

ORDINANCE NO. 1124

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF STANTON AMENDING AND RESTATING CHAPTER 5.77 (COMMERCIAL CANNABIS BUSINESSES) OF TITLE 5 (BUSINESS LICENSES AND REGULATIONS) OF THE STANTON MUNICIPAL CODE AND DETERMINING THE ORDINANCE TO BE EXEMPT FROM CEQA PURSUANT TO STATE CEQA GUIDELINES SECTIONS 15060(C)(2), 15061(B)(3) AND 15378(b)(5)

WHEREAS, the City of Stanton, California ("City") is a municipal corporation, duly organized under the constitution and laws of the State of California; and

WHEREAS, on November 5, 2019, the City Council adopted Ordinance No. 1091 adding Chapter 5.76 to Title 5 of the Stanton Municipal Code establishing a tax on cannabis businesses operating within the City of Stanton; and

WHEREAS, on June 23, 2020, the City Council adopted Ordinance No. 1100, which added Chapter 5.77 *Commercial Cannabis Businesses* to Title 5 of the Stanton Municipal Code and amended Title 20 (Zoning), section 20.220.020.A *Allowed Land Uses*, Table 2-7 to permit and regulate Commercial Cannabis Business uses; and

WHEREAS, following the passage of Ordinance No. 1100, the City accepted applications for commercial cannabis businesses, processed and scored them, and thereafter awarded a number of commercial cannabis permits in or around November 2021; and

WHEREAS, since the initial implementation of Ordinance No. 1100, the City has found that there are ways to revise Chapter 5.77 to make the provisions more clear or to otherwise implement best practices; and

WHEREAS, for example, as part of the initial application process, applicants offered community benefits to the City to help offset any secondary, nuisance effects that accompanied operating a commercial cannabis business within the City. The proposed revisions clarify that permittees shall, as a condition of their permit, enter into an agreement with the City to memorialize such community benefits that they will provide. Other clarifications include revisions to the application review process, as well as the appeal and hearing procedures; and

WHEREAS, best practices that the City wishes to implement include, without limitation, providing for a refundable deposit to cover cannabis application or permit-related expenses that are not otherwise covered by the nonrefundable fee. This is to ensure that the City is made whole for the time it spends reviewing, analyzing, scoring, and processing applications and permits. Moreover, applicants will now be required to include a letter of intent with a property owner that tentatively secures a location for a proposed business so that the City and the public have a better idea of where such businesses may be located if an applicant is awarded a permit; and

WHEREAS, on November 22, 2022, the City Council held a hearing that was noticed pursuant to the City's normal agenda noticing procedures and considered the staff report, recommendations by staff, and public testimony concerning the proposed ordinance to amend and restate Chapter 5.77 (Commercial Cannabis Businesses) of the Stanton Municipal Code and determine the ordinance to be exempt from CEQA.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STANTON DOES ORDAIN AS FOLLOWS:

SECTION 1: The recitals above are each incorporated by reference and adopted as findings by the City Council.

SECTION 2: The City Council hereby finds that the Ordinance is not subject to the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines sections 15060(c)(2), 15061(b)(3), and 15378(b)(5). The activity is not subject to CEQA because it will not result in a direct or reasonably foreseeable physical change in the environment; and the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment, the activity is not subject to CEQA. Commercial cannabis uses developed pursuant to Ordinance No. 1124 would be independently reviewed and evaluated pursuant to CEQA.

SECTION 3: Chapter 5.77 (Commercial Cannabis Business) of Title 5 (Business Licenses and Regulations) of the Stanton Municipal Code is hereby amended and restated in its entirety, as provided in Exhibit "A," attached hereto and incorporated herein by reference.

SECTION 4: This ordinance shall take effect 30 days following its adoption.

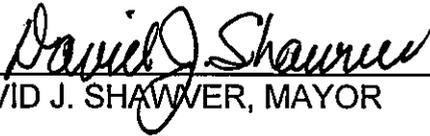
SECTION 5: The City Clerk shall either: (a) have this ordinance published in a newspaper of general circulation within 15 days after its adoption or (b) have a summary of this ordinance published twice in a newspaper of general circulation, once five days before its adoption and again within 15 days after its adoption.

SECTION 6: The City Council hereby directs staff to prepare, execute and file with the Orange County Clerk a Notice of Exemption within five working days of the approval and adoption of this ordinance.

SECTION 7: If any provision of this ordinance or its application to any person or circumstance is held to be invalid, such invalidity has no effect on the other provisions or applications of the ordinance that can be given effect without the invalid provision or application, and to this extent, the provisions of this resolution are severable. The City Council declares that it would have adopted this resolution irrespective of the invalidity of any portion thereof.

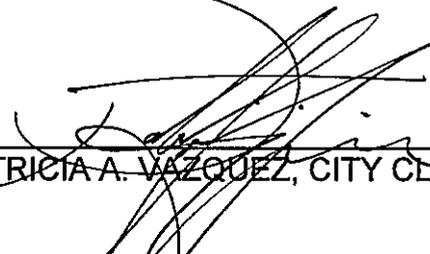
SECTION 8: The documents and materials that constitute the record of proceedings on which this Ordinance and the above findings have been based are located in the City Clerk's Department, 7800 Katella Avenue, Stanton, California.

PASSED, APPROVED, AND ADOPTED this 13th day of December, 2022.



DAVID J. SHAWVER, MAYOR

ATTEST:



PATRICIA A. VAZQUEZ, CITY CLERK

APPROVED AS TO FORM:



HONGDAO NGUYEN, CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF STANTON)

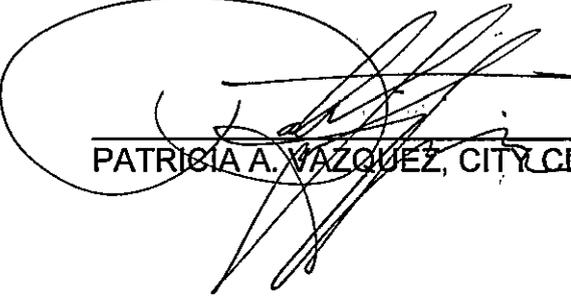
I, Patricia A. Vazquez, City Clerk of the City of Stanton, California, do hereby certify that the foregoing Ordinance No. 1124 was introduced at a regular meeting of the City Council of the City of Stanton, California, held on the 22nd day of November, 2022 and was duly adopted at a regular meeting of the City Council held on the 13th day of December, 2022, by the following roll-call vote, to wit:

AYES: COUNCILMEMBERS: Ramirez, Shawver, Taylor, Van, Warren

NOES: COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None

ABSTAIN: COUNCILMEMBERS: None



PATRICIA A. VAZQUEZ, CITY CLERK

EXHIBIT A

Chapter 5.77 Commercial Cannabis Businesses (Restated and Amended)

(follows this page)

EXHIBIT "A"
AMENDED AND RESTATED CHAPTER 5.77 (CLEAN)

Chapter 5.77 COMMERCIAL CANNABIS BUSINESSES

- 5.77.010 Purpose and intent.
- 5.77.020 Severability.
- 5.77.030 Definitions.
- 5.77.040 Permit requirement—Maximum number of permits.
- 5.77.050 Authority to enforce chapter.
- 5.77.060 Service requirements.
- 5.77.070 Application procedure.
- 5.77.080 Review of applications—Grounds for denial—Right to appeal—Notice of denial.
- 5.77.090 Permit issuance.
- 5.77.100 Permit—Validity—Expiration.
- 5.77.110 Renewal of cannabis business permits.
- 5.77.120 Grounds for suspension, revocation, and nonrenewal.
- 5.77.130 Appeals.
- 5.77.150 Transfer and Assignment of cannabis business permit.
- 5.77.160 Fees.
- 5.77.170 General operating requirements.
- 5.77.180 Specific operating requirements.
- 5.77.190 Permittee responsibility.
- 5.77.195 Discourage Illegal, Criminal, or Nuisance Activities.
- 5.77.200 Inspection and enforcement.

