



## City Council Agenda Report

Meeting Date: March 17, 2020

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TO: Honorable Mayor and City Council

FROM: Mark Orme, City Manager

BY: Andrew Jared, City Attorney

RE: Commercial Cannabis Regulation: Introduction and First Reading of Two Ordinances and Adoption of Resolution to Allow Commercial Cannabis Businesses

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### REPORT IN BRIEF:

Commercial cannabis activities in Chico are currently prohibited. The two ordinances and codified resolution presented for adoption would constitute a comprehensive program to allow and regulate certain commercial cannabis activities in the City of Chico. An amendment to Title 5 of the Chico Municipal Code is presented to regulate commercial cannabis businesses through an annual permit system. (Att. A) Policies and procedures regarding the application, review and selection of commercial cannabis businesses are also being proposed. (Att. B) Finally, amendments to Title 19.75 “Cannabis Regulation”, are presented to address where commercial cannabis businesses would be allowed and what operating conditions would need to be met. (Att. C) On February 20, 2020, the Planning Commission recommended that the City Council adopt amendments to CMC 19.75; as discussed below, due to further staff and consultant analysis the ordinance presented in Att. C is in substantially the same form with minor modifications recommended.

### Recommendation:

After taking public comment and closing the public hearing:

1. Waive the full reading and introduce for first reading, an ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICO AMENDING TITLE 5, CREATING CHAPTER 5.42 “COMMERCIAL CANNABIS BUSINESSES” OF THE CHICO MUNICIPAL CODE TO REGULATE COMMERCIAL CANNABIS USES WITHIN THE CITY OF CHICO
2. Adopt resolution amending Title 5R “Business Rules And Regulations” by Creating Chapter 5R.42 regarding “Commercial Cannabis Businesses”;
3. Waive the full reading and introduce for first reading an ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICO AMENDING TITLE 19 CHAPTER 19.75 “CANNABIS REGULATIONS” OF THE CHICO MUNICIPAL CODE TO ALLOW COMMERCIAL CANNABIS USES WITHIN THE CITY OF CHICO; and/or
4. Provide additional or alternative direction to staff.

**FISCAL IMPACT:**

None with this action. The proposed commercial cannabis business program is proposed as a cost-neutral program, with all costs of implementation, review, enforcement, legal challenge, and management to be addressed through real-time billing of applicants seeking to obtain a commercial cannabis permit. Upon approval of the policies and procedures in 5R42, Chapter 5.42, and Chapter 19.75 after first reading, rates and costs can more precisely be estimated. Once enacted and commercial cannabis permits are issued, there is expected to be a modest positive fiscal impact on the general fund due to increased sales tax revenue.

**PUBLIC NOTICING REQUIREMENTS:**

On March 7, 2020, a summary of the proposed ordinances and resolution and notice of this public hearing were published in the Chico Enterprise Record.

**DISCUSSION:**

On November 26, 2019, the City Council directed staff to bring back revisions to an ordinance regulating commercial cannabis activity in the City of Chico. Such regulations will involve creation of a Commercial Cannabis Business Permit under CMC Chapter 5.42 (Att. A), a codified resolution to address the application and selection process under CMC 5R42 (Att. B), and land use regulations under CMC Chapter 19.75 (Att. C). Land use zones where commercial cannabis uses would be allowed are shown in Att. D.

In 2016, California voters approved Proposition 64, the Adult Use of Marijuana Act (AUMA). AUMA legalized the personal possession and consumption, and limited personal cultivation, of recreational cannabis by adults aged 21 or older. AUMA also established a framework for regulating commercial cannabis activity related to recreational cannabis, under which such activity would be lawful only if conducted under approvals at both the state and local levels. In 2017, consistent with AUMA's provisions regarding amendment by the Legislature, the Legislature later enacted the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), which implemented this framework as to both medical and recreational cannabis. In 2011, the City of Chico created and amended medical marijuana regulations in CMC Chapter 19.77.

On January 16, 2019, regulations adopted by the State Office of Administrative Law went into effect to address issues relating to state licensure across the entire cannabis supply chain. (See [www. https://cannabis.ca.gov/cannabis-regulations/](https://cannabis.ca.gov/cannabis-regulations/)). State cannabis regulations are enforced by the Bureau of Cannabis Control (licensure of retailers, distributors, testing laboratories, microbusinesses, and temporary cannabis events); the California Department of Food and Agriculture (cultivation, and track-and-trace system); and the California Department of Public Health—Manufactured Cannabis Safety Branch (manufacturer practices and products). The regulations provide that for a cannabis business to qualify for state licensure, it must show compliance with all local regulations (*i.e.*, city codes and ordinances).

