compliance
- Insurance Compliance
- Labor Peace Agreement
- Required State Financial Information
- Defense and Indemnification

IV. Application Process

The Committee recommended the following:

Merit-Based Process

The merit-based process is broken down into 3 phases as follows:

PHASE I PRELIMINARY APPROVAL

- A. Application Clearance
 ✓ Complete & Compliant

City must deem the application to be complete and in compliance with all requirements.

B. Merit-Based Evaluation Process
✓ Reviewed, Evaluated & Ranked

The application must be reviewed, evaluated and ranked in accordance with the following:

Review Panel – Make-Up: The City Manager will choose 3-5 people; no City official, officer, director or employee shall be a member; all shall be free from financial conflicts of interest; at least 1 member with experience as a planner for a public agency; at least 1 member with police or public safety experience; at least 1 member from the City’s business community.

Review Panel - Confidentiality. As long as necessary to maintain objectivity and integrity in the evaluation process, the City Manager shall withhold disclosure of the identity of the members.

Review Panel - Independent Facilitator. The review panel’s evaluation of the applications and any meetings of the review panel to discuss the applications shall be coordinated and facilitated by an independent consultant selected by the City Manager pursuant to the City’s purchasing ordinance and regulations.

Merit-Based Evaluation Criteria. The review panel shall use the criteria and point system described in the Storefront Retail Merit-Based Evaluation Criteria attached as Attachment “A” to the Rules & Regs.

Evaluation Period. The review panel will endeavor to complete its evaluation of the applications within forty-five (45) calendar days. The 45 calendar day evaluation period may be extended by the review panel for up to an additional fifteen (15) calendar days, if necessary, to complete the evaluation process.

Written Ranking. Upon completion of the evaluation process, the review panel shall produce a written ranking of the applications signed or initialed by the facilitator. The ranking shall be from highest to lowest, based upon the combined total points allocated to each application by the members of the review panel using the Storefront Retail Merit-Based Evaluation Criteria.

Notice of Ranking. The written ranking shall be posted on the City's website and served on each applicant.

No Appeal. The final ranking of the review panel shall be final and shall not be subject to appeal.

Expiration of Ranking. The final ranking of the review panel shall expire twelve (12) months from the date it is posted on the City's website; provided that the City Manager, in his/her sole discretion, may extend the expiration date for an additional twelve (12) month period.

PHASE II CONDITIONAL APPROVAL

A. Preferred Premises

✓ Deemed Compliant (Separation Requirements)

Beginning with the applicant that is ranked number 1, the City will review that applicant's preferred premises location and determine whether the location complies with the separation requirements set forth in the CMC. If it does, the applicant will move on to the next step – Premises Control. If not, the City will similarly review that applicant's next preferred premises location (if they have one), which also must have been included in their application).

This process will continue until the applicant's preferred premises location is approved or until the applicant runs out of potential locations, at which point the City will move on to the next highest ranked applicant.

The separation requirements also take into account the required distance from other retailers or storefront retail microbusinesses. This is the principal benefit to scoring high in the merit-based evaluation process – fewer locations from which to distance your preferred location.

B. Premises Control

✓ Lease or Deed

The applicant must show documentary evidence, such as a lease agreement or deed, demonstrating to the satisfaction of the City that the applicant has the legal right to occupy and use the premises to operate the commercial cannabis business described in the applicant's application.

C. Operational Agreement
✓ Duly Executed

The operational agreement will include at least the following provisions:

- Insurance Requirements
- Indemnification of City
- Operating Fee Obligation & Audits: See further discussion below.
- Community Benefit. A commitment to implement any community benefit actions or measures described in the applicant's application packet.
- Local Hiring Practices. A commitment to promote local hiring or implement incentives for local residents to work with the commercial cannabis business, if such practices are described in the applicant's application packet.
- Local Sourcing Practices. A commitment to secure supplies and equipment from local sources, if such practices are described in the applicant's application packet.

PHASE III FINAL APPROVAL

A. State Licenses
✓ Obtained

Will have 12 months (extendable by the City for up to 180 calendar days) to obtain all state licenses required by the state cannabis laws to authorize the applicant to operate the commercial cannabis business.

B. City Business License
✓ Obtained

Must obtain within 5 business days of obtaining all state licenses.

C. Building Permits & Occupancy
✓ Obtained

Will have 180 calendar days (extendable by the City for up to 60 calendar days) to take all necessary actions to open its commercial cannabis business, including, but not limited to, completing all construction and tenant improvements and obtaining all building, fire and occupancy permits that will permit the applicant to open the commercial cannabis business to the public.

Non Merit-Based Process

The non merit-based process is broken down into 3 phases as follows:

PHASE I PRELIMINARY APPROVAL

- A. Application Clearance
✓ Complete & Compliant

City must deem the application to be complete and in compliance with all requirements.

PHASE II CONDITIONAL APPROVAL

- A. Premises Control
✓ Lease or Deed

Must show documentary evidence, such as a lease agreement or deed, demonstrating to the satisfaction of the City that the applicant has the legal right to occupy and use the premises to operate the commercial cannabis business described in the applicant's application.

- B. Operational Agreement
✓ Duly Executed

The operational agreement will include at least the following provisions:

- Insurance Requirements
- Indemnification of City
- Operating Fee Obligation & Audits (see further discussion below)

PHASE III FINAL APPROVAL

A. State Licenses
✓ Obtained

Will have 12 months (extendable by the City for up to 180 calendar days) to obtain all state licenses required by the state cannabis laws to authorize the applicant to operate the commercial cannabis business.

B. City Business License
✓ Obtained

Must obtain within 5 business days of obtaining all state licenses.

C. Building Permits & Occupancy
✓ Obtained

Will have 180 calendar days (extendable by the City for up to 60 calendar days) to take all necessary actions to open its commercial cannabis business, including, but not limited to, completing all construction and tenant improvements and obtaining all building, fire and occupancy permits that will permit the applicant to open the commercial cannabis business to the public.

IV. Operating Fee

The Committee recommended the following:

- ✓ Gross Receipts %: The Committee considered fee ranges based upon square footage of the premises and a percentage of gross receipts, and is recommending the following percentage ranges based upon gross receipts:
- Storefront Retailer: Up to 9%
 - Non-storefront Retailer: Up to 9%
 - Manufacturing: Up to 7%
 - Distribution: Up to 7%
 - Testing Laboratory: Up to 3%

- Microbusiness: Up to 9% (retail portion) and up to 7% (manufacturing and distribution portions)

Set In Agreement: The operating fee for each type of commercial cannabis activity would be set consistent with council direction and within these ranges, taking into account any additional consideration to the public to be included in the agreements. The City Council could also agree to adjust them over time if desired.

Audits. The City can inspect and conduct an audit of the books and records of each commercial cannabis business upon request. If such audit discloses an underpayment of the operating fee in excess of five percent (5%), the permittee would pay the underpayment plus 10% interest to the City, and shall further reimburse the City for the entirety of its audit costs. If such audit discloses an underpayment of the operating fee of less than five percent (5%), the permittee would pay the underpayment plus 10% interest to the City.

**CHAPTER 5.36
COMMERCIAL CANNABIS**

Sections

- 5.36.010 Purpose.
- 5.36.020 Definitions.
- 5.36.030 Permitted and prohibited commercial cannabis activities.
- 5.36.040 Promulgation of regulations, standards and other legal duties.
- 5.36.050 City permit - Required.
- 5.36.060 City permit - Maximum number and types.
- 5.36.070 City permit - Separation requirements.
- 5.36.080 City permit - Application procedures.
- 5.36.090 City permit – Denial.
- 5.36.100 City permit – Amendment for physical modification of premises.
- 5.36.110 City permit - Expiration.
- 5.36.120 City permit - Renewal.
- 5.36.130 City permit - Suspension or revocation.
- 5.36.140 City permit - Effect of state license suspension, revocation or termination.
- 5.36.150 City permit and permittee - Restrictions on transfer, change or alteration.
- 5.36.160 Business premises - Restrictions on transfer, change or alteration.
- 5.36.170 Operating requirements - All commercial cannabis businesses.
- 5.36.180 Operating requirements – additional for retailers and storefront retail microbusinesses.
- 5.36.190 Operating requirements – additional for manufacturers, distributors and testing laboratories.
- 5.36.200 Record keeping.
- 5.36.210 Right of access and testing.
- 5.36.220 Limitation on city liability.
- 5.36.230 Fees and charges.
- 5.36.240 Violations and penalties.

5.36.010 Purpose.

The Adult Use of Marijuana Act (AUMA), adopted by the voters of the state of California in November 2016, decriminalized nonmedicinal cannabis and established a regulatory system for nonmedicinal cannabis businesses in California. The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), enacted by the California Legislature in June 2017, established a comprehensive set of laws regulating both individual and commercial medicinal and nonmedicinal cannabis activity throughout the state of California. Under California law, local jurisdictions are authorized to either permit or prohibit the operation of cannabis businesses within their boundaries.

The City now desires to permit, license, and fully regulate commercial cannabis businesses and commercial cannabis activity within the city.

5.36.020 Definitions.

Unless the particular provision of the context otherwise requires, the definitions and provisions contained in this section shall govern the construction, meaning and application of words and phrases used in this chapter. Unless the context otherwise clearly indicates, words used in the singular include the plural and words used in the plural includes the singular.

“**A-License**” means a state license for commercial cannabis activity related to cannabis products for individuals 21 years of age and over without the need for a physician’s recommendation.

“**Applicant**” means the owner or owners applying for a commercial cannabis permit pursuant to this chapter.

“**Backflow preventer**” means a device approved by the General Manager that is designed to keep the undesirable reversal of flow of a liquid, gas, or suspended solid into the city’s potable water supply.

“**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 definition, “Cannabis” does not mean or include industrial hemp.

“**Cannabis concentrate**” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. Resin from granular trichomes from a cannabis plant is a concentrate for purposes of this chapter. Cannabis concentrate does not include any product intended for oral ingestion by the final consumer. A cannabis concentrate is not considered food, as defined by Health and Safety Code Section 109935, or drug, as defined by Health and Safety Code Section 109925.

“**Cannabis product**” means cannabis that has undergone a process whereby the plant material has been concentrated and, with or without the addition of ingredients, been transformed into a product for sale. Cannabis products include but are not limited to: cannabis concentrate, edible cannabis products, topical cannabis, or an inhalant containing cannabis or cannabis product.

“**Cannabis waste**” means waste that is not hazardous waste which contains cannabis and that has been made unusable and unrecognizable in the manner required by the state cannabis laws.

“**City Attorney**” means the City Attorney of the City of Corona, or his/her designee.

“**City Manager**” means the City Manager of the City of Corona, or his/her designee.

“**Commercial cannabis activity**” means the commercial possession, furnishing, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis or cannabis products.

“**Commercial cannabis business**” means any person lawfully engaged in a commercial cannabis activity, which may include businesses operating with an A-License, a M-License or both.

“**Commercial cannabis operational agreement**” means an agreement entered into by and between the City and the owner(s) of a commercial cannabis business setting forth the terms and conditions under which the commercial cannabis business shall operate, in addition to the requirements of this chapter, the state cannabis laws and all other applicable state and local laws, rules and regulations, and such other terms and conditions that will protect and promote the public health, safety and welfare.

“**Commercial cannabis permit**” means the regulatory permit issued by the city pursuant to this chapter that authorizes the permittee to operate a commercial cannabis business or engage in a commercial cannabis activity within the city.

“**Community Development Director**” means the Community Development Director of the City of Corona, or his/her designee.

“**Convicted**” means a plea or verdict of guilty or a conviction following entry of a plea of no contest, but does not include any plea, verdict or conviction that is expunged pursuant to state or federal law.

“**Cultivation**” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis or industrial hemp, other than for personal use.

“**Day**” or “**days**” means calendar day(s).

“**Day care center**” has the same meaning as in California Health and Safety Code Section 1596.76, as presently adopted or further amended.

“**Delivery**” means the commercial transfer of cannabis or cannabis products from a storefront or non-storefront retailer premises to a customer at a physical address. Delivery also includes the use by a storefront retailer or a non-storefront retailer of any technology platform to facilitate delivery.

“**Distribution**” means the procurement, sale, and transport of cannabis and cannabis products between commercial cannabis businesses.

“**Distributor**” means a person engaged in distribution.

“**DWP General Manager**” means the General Manager of the Department of Water and Power for the City of Corona, or his/her designee.

“**Edible cannabis product**” means a cannabis product that is intended to be used, in whole or in part, for human consumption, including, but not limited to, chewing gum, but excluding products set forth in California Food and Agricultural Code Division 15 (commencing with Section 32501). An edible cannabis product is not considered food, as defined by Section 109935 of the Health and Safety Code, or a drug, as defined by Section 109925 of the Health and Safety Code.

“**Fire code official**” means the person designated by the Fire Chief pursuant to the California Fire Code and Chapter 15.12 of this code who is charged with the administration and enforcement of the fire code.

“**Financial interest**” has the same meaning as Section 5004 of Division 42 of Title 16 of the California Code of Regulations, as presently adopted or further amended.

“**Hazardous waste**” means the waste that meets the criteria described in California Public Resources Code § 40191, as presently adopted or further amended.

“**Industrial hemp**” means a crop that is limited to types of the plant *Cannabis sativa* L. having no more than three-tenths of 1 percent tetrahydrocannabinol (THC) contained in the dried flowering tops, whether growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin produced therefrom.

“**Labor peace agreement**” means an agreement between a permittee and any bona fide labor organization that is required by state cannabis laws and this chapter and that, at a minimum, protects public interests with the following provisions: (1) a prohibition on labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interference with a permittee’s commercial cannabis business; (2) an agreement by the permittee not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent, the permittee’s employees; access for a bona fide labor organization at reasonable times to areas in which the permittee’s employees work, for the purpose of meeting with employees to discuss their right to representation, employment rights under state law, and terms and conditions of employment. This type of agreement shall not mandate a particular method of election or certification of the bona fide labor organization.

“**Limited-access area**” means an area in which cannabis and cannabis products are stored or held and is only accessible to a permittee and its employees and authorized persons.

“**M-License**” means a state license for commercial cannabis activity involving medicinal cannabis for individuals 18 years of age and over with a physician’s recommendation.

“**Manager**” means any individual person(s) designated by a commercial cannabis business to manage day-to-day operations of the commercial cannabis business or any person acting with apparent management authority. Evidence of management authority includes, but is not limited to,

evidence that the person has the power to direct, supervise, or hire and dismiss employees or volunteers, control hours of operation, create policy rules, or purchase supplies.

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

“**Manufacturer**” means a person engaged in manufacturing.

“**Medicinal cannabis**” means cannabis or a cannabis product for use pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at California Health and Safety Code Section 11362.5, by a medicinal cannabis patient in California who possesses a physician’s recommendation.

“**Microbusiness**” means a person engaged in manufacturing, distribution and the retail sale of cannabis on the same premises.

“**Minor**” means an individual under 18 years of age.

“**Non-Storefront Retailer**” means a person that offers cannabis, cannabis products, or devices for the use of cannabis or cannabis products, either individually or in any combination, for retail sale to customers exclusively by delivery.

“**Non-Storefront Retail Microbusiness**” means a microbusiness that includes a non-storefront retailer as a component of the business.

