

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DAVIS ADDING ARTICLE 21.04 AND ARTICLE 21.05 TO CHAPTER 21 OF THE DAVIS MUNICIPAL CODE TO ESTABLISH PERMITTING AND REGULATORY REQUIREMENTS FOR OPERATION OF RETAIL CANNABIS BUSINESSES AND CANNABIS DELIVERY SERVICES

WHEREAS, the City Council, by Ordinance No. 2503, amended the City's Zoning Code to authorize certain commercial cannabis manufacturing, testing, research and distribution businesses in the City, subject to reasonable zoning regulations that are consistent with existing zoning practices in the City, so that cannabis manufacturing, testing, research and distribution activities occur in zones which already allow for such uses consistent with existing performance standards and levels of planning review; and

WHEREAS, the City Council, by Ordinance No. 2509, added Chapter 21 to the Davis Municipal Code to establish the general permitting process required for operation of commercial cannabis businesses in the City, including reasonable regulations applicable to all commercial cannabis businesses, and permit application requirements, permit conditions, and specific regulatory requirements for operation of commercial cannabis manufacturing, testing, research and distribution businesses in the City; and

WHEREAS, the City Council has directed City staff to develop zoning standards to authorize limited numbers of commercial cannabis retailers in the City, subject to reasonable land use regulations and locational restrictions that balance the interests of the City in maintaining and developing cannabis-related commercial activity and local access to medical and adult-use cannabis, with the public health and safety concerns associated with commercial retail sales of cannabis; and

WHEREAS, the City Council desires to impose similar regulatory requirements and business permit conditions on the operation of retail cannabis businesses as other non-retail cannabis businesses, at such time as they become authorized to locate in the City under the City's Zoning Code; and

WHEREAS, California Business and Professions Code section 26200 affirms the City's authority to adopt and enforce local ordinances to regulate commercial cannabis businesses, including business license requirements and enforcement of local permit requirements; and

WHEREAS, California Business and Professions Code section 26070, subdivision (a)(1), requires that retailers providing retail sale and delivery of cannabis or cannabis products to customers shall have a licensed physical premises, and further authorizes that retail sales may be conducted exclusively by delivery from that physical location; and

WHEREAS, the City Council recognizes that mobile delivery sales of cannabis are a common and developing method of conducting retail sales of cannabis, and therefore desires to authorize and regulate such sales occurring in the City, whether they originate from within or

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outside of a physical location in the City, to protect the health and safety of the City and its residents; and

WHEREAS, the City Council finds that the retail cannabis business permitting requirements and process established by this Ordinance protect the public health, safety and welfare of the City, its residents and visitors, by imposing reasonable restrictions on site security, operating hours, and acceptable delivery procedures and protocols; and

WHEREAS, this Ordinance merely establishes regulatory requirements and permitting of certain commercial retail cannabis uses authorized and regulated in the City's Zoning Code and does not independently authorize the establishment or operation of any new or particular cannabis business or use; and

WHEREAS, this Ordinance is therefore not a project subject to California Environmental Quality Act (CEQA) review pursuant to Section 15061(b)(3) of Title 14 of the California Code of Regulations, as this Ordinance does not have the potential for causing a significant effect on the environment.

NOW, THEREFORE, the City Council of the City of Davis does hereby ordain as follows:

SECTION 1. Recitals. The above recitals are hereby incorporated as though set forth in this section.

SECTION 2. Amendment. Article 21.04, titled "Retail Cannabis Businesses," is hereby added to Chapter 21 of the Davis Municipal Code to read in full as set forth in Exhibit A, attached hereto and incorporated herein by this reference.

SECTION 3. Amendment. Article 21.05, titled "Cannabis Delivery Services Originating Outside of the City," is hereby added to Chapter 21 of the Davis Municipal Code to read in full as set forth in Exhibit B, attached hereto and incorporated herein by this reference.

SECTION 4. Severability. If any provision, clause, sentence or paragraph of this chapter or the application thereof to any person or circumstances shall be held invalid, such invalidity shall not affect the other provisions of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are declared to be severable.

SECTION 5. CEQA. The City Council hereby finds this Ordinance merely establishes a permitting process and reasonable regulations on commercial cannabis businesses, to the extent such businesses are authorized to operate in the City pursuant to state and local law, and does not independently authorize any particular cannabis business or use to establish or operate in the City. Accordingly, it can be seen with certainty that there is no possibility this Ordinance will have a significant effect on the environment. This Ordinance is therefore not a project subject to California Environmental Quality Act (CEQA) review pursuant to Section 15061(b)(3) of Title 14 of the California Code of Regulations.

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SECTION 6. Effective Date. This Ordinance shall take effect thirty (30) days after its adoption and, within fifteen (15) days after its passage, shall be published at least once in a newspaper of general circulation published and circulated within the City.