### **Existing City Regulation of Cannabis**

Currently, cannabis land use regulations are addressed in Title 19, Chapter 19.75 through the prohibition of all commercial cannabis activity in the City, whether the activity is related to medical or recreational commercial purposes. The current regulations prohibit all outdoor cultivation but do allow for personal cultivation of medical cannabis indoors (up to 6 plants), consistent with state law, after obtaining an Indoor Cultivation Permit. The proposed ordinances do not alter the sections of the code addressing indoor personal cultivation or personal (non-commercial) uses in general.

### **Overview of Proposed Regulations**

The two ordinances and codified resolution create a program whereby the City will be able to allow certain identified commercial cannabis uses. Each is described in more detail as follows:

- **Chapter 5.42: Cannabis Business Permit Program (Attachment A)**

This ordinance would create the City-issued permits to be reviewed on an annual basis for all commercial cannabis businesses. The permit would not be issued unless and until the applicant also had a state-issued commercial cannabis license issued by the Bureau of Cannabis Control.

All commercial cannabis businesses would need to obtain a Commercial Cannabis Permit from the City of Chico and a Bureau of Cannabis Control License appropriate for their business type prior to operating. The ordinance establishes the following:

1. Types of businesses allowed and prohibited. Requires compliance with state law; prohibits certain activity;
2. Permit requirement; Requires employee background checks; Limits number of Retail-Storefront businesses to 4 permits citywide; Establishes permit revocation process; Establishes appeals process;
3. Permit issuing requirements; Limits city liability; Procedures for changing ownership interests; Procedures for alteration of facility;
4. Non-land use operational requirements; and
5. Enforcement and inspection obligations.

Additional issues addressed in the Commercial Cannabis Permit ordinance include the following:

- **Delivery Service Regulation.** At the Council Meeting on March 17, 2020, the issue of whether cities may regulate delivery services originating outside of the city was discussed. Upon further research on this issue, the topic is currently being litigated by several cities with such local ordinances. Support for this regulation stems from the ability of cities to expressly ban and regulate cannabis businesses under Business and Professions Code section 26200. Moreover, Business and Professions Code section 26090(e) creates a framework to prevent local delivery where the operator is otherwise abiding by local laws

authorized under AUMA. The Bureau of Cannabis Control, however, has issued a rule that only concerns the delivery service being in compliance with *state* law. A group of cities is suing the state on this basis (*County of Santa Cruz, et al., v. Bureau of Cannabis Control, et al.*), arguing that the plain language of Prop. 64 and the will of the voters is violated by the Bureau of Cannabis Control rule to the contrary. Accordingly, a strong argument exists that local regulation to prohibit out-of-jurisdiction delivery services can be adopted. Counter to such position is a case filed against the County of Santa Cruz by a delivery service arguing that the ban on delivery services violates state regulations.

Draft language has been included at section 5.42.316 to address “Delivery Services Originating Outside of the City”. As drafted, it would not prohibit delivery businesses currently coming into the City until such time there are permits issued for Retail-Non-Storefront and Retail-Storefront making deliveries within the City of Chico. After their then-current business license expired, they would be required to obtain a Commercial Cannabis Permit. This will allow existing delivery services sufficient time to apply for and obtain a City-issued permit.

- **Retail Use Concentration.** The ad hoc committee recommendation also called for a 1000 feet separation between Retail-Storefront uses. That provision is included in section 5.42.120 as requiring 1000-foot separation between two Retailer-Storefront operators. Provisions have been drafted for determining which operator is first in time, and to allow two applicants to apply within 1000 feet of each other, whereas only one may be awarded a permit within that proximity.
- **Resolution 5R.42: Implements Selection Procedures (Attachment B)**

This resolution establishes processes for application for and selection of Commercial Cannabis Permit required under 5.42.

It establishes a merit-based review, scoring, and selection process for both competitive and non-competitive permits. Non-competitive permits would be issued for testing laboratories, manufacturing, distribution, and Retail-Non-Storefront (Delivery) uses. Competitive permits would be issued for Retail-Storefront uses as there would be a limit on the number of these uses.