“**Officer**” means any of the following:

- (1) The chief executive officer of an entity engaged in a commercial cannabis business.
- (2) A member of the board of directors of an entity engaged in a commercial cannabis business.
- (3) A person participating in the direction or control of an applicant for a commercial cannabis permit or any owner of a commercial cannabis business within the city.

“**Owner**” means a person with an aggregate ownership interest, direct or indirect, of 20 percent (20%) or more in a commercial cannabis business, whether a partner, shareholder, member, or the like, including any security, lien, or encumbrance in an ownership interest that, upon default, could become an ownership interest of 20 percent (20%) or more in a commercial cannabis business.

“**Permittee**” means any person who has been issued a commercial cannabis permit pursuant to this chapter.

“**Permittee representative**” means any owner, officer, manager or employee of a commercial cannabis business.

“**Person**” means any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination of persons acting as a unit.

“**Police Chief**” means the Chief of the Corona Police Department, or his/her designee.

“**Premises**” means the designated structure or structures and land, or portions thereof, specified in an application for a commercial cannabis permit or, if a commercial cannabis permit is issued, that is owned, leased, or otherwise held under the control of the permittee, and is designated as the structure or structures and land, or portions thereof, where the commercial cannabis business will be or is operated.

“**Private parks**” means privately owned outdoor premises, available for community use, containing recreational areas or playground equipment, including tot-lots, swings, or similar equipment, designed for use by minors. Where a private park is located within a parcel containing other uses, the private park premises shall be defined as the area within which all recreational areas or playground equipment designed for use by minors is contained.

“**Public parks**” means outdoor premises containing existing or proposed parks, including community parks, neighborhood parks, mini-parks, and urban parks that are currently or proposed to be owned or operated by the city or other governmental agency.

“**Residential zone**” means an A, A-14.4, R-1A, R-20.0, R-12.0, R-1-9.6, R-1.8.4, R-1-7.2, R-1-14.4, R-2, R-3, R-3-C, R-G or MP zone, a residential land use adopted by a specific plan, or an equivalent residential zone, in each case within which residential uses are allowed by right.

“**Retail area**” means a building, room, or other area on the premises of a storefront retailer or storefront retail microbusiness that is open to the public and upon which the permittee is authorized to engage in the retail sale of cannabis or cannabis products.

“**Storefront Retail Microbusiness**” means a microbusiness that includes a storefront retailer as a component of the business.

“**Retailer**” means a person engaged in the retail sale of cannabis and/or cannabis products directly to a consumer. Retailer shall include storefront retailer and non-storefront retailer.

“**Sell**” and “**sale**” mean any transaction whereby, for any consideration, title to cannabis or cannabis products is 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.

“**State**” means the state of California.

“**State cannabis laws**” means the laws of the state of California, as presently adopted or further amended, which include, but are not limited to, California Health and Safety Code Section 11000

et seq.; California Health and Safety Sections 11362.1 through 11362.45; California Health and Safety Code Section 11362.5 (Compassionate Use Act of 1996); California Health and Safety Code Section 11362.7 et seq. (Medical Marijuana Program); California Health and Safety Code Section 26000 et seq. (Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”)), as such laws may be amended from time to time; the California Attorney General’s Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use issued in August 2008, as such guidelines may be revised from time to time by action of the Attorney General; California Labor Code Section 147.5; California Revenue and Taxation Code Sections 31020 and 34010 through 34021.5; California Fish and Game Code Section 12029; California Water Code Section 13276; all state regulations adopted pursuant to MAUCRSA; and all other applicable laws of the state of California, as presently adopted or further amended.

“**State license**” means a license issued by the state of California, or one of its departments or divisions, under the state cannabis laws to engage in commercial cannabis activity.

“**Storefront retailer**” means a person that offers cannabis, cannabis products, or devices for the use thereof, either individually or in any combination, for retail sale to customers exclusively at premises providing access to the public.

“**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) Licensed by the state.

“**Topical cannabis**” means a product intended for external application and/or absorption through the skin. A topical cannabis product is not considered a drug as defined by California Health and Safety Code Section 109925.

“**Track and trace system**” means the program used statewide to record the inventory and movement of cannabis and cannabis products through the commercial cannabis supply chain— from seed to sale.

“**Transfer**” means to sell, transfer, pledge, assign, grant an option, or otherwise dispose of a commercial cannabis business or a commercial cannabis permit. The transfer, or attempted transfer, of all or any portion of a permitted commercial cannabis business shall constitute the transfer, or attempted transfer, of the underlying commercial cannabis permit.

“**Transport**” means transfer of cannabis or cannabis products from the premises of one commercial cannabis business to the premises of another commercial cannabis business, for the purposes of conducting commercial cannabis activity authorized by the state cannabis laws and this chapter.

“**Youth center**” has the same meaning as in California Health and Safety Code Section 11353.1, as presently adopted or further amended..

DRAFT (06-24-20)

5.36.030 Permitted and prohibited commercial cannabis activities.

(A) **Permitted types of commercial cannabis activities.** To the extent expressly authorized in this chapter and Title 17 of this code, the following commercial cannabis activities are permitted in the City of Corona, subject to the satisfaction of all requirements set forth in this chapter, Title 17 of this code, the state cannabis laws, and all other applicable federal, state and local laws, rules and regulations:

- (1) Storefront retailer
- (2) Non-storefront retailer
- (3) Manufacturing
- (4) Distribution
- (5) Testing Laboratory
- (6) Microbusiness

(B) **Prohibited types of commercial cannabis activities.** Notwithstanding anything herein to the contrary, cultivation, indoors or outdoors, is expressly prohibited. No commercial cannabis permit shall be approved or issued for the commercial cannabis activity of cultivation within the city and no person shall otherwise establish or conduct cannabis cultivation within the city.

(C) **Industrial hemp prohibited.** Nothing in this chapter shall be construed or interpreted to permit the commercial possession, furnishing, manufacture, cultivation, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of industrial hemp.

5.36.040 Promulgation of rules, regulations, standards, policies and other requirements.

(A) **Adoption.**

(1) City Council. The City Council shall adopt, by resolution, rules and regulations for permitting commercial cannabis businesses.

(2) City Manager. In addition to any rules and regulations adopted by the City Council, the City Manager is authorized to establish, consistent with the terms of this chapter and any such rules and regulations adopted by the City Council, any additional administrative rules, regulations, standards, policies or other requirements governing: (1) applications for commercial cannabis permits under this chapter; (2) the issuance, denial or renewal of commercial cannabis permits under this chapter; (3) the city's oversight of the ongoing operation of commercial cannabis businesses; and (4) any other subject determined to be necessary to carry out the purposes of this chapter.

(B) **Publication.** Rules, regulations, standards, policies and other requirements promulgated by the City Council or the City Manager shall be published on the city's website and maintained and available to the public in the office of the City Clerk.

(C) **Effective date.** Rules, regulations, standards, policies and other requirements promulgated by the City Council or the City Manager shall be effective not only for future permittees, but shall also apply to existing valid commercial cannabis permits. Such rules, regulations, standards, policies and other requirements shall become effective and enforceable upon the date of publication on the city's website or, with respect to existing valid commercial cannabis permits, upon the date specified in a written notice to the permittee.

5.36.050 City permit - required.

(A) **Permit required.** No person shall establish or operate a commercial cannabis business or engage in commercial cannabis activity within the city unless such business or activity is currently in compliance with all applicable state and local laws, rules and regulations and that person has:

- (1) A valid city business license to conduct such business or activity;
- (2) A valid commercial cannabis permit issued by the city pursuant to this chapter to conduct such business or activity;
- (3) A valid state license authorizing such business or activity in the city;
- (4) A valid commercial cannabis operational agreement with the city to conduct such business or activity; and
- (5) A valid certificate of occupancy issued by the city's building division to the applicant or permittee to conduct the commercial cannabis business or commercial cannabis activity at the premises identified in the commercial cannabis permit.

(B) **Separate permits required.** A separate commercial cannabis permit shall be required for each type of commercial cannabis business listed in § 5.36.060(A) whether conducted or engaged in on the same premises or on different premises.

5.36.060 City permit - Maximum number and types.

(A) **Maximum number.** The maximum number of commercial cannabis permits for each type of commercial cannabis business that are available for issuance within the city shall be as follows:

- (1) Storefront retailer and/or storefront retail microbusiness: ~~Seventeen (17) total~~ The maximum shall be calculated using a formula of one (1) storefront retailer and/or storefront retail microbusiness per 15,000 City residents, as determined by the California Department of Finance, rounded-up to the next whole number, or as established by City Council resolution pursuant to § 5.36.060(E). As of the date of adoption of the ordinance establishing this section in 2020, the maximum is twelve (12).
- (2) Non-storefront retailer: No numerical limit
- (3) Manufacturer: No numerical limit
- (4) Distribution: No numerical limit
- (5) Testing laboratory: No numerical limit
- (6) ~~Non-storefront retail Mmicrobusiness that includes a non-storefront retailer component:~~ No numerical limit

(B) **No other commercial cannabis businesses permitted.** No commercial cannabis permit shall issue for any type of business involving a commercial cannabis activity other than those identified in subsection (A) above.

(C) **Multiple retail locations prohibited.** A retail commercial cannabis business shall not be permitted to operate at multiple locations in the city. A commercial cannabis permit shall not be issued for a retail commercial cannabis business to any person who is the owner of, or has a financial interest in, another retail commercial cannabis business that is operating in the city or that has obtained a commercial cannabis permit to operate in the city.

(D) **Increase or decrease of maximum number.** The City Council reserves the right at any time to consider whether the City should increase or decrease the maximum number of commercial cannabis permits available for issuance within the city for any or all types of commercial cannabis activities, or to impose a cap on previously uncapped commercial cannabis activities. If the City Council proceeds with a decrease in the total number of commercial cannabis permits for any or all types of commercial cannabis activities within the City, any such action shall include provisions for determining which, if any, existing commercial cannabis permits shall be eliminated and when operations for eliminated commercial cannabis permits shall cease.

(E) **Resolution required.** The City Council shall increase or decrease the maximum number of commercial cannabis permits available for issuance for any or all commercial cannabis activities by resolution.

5.36.070 City permit - Separation requirements.

(A) **Retailers and storefront retail microbusinesses.** No retailer or storefront retail microbusiness shall be located within a 1,000-foot radius, measured from the public entrance of the retailer, of the perimeter of any of the following that are in existence at the time the commercial cannabis permit for the retailer or storefront retail microbusiness is issued:

- (1) Public or private school providing instruction in kindergarten or any of grades 1 to 12;
- (2) Youth center;
- (3) Day care center;
- (4) Public or private park;
- (5) Residential zone; or
- (6) Any other retailer or storefront retail microbusiness

(B) **Manufacturers, Distributors and Testing Laboratories.** No manufacturer, distributor, ~~or~~ testing laboratory or non-storefront retail microbusiness shall be located within a 600-foot radius, measured from the primary entrance of such commercial cannabis business, of the perimeter of any of the following that are in existence at the time the commercial cannabis permit for the manufacturer, distributor or testing laboratory is issued:

- (1) Public or private school providing instruction in kindergarten or any of grades 1 to 12;
- (2) Youth center;
- (3) Day care center;
- (4) Public or private park; or
- (5) Residential zone.

(C) **Freeway excluded.** For purposes of measuring the distance between commercial cannabis businesses and the uses described in subsections (A) and (B) above, the measurement shall stop at, and shall not include, State Route 91 and Interstate 15, as applicable, provided that the distance between the commercial cannabis business and the uses described in subsections (A) and (B) above comply with the requirements of the state cannabis laws. Currently, the state cannabis laws prohibit a commercial cannabis business from being located within a 600-foot radius of the uses identified in Subsections (A)(1) through (A)(3) and (B)(1) through (B)(3) above.

5.36.080 City permit - Application procedures.

(A) **Adoption.**

(1) City Council. Within the rules and regulations for permitting commercial cannabis businesses provided for in § 5.36.040, the City Council shall include procedures to govern the application process and the manner in which the decision will ultimately be made regarding the issuance of any commercial cannabis permit(s). For purposes of applications for storefront retailers and storefront retail microbusinesses, such procedures shall include detailed objective review criteria and a point system or equivalent evaluation scale tied to each set of review criteria.

(2) City Manager. As provided for in § 5.36.040, the City Manager shall be authorized to take any of the following actions, so long as they are consistent with the terms of this chapter and any rules and regulations adopted by the City Council: (1) prepare any necessary forms; (2) adopt any necessary rules, regulations, standards, policies and other requirements regarding applications; (3) solicit applications; (4) oversee the evaluation of the applicants; and (5) adopt any other rules, regulations, standards, policies and other requirements determined to be necessary to carry out the purposes of this chapter or any rules and regulations adopted by the City Council.

(B) **Payment of application fee.** At the time of filing, each applicant shall pay an application fee established by resolution of the City Council.

(C) **Rejection of applications.** Applications may be rejected due to untimely submission, failure to provide the required information or documentation, not being fully responsive to the requirements of the application process or the inclusion of any false, misleading or fraudulent statement in or the omission of any pertinent fact from the application or during the application process.

5.36.090 City permit - Denial.

(A) **Grounds for denial.** An application for a commercial cannabis permit shall be denied if one or more of the following conditions exist:

- (1) The applicant has not paid all fees required pursuant to this chapter.
- (2) The application is incomplete, filed late, or is otherwise not responsive to the requirements of this chapter.

(3) The application contains a false or misleading statement or omission of a material fact.

(4) The applicant or any owner, officer or manager is not at least twenty-one (21) years old.

(5) The applicant or any owner, officer or manager has unpaid and overdue administrative penalties imposed for violations of the Corona Municipal Code.

(6) The applicant or any owner, officer or manager has an unpaid civil judgment imposed for violation(s) of the Corona Municipal Code.

(7) The applicant or any owner, officer or manager has been convicted of any of the following charges:

(a) Any felony offense within the past ten (10) years;

(b) A crime involving use of money to engage in criminal activity within the past ten (10) years;

(c) Unlawful possession or use of a firearm within the past ten (10) years; or

(d) Drug-related misdemeanor (other than cannabis) within the past three (3) years.

(8) The applicant or any owner, officer or manager is on probation or parole for the sale of drugs (other than cannabis).

~~(9) — The applicant or any owner, officer or manager has been denied a license or permit or other authorization to engage in commercial cannabis activity by a state or local licensing or permitting authority.~~

~~(10)~~(9) The premises or the operation of the applicant's commercial cannabis business, as described in its application, would fail to comply with any provision of the Corona Municipal Code, or any state law or regulation.

5.36.100 City permit – Amendment for physical modification of premises.

(A) **No physical modifications without approval.** No permittee shall, without the prior written approval of the city, make a physical change, alteration, or modification to the premises that materially or substantially alters the premises or the use of the premises from the premises diagram and floorplan originally filed with the application for a commercial cannabis permit.

(B) **Request for premises modification.** A permittee who proposes to materially or substantially change, alter or modify the premises shall submit a request for premises modification to the city on a form issued or approved by the City Manager. The request for premises modification shall include a new premises diagram and floorplan that depicts the proposed changes, alterations or modifications to the premises and any other documentation requested by the city to evaluate the permittee's request. At the time of filing the request for premises modification, the permittee shall pay a fee in an amount established by resolution of the City Council.