5.77.010 Purpose and intent.

It is the purpose and intent of this chapter for the city council to exercise its police powers derived from Section 7 of Article XI of the California Constitution and state law to promote the health, safety, and general welfare of the residents and businesses of the city of Stanton by regulating cannabis within the city's jurisdictional limits, unless preempted by state law.

5.77.020 Severability.

If any provision of the ordinance codified in this chapter is found to be unconstitutional or otherwise invalid by any court of competent jurisdiction, that invalidity will not affect the remaining provisions of the ordinance and chapter, which can be implemented without the invalid provisions, and to this end, the provisions of this ordinance are declared to be severable.

5.77.030 Definitions.

The definitions in this Chapter shall be as defined in Section 5.76.040 of the Municipal Code. All definitions pertaining to cannabis regulation that do not appear in this Section or Section 5.76.040 shall be governed by Business and Professions Code Section 26001, which are hereby incorporated by reference. Additionally, the following definitions apply to this Chapter:

"Applicant" means person applying for a permit under this chapter, including any officer, director, partner, or other duly authorized representative applying on behalf of an entity.

"Caregiver" or "primary caregiver" has the same meaning as that term is defined in Section 11362.7 of the California Health and Safety Code.

"City manager" means the Stanton city manager, or designee.

"Commercial cannabis activity" means possession, manufacture, distribution, processing, storing, laboratory testing, cultivating, compounding, packaging, labeling, transportation, dispensing, research and development, delivery, or sale of cannabis or cannabis products for commercial purposes, whether for profit or nonprofit.

"Commercial cannabis business permit" or "Permit" means a regulatory permit issued by the city of Stanton pursuant to this chapter, to a commercial cannabis business and is required before any commercial cannabis activity may be conducted in the city. The initial permit and annual renewal of a commercial cannabis business is made expressly contingent upon the business's ongoing compliance with all of the requirements of this chapter and any regulations adopted by the city governing the commercial cannabis activity at issue.

"Continual operation" shall mean the Cannabis Business operates continuously and does not have a closure of operations for more than sixty (60) consecutive days, except for closures that result from mandatory government closures, earthquakes, weather, civil unrest, global pandemics, and other factors beyond the business's control.

"Manager" means any person(s) designated by a Cannabis Business to act as the representative or agent of the Cannabis Business in managing day-to-day operations with corresponding liabilities and responsibilities, and/or the individual in apparent charge of the permitted premises of the Cannabis Business. Evidence of management includes, but is not limited to, evidence that the individual has the power to direct, supervise, or hire and dismiss employees, control hours of operation, creates policy rules, or purchases supplies.

"Owner" means any of the following:

(a) Any person with an ownership interest of ten percent (10%) or more in the Cannabis Business applying for a Permit pursuant to this Chapter;

- (b) The chief executive officer of an entity, including nonprofits;
- (c) A member of the board of directors of a for-profit or non-profit entity;
- (d) All persons within an entity that have a financial interest of ten percent (10%) or more in the proposed Cannabis Business, including but not limited to:
 - (1) A general partner of a Cannabis Business that is organized as a partnership;
 - (2) A non-member manager or managing member of a Cannabis Business that is organized as a limited liability company;
 - (3) Any person holding a voting interest in a partnership, association, or limited liability company;
 - (4) All officers or directors of a Cannabis Business that is organized as a corporation and all shareholders who individually own more than ten percent (10%) of the issued and outstanding stock of the corporation.

“Patient” or “qualified patient” shall have the same definition as California Health and Safety Code Section 11362.7 et seq., as it may be amended, and which means a person who is entitled to the protections of California Health and Safety Code Section 11362.22.

“State license” means a permit or license issued by the state of California, or one of its departments or divisions, under MAUCRSA and any subsequent state of California legislation regarding the same to engage in commercial cannabis activity. A state license alone will not authorize the holder to operate a cannabis business, as state law also requires a permit or other authorization issued by a local jurisdiction.

5.77.040 Permit requirement—Maximum number of permits.

A. Permit Required. Except as specifically authorized in this chapter, all commercial cannabis activity is expressly prohibited in the city of Stanton. Any commercial cannabis business seeking to operate within the city must first apply for and be issued a commercial cannabis business permit to operate within the city. It is unlawful for any person to engage in, conduct, or carry on any commercial cannabis business or any commercial cannabis activity within the city of Stanton without a commercial cannabis business permit from the city.

B. Maximum Number of Commercial Cannabis Businesses. The city council may set by resolution the maximum number of each type of commercial cannabis businesses that may be permitted to operate at one time in the city. The city council, in its sole discretion, may amend the maximum number at any time. Nothing in this chapter creates a mandate that the city council must issue any or all of the commercial cannabis business permits.

5.77.050 Authority to enforce chapter.

The city manager has the authority to administer and enforce this chapter. The city manager may adopt supplemental regulations or policies to implement and interpret this chapter.

5.77.060 Service requirements.

Except as otherwise provided, any notice required to be served on an applicant or permittee under this chapter must be completed by either personal delivery or first class mail. Service by mail is deemed complete at the time of deposit in the mail. Any notice issued to an applicant or permittee may be sent to the mailing address as listed on the application submitted to the city. Failure of any applicant or permittee to receive a properly-addressed notice by mail shall not invalidate any action, decision, determination, or proceeding under this chapter

5.77.070 Application procedure.

A. Application Required. Any person seeking to obtain a permit to operate a commercial cannabis business must submit a written application, signed under penalty of perjury, to the city using a form adopted by the city for that purpose.

B. Application Fee and Refundable Deposit. At the time of filing, each applicant must pay:

1. A nonrefundable application fee established by resolution of the city council to defray the costs incurred by the city in the application process. The application and fee required under this section shall be in addition to any other license, permit, or fee required by any other section or chapter of this code; and,

2. A refundable deposit as established by resolution of the City Council to allow the City access to additional funds, as necessary, to recover administrative fees and costs including but not limited to fees and costs associated with processing an application, processing a permit, and background checks.

C. Application Insufficient to Operate. Submission of an application for a permit does not authorize the operation of a commercial cannabis business unless and until such permit has been properly granted by the city.

D. Application Contents. The city manager may adopt procedures governing applications for commercial cannabis business permits, including requiring certain information and documentation. At minimum, the application for a commercial cannabis business permit must contain or be accompanied by the following information:

1. The name and address for each commercial cannabis activity business owner and an explanation of the legal form of business ownership (e.g., individual, partnership, corporation, limited liability company, etc.).

