

ORDINANCE NO. 1694

**AN URGENCY ORDINANCE OF THE CITY OF PLACERVILLE
IMPLEMENTING CANNABIS BUSINESS REGULATIONS IN THE
CITY OF PLACERVILLE PURSUANT TO
GOVERNMENT CODE SECTION 36937**

THE CITY COUNCIL OF THE CITY OF PLACEVILLE DOES ORDAIN as follows:

SECTION 1: FINDINGS:

WHEREAS, as recognized by the Attorney General’s August 2008 Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use, marijuana cultivation or other concentrations of marijuana in any location or premises without adequate security increases the risk that surrounding homes or businesses may be negatively impacted by nuisance activity such as loitering or crime; and

WHEREAS, several California cities have reported negative impacts of marijuana processing and distribution uses, including offensive odors, illegal sales and distribution of marijuana, trespassing, theft, violent robberies and attempted robbery, and fire hazards; and

WHEREAS, manufacturing of cannabis products can involve use of chemicals and solvents, and as a result, the manufacture of hash oil concentrate, often added to edibles, drinks and liquids, carries a significant risk of explosion due to the distillation process utilized to extract tetrahydrocannabinol. Major burn treatment centers at two hospitals in Northern California reported in 2015 that nearly 10 percent of severe burn cases were attributed to butane hash oil explosions, which was more than burn cases from car accidents and house fires combined; and

WHEREAS, the limited immunity from specified state marijuana laws provided by the Compassionate Use Act, Medical Marijuana Program and Proposition 64 do not confer a land use right or the right to create or maintain a public nuisance; and

WHEREAS, on November 8, 2016 the City Council of the City of Placerville adopted an interim urgency ordinance regulating the cultivation and prohibiting all other Cannabis Business Activity in the City of Placerville; and

WHEREAS, on December 13, 2016, the City Council extended that ordinance for a period of 10 Months through October 27, 2017; and

WHEREAS, on October 10, 2017 the City Council again adopted findings and extended the interim ordinance for a period of 12 months through October 27, 2018; and

WHEREAS, since October 10, 2017 the City Council has explored options for regulation of cannabis businesses in the City of Placerville and on September 11, 2018 the City Council introduced an ordinance to regulate cannabis business activity; and

WHEREAS, the ordinance is proposed to be adopted on October 9, 2018 and take effect on November 9, 2018; and

WHEREAS, the interim urgency ordinance adopted on October 10, 2017 will expire on October 27, 2018 leaving cannabis business activity unregulated except through general state regulations; and

WHEREAS, during the period between October 27, 2018 (the date the interim urgency ordinance expires) and November 9, 2018 (the earliest date the ordinance introduced on September 11, 2018 could be effective), the City could face issues of preemption and grandfathering with respect to cultivation, manufacturing, delivery, transportation and sale of medical and or adult use cannabis; and

WHEREAS, the City Council finds that during this period when the City's regulations will not be in effect, there is a current and immediate threat to the health, safety, and welfare of City residents arising from the risks associated with the manufacture, processing, laboratory testing, labeling, storing and wholesale and retail distribution of cannabis, whether medical or adult use; and

WHEREAS, the immediate regulation of all commercial or industrial cannabis activities will prevent unintended consequences if cannabis businesses were to open up in the City of Placerville unregulated by City Municipal Code; and

WHEREAS, this ordinance is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 15306 (Information Collection) because it does not have the potential to create a physical environmental effect; and

WHEREAS, the City Council finds and declares that there is a current and immediate threat to the public peace, health, welfare, and safety, specifically including possible permanent damage to the City's aesthetic, health and safety, and economic interests arising from the potential gap in regulation of cultivation and distribution of nonmedical marijuana should this urgency ordinance not be passed; and

WHEREAS, the immediate regulation of all commercial or industrial marijuana activities will provide a comprehensive approach to marijuana, which will protect the public health and welfare in the City of Placerville; and

WHEREAS, the most appropriate way to ensure public review and consideration and to prevent a potential gap in regulation of the cultivation and distribution of nonmedical medical marijuana in the City is to enact an urgency ordinance; and

WHEREAS, this urgency ordinance is necessary to prevent potential “grandfathering” of nonmedical outdoor marijuana grows on private residences.

SECTION 2: REGULATION:

The City Council of the City of Placerville does ordain as follows:

Title 5, Chapters 25, Title 10 Chapter 10 Sections 1-5 of the Placerville Municipal Code and Ordinance 1683 shall be repealed effective October 25, 2018; and,

Title 5, Chapter 28 shall be added to the Placerville Municipal Code as shown in the attached documents.

Chapter 5.28 COMMERCIAL CANNABIS ACTIVITY.

Section 5.28.010 Purpose and Intent.

It is the purpose and intent of this Chapter to implement the provisions of the Medicinal and Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”) to accommodate the needs of medically-ill persons in need of and provide access to cannabis for medicinal purposes as recommended by their health care provider(s), and to provide access to adult-use for persons over the age of 21 as authorized by the Control, Tax & Regulate the Adult Use Cannabis Act (“AUMA” or “Proposition 64” passed by California voters in 2016), while imposing sensible regulations on the use of land to protect the City’s residents, neighborhoods, and businesses from disproportionately negative impacts. As such, it is the purpose and intent of this Chapter to regulate the cultivation, processing, manufacturing testing, sale, delivery, distribution and transportation of cannabis and cannabis products in a responsible manner to protect the health, safety, and welfare of the residents of the City of Placerville and to enforce rules and regulations consistent with state law. It is the further purpose of intent of this Chapter to require all commercial cannabis operators to obtain and renew annually a permit to operate within the City of Placerville. It is neither the intent nor the effect of this chapter to condone or legitimize the illegal use or consumption of cannabis under federal, state, or local law. The provisions of this Chapter are in addition to any other permits, licenses and approvals which may be required to conduct business in the City, and are in addition to any permits, licenses and approval required under state, City, or other law.

Section 5.28.020. Legal Authority.

Pursuant to Sections 5 and 7 of Article XI of the California Constitution, the provisions of the Medicinal and Adult Use Cannabis Regulation and Safety Act (hereinafter “MAUCRSA”), any subsequent state legislation and/or regulations regarding

same, the City of Placerville is authorized to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial cannabis activity. Any standards, requirements, and regulations regarding health and safety, security, and worker protections established by the State of California, or any of its departments or divisions, shall be the minimum standards applicable in the City of Placerville to all commercial cannabis activity.

Section 5.28.030. Cannabis Cultivation and Commercial Cannabis Activities Prohibited Unless Specifically Authorized by this Chapter.

Except as specifically authorized in this Chapter, the commercial cultivation, manufacture, processing, storing, laboratory testing, labeling, sale, delivery, distribution or transportation (other than as provided under Bus. & Prof. Code Section 26090(e)), of cannabis or cannabis product is expressly prohibited in the City of Placerville.

Persons who cultivate cannabis for their sole personal use, or qualified primary caregivers who cultivate medical cannabis on behalf of their qualified patient(s) may do so in quantities authorized by state law and in accordance with all state and local regulations without submitting any application or permit. It is hereby declared to be unlawful and a public nuisance may also be deemed to exist if such activity is determined to be related to the cultivation of cannabis and produces:

1. Odors which are disturbing to people residing or present on adjacent or nearby property or areas open to the public.
2. Repeated responses to the property from law enforcement or other code enforcement officers (more than three (3) times in a one-year period).
3. Repeated disruption to the free passage of persons or vehicles in the neighborhood (more than three (3) times in a one-year period) as reported to law enforcement officers or the city code enforcement officer.
4. Any other impact which adversely impacts the health, safety or general welfare of people on adjacent or nearby property or areas open to the public.

Nothing in this chapter shall be construed as a limitation on the city's authority to abate any nuisance which may exist from the planting, growing, harvesting, drying, processing or storage of cannabis plants or any part thereof from any location.

All cannabis cultivation shall be subject to chapter 1.4, 4a and 4b (Public Nuisance) and the state housing code (California Health and Safety Code) and other applicable provisions of local and state law.

Section 5.28.040. Compliance with State and Local Laws.

It is the responsibility of the owners and operators of the commercial cannabis business to ensure that it is, always, operating in a manner compliant with all applicable state and local laws, and any regulations promulgated thereunder. Nothing in this Chapter shall be construed as authorizing any actions that violate state law or local law with respect to the operation of a commercial cannabis business. It shall be the responsibility of the

owners and the operators of the commercial cannabis business to ensure that the commercial cannabis business is, at all times, operating in a manner compliant with all applicable state and local laws, including the Medicinal and Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”), and any subsequently enacted state law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of the commercial cannabis business permit. Nothing in this Chapter shall be construed as authorizing any actions that violate state law regarding the operation of a commercial cannabis business.

Section 5.28.050 Definitions.

Section 5.28.050 When used in this Chapter, the following words shall have the meanings ascribed to them as set forth herein. Any reference to California statutes includes any regulations promulgated thereunder and is deemed to include any successor or amended version of the referenced statute or regulatory provision.

(a) “A-license” means a state license issued by the Bureau of Cannabis Regulation for cannabis or cannabis products that are intended for adults 21 years of age and over and who do not possess physician’s recommendations.

(b) “A-licensee” means any person holding a license under this division for cannabis or cannabis products that are intended for adults 21 years of age and over and who do not possess physician’s recommendations.

(c) “Applicant” means an owner applying for a city license pursuant to this Chapter.

(d) “Batch” means a specific quantity of homogeneous cannabis or cannabis product that is one of the following types:

(1) “Harvest batch” means a specifically identified quantity of dried flower or trim, leaves, and other cannabis plant matter that is uniform in strain, harvested at the same time, and, if applicable, cultivated using the same pesticides and other agricultural chemicals and harvested at the same time.

(2) “Manufactured cannabis batch” means either of the following:

(A) An amount of cannabis concentrates or extract that is produced in one production cycle using the same extraction methods and standard operating procedures.