(C) **Material or substantial modifications.** For purposes of this section, the following changes, alterations, or modifications to the premises shall be considered material or substantial:

- (1) The removal, creation, or relocation of a common entryway, doorway, passage, or a means of public entry or exit, when such common entryway, doorway, or passage alters or changes limited-access areas within the premises;
- (2) The removal, creation, or relocation of a wall or barrier;
- (3) Changing the activities conducted in or the use of an area identified in the last premises diagram provided to and approved by the city; or
- (4) Changes or alterations that violate any applicable provision of this code, the California Building Code or the California Fire Code.

(D) **Building permits.** Notwithstanding anything in this chapter to the contrary, a physical change, alteration, or modification to the premises shall be subject to all other requirements of this code, including, but not limited to the building permit requirements.

5.36.110 City permit - Expiration.

A commercial cannabis permit issued pursuant to this chapter shall expire one (1) year after the date of issuance. No permit issued pursuant to this chapter shall confer any vested right to any person or business for more than the permit period. Commercial cannabis permits may be renewed pursuant to Section 5.36.120.

5.36.120 City permit - Renewal.

(A) **Renewal application.** An application for renewal of a commercial cannabis permit shall be filed with the City Manager's office at least sixty (60) days prior to the expiration date of the current commercial cannabis permit.

(B) **Payment of fees.** At the time of filing the application for renewal, the applicant shall pay a fee in an amount established by resolution of the City Council. Any applicant submitting an application less than sixty (60) days before its expiration shall be required to pay a late renewal application fee, as established by resolution of the City Council.

(C) **Application form.** The application for renewal shall be submitted on a form issued or approved by the City Manager and shall contain all the information required for a new application for a commercial cannabis permit.

(D) **Denial of renewal application.** An application for renewal of a commercial cannabis permit may be denied if any of the following grounds exists:

- (1) Any of the grounds for suspension or revocation under § 5.36.120.
- (2) The commercial cannabis permit has been suspended or revoked at the time of the application for renewal.
- (3) The commercial cannabis business has not been in regular and continuous operation in the four (4) months prior to the renewal application.
- (4) The permittee fails to or is unable to renew its state license.
- (5) The permittee has made a false, misleading or fraudulent statement or omission of fact as to any information provided to City pursuant to this chapter.

(F) **City Manager authority.** The City Manager is authorized to make all decisions concerning the renewal of a commercial cannabis permit. In making the decision, the City Manager is authorized to impose additional conditions on the commercial cannabis permit if it is determined

to be necessary to ensure compliance with state or local laws and regulations or to preserve the public health, safety or welfare.

(G) **Service of decision on permittee.** The City Manager shall, either personally or by first class mail addressed to the address listed on the renewal application, serve the permittee with dated written notice of the City Manager's decision to approve or deny the renewal, and the right of the permittee to appeal the decision pursuant to Chapter 1.09 of this code.

(H) **Validity of permit pending City Manager decision.** If a permittee submits the required renewal application, but a written approval from the City has not been received prior to the expiration of the commercial cannabis permit, such permit shall be deemed conditionally renewed until service of the City Manager's written decision on the renewal application.

(I) **Appeal right.** The City Manager's decision on a renewal application may be appealed pursuant to Chapter 1.09 of this code.

(J) **Effect of denial.** If a renewal application is denied, the commercial cannabis permit shall no longer be effective and all related commercial cannabis activity must cease on or prior to the expiration date of the original commercial cannabis permit. A person denied a renewal of a commercial cannabis permit may file a new application pursuant to this chapter no sooner than one (1) year from the date of the denial.

5.36.130 City permit - Suspension or revocation.

(A) **Grounds for suspension or revocation.** The City Manager may suspend, modify, further condition or revoke a commercial cannabis permit issued pursuant to this chapter for any of the following reasons:

(1) Failure of a permittee to comply with any requirement imposed by the provisions of this code (or successor provision or provisions) including any rule, regulation, condition or standard adopted pursuant to this chapter, or any term or condition imposed on the commercial cannabis permit, or any provision of the state cannabis laws, or any applicable local law or regulations. Any act or omission of any permittee representative constituting a violation of the provisions of this chapter shall be deemed the act or omission of the permittee for purposes of determining whether the commercial cannabis permit shall be suspended and/or revoked.

(2) Any change in the ownership of a commercial cannabis business that does not have City's prior written approval, to the extent required under this chapter.

(3) Revocation of a permittee's state license.

(4) Denying the city and/or its representatives access to the premises or records of a permittee.

(5) The conviction of permittee, or any permittee representative of the commercial cannabis business, of any of the following charges:

(a) Any felony offense within the past ten (10) years;

(b) A crime involving use of money to engage in criminal activity within the past ten (10) years;

(c) Unlawful possession or use of a firearm within the past ten (10) years; or

(d) Drug-related misdemeanor (other than cannabis) within the past three (3) years.

(6) The placement on probation or parole of permittee, or any permittee representative of the commercial cannabis business for the sale of drugs (other than cannabis).

(B) **Notice to permittee.** If the City Manager determines that a ground for suspension and/or revocation of a commercial cannabis permit exists, the City Manager shall give written notice of suspension and/or revocation to the permittee, either personally or by first class mail addressed to the address listed on the application. This notice shall state the reasons for the action, the effective date of the suspension and/or revocation, and the right of the permittee to appeal the decision pursuant to Chapter 1.09 of this code.

5.36.140 City permit - Effect of state license suspension, revocation, or termination.

(A) **Effect of state license suspension.** Suspension of a state license shall immediately suspend the commercial cannabis permit and the ability of a commercial cannabis business to operate within the city, unless and until the state of California, or its respective department or division, reinstates or reissues the State license.

(B) **Effect of state license revocation.** Revocation or termination of a state license shall also immediately revoke or terminate the commercial cannabis permit and the ability of a permittee, or any permittee representative of a commercial cannabis business to operate a commercial cannabis business within the city, unless and until the state of California, or its respective department or division, reinstates or reissues the State license.

5.36.150 City permit and permittee - Restrictions on transfer, change or alteration.

(A) **Transfer of a permit prohibited.** A commercial cannabis permit is valid only as to the permittee. No permittee is allowed to transfer its commercial cannabis permit to any person except pursuant to the terms of this section. Except as permitted, any such transfer or attempted transfer shall be deemed to constitute a voluntary surrender of the commercial cannabis permit and such commercial cannabis permit shall thereafter be null and void, except as set forth in this chapter.

(B) **Transfer of less than majority ownership.** A permittee may transfer less than 50 percent (50%) ownership or control of a commercial cannabis permit with prior written approval of the City Manager after submission of all required application materials, payment of applicable fees as established by resolution of City Council, and a determination that the transferee(s) satisfy(ies) the requirements of this chapter such as to be entitled to the issuance of an original commercial cannabis permit.

(C) **Change in name or form of business entity.** A permittee may change the name or form of business entity without applying to the City Manager for a new commercial cannabis permit if the ownership of the new business entity is the same as the original business entity. Although a new commercial cannabis permit is not required, the permittee shall notify the City in writing of the change within 30 days of the change, and obtain an amendment to the original commercial cannabis permit and the commercial cannabis operational agreement after paying the applicable fee established by resolution of the City Council.

(D) Involuntary transfer.

(1) In the event of the death, incapacity, receivership, assignment for the benefit of creditors or other event rendering one or more permittees incapable of performing the duties

associated with the commercial cannabis permit, the permittee or permittee's successor in interest (e.g., appointed guardian, executor, administrator, receiver, trustee, or assignee) shall notify the City Manager in writing, within 14 calendar days of the occurrence of such event. To continue operations or cancel the existing commercial cannabis permit, permittee's successor in interest shall submit to the City Manager the following:

- (a) The name of permittee's successor in interest;
- (b) The name of the permittee(s) for which the successor in interest is succeeding;
- (c) The phone number, mailing address, and email address of the successor in interest; and
- (d) Documentation demonstrating that the permittee(s) is incapable of performing the duties associated with the commercial cannabis permit, such as a death certificate or a court order, and documentation demonstrating that the person making the request is the permittee's successor in interest such as a court order appointing guardianship, receivership, or a will or trust agreement.

(2) The City Manager may give the permittee's successor in interest written approval to continue operating the commercial cannabis business authorized by the commercial cannabis permit on the premises for a period of time specified by the City Manager, provided that the successor in interest shall be subject to all terms and conditions of the commercial cannabis permit, this chapter, any provision of the state cannabis laws, or any applicable local law or regulations, in the following instances:

- (a) If the successor in interest or another person has applied for a commercial cannabis permit from the City for the premises and that application is under review;
- (b) If the successor in interest needs additional time to destroy or sell cannabis; or
- (c) At the discretion of the City Manager.

(D) **No transfer for first 12 months.** No permittee shall be allowed to transfer all or any portion of its commercial cannabis permit prior to twelve (12) months after the permittee has opened and continuously operated its commercial cannabis business authorized thereunder.

(E) **Commercial cannabis business name.** No permittee shall operate, conduct, manage, engage in, or carry on the business of a commercial cannabis business under any name other than the name of the commercial cannabis business specified in the commercial cannabis permit.

(F) **No transfer if permit suspended.** No permittee may avail themselves of the provisions of this section if the City Manager has notified the permittee that the commercial cannabis permit has been or may be suspended, revoked, or not renewed.

(G) **No transfer of certificate of occupancy.** A certificate of occupancy issued by the city's building division for a commercial cannabis business is valid only as to the permittee. No permittee is allowed to transfer the certificate of occupancy to any person. A new certificate of occupancy shall be required for any transfer or change otherwise permitted pursuant to this section that results in a change in the name of the permittee.

(H) **Effect of failure to comply.** Failure to comply with this section constitutes grounds for suspension or revocation of a commercial cannabis permit.

(I) **No extension of permit.** Any change or transfer permitted under this section shall not extend the term of a commercial cannabis permit.

5.36.160 Business premises - Restrictions on transfer, change or alteration.

(A) **Permit nontransferable to other locations.** A commercial cannabis permit issued under this chapter is valid only as to the premises identified in and approved by the commercial cannabis permit, and is therefore nontransferable to other locations except as authorized in this section. No permittee is authorized to relocate to other areas or units within a building structure without first obtaining written approval from the City Manager, regardless of any possessory interest or right of possession to such additional space.

(B) **City Manager authority.** No permittee shall change the location of the premises identified in and approved by the commercial cannabis permit until any such change of location is approved by the City Manager. As provided in § 5.36.040, the City Manager shall adopt a process (to include any necessary forms and procedures) to change the location of the premises approved in accordance with the commercial cannabis permit that includes, but is not limited to, the following:

(1) The permittee shall submit a change of location application to the city at least ninety (90) days prior to the proposed change, along with any fees established by resolution of the City Council.

(2) The proposed location shall meet all of the requirements under this code, including, but not limited to, this chapter and Title 17.

(3) The proposed location shall be reviewed and evaluated using review criteria as referenced in § 5.36.070.

(4) The change in location of premises shall be subject to the prior review and approval by the Community Development Director and any and all other licenses, approvals, or permits required under State law and this code.

(C) **Other approvals.** All required state and city approvals, plan approvals, permits, and licenses must be obtained before causing, allowing, or licensing alterations to, and/or extensions or expansions of, the existing building(s), structure(s), or portions thereof on the premises approved as a location for a commercial cannabis business. Said alterations, extensions, or expansions shall comply with all applicable laws, regulations and standards, including those concerning building safety and occupancy.

5.36.170 Operating requirements - all commercial cannabis businesses.

(A) **Cannabis use on premises prohibited.** No person shall consume cannabis and/or cannabis products on the premises of a commercial cannabis business. The permittee shall take reasonable steps to prevent the use and consumption of cannabis or cannabis products on the premises, which, at a minimum, shall include posting, in one or more clearly visible locations on the premises, a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis or cannabis products on the premises or in the areas adjacent to the commercial cannabis business is prohibited.

(B) **No alcohol or tobacco on premises.** No person shall cause or license the sale, dispensing, or consumption of alcoholic beverages or tobacco products on the premises of a commercial cannabis business.

(C) **No visible cannabis.** No cannabis or cannabis products shall be visible from the exterior of any premises issued a commercial cannabis permit, or on any of the vehicles owned or used as part of a commercial cannabis business.

(D) **No outdoor storage or operations.** Outdoor storage of cannabis or cannabis products is prohibited. All operations of the commercial cannabis business shall be performed within an enclosed building. Special events or temporary uses that would involve outdoor sales or display of cannabis or cannabis products are prohibited. Notwithstanding the foregoing, goods and materials used in the manufacturing, distribution or testing of cannabis or cannabis products, other than cannabis or cannabis products, may be stored outdoors at the rear of the premises of a manufacturer, distributor or testing laboratory provided that such goods and materials are properly secured behind fencing that provides adequate screening of such goods and materials from public rights-of-way and otherwise stored in compliance with the provisions of § 17.44.090 of this code.

(E) **Track and trace requirements.** Commercial cannabis businesses shall create and maintain an active account within the state's track and trace system, as required by the state cannabis laws, prior to commencing any commercial cannabis activity. In the event of system failure, the business shall keep a hard copy record and transfer the information to the track and trace system within twenty-four (24) hours of the system being available.

(F) **Compliance with all laws.** All cannabis and cannabis products sold, tested, distributed or manufactured within the city shall be cultivated, manufactured, and transported only by persons who maintain full conformance with the state cannabis laws, and all other state regulations and local laws, rules and regulations. Except as otherwise specifically provided herein, this chapter incorporates all requirements and procedures set forth in the state cannabis laws. In the event of a conflict between the provisions of this chapter and the provisions of the state cannabis laws or any other applicable state or local law, the more restrictive provision shall apply. To the extent allowed by the state cannabis laws, the city shall have the right, but not the obligation, to enforce all applicable state cannabis laws.

(G) **Manager on premises.** All commercial cannabis businesses shall have a manager on the premises at all times during hours of operation.

(H) **Emergency contact.** Each commercial cannabis business shall provide the City Manager with the name, telephone number (both land line and mobile, if available) of an on-site manager or owner to whom emergency notice may be provided at any hour of any day.

(I) **Age restriction.** Persons under the age of 21 years shall not be allowed on the premises of a commercial cannabis business unless that business holds a valid M-License. Persons under the age of 21 years shall not be allowed to serve as a driver for a retailer. It shall be unlawful and a violation of this chapter for any person to employ an individual or otherwise allow an individual to volunteer at a commercial cannabis business who is not at least 21 years of age.

(J) **Odor control.** Each commercial cannabis business premises shall be designed and constructed to ensure that all odors generated by the business are contained on the premises. The premises should be designed so that demising walls are full height and extend to the bottom of the roof deck and joints are sealed unless the permittee can demonstrate to the satisfaction of the Building Official that the odor control system required by this subsection will adequately prevent odor migration into adjacent units or suites. Each commercial cannabis business shall have installed on the premises an odor control system prepared by a registered design professional specializing in such systems that is designed in accordance with the California Mechanical Code. At a minimum, the odor control system shall:

(1) include makeup and process air for odor control, comfort and proper working conditions for employees of the commercial cannabis business, and to replenish exhausted air;

(2) be designed to prevent cannabis odors from being detected outside of the premises, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common areas that are available for use by common tenants or the visiting public, or within other units or spaces attached to the same building;

(3) be designed so as not to create a violation of other codes or interfere with other fire and life safety systems and devices, including, without limitation, systems for smoke and fire detection or suppression;

(4) include a description of the maintenance to occur on the odor control system for optimum performance; and

(5) include an air balance report and odor control certification prepared by the registered design professional that designed the system to be submitted to the Building Division for review and approval prior to issuance of a certificate of occupancy for the commercial cannabis business.