The City Manager would oversee the review and award process with a consultant hired to process the applications. Both Competitive and Non-competitive permits would first be reviewed for eligibility based on the application. This step ensures that all required information has been provided prior to proceeding to the second phase. Phase II for both is to evaluate criteria for award of a permit. The Competitive permits however have an additional step at this level for ranking applications by the consultant and holding an interview to address any additional questions about the application materials. Phase III for Competitive permits is a hearing by the City Manager where they take testimony regarding such permit from the applicants. The final stage for both permits is determination by the City Manager and award of the permit. Such award however is



still contingent upon the applicant receiving final zoning clearance (e.g., award of a Conditional Use Permit for Competitive Permits, etc.).

To minimize litigation regarding award of permits, the award of business permits is proposed to be conducted by the City Manager. Appeal of such decision can be taken to a hearing officer or the City Council. Review of the appeal may then be conducted in Superior Court.

Upon adoption of the resolution and introduction of the ordinances, staff and consultants will provide the application materials and instructions for application for review.

- **Chapter 19.75: Cannabis Zoning Regulations (Attachment C)**

The proposed amendments to Chapter 19.75 will not affect the existing personal cultivation portions of the code. Such ordinance will amend the code to allow cannabis testing, distribution, manufacturing, retail sales-non-storefront (delivery), and retail sales-storefront (walk-in retail premises) in certain zones throughout the City. Commercial cultivation of cannabis and cannabis microbusiness uses remain prohibited; all other non-enumerated commercial cannabis activities also remain prohibited unless allowed under the code. Operators of allowed uses must abide by locational and operational requirements, need to obtain a Commercial Cannabis Permit from the City of Chico (under Title 5.42) and a Bureau of Cannabis Control License (under state law) appropriate for their business type prior to operating.

On February 18, 2020, Staff presented a proposed ordinance and land use analysis comparing existing land use designations within the city to the proposed cannabis business permits. In order to identify where such uses are most-similar to existing uses in the land use table, staff performed a detailed analysis comparing existing land uses with proposed cannabis land uses. Such report is included at Attachment E.

The land use analysis report was then used to create the series of maps showing the locations of zones each commercial cannabis use would be allowed in. (Attachment D).

The maps are intended to show the zones in which various uses would be allowed. The maps also show the state-law default 600' distance limit (from all schools and youth facilities) and the Council-recommended 1000' distance limit from 6<sup>th</sup>-12<sup>th</sup> grade school facilities.

Based on such analysis and testimony at the meeting, the Planning Commission voted 6-1 to Approve a resolution recommending that the City Council adopt an ordinance amending Chapter 19.75 "Cannabis Regulation" to allow commercial cannabis businesses within certain land use zones within Chico, presented in substantially the same form here in Attachment C.

Due to further analysis on interpretations by the Bureau of Cannabis Control and potential issues with interpretation of the state regulations, staff is recommending that additional distance controls be stated in the zoning ordinance. Additionally, issues were identified in the meeting which Council may choose to address as discussed below. As such do not address where the permitted

uses would be allowed, nor to lessen the impact to the surrounding community, these amendments to the proposed ordinance being recommended by staff do not require additional review by the Planning Commission. Those issues now included in Attachment C are as follows:

1. **Definitions:** Attachment C as presented here has been modified to arrange the definitions in alphabetical order, and to add line numbers for ease of reference. No substantive changes have been made to the definitions.
2. **Land Use Tables:** Two changes are reflected in the land use tables
  - **Locations of Uses:** the tables have been updated to reflect the recommended locations of commercial cannabis uses as adopted by the Commission.
  - **Use Permit Required for Manufacturing:** The land use tables as presented to the Commission, and approved by the Commission, did not reflect the recommendation of the *ad hoc* committee report to require a Use Permit for Manufacturing facilities over 5,000 square feet, or for volatile manufacturing methods. The Land Use Tables presented in Att. C now reflect a Note on the Manufacturing uses to indicate a Use Permit is required for volatile extraction methods or facilities over 5,000 s.f.
3. **Distance Requirements:** State law establishes a *default* radius between any licensed cannabis facility from a day care center, youth center, or school providing instruction to grades kindergarten through 12<sup>th</sup> grade of 600 feet.<sup>1</sup> If no other distance is created by the local agency, then a 600' radius applies. However, cities are able to set the distance limit higher or lower than the 600' distance.

The City Council directed that the Planning Commission review distance requirements of 600 feet from schools<sup>2</sup> serving grades K-5 and 1000 feet from schools serving grades 6-12.