2. If the applicant is not a natural person, its operative governing documents and any fictitious business statement.

3. The proposed hours of operation.

4. A description of any specific state cannabis license that the business either has obtained or plans to obtain. The business must describe how it will meet the state licensing requirements, and provide supporting documentation as required by the city manager.

5. The proposed address for the commercial cannabis business.

6. The name and address of the owners of the real property where the proposed commercial cannabis business is to be located, including unit or suite number, if applicable. In the event the applicant is not the owner of the property, the application must be accompanied by a notarized letter of intent from the owner of the proposed property for the Cannabis Business demonstrating the property owner's (1) acknowledgement that a Cannabis Business is being proposed as the business for the property; (2) consent for a Cannabis Business to operate at the property if awarded a Permit; and (3) acknowledgement that the property owner accepts any and all risks and liabilities, including but not limited to any Federal law enforcement action, associated with permitting a Cannabis Business to operate at the property.

7. Whether the applicant has had any license or permit relating to cannabis denied, suspended, or revoked by any agency, board, city, county, territory or state.

8. Proposed community benefits that will be provided to the City. Such community benefits shall be to offset secondary, nuisance issues related to cannabis and should be provided to improve or further public safety and/or quality of life for Stanton businesses and residents, as may be determined by the City.

9. Authorization for the city, its agents, and employees to seek verification of the information contained in the application.

10. The applicant and each cannabis business owner, as well as each employee who makes or will make operational or management decisions that directly impact the business, must undergo a background check for the purpose of obtaining information as to the existence and content of a record of state or federal convictions and arrests to be considered as set forth in this chapter. No person may be issued a commercial cannabis business permit unless they have first cleared the background check.

11. Such other identification and information as the city may reasonably require in order to verify the truth of the matters herein specified and as required to be set forth in the application.

12. Security Plan. A description and documentation of how the applicant will secure the premises twenty-four hours per day, seven days per week, and how waste derived from any cannabis commercial activity will be disposed of in a manner to ensure it may not be utilized for unlawful purposes. The security plan shall include, but is not limited to, the following:

a. Confirming that burglar alarms are operational and monitored by a licensed security company at all times and providing contact information for each licensed security company;

b. Identifying a sufficient number of licensed security personnel who will monitor the interior and exterior of the commercial cannabis business;

c. Confirming that the licensed security personnel will regularly monitor the parking lot and adjacent exterior of the property to ensure that these areas are free of individuals loitering or causing a disturbance and are cleared of employees and their vehicles one-half hour after closing;

d. Establishing limited access areas accessible only to authorized personnel including security measures to both deter and prevent unauthorized entrance into areas containing cannabis or cannabis products and theft of cannabis or cannabis products;

e. Storing all finished cannabis and cannabis products in a secured and locked room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of cannabis used for display purposes, samples, immediate sale, if applicable based on the type of business;

f. Providing tamper-proof and tamper-evident packaging for finished cannabis products;

g. Preventing off-site impacts to adjoining or near properties; and

h. Limiting the amount of cash on the premises.

13. For commercial cannabis businesses applying for a permit to operate a delivery service:

a. Listing of all vehicles and devices to be used for delivery of cannabis or cannabis product within the city, which includes the vehicle's make, model, year, license plate number and vehicle identification number.

b. Identifying all persons who will deliver cannabis or cannabis product in the city. Such individuals must be at least twenty-one years of age at the time of submittal of the application.

14. An executed release of liability and hold harmless in the form as approved by the City Attorney, which shall include, but not be limited to, the following;

a. To the fullest extent permitted by law, the City shall not assume any liability whatsoever, with respect to approving any Permit pursuant to this Chapter or the operation of any property on which a Cannabis Business is located pursuant to this Chapter. Before obtaining a Permit and as a condition to the Permit, the Applicant or its legal representative shall execute an agreement that provides the following, without limitation:

(i) Indemnifying the City from any claims, damages, injuries or liabilities of any kind associated with the operation of the Cannabis Business or the prosecution of the Applicant or Permittee or its Managers or Employees for violation of Federal or State laws;

(ii) Agreeing to defend, at its sole expense and with legal representation selected by the City, any action against the City, its elected officials, agents, officers, and employees in any way related to or in connection with the processing or approval of Permit;

(iii) Agreeing to reimburse the City for any court costs and attorney fees that the City may be required to pay as a result of any legal challenge related to or in connection with the City's approval of a Permit. Agreeing that the City's participation in the defense of any such action shall not relieve the Applicant or Permittee of its obligation hereunder; and,

(iv) Acknowledging that the application, scoring, and potential awarding of a Permit may be subject to challenge by other Applicants based upon the administrative appeal procedure, as set forth in this Chapter. Acknowledging that by nature of the City having administrative appeals, the appeal procedure may necessarily affect the Permittee's licensing process, including, but not limited to, scoring, ranking, and ultimate ability to obtain a Permit, and that the Permittee acknowledges and accepts the risks with accepting a Permit. Further acknowledging that by being selected and qualifying as a top Applicant for a Permit in no way creates any rights in or entitlement to the Permit, which is subject to suspension or revocation as provided in this Chapter.

15. A statement in writing and dated and signed by the person providing the information that he or she certifies under penalty of perjury that all information contained in the application is true and correct

5.77.080 Review of applications—Grounds for denial—Right to appeal—Notice of denial.

A. Investigation. After receipt of an application, City staff shall review applications for completeness of the application requirements and general compliance with the City's Municipal Code, including a preliminary zone check to ensure the proposed location of the Cannabis Business is located in an authorized zone, or any other applicable laws and any adopted resolutions or regulations, and shall reject any application that does not meet such requirements. Rejected applications shall not be scored. Notwithstanding the foregoing, in accordance with this Chapter and any adopted

resolutions or regulations, the City may allow Applicants to cure insubstantial defects in a defective application.

B. **Review Committee Established.** Once an application has been deemed complete, the application shall be reviewed, analyzed, and scored by the Cannabis Application Review Committee. The Cannabis Application Evaluation Committee shall be composed of at a minimum three individuals with no pecuniary interest in any application. Other criteria for the Evaluation Committee may be adopted by the City Council via Resolution. Members of a Cannabis Application Evaluation Committee shall be appointed by the City Manager to review and score each application based on the general criteria identified in this Chapter.

C. **Review Criteria Established.** The City Manager shall be responsible for developing and proposing objective review criteria, which, at a minimum, demonstrates an applicant's ability to operate safely and in a responsible manner that reflects the community and needs of the City, and demonstrates an applicant's financial longevity and profitability. The objective review criteria shall be submitted to and approved by the City Council through the adoption of a resolution. The specific criteria and weighting (points per criteria) for each Permit type will be determined prior to the commencement of the application period and posted publicly.

1. The following general criteria shall be used to rank applications, including, but not limited to the following:

a. Previous adult-use retail experience that was subject to state cannabis regulation, or experience in a similarly state-regulated activity (by way of example and not limitation, alcohol sales).

b. Longevity and profitability in other jurisdictions in which the Applicant operates a Cannabis Business, if applicable.

c. Community engagement in terms of provision of providing meaningful community benefits.

d. Incorporating social equity into the Cannabis Business, such as, including, without limitation, providing a living wage, collective bargaining rights, comprehensive employee benefits and trainings, hiring practices ensuring promotion of diversity of employees, inclusionary programs which support a diverse work force, and compliance with local, state, and federal employee non-discrimination policies.