(K) **Display of commercial cannabis permit and city business license.** A copy of the state license, the commercial cannabis permit and the city business license issued to a commercial cannabis business shall be posted inside the premises of the commercial cannabis business in a location readily visible to the public and/or city personnel.

(L) **Employee identification.** Each and every employee of a permittee must, at all times when present on the premises of a commercial cannabis business or while conducting a delivery, wear an identification badge issued by the Corona Police Department containing the employee's photograph, age, the name of the permittee or commercial cannabis business for whom they are employed, and, if the employee is a manager, the employee's job title.

(M) **Delaying or lingering prohibited.** The permittee shall take reasonable steps to prevent individuals from delaying or lingering on the premises without a lawful purpose.

(N) **Licenses and other approvals.** Throughout the term of a commercial cannabis permit, the permittee shall maintain all applicable planning, zoning, building, fire and other applicable licenses, permits, and approvals from the relevant City department or division that may be applicable to the zoning district in which the commercial cannabis business is located, including, but not limited to, the requirements provided for in Section 5.36.170(O) below.

(O) **City zoning requirements.** A commercial cannabis business shall be permitted to operate only in the zoning districts in which such use is expressly permitted by Title 17 of this code.

(P) **Fees and charges.**

(1) No person may operate a commercial cannabis business without timely paying in full all fees and charges required by this code or any other applicable state or local law, rule or regulation.

(2) Permittees authorized to operate a commercial cannabis business under this chapter shall pay all sales, use, business and other applicable taxes, and all license, registration, and other fees required under federal, state and local law or under the commercial cannabis operational agreement for the commercial cannabis business. Each commercial cannabis business shall cooperate with City with respect to any reasonable request to audit the commercial cannabis business's 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.

(Q) **Training requirements.** City reserves the right to impose training requirements on permittees, any permittee representative, and others involved in the operation of a commercial cannabis business, with the specific requirements to be determined and implemented through regulations adopted pursuant to § 5.36.040.

(R) **Temporary cannabis events prohibited.** Temporary cannabis events, as described in Chapter 5 of Division 42 of Title 16 of the California Code of Regulations as presently adopted or further amended, are prohibited in the city at all times.

(S) **Signage.** Signs for commercial cannabis businesses shall maintain compliance with Chapter 17.74 of this code.

(T) **Live Scan/Background check.** Every person listed as an owner, officer, manager, employee or volunteer of a commercial cannabis business shall submit fingerprints and other information deemed necessary by the Police Chief for a live scan/background check by the Corona Police Department prior to the issuance of a commercial cannabis permit or renewal of a commercial cannabis permit. No person shall be permitted to operate or work in a commercial cannabis business unless they have first cleared the live scan/background check, as determined by the Police Chief. A fee for the cost of the live scan/background check, as established by resolution of the City Council, shall be paid at the time the application for a commercial cannabis business permit is submitted no later than the time the fingerprints are submitted.

(U) **Security systems.**

(1) **Video surveillance system.** Each commercial cannabis business shall have a video surveillance system that complies with the requirements of Section 5044 of Title 16 of the California Code of Regulations, as presently adopted or further amended, professionally installed and maintained on the premises. The video surveillance system shall be of adequate quality, color rendition and resolution to allow the ready identification of any individual committing a crime anywhere on or adjacent to the premises. The video surveillance system storage device and cameras shall be compatible with the city's software and hardware and shall be transmission control protocol/TCP capable of being accessed through the internet by the Corona Police Department upon request. In addition, the video surveillance system must be capable of providing remote and real-time, live access to the video surveillance footage if required by the Corona Police Department. Permittee shall maintain video surveillance recordings for a minimum of ninety (90) days and shall make them available to the city for inspection or copy upon request.

(2) **Alarm system.** Each commercial cannabis business shall have a silent alarm system that complies with the requirements of Section 5047 of Title 16 of the California Code of Regulations, as presently adopted or further amended, professionally installed and maintained on the premises.

(3) **Monitoring.** The video surveillance and alarm systems required by this subsection shall be monitored by an approved supervising station, which shall be a UL-listed central station alarm monitoring company, as required by the California Fire Code.

(4) **Security plan.** Each commercial cannabis business shall comply with all requirements of the security plan submitted with the application for a commercial cannabis permit for review and approval by the Police Chief.

(5) **Live video and audio feed.** The video surveillance and alarm systems installed on the premises shall be capable of allowing the alarm monitoring company to view and hear live video of the premises upon activation of the alarm that can be relayed to the Corona Police Department.

(6) **Compliance with Chapter 15.52.** In addition to the requirements provided for in this § 5.36.180(T), each commercial cannabis business shall maintain compliance with all requirements set forth in Chapter 15.52 of this code.

(V) **Labor peace agreement.** The permittee or owner of each commercial cannabis business shall enter into a labor peace agreement, regardless of the number of employees, and shall abide by the terms of such agreement.

(W) **Security measures.** Each permittee shall implement sufficient security measures to deter and prevent the unauthorized entrance into areas containing cannabis or cannabis products, and to deter and prevent the theft of cannabis or cannabis products at the premises of the commercial cannabis business.

(X) **Power outages.** Each commercial cannabis business shall have the capability to remain secure during a power outage and each permittee shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks remain engaged and are not released during a power outage. Required exit doors shall be manually operable during a power outage to ensure safe egress as required by the California Building and Fire Codes.

(Y) **No liability for city.** As a condition of approval of a commercial cannabis permit, an applicant shall be required to meet all of the following conditions before they can receive the commercial cannabis permit:

(1) Execute an agreement, in a form approved by the City Attorney, agreeing, to the fullest extent permitted by law, to defend (with counsel of city's choosing), indemnify and hold the city, its directors, officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of, pertaining to, or incident to the city's issuance of the commercial cannabis permit, the process used by the city in making its decision to issue a commercial cannabis permit or approve the operation of the commercial cannabis business, the operation of the commercial cannabis business or the prosecution of the applicant, permittee, or any permittee representative for violation of federal law or the state cannabis laws, including without limitation the payment of all settlement amounts, expert witness fees and attorney's fees and other related costs and expenses;

(2) Maintain insurance in the amounts and types that are acceptable to the City Council or City Attorney;

(3) Name the city as an additional insured on all required insurance policies;

(4) Agree to reimburse the city for any legal fees and court costs that the city may be required to pay as a result of any legal challenge related to the city's approval or issuance of a commercial cannabis permit or the operation of the commercial cannabis business. The city may, at its sole discretion, participate, at its own expense, in the defense of any such action, but such participation shall not relieve the operator of its obligation hereunder.

(Z) **Violations of law not authorized.** Nothing in this chapter shall be construed as authorizing or condoning any actions that violate federal, state or local law with respect to the operation of a commercial cannabis business.

(AA) **Permittee responsible for compliance.** It shall be the responsibility of the permittee, and the permittee representatives of a commercial cannabis business to ensure that the commercial cannabis business is, at all times, operating in a manner compliant with this chapter, the state cannabis laws, as well as all applicable federal, state, and local laws and regulations, including any

subsequently enacted state or local law or regulatory, licensing, or certification standards or requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of a State license or a commercial cannabis permit.

(BB) **Permittee responsible for actions of employees.** The permittee shall be responsible for all violations of any applicable federal, state, and local laws and regulations committed by the permittee or any permittee representative, whether or not said violations occur within the permittee's presence. Violations by a permittee or any permittee representative may result in revocation or nonrenewal of the commercial cannabis permit.

(CC) **Additional operating requirements.** The City Manager may adopt other operating requirements or regulations as are determined to be necessary to protect the public health, safety and welfare. Each commercial cannabis business shall comply with such additional operating requirements or regulations.

5.36.180 Operating requirements – Additional for retailers and storefront retail microbusinesses.

(A) **Hours of operation.** The hours of operation for retailers and the retail area of storefront retail microbusinesses shall be 6:00 a.m. to 10:00 p.m. or as otherwise allowed by the state cannabis laws. The hours of operation shall be conspicuously posted near the public entrance of a storefront retailer.

(B) **Age restriction signs.** A storefront retailer or storefront retail microbusiness with an A-License shall conspicuously post and maintain a clear and legible sign, not less than eight (8) inches by ten (10) inches in size, at or near the public entrance of the storefront retailer or the retail area of the storefront retail microbusiness that states substantially as follows: "No persons under 21 years of age allowed inside these premises." A storefront retailer or storefront retail microbusiness with a M-License shall conspicuously post and maintain a clear and legible sign, not less than eight (8) inches by ten (10) inches in size, at or near the public entrance of the storefront retailer or the retail area of the storefront retail microbusiness that states substantially as follows: "No persons under 21 years of age allowed inside these premises, except persons who are at least 18 years of age are allowed with a current qualifying physician's recommendation for medicinal cannabis."

(C) **Video surveillance signs.** Retailers and storefront retail microbusinesses shall conspicuously post and maintain a clear and legible sign, not less than twelve (12) inches by twelve (12) inches in size with letters not less than one (1) inch in height, at or near the public entrance of the storefront retailer or the retail area of the storefront retail microbusiness that states substantially as follows: "All activities monitored by video camera."

(D) **Doors to remain unobstructed during hours of operation.** No door or access point within the premises of a retailer or within the retail area of a storefront retail microbusiness shall be blocked or obstructed by interior or exterior security gates, grilles or shutters during the hours of operation for the commercial cannabis business. Interior security gates, grilles or shutters are permitted during non-operational hours only on the front main entrance to the premises.

(E) **No permanent window bars.** Permanent security or safety bars are prohibited and shall not be placed on any interior or exterior windows or doors on the premises of a storefront retailer or the retail area of a storefront retail microbusiness.

(F) **Security guards.** Storefront retailers and storefront retail microbusinesses shall hire or contract for on-site security services for the premises of the storefront retailer and for the retail

area of the storefront retail microbusiness during the hours of operation pursuant to the requirements of the state cannabis laws. Additionally, each storefront retailer and storefront retail microbusiness shall hire or contract for at least one (1) armed security guard during the hours of operation of the storefront retailer and the retail area of the storefront retail microbusiness.

(G) **Panic buttons.** Panic buttons that transmit a silent alarm to the alarm monitoring company referenced in § 5.36.180(T)(2) of this code shall be installed and maintained on the premises of a storefront retailer and the retail area of the storefront retail microbusiness behind the retail counter and any other locations on the premises where sales transactions take place.

(H) **Exterior lighting.** All off-street parking areas, paths of travel and building entrances to the premises of a storefront retailer and the retail area of the storefront retail microbusiness shall be illuminated during all hours of darkness with a lighting system that is directed downward and is designed to provide an average maintained horizontal illumination of one foot candle of light on the parking surface and/or walkway. The lighting shall be shown on the required diagram of the premises and shall be subject to review by the Police Chief during the commercial cannabis permit application process.

(I) **Window coverings.** No more than twenty-five percent (25%) of the windows of a retailer or the retail area of storefront retail microbusiness shall be opaque or covered with opaque materials.

5.36.190 Operating requirements – Additional for manufacturers, distributors and testing laboratories.

(A) **View from public right-of-way.** From a public right-of-way, there should be no exterior evidence that the premises are used for manufacturing, distribution or as a testing laboratory except for any signage authorized by this chapter.

(B) **No access by general public.** The general public shall not be permitted to enter the premises of a manufacturer, distributor or testing laboratory.

(C) **Systems and equipment.** All systems and equipment used in manufacturing and testing laboratories shall be UL-listed and approved for the specific intended use of the permittee. Permittees that desire to install or use systems or equipment that are not UL-listed shall be required to submit a technical report prepared by a registered design professional for review and approval by the Building Official and the Fire Code Official prior to installation or use of such systems or equipment. Electrical equipment shall be listed and labeled by a Nationally Recognized Testing Laboratory approved by the Building Official.

(D) **Hazardous materials plans.** At the time of submittal of improvement plans for premises that will be used for manufacturing, distribution or as a testing laboratory, the applicant shall prepare and submit electronically, for review and approval by the Fire Code Official, a hazardous material inventory statement and a hazardous material management plan as required by Chapter 6.5 of Division 20 of the California Health & Safety Code and Chapter 8.40 of this code.

(E) **Hazardous waste.** The permittee for a commercial cannabis permit issued for manufacturing, distribution or testing laboratory shall ensure that any hazardous waste used, possessed, generated or stored on the premises as part of the commercial cannabis business is properly categorized, segregated, stored and disposed of in compliance with the state cannabis laws and all applicable state and local laws. The disposal of hazardous waste is under the direction and oversight of the Riverside County Environmental Health Hazardous Materials Branch.

(F) **Cannabis waste.** No cannabis product shall be disposed of in its packaging. The permittee for a commercial cannabis permit issued for manufacturing, distribution or testing laboratory shall ensure that the cannabis is removed or separated from any packaging or container and that the cannabis is rendered unrecognizable and unusable prior to disposal.

(G) **Backflow preventer.** If required by the DWP General Manager as a condition of approval for a commercial cannabis permit issued for manufacturing, distribution or testing laboratory, the permittee shall ensure that a backflow preventer is installed and maintained on the premises to the satisfaction of the DWP General Manager.

(H) **Wastewater pre-treatment requirements.** If required by the DWP General Manager as a condition of approval for a commercial cannabis permit issued for manufacturing, distribution or testing laboratory, the permittee shall ensure that the commercial cannabis business complies with all wastewater pre-treatment requirements set forth in Chapter 13.08 of this code and any other applicable federal, state or local law, rule or regulation.

(I) **Electric load study.** If required by the DWP General Manager as a condition of approval for a commercial cannabis permit issued for manufacturing, distribution or testing laboratory that is located in the electric service area of the Department of Water and Power for the City of Corona, the permittee shall prepare and, at the time of submittal of improvement plans for the premises, submit for review and approval by the DWP General Manager a power load study for the commercial cannabis business.

5.36.200 Record keeping.

(A) **Maintenance of books and records.** Each permittee shall maintain accurate books and records in an electronic format, detailing all of the revenues, expenses, assets and liabilities of the commercial cannabis business. On no less than an annual basis, at or before the time of the renewal of a commercial cannabis permit issued pursuant to this chapter, or at any time upon reasonable request of the city, each permittee shall submit to the city, in a form approved by the City Manager, a statement, sworn as to accuracy, detailing their commercial cannabis business's revenue and number of sales during the previous 12-month period, or shorter period based upon the timing of the request, provided on a per-month basis. The statement shall also include gross revenues for each month, and all applicable taxes paid or due to be paid.

(B) **Annual financial audit.** On an annual basis, each permittee shall submit to the City Manager a financial audit of the commercial cannabis business's operations conducted by an independent certified public accountant. Each permittee shall be subject to a regulatory compliance review and financial audit as determined by the City Manager.

(C) **Maintenance of ownership list.** Each permittee shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding a financial interest in the commercial cannabis business, and separately of all the owners, officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the commercial cannabis business. The register required by this subsection shall be provided to the City Manager promptly upon request.

(D) **Retention of records.** All records collected by a permittee pursuant to this chapter shall be maintained for a minimum of seven (7) years and shall be made available by the permittee to the agents or employees of the city upon request, except that private medical records shall be made available only pursuant to a properly executed search warrant, subpoena, or court order.