This was communicated to the Planning Commission as only addressing the K-5 and 6-12 requirements of 600' and 1000' respectively, not the youth center and day care center regulations. Accordingly, as recommended by the Planning Commission there would be

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<sup>1</sup> "A premises licensed under this division shall not be located within a 600-foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center that is in existence at the time the license is issued, unless a licensing authority or a local jurisdiction specifies a different radius. The distance specified in this section shall be measured in the same manner as provided in subdivision (c) of Section 11362.768 of the Health and Safety Code unless otherwise provided by law." (Business & Professions Code Section 26054(b)).

<sup>2</sup> While the term "school" referenced in the statute includes K-12 public and private schools alike, the term does not include education that is primarily conducted in private homes. (Health & Safety Code sec. 11362.768(h)).

no distance requirement for distance requirements for testing laboratories, distributors, manufacturers, or Retail-Non-Storefront businesses from day care and youth centers.

The ordinance proposed to and approved for adoption by the Planning Commission, the distance requirements are set as a “no distance” for testing laboratory, manufacturing, distributor, and retailer-delivery uses; and set at 1000 feet for retailer-storefront uses from schools with grades 6-12, and 600 feet for retailer-storefront uses from schools K-5, day care centers and youth centers.

While the 600’ radius under state law is a *default* distance, it is not a minimum required distance and cities are free to set any other distance they would like. However, as the statute requires a local agency to “specify” a different radius, recent trends in such regulation by local agencies and further analysis on the meaning of this provision demonstrate that a radius other than “none” should be established. That is, the City should specify an actual linear distance.

This further analysis on this issue results in a recommendation to amend the proposed ordinance as to specify a minimum distance radius for testing, laboratory, manufacturing, distributor, and retailer-delivery uses.

The radius buffer zone should be codified for purposes of transparency and to prevent a future legal challenge based on a claim that this aspect of the land use regulations is arbitrary. Examples include Placerville (25 feet), Union City (100 feet), and Stockton (600 feet, day care centers; 1000 feet, K-12 schools).

Included in Att. C at section 19.75.120 is amended language establishing a 100-foot radius from any a school providing instruction in kindergarten or any grades 1 through 12, a day care center, or a youth center from any testing laboratory, manufacturer, distributor, or non-storefront retailer (delivery only). The 600-foot buffer radius would still apply for Retailer-storefront uses as to schools providing instruction in kindergarten through 5, and a 1000-foot would still apply for Retailer-storefront uses as to schools providing instruction in grades 6 through 12.

## **ENVIRONMENTAL DETERMINATION AND GENERAL PLAN CONFORMITY**

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines Sections 15320, 15378 and 15061(b)(3) as it is an organizational structure change and does not have the potential to result in either a direct or reasonable foreseeable indirect physical change in the environment.

The City of Chico, as Lead Agency, has conducted an environmental review on the proposed project pursuant to the California Environmental Quality Act (CEQA). A finding of consistency stating that the proposed project meets requirements for CEQA Guidelines Section 15183, consistency with the zoning code, and that no additional environmental review or documentation is included in the ordinances. Such finding can be made by evaluating consistency of the proposed

ordinance with the Final Environmental Impact Report for the Chico 2030 General Plan Update (GPU EIR). Certified by the City Council on April 12, 2011, the GPU EIR established the City's vision for development of the City through the year 2030. The GPU EIR includes analyses of the potential environment impacts that could result from development at various commercially-designated sites located throughout the City with a range of commercial uses, as well as development at various manufacturing-designated sites with a range of manufacturing land uses. As demonstrated in the Zoning and Land Use Analysis Report prepared for the proposed ordinance (Attachment E), the types of commercial cannabis-related uses that would be permitted or conditionally-allowable under the proposed ordinance involve operational characteristics substantially similar to other "like" land uses which are currently permitted or conditionally-allowable within the City of Chico. Further, instances of each of these like land uses currently exist and operate within the City, and none are known to generate significant environmental impacts as a result of their operations. Thus, staff's review concludes that potential environmental impacts associated with the proposed ordinance, which would enable the approval of commercial cannabis-related sales, delivery or processing activities, are substantially similar to those potential environmental impacts anticipated in the GPU EIR for the City's commercial and industrial land use designations.

As such, implementation of the commercial cannabis ordinances would not result in any new environmental impacts, or substantially increase the severity of identified environmental impacts. Therefore, the commercial cannabis ordinances are consistent with Section 15183 of the CEQA Guidelines and no additional environmental review is required.