INTRODUCED on the _____ day of _____, 2017, and **PASSED AND ADOPTED** by the City Council of the City of Davis on this _____ day of _____, 2017, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Robb Davis
Mayor of the City of Davis

ATTEST:

Zoe Mirabile, City Clerk

EXHIBIT A

Article 21.04 Retail Cannabis Businesses

- Section 21.04.010 Definitions and scope.
- Section 21.04.020 Retail cannabis business permit required.
- Section 21.04.030 Retail cannabis business permit program fee.
- Section 21.04.040 Applications for retail cannabis business permit.
- Section 21.04.050 Application process.
- Section 21.04.060 Denial of a retail cannabis business permit.
- Section 21.04.070 Terms of retail cannabis business permit.
- Section 21.04.080 Renewal.
- Section 21.04.090 Suspending, modifying, or revoking a permit.
- Section 21.04.100 Emergency contact manager.
- Section 21.04.110 Retail cannabis business site requirements.
- Section 21.04.120 Retail cannabis business security requirements.
- Section 21.04.130 Retail cannabis business operating requirements.
- Section 21.04.140 Cannabis delivery services originating in city.
- Section 21.04.150 Display of retail cannabis business permit.
- Section 21.04.160 Maintenance of records.
- Section 21.04.170 Site management.

21.04.010 Definitions and scope.

- (a) This article applies to cannabis retailers, as those businesses are defined and regulated by Article 40.26B of the Zoning Code.
- (b) This article applies to any cannabis retailer operating from a physical premises located in the city, regardless of whether the cannabis retailer sells medical or adult-use cannabis or performs sales exclusively by delivery. For purposes of this article, a cannabis retailer shall be referred to as a “retail cannabis business.”

21.04.020 Retail cannabis business permit required.

No person shall operate a retail cannabis business without obtaining a valid retail cannabis business permit issued pursuant to this article.

21.04.030 Retail cannabis business permit program fee.

The retail cannabis business permit program fee is hereby established and imposed. The city council shall establish by resolution the amount of the retail cannabis permit program fees, and any related penalties.

21.04.040 Applications for retail cannabis business permit.

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(a) A person may apply for a retail cannabis business permit, or a permit renewal, by filing an application with the police chief. The application shall be on a form approved by the police chief and may require any information or documentation consistent with the provisions of this code and state law, including the following:

(1) Applicant.

- (A) A description of the statutory entity or business form that will serve as the legal structure for the applicant and a copy of its formation and organizing documents, including, but not limited to, articles of incorporation, bylaws, fictitious business name statement, or other documents that adequately reflect the legal and ownership status of the entity.
- (B) The phone number and address to which notice of action on the application and correspondence is to be mailed.

(2) Interested parties.

- (A) The name, address, telephone number, title, and function of each of the interested parties in the cannabis business.
- (B) For each of the interested parties identified pursuant to subsection (2)(A):
 - i. A legible copy of one valid government-issued form of photo identification, such as a state driver's license, a passport issued by the United States, or a permanent resident card.
 - ii. A list of his or her misdemeanor and felony convictions, if any. For each conviction, the list must set forth the date of arrest, the offense charged, the offense convicted, the jurisdiction of the court, and whether the conviction was by verdict, plea of guilty, or plea of nolo contendere.
 - iii. Consent to fingerprinting and a criminal background investigation.

(3) Retail cannabis business site.

- (A) Description. A general description of the proposed retail cannabis business site, including the street address, parcel number, total square footage of the site, and the characteristics of the surrounding area.
- (B) Floor plan. A scaled floor plan for each level of each building that makes up the business site, including the entrances, exits, walls, cannabis storage areas and customer-access areas, as applicable.
- (C) Site plan. A scaled site plan of the business site, including all buildings, structures, driveways, parking lots, landscape areas, and boundaries.

- (D) Compliance with the Zoning Code. A copy of a valid conditional use permit approved by the city for the proposed location. If the applicant pursues simultaneous land use and business permit application approvals, submission of a retail cannabis business permit application prior to obtaining a valid use permit shall be at the applicant's sole risk.
- (E) Statement of owner's consent. Written consent of the owner or landlord of the proposed site to operate a retail cannabis business, specifying the street address and parcel number.

(4) Security.

- (A) Security plan. A detailed security plan outlining the measures that will be taken to ensure the safety of persons and property on the business site. The security plan should be reasonably designed to prevent unauthorized entrance into areas containing cannabis or cannabis products and theft of cannabis or cannabis products from the premises. The security plan must be prepared by a qualified professional. Additionally, the security plan shall address the following:
 - i. Designated limited access areas, as required by this article and state law, that are accessible only by authorized personnel, and the measures that will be taken to ensure the security of such areas.
 - ii. The security features that will be present at the premises, such as locks, safes, vaults, alarms and security cameras, designed to prevent diversion, theft, and loss of cannabis, cannabis products, or other goods and money.
 - iii. Detailed procedures to ensure the safe storage, handling, transfer and transport of cash.
- (B) Lighting plan. A lighting plan showing existing and proposed exterior and interior lights that will provide adequate security lighting for the use.