(E) **Inventory control records.** All permittees 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, production, manufacturing, laboratory testing, and distribution processes until purchase as set forth under the state cannabis laws.

(F) **City access to books and records.** Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPAA) regulations, each permittee shall allow City officials, employees, and their designees who are authorized to enforce the provisions of this code to have access to each commercial cannabis business's books, records, accounts, together with any other data or documents relevant to its commercial cannabis activities, for the purpose of conducting an audit or examination. Each permittee shall produce books, records, accounts, and any and all relevant data or documents no later than 24 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.

5.36.210 **Right of access and testing.**

(A) **City access to premises.** City officials, employees, and their designees authorized to enforce the provisions of this code shall have full access to the premises and records of every commercial cannabis business in order to:

(1) Inspect the premises for compliance with this code, the California Building Code, the California Fire Code and the state cannabis laws.

(2) Test any systems or equipment possessed by, in control of, or used by a permittee, any permittee representative, or any other agent or volunteer of a permittee.

(3) Test any cannabis or cannabis product possessed by, in control of, or used by a permittee, any permittee representative, or any other agent or volunteer of a permittee.

(4) Copy any materials, books, or records of any permittee, any permittee representative or any other agent or volunteer of a permittee.

(B) **Obstruction prohibited.** It is unlawful for any permittee, permittee representative or any other agent or volunteer of a permittee 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. Failure by any permittee, representative or any other agent or volunteer of a permittee to cooperate and participate in any inspection or investigation conducted under this section shall itself be a violation of this chapter.

(C) **Purpose for access.** City officials, employees, and their designees authorized to enforce the provisions of this code shall have rights of access under subsection (A) of this section during any inspection, investigation, review, audit, or as otherwise allowed by law.

(D) **Notice not required.** Prior notice of an inspection, investigation, review, or audit is not required.

(E) **Time of inspection.** Any inspection, investigation, review, or audit of a premises shall be conducted anytime the permittee is exercising privileges under a commercial cannabis permit issued pursuant to this chapter or as otherwise agreed to by the city and permittee.

(F) **No deprivation of constitutional rights.** This subsection shall not be construed to deprive a permittee, permittee representative or any other agent or volunteer of a permittee, of any privileges guaranteed by the Constitutions of the United States and/or the state of California, or any other statutory privileges.

5.36.220 Limitation on city liability.

To the fullest extent permitted by law, the city shall not incur or assume any direct or indirect liability to any applicant, permittee, permittee representative, government agency or other third party as a result of its review of applications for commercial cannabis permits or its approval or issuance of commercial cannabis permits pursuant to this chapter. As a condition of any application submittal or issuance of a commercial cannabis permit, the applicant, permittee or permittee representative, as applicable shall defend (with counsel of city's choosing), indemnify and hold the city, its directors, officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of, pertaining to, or incident to the city's issuance of the commercial cannabis permit, the process used by the city in making its decision to issue a commercial cannabis permit or approve the operation of the commercial cannabis business, the operation of the commercial cannabis business or the prosecution of the applicant, permittee, or any permittee representative for violation of federal law or the state cannabis laws, including without limitation the payment of all settlement amounts, expert witness fees and attorney's fees and other related costs and expenses.

5.36.230 Fees and charges.

(A) No person may commence operation of or continue to operate any commercial cannabis business or engage in any commercial cannabis activity in the city, without timely paying in full all fees and charges required for the operation of a commercial cannabis business. Fees and charges associated with the operation of a commercial cannabis business shall be established by resolution of the City Council, which may be amended from time to time. All fees required under this chapter are nonrefundable unless otherwise specified.

(B) All commercial cannabis businesses authorized to operate under this chapter shall pay all sales, use, business and other applicable taxes including those that may be adopted by the city, and all license, registration, and other fees required under federal, state and local law, including those that may be required in the commercial cannabis operational agreement.

5.36.240 Violations and penalties.

(A) **Violations.** It is unlawful to:

- (1) Own, operate, set up, conduct, maintain, facilitate, or direct a commercial cannabis business or a commercial cannabis activity in the city without a valid commercial cannabis permit authorizing such commercial cannabis business or a commercial cannabis activity;
- (2) Participate as an employee, contractor, agent, volunteer, or in any other capacity in a commercial cannabis business or a commercial cannabis activity in the city that is operating without a valid commercial cannabis permit;

(3) Use any parcel or any portion of parcel of land for a commercial cannabis business or a commercial cannabis activity without a valid commercial cannabis permit;

(4) Lease, rent to, or otherwise allow a commercial cannabis business or a commercial cannabis activity to occupy or access any parcel or portion of parcel of land in the city without a valid commercial cannabis permit.

(B) **Penalties.** It shall be unlawful for any person to violate any provision, or to fail to comply with the requirements, of this chapter or any rule, policy or regulation adopted hereunder or any term or condition imposed on a commercial cannabis permit. Violations of any of the provisions or failing to comply with any of the mandatory requirements of this chapter, any rule, policy or regulation adopted hereunder, or any term or condition imposed on the commercial cannabis permit may be enforced pursuant to the provisions of Chapter 1.08 of this code. Each day that a violation continues is deemed to be a new and separate offense. No proof of knowledge, intent, or other mental state is required to establish a violation.

(C) **Public nuisance.** Any condition caused or allowed to exist in violation of any of the provisions of this chapter, any rule, policy or regulation adopted hereunder or any term or condition imposed on a commercial cannabis permit is a public nuisance and may be abated by the city, or by the City Attorney on behalf of the people of the state of California, as a nuisance by means of a restraining order, injunction, or any other order or judgment in law or equity issued by a court of competent jurisdiction. The city, or the City Attorney on behalf of the people of the state of California, may seek injunctive relief to enjoin violations of, or to compel compliance with, this chapter or seek any other relief or remedy available at law or equity, including the imposition of monetary civil penalties. Each day that a violation continues is deemed to be a new and separate offense. Civil penalties for violations of this chapter may be assessed at a rate not to exceed \$10,000 per violation per day.

(D) **Aiding and abetting.** Whenever in this chapter any act or omission is made unlawful, it shall include causing, aiding, abetting, suffering, or concealing the fact of such act or omission.

(E) **Remedies cumulative.** The remedies specified in this section are cumulative and in addition to any other remedies available under state or local law for a violation of this Code.

(F) **City's police power not limited.** Nothing in this section shall be construed as requiring the City to allow, permit, license, authorize, or otherwise regulate commercial cannabis activity, or as abridging the City's police power with respect to enforcement regarding commercial cannabis activity.

(G) **State law.** Violations of this chapter may be enforced by any applicable law; provided, however, that a person who is in full compliance with the Compassionate Use Act (California Health & Safety Code Section 11362.5) ("CUA"), the Medical Marijuana Program Act (California Health & Safety Code Section 11362.7 et seq.) ("MMPA"), Adult Use of Marijuana Act (Proposition 64) ("AUMA"), and Medicinal and Adult-Use Cannabis Regulation and Safety Act (SB 94) ("MAUCRSA") shall not be subject to criminal penalties and nothing in this chapter is intended, nor shall it be construed, to conflict with or burden any defense to criminal prosecution under the CUA, the MMPA, the AUMA or the MAUCRSA.

**EXHIBIT “A”
TO
RESOLUTION NO. 2020-XXX
RULES AND REGULATIONS
FOR
PERMITTING COMMERCIAL CANNABIS BUSINESSES
(CMC § 5.36)**

**TABLE OF CONTENTS
(MAJOR SECTIONS)**

I.	PURPOSE.	2
II.	AUTHORITY AND SCOPE; DEFINITIONS.	2
III.	COMMERCIAL CANNABIS PERMIT APPLICATION FOR ALL COMMERCIAL CANNABIS BUSINESSES.	2
	A. Application Period.	
	B. Application Packet.	
	C. Application Fees.	
	D. Number of Applications.	
	E. Application Requirements.	
IV.	PHASE I OF APPLICATION REVIEW – PRELIMINARY APPROVAL.	9
	A. Review Standard & Period.	
	B. Preliminary Approval – Storefront Retailers and Storefront Retail Microbusinesses.	
	C. Preliminary Approval – Non-Storefront Retailers, Manufacturers, Distributors, Testing Laboratories and Microbusinesses Other than Storefront Retail Microbusinesses.	
V.	PHASE II OF APPLICATION REVIEW – CONDITIONAL-PROVISIONAL APPROVAL.	15
	A. Conditional-Provisional Approval – Storefront Retailers and Storefront Retail Microbusinesses.	
	B. Conditional-Provisional Approval – Non-Storefront Retailers, Manufacturers, Distributors, Testing Laboratories and Microbusinesses Other than Storefront Retail Microbusinesses.	
	C. Commercial Cannabis Operational Agreement.	
VI.	PHASE III OF APPLICATION REVIEW – FINAL APPROVAL.	20
	A. Conditions of Final Approval – All Permits.	
	B. Steps Following Forfeiture – Storefront Retailers and Storefront Retail Microbusinesses.	
ATTACHMENT “A”	Storefront Retail Merit-Based Evaluation Criteria	22

I. PURPOSE.

The purpose of these Rules and Regulations is to establish the procedures and requirements for the submittal of applications for, and the issuance of, commercial cannabis permits authorized by Chapter 5.36 of the Corona Municipal Code (“CMC”).

II. AUTHORITY AND SCOPE; DEFINITIONS.

These Rules and Regulations are authorized to be adopted pursuant to CMC § 5.36.040, and are intended to clarify and facilitate implementation of CMC Chapter 5.36. These Rules and Regulations shall apply to all applications for commercial cannabis permits submitted for commercial cannabis activities pursuant to CMC Chapter 5.36. To the extent of any conflict between these Rules and Regulations and CMC Chapter 5.36, the terms of CMC Chapter 5.36 shall govern. Unless the context otherwise clearly indicates, the terms used herein shall have the same meaning as defined in CMC § 5.36.020.

III. COMMERCIAL CANNABIS PERMIT APPLICATION FOR ALL COMMERCIAL CANNABIS BUSINESSES.

A. Application Period.

1. Retailers and Storefront Retail Microbusinesses. The City Manager will designate the application period for the submittal of applications for commercial cannabis permits for retailers and storefront retail microbusinesses. Notice of the application period dates shall be posted on the City’s website no less than fourteen (14) calendar days prior to the start of the application period. The application period will run for forty-five (45) consecutive calendar days. The City Manager, in his/her sole discretion, may extend the length of the application period on terms he/she specifies. Notice and terms for any such extension will be posted on the City website. Applications for commercial cannabis permits for retailers and storefront retail microbusinesses will only be accepted during the application period established by the City Manager. Late applications will be disqualified from consideration.

2. Non-Storefront Retailers, Manufacturers, Distributors, Testing Laboratories and Microbusinesses Other than Storefront Retail Microbusinesses. Applications for commercial cannabis permits for non-storefront retailers, manufacturing, distribution, testing laboratories and microbusiness other than storefront retail microbusinesses may be submitted at any time.

B. Application Packet.

As further described in Sections III(C) and III(E) below, the following are the submittal items that an applicant seeking to obtain a commercial cannabis permit to operate a commercial cannabis business within the City is required to submit. In order for an application packet to be deemed complete, all items listed below must be submitted to the City Manager. Application packets shall be no longer than 75 pages of text (single-sided) and 25 pages of images for a total of 100 pages.

1. Application Form. Section III(E)(1) below.
2. Premises Information. Section III(E)(2) below.
3. Business Plan. Section III(E)(3) below.
4. Operations Plan. Section III(E)(4) below.
5. Security Plan. Section III(E)(5) below.
6. Site/Floor Plan. Section III(E)(6) below.
7. Merit-Based Information (If Applicable). Section III(E)(7) below.
8. Live Scan/Background Checks. Section III(E)(8) below.
9. Additional Information. Section III(E)(9) below.
10. Application Fees. See Section III(C) below.

C. Application Fees.

All City fees related to an application for a commercial cannabis permit shall be as established by resolution of the City Council.

D. Number of Applications.

There is no limit to the number of applications an applicant may submit for a commercial cannabis permit. However, pursuant to CMC § 5.36.060, no more than one (1) commercial cannabis permit will be issued to any person who is the owner of or has a financial interest in a retail commercial cannabis business or storefront retail microbusiness commercial cannabis business within the City.

E. Application Requirements.

1. Application Form. The City Manager shall provide an application form for commercial cannabis permits. The application shall be completed and signed by the owner(s) of the commercial cannabis business. The completed application must include at least the following:

a. Applicant Information. The applicant's name, address, telephone number and e-mail address. For applicants who are individuals, the applicant shall provide both the first and last name of the individual. For applicants that are business entities, the applicant shall provide the legal name of the business entity and, if applicable, the business trade name (i.e., DBA) of the applicant.

b. Owner, Officer and Manager Information. The name, address, telephone number, e-mail address and age of all owners, officers and managers and the percentage of ownership interest or other financial interest, if any, held by each owner, officer and manager. The applicant shall include documentation validating the identity and age of all owners, officers and managers.

c. Contact Information. Contact information for the applicant's designated primary contact person including the name, title, address, phone number, and email address of the individual.

d. Business Entity Status. If any applicant or owner is a business entity or any other form of entity, the entity's legal status, formation documents (articles of incorporation, operating agreements, partnership agreements, and fictitious business name statements), and proof of registration with, or a certificate of good standing from, the California Secretary of State, as applicable.

e. Cannabis Activity. The type of commercial cannabis permit the applicant is applying for and whether the proposed commercial cannabis business will involve medicinal cannabis requiring a M-License and/or adult use requiring an A-License.

f. Cannabis Activity Experience. A description of any and all commercial cannabis activity that the applicant and all owners, officers, and managers of the commercial cannabis business have engaged in as an owner, manager, lender, employee, volunteer, or agent over the previous five (5) years, including, but not limited to, the location of such activity and a copy of any permits, licenses, or other written forms of permission for such activity by a local or state government entity. The applicant shall include a list of the license types and the license numbers issued from the State of California and all other out-of-state or local licensing authorities that the applicant holds, including the date the license was issued and the licensing authority that issued the license, permit or other authorization.

g. Cannabis Activity Denials, Suspensions or Revocations. Whether the applicant or any owner, officer, or manager of the commercial cannabis business has, within the previous five (5) years, been denied the right to conduct any commercial cannabis activity in any jurisdiction and/or whether such person's authorization to conduct any commercial cannabis activity in any jurisdiction has been suspended or revoked. The applicant shall provide the type of license or permit applied for, the name of the licensing/permitting authority that denied, suspended or revoked the application, the date of denial, suspension, or revocation, the length of suspension, if applicable, and the basis of the denial, suspension, or revocation.

h. Criminal Convictions. Whether the applicant or any owner, officer, or manager of the commercial cannabis business has been convicted of any of the following charges:

- (i) Any felony offense within the previous 10 years.
- (ii) A crime involving the use of money to engage in criminal activity within the previous 10 years.

(iii) Unlawful possession or use of a firearm within the previous 10 years.

(iv) Drug-related misdemeanor (other than cannabis) within the previous 3 years.

i. State Law Compliance. A detailed description of how the applicant will meet the requirements of the state cannabis laws, including, but not limited to, track-and-trace, inventory, returns, destruction of products, waste management, environmental sustainability, records retention, and operational requirements.

j. Insurance Compliance. Evidence that applicant has or will be able to obtain and maintain the following amounts and types of insurance, as required by CMC § 5.36.170:

(i) Commercial General Liability with a limit of \$1,000,000 per occurrence/aggregate. Such insurance policy shall name the City and its directors, officials, officers, employees, agents, and volunteers as additional insureds by endorsement with respect to the operation of the commercial cannabis business and compliance with Chapter 5.36, the state cannabis laws or any other applicable law.