The Planning Commission further determined that the proposed amendments to Title 19 are consistent with the General Plan's policy framework, including the following Goals, Policies and Actions, and barring any substantial evidence to the contrary, the City Council should make the same determination:

- Goal LU-2: Maintain a land use plan that provides a mix and distribution of uses that meet the identified needs of the community.
- Policy LU-2.4 (Land Use Compatibility) – Promote land use compatibility through use restrictions, development standards, environmental review and special design considerations.
- Goal LU-3: Enhance existing neighborhoods and create new neighborhoods with walkable access to recreation, places to gather, jobs, daily shopping needs, and other community services.
- Goal LU-4: Promote compatible infill development.
- Policy LU-4.2 (Infill Compatibility) - Support infill development, redevelopment, and rehabilitation projects that are compatible with surrounding properties and neighborhoods.
- Goal LU-5: Support development and redevelopment of the designated Opportunity Sites.
- Goal CD-5: Support infill and redevelopment compatible with the surrounding neighborhood.

- Policy ED-1.3 (Regulatory Environment) – Ensure that regulations and permitting processes for the conduct of commerce and land development do not unreasonably inhibit local business activity.
- Action ED-1.3.2 (Development Standard Enhancements) – Continue to seek opportunities to simplify and streamline the permitting process, including allowing more uses outright subject to development standards.
- Goal PPFS-7: Support arts, cultural, social service and health facilities and services to enhance the local quality of life.
- Policy PPFS-7.2 (Health and Social Services) – Support efforts to improve and expand health and social services for all segments of the community.

#### **ATTACHMENTS:**

- A. Ordinance Creating CMC Chapter 5.42 “Commercial Cannabis Businesses”
- B. Resolution (Codified) Creating Chapter 5R42 regarding “Commercial Cannabis Businesses”
- C. Ordinance Amending CMC Chapter 19.75 “Cannabis Regulations”
- D. Land Use Maps
- E. Community Development Department—Planning Division: Zoning and Land Use Analysis Report
- F. Proposed Indemnity Agreement

ORDINANCE NO. \_\_\_\_\_

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICO  
AMENDING TITLE 5, CREATING CHAPTER 5.42 “COMMERCIAL  
CANNABIS BUSINESSES” OF THE CHICO MUNICIPAL CODE TO  
REGULATE COMMERCIAL CANNABIS USES WITHIN THE CITY OF  
CHICO**

WHEREAS, the City of Chico is a Charter City, established under the Constitution of the State of California, has the power to make and enforce within its jurisdictional limits all laws and regulations in respect to municipal affairs subject only to such restriction and limitations as may be provided in the Constitution of the State of California or provision of the City Charter

WHEREAS, moreover pursuant to Sections 5 and 7 of Article XI of the California Constitution, the provisions of the California Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA” or “the Act”), any subsequent state legislation and/or regulations regarding same, the City of Chico is authorized to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial cannabis businesses.

WHEREAS, the purpose of this Ordinance is to regulate commercial cannabis activity in the City of Chico, whether the cannabis is for medicinal or adult-use commercial purposes by enacting a permitting and regulatory system for this action.

WHEREAS, it is the purpose and intent of this Ordinance, and resolutions and other policies adopted by the City, to implement the provisions to provide access to cannabis as authorized by MAUCRSA, and related laws, regulations, and policies issued by the State of California, while imposing reasonable regulations on commercial activities and 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 Ordinance to regulate the manufacturing, testing, distribution, and retail sale of medicinal and adult-use cannabis and cannabis products, and the ancillary transportation and delivery of same, as may be amended from time to time by the State of California and the City, (hereinafter, collectively, “commercial cannabis businesses”), in a responsible manner to protect the health, safety, and welfare of the residents of the City of Chico

1 and to enforce rules and regulations consistent with State law. It is the further purpose of the  
2 Ordinance to prohibit the commercial cultivation and microbusiness uses of cannabis within the  
3 City of Chico.

4 WHEREAS, nothing in this Ordinance is intended to authorize the possession, use, or  
5 provision of cannabis for purposes that violate State or federal law. The provisions of this  
6 Ordinance are in addition to any other permits, licenses, approvals, and compliance or regulatory  
7 inspections which may be required to conduct business in the City, and are in addition to any  
8 permits, licenses, approvals and compliance or regulatory inspections required under the City of  
9 Chico, the County of Butte, State of California, or other law, rules and regulations.