- (5) Odor control. A detailed ventilation plan describing the air treatment system, or other methods that will be implemented to prevent offensive odors from being detected outside the building.

(6) Business operations.

- (A) Business plan. A plan describing how the retail cannabis business will operate in accordance with this code, state law, and other applicable regulations. The business plan must include the following:
 - i. Hours of operation;

- ii. Whether the business intends to sell medical or adult-use cannabis;
 - iii. Whether the business intends to conduct delivery retail services and, if so, a plan for conducting the deliveries in accordance with this article and state law.
- (B) Community relations plan. A plan describing who is designated as being responsible for outreach and communication with the surrounding community, including the neighborhood and businesses, and how the designee can be contacted.
 - (C) Community benefits. The applicant must include a description of the community benefit the business will provide, or proposes to provide, to the surrounding community. If a community benefit proposal has already been considered and approved as part of the applicant's use permit, the community benefit plan approved for the use permit shall satisfy this requirement.
 - (D) Neighborhood responsibility plan. The neighborhood responsibility plan must address any potential effects of the retail cannabis business on the surrounding neighborhood area.
 - (E) State licenses. Copies of the applicant's state licenses relating to cannabis, as required by state law. If the applicant applies for a retail cannabis business permit prior to the state issuing the appropriate licenses, the applicant shall specify which state license(s) will be obtained once the state begins issuing licenses.
 - (F) Tax compliance. A current copy of the applicant's city business license tax certificate, state sales tax seller's permit, and the applicant's most recent year's financial statement and tax returns, as may be applicable.
 - (G) Insurance. The applicant's certificate of commercial general liability insurance and endorsements and certificates of all other insurance related to the operation of the cannabis business.
 - (H) Budget. A copy of the applicant's most recent annual budget for operations.
 - (I) Price list. A list of the most recent prices for all products and services provided by the applicant.
- (7) City authorization. Authorization and consent for the police chief to seek verification of the information contained within the application.
 - (8) Applicant's certification. A statement dated and signed by the applicant, under penalty of perjury, that the applicant has personal knowledge of the information

contained in the application, that the information contained therein is true and correct, and that the application has been completed under the applicant's supervision.

(9) Indemnification. An agreement, on a form approved by the city attorney, whereby the applicant:

- (A) Releases the city, and its agents, officers, elected officials, and employees from any and all claims, injuries, damages, or liabilities of any kind arising from: (i) any repeal or amendment of this chapter or any provision of the Zoning Code relating to the retail cannabis business, and (ii) any arrest or prosecution of the applicant or its managers, employees, or members for violation of state or federal laws; and
- (B) Defends, indemnifies, and holds harmless the city and its agents, officers, elected officials, and employees from and against any and all claims or actions: (i) brought by adjacent or nearby property owners or any other parties for any damages, injuries, or other liabilities of any kind arising from operations at the retail business site, and (ii) brought by any party for any problems, injuries, damages, or other liabilities of any kind arising out of the distribution of cannabis or cannabis products at the business site.

(b) Every application for a retail cannabis business permit shall be accompanied by a nonrefundable retail cannabis business permit program fee.

(c) No person shall knowingly make a false statement of fact or knowingly omit any information that is required in an application for a retail cannabis business permit.

21.04.050 Application process.

The Police Chief, in consultation with the City Manager and Community Development and Sustainability Director or his or her designee, is authorized to establish procedures and guidelines to process retail cannabis business permit applications.

21.04.060 Denial of a retail cannabis business permit.

(a) The police chief may deny a retail cannabis business permit if the police chief determines that one or more of the following circumstances exist:

- (1) The application received is incomplete, filed late, or not responsive to the requirements of this article;
- (2) The application contains a false or misleading statement or omission of a material fact;
- (3) The operation of the business site described in the application fails to comply with any of the requirements in this code, state law, or any other regulation;

- (4) The applicant or any of its managers has any unpaid and overdue administrative penalties imposed for violations of this chapter;
 - (5) Within 12 months of the date of application, either the applicant has had a state or local cannabis-related land use or business permit revoked; or any of its managers were associated with a cannabis business that had its cannabis-related permit(s) revoked; or
 - (6) Operation of the proposed retail cannabis business site, as represented in the application, is a threat to the public health, safety, or welfare.
- (b) The denial of a retail cannabis business permit is subject to and shall comply with article 21.02.