(ii) Commercial/Business Automobile Liability with coverage for “any auto” and a limit of \$1,000,000 per accident for bodily and property damage.

(iii) Workers’ Compensation with limits as required by the Labor Code of the State of California.

k. Labor Peace Agreement. An applicant shall attest that it has entered into a labor peace agreement if the applicant was requested to do so by a bona-fide labor organization. If a labor organization has yet to request a labor peace agreement from the applicant, then the applicant shall attest that it will enter into a labor peace agreement if, in the future, a labor organization so requests.

l. Required State Financial Information. The applicant shall provide all financial information required by the State of California on its application form.

m. Defense and Indemnification. The applicant shall agree, to the fullest extent permitted by law, to defend (with counsel of City’s choosing), indemnify and hold the City, its directors, officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of, pertaining to, or incident to the process used by the City in making its decision to issue a commercial cannabis permit or approve the operation of the commercial cannabis business, the operation of the commercial cannabis business or the prosecution of the applicant, permittee, or any permittee representative for violation of federal law or the state cannabis laws, including without limitation the payment of all settlement amounts, expert witness fees and attorney’s fees and other related costs and expenses, as required by CMC § 5.36.220.

2. Premises Information. An application for a commercial cannabis business may be submitted without having secured a physical premises location (e.g., lease agreement with the premises owner or fee title to the premises); however, the applicant will be required to provide evidence that the applicant has the legal right to occupy and use the premises to operate a commercial cannabis business prior to issuance of a commercial cannabis permit. At a minimum, the applicant shall provide the following information concerning the proposed premises at the time of submittal of an application for a commercial cannabis permit:

a. Address(es). The physical address of the premises where the commercial cannabis activity is proposed to be conducted. Applicants for storefront retailer commercial cannabis permits or storefront retail microbusiness commercial cannabis permits are encouraged to identify several potential premises, as the application of the separation requirements set forth in CMC § 5.36.070 may preclude the applicant from operating at certain premises. If a storefront retailer or storefront retail microbusiness applicant identifies more than one potential premises, the information required by subsections (b) through (d) below shall be provided for each potential premises.

b. Zoning Compliance. Evidence that the premises are located in a zoning district where commercial cannabis businesses are permitted pursuant to Title 17 of the CMC and that the premises satisfy the separation requirements set forth in CMC § 5.36.070 (other than the separation requirement between retailers and storefront retail microbusinesses).

c. Property Owner Information. The name, address, telephone number and e-mail address of the record owner of the premises where the commercial cannabis activity is proposed to be conducted if different than the applicant. If the applicant is the record owner of the premises where the commercial cannabis activity is proposed to be conducted, the applicant shall provide a copy of the title or deed to the premises.

d. Property Owner Affidavit. If the applicant is not the record owner of the premises where the commercial cannabis activity is proposed to be conducted, an affidavit from the record owner of the premises acknowledging that the premises are available for operation by the applicant of the type of commercial cannabis activity described in the applicant's application.

3. Business Plan. The applicant shall submit a business plan that contains, at a minimum, the following information:

a. Scope of Work. A defined scope of work which describes the planning, construction and implementation efforts needed to conduct all aspects of the proposed commercial cannabis activity at the identified premises.

b. Revenue and Expenses. Estimated revenues and expenses.

c. Operation Ability. A demonstrated ability to commence operations quickly upon City approval and to sustain operations in a highly regulated industry.

d. Financial Plan/Budget. A budget for construction, operation, maintenance, compensation of employees, equipment costs, utility costs, and other operation costs. The budget should demonstrate sufficient capital in place to pay startup costs and at least 3 months of operating costs, as well as a description of the sources and uses of funds.

e. Funding/Proof of Capitalization. Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, letters of credit or other equivalent assets.

f. Supply Agreements. Proof of ability to obtain products necessary to conduct the proposed commercial cannabis activity at the identified premises.

4. Operations Plan. The applicant shall submit an operations plan that contains, at a minimum, the following information:

a. Schedule for Opening. A schedule for beginning operations, including planning and completion of any proposed construction and improvements.

b. Staffing, Training & Education. A description of staffing levels, employee training, and consumer education.

c. Standard Operating Procedures. A description of standard operating procedures for daily operations, including, but not limited to, mechanisms for ensuring compliance with state and local laws.

d. Air Quality/Odor Control. A description of the ventilation and air purification (odor) control system proposed to be used at the premises.

5. Security Plan. The applicant shall submit a security plan that contains, at a minimum, the following information:

a. Employees. A description of employee roles and responsibilities, including, but not limited to, safety education and theft reduction.

b. Security Guards. A description of security guard coverage, duties, protocols and daily procedures and operations.

c. Security Procedures. A detailed description of the proposed security measures for the premises, including, but not limited to, ingress and egress access, perimeter security, product access protocols, product security (at all hours, including during deliveries) and internal security measures.

d. Cash Management. A description of cash handling processes and procedures.

e. Video Camera Surveillance. A description of the video surveillance system proposed for the premises, including camera placement, quality and practices for the maintenance of video surveillance equipment, live feed capability and storage of video footage.

f. Alarm System. A description of the alarm system proposed for the premises.

6. Site/Floor Plan. The applicant shall submit a complete and detailed diagram of the proposed premises. The diagram must be to scale. If the proposed premises consist of only a portion of a parcel of property or structure, the diagram must be labeled indicating on which part of the property/structure the proposed premises will be located and how the remaining property/structure is used. If a storefront retailer or storefront retail microbusiness applicant identifies more than one potential premises, the applicant shall provide a separate diagram for each premises identified in the application. The diagram shall include the following:

a. Details. All boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways.

b. Activity Locations. Identification of the principal activity to be conducted in each area of the premises.

c. Limited Access Area. Identification of all limited-access areas.

7. Merit-Based Information (Storefront Retailers & Storefront Retail Microbusinesses). As further explained in Section IV(B)(4) below, applications for storefront retailers and storefront retail microbusinesses that are granted application clearance pursuant to Section IV(B)(2) below will advance to the competitive, merit-based evaluation process set forth in Section IV(B)(4). Therefore, an applicant for a storefront retailer commercial cannabis permit or storefront retail microbusiness commercial cannabis permit should include in the applicant's application packet such additional information and documentation that the applicant believes will address or be responsive to the Retail Merit-Based Selection Criteria described in Section IV(B)(4) below. As part of the competitive, merit-based evaluation process, the City reserves the right to review and score applications for storefront retail microbusinesses as a whole and in their entirety, and thus shall not be limited to reviewing only the storefront retailer component of such applications.

8. Live Scan/Background Checks. Applicants shall submit proof that they have submitted a Request for Live Scan Service form (or similar authorized form), have had fingerprints rolled, and have paid all required fees for live scan/background checks for all owners, officers, managers and any proposed employees of the commercial cannabis business. Applicants shall not begin the live scan/background check process earlier than thirty (30) calendar days prior to and no later than fourteen (14) calendar days following submittal of their application form for a commercial cannabis permit; provided, however, that the application shall not be considered complete and subject to review for application clearance until all live scan/background check results have also been received by the City Manager.

9. Additional Information. As provided for in CMC § 5.36.040 and § 5.36.080, applicants shall follow any other rules, regulations, standards, policies and other requirements determined by the City Manager to be necessary to carry out the purposes of this chapter or any rules and regulations adopted by the City Council.

IV. PHASE I OF APPLICATION REVIEW – PRELIMINARY APPROVAL.

A. Review Standard & Period.

1. Standard for Review. Upon receipt of an application packet for a commercial cannabis permit, the City Manager shall review the application packet and conduct an investigation to ascertain whether such application should be granted application clearance, as provided for herein, in accordance with CMC § 5.36, these rules and regulations, and any rules, regulations, standards, policies and other requirements adopted by the City Manager.

2. Review Period. The City Manager shall grant application clearance or reject the application within twenty (20) business days of the City's receipt of the results of the live scan/background check for all owners, officers, managers and proposed employees of the commercial cannabis business. The twenty (20) business day period may be extended by the City Manager for up to ten (10) additional business days, if necessary, to complete the review and investigation.

B. Preliminary Approval – Storefront Retailers and Storefront Retail Microbusinesses.

1. Conditions of Preliminary Approval. The City Manager shall preliminarily approve an application for a storefront retailer commercial cannabis permit or a storefront retail microbusiness commercial cannabis permit if both of the following conditions are satisfactorily met: (1) the applicant obtains application clearance pursuant to Section IV(B)(2) below; and (2) the application undergoes the merit-based evaluation process and is reviewed, evaluated and ranked by the review panel, pursuant to Section IV(B)(4) below.

2. Application Clearance. An application shall advance to the merit-based evaluation process set forth in Section IV(B)(4) below only if it is granted application clearance. The City Manager shall grant application clearance, unless he or she makes any of the following findings:

a. Unpaid Fees. The applicant has not paid all fees required pursuant to CMC Chapter 5.36 or other applicable laws, rules or regulations.

b. Application Disqualification. The application is incomplete, submitted late, or is otherwise not responsive to the requirements of CMC Chapter 5.36 or these Rules and Regulations.

c. False or Misleading Statement; Material Fact Omission. The application contains a false or misleading statement or omission of a material fact.

d. Age Disqualification. The applicant or any owner, officer or manager is not at least twenty-one (21) years old.

e. Unpaid Administrative Fines or Penalties. The applicant or any owner, officer or manager has unpaid and overdue administrative fines or penalties imposed for violations of the CMC.

f. Unpaid Civil Judgment. The applicant or any owner, officer or manager has an unpaid civil judgment imposed for violation(s) of the CMC.

g. Live Scan/Background Checks. The City has not received the live scan/background check results for all owners, officers, managers and any proposed employees of the commercial cannabis business.

h. Criminal Convictions. The applicant or any owner, officer or manager has been convicted of any of the following charges:

- (i) Any felony offense within the past ten (10) years;
- (ii) A crime involving use of money to engage in criminal activity within the past ten (10) years;
- (iii) Unlawful possession or use of a firearm within the past ten (10) years; or
- (iv) Drug-related misdemeanor (other than cannabis) within the past three (3) years.

i. Drug Probation or Parole. The applicant or any owner, officer or manager is on probation or parole for the sale of drugs (other than cannabis).

j. Cannabis Activity Denials or Revocations. The applicant or any owner, officer, or manager of the commercial cannabis business has, within the previous five (5) years, been denied the right to conduct any commercial cannabis activity in any jurisdiction and/or such person's authorization to conduct any commercial cannabis activity in any jurisdiction has been revoked for any reason or suspended for a period of thirty (30) days or more for any reason substantially similar to the reasons described in CMC §5.36.130(A).

k. Zoning Non-Compliance. The premises are located in a zoning district where commercial cannabis businesses are not permitted, pursuant to Title 17 of the CMC, or that do not satisfy the separation requirements set forth in CMC § 5.36.070 (other than the separation requirement between retailers and storefront retail microbusinesses).

l. Non-Compliance with Any Law or Other Legal Requirement. The premises or the operation of the applicant's commercial cannabis business, as described in its application, would fail to comply with any provision of the CMC, these rules and regulations, any rules,

regulations, standards, policies and other requirements adopted by the City Manager, or any state law or regulation.

3. Notice of Decision. The City Manager shall serve the applicant, either personally or by first class mail addressed to the address listed on the application, with dated written notice of the decision to grant or deny application clearance. The notice shall state the reasons for the decision, the effective date of the decision, the right of the applicant to appeal the decision pursuant to CMC Chapter 1.09, and that the decision will be final if an appeal is not filed within the time permitted.

4. Merit-Based Evaluation Process – Storefront Retailers and Storefront Retail Microbusinesses. Applications for storefront retailers and storefront retail microbusinesses that are granted application clearance pursuant to Section IV(B)(2) above will advance to the competitive, merit-based evaluation process set forth in this Section. Each application will be reviewed, evaluated and ranked by a review panel, appointed by the City Manager pursuant to Sections IV(B)(4)(a) and (b) below, based on the specific merit-based selection criteria and point system set forth in this Section IV.

a. Review Panel - Number and Selection of Panel Members. All storefront retailer and storefront retail microbusiness applications shall be reviewed, evaluated, scored and ranked by a review panel composed of no fewer than 3 and no more than 5 individuals selected by the City Manager.

b. Review Panel - Criteria for Section. The review panel shall meet the following criteria:

(i) No Financial Conflicts of Interest. All members shall be free of financial conflicts of interest, as determined pursuant to the laws, rules and regulations of the Political Reform Act.

(ii) Planning Experience. At least one (1) member shall be a person with experience as a planner for a public agency.

(iii) Public Safety Experience. At least one (1) member shall be a person with police or public safety experience.

(iv) City Business Community Experience. At least one (1) member shall be a person from the City's business community.

(v) No City Participation. No City official, officer, director or employee shall be eligible to serve as a member of the review panel.

c. Review Panel - Confidentiality. To maintain objectivity and integrity in the evaluation process, the City Manager shall withhold disclosure of the identity of the members of the review panel. The City Manager may withhold such disclosure for as long as and to the extent deemed necessary in his/her sole discretion; provided that the identity of the members of the review

panel shall be disclosed at such time that the written ranking of the applications are posted pursuant to Section IV(B)(4)(g).

d. Independent Facilitator. The review panel's evaluation of the applications and any meetings of the review panel to discuss the applications shall be coordinated and facilitated by an independent consultant selected by the City Manager pursuant to the City's purchasing ordinance and regulations.

e. Merit-Based Evaluation Criteria. The review panel shall use the criteria and point system described in the Storefront Retail Merit-Based Evaluation Criteria attached hereto as Attachment "A" and incorporated herein by reference.

f. Evaluation Period. The review panel will endeavor to complete its evaluation of the applications within forty-five (45) calendar days of the date on which the last application which will advance to the merit-based evaluation has received application clearance. The 45 calendar day evaluation period may be extended by the review panel for up to additional fifteen (15) calendar days, if necessary, to complete the evaluation process.

g. Ranking of Applicants.

(i) Written Ranking. Upon completion of the evaluation process, the review panel shall produce a written ranking of the applications from highest to lowest, based upon the combined total points allocated to each application by the members of the review panel using the Storefront Retail Merit-Based Evaluation Criteria. The ranking shall be prepared in a written form which has been approved by the City Manager. The written ranking shall also be signed or initialed by the facilitator, acknowledging that the ranking represents the final decision of the review panel.

(ii) Notice of Ranking. The written ranking shall be posted on the City's website and served on each applicant, either personally or by electronic mail addressed to the e-mail address listed on the application.

(iii) No Appeal. The final ranking of the review panel shall be final and shall not be subject to appeal.

(iv) Expiration of Ranking. The final ranking of the review panel shall expire twelve (12) months from the date it is posted on the City's website; provided that the City Manager, in his/her sole discretion, may extend the expiration date for an additional twelve (12) month period. Upon expiration of the final ranking, any applicant who has not obtained final approval of their application pursuant to Section VI shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit. If, prior to expiration of the final ranking of the review panel, the maximum number of commercial cannabis permits that are available for issuance to retailers and storefront retail microbusinesses within the City pursuant to CMC § 5.36.060 have not yet been approved and issued pursuant to Section VI, the City Manager shall designate a new application period pursuant to Section III(A) and a new application submittal and review process shall commence subject to the provisions set forth herein.