(B) An amount of a type of manufactured cannabis produced in one production cycle using the same formulation and standard operating procedures.

(e) “Bureau” means the Bureau of Cannabis Control within the Department of Consumer Affairs, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation.

(f) “Cannabis” means all parts of the Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained

from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Chapter, “cannabis” does not mean “industrial hemp” as defined by Section 11018.5 of the Health and Safety Code.

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

(h) “Cannabis Innovation Zone” is defined as a park or campus which is one contiguous commercial area of land which has many cannabis related businesses grouped together. Each individual business would be clearly defined, which has a unique entrance and immovable physical barriers between uniquely licensed premises.

(i) “Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. Resin from granular trichomes from a cannabis plant is a concentrate for purposes of this division. A cannabis concentrate is not considered food, as defined by Section 109935 of the Health and Safety Code, or drug, as defined by Section 109925 of the Health and Safety Code.

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

(k) “Cannabis products” has the same meaning as in Section 11018.1 of the Health and Safety Code.

(l) “Canopy” means the designated area(s) at a licensed premise, except nurseries that will contain mature plants at any point in time. (1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all areas(s) that will contain mature plants at any point in time, including all of the space(s) within the boundaries; (2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary which include, but are not limited to: interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds or garden plots; and if mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

(m) “Caregiver” or “primary caregiver” has the same meaning as that term is defined in Section 11362.7 of the California Health and Safety Code.

(n) “Child resistant” means designed or constructed to be significantly difficult for children under five years of age to open, and not difficult for normal adults to use properly

(o) “City” means the City of Placerville, a General Law City.

(p) “Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging,

labeling, transportation, delivery or sale of cannabis and cannabis products as provided for in this division.

(q) “Commercial cannabis business” means any business or operation which engages in medicinal or adult-use commercial cannabis activity.

(r) “Commercial cannabis business permit” means a regulatory permit issued by the City of Placerville 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 permit is made expressly contingent upon the business’ ongoing compliance with all of the requirements of this Chapter and any regulations adopted by the City governing the commercial cannabis activity at issue.

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

(t) “Cultivation site” means a location where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities occurs.

(u) “Customer” means a natural person 21 years of age or over, or a natural person 18 years of age or older who possesses a physician’s recommendation, or a medical marijuana identification card.

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

(w) “Delivery” means the commercial transfer of cannabis or cannabis products to a customer. “Delivery” also includes the use by a retailer of any technology platform owned and controlled by the retailer.

(x) “Director” means the Director of Consumer Affairs.

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

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

(aa) “Distributor” means a person holding a valid commercial cannabis business permit for distribution issued by the City of Placerville, and, a valid state license for distribution, required by state law to engage in the business of purchasing cannabis from a licensed cultivator, or cannabis products from a license manufacturer, for sale to a licensed retailer.

(ab) “Dried flower” means all dead cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.

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

(ad) “Fund” means the Cannabis Control Fund established pursuant to Section 26210.15

(ae) “Kind” means applicable type or designation regarding a particular cannabis variant or cannabis product type, including, but not limited to, strain name or other grower trademark, or growing area designation.

(af) “Labeling” means any label or other written, printed, or graphic matter upon a cannabis product, upon its container.

(ag) “Labor peace agreement” means an agreement between a licensee and any bona fide labor organization that, at a minimum, protects the state’s proprietary

interests by prohibiting labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interference with the applicant's business. This agreement means that the applicant has agreed not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent the applicant's employees. The agreement shall provide a bona fide labor organization access at reasonable times to areas in which the applicant's employees work, for the purpose of meeting with employees to discuss their right to representation, employment rights under state law, and terms and conditions of employment. This type of agreement shall not mandate a particular method of election or certification of the bona fide labor organization.

(ah) "License" means a state license issued by the state and includes both an A-license and an M-license, as well as a testing laboratory license.

(ai) "Licensee" means any person holding a license under this chapter, regardless of whether the license held is an A-license or an M-license, and includes the holder of a testing laboratory license.

(aj) "Licensing authority" means the City of Placerville who is the agency responsible for the issuance, renewal, or reinstatement of the local license, and authorized to take disciplinary action against the licensee.

(ak) "Limited-access area" means an area in which cannabis is stored or held and is only accessible to some licensee and authorized personnel.

(al) "Live plants" means living cannabis flowers and plants, including seeds, immature plants, and vegetative stage plants.

(am) "Local jurisdiction" means a city, County or city and County.

(an) "Lot" means a batch or a specifically identified portion of a batch.

(ao) "M-license" means a state license issued by the state for commercial cannabis activity involving medicinal cannabis.

(ap) "M-licensee" means any person holding a license by the state for commercial cannabis activity involving medicinal cannabis.

(aq) "Manufacture" means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.

(ar) "Manufactured cannabis" means raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, extraction or other manufactured product intended for internal consumption through inhalation or oral ingestion or for topical application.

(as) "Manufacturer" means a licensee that conducts the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or container.

(at) "Manufacturing site" means a location that produces, prepares, propagates, or compounds cannabis or cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and is owned and operated by a person issued a valid commercial cannabis business permit for manufacturing from the City of Placerville and, a valid state license as required for manufacturing of cannabis products.

(au) "Medicinal cannabis" or "medicinal cannabis product" means cannabis or a

cannabis product, respectively, intended to be sold for use pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the Health and Safety Code, by a medicinal cannabis patient in California who possesses a physician's recommendation.

(av) "Nonvolatile solvent" means any solvent used in the extraction process that is not a volatile solvent. For purposes of this chapter, a nonvolatile solvent includes carbon dioxide (CO₂) used for extraction and ethanol used for extraction or post-extraction processing.

(aw) "Microbusiness" means the cultivation of cannabis on an area less than 10,000 square feet, by an entity authorized to act as a licensed distributor, Level 1 manufacturer, and retailer under state law, provided such licensee can demonstrate compliance with all requirements imposed by state law on licensed cultivators, distributors, Level 1 manufacturers, and retailers to the extent the licensee engages in such activities. Microbusiness licenses that authorize cultivation of cannabis shall include the license conditions described in subdivision (b) of Section 26060.1 of the Business and Professions Code.

(ax) "Nursery" means a licensee that produces only clones, immature plants, seeds, and other agricultural products used specifically, for the propagation and cultivation of cannabis.

(ay) "Operation" means any act for which licensure is required under the provisions of this chapter, or any commercial transfer of cannabis or cannabis products.

(az) "Owner" means any of the following:

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

(2) The Manager of a nonprofit or other entity.

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

(4) An individual who will be participating in the direction, control, or management of the business applying for a license, or who has a financial interest in the business other than a fixed lease of real property.

(ba) "Package" means any container or receptacle used for holding cannabis or cannabis products.

(bb) "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 & Safety Code Section 11362.5.28

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

(bd) "Person with an identification card" shall have the meaning given that term by California Health and Safety Code Section 11362.7.

(be) "Physician's recommendation" means a recommendation by a physician and surgeon that a patient use cannabis provided in accordance with the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the Health and Safety Code.

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

one licensee unless the operator is granted a M-License and a A-License for the same type of activity and such operation is lawful under state and local laws, rules and regulations.

(bg) “Processing” means a cultivation site that conducts only trimming, drying, curing, grading, packaging, or labeling of cannabis and nonmanufactured cannabis products.

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

(bi) “Retailer” means a commercial cannabis business facility where cannabis, cannabis products, or devices for the use of cannabis or cannabis products are offered, either individually or in any combination, for retail sale, including an establishment (whether fixed or mobile) that delivers, pursuant to express authorization, cannabis and cannabis products as part of a retail sale, and where the operator holds a valid commercial cannabis business permit from the City of Placerville authorizing the operation of a retailer, and a valid state license as required by state law to operate a retailer.

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

(bk) “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.

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

- (1) Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state.
- (2) Licensed by the bureau.

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

(bn) “Transport” means the transfer of cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting commercial cannabis activity authorized by MAUCRSA which may be amended or repealed by any subsequent State of California legislation regarding the same. Transport does not include deliveries of cannabis or cannabis products.

(bo) “Unique identifier” means an alphanumeric code or designation used for reference to a specific plant on a licensed premise and any cannabis or cannabis product derived or manufactured from that plant.

(bp) “Youth center” means any public or private facility that is primarily used to host recreation or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades where 10 or more video games or game machines or devices are

operated, and where minors are legally permitted to conduct business, or similar amusement park facilities. It shall also include a park, playground or recreational area specifically designed to be used by children which has play equipment installed, including public grounds designed for athletic activities such as baseball, softball, soccer, or basketball or any similar facility located on a public or private school grounds, or on city, county or state parks. This definition shall not include any private martial arts, yoga, ballet, music, art studio or similar studio of this nature nor shall it include any private gym, athletic training facility, pizza parlor, dentist office, doctor's office primarily serving children or a location which is primarily utilized as an administrative office or facility for youth programs or organizations.

(bq) "Volatile solvent" means any solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Examples of volatile solvents include, but are not limited to, butane, hexane, and propane.

Section 5.28.060. Commercial Cannabis Business Permit Required to Engage in Commercial Cannabis Business.

(a) No person may engage in any commercial cannabis business or in any commercial cannabis activity within the City of Placerville including cultivation, manufacture, processing, laboratory testing, transporting, dispensing, distribution, or sale of cannabis or a cannabis product unless the person

(1) has a valid commercial cannabis business permit from the City of Placerville;

(2) has a valid State of California Seller's Permit; and

(3) is currently in compliance with all applicable state and local laws and regulations pertaining to the commercial cannabis business and the commercial cannabis activities, including the duty to obtain any required state licenses.

(b) No permit shall be issued pursuant to this Chapter for outdoor commercial cannabis cultivation, which is prohibited. It is a violation of this Chapter for any person or entity to engage in any outdoor commercial cannabis cultivation of any kind.

(c) No permit shall be issued pursuant to this Chapter for indoor commercial cannabis cultivation, except for that indoor commercial cultivation that is authorized as a component of a microbusiness. All other indoor cultivation of a commercial nature is prohibited.