2. Each application will be independently scored by the Cannabis Application Review Committee. At any time during the application review process, the City shall have the right, but shall not be required, to verify the accuracy of any portion or all of the information provided in the application, through any reasonable means. The scores awarded by the Cannabis Application Evaluation Committee shall be totaled and averaged for each Applicant. The Applicants shall then be ranked from highest to lowest based on their final averaged scores. The final scores issued by Cannabis Application Evaluation Committee are final.

3. The top ranked Applicants that have passed the comprehensive background checks will be reviewed and considered for the issuance of a Permit by the City Manager (in this specific instance, the term "City Manager" does not include their designees and is limited to the individual who is actually appointed as the City Manager). However, nothing herein requires the City to approve any Permits or to approve the maximum number of Permits. The decision of the City Manager is final, unless appealed as set forth in this Chapter.

4. Issuance of a Permit under this Chapter is subject to compliance with the California Environmental Quality Act ("CEQA"). Applicants shall be responsible for all costs associated with CEQA compliance, including but not limited to environmental analysis and studies, preparation of the appropriate CEQA documents, and City review time of the environmental document, including but not limited to any attorney review.

D. Grounds for Denial. After the completion of the city's investigation, the city manager shall deny the issuance a commercial cannabis business permit if any of the following findings are made:

1. The requirements of this chapter have not been satisfied, including if the applicant failed to submit a complete application or failed to pay the requisite application fee.

2. The applicant, any Owner, or any proposed manager has had any cannabis-related or any other type of business, or professional license or permit denied, suspended, or revoked for cause by any agency, board, city, county, territory, or state.

3. The applicant, any Owner, or any proposed manager has been convicted of a violent felony as defined by California Penal Code Section 667.5, or equivalent offenses in other states.

4. The applicant, any Owner, or any proposed manager has been convicted of a crime involving dishonesty, fraud or deceit, including, but not limited to, fraud, forgery, theft, or embezzlement as those offenses are defined in California Penal Code Sections 186.11, 470, 484, and 504a, or equivalent offenses in other states.

5. The applicant, any Owner, or any proposed manager has been convicted of any felony offense involving the illegal sale, distribution, or possession of a controlled substance, not including cannabis-related offenses.

6. The applicant, any Owner, or any proposed manager has been convicted of any offense involving the abuse (in any manner including physical, sexual, or emotional), neglect, exploitation, or the willful harming or injuring of a child or a minor, including, but not limited to those acts as defined in the Child Abuse and Neglect Reporting Act (Penal Code section 11164 et seq.).

7. The applicant, any Owner, or any proposed manager has been convicted of any offense involving human trafficking.

8. The applicant, any Owner, or any proposed manager has made a false, misleading or fraudulent statement or omission of fact to the city in the application, or in the permit application process.

9. The commercial cannabis business does not comply with all applicable state and local laws and regulations, including, but not limited to, health, building and safety, zoning, and fire requirements and standards.

10. The applicant, any Owner, or any proposed manager is a natural person under twenty-one years of age.

E. Denial of Application. If the city manager determines that an applicant does not fulfill the requirements as set forth in this chapter, the city manager must deny the application.

F. Right to Appeal. An applicant may appeal the city manager's decision denying an application for a commercial cannabis business permit in accordance with the procedures set forth in this chapter.

G. Notice of Denial. The city must serve the applicant with a written notice of denial. The notice must state the reasons for the denial, the right of the applicant to appeal the decision, and that the city manager's decision is final if no written appeal is timely submitted to and received by the city, pursuant to Section 5.77.130 of this chapter.

5.77.090 Permit issuance.

A. Issuance of a commercial cannabis business permit is conditioned upon the applicant first obtaining all required land use approvals, a city business license, and, if applicable, Orange County fire authority approval. Before issuing any permit, the city manager must determine that all other permits, licenses, and conditions of approval have been met or are in good standing. Issuance of a commercial cannabis business permit does not create a land use entitlement.

B. Community Benefit Agreement. As a condition to being issued a Permit, within forty-five (45) days of being issued a Permit, the Permittee shall enter into a community benefit agreement with the City contractually memorializing the community benefits they shall provide to the City, as noted in their applications, as well as a schedule of implementation. Permittees may provide a greater level of community benefit than noted in their applications; whether the benefit is a "greater level" shall be determined by the City in its sole and absolute discretion. The City also has the discretion to accept an in-lieu fee from a Permittee to satisfy the community benefit requirement. Implementation of such community benefits shall be required within sixty (60) days of being issued a Permit and shall continue throughout the term of the Permit and any renewal thereof. The City shall use any in-lieu fees to improve or further public safety and/or quality of life for Stanton businesses and residents, in its sole and absolute discretion.

Permittee's required implementation of the community benefits shall be required notwithstanding whether a Permittee is operating a cannabis business or not. A Permittee's failure to abide by any of the terms of its community benefit agreement with the City shall constitute grounds for suspension or revocation of the Permit.

C. Zone Clearance. Applicants approved for a Permit shall submit a zone clearance application in accordance with the following procedure:

1. Community Development Director Action. The Community Development Director may issue a zone clearance only after determining that the request complies with all applicable standards and provisions for the category of use in the zoning district of the subject parcel, in compliance with this Zoning Ordinance.

2. All interior and exterior building improvements, including façade improvements, shall be reviewed for substantial conformance with the Permittee's application and proposal. Minor deviations may be approved by the City Manager.

3. All interior and exterior building improvements, including façade improvements, shall be reviewed for substantial compliance with the findings in the City's site plan and design review chapter of this Code prior to issuance of a zone clearance. The zone clearance for the location does not excuse compliance with any other requirement in the Zoning Ordinance or Building Code and any additional permits required may be obtained after the Permit is issued but before operation.

4. Separate Cannabis Businesses may be located within the same building so long as they have independent suites and the City finds that multiple Cannabis Businesses located in the same building are not detrimental to the health, safety, or welfare of the surrounding neighborhood. The City may impose conditions as deemed reasonably necessary to ensure compliance with the requirements of this Chapter.

5. A Cannabis Business may be located within multiple buildings so long as the applicant obtains all entitlements and approvals necessary from all state and local agencies. Any other use that is connected to a Cannabis Business shall be ancillary to the retail use. At a minimum, the City will require the buildings to be immediately adjacent to each other and exist on one lot. To ensure compliance with this Chapter, the City may require the applicant to obtain additional entitlements, including, but not limited to a lot tie. In no instance may an applicant occupy multiple buildings and/or lots not in compliance with this Section.

5.77.100 Permit—Validity—Expiration.

A. A commercial cannabis business permit is valid upon issuance and continues in effect until it expires automatically twelve (12) months after the date of its issuance, unless extended or sooner suspended, or revoked under this chapter.

B. If a Permittee has not opened its respective Cannabis Business and become operational within twelve (12) months of securing City Manager approval of a

Permit, all rights to the Permit shall terminate and shall be forfeited. However, in the sole discretion of the City Manager, upon a showing by Permittee of significant and diligent progress towards opening the Cannabis Business (e.g., evidence demonstrating substantial funds invested into the Cannabis Business opening, applications submitted for any necessary licenses or permits, and/or substantial steps taken towards obtaining all necessary approvals), the City Manager may provide one, six-month extension of time to become operational.