5. Preliminary Approval. An application for a storefront retailer commercial cannabis permit or a storefront retail microbusiness commercial cannabis permit shall receive preliminary approval once it is placed on the written ranking form.

6. Advancement to Phase II – ~~Conditional-Provisional~~ Approval. An application which receives preliminary approval pursuant to this Section IV(B) shall advance to Phase II of Application Review (~~Conditional-Provisional~~ Approval) set forth in Section V.

C. Preliminary Approval – Non-Storefront Retailers, Manufacturers, Distributors, Testing Laboratories and Microbusinesses Other than Storefront Retail Microbusinesses.

1. Condition of Preliminary Approval. The City Manager shall preliminarily approve an application for a commercial cannabis permit which involves a non-storefront retailer, manufacturing, distribution, testing laboratory or microbusiness other than a storefront retail microbusiness if the applicant obtains application clearance pursuant to Section IV(D)(2) below.

2. Application Clearance. The City Manager shall grant application clearance, unless he or she makes any of the following findings:

a. Unpaid Fees. The applicant has not paid all fees required pursuant to CMC Chapter 5.36 or other applicable laws, rules or regulations.

b. Application Disqualification. The application is incomplete, submitted late, or is otherwise not responsive to the requirements of CMC Chapter 5.36 or these Rules and Regulations.

c. False or Misleading Statement; Material Fact Omission. The application contains a false or misleading statement or omission of a material fact.

d. Age Disqualification. The applicant or any owner, officer or manager is not at least twenty-one (21) years old.

e. Unpaid Administrative Fines or Penalties. The applicant or any owner, officer or manager has unpaid and overdue administrative fines or penalties imposed for violations of the CMC.

f. Unpaid Civil Judgment. The applicant or any owner, officer or manager has an unpaid civil judgment imposed for violation(s) of the CMC.

g. Live Scan/Background Checks. The City has not received the live scan/background check results for all owners, officers, managers and any proposed employees of the commercial cannabis business.

h. Criminal Convictions. The applicant or any owner, officer or manager has been convicted of any of the following charges:

- (i) Any felony offense within the past ten (10) years;
- (ii) A crime involving use of money to engage in criminal activity within the past ten (10) years;
- (iii) Unlawful possession or use of a firearm within the past ten (10) years; or
- (iv) Drug-related misdemeanor (other than cannabis) within the past three (3) years.

i. Drug Probation or Parole. The applicant or any owner, officer or manager is on probation or parole for the sale of drugs (other than cannabis).

j. Cannabis Activity Denials or Revocations. The applicant or any owner, officer, or manager of the commercial cannabis business has, within the previous five (5) years, been denied the right to conduct any commercial cannabis activity in any jurisdiction and/or whether such person's authorization to conduct any commercial cannabis activity in any jurisdiction has been revoked for any reason or suspended for a period of thirty (30) days or more for any reason substantially similar to the reasons described in CMC §5.36.130(A).

k. Non-Compliance with Any Law or Other Legal Requirement. The premises or the operation of the applicant's commercial cannabis business, as described in its application, would fail to comply with any provision of the CMC, these rules and regulations, any rules, regulations, standards, policies and other requirements adopted by the City Manager, or any state law or regulation.

3. Preliminary Approval. An application for a commercial cannabis permit which involves a non-storefront retailer, manufacturing, distribution, testing laboratory or a storefront retail microbusiness shall receive preliminary approval once it has been granted application clearance.

4. Notice of Decision. The City Manager shall serve the applicant, either personally or by first class mail addressed to the address listed on the application, with dated written notice of the decision to grant or deny application clearance. The notice shall state the reasons for the decision, the effective date of the decision, the right of the applicant to appeal the decision pursuant to CMC Chapter 1.09, and that the decision will be final if an appeal is not filed within the time permitted.

5. Advancement to Phase II – ~~Conditional-Provisional~~ Approval. An application which receives preliminary approval pursuant to this Section IV(C) shall advance to Phase II of Application Review (~~Conditional-Provisional~~ Approval) set forth in Section V.

V. PHASE II OF APPLICATION REVIEW – ~~CONDITIONAL~~ PROVISIONAL APPROVAL.

A. ~~Conditional~~ Provisional Approval – Storefront Retailers and Storefront Retail Microbusinesses.

1. Conditions of ~~Conditional~~ Provisional Approval. The City Manager shall ~~conditionally~~ provisionally approve an application for a storefront retailer commercial cannabis permit or a storefront retail microbusiness commercial cannabis permit if each of the following conditions are satisfactorily met: (1) pursuant to Section V(A)(2) below, the applicant successfully identifies a preferred premises location and the Community Development Director provides written notice to the applicant that the location is determined to be in compliance with the separation requirements set forth in CMC § 5.36.070(A); (2) pursuant to Section V(A)(3) below, the applicant provides satisfactory proof of premises control for that site; and (3) pursuant to Section V(C) below, the applicant satisfactorily executes and delivers to the Community Development Director an operational agreement with the City.

2. Preferred Premises Location.

a. Submittal of Requested Preferred Premises Locations. Pursuant to CMC § 5.36.060, a maximum of ~~seventeen~~ twelve (12) commercial cannabis permits are currently available for issuance to retailers and storefront retail microbusinesses within the City. Within five (5) business days of the date of the notice of the review panel's final ranking pursuant to Sections IV(B)(4)(f) above, each applicant, in ranked order, shall be required to identify the applicant's preferred premises location on a form provided by the City Manager. If any applicant fails to submit the applicant's preferred premises location by the end of this five (5) business day period, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

b. Location Must Have Been Included on Application. No applicant shall be allowed to submit a preferred premises location for consideration unless the premises were included on the applicant's application. If an applicant submits a preferred premises location for consideration, it will not be reviewed and the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

c. Review of Preferred Premises Location. Beginning with the applicant that is ranked number one (1), the City Manager shall review that applicant's preferred premises location and determine whether the location complies with the separation requirements set forth in CMC § 5.36.070(A).

(i) Failure to Meet Separation Requirements; Resubmittals. If the preferred premises location submitted by that applicant does not comply with the separation requirements set forth in CMC § 5.36.070(A), the City Manager shall provide written notice to the applicant, either personally or by electronic mail addressed to the e-mail address listed on the application. Within five (5) business days of the date of the City Manager's notice, the applicant

shall be required to submit another preferred premises location for review by the City Manager and a determination whether the location complies with the separation requirements set forth in CMC § 5.36.070(A). As stated in Section V(A)(2)(b) above, any preferred premises location submitted must have been identified on the applicant's application. The above submittal and review process may continue until the applicant submits a premises location that complies with the separation requirements set forth in CMC § 5.36.070(A). If any applicant fails to resubmit the applicant's preferred premises location by the end of this five (5) business day period, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

(ii) Satisfaction of Separation Requirements; Notice of Preferred Premises Location. Once an applicant's location is determined to be in compliance with the separation requirements set forth in CMC § 5.36.070(A), that applicant's approved premises location shall be posted on the City's website and the City Manager shall provide written notice to the applicant, either personally or by electronic mail addressed to the e-mail address listed on the application.

(iii) Continuation in Ranked Order. Once an applicant's location is determined to be in compliance with the separation requirements set forth in CMC § 5.36.070(A) or the applicant forfeits its commercial cannabis permit application by failing to submit a preferred premises location at all or failing to submit a preferred premises location which is determined to be in compliance with the separation requirements set forth in CMC § 5.36.070(A), the City Manager will review the preferred premises location submitted by the next ranked applicant in accordance with the same review process set forth above.

3. Proof of Premises Control. Within three (3) business days of the date of the City Manager's notice to an applicant that the applicant's preferred premises location has been approved, the applicant shall submit to the City Manager documentary evidence, such as a lease agreement or deed, demonstrating to the satisfaction of the City Manager that the applicant has the legal right to occupy and use such premises to operate the commercial cannabis business described in the applicant's application. If an applicant is unable to secure the legal right to occupy and use such premises to operate the commercial cannabis business described in the applicant's application within this three (3) day period, the applicant may submit another preferred premises location for review by the City Manager pursuant to Section V(A)(2)(c) above, provided that the applicant's alternative premises location will be reviewed in the order received by the City Manager and not necessarily in the order that the applicant is ranked. If any applicant fails to submit either documentary evidence demonstrating that the applicant has the legal right to occupy and use such premises to operate the commercial cannabis business described in the applicant's application or another preferred premises location by the end of this three (3) business day period, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

4. Conditional-Provisional Approval. An application for a storefront retailer or storefront retail microbusiness shall receive conditional-provisional approval once it has submitted satisfactory evidence of premises control pursuant to Section V(A)(3) above and the applicant has executed, in a manner deemed acceptable by the City Manager and City Attorney in their sole and

absolute discretion, a commercial cannabis operational agreement with the City pursuant to Section V(C) below. The ~~conditional-provisional~~ approval shall be conditioned upon the applicant's compliance, within the required time periods, with all provisions of CMC Chapter 5.36, these Rules and Regulations (including, but not limited to, Section VI below), the state cannabis laws and any other applicable state and local laws, rules and regulations.

5. Notice of Decision. The City Manager shall serve the applicant, either personally or by first class mail addressed to the address listed on the application, with dated written notice of the decision to grant or deny ~~conditional-provisional~~ approval. The notice shall state the reasons for the decision, the effective date of the decision, the right of the applicant to appeal the decision pursuant to CMC Chapter 1.09, and that the decision will be final if an appeal is not filed within the time permitted.

6. Advancement to Phase III – Final Approval. An application which receives ~~conditional-provisional~~ approval pursuant to this Section V(A) shall advance to Phase III of Application Review (Final Approval) set forth in Section VI.

B. ~~Conditional-Provisional~~ Approval – Non-Storefront Retailers, Manufacturers, Distributors, Testing Laboratories and Microbusinesses Other than Storefront Retail Microbusinesses.

1. Conditions of ~~Conditional-Provisional~~ Approval. The City Manager shall ~~conditionally-provisionally~~ approve an application for a commercial cannabis permit which involves a non-storefront retailer, manufacturing, distribution, testing laboratory or microbusiness other than a storefront retail microbusiness if each of the following conditions are satisfactorily met: (1) pursuant to Section V(B)(2) below, the applicant provides satisfactory proof of premises control for that site; and (2) pursuant to Section V(C) below, the applicant satisfactorily executes and delivers to the City Manager an operational agreement with the City.

2. Proof of Premises Control. Within three (3) business days of the date of the City Manager's notice to an applicant that their application has been preliminarily approved as provided for in Section IV(C)(4) above, the applicant shall submit to the City Manager documentary evidence, such as a lease agreement or deed, demonstrating to the satisfaction of the City Manager that the applicant has the legal right to occupy and use such premises to operate the commercial cannabis business described in the applicant's application. If any applicant fails to submit documentary evidence demonstrating that the applicant has the legal right to occupy and use such premises to operate the commercial cannabis business described in the applicant's application by the end of this three (3) business day period, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

3. ~~Conditional-Provisional~~ Approval. An application for a commercial cannabis permit which involves a non-storefront retailer, manufacturing, distribution, testing laboratory or microbusiness other than a storefront retail microbusiness shall receive ~~conditional-provisional~~ approval once it has submitted satisfactory evidence of premises control pursuant to Section V(B)(2) above and the applicant has executed, in a manner deemed acceptable by the City Manager

and City Attorney in their sole and absolute discretion, a commercial cannabis operational agreement with the City pursuant to Section V(C) below.

4. Notice of Decision. The City Manager shall serve the applicant, either personally or by first class mail addressed to the address listed on the application, with dated written notice of the decision to grant or deny ~~conditional-provisional~~ approval. The notice shall state the reasons for the decision, the effective date of the decision, the right of the applicant to appeal the decision pursuant to CMC Chapter 1.09, and that the decision will be final if an appeal is not filed within the time permitted.

5. Advancement to Phase III – Final Approval. An application which receives ~~conditional-provisional~~ approval pursuant to this Section (V)(B) shall advance to Phase III of Application Review (Final Approval) set forth in Section VI.

C. Commercial Cannabis Operational Agreement.

1. Requirement. Within fourteen (14) calendar days of the date of the City Manager's notice to an applicant that their application has been preliminarily approved as provided for in Section IV(C)(4) above, the applicant shall execute, in a manner deemed acceptable by the City Manager and City Attorney in their sole and absolute discretion, a commercial cannabis operational agreement with the City. Since the commercial cannabis operational agreement will confer substantial private benefit on a permittee and the permittee representatives, it will also provide for consideration to the public to balance the private benefits.

2. Form and Content. In addition to the requirements of Section V(C)(4) below, the commercial cannabis operational agreement shall be in a form and include any other provisions approved by the City Manager and City Attorney in their sole and absolute discretion.

3. Failure to Execute Agreement. If any applicant has not satisfactorily executed a commercial cannabis operational agreement with the City by the end of this fourteen (14) calendar day period, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

4. Minimum Provisions of Agreement. The commercial cannabis operational agreement, at a minimum, shall include provisions substantially consistent with the following requirements:

a. Insurance. A requirement to obtain and maintain insurance in the amounts and types acceptable to the City Attorney and to name the City, its directors, officials, officers, employees, agents and volunteers as additional insureds by endorsement.

b. Indemnification. A requirement to defend (with counsel of City's choosing), indemnify and hold the City, its directors, officials, officers, employees, agents and volunteers free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of, pertaining to, or incident to the City's issuance of the

commercial cannabis permit, the process used by the City in making its decision to issue a commercial cannabis permit or approve the operation of the commercial cannabis business, the operation of the commercial cannabis business or the prosecution of the applicant, permittee, or any permittee representative for violation of federal law or the state cannabis laws, including without limitation the payment of all settlement amounts, expert witness fees and attorney's fees and other related costs and expenses.

c. Operating Fee. One of the purposes of the commercial cannabis operational agreement is to collect fees for the operation of the commercial cannabis business and to provide fees for mitigation options to be used by City to compensate for impacts to City services, residents and/or businesses. The commercial cannabis operational agreement shall therefore include a requirement to pay a monthly operating fee to the City that is based upon the type of commercial cannabis activity permitted on the premises and the gross receipts generated or otherwise received by that activity. As used herein, "gross receipts" shall have the same definition provided for in CMC § 5.02.020. The operating fee for each type of commercial cannabis activity shall be consistent with Council direction and within the following ranges, taking into account any additional consideration to the public provided for in the commercial cannabis operational agreement:

- Storefront Retailer: A rate of up to 9% of the gross receipts generated or otherwise received.
- Non-storefront Retailer: A rate of up to 9% of the gross receipts generated or otherwise received.
- Manufacturing: A rate of up to 7% of the gross receipts generated or otherwise received.
- Distribution: A rate of up to 7% of the gross receipts generated or otherwise received.
- Testing Laboratory: A rate of up to 3% of the gross receipts generated or otherwise received.
- Microbusiness: A rate of up to 9% of the gross receipts generated or otherwise received for the retail portion of the business, plus a rate of 7% of the gross receipts generated or otherwise received for the manufacturing and distribution portions of the business.

d. Audits. A provision that permits the City to inspect and conduct an audit of the books and records of the commercial cannabis business upon request. If such audit discloses an underpayment of the operating fee in excess of five percent (5%) [of the amounts which should have been paid, the permittee of such commercial cannabis business shall promptly tender to the City the amount of such underpayment together with interest at the rate of ten percent (10%) computed from the date of underpayment, and shall further reimburse the City for the entirety of its audit costs, including, without limitation, the auditor's costs and expenses, internal costs and

expenses, and legal and other third party expenses. If such audit discloses an underpayment of the operating fee of five percent (5%) or less than the amounts which should have been paid, the permittee of such commercial cannabis business shall promptly tender to the City the amount of such underpayment together with interest at the rate of ten percent (10%) computed from the date of underpayment. However, the costs of such audit shall be borne by the City.

e. Community Benefit. For storefront retailers and storefront retail microbusinesses, a commitment to implement any community benefit actions or measures described in the applicant's application packet.

f. Local Hiring Practices. For storefront retailers and storefront retail microbusinesses, a commitment to promote local hiring or implement incentives for local residents to work with the commercial cannabis business, if such practices are described in the applicant's application packet.

g. Local Sourcing Practices. For storefront retailers and storefront retail microbusinesses, a commitment to secure supplies and equipment from local sources, if such practices are described in the applicant's application packet.