21.04.070 Terms of retail cannabis business permit.

- (a) A retail cannabis business permit issued pursuant to this article is valid for one year from the date that the permit is issued, unless suspended or revoked sooner.
- (b) A retail cannabis business permit is valid for only one retail cannabis business site.
- (c) The permittee shall notify the police chief of any change in the information provided on the application to obtain the retail cannabis business permit within 30 days of the change.
- (d) Conditions placed on the conditional use permit issued under the Zoning Code are also conditions of the retail cannabis business permit. Any violation of the conditions of the conditional use permit is grounds for suspending or revoking the retail cannabis business permit.
- (e) The police chief may impose additional conditions on the retail cannabis business permit, including the maximum amount of cannabis and cannabis products allowed on the site, number and types of equipment allowed, and security features.

21.04.080 Renewal.

- (a) A permittee may apply for retail cannabis business permit renewal by submitting to the police chief at least thirty calendar days before the expiration of the permit, a renewal application and a non-refundable renewal fee in an amount set by resolution of the city council. Failure to timely submit a renewal application prior to expiration of the permit shall result in permit expiration, and an application for a new permit shall be required pursuant to section 21.04.040.
- (b) If a timely and complete application for renewal is filed, the permit's expiration shall be stayed until a decision on the renewal application is issued.
- (c) The police chief shall either approve or deny the renewal of a permit within thirty calendar days of receipt of the complete application. The police chief may extend the

time for consideration of the application for up to an additional twenty-one calendar days upon written notice to the applicant. The failure of the police chief to timely act shall constitute approval of the renewal of the permit.

- (d) The police chief shall approve the renewal of a permit if he or she finds that the circumstances existing during the term of the permit and during the review period of the application for renewal are consistent with all of the findings required for approval of a new permit specified in section 21.04.040, and that no permittee or interested party of the cannabis business has committed, permitted, or failed to prevent violations of the municipal code, or any license or permit condition, during the preceding permit term.
- (e) Notwithstanding an approval for a permit renewal, the police chief may add, delete or modify the permit conditions using the criteria set forth in section 21.04.070.
- (f) A permit renewed pursuant to this section may be extended for up to two additional years.
- (g) The renewal application shall be on a form approved by the police chief. The police chief, in consultation with the City Manager and Community Development and Sustainability Director or his or her designee, is authorized to establish procedures and guidelines to process retail cannabis business permit renewal applications.

21.04.090 Suspending, modifying, or revoking a permit.

- (a) The police chief may suspend, modify, or revoke a retail cannabis business permit issued pursuant to the provisions of this article for any of the following reasons:
 - (1) One or more of the circumstances upon which a retail cannabis business permit could be denied, as described in section 21.04.060, exists or has occurred;
 - (2) One or more conditions of the retail cannabis business permit has been violated;
or
 - (3) The permittee, its managers or interested parties have violated any provision of this chapter.
- (b) The suspension, modification, or revocation of a retail cannabis business permit shall comply with article 21.02.

21.04.100 Emergency contact manager.

A retail cannabis business permittee shall provide the police chief with the current name and primary and secondary telephone numbers of at least one 24-hour on-call manager to address and resolve complaints and to respond to emergency operating problems or concerns associated with the retail cannabis business.

21.04.110 Retail cannabis business site requirements.

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A retail cannabis business shall comply with the following site requirements:

- (a) Main entrance and lobby. The business site shall have a building with a main entrance that is clearly visible from the public street, sidewalk, or public parking lot. Inside of the main entrance, there shall be a lobby or other receiving area satisfactory to the police chief to receive persons into the site and to verify whether they are allowed in the retail customer areas. All entrances into the buildings shall be secured at all times with entry controlled by the cannabis business permittee's managers and staff.
- (b) Transport area. If the business will conduct sales by delivery, each building shall have an area designed for the secure transfer of cannabis from the business to the delivery vehicle. Delivery drivers shall be accompanied by a security escort during the transfer of cannabis from the business to the delivery vehicle.
- (c) Storage area. Each building that will be used for storing cannabis or cannabis products shall have adequate storage space separated from the main entrance and lobby, and shall be secured by a lock accessible only to managers and staff of the retail cannabis business.

21.04.120 Retail cannabis business security requirements.

A retail cannabis business shall comply with the following security requirements:

- (a) A retail cannabis business permittee shall comply with the security plan that is approved by police chief, which plan may include building specifications, lighting, alarms, and state-licensed security personnel.
- (b) Each security plan approved by the police chief must include the following:
 - (1) Security surveillance cameras. Security surveillance cameras and a video recording system must be installed to monitor all doors into the buildings on the business site, the parking lot, loading areas, and all exterior sides of the property adjacent to the public rights of way. The cameras and recording system must be of adequate quality, color rendition, and resolution to allow the identification of any individual present on the business site. The recording system must be capable of exporting the recorded video in standard MPEG formats to another common medium, such as a DVD or USB drive.
 - (2) Security video recording and retention. Video from the security surveillance cameras must be recording at all times (24 hours a day, seven days a week) and the recording shall be maintained for at least 30 days. The video recordings shall be made available to the city upon request.
 - (3) Alarm system. Professionally and centrally-monitored fire, robbery, and burglar alarm systems must be installed and maintained in good working condition. The alarm system must include a private security company that is required to respond to every alarm.

- (4) A permittee shall report to the city police department all criminal activity occurring on the business site.

21.04.130 Retail cannabis business operating requirements.

A retail cannabis business shall comply with the following operating requirements:

- (a) The maximum hours of operation shall be daily from nine a.m. to nine p.m., unless the police chief imposes more restrictive hours as a condition of the permit. A retail cannabis business conducting sales by deliveries shall not conduct any deliveries outside the applicable hours of operation of the business.
- (b) Retail customers shall only be permitted in designated retail customer areas of the cannabis business. Retail customer areas are those areas where limited quantities of cannabis and cannabis goods are sold and displayed for purchase. The retail cannabis business shall verify that persons entering the retail customer areas are authorized to purchase cannabis. Authorized retail customers mean the following:
 - (1) For a retail cannabis business authorized to sell medical cannabis, an “authorized retail customer” means a medical cannabis patient who is at least 18 years old and possesses a physician’s recommendation in accordance with the Compassionate Use Act of 1996, Health and Safety Code section 11362.5 et seq. Medical cannabis patients under the age of 18 shall be accompanied by a parent, legal guardian, or primary caregiver. Medical cannabis patients shall provide proof of a valid physician’s recommendation and valid proof of identification.
 - (2) For a retail cannabis business authorized to sell adult-use cannabis, an “authorized retail customer” means an individual that is at least 21 years of age. Every retail customer shall provide valid proof of identification demonstrating the age of the individual.
- (c) A retail cannabis business shall not allow or permit any person to smoke or ingest cannabis or cannabis products on the business site.
- (d) Other than retail customer areas, all other areas of the retail cannabis business shall be limited access areas restricted to managers, staff, and other persons with a bona fide business or regulatory purpose for being there, such as city officials, contractors, inspectors, and cannabis transporters.
- (e) The retail cannabis business shall prohibit loitering by persons outside the establishment, either on the premises or within fifty (50) feet of the premises.
- (f) A manager must be on the cannabis business site at all times that any other person, except for security guards, is on the site. For purposes of this section, a “manager” shall mean

and include the retail cannabis business permittee, owner, proprietor, manager, assistant manager or other person exercising control over the operation of the cannabis business.

- (g) Employees of the retail cannabis business shall not smoke or consume cannabis or cannabis products on the business premises while working.
- (h) A retail cannabis business shall post in the lobby area of the business site a sign that states the following in a clear and legible fashion: “Cannabis consumption and possession may be prohibited under the laws, regulations and policies of local and state entities. In addition both possession and consumption are forbidden by the federal government and could have negative impacts on immigration status and obtaining visas.” The signage language requirements may be modified by the City Manager as appropriate due to changes in local, state or federal laws, regulations or policies. The sign must be at least 8 inches by 10 inches in size and must be displayed at all times in a conspicuous place so that it may be readily seen by all persons entering the business site, as applicable.
- (i) A retail cannabis business shall comply with all signage, packaging, labeling, and advertising requirements imposed by state law.

21.04.140 Cannabis delivery services originating in city.

If a retail cannabis business in the city conducts any retail sales by delivery, the retail cannabis business shall comply with the following additional requirements:

- (a) The delivery services shall be conducted by employees of the retail cannabis business who are at least 21 years old. The retail cannabis business shall not use the services of an independent contractor or courier service to deliver cannabis for retail sale.
- (b) Every employee of the retail cannabis business engaging in delivery services shall maintain on his or her person a physical copy of the following when conducting a delivery:
 - (1) The business’s current valid retail cannabis business permit;
 - (2) Valid driver’s license;
 - (3) Employer-provided badge containing the name and photo of the employee; and
 - (4) Each customer’s delivery request. The delivery request must identify the retail cannabis business, the customer’s name and address, and the product(s) being delivered.
- (c) Cannabis may only be delivered in-person to the customer that made the delivery request, and shall not be left unattended or delivered to any other person. The delivery-employee shall verify the customer’s age, identity, delivery request, and, if applicable, valid physician’s recommendation prior to completing the delivery.

- (d) Cannabis may not be delivered to an address located on publicly-owned land or any address on land or in a building leased by a public agency.
- (e) All deliveries shall be conducted in an enclosed motor vehicle or other acceptable delivery method in compliance with state law, operated by the delivery employee or another delivery employee of the retail cannabis business.
- (f) Cannabis and cannabis products shall not be left unattended in a vehicle, except for brief periods as necessary to deliver cannabis to a customer. If cannabis and cannabis products are left unattended in a vehicle, the vehicle must remain locked and must be equipped with an active vehicle alarm system.
- (g) For purposes of this section, a delivery begins when an employee leaves the retail cannabis business premises with cannabis intended for delivery, and ends when the delivery employee returns to the retail cannabis business premises. When conducting deliveries, the employee shall only travel from the business premises to a delivery address, from one delivery address to another delivery address, or from a delivery address back to the business premises.
- (h) The police chief is authorized to establish permitted and preferred delivery routes applicable to retail cannabis businesses.
- (i) These regulations are intended to be the minimum requirements imposed by law, and shall not be construed to conflict with state law. Where State law provides more restrictive requirements for cannabis deliveries, State law controls.

21.04.140 Display of retail cannabis business permit.

The retail cannabis business permittee shall display its current valid retail cannabis business permit issued in accordance with this article inside the lobby or waiting area of the main entrance to the business. The permit shall be displayed at all times in a conspicuous place so that it may be readily seen by all persons entering the business site.

21.04.150 Maintenance of records.

- (a) A retail cannabis business shall maintain the following records in printed format for at least three years on the business site and shall produce them to the city within 24 hours after receipt of the city's request:
 - (1) The name, address, and telephone numbers of the owner and landlord of the property.
 - (2) The name, date of birth, address, and telephone number of each manager and staff of the cannabis business; the date each was hired; and the nature of each manager's and staff's participation in the cannabis business.

- (3) A written accounting of all income and expenditures of the cannabis business, including, but not limited to, cash and in-kind transactions.
 - (4) A copy of the cannabis business's commercial general liability insurance policy and all other insurance policies related to the operation of the business.
 - (5) A copy of the cannabis business's most recent year's financial statement and tax return.
 - (6) An inventory record documenting the dates and amounts of cannabis and cannabis products received at the business site, the daily amounts of cannabis and cannabis products stored on the site, and the daily amounts of cannabis and cannabis products sold from the site.
- (b) A retail cannabis business shall report any loss, damage, or destruction of these records to the city manager within 24 hours of the loss, damage, or destruction.

21.04.210 Site management.

- (a) The retail cannabis business permittee shall prevent and eliminate conditions on the cannabis business site that constitute a nuisance.
- (b) The permittee shall properly store and dispose of all waste generated on the cannabis business site, including organic waste, in accordance with all applicable laws and regulations.

EXHIBIT B

Article 21.05 Cannabis Delivery Services Originating Outside of the City

- Section 21.05.010 Definitions and scope.
- Section 21.05.020 Cannabis delivery permit required.
- Section 21.05.030 Cannabis delivery permit fee.
- Section 21.05.040 Applications for cannabis delivery permit .
- Section 21.05.050 Application process.
- Section 21.05.060 Denial of a cannabis delivery permit.
- Section 21.05.070 Terms of a cannabis delivery permit.
- Section 21.05.080 Renewal.
- Section 21.05.090 Suspending, modifying, or revoking a permit.
- Section 21.05.100 Emergency contact manager.
- Section 21.05.110 Delivery requirements.
- Section 21.05.120 Maintenance of records.

21.05.010 Definitions and scope.

- (a) “Cannabis delivery service,” for purposes of this Article, means a service whereby a business establishment located outside of the City delivers cannabis to a physical location located in the city as part of a retail sale.
- (b) This article does not apply to a retail cannabis business located and permitted in the city pursuant to Article 21.04.

21.05.020 Cannabis delivery permit required.

No person shall perform a cannabis delivery service in the city without first obtaining a valid business license issued by the city and a cannabis delivery permit issued pursuant to this article.

21.05.030 Cannabis delivery permit fee.

The cannabis delivery permit fee is hereby established and imposed. The city council shall establish by resolution the amount of the cannabis delivery permit fee, and any related penalties.

21.05.040 Applications for cannabis delivery permit.

- (a) A person may apply for a cannabis delivery permit, or a permit renewal, by filing an application with the police chief. The application shall be on a form approved by the police chief and may require any information or documentation consistent with the provisions of this code and state law, including the following:
 - (1) Applicant.

- (A) A description of the statutory entity or business form that serves as the legal structure for the applicant and a copy of its formation and organizing documents, including, but not limited to, articles of incorporation, certificate of amendment, statement of information, articles of association, bylaws, partnership agreement, operating agreement, and fictitious business name statement.
 - (B) The phone number and address to which notice of action on the application and correspondence is to be mailed.
- (2) Interested parties.
- (A) The name, address, telephone number, title, and function of each of the interested parties in the cannabis business.
 - (B) The name, address, telephone number, and title of each of the employees that are authorized to perform deliveries from the cannabis business. For each employee authorized to perform deliveries, proof of valid driver's license and current employment by the business.
- (3) Retail cannabis business description. A general description of the retail cannabis business site, including the street address, parcel number, and hours of operation. The business description should indicate whether the business intends to sell medical or adult-use cannabis.
- (4) State licenses. Copies of the applicant's state licenses relating to cannabis, as required by state law. If the applicant applies for a cannabis delivery permit prior to the state issuing the appropriate licenses, the applicant shall specify which state license(s) will be obtained once the state begins issuing licenses.
- (5) Local licenses. Copies of the applicant's local licenses or permits relating to cannabis, demonstrating local authorization to conduct a retail cannabis business, such as local land use or business permits, issued by the local jurisdiction in which the business is located.
- (6) Tax compliance. A current copy of the applicant's city business license tax certificate, state sales tax seller's permit, and the applicant's most recent year's financial statement and tax returns, as may be applicable.
- (7) Insurance. The applicant's certificate of commercial general liability insurance and endorsements and certificates of all other insurance related to the operation of the cannabis retail business and deliveries.
- (8) City authorization. Authorization and consent for the police chief to seek verification of the information contained within the application.

- (9) Applicant's certification. A statement dated and signed by the applicant, under penalty of perjury, that the applicant has personal knowledge of the information contained in the application, that the information contained therein is true and correct, and that the application has been completed under the applicant's supervision
- (10) Indemnification. An agreement, on a form approved by the city attorney, whereby the applicant:
 - (A) Releases the city, and its agents, officers, elected officials, and employees from any and all claims, injuries, damages, or liabilities of any kind arising from: (i) any repeal or amendment of this chapter, and (ii) any arrest or prosecution of the applicant or its managers, employees, or members for violation of state or federal laws; and
 - (B) Defends, indemnifies, and holds harmless the city and its agents, officers, elected officials, and employees from and against any and all claims or actions: (i) brought by city property owners or any other parties for any damages, injuries, or other liabilities of any kind arising from the business delivery operations, and (ii) brought by any party for any problems, injuries, damages, or other liabilities of any kind arising out of the distribution of cannabis or cannabis products from the business site in the city.
- (b) Every application for a cannabis delivery permit shall be accompanied by a nonrefundable cannabis delivery permit fee.
- (c) No person shall knowingly make a false statement of fact or knowingly omit any information that is required in an application for a cannabis delivery permit.

21.05.050 Application process.

The Police Chief, in consultation with the City Manager and Community Development and Sustainability Director or his or her designee, is authorized to establish procedures and guidelines to process cannabis delivery permit applications.

21.05.060 Denial of a cannabis delivery permit.

- (a) The police chief may deny a cannabis delivery permit if the police chief determines that one or more of the following circumstances exist:
 - (1) The application received is incomplete or not responsive to the requirements of this article;
 - (2) The application contains a false or misleading statement or omission of a material fact;

- (3) The operation of the delivery business described in the application fails to comply with any of the requirements in this code, state law, or any other regulation;
- (4) The applicant or any of its managers has any unpaid and overdue administrative penalties imposed for violations of this chapter; or
- (5) Within 12 months of the date of application, either the applicant has had a state or local cannabis-related land use or business permit revoked; or any of its managers were associated with a cannabis business that had its cannabis-related permit(s) revoked.

(b) The denial of a cannabis delivery permit is subject to and shall comply with article 21.02.

21.05.070 Terms of a cannabis delivery permit.

- (a) A cannabis delivery permit issued pursuant to this article is valid for one year from the date that the permit is issued, unless suspended or revoked sooner.
- (b) A cannabis delivery permit is valid for only one retail cannabis business site.
- (c) The permittee shall notify the police chief of any change in the information provided on the application to obtain the cannabis delivery permit within 30 days of the change.

21.05.080 Renewal.

- (a) A permittee may apply for a cannabis delivery permit renewal by submitting to the police chief at least thirty calendar days before the expiration of the permit, a renewal application and a non-refundable renewal fee in an amount set by resolution of the city council. Failure to timely submit a renewal application prior to expiration of the permit shall result in permit expiration, and an application for a new permit shall be required pursuant to section 21.05.040.
- (b) If a timely and complete application for renewal is filed, the permit's expiration shall be stayed until a decision on the renewal application is issued.
- (c) The police chief shall either approve or deny the renewal of a permit within thirty calendar days of receipt of the complete application. The police chief may extend the time for consideration of the application for up to an additional twenty-one calendar days upon written notice to the applicant. The failure of the police chief to timely act shall constitute approval of the renewal of the permit.
- (d) The police chief shall approve the renewal of a permit if he or she finds that the circumstances existing during the term of the permit and during the review period of the application for renewal are consistent with all of the findings required for approval of a new permit specified in section 21.05.040, and that no permittee or interested party of the cannabis business has committed, permitted, or failed to prevent violations of the municipal code, or any license or permit condition, during the preceding permit term.

- (e) A permit renewed pursuant to this section may be extended for up to two additional years.
- (f) The renewal application shall be on a form approved by the police chief. The police chief, in consultation with the City Manager and Community Development and Sustainability Director or his or her designee, is authorized to establish procedures and guidelines to process cannabis delivery permit renewal applications.

21.05.090 Suspending, modifying, or revoking a permit.

- (a) The police chief may suspend, modify, or revoke a retail cannabis business permit issued pursuant to the provisions of this article for any of the following reasons:
 - (1) One or more of the circumstances upon which a retail cannabis business permit could be denied, as described in section 21.05.060, exists or has occurred;
 - (2) One or more conditions of the retail cannabis business permit has been violated;
or
 - (3) The permittee, its managers or interested parties have violated any provision of this chapter.
- (b) The suspension, modification, or revocation of a retail cannabis business permit shall comply with article 21.02.

21.05.100 Emergency contact manager.

A cannabis delivery permittee shall provide the police chief with the current name and primary and secondary telephone numbers of at least one 24-hour on-call manager to address and resolve complaints and to respond to emergency operating problems or concerns associated with the cannabis delivery operations in the city.

21.05.110 Delivery requirements.

A cannabis delivery permittee shall comply with the following requirements when conducting cannabis delivery services in the city:

- (a) The delivery services shall be conducted by employees of the retail cannabis business who are at least 21 years old. The retail cannabis business shall not use the services of an independent contractor or courier service to deliver cannabis for retail sale.
- (b) Every employee of the retail cannabis business engaging in delivery services shall maintain on his or her person a physical copy of the following when conducting a delivery:
 - (5) The business's current valid retail cannabis business permit;

- (6) Valid driver's license;
 - (7) Employer-provided badge containing the name and photo of the employee; and
 - (8) Each customer's delivery request. The delivery request must identify the retail cannabis business, the customer's name and address, and the product(s) being delivered.
- (c) Cannabis may only be delivered in-person to the customer that made the delivery request, and shall not be left unattended or delivered to any other person. The delivery-employee shall verify the customer's age, identity, delivery request, and, if applicable, valid physician's recommendation prior to completing the delivery.
 - (d) Cannabis may not be delivered to an address located on publicly-owned land or any address on land or in a building leased by a public agency.
 - (e) All deliveries shall be conducted in an enclosed motor vehicle or other acceptable delivery method in compliance with state law, operated by the delivery employee or another delivery employee of the retail cannabis business.
 - (f) Cannabis and cannabis products shall not be left unattended in a vehicle, except for brief periods as necessary to deliver cannabis to a customer. If cannabis and cannabis products are left unattended in a vehicle, the vehicle must remain locked and must be equipped with an active vehicle alarm system.
 - (g) For purposes of this section, a delivery begins when an employee leaves the retail cannabis business premises with cannabis intended for delivery, and ends when the delivery employee returns to the retail cannabis business premises. When conducting deliveries, the employee shall only travel from the business premises to a delivery address, from one delivery address to another delivery address, or from a delivery address back to the business premises.
 - (h) The police chief is authorized to establish permitted and preferred delivery routes applicable to the cannabis delivery permittee.
 - (i) These regulations are intended to be the minimum requirements imposed by law, and shall not be construed to conflict with state law. Where State law provides more restrictive requirements for cannabis deliveries, State law controls.

21.05.120 Maintenance of records.

- (a) A cannabis delivery permittee shall maintain the following records in printed format for at least three years and shall produce them to the city within 24 hours after receipt of the city's request:
 - (1) The name, address, and telephone numbers of the owner and landlord of the cannabis business site.

- (2) The name, date of birth, address, and telephone number of each manager and delivery employee of the cannabis business; the date each was hired; and the nature of each manager's and delivery employee's participation in the cannabis business.
 - (3) A written accounting of all income and expenditures of the cannabis business operations, including, but not limited to, cash and in-kind transactions.
 - (4) A copy of the cannabis business's commercial general liability insurance policy and all other insurance policies related to the operation of the business.
 - (5) A copy of the cannabis business's most recent year's financial statement and tax return.
 - (6) An inventory record documenting the dates and amounts of cannabis and cannabis products delivered and sold in the city.
- (b) A retail cannabis business shall report any loss, damage, or destruction of these records to the city manager within 24 hours of the loss, damage, or destruction.