The City may also provide up to one, six-month extension of time to become operational if there is an ongoing local emergency or *force majeure* that results in substantial delay in processing any of the necessary approvals for the Permit. For purposes of this chapter, "force majeure" is an unforeseeable circumstance that was outside of the Permittee's control that the Permittee could not reasonably anticipate, including, without limitation, acts of God, war, pandemics, and strikes. It does not include issues such as, without limitation, problems with financing. The total time of any extension provided pursuant to this subsection shall not exceed a maximum of two years after the City Manager's original approval of the Permit. Failure to receive any extension shall render the Permit expired.

C. Notwithstanding the foregoing, any Permittee that received a Permit in November 2021 shall be required to be operational by May 31, 2023. Failure to become operational by May 31, 2023 shall result in the automatic expiration of the Permit, except that a Permittee may apply for an additional six-month extension due to an ongoing local emergency or *force majeure*, as provided above. For purposes of this section, "operational" means that the business is regularly and consistently open for retail business for a substantial portion of the month (i.e., at least 120 hours a month).

D. Waitlist rule. If any of the issued Permits have expired, terminated or become forfeited as provided in subsections (A), (B), or (C) above, the City has the sole and absolute discretion to consider the next ranked Applicant from the most recent screening application process; however, once the maximum number of Permits has been issued by the City, the waitlist shall expire two years thereafter.

E. Nothing herein requires the City to draw from a waitlist; the City has the sole and absolute discretion to forego a waitlist and re-open the application period to accept new applications at any time.

5.77.110 Renewal of cannabis business permits.

A. Renewal Application Deadline. Except for permits that were issued in November 2021, an application for renewal of a commercial cannabis business permit must be filed at least sixty calendar days before the expiration date of the current permit. Failure to submit a renewal application prior to the expiration date of the permit will result in the automatic expiration of the permit on the expiration date. Permittees that were issued permits in November 2021 shall submit their application for renewal by March 31, 2023. Any permittee allowing his or her permit to lapse or expire shall be required to submit a new application and pay the corresponding initial application fees. The City is

not required to send a renewal notice to any person subject to the provisions of this Section. Failure to send such notice shall not relieve nor excuse the Cannabis Business from complying with its obligations under this Section.

B. **Renewal Application Requirements.** A permittee may apply for renewal of a permit by submitting a written application, under penalty of perjury, to the city manager, who must conduct an investigation. The city manager may adopt renewal application forms and procedures for this purpose. The applicant must pay a fee in an amount to be set by the city council to defray the costs of processing the renewal permit application. A permittee submitting a renewal application is required to update the information contained in the original permit application and provide any new or additional information as may be reasonably required by the city manager in order to determine whether the permit should be renewed, including but not limited to documentation evidencing that the Permittee has paid all applicable taxes and fees, including any taxes and fees set forth in Chapter 5.76, and that Permittee has fulfilled its community benefit obligations.

C. **Decision on Renewal Application.** The city manager must investigate the renewal application and render a decision no later than the date of expiration of the permit.

D. **Renewal.** The city manager will renew a permit if he or she confirms the permittee has been and remains in current compliance with all conditions of the permit, with all provisions of this chapter, and with all state and local laws applicable to cannabis businesses.

E. **Conditions.** The city manager may impose additional conditions to a renewal permit, if he or she determines it to be reasonably necessary to ensure compliance with state or local laws and regulations or to preserve the public health, safety or welfare.

F. The decision of the City Manager is final, unless appealed as set forth in this Chapter.

5.77.120 Grounds for suspension, revocation, and nonrenewal.

A. The city manager may suspend, revoke, or refuse to renew a commercial cannabis business permit in any of the following circumstances:

1. The city manager makes any findings necessary to deny a permit under Section 5.77.080 of this chapter.

2. Except for permittees that received their permits in November 2021, the commercial cannabis business has not been in regular and continuous operation in the four months before the renewal application is submitted.

3. A permittee failed to comply with the requirements of this chapter or of any regulations adopted pursuant to this chapter, or any term or condition imposed on the permit.

B. **Decision Appealable.** A permittee may appeal the city manager's decision denying a renewal application, or suspending or revoking a permit, in accordance with the procedures set forth in this chapter.

C. **Notice.** The city manager must serve the permittee with a written notice of nonrenewal, suspension, or revocation. The notice must state the reasons for the action, the effective date of the decision, the right of the applicant to appeal the decision, and that the city manager's decision will be final if no written appeal is timely submitted to and received by the city, pursuant to Section 5.77.130 of this chapter. This notice is effective ten calendar days following the date of service of the notice. If an appeal is timely and properly filed in accordance with this chapter, then the effective date of the notice is stayed.

5.77.130 Appeals.

Any appeal right provided for in this chapter must be conducted as set forth in this section.

A. Submission of Appeal.

1. An applicant or permittee may appeal the decision of the city manager to a hearing officer to suspend, revoke, or deny, or impose conditions upon a commercial cannabis business permit, by filing with the city clerk a written notice of appeal within fifteen calendar days from the date of service of the notice.

2. The notice of appeal shall be in writing and signed by the person making the appeal, or his or her legal representative, and shall contain the following:

- a. The name, address, telephone number of the appellant;
- b. A statement of whether the appellant is an applicant or permittee of a commercial cannabis business;
- c. A true and correct copy of the notice of the decision or action issued by the city manager that the appellant is appealing;
- d. A specific statement of the reasons and grounds for making the appeal in sufficient detail to enable the hearing officer to understand the nature of the controversy, the basis of the appeal, and the relief requested; and
- e. All documents or other evidence pertinent to the appeal that the appellant requests the hearing officer to consider at the hearing.

3. At the time of filing the appellant must pay the designated appeal fee, which may be established by resolution of the city council.

4. In the event a written notice of appeal is timely filed, the suspension, revocation, denial, or nonrenewal is not effective until a final order has been rendered and

issued by the hearing officer. If no timely, proper appeal is filed in the event of a decision of denial, the permit expires at the conclusion of the term of the permit. If no timely, proper appeal is filed in the event of a suspension or revocation, the suspension or revocation is effective upon the expiration of the period for filing a written notice of appeal.

5. Failure of the applicant or permittee to file a timely and proper appeal, or the requisite fee, is a waiver of the right to appeal the decision of the city manager and a failure to exhaust all administrative remedies. In this event, the city manager's decision is final and binding.

B. Hearing Procedure.

1. Administrative hearing officers must be selected in a manner that avoids the potential for pecuniary or other bias.

2. Upon receipt of the written appeal, the city clerk, in their sole discretion, shall choose the date and set the matter for a hearing before a hearing officer. Once set, the hearing date shall only be continued upon a written showing for good cause by the requestor. For purposes of this subsection, the term "good cause" shall mean the hearing date must be continued due to circumstances outside of the requestor's control. The appeal must be held within a reasonable time after date of filing. The City must notify the appellant of the date, time, and location of the hearing at least ten calendar days before the date of the hearing.