VI. PHASE III OF APPLICATION REVIEW – FINAL APPROVAL.

A. Conditions of Final Approval – All Permits.

The City Manager shall grant final permit approval to an application for a commercial cannabis permit if each of the following conditions are satisfactorily met:

1. State License. Within twelve (12) months of the date of the City's **conditional provisional** approval of a commercial cannabis permit pursuant to Section (V), the applicant shall obtain all State licenses required by the state cannabis laws to authorize the applicant to operate the commercial cannabis business permitted by the commercial cannabis permit. The twelve (12) month period may be extended by the City Manager for up to one hundred eighty (180) additional calendar days, if necessary, for the applicant to obtain all required State licenses provided that the applicant has proceeded with due diligence to obtain such licenses. If the applicant has not obtained all required State licenses by the end of this twelve (12) month period, as may be extended, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

2. City Business License. Within five (5) business days of the date of the applicant obtains all required State licenses, the applicant shall obtain a City business license to conduct the commercial cannabis business permitted by the commercial cannabis permit and pay the license tax, as required by CMC Chapter 5.02. If the applicant has not obtained a City business by the end of this five (5) business day period, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

3. Building, Fire and Occupancy Permits. Within one hundred eighty (180) calendar days of the date the applicant obtains all required State licenses, the applicant shall take all

necessary actions to open its commercial cannabis business, including, but not limited to, completing all construction and tenant improvements and obtaining all building, fire and occupancy permits that will permit the applicant to open the commercial cannabis business to the public. The one hundred eighty (180) calendar day period may be extended by the City Manager for up to sixty (60) additional calendar days, if necessary, for the applicant to obtain the required building, fire and occupancy permits provided that the applicant has proceeded with due diligence to obtain such permits. If the commercial cannabis business is not fully permitted and operating by the end of this one hundred eighty (180) calendar day period, as may be extended, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

B. Steps Following Forfeiture – Storefront Retailers and Storefront Retail Microbusinesses.

In the event that an applicant for a storefront retailer commercial cannabis permit or storefront retail microbusiness commercial cannabis permit is deemed to have forfeited the applicant's commercial cannabis permit application and any right to a commercial cannabis permit pursuant to Section V or this Section VI, the next ranked applicant will not be moved up to the ranking of the forfeited applicant. Instead, the City Manager shall provide written notice, either personally or by electronic mail addressed to the e-mail address listed on the application, to the next ranked applicant on the final ranking list form established pursuant to Section V(B)(4)(f) above that is outside the maximum number of commercial cannabis permits that are available for issuance to retailers and storefront retail microbusinesses within the City pursuant to CMC § 5.36.060. By way of example, CMC § 5.36.060 currently authorizes a maximum of 127 commercial cannabis permits for retailers and storefront retail microbusinesses. In the event that an applicant who is ranked between 1 and 127 is deemed to have forfeited the applicant's commercial cannabis permit application and any right to a commercial cannabis permit pursuant to this Section VI, the Community Development Direction will provide notice to the applicant that is ranked number 18 on the final ranking list. Upon receipt of such notice, that applicant shall be subject to the requirements and forfeiture consequences of these Rules and Regulations and shall be required to submit all forms and documents and take all actions required by Sections IV, V and VI within the time periods established therein.

**ATTACHMENT “A”
STOREFRONT RETAIL MERIT-BASED EVALUATION CRITERIA**

[SEE ATTACHED 3 PAGES]

DRAFT (06-24-20)

STOREFRONT RETAIL MERIT-BASED EVALUATION CRITERIA

All applications for a City of Corona regulatory permit for a storefront retail cannabis business will be evaluated using the merit criteria outlined below to ensure that the most qualified and experienced businesses are authorized to operate within the City. The evaluation process will be conducted by **[**TO BE INSERTED**]**.

QUALIFICATIONS OF OWNERS/OPERATORS	POTENTIAL POINTS
<u>CANNABIS BUSINESS EXPERIENCE</u> – Proposal demonstrates Owner’s ¹ experience in owning, managing and operating a legally permitted or licensed retail cannabis business in the United States.	50
<u>CANNABIS INDUSTRY KNOWLEDGE</u> – Proposal demonstrates Owner’s overall knowledge of the cannabis industry (as demonstrated throughout the application), including identification of how industry best practices and state regulations have been incorporated in existing/prior legal businesses outside the City of Corona.	40
<u>COMPLIANCE RECORD</u> – Proposal demonstrates record of operating a compliant commercial cannabis or other business, with more points awarded for operating a cannabis business. A compliant business operation does not have a documented history of local or state level violations relating, but not limited to: business code, public safety, environmental impacts, employment, and financial payments.	40
<u>OTHER BUSINESS OWNERSHIP EXPERIENCE</u> – Proposal demonstrates Owner’s experience and successful management of a permitted or licensed non-cannabis retail business within the City of Corona.	20 10
<u>LOCAL OWNERSHIP</u> – Proposal demonstrates that a current resident or business owner within the City owns at least fifty-one percent (51%) of the cannabis business.	<u>10</u>
SUBTOTAL	150

BUSINESS PLAN / FINANCIAL INVESTMENT	POTENTIAL POINTS
<u>FINANCIAL PLAN</u> – Proposal includes a financial plan/budget that demonstrates sufficient financial capacity to capitalize, start up, and sustain business operations, with more points awarded for including a valid pro forma financial statement for at least 3 years of operation.	40
<u>FUNDING / PROOF OF CAPITALIZATION</u> – Proposal demonstrates or identifies access to operational capital and/or on-going line of credit once business is operational.	40
<u>OPERATION ABILITY</u> – Proposal demonstrates Owner’s ability to commence business operations quickly upon City approval and to sustain operations in a highly regulated industry.	30
<u>INVESTMENT IN UNDERUTILIZED SITE</u> – Proposal demonstrates Owner’s commitment to major improvements, façade rehabilitation, building expansion, site improvements or other investments in an underutilized/underdeveloped site that is zoned for commercial use.	20

¹ “Owner” shall have the same meaning as set forth in California Business and Professions Code § 26001 AND shall include all persons, companies, or entities that will be directing, controlling, and/or managing the day-to-day operations of the business.
CA\JR\05000.20009\10231709.6

<u>SUPPLY AGREEMENTS</u> – Proposal demonstrates that Owner has documented agreements with cannabis distributors to supply products to Owner’s business.	20
SUBTOTAL	150

OPERATIONS PLAN	POTENTIAL POINTS
<u>AIR QUALITY/ODOR CONTROL</u> – Quality of ventilation and air purification system, including demonstrated effectiveness (proposal may include examples of where a similar system has worked effectively).	25
<u>CUSTOMER EDUCATION PLAN</u> – Quality and detail of plan for educating customers regarding cannabis products, include the potency and effects of products.	20
<u>RESPONSIBLE USE MESSAGING</u> – Proposal includes a coherent strategy to keep adult-use cannabis products out of the hands of consumers under the age of 21 and business plans to use “responsible use” language on packaging and messaging.	20
<u>RECORDS SOFTWARE</u> – Standard operating procedures include electronic tracking and storage of required records of sales, delivery manifests, and inventory (over and above that required by the state’s “track and trace” requirements).	20
<u>DAILY INSPECTION</u> – Proposal includes a plan for daily inspection to ensure maintenance of the interior and exterior of the facility (i.e., free of trash, graffiti, etc.).	15
<u>EMPLOYEE TRAINING PLAN</u> – Overall quality of proposed employee training, including training on differences in products, potency of products, customer service, and laws governing personal use.	10
<u>GREEN PRACTICES</u> – Proposal includes “green” business practices relating to energy and climate, water conservation, and materials/waste storage and disposal.	10
<u>MARKETING PLAN</u> – Overall quality and detail of marketing strategy.	5
<u>STANDARD OPERATING PROCEDURES</u> – Overall quality and detail of proposed operating procedures for all aspects of the proposed business, including the extent to which the applicant incorporates industry best practices into the operating procedures.	5
SUBTOTAL	130

SECURITY PLAN	POTENTIAL POINTS
<u>SECURITY GUARDS</u> – Quality of proposed security guard plan for the business, including number of guards, hours, protocols, and day-to-day procedures/operations (over and above that required by the state).	25
<u>VIDEO CAMERA SURVEILLANCE</u> – Proposal includes video camera surveillance. Consideration to be given to the overall quality of Owner’s plan to use cameras, including	25

**REDLINE CHANGES
SINCE 02-19-20 STUDY SESSION**

number of cameras, locations, resolution, how long footage is saved, and whether live feed is proposed for law enforcement (over and above that required by the state).	
<u>PRODUCT ACCESS PROTOCOLS</u> – Proposal includes a separate check-in area where identification is checked to ensure that only qualified persons gain access to where cannabis products are displayed.	25
<u>CASH MANAGEMENT PLAN</u> – Quality and detail of cash management plan, including cash counting/reconciliation procedures, cash storage, cash transport, depositing into a banking institution, and employee training.	15
<u>PRODUCT DELIVERIES</u> – Quality of plan for securing product deliveries to the business (i.e., from delivery vehicle to building).	15
<u>EMPLOYEE SAFETY EDUCATION</u> – Quality of employee safety education plan, including training regarding product handling, burglary/robbery protocols, and other potential hazards of the cannabis business.	10
<u>EMPLOYEE THEFT REDUCTION MEASURES</u> – Quality and extensiveness of employee theft reduction measures, including audits and check in/out.	10
<u>SECURITY PROCEDURES</u> – Overall quality and detail of proposed security plan and measures contained therein.	5
SUBTOTAL	130

COMMUNITY BENEFIT	POTENTIAL POINTS
<u>COMMUNITY BENEFIT</u> – Proposal includes some form of community benefit (sponsor of community events, public improvements, donations to youth programs, etc.).	40
<u>LOCAL HIRING PRACTICES</u> – Proposal includes plan to promote local hiring or provides incentives for local residents to work with the business.	20
<u>LOCAL SOURCING PRACTICES</u> – Proposal includes plan to secure supplies and equipment from local sources.	20
<u>EMPLOYEE RELATIONS</u> – Owner proposes to provide employee health benefits for all employees.	20
<u>LOCAL EXPERIENCE</u> – Owner or principals in the proposed business have resided in the City of Corona and/or the County of Riverside for at least 5 years	20
SUBTOTAL	120

TOTAL POTENTIAL POINTS	680
-------------------------------	------------

CANNABIS SCHEDULE DOCUMENT DEVELOPMENT & CONSIDERATION		
TASK	TIMING	RESPONSIBLE DEPTS
FINAL AD HOC RECOMMENDATIONS	MAY	TEAM CANNABIS
COUNCIL FOLLOW-UP	JUNE STUDY SESSION	TEAM CANNABIS
CEQA PROCESS (RFP & CONSULTANT WORK)	MAY - AUG	CD & LRM
FEE STUDY PROCESS (APPLICATION FEE & MERIT-BASED EVAL FEE)	JUNE - SEPT	FIN, CD & LRM
PLANNER HIRING PROCESS	BUDGET APPROVAL ? HIRING PROCESS – 3-4 MOS START DATE GOAL ?	CD & HR
FINALIZE CMC 5.36 ORDINANCE	JUNE - JULY	LRM
FINALIZE RULES & REGS RESO	JUNE - JULY	LRM
DRAFT ADMIN POLICY (IMPLEMENT CM DELEGATED AUTHORITY)	JUNE - AUG	LRM & MS
APPROVE CEQA & ADOPT CMC 5.36 ORDINANCE	09-02-20 (1 ST READING) 09-16-20 (2 ND READING) 10-16-20 (EFFECTIVE)	TEAM CANNABIS
ADOPT RULES & REGS RESO	09-02-20	TEAM CANNABIS
ADOPT FEE RESO (APPLICATION FEES & MERIT-BASED EVAL FEE)	09-16-20	FIN, CD & LRM
DRAFT ZONING ORDINANCE	AUG - SEPT	CD & LRM
ADOPT ZONING ORDINANCE	09-08-20 (PC) 09-16-20 (CC 1 ST READING) 10-07-20 (CC 2 ND READING) 11-07-20 (EFFECTIVE)	CD & LRM
MERIT-BASED INDEPENDENT FACILITATOR HIRING PROCESS	AUG - SEPT	MS, CD & LRM
MERIT-BASED PANEL SELECTION	SEPT-OCT	MS
APPLICATION RESEARCH	AUG – SEPT	LRM & CD
APPLICATION DEVELOPMENT	OCT - NOV	CD (PLANNER)
APPLICATIONS ACCEPTED	11-15-20	CD (PD BACKGROUNDS)

**CANNABIS SCHEDULE
APPLICATION PROCESS**

TYPE OF APPLICATION	PHASE	STEP	TIMING (CD = CALENDAR DAY) (BD = BUSINESS DAY)	OUTSIDE DATE
MERIT-BASED (STOREFRONT RETAILERS)	APPLICATION PERIOD	--	30 CD	12-15-20
	PHASE 1 PRELIMINARY APPROVAL	APPLICATION CLEARANCE	20 – 30 BD	01-15-21
		MERIT PROCESS	45-60 CD	03-15-21
	PHASE 2 PROVISIONAL APPROVAL	PREFERRED PREMISES	5 BD	X 12 APPLICANTS
		PREMISES CONTROL	3 BD	X 12 APPLICANTS
		OPERATIONAL AGREEMENT	14 CD	X 12 APPLICANTS
	PHASE 3 FINAL APPROVAL	STATE LICENSE	12-18 MONTHS	OCT 2022
		CITY LICENSE	5 BD	
		BUILD-OUT & OCCUPANCY	6-8 MONTHS	JUN 2023
	NON MERIT-BASED	APPLICATION PERIOD	--	30 CD
PHASE 1 PRELIMINARY APPROVAL		APPLICATION CLEARANCE	20 – 30 BD	01-15-21
PHASE 2 PROVISIONAL APPROVAL		PREMISES CONTROL	3 BD	X 12 APPLICANTS
		OPERATIONAL AGREEMENT	14 CD	X 12 APPLICANTS
PHASE 3 FINAL APPROVAL		STATE LICENSE	12-18 MONTHS	AUG 2022
		CITY LICENSE	5 BD	
		BUILD-OUT & OCCUPANCY	6-8 MONTHS	APR 2023