Section 5.28.070. Cannabis Employee Permit Required.

(a) Any person who is an employee or who otherwise works within a commercial cannabis business must be legally authorized to do so under applicable state law.

(b) Any person who is an employee or who otherwise works within a commercial cannabis business must obtain a commercial cannabis employee work

permit from the City prior to performing any work at any commercial cannabis business.

(c) Applications for a commercial cannabis employee work permit shall be developed, made available, and processed by the City Manager or his/her designee(s), and shall include, but not be limited to, the following information:

- (1) Name, address, and phone number of the applicant;
- (2) Age and verification of applicant. A copy of a birth certificate, driver's license, government issued identification card, passport or other proof that the applicant is at least twenty-one (21) years of age must be submitted with the application;
- (3) Name, address of the commercial cannabis business where the person will be employed, and the name of the primary manager of that business;
- (4) A list of any crimes enumerated in California Business and Professions Code Section 26057(b)(4) for which the applicant or employee has been convicted;
- (5) Name, address, and contact person for any previous employers from which the applicant was fired, resigned, or asked to leave and the reasons for such dismissal or firing;
- (6) The application shall be accompanied by fingerprints and a recent photograph of the applicant in a form and manner as required by the City Manager or his/her designee(s).
- (7) A signed statement under penalty of perjury that the information provided is true and correct.
- (8) If applicable, verification that the applicant is a qualified patient or primary caregiver.
- (9) A fee paid in an amount set by resolution of the City Council in an amount necessary to cover the costs of administering the employee work permit programs. The fee is non-refundable and shall not be returned in the event the work permit is denied or revoked.

(d) The City Manager or his/her designee(s) shall review the application for completeness, shall conduct a background check to determine whether the applicant was convicted of a crime or left a previous employer for reasons that show the applicant:

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

the conviction occurred after the passage of the Compassionate Use Act of 1996.

Discovery of these facts showing that the applicant is dishonest or has been convicted of those types of crimes are grounds for denial of the permit. Where the applicant's sentence (including any term of probation, incarceration, or supervised release) for possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance is completed, such underlying conviction shall not be the sole ground for denial of a commercial cannabis work permit. Furthermore, an applicant shall not be denied a permit if the denial is based solely on any of the following: (i) a conviction for any crime listed in subsection (d) (4) above for which the applicant has obtained a certificate of rehabilitation pursuant to Chapter 3.5 (commencing with Section 4852.01) of Title 6 of Part 3 of the California Penal Code or (ii) a conviction that was subsequently dismissed pursuant to Sections 1203.4, 1203.4a, or 1203.41 of the California Penal Code or any other provision of state law allowing for dismissal of a conviction.

(e) The City Manager or his/her designee(s) shall issue the commercial cannabis work permit or a written denial to the applicant within thirty (30) days of the date the application was deemed complete. In the event the cannabis work permit cannot be issued within this time period, then the City Manager or his/her designee(s) may issue a temporary work permit for an employee upon completing a preliminary background check and if the business can demonstrate to the City Manager or his/her designee(s) that the employee is necessary for the operation of the business. The temporary permit may be immediately revoked by the City Manager or his/her designee(s) upon determination that the applicant has failed the background check or upon the issuance of the permanent work permit.

(f) A work permit shall be valid for a twelve (12) month period and must be renewed on an annual basis. Renewal applications shall contain all the information required in subsection (b) above including the payment of a renewal application fee in an amount to be set by resolution of the City Council.

(g) In the event a person changes employment from one commercial cannabis business in the City to another, the work permit holder shall notify the City Manager or his/her designee(s) in writing of the change within ten (10) days, or the work permit shall be suspended or revoked, and such person shall not be permitted to work at any commercial cannabis business in the City.

(h) The City may immediately revoke the commercial cannabis work permit should the permit holder be convicted of a crime listed in subsection (c) and (d) above or if facts become known to the City Manager or his/her designee(s) that the permit holder has engaged in activities showing that he or she is dishonest.

(i) The City Manager or his/her designee(s) is hereby authorized to promulgate all regulations necessary to implement the work permit process and requirements.

(j) The applicant may appeal the denial or revocation of a commercial cannabis work permit by filing a notice of appeal with the City Clerk within ten (10) days of the date the applicant received the notice of denial; which appeal shall be conducted as set forth in Section 5.28.140 of this Chapter.

(k) The City Manager or his/her designee(s) shall issue a permit in the form of a personal identification card that can be worn in a prominent and visible location. The identification card shall be maintained in good and readable condition at all times.

Section 5.28.080. Maximum Number and Type of Authorized Commercial Cannabis Businesses Permitted.

The number of each type of commercial cannabis business that shall be permitted to operate in the City shall be established by resolution by the City Council.

(a) Section 5.28.080 is only intended to create a maximum number of commercial cannabis businesses that may be issued permits to operate in the City under each category. Nothing in this Chapter creates a mandate that the City Council must issue any or all of the commercial cannabis business permits if it is determined that the applicants do not meet the standards which are established in the application requirements or further amendments to the application process or that the City Council upon further deliberation determines that the issuance of any or all commercial cannabis business permits will impact the public safety, welfare or other policy concerns which may be detrimental in the issuance of these permits.

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

Section 5.28.090. Initial Application Procedure.

(a) The City Manager shall adopt the procedures to govern the application process, and the manner in which the decision will ultimately be made regarding the issuance of any commercial cannabis business permit(s), which shall include or require the City Manager to provide detailed objective review criteria to be evaluated on a point system or equivalent quantitative evaluation scale tied to each set of review criteria ("Review Criteria"). The City Manager or his/her designee(s) shall be authorized to prepare the necessary forms, adopt any necessary rules to the application, regulations and processes, solicit applications, conduct initial evaluations of the applicants.

(b) At the time of filing, each applicant shall pay an application fee established by resolution of the City Council, to cover all costs incurred by the City in the application process.

(c) After the initial review, ranking, and scoring under the Review Criteria, the City Manager or his/her designee(s) will make a final determination in accordance with this section.

(d) The application procedure process shall include a component on community benefits. Any community benefits that a commercial cannabis business agrees to provide shall be incorporated into the terms and conditions under which the commercial cannabis business will operate with the city's approval. If and when an operating permit is issued, such terms and conditions shall be in addition to the requirements of this Chapter. Community benefits shall primarily be an agreed-upon percentage of gross revenues of the commercial cannabis business but may also include, but not be limited to: in-kind donations; sponsorship of community events; support, financial or otherwise, for community-based organizations. Payments of any kind made to the City pursuant to the Community Benefits Agreement shall be deposited into a Community Benefits Fund, to be administered by the City Manager with the approval of the City Council. Allocations from the Community Benefits Fund shall periodically be made by the City Council at its discretion by majority vote, for the benefit of public safety, youth education, community events, community-based organizations, or for other uses benefiting the community as deemed appropriate by the Council.

(e) The City's Reservation of Rights.

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

- (1) Proposal received after designated time and date.
- (2) Proposal not containing the required elements, exhibits, nor organized in the required format.
- (3) Proposal considered not fully responsive to this request for permit application.

Section 5.28.100. Personnel Prohibited from Holding a License or Employee Work Permit.

(a) Any person, including but not limited to any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular in which any of the following actions or notices have been issued in non-compliance, shall be prohibited from holding a cannabis commercial license or employee work permit in the City of Placerville. In addition, the following shall be grounds for denial of a local license or employee work permit:

- (1) The applicant has been denied a license or has had a license suspended or revoked by any city, county, city and county or any other state cannabis licensing authority;
- (2) The applicant was notified that they were conducting commercial cannabis activity in non-compliance with Chapter 28 or other City of Placerville ordinances, codes and requirements and the applicant failed to discontinue operations in a timely manner;
- (3) Evidence that the applicant was in non-compliance of properly paying federal, state or local taxes and/or fees when notified by the appropriate agencies;
- (4) As of October 25, 2018, applicant was conducting commercial cannabis activity in the City of Placerville in violation of local or state law.
- (5) No person shall be issued a commercial cannabis permit to operate who enters into an agreement to lease, sublease or any other agreement, regardless of whether it is verbally or in writing to any terms of use of the premises from a property owner, commercial broker or any third party, that is in violation of Section 5.28.100 unless that property is leased at fair market value and such lease, sublease or agreement does not have any terms or conditions for the cannabis permit licensee to pay the property owner, commercial broker, or any third party a percentage of gross receipts, royalties, equity, or other unreasonable compensation as determined by the City. In addition, all leases, subleases, or other agreements must be based a monthly rate.

Section 5.28.110. Expiration of Commercial Cannabis Business Permits.

Each commercial cannabis business permit issued pursuant to this Chapter shall expire twelve (12) months after the date of its issuance. Commercial cannabis permits may be renewed as provided in Section 5.28.130.

Section 5.28.120. Revocation of Permits.

Commercial cannabis business permits may be revoked for any violation of any law and/or any rule, regulation and/or standard adopted pursuant to any policy, procedure or regulation in this Chapter.

Section 5.28.130. Renewal Applications.