3. Upon selection of a hearing officer and date, the City Clerk will submit to the hearing officer the appellant's appeal and documentation, if any. This shall constitute appellant's written submittal to the hearing officer. The City may submit its own written response to the appeal along with any evidence it wishes the hearing officer to consider, if any, at least three (3) calendar days before the hearing.

4. The hearing officer will preside over the appeal in accordance with the rules of this Chapter. The hearing officer conducts their review of the decision to determine whether there was an abuse of discretion. Abuse of discretion is established if the City has not proceeded in the manner required by law, the decision is not supported by the findings, or the findings are not supported by the evidence. The hearing officer reviews the decision to make sure there is substantial evidence that reasonably supports the decision, is credible, and of solid value. The hearing officer does not substitute their judgment for that of the Evaluation Committee or re-weigh the evidence or rescore the application. If the hearing officer determines that there was an abuse of discretion, the decision shall be deemed cancelled.

5. The hearing shall be conducted as follows:

a. No new matter or evidence shall be received or considered by the hearing officer that was not addressed or identified in the appeal unless the appellant can show why such new matter or evidence could not with due diligence have been argued or produced at the time of filing the appeal.

b. Appellant bears the burden of proof to establish that the City abused its discretion by issuing the decision.

c. At the hearing, the parties may present argument, witnesses and evidence relevant to the decision appealed. Formal rules of evidence and procedure applicable in a court of law shall not apply to the hearing. However, rules of privilege are applicable to the extent they are permitted by law; and irrelevant, collateral, and repetitious evidence may be excluded.

C. Hearing Officer's Decision.

1. No later than fifteen (15) calendar days following conclusion of the appeal hearing, and after considering all of the testimony and evidence submitted at the hearing, the hearing officer will determine whether the issuance of the decision constituted an abuse of discretion.

2. The hearing officer must issue a written decision containing findings and analysis supporting their decision to uphold or reverse the decision, and any other finding that is relevant or necessary to the subject matter of the appeal.

3. The decision of the hearing officer is final. The decision must contain the following statement: "The decision of the hearing officer is final. Judicial review of this decision is subject to the time limits set forth in California Code of Civil Procedure Section 1094.6."

4. A copy of the hearing officer's decision must be served by first class mail on the appellant. Failure of a person to receive a properly addressed hearing officer's decision does not invalidate any action or proceeding by the city pursuant to this Chapter.

5.77.150 Transfer or Assignment of cannabis business permit.

A. A commercial cannabis business permit issued under this chapter is valid only as to the permittee and approved location.

B. Multiple operating locations for the same cannabis business require separate permits.

C. No cannabis business permit may be sold, transferred, or assigned by a permittee, or by operation of law, to any other person or entity, except as provided in this Chapter. Any such sale, transfer, or assignment, or attempted sale, transfer, or assignment is deemed to constitute a voluntary surrender of such permit and such permit shall thereafter be null and void.

D. The assignment of or attempt to assign any Permit issued pursuant to this Chapter is unlawful until a Permittee has been in continual operation for four years, and any such assignment or attempt to assign a Permit before that time shall render the Permit null and void, unless approved by the City Manager, or by variance as outlined in subsections (E) and (F) below. Assignment shall be defined as a cumulative sale or

transfer of fifty-one percent or more equity interest in the permitted entity. For permissible transfers of ownership before or during the four-year period, the Owners shall maintain a comparable level of cannabis experience as conveyed in the Permittee's application. The City Manager shall review changes in the level of the Owners' cannabis experience, and may approve the changes. After the four years of continual operation, assignment is permitted; provided however that any such assignment that exceeds ninety percent of interest in the permitted entity shall require review by the City Manager to ensure maintenance of the same standard of operation.

E. Assignments prior to compliance with the required four years of continual operation may be approved by the City Manager in the event of the death, disability, marriage, divorce, or domestic partnership of one of the Owners named on the Permittee's application. The City Manager shall review these requested assignments to ensure maintenance of the same standard of operation, and may approve the changes.

F. Variance Process. Notwithstanding the above, a Permittee may apply to the Planning Department for approval of a prohibited assignment not to exceed a cumulative assignment or transfer of up to eighty-five percent of interest in the Permit for the first two years of continual operation, and one hundred percent cumulative assignment or transfer after two years of continual operation, or as otherwise allowed by this Chapter. Following a public hearing on the proposed assignment or transfer, the City Manager may approve the request if it finds that:

1. The same standard of business operation will be maintained;
2. The ownership shall maintain a comparable level of cannabis experience as conveyed in the Permittee's application;
3. The assignment would promote the public interest and maintain the integrity of the City's Commercial Cannabis Permit application scoring and licensing process; and
4. The findings that supported issuance of the Permit can still be made, including requiring any new Owner to pass the comprehensive background check as set forth in this Chapter.

G. The decisions of the City Manager are final.

H. Merger or Consolidation with Publicly Traded Companies. With the understanding that publicly traded companies have notably different regulations, operational structure, and ownership structure, compared to privately held companies, the merger into, consolidation with, or transfer of ownership to a publicly traded company shall not be considered a prohibited assignment of a Permit under this section as long as the following conditions are met.

1. At the time the merger, consolidation, or transfer occurs, the Permit Owners listed on the Permit or application, whichever is most recent ("Permit Owners"),

prior to the merger, consolidation, or transfer shall be required to hold at least three and one-half percent of the shares of the publicly traded company.

2. The Permit Owners prior to the merger, consolidation, or transfer shall be substantially involved in the operations of the company for the first four years of continual operation, unless authorized through the variance process above.

3. At the time the merger, consolidation, or transfer occurs, at least one of the Permit Owners prior to the merger, consolidation, or transfer shall hold a seat on the board of directors of the publicly traded company. If that board member steps down or is no longer a member of the board of directors, the company shall notify the City Manager of this change, and to the extent possible, one of the other Permit Owners prior to the merger, consolidation, or transfer shall be appointed to the board of directors.

4. After merger, consolidation, or transfer, the Cannabis Business shall continue to adhere to the business plan, security plan, and design concept sections included in the applicable application for the Permit.

5. After merger, consolidation, or transfer, the branding of the Cannabis Business, including the name of the business as it operates in the City, shall be required to be the same as identified in the applicable application for the Permit. At no time, unless after four years of continual operation, unless approved by City Manager, shall the branding, including the name of the Cannabis Business, be allowed to deviate from what was identified in the application for the Permit

6. Documentation of the satisfaction of the above-referenced conditions shall be provided to the City when the change occurs. If the change occurs prior to the issuance of a Permit, documentation of the satisfaction of the above-referenced conditions shall be provided at the time a Permit is applied for.

7. No Permittee shall operate, conduct, manage, engage in, or carry on a Cannabis Business under any name other than the name of the Cannabis Business specified in the permit and/or any "doing business as" or "DBA" provided in the permit application, unless specified in this Chapter.

I. All assignments under this Section shall be subject to a non-refundable assignment fee adopted by the City Council by resolution. The fee shall be sufficient to defray the costs incurred by the City for the application and reviewing process. J. The City may approve the transfer of a Cannabis Business to another location in the City as long as the locational and zoning requirements of this Chapter and State law are met, and the new location meets or exceeds the standards and operational characteristics of the current location. The City Manager may approve or deny requests to transfer the Permit to another location, which decision shall be final, subject to a right to appeal as provided in this chapter.