10 WHEREAS, the City Council has previously adopted regulations concerning cannabis land  
11 use activities within the City of Chico, by establishing Chapter 19.75 to expressly prohibit  
12 commercial cannabis activity, whether for medicinal or other use;

13 WHEREAS, such regulations under Chapter 19.75 were adopted prior to the votes of  
14 California approving Proposition 64, titled the “Adult Use of Marijuana Act” (the AUMA), which  
15 enacted a state statutory scheme legalizing, controlling, and regulating the cultivation, processing,  
16 manufacturing, distribution, testing and sale of nonmedical (“adult-use” or “recreational”)  
17 cannabis, including cannabis products, for use by adults twenty-one (21) years of age or older;

18 WHEREAS, on June 27, 2017, Governor Brown signed Senate Bill 94, the “Medicinal and  
19 Adult-Use Cannabis Regulation and Safety Act” or “MAUCRSA”, which created one state  
20 regulatory structure for medical and adult-use commercial cannabis activities, reconciling prior  
21 state cannabis regulatory acts;

22 WHEREAS, MAUCRSA provides that the state shall not issue a state license for a business  
23 to engage in Commercial Cannabis Activity if the business activity violates any local ordinance or  
24 regulation;

25 WHEREAS, the City Council desires to allow certain Commercial Cannabis Activity within  
26 the City of Chico, and regulate such activity through land use regulations within Title 19.75 and  
27 by adopting a commercial cannabis business permit system to allow for and control the retail sales,  
28

1 retail delivery, manufacturing, distribution, and laboratory testing uses of commercial cannabis  
2 within the City of Chico, while prohibiting commercial cultivation, microbusiness, or any other  
3 non-enumerated uses and business activities as specified under Chapters 5.42 and 19.75 as such  
4 relates to cannabis;

5 WHEREAS, the City Council finds and declares that this Ordinance constitutes a valid  
6 exercise of police power in accordance with Article XI, Section 7 of the California Constitution,  
7 is consistent with the language and intent of the AUMA, MAUCRSA, and related laws,  
8 regulations, and policies issued by the state, consistent with Chico General Plan, and furthers the  
9 health, safety and general welfare of the residents of the City of Chico; and

10 WHEREAS, by separate ordinance, the City Council will consider the land use regulations  
11 of commercial cannabis activities, and until such ordinance is adopted commercial cannabis  
12 activities within the City of Chico remain an unlawful land use.

13 NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Chico that the  
14 following ordinance amending Chapter 5.42 shall be amended to regulate commercial cannabis  
15 uses as follows:

16  
17 **SECTION 1.** Amend current Chapter 5.42 concerning certain commercial cannabis business  
18 activity and allowing issuance of certain commercial cannabis business permits:

19 **CHAPTER 5.42: COMMERCIAL CANNABIS BUSINESSES**

20 **ARTICLE I. GENERALLY**

21 **Sec. 5.42.010 Purpose and Intent**

22 **Sec. 5.42.020 Legal Authority**

23 **Sec. 5.42.030 Commercial Cannabis Businesses Prohibited Unless Specifically**  
**Authorized**

24 **Sec. 5.42.040 Compliance with State and Local Laws**

25 **Sec. 5.42.050 Definitions**

26 **Sec. 5.42.060 Commercial Cannabis Businesses Allowed; Activities Prohibited**

27 **ARTICLE II. COMMERCIAL CANNABIS PERMIT**

28 **Sec. 5.42.100 Commercial Cannabis Permit Required**

**Sec 5.42.105. Evidence of Cannabis Employee Background Check Required**

**Sec. 5.42.110 Number of Commercial Cannabis Businesses Authorized**

**Sec. 5.42.120 Location limitations**



1       Sec. 5.42.130 Expiration, Renewal, Revocation, and Suspension of Commercial Cannabis Permits

2       Sec. 5.42.140 Effect of License or Permit Expiration, Suspension, Revocation, or Termination

3       Sec. 5.42.150 Revocation of Permits

4       Sec. 5.42.160 Appeals

5       Sec. 5.42.170 Appeal for Initial Permit; Limited Grounds

6       **ARTICLE III. ISSUANCE AND PERMIT REQUIREMENTS**

7       Sec. 5.42.200 Permits and Inspections Prior to Commencing Operations

8       Sec. 5.42.210 City Business License

9       Sec. 5.42.220 Limitations on City's Liability

10      Sec. 5.42.230 Permit; Non-assignable and Non-transferable

11      Sec. 5.42.240 Change in Location of Commercial Cannabis Business

12      Sec. 5.42.250 Changes in Ownership of Commercial Cannabis Business

13      Sec. 5.42.260 Change in