- (a) An application for renewal of a commercial cannabis business permit shall be filed at least sixty (60) calendar days prior to the expiration date of the current permit.
- (b) The renewal application shall contain all the information required for new applications.
- (c) The applicant shall pay a fee in an amount to be set by the City Council to cover the costs of processing the renewal permit application, together with any costs incurred by the City to administer the program created under this Chapter.
- (d) An application for renewal of a commercial cannabis business permit shall be rejected if any of the following exists:
 - (1) The application is filed less than sixty (60) days before its expiration.
 - (2) The commercial cannabis business permit is suspended or revoked at the time of the application.
 - (3) The commercial cannabis business has not been in regular and continuous operation in the four (4) months prior to the renewal application.
 - (4) The commercial cannabis business has failed to conform to the requirements of this Chapter, or of any regulations adopted pursuant to this Chapter.
 - (5) The permittee fails or is unable to renew its State of California license.
 - (6) If the City or state has determined, based on substantial evidence, that the permittee or applicant is in violation of the requirements of this Chapter, of the City Ordinance, or of the state rules and regulations, and the City or state has determined that the violation is grounds for termination or revocation of the commercial cannabis business permit.
- (e) The City Manager or his/her designee(s) is authorized to make all decisions concerning the issuance of a renewal permit. In making the decision, the City Manager or his/her designee(s) is authorized to impose additional conditions to a renewal permit, if it is determined to be necessary to ensure compliance with state or local laws and regulations or to preserve the public health, safety or welfare. Appeals from the decision of the City Manager or his/her designee(s) shall be handled pursuant to Sections 5.28.150 through 5.28.170.
- (f) If a renewal application is rejected, a person may file a new application pursuant to this Chapter no sooner than one (1) year from the date of the rejection.

Section 5.28.140. Effect of State License Suspension, Revocation, or Termination.

Suspension of a license issued by the State of California, or by any of its departments or divisions, shall immediately suspend the ability of a commercial cannabis business to operate within the City, until the State of California, or its respective department or division, reinstates or reissues the State license. Should the State of California, or any of its departments or divisions, revoke or terminate the license of a commercial cannabis business, such revocation or termination shall also revoke or terminate the ability of a commercial cannabis business to operate within the City of Placerville.

Section 5.28.150 Appeals.

Unless specifically provided elsewhere to the contrary, whenever an appeal is provided for in this Chapter from a decision of the City Manager or his/her designee(s), the appeal shall be conducted as prescribed in this Chapter.

Section 5.28.160. Written request for Appeal.

- (a) Within ten (10) calendar days after the date of a decision of the City Manager or his/her designee(s) to revoke, suspend or deny a permit, or to add conditions to a permit, an aggrieved party may appeal such action by filing a written appeal with the City Clerk setting forth the reasons why the decision was not proper.
- (b) At the time of filing the appellant shall pay the designated appeal fee, established by resolution of the City Council from time to time.

Section 5.28.170. Appeal Hearing.

- (a) Upon receipt of the written appeal, the City Clerk shall set the matter for a hearing before the City Council. The City Council shall hear the matter de novo and shall conduct the hearing pursuant to the procedures set forth by the City.
- (b) The appeal shall be held within a reasonable time after the filing the appeal, but in no event later than ninety (90) days from the date of such filing. The City shall notify the appellant of the time and location at least ten (10) days prior to the date of the hearing.
- (c) At the hearing, the appellant may present any information they deem relevant to the decision appealed. The formal rules of evidence and procedure applicable in a court of law shall not apply to the hearing.
- (d) The decision of the City Council shall be final.

Section 5.28.180. Permittee Selection Process.

(a) The City Manager shall adopt a procedure guideline and Review Criteria by which the top applicants in each category of each commercial cannabis business shall be evaluated in a final determination by the City Manager.

(b) At least ten (10) days prior to the public hearing, notice of the public hearing shall be sent to all property owners located within six hundred (600) feet of the proposed business locations of each of the finalists to be considered by the City Manager. The applicant shall also post a sign on the property where the proposed cannabis business is to be located. The size and location of the sign shall be determined by the Development Services Department and shall state that there is an application pending for the operation of a cannabis business on that property. The notification shall include the type of cannabis business being proposed, and contact information for the Development Services Department for more information including the date, time and location of the public hearing on the application.

(c) Official issuance of the commercial cannabis business permit(s), however, is conditioned upon the prevailing candidate(s) obtaining all required land use approvals. Following the City Manager's selection, the prevailing candidate(s) shall apply to the City's Development Services Department to obtain any required land use approvals or entitlements for the permittee's location, if any. Land use approvals shall include compliance with all applicable provisions of CEQA. The City Manager or his/her designee(s) shall formally issue the commercial cannabis business permit(s) once the Development Services Director or his/her designee(s) affirms that all of the required land use approvals have been obtained.

(d) The City Manager shall either deny or approve the final candidates and shall select the top candidates in each category of the commercial cannabis businesses. The City Manager's decision as to the selection of the prevailing candidates shall be final, pending an appeal to the City Council, if such an appeal is filed.

(e) Issuance of a commercial cannabis business permit does not create a land use entitlement. The commercial cannabis business permit shall only be for a term of twelve (12) months and shall expire at the end of the twelve (12) month period unless it is renewed as provided herein. Furthermore, no permittee may begin operations, notwithstanding the issuance of a permit, unless all of the state and local laws and regulations, including but not limited to the requirements of this Chapter and of the permit, have been complied with. Until a state license is available and obtained by the permitted operator as set forth in Section 5.28.160.

(f) Notwithstanding anything in this Chapter to the contrary, the City Manager reserves the right to reject any or all applications if it determines it would be in the best interest of the City, taking into account any health, safety and welfare impacts on the community. Applicants shall have no right to a commercial cannabis business permit until a permit is actually issued, and then only for the duration of the permits term. Each applicant assumes the risk that, at any time prior to the

issuance of a permit, the City Council may terminate or delay the program created under this Chapter.

(g) If an application is denied, a new application may not be filed for one (1) year from the date of the denial.

(h) Each person granted a commercial cannabis business permit shall be required to pay the permit fee established by resolution of the City Council, to cover the costs of administering the commercial cannabis business permit program created in this Chapter.

Section 5.28.190. Change in location; updated registration form.

(a) Any time the dispensing, cultivation, manufacturing, transportation and distribution location specified in the regulatory permit is changed, the applicant shall re-register with the City Manager or his/her designee(s). The process and the fees for re-registration shall be the same as the process and fees set forth for registration in Sections 5.28.130 (c) and 5.28.200 (a).

(b) Within fifteen (15) calendar days of any other change in the information provided in the registration form or any change in status of compliance with the provisions of this Chapter, including any change in the commercial cannabis business ownership or management members, the applicant shall file an updated registration form with the City Manager or his/her designee(s) for review along with a registration amendment fee, as set forth in Sections 5.28.130 (c) and 5.28.200 (a).

Section 5.28.200. Transfer of Cannabis Business Permit.

(a) The owner of a cannabis business permit shall not transfer ownership or control of the permit to another person or entity unless and until the transferee obtains an amendment to the permit from the City Manager or his/her designee stating that the transferee is now the permittee. Such an amendment may be obtained only if the transferee files an application with the City Manager or his/her designee in accordance with all provisions of this Chapter (as though the transferee were applying for an original cannabis business permit) accompanied by a transfer fee in an amount set by resolution of the City Council (or if not set, shall be the same amount as the application fee), and the City Manager or his/her designee determines, after hearing, in accordance with this section that the transferee passed the background check required for permittees and meets all other requirements of this Chapter.

(b) Commercial cannabis business permits issued through the grant of a transfer by the City Manager or his/her designee shall be valid for a period of one year beginning on the day the City Manager or his/her designee approves the transfer of the permit. Before the transferee's permit expires, the transferee shall apply for a renewal permit in the manner required by this Chapter.

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

(d) A permittee may change the form of business entity without applying to the City Manager or his/her designee for a transfer of permit, provided that either:

1. The membership of the new business entity is substantially similar to original permit holder business entity (at least 51% of the membership is identical), or

2. If the original permittee is an unincorporated association, mutual or public benefit corporation, agricultural or consumer cooperative corporation and subsequently transitions to or forms a new business entity as allowed under the MAUCRSA and to comply with Section 5.28.060, subdivision (b), provided that the Board of Directors (or in the case of an unincorporated association, the individual(s) listed on the City permit application) of the original permittee entity are the same as the new business entity.

Although a transfer is not required in these two circumstances, the permit holder is required to notify the City Manager in writing of the change within ten (10) days of the change. Failure to comply with this provision is grounds for permit revocation.

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

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

Section 5.28.210. City Business License.

Prior to commencing operations, a commercial cannabis business shall obtain a City of Placerville business license.

Section 5.28.220. Building Permits and Inspection.

Prior to commencing operations, a commercial cannabis business shall be subject to a mandatory building inspection and must obtain all required permits and approvals which would otherwise be required for any business of the same size and intensity operating in that zone. This includes but is not limited to obtaining any required building permit(s), the Fire Department (also known as El Dorado County Fire Protection District) approvals, Health Department approvals and other zoning and land use permit(s) and approvals.

Section 5.28.230. Certification from the Development Services Director.

Prior to commencing operations, a commercial cannabis business must obtain a certification from the Development Services Director or his/her designee(s) certifying that the business is located on a site that meets all of the requirements of Chapter 10 of the City Ordinance.

Section 5.28.240. Right to Occupy and to Use Property.

As a condition precedent to the City 's issuance of a commercial cannabis business permit pursuant to this Chapter, any person intending to open and to operate a commercial cannabis business shall provide sufficient evidence of the legal right to occupy and to use the proposed location. In the event the proposed location will be leased from the property owner, the applicant shall be required to provide a signed and notarized statement from the owner of the property, acknowledging that the property owner has read this Chapter and consents to the operation of the commercial cannabis business on the owner's property.

Section 5.28.250 Location and Design of Cannabis Businesses.

Cannabis businesses permitted to engage in Retail Storefront, Retail Non-Storefront, Microbusiness, Microbusiness-Cultivation, Microbusiness-Distribution, Microbusiness-Manufacturing, Testing Labs, for cannabis and cannabis products(collectively referred to in this section as "Cannabis Businesses") shall only be operated within Heavy Commercial (HC), Commercial (C), Highway Commercial (HWC), Central Business District (CBD) and Industrial (I) zones at those locations where such activities are permitted pursuant to Title X of the Placerville City Code.

(a) All properties in which Cannabis Businesses are located must also meet all of the following distance requirements:

(1) It shall be no closer than two hundred fifty (250) feet from any zoned parcel in the City designated by state law pursuant to California Business & Professions Code Section 26054(b) and Health & Safety Code Section 11362.768 as a sensitive use. The distance measured shall be the horizontal distance measured in a straight line from the property line of those parcels in Section 5.28.250 (a) (2) to the closest property line of the lot on which the cannabis business is located.

(2) It shall be no closer than two hundred fifty (250) feet from any parcel containing any of the following:

A. A school providing instruction in kindergarten or any grades 1 through 12, (whether public, private, or charter, including pre-school, transitional kindergarten, and K-12);

B. A commercial daycare center licensed by the State, City or County that is in existence at the time the license is issued, unless the State licensing authority or the City specifies a different radius.

C. A youth center that is in existence at the time the license is issued, unless the State licensing authority or the City specifies a different radius.

(b) Each proposed cannabis business project shall:

(1) Conform with the City's general plan, any applicable specific plans, master plans, and design requirements.

(2) Comply with all applicable zoning and related development standards.

(3) Be constructed in a manner that minimizes odors to surrounding uses, and promotes quality design and construction.

(4) Be adequate in size and shape to accommodate the yards, walls, fences, parking and loading facilities, landscaping and all items required for the development.

(5) Be served by highways adequate in width and improved as necessary to carry the kind and quantity of traffic such use will generate.

(6) Be provided with adequate electricity, sewerage, disposal, water, fire protection and storm drainage facilities for the intended purpose.

Section 5.28.260. Limitations on City's Liability.

To the fullest extent permitted by law, the City of Placerville shall not assume any liability whatsoever with respect to having issued a commercial cannabis business permit pursuant to this Chapter or otherwise approving the operation of any commercial cannabis business. As a condition to the approval of any commercial cannabis business permit, the applicant shall be required to meet all of the following conditions before they can receive the commercial cannabis business permit:

(a) Execute an agreement, in a form approved by the City attorney, agreeing to indemnify, defend (at applicant's sole cost and expense), and hold the City of Placerville, and its officers, officials, employees, representatives, and agents, harmless, from any and all claims, losses, damages, injuries, liabilities or losses which 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, including any and all claims, injuries, damages or liabilities of any kind arising from a) any repeal or amendment of this chapter or any provision of the Placerville City Code relating to cannabis, and b) any arrest or prosecution of its managers, employees or members for violation of state and federal laws; c) brought by adjacent or nearby property owners or any other parties for any damages, injuries or other liabilities of any kind arising from commercial cannabis operations; and d) brought by any party for any problems, injuries, damages or other liabilities of any kind arising out of the distribution of cannabis produced or processed by a business permitted by the City of Placerville.

(b) Maintain insurance at coverage limits, and with conditions thereon determined necessary and appropriate from time to time by the City Manager.

(c) Reimburse the City of Placerville for all costs and expenses, including but not limited to legal fees and costs and court costs, which the City of Placerville may be required to pay as a result of any legal challenge related to the City's approval of the applicant's commercial cannabis business permit, or related to the City's approval of a commercial cannabis activity. The City of Placerville may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

Section 5.28.270. Records and Recordkeeping.

(a) Each owner and operator of a commercial cannabis business shall maintain accurate books and records in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis (at or before the time of the renewal of a commercial cannabis business permit issued pursuant to this Chapter), or at any time upon reasonable request of the City, each commercial cannabis business shall file a sworn statement detailing the number of sales by the commercial cannabis business during the previous twelve-month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes paid or due to be paid. On an annual basis, each owner and operator shall submit to the City a financial audit of the business's operations conducted by an independent certified public accountant. Each permittee shall be subject to a regulatory compliance review and financial audit as determined by the City Manager or his/her designee(s).

(b) Each owner and operator of a commercial cannabis business shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the commercial cannabis business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the commercial cannabis business. The register required by this paragraph shall be provided to the City Manager or his/her designee(s) upon a reasonable request.

(c) Prior to state licensing, each commercial cannabis business shall maintain a record of all persons, patients, collectives and primary caregivers served by the commercial cannabis business, for a period of no less than four (4) years. Once a state license is obtained, the commercial cannabis business must maintain such records only to the extent permitted or required by MAUCRSA.

(d) All commercial cannabis businesses shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the growing and production or manufacturing, laboratory testing and distribution processes until purchase as set forth MAUCRSA.

(e) Each commercial cannabis business shall allow the City of Placerville officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted commercial cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated by the City. The City may require the materials to be submitted in an electronic format that is compatible with the City's software and hardware.

Section 5.28.280. Security Measures.

(a) A permitted commercial cannabis business shall implement sufficient security measures to deter and prevent the unauthorized entrance into areas containing cannabis or cannabis products, and to deter and prevent the theft of cannabis or cannabis products at the commercial cannabis business. Except as may otherwise be determined by the City Manager or his/her designee(s), these security measures shall include, but shall not be limited to, all of the following:

(1) Alarm system (perimeter, fire, and panic buttons).

(2) Remote monitoring of alarm systems by licensed security professionals.

(3) Perimeter lighting systems (including motion sensors) for after-hours security.

(4) Perimeter security and lighting as approved by the Police Chief and Director of the Development Services Department or his/her designee.

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

(6) Establishing limited access areas accessible only to authorized commercial cannabis business personnel.

(7) Except for live growing plants which are being cultivated at a cultivation operation that is a component of a microbusiness, all cannabis and cannabis products shall be stored in a secured and locked vault or vault equivalent. All safes and vaults shall be compliant with Underwriter Laboratories burglary-resistant and fire-resistant standards. All cannabis and cannabis products, including live plants that are being cultivated, shall be kept in a manner as to prevent diversion, theft, and loss.

(8) Installing 24-hour security surveillance cameras of at least HD-quality to monitor all entrances and exits to and from the premises, all interior spaces within the commercial cannabis business which are open and accessible to the public, all interior spaces where cannabis, cash or currency, is being stored for any period of time on a regular basis and all interior spaces where diversion of cannabis could reasonably occur. All cameras shall record in color. All exterior cameras shall be in weather-proof enclosures, shall be located so as to minimize the possibility of vandalism, and shall have the capability to automatically switch to black and white in low light conditions. The commercial cannabis business shall be responsible for ensuring that the security surveillance camera's footage

is remotely accessible by the City Manager or his/her designee(s), and that it is compatible with the City's software and hardware. In addition, remote and real-time, live access to the video footage from the cameras shall be provided to the City Manager or his/her designee(s). Video recordings shall be maintained for a minimum of ninety (90) days and shall be made available to the City Manager or his/her designee(s) upon request. Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the site of the commercial cannabis business, and shall be capable of enlargement via projection or other means. Internet Protocol address information shall be provided to the Placerville Police Department by the commercial cannabis business, to facilitate remote monitoring of security cameras by the Department or its designee.

(9) Sensors shall be installed to detect entry and exit from all secure areas, and shall be monitored in real time by a security company licensed by the State of California Bureau of Security and Investigative Services.

(10) Panic buttons shall be installed in all commercial cannabis businesses with direct notification to Placerville Police Department dispatch, and shall be configured to immediately alert dispatch for the Placerville Police Department.

(11) Having a professionally installed, maintained, and monitored real-time alarm system by a security company licensed by the State of California Bureau of Security and Investigative Services.

(12) Any bars installed on the windows or the doors of the commercial cannabis business shall be installed only on the interior of the building.

(13) Security personnel shall be on-site 24 hours a day or alternative security as authorized by the City Manager or his/her designee(s), and must have a verified response security patrol when closed. Security personnel must be licensed by the State of California Bureau of Security and Investigative Services personnel and shall be subject to the prior review and approval of the City Manager or his/her designee(s), with such approval not to be unreasonably withheld. Firearms may be carried by security personnel while they are on duty if authorized by the Chief of Police.

(14) Each commercial cannabis business shall have the capability to remain secure during a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage.

(15) Entrance areas are to be locked at all times and under the control of a designated responsible party that is either; (a) an employee of the commercial cannabis business; or (b) a licensed security professional.

(16) Each commercial cannabis business shall have an accounting software system in place to provide point of sale data as well as audit trails or both product and cash, where applicable.

(17) Each commercial cannabis business shall demonstrate to the Chief of Police, City Manager or their designees, compliance with the state's track and trace system for cannabis and cannabis products, as soon as it is operational.

(18) Each commercial cannabis business shall have state of the art network security protocols in place to protect computer information and all digital data.

(19) Exterior vegetation shall be planted, altered and maintained in a fashion that precludes its use as a hiding place for persons on the premises.

(20) Emergency access and emergency evacuation plans that are in compliance with state and local fire safety standards.

(b) Each commercial cannabis business shall identify a designated security representative/liaison to the City of Placerville, who shall be reasonably available to meet with the City Manager or his/her designee(s) regarding any security related measures or and operational issues. The designated security representative/liaison shall, on behalf of the commercial cannabis business, annually maintain a copy of the current security plan on the premises of the business, to present to the City Manager or his/her designee upon request that meets the following requirements:

1) Confirms that a designated Manager will be on duty during business hours and will be responsible for monitoring the behavior of employees.

2) Identifies all Managers of the commercial cannabis business and their contact phone numbers.

3) Confirms that first aid supplies and operational fire extinguishers are located in the service areas and the Manager's office.

4) Confirms that burglar, fire, and panic alarms are operational and monitored by a licensed security company 24 hours a day, seven days a week, and provides contact information for each licensed security company.

5) Identify a sufficient number of licensed, interior and exterior security personnel who will monitor individuals inside and outside the commercial cannabis business, the parking lot, and any adjacent property under the business' control.

6) Confirm that the licensed security personnel shall regularly monitor the parking lot and any adjacent property to ensure that these area are:

(a) free of individuals loitering or causing a disturbance;

(b) are cleared of employees and their vehicles one-half hour after closing.

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

(d) The commercial cannabis business shall cooperate with the City whenever the City Manager or his/her designee(s) makes a request, without prior notice, to inspect or audit the effectiveness of any security plan or of any other requirement of this Chapter.