5.77.160 Fees.

The city council may establish by resolution, and from time to time may amend, the fees for the administration of this chapter, including, but not limited to, original application, renewal application, inspection fees, assignment fees, and appeal fees. Fees required by this chapter are in addition to any other fees that may be required under any other section, provision, or chapter of this code. No person may commence or continue any commercial cannabis activity in the city without timely paying in full all fees and charges required for the operation of a commercial cannabis activity. The amount of any fee, cost or charge imposed pursuant to this chapter is a debt to the city of Stanton that may be recovered by any means authorized by law.

5.77.170 General operating requirements.

All commercial cannabis businesses in the city must operate in conformance with the following general operating requirements:

A. **Hours of Operation.** Commercial cannabis businesses may operate only during the hours specified in the commercial cannabis business permit issued by the city.

B. **Restriction on Consumption.** No person may consume, or permit others to consume, any cannabis on the premises of any commercial cannabis business.

C. **Minors.** A commercial cannabis business may not sell cannabis or cannabis products to persons under twenty-one years of age, allow any person under twenty-one years of age on its premises, or employ or retain persons under twenty-one years of age. Despite the prior provision, a commercial cannabis business holding a state license for commercial cannabis activity involving medicinal cannabis may allow on the premises and sell cannabis or cannabis products to any person eighteen years of age or older who possesses a valid government-issued identification card, and either a valid county-issued identification card under Section 11362.712 of the Health and Safety Code or a valid physician's recommendation for himself or herself or for a person for whom he or she is a primary caregiver.

D. **Alcohol and Tobacco Sales.** A commercial cannabis business may not sell alcoholic beverages or tobacco products on or at any premises permitted under this chapter.

E. **Distance Requirements.** A premises permitted under this division may not be located within a six-hundred-foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center that is in existence at the time the permit is issued, or within a four-hundred-foot radius of a property zoned residential.

F. **Outdoor Cultivation.** A permittee may not cultivate cannabis outdoors. No permit may be issued pursuant to this chapter for outdoor commercial cannabis cultivation.

G. **Display and Storage.** No cannabis, cannabis products, or graphics depicting cannabis or cannabis products may be visible from the exterior of any property issued a commercial cannabis business permit, or on any of the vehicles owned or used as part of the commercial cannabis business. No outdoor storage of cannabis or cannabis products is permitted.

H. **Tracking of Product and of Gross Sales.** Each commercial cannabis business must implement a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business, including such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed reasonably necessary by the city. Each commercial cannabis business must ensure that such information is compatible with the city's record-keeping systems. In addition, the system must have the capability to produce historical transactional data for review. Furthermore, any system selected must be approved and authorized by the city's consultant before being used by the permittee.

I. **Compliance with State Laws and Regulations.** All cannabis and cannabis products sold, distributed, or manufactured must be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with the state and local regulations.

J. **Emergency Contact.** Each commercial cannabis business shall provide the city manager or designee(s) with the name, telephone number (both land line and mobile, if available) of an on-site employee or owner to whom emergency notice can be provided at any hour of the day.

K. **Security Measures.** All cannabis businesses shall maintain a commercial burglar alarm monitoring system, and install a video surveillance system, as approved by police services, which shall continuously surveil the immediate exterior of the site as well as all areas of the interior (excepting the restroom(s)), including all locations where points of sale occur, twenty-four (24) hours. Footage from such surveillance shall be retained for at least forty-five (45) days.

L. **Security Breach.** A cannabis business shall notify the Orange County sheriff's department as soon as possible, and no later than twenty-four hours, after discovering any of the following:

1. Diversion, theft, loss, or any criminal activity involving the cannabis or cannabis product or any agent or employee of the permittee;
2. The loss or unauthorized alteration of records related to cannabis or cannabis product, registered qualifying patients, primary caregivers or employees or agents;
3. Significant discrepancies identified during inventory; or
4. Any other material breach of security.

M. Background Checks.

1. **Employees.** Prior to hiring, all potential employees must submit to a comprehensive background check by Permittee. Permittee must ensure that each potential employee meets the requirements of Section 5.77.080(D). For each potential employee, before beginning employment, Permittee must submit a sworn affidavit attesting (1) that a comprehensive background check was conducted in conformance with this Chapter and (2) the potential employee is in compliance with Section 5.77.080(D).

2. **Owner and Manager.** Prior to the addition of a new or additional Manager or Owner (when permitted by this Chapter), Permittee must conduct a comprehensive background check demonstrating compliance with the requirements of Section 5.77.080(D). For each new or additional potential Manager and Owner, Permittee must submit the results of the comprehensive background check to the City. The City will have twenty-one (21) days to review and approve the background check for compliance with this Chapter.

N. Odor Control. Odors must be contained on the property on which the commercial cannabis activity is located. If the city receives any odor complaints, the cannabis business is required to cooperate with the city to correct odor concerns. This may include, without limitation, paying for a third party consultant, as selected by the City, to measure the level of odor at the business and/or make findings and/or a plan on how to address such odor issues. The city may require, among other things, installation of odor absorbing ventilation and exhaust system so that odor generated inside the commercial cannabis business that is distinctive to its operation is not detected outside of the facility if reasonably necessary. Unresolved or repeated odor complaints may be basis for suspension, revocation, denial, or nonrenewal of a permit.

O. Display of Permit and City Business License. Each business must maintain a business license from the city. The original copy of the commercial cannabis business permit issued by the city pursuant to this chapter and the city-issued business license must be prominently displayed inside the commercial cannabis business in a location readily-visible to the public.

P. Records and Recordkeeping. Each business must maintain for a minimum of three years a written accounting or ledger of all cash, receipts, credit card transactions, and reimbursements (including any in-kind contributions), as well as records of all operational expenditures and costs incurred by the permittee, in accordance with generally accepted accounting practices and standards typically applicable to business records, which shall be made available to the city during business hours for inspection as provided for in this chapter.

Q. Other Permits and Approvals. Before the establishment of any commercial cannabis business or the operation of any such business, the person intending to establish a commercial cannabis business must first obtain all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency

which may be applicable to the zoning district in which such commercial cannabis business intends to establish and to operate.

1. All applications submitted to the City for any entitlements required under this Chapter shall be, at a minimum, in substantial compliance with the application for a Permit, its contents, and any attachments thereto. The City Manager, in their sole discretion, may grant an exception to the substantial compliance standard if it can be shown by the applicant why there is good cause to grant the exception. For purposes of this subsection, the term "good cause" shall mean the hearing date must be continued due to circumstances outside of the requestor's control. The City may obtain all information and documentation from the applicant necessary to determine whether good cause exists.

R. Changes to Premises. Permittee shall not make a physical change, alteration, or modification of the permitted premises without the prior written approval of the City. If a permitted premises is to be changed, modified, or altered, the Permittee is responsible for applying for and securing all necessary City approvals, project plan approvals, and permits.

S. Insurance. Maintain commercial general liability insurance, at coverage limits and with conditions thereon determined reasonably necessary by the city manager.