- (e) A commercial cannabis business shall notify the City Manager or his/her designee(s) within twenty-four (24) hours after discovering any of the following:
 - (1) Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the City Manager or his/her designee(s).
 - (2) Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business.
 - (3) The loss or unauthorized alteration of records related to cannabis, customers or employees or agents of the commercial cannabis business.
 - (4) Any other breach of security.

- (f) Compliance with the foregoing requirements shall be verified by the City Manager or his/her designee prior to commencing business operations. The City Manager or his/her may supplement these security requirements once operations begin, subject to review by the City Manager if requested by the business owner.

Section 5.28.290. Restriction on Alcohol & Tobacco Sales.

- (a) No person shall cause or permit the sale, dispensing, or consumption of alcoholic beverages on or about the premises of the commercial cannabis business.

- (b) No person shall cause or permit the sale or tobacco products on or about the premises of the commercial cannabis business.

- (c) No person shall consume cannabis, cannabis products, or alcohol on the premises of any commercial cannabis business.

Section 5.28.310. Fees and Charges.

- (a) No person may commence or continue any commercial cannabis activity in the City, without timely paying in full all fees and charges required for the operation of a commercial cannabis activity. Fees and charges associated with the operation of a commercial cannabis activity shall be established by resolution of the City Council which may be amended from time to time.

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

- (c) Prior to operating in the city and as a condition of issuance of a regulatory permit, the operator of each cannabis facility shall enter into an operational or community benefit agreement with the city setting forth the terms and conditions under which the cannabis facility will operate that are in addition to the

requirements of this chapter, including, but not limited to, public outreach and education, community service, payment of fees and other charges as mutually agreed, and such other terms and conditions that will protect and promote the public health, safety and welfare.

Section 5.28.320. General Operating Requirements.

(a) Commercial cannabis businesses may operate only during the hours specified in the commercial cannabis business permit issued by the City. No person under the age of 21 shall operate, or be issued a permit for, a commercial cannabis business of any kind.

(b) Restriction on Consumption. Cannabis shall not be consumed by any employee or any other person on the premises of any commercial cannabis business.

(c) No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall 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 at any time.

(d) Reporting and Tracking of Product and of Gross Sales. Each commercial cannabis business shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City. The commercial cannabis business shall 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 Manager or his/her designee(s) prior to being used by the permittee.

(e) All cannabis and cannabis products sold, distributed or manufactured shall be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with the State and local regulations.

(f) Emergency Contact. Each commercial cannabis business shall provide the City Manager or his/her 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.

(g) Signage and Notices:

(1) In addition to the requirements otherwise set forth in this section, business identification signage for a commercial cannabis business shall conform to the requirements of the City of Placerville ordinance, including, but not limited to, seeking the issuance of a City sign permit.

(2) No signs placed on the premises of a commercial cannabis business shall obstruct any entrance or exit to the building or any window.

(3) Each entrance to a commercial cannabis business shall be visibly posted with a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the commercial cannabis business is prohibited.

(4) Business identification signage shall be limited to that needed for identification only and shall not contain any logos or information that identifies, advertises, or lists the services or the products offered. No commercial cannabis business shall advertise by having a person holding a sign and advertising the business to passersby, whether such person is on the premises of the commercial cannabis business or elsewhere including, but not limited to, the public right-of-way.

(5) Signage shall not be directly illuminated, internally or externally. No banners, flags, billboards or other prohibited signs may be used at any time.

(6) In accordance with state law and regulations or as stipulated in the City of Placerville regulatory permit, holders of a commercial cannabis business permit shall agree that, as an express and ongoing condition of permit issuance and subsequent renewal, the holder of the permit shall be prohibited from advertising any commercial cannabis business located in the City of Placerville utilizing a billboard (fixed or mobile), bus shelter, placard, aircraft, or other similar forms of advertising. This paragraph is not intended to place limitations on the ability of a commercial cannabis business to advertise in other legally authorized forms, including on the internet, in magazines, or in other similar ways.

(h) Minors.

(1) Persons under the age of twenty-one (21) years shall not be allowed on the premises of a commercial cannabis business and shall not be allowed to serve as a driver for a mobile delivery service. It shall be unlawful and a violation of this Chapter for any person to employ any person at a commercial cannabis business who is not at least twenty-one (21) years of age.

(2) The entrance to the commercial cannabis business shall be clearly and legibly posted with a notice that no person under the age of twenty-one (21) years of age is permitted to enter upon the premises of the commercial cannabis business.

(i) Odor Control. Odor control devices and techniques shall be incorporated in all commercial cannabis businesses to ensure that odors from cannabis are not detectable off-site. Commercial cannabis businesses shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the commercial cannabis business that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting

public, or within any other unit located inside the same building as the commercial cannabis business. As such, commercial cannabis businesses must install and maintain the following equipment, or any other equipment which the Development Services Director or his/her designee(s) determine is a more effective method or technology:

(1) An exhaust air filtration system with odor control that prevents internal odors from being emitted externally;

(2) An air system that creates negative air pressure between the commercial cannabis business's interior and exterior, so that the odors generated inside the commercial cannabis business are not detectable on the outside of the commercial cannabis business.

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

(k) Background Check. Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which authorizes City authorities to access state and local summary criminal history information for employment, licensing, or certification purposes; and authorizes access to federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation, every person listed as an owner, manager, supervisor, employee, contract employee or who otherwise works in a commercial cannabis business must submit fingerprints and other information deemed necessary by the Chief of Police or his/her designee(s) for a background check by the City of Placerville's Police Department. Pursuant to California Penal Sections 11105(b)(11) and 13300(b)(11), which requires that there be a requirement or exclusion from employment, licensing or certification based on specific criminal conduct on the part of the subject of the record. No person shall be issued a permit to operate a commercial cannabis business or a related work permit unless they have first cleared the background check, as determined by the Chief of Police or his/her designee(s), as required by this section. A fee for the cost of the background investigation, which shall be the actual cost to the City of Placerville to conduct the background investigation as it deems necessary and appropriate, shall be paid at the time the application for a commercial cannabis business permit is submitted.

(l) Loitering. The owner and/or operator of a commercial cannabis business shall prohibit loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises.

(m) Permits and other Approvals. Prior to 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.

(n) Each commercial cannabis operator shall establish minimum training standards for all employees.

Section 5.28.330. Other Operational Requirements.

The City Manager or his/her designee may develop other commercial cannabis business operational requirements or regulations as are determined to be necessary to protect the public health, safety and welfare.

Section 5.28.340 Operating Requirements for Store Front/Retail Facilities.

(a) No more than the number of cannabis retailers adopted by resolution may operate within the City of Placerville at any one time and shall be issued a permit by the City of Placerville.

(b) Retailers may only deliver to customers within a County or City that does not expressly prohibit delivery by ordinance. Should subsequent state law preempt local jurisdictions from prohibiting deliveries, the city shall reserve the right to regulate deliveries and require prior authorization in the form of a permit, pursuant to its land use and police powers under Article XI, Section 7 of the California Constitution.

(c) Retailers shall verify the age and all necessary documentation of each individual to ensure the customer is not under the age of eighteen (18) years and proper identification is checked and that the potential customer has a valid doctor's recommendation and/or H&S 11362.71 identification card. For adult-use purchases they shall verify that all customers are 21 years of age or older for the purchase of cannabis or cannabis products.

(d) Entrances into the retailer shall be locked at all times with entry strictly controlled. A "buzz-in" electronic/mechanical entry system shall be utilized to limit access to and entry to the retailer to separate it from the reception/lobby area. Individuals must show their physician's recommendation, or a cannabis card issued pursuant to Health and Safety Code Section 11362.71 in order to gain access into the retailer. Doctor recommendations are not to be obtained or provided at the retail location.

(e) Uniformed licensed security personnel shall be employed to monitor site activity, control loitering and site access, and to serve as a visual deterrent to unlawful activities. Security personnel may be allowed to carry firearms if authorized by the Chief of Police.

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

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

(h) Retailers and microbusinesses authorized to conduct retail activities shall only serve customers who are within the licensed premises, or at a delivery address that meets the requirements of this division.

(1) The sale and delivery of cannabis goods shall not occur through a pass-through window or a slide-out tray to the exterior of the premises.

(2) Retailers or microbusinesses shall not operate as or with a drive-in or drive-through at which cannabis goods are sold to persons within or about a motor vehicle.

(3) No cannabis goods shall be sold and/or delivered by any means or method to any person within a motor vehicle.

(4) All cannabis goods sold by a retail business shall be contained in child-resistant packaging.

(5) Retailers shall record point-of-sale areas and areas where cannabis goods are displayed for sale on the video surveillance system. At each point-of-sale location, camera placement must allow for the recording of the facial features of any person purchasing or selling cannabis goods, or any person in the retail area, with sufficient clarity to determine identity.

(6) A retail licensee or microbusiness licensee who is engaged in retail sale shall hire or contract for security personnel who are at least 21 years of age to provide security services for the licensed retail premises. All security personnel hired or contracted for by the licensee shall be licensed by the Bureau of Security and Investigative Services and shall comply with Chapters 11.4 and 11.5 of Division 3 of the Business and Professions Code.

(i) Access to Retailer Premises.

(1) Access to the premises of a retail licensee/permittee shall be limited to individuals who are at least 21 years of age.

(2) Notwithstanding Section 5.28.340(i)(1), individuals who are at least 18 years of age and in possession of a valid physician's recommendation shall be granted access to the premises of a retail licensee/permittee for the sole purpose of purchasing medicinal cannabis consistent with the physician's recommendation.

(j) Authorized Sales. A retailer shall only sell adult-use cannabis and adult-use cannabis products to individuals who are at least 21 years of age. A retailer shall only sell medicinal cannabis or medicinal cannabis products to individuals who are at least 18 years of age, but not yet 21, if those individuals are in possession of a valid physician's recommendation. Medicinal cannabis sales to individuals 21 years of age and older are unrestricted.

(k) Limited Access Areas. A retailer shall establish limited-access areas and permit only authorized individuals to enter the limited-access areas. Authorized individuals include individuals employed by the retailer as well as any outside vendors, contractors, or other individuals conducting business that requires access to the limited access area. All individuals granted access to the limited access area shall be at least 21 years of age, and if not employed by the retailer, shall be escorted at all times by an employee of the licensee/permittee. A retailer shall maintain a log of all individuals who are not employees who are granted access to

the limited access area. These logs shall be made available to the Chief of Police or the Development Services Director upon request.

(l) Microbusiness – Commercial Activity. All cultivation, manufacturing, distribution, and retail activities performed by a licensee under a Type 12-Microbusiness permit shall occur on the same licensed 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.

(m) Operating hours of the Store Front Retailer License shall be limited to the hours of 9:00 a.m. through 9:00 p.m., seven days a week.

(n) Store Front/Retail Security Requirements. All provisions incorporated within Section 5.28.280 of this Chapter (Security Measures), are directly applicable to and binding on all commercial cannabis businesses, including all Store Front/Retail businesses.

Section 5.28.350. Operating Requirements for Non-Store Front Retailer.

(a) Non-Store Front Retailer (Delivery) License Owners and Operators are required to verify the age and the necessary documentation of each medical customer to ensure the customer is not under the age of eighteen (18) years, and to verify that the potential customer has a valid doctor's recommendation. Doctor recommendations are not to be obtained or provided at the retail location.

(b) All Store Front Retailers, Non-Store Front Retailers (delivery) and Microbusinesses which conduct deliveries into or within the City of Placerville shall be required to obtain a permit from the City of Placerville in order to conduct retail sales regardless if they are located in the city or another local jurisdiction.

(c) Operating hours of the Non-Store Front Retailer License shall be limited to the hours of 9:00 a.m. through 9:00 p.m., seven days a week.

(d) The commercial Non-Store Front Retailer shall only sell cannabis or cannabis products to a natural person 21 years of age or older, or a natural person 18 years of age or older who possesses a physician's recommendation for cannabis medical use only.

(e) The commercial cannabis Non-Store Front Retailer may only have on-site that quantity of cannabis and cannabis products reasonably anticipated to meet the weekly demand for which they may need to be readily available for sale.

Section 5.28.360 Non-Store Front Retailer Vehicle Requirements.

Prior to commencing operations, a cannabis Non-Store Front Retailer shall provide the following information to the City.

(a) Proof of ownership of the vehicle or a valid lease for any and all vehicles that will be used to deliver cannabis or cannabis products.

(b) The year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for any and all vehicles that will be used to deliver cannabis goods.

(c) Proof of insurance as required in Section 5.28.260 (b) for any and all vehicles being used to deliver cannabis goods.

(d) The licensee shall provide the City with the information required by this section in writing for any new vehicle that will be used to deliver cannabis goods prior to using the vehicle to deliver cannabis goods.

(e) The licensee shall provide the City with any changes to the information required by this section in writing within thirty (30) calendar days.

Section 5.28.370. Permissible Delivery Locations and Customers.

Non-Store Front businesses permitted to engage in delivery of cannabis and cannabis products are subject to the following requirements:

(a) A cannabis business must be authorized by the City of Placerville to deliver cannabis goods to a residential address in the City of Placerville and/or to other jurisdictions in which it is not prohibited to conduct deliveries of cannabis goods;

(b) A licensed cannabis business shall not deliver cannabis goods to an address located on publicly owned land or any address on land or in a building leased by a public agency.

(c) A licensed cannabis business shall comply with all requirements of state and local law pertaining to the cannabis permit and all subsequent policies, procedures and regulations which may be amended by the City Manager from time to time in order to enforce this Chapter.

Section 5.28.380. Restriction on Store Front Retail Facilities.

(a) It shall be unlawful for any person, limited liability company, corporation, collective, cooperative or any other entity to manage or operate a store front facility in which customers are permitted on the premises for which it will sell, exchange, barter, transfer, and/or promote, any cannabis or cannabis products in the City for commercial purpose unless they have been issued a commercial cannabis permit pursuant to this Chapter and authorized to conduct such activities.

Section 5.28.390. Operating Requirements for a Microbusiness-Cultivation Facility and any other cultivation.

(a) Outdoor Cultivation is prohibited. The only indoor commercial cultivation that is authorized, if duly permitted by the City pursuant to this Chapter, is indoor commercial cultivation that is a component of a Microbusiness.

(b) In no case, shall cannabis plants be visible from a public or private road, sidewalk, park or any common public viewing area.

(c) Commercial cannabis cultivation which is permitted in the City of Placerville shall not exceed 10,000 square feet of canopy space permitted by state law as part of a microbusiness license.

(d) Cannabis cultivation shall be conducted in accordance with state and local laws related to land conversion, grading, electricity, water usage, water quality, woodland and riparian habitat protection, agricultural discharges, and similar matters.

(e) Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage or inadvertent damage from pests, rodents or other wildlife.

(f) The cultivation of cannabis shall at all times be operated in such a way as to ensure the health, safety, and welfare of the public, the employees working at the commercial cannabis business, visitors to the area, neighboring properties, and the end users of the cannabis being cultivated, to protect the environment from harm to streams, fish, and wildlife; to ensure the security of the cannabis being cultivated; and to safeguard against the diversion of cannabis.

(g) All applicants for a cannabis cultivation permit shall submit to the following in addition to the information generally otherwise required for a commercial cannabis business:

(1) A cultivation and operations plan that meets or exceeds minimum legal standards for water usage, conservation and use; drainage, runoff, and erosion control; watershed and habitat protection; and proper storage of fertilizers, pesticides, and other regulated products to be used on the parcel, and a description of the cultivation activities and schedule of activities during each month of growing and harvesting, or explanation of growth cycles and anticipated harvesting schedules for all-season harvesting.

(2) A description of a legal water source, irrigation plan, and projected water use.

(3) Identification of the source of electrical power and plan for compliance with applicable Building Codes and related codes.

(4) Plan for addressing odor and other public nuisances that may derive from the cultivation site.

(h) Persons who cultivate cannabis for their sole personal use, or qualified primary caregivers who cultivate medical cannabis on behalf of their qualified patient(s) may do so in quantities authorized by state law and in accordance with all state and local regulations without submitting any application or permit. It is hereby

declared to be unlawful and a public nuisance may also be deemed to exist if such activity is determined to be related to the cultivation of cannabis and produces:

- (1) Odors which are disturbing to people residing or present on adjacent or nearby property or areas open to the public.
- (2) Repeated responses to the property from law enforcement or other code enforcement officers (more than three (3) times in a one-year period).
- (3) Repeated disruption to the free passage of persons or vehicles in the neighborhood (more than three (3) times in a one-year period) as reported to law enforcement officers or the city code enforcement officer.
- (4) Any other impact which adversely impacts the health, safety or general welfare of people on adjacent or nearby property or areas open to the public.

Nothing in this chapter shall be construed as a limitation on the city's authority to abate any nuisance which may exist from the planting, growing, harvesting, drying, processing or storage of cannabis plants or any part thereof from any location.

All cannabis cultivation shall be subject to chapter 1.4, 4a and 4b (Public Nuisance) and the state housing code (California Health and Safety Code) and other applicable provisions of local and state law.

Section 5.28.395. Operating Requirements for Distributors.

(a) A distributor shall not store non-cannabis goods or non-cannabis accessories that are to be sold to another party on any licensed premises. Additionally, a distributor shall not distribute non-cannabis goods or non-cannabis accessories at a licensed premises. For the purposes of this section, non-cannabis goods are any goods that do not meet the definition of cannabis goods as defined in Section 5000(c) of the California Code of Regulations.

(b) After taking physical possession of a cannabis goods batch, the distributor shall contact a testing laboratory and arrange for a laboratory employee to come to the distributor's licensed premises to select a representative sample for laboratory testing.

(c) A distributor shall ensure that all cannabis goods batches are stored separately and distinctly from other cannabis goods batches on the distributor's premises.

(d) The distributor shall ensure that the batch size from which the sample is taken meets the requirements of state law, specifically the testing provisions within the California Code of Regulations.

(e) A distributor or an employee of the distributor shall be physically present to observe the laboratory employee obtain the sample of cannabis goods for testing and shall ensure that the increments are taken from throughout the batch. The sampling shall be video-recorded and the recording kept available to state and local

authorities for a minimum of 180 days, pursuant to Section 5305 of the California Code of Regulations.

(f) A distributor shall not transport cannabis or cannabis products to a licensed retail facility until and unless it has verified that the cannabis or cannabis products have been tested and certified by a testing lab as being in compliance with state health and safety requirements pursuant to Sections 5705, 5710 and 5714 of the California Code of Regulations.

Section 5.28.400. Operating Requirements for Testing Labs.

(a) Testing Labs shall be required to conduct all testing in a manner pursuant to Business and Professions Code Section 26100 and shall be subject to state and local law. Each Testing Lab shall be subject to additional regulations as determined from time to time as more regulations are developed under this Chapter and any subsequent State of California legislation regarding the same.

(b) Testing Labs shall conduct all testing in a manner consistent with general requirements for the competence of testing and calibrations activities, including sampling using verified methods.

(c) All cannabis testing laboratories performing testing shall obtain and maintain ISO/IEC 17025 accreditation as required by the Bureau of Cannabis Control.

(d) Testing labs shall destroy any harvest batch whose testing sample indicates noncompliance with health and safety standards required by the bureau unless remedial measures can bring the cannabis or cannabis products into compliance with quality standards as specified by law and implemented by the bureau.

(e) Each operator shall ensure that a testing laboratory employee takes the sample of cannabis or cannabis products from the distributor's premises for testing required by state law and that the testing laboratory employee transports the sample to the testing laboratory.

(f) Except as provided by state law, a testing laboratory shall not acquire or receive cannabis or cannabis products except from a licensee in accordance with state law, and shall not distribute, sell, or dispense cannabis, or cannabis products, from the licensed premises from which the cannabis or cannabis products were acquired or received. All transfer or transportation shall be performed pursuant to a specified chain of custody protocol.

(g) A testing laboratory may receive and test samples of cannabis or cannabis products from a qualified patient or primary caregiver only if the qualified patient or primary caregiver presents the qualified patient's valid physician's recommendation for cannabis for medicinal purpose. A testing lab shall not certify samples from a qualified patient or primary caregiver for resale or transfer to another party or licensee. All tests performed by a testing laboratory for a qualified

patient or primary caregiver shall be recorded with the name of the qualified patient or primary caregiver and the amount of the cannabis or cannabis products received.

Section 5.28.410. Cannabis Manufacturing: Edibles and Other Cannabis Products; Sale or Distribution of Edible and Other Cannabis Products.

(a) Cannabis manufacturing shall only be permitted as part of a Microbusiness pursuant to Section 5.28.390 of this code or any subsequent created manufacturing state license (using non-volatile solvents) as defined in MAUCRSA, may be permitted to operate within those zone districts as defined in Chapter 10 of the City of Placerville Code.

(b) Any compressed gases used in the manufacturing process shall not be stored on any property within the City of Placerville in containers that exceeds the amount which is approved by the Placerville Fire Protection District and authorized by the regulatory permit. Each site or parcel subject to a commercial cannabis business permit shall be limited to a total number of tanks as authorized by the Placerville Fire District on the property at any time.

(c) Cannabis Manufacturing facilities may use heat, screens, presses, steam distillation, ice water, ethanol and other methods without employing solvents or gases to create keef, hashish, bubble hash, or infused dairy butter, or oils or fats derived from natural sources, and other extracts.

(d) If an extraction process uses a professional grade closed loop CO₂ gas extraction system every vessel must be certified by the manufacturer for its safe use as referenced in 5.28.360. The CO₂ must be of at least ninety-nine percent purity.

(e) Closed loop systems for compressed gas extraction systems must be commercially manufactured and bear a permanently affixed and visible serial number.

(d) Certification from an engineer licensed by the State of California, or by a certified industrial hygienist, must be provided to the Development Service Department for a professional grade closed loop system used by any commercial cannabis manufacturing manufacturer to certify that the system was commercially manufactured, is safe for its intended use, and was built to codes of recognized and generally accepted good engineering practices, including but not limited to:

- (1) The American Society of Mechanical Engineers (ASME);
- (2) American National Standards Institute (ANSI);
- (3) Underwriters Laboratories (UL); or
- (4) The American Society for Testing and Materials (ASTM)

(e) The certification document must contain the signature and stamp of the professional engineer or industrial hygienist and serial number of the extraction unit being certified.

(f) Professional closed loop systems, other equipment used, the extraction operation, and facilities must be approved for their use by the Fire Department and meet any required fire, safety, and building code requirements specified in the California Building Reference Codes.

(g) Cannabis Manufacturing Facilities may use food grade glycerin, ethanol, and propylene glycol solvents to create or refine extracts. Ethanol should be removed from the extract in a manner to recapture the solvent and ensure that it is not vented into the atmosphere.

(h) Cannabis Manufacturing Facilities creating cannabis extracts must develop standard operating procedures, good manufacturing practices, and a training plan prior to producing extracts for the marketplace.

(i) Any person using solvents or gases in a closed looped system to create cannabis extracts must be fully trained on how to use the system, have direct access to applicable material safety data sheets and handle and store the solvents and gases safely.

(j) Parts per million for one gram of finished extract cannot exceed state standards for any residual solvent or gas when quality assurance tested.

Section 5.28.420. Promulgation of Regulations, Standards and Other Legal Duties.

(a) In addition to any regulations adopted by the City Council, the City Manager or his/her designee is authorized to establish any additional rules, regulations and standards governing the issuance, denial or renewal of commercial cannabis business permits, the ongoing operation of commercial cannabis businesses and the City 's oversight, or concerning any other subject determined to be necessary to carry out the purposes of this Chapter.

(b) Regulations shall be published on the City 's website.

(c) Regulations promulgated by the City Manager shall become effective upon date of publication. Commercial cannabis businesses shall be required to comply with all state and local laws and regulations, including but not limited to any rules, regulations or standards adopted by the City Manager or his/her designee.

(d) Testing Labs, Distribution facilities and Special Events shall be subject to state law and shall be subject to additional regulations as determined from time to time as more regulations are developed under Section 5.28.410 (a) of this Chapter and any subsequent State of California legislation regarding the same.

Section 5.28.430. Community Relations.

(a) Each commercial cannabis business shall provide the name, telephone number, and email address of a community relations contact to whom notice of problems associated with the commercial cannabis business can be provided. Each commercial cannabis business shall also provide the above information to all businesses and residences located within two hundred fifty (250) feet of the commercial cannabis business.

(b) During the first year of operation pursuant to this Chapter, the owner, manager, and community relations representative from each commercial cannabis business holding a permit issued pursuant to this Chapter shall attend meetings with the City Manager or his/her designee(s), and other interested parties as deemed appropriate by the City Manager or his/her designee(s), to discuss costs, benefits, and other community issues arising as a result of implementation of this Chapter. After the first year of operation, the owner, manager, and community relations representative from each such commercial cannabis business shall meet with the City Manager or his/her designee(s) when and as requested by the City Manager or his/her designee(s).

(c) Commercial cannabis businesses to which a permit is issued pursuant to this Chapter shall develop a city approved public outreach and educational program for youth organizations and educational institutions that outlines the risks of youth addiction to cannabis, and that identifies resources available to youth related to drugs and drug addiction.

Section 5.28.440. Fees Deemed Debt to the City of Placerville.

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

Section 5.28.450. Permit Holder Responsible for Violations.

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

Section 5.28.460 Inspection and Enforcement.

(a) The City Manager, or his/her designee(s) charged with enforcing the provisions of the City of Placerville Code, or any provision thereof, may enter the location of a commercial cannabis business at any time, without notice, and inspect the location of any commercial cannabis business as well as any recordings and

records required to be maintained pursuant to this Chapter or under applicable provisions of State law.

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

(c) The City Manager, or his/her designee(s) charged with enforcing the provisions of this Chapter may enter the location of a commercial cannabis business at any time during the hours of operation and without notice to obtain samples of the cannabis to test for public safety purposes. Any samples obtained by the City of Placerville shall be logged, recorded, and maintained in accordance with established procedures by the City of Placerville City Manager or these regulations.

Section 5.28.470. Compliance with State Regulation.

It is the stated intent of this Chapter to regulate commercial cannabis activity in the City of Placerville in compliance with all provisions MAUCRSA and any subsequent state legislation.

Section 5.28.480. Violations declared a public nuisance.

Each and every violation of the provisions of this Chapter is hereby deemed unlawful and a public nuisance.

Section 5.28.490. Each violation a separate offense.

Each and every violation of this Chapter shall constitute a separate violation and shall be subject to all remedies and enforcement measures authorized by the City of Placerville. Additionally, as a nuisance per se, any violation of this Chapter shall be subject to injunctive relief, any permit issued pursuant to this Chapter being deemed null and void, disgorgement and payment to the City for any monies unlawfully obtained, costs of abatement, costs of investigation, attorney fees, and any other relief or remedy available at law or in equity. The City of Placerville may also pursue any and all remedies and actions available and applicable under state and local laws for any violations committed by the commercial cannabis business or persons related to, or associated with, the commercial cannabis activity. Additionally, when there is determined to be an imminent threat to public health, safety or welfare, the City Manager, or his/her designee(s), may take immediate action to temporarily suspend a commercial cannabis business permit issued by the City, pending a hearing before the City Manager, or his/her designee(s).

Section 5.28.500. Criminal Penalties.

Each and every violation of the provisions of this Chapter may in the discretion of the District Attorney or City Attorney be prosecuted as a misdemeanor and upon conviction be subject to a fine not to exceed one thousand dollars (\$1,000) or imprisonment in the County jail for a period of not more than twelve (12) months, or by both such fine and imprisonment. Each day a violation is committed or permitted to continue shall constitute a separate offense.

Section 5.28.510. Remedies cumulative and not exclusive.

The remedies provided herein are not to be construed as exclusive remedies. The City is authorized to pursue any proceedings or remedies provided by law.

SECTION 3: INTERIM URGENCY ORDINANCE.

Based upon the findings set forth in Section 1, above, this is an interim urgency ordinance adopted pursuant to Government Code § 65858. This ordinance shall therefore take effect immediately upon adoption. This ordinance shall remain in effect for forty-five (45) days from the date of adoption. This ordinance will terminate upon a determination by the City Council supported by substantial evidence that the threat to public health, safety and welfare described in Section 1 of this ordinance has been ameliorated, or by the adoption of ordinances or amendments extending or superseding this ordinance. However, this ordinance shall become automatically void should Proposition 64 fail to pass on November 8, 2016.

SECTION 4: SEVERABILITY.

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of Placerville hereby declares that it would have adopted this Ordinance and such section, subsection, sentence, clause, phrase or portion may be declared invalid or unconstitutional.

SECTION 5: CEQA

The City Council finds and determines that this Ordinance is not a project within the meaning of section 15378 of the California Environmental Quality Act (“CEQA”) because it has no potential for resulting in physical change in the environment, either directly or ultimately. In the event that this Ordinance is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guidelines section 15061(b)(3) because it can be seen with certainty to have no possibility of a significant effect on the environment in that this Ordinance simply clarifies existing local regulations.

The above Ordinance was introduced at a regular meeting of the City Council held on October 9, 2018. Vice-Mayor Acuna moved its adoption and the motion was seconded by Councilmember Clerici. The motion was passed by the following vote:

AYES: Acuna, Borelli, Clerici, Saragosa

NOES: Thomas

ABSENT: None

ABSTAIN: None

Mayor Wendy Thomas

ATTEST:

City Clerk Regina O'Connell