T. Indemnity. By accepting the permit, each permittee agrees to indemnify, defend (at permittee's sole cost and expense), and hold the city of Stanton, and its officers, officials, employees, representatives, and agents, harmless, from any and all claims, losses, damages, injuries, liabilities, or losses that arise out of, or which are in any way related to, the city's issuance of the commercial cannabis business permit, the city's decision to approve the operation of the commercial cannabis business or activity, the process used by the city in making its decision, or the alleged violation of any federal, state, or local laws by the commercial cannabis business or any of its officers, employees, or agents.

U. Changes to Application Information. If, during the term of a permit, the permittee proposes any change in information submitted on the original or renewal application, the permittee must notify the city in writing of any such proposed change, and same must be approved by the city manager before the change takes place. This includes, without limitation, any change to the people or vehicles used for a delivery service and any change to the security plan.

V. Marketing and Advertising.

1. All advertisements and marketing, including off-site advertising signs, on-premises signs, labels, and billboards by Permittee shall comply with this Chapter and any regulations implemented by the State or any of its divisions or departments, and California Business and Professions Code Chapter 15 of Division 10, as may be amended from time to time.

2. Advertisements and marketing may not be designed to appeal to children or encourage children to consume cannabis goods, contain any false or misleading statements, or make any misrepresentations.

W. Additional Operating Requirements. The city manager may impose additional operational requirements upon any permit as determined to be reasonably necessary to protect the public health, safety, and welfare of the community.

5.77.180 Specific operating requirements.

A. Storefront Retailers. Each storefront retailer in the city must operate in conformance with the following operating requirements:

1. Entrances into a storefront retailer must be locked with entry strictly controlled. Sally port doors with automated locking systems must be used to separate the reception area from the retail area.

2. Uniformed licensed security personnel must be employed to monitor site activity, control loitering and site access, and to serve as a visual deterrent to unlawful activities. Security personnel may be allowed to carry firearms if authorized by the county sheriff.

3. All cultivation, manufacturing, distribution, and retail activities performed by a permittee under a Type 12-microbusiness state license shall occur on the same permitted premises. areas of the premises for manufacturing and cultivation shall be separated from the distribution and retail areas by a wall and all doors between the areas shall remain closed when not in use.

B. Delivery Retailers. All delivery retailers in the city must operate in conformance with the following operating requirements:

1. Any person who delivers cannabis to a customer must have in possession a copy of the permit, which must be made available upon request to law enforcement.

2. Delivery vehicles may not advertise any activity related to cannabis nor may they advertise the name of the permittee.

3. All orders to be delivered shall be packaged by the names of the customer.

4. The Permittee shall maintain a current list of all vehicles and devices to be used for delivery of cannabis or cannabis product within the city, which includes the vehicle's make, model, year, license plate number and vehicle identification number. This list shall be available for City inspection upon request.

5. The Permittee shall maintain a current log of all persons who deliver cannabis or cannabis products in the city. This log shall be available for City inspection upon request.

C. Cultivation Facilities. Each cultivation facility in the city must operate in conformance with the following operating requirements:

1. Outdoor commercial cultivation is prohibited;
2. Cannabis plants may not be visible from a public or private road, sidewalk, park, any common public viewing area, or adjacent private property.

5.77.190 Permittee responsibility.

It is the responsibility of the permittees to ensure that a commercial cannabis business complies with all applicable state and local laws, and any regulations promulgated thereunder, at all times. In construing and enforcing this chapter and any regulations promulgated under this chapter, the act, omission, or failure of an agent, officer, representative, or other person acting for or employed by a permittee, within the scope of his or her employment or office, shall in every case be deemed the act, omission, or failure of the permittee.

5.77.195 Discourage Illegal, Criminal, or Nuisance Activities.

A. For purposes of this Section, "illegal, criminal, or nuisance activities" includes, but is not limited to, disturbances of the peace, public intoxication, drinking alcoholic beverages in public or on the site of the permitted premises, smoking or ingesting cannabis goods in public or on the site of the permitted premises, illegal drug activity, vandalism, obstruction of the operation of another business, harassment of passersby, gambling, prostitution, public urination, lewd conduct, drug trafficking, excessive loud noise, litter, or any other behavior that adversely affects or detracts from the quality of life for adjoining residents, property owners, or businesses.

B. Every Permittee shall take reasonable steps to discourage persons on the site of the Cannabis Business, and within any parking areas under the control of the Permittee, from engaging in illegal, criminal, or nuisance activities.

C. Property maintenance. The Cannabis Business site, building, premises, and all associated parking areas, including the adjacent area under the control of the Permittee and any sidewalk or alley, shall be maintained in an attractive condition and shall be kept free of obstruction, trash, litter, and debris.

D. Graffiti. Permittee shall remove graffiti from the premises within forty-eight (48) hours of its occurrence.

E. Nuisances. Commercial cannabis activity shall not adversely affect the health or safety of the nearby residents by creating dust, glare, heat, noise, smoke, vibration, or other negative impacts, and shall not be hazardous due to use or storage of

materials, processes, products, chemicals, or wastes. Commercial Cannabis Activity shall not adversely affect health, safety, or welfare of any persons engaged in the operation of the Cannabis Business.

5.77.200 Inspection and enforcement.

A. **Violations Unlawful.** It is unlawful and declared a public nuisance for any person to operate, conduct, or maintain a commercial cannabis business contrary to the provisions of this chapter.

B. **Right of Entry.** Personnel of the city's public safety department, community development department and administrative services and finance department or other agents or employees of the City, as well as the police department and fire department ("Inspecting Authorities"), have the right to enter the location of all interior and exterior portions of any commercial cannabis business, and all rooms, buildings, structures, and portions thereof, during regular business hours, for the purpose of making reasonable unscheduled inspections to verify and enforce compliance with this chapter and to ensure that the business is safe, clean, sanitary, and in good repair. These Inspecting Authorities shall also have unimpeded access to inspect all on-site locations, records, reports, documents, points of sale, product, surveillance footage, and any other access deemed necessary to ensure compliance with this Chapter.

C. **Interference with Inspection.** It is unlawful for any person having responsibility over the operation of a commercial cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the city to conduct an inspection and, 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. Failure to cooperate with or refuse an inspection is subject to suspension, revocation, or nonrenewal of a permit. 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.

D. **Criminal Penalties.** Any person who violates any provision of this chapter is guilty of a misdemeanor punishable by a fine of up to one thousand dollars, or by imprisonment in the County Jail not exceeding six months, or by both such fine and imprisonment, except the city attorney may prosecute a violation of this chapter as an infraction, in his or her discretion, subject to the penalties in Chapter 1.10 of this code.

E. **Administrative Citations.** Administrative citations may be issued for violations of the provisions of this chapter, as set forth in Chapter 1.12 of this code; provided, however, that each violation is punishable by a fine of one thousand dollars.

F. **Civil or Equitable Enforcement.** The city attorney may bring a civil or equitable action, at his or her discretion, to seek the abatement of any violation of this code.

G. Aiding, Abetting, and Omissions. Whenever in this chapter any act or omission is made unlawful, it shall include causing, permitting, aiding, abetting, suffering, or concealing the fact of such act or omission.

H. Ongoing Violations. Each and every day a violation is maintained, caused, aided, abetted, concealed, suffered, or permitted is a separate offense.

I. Remedies Cumulative. The remedies, procedures, and penalties provided by this chapter are cumulative to each other and to any other available under city, state, or federal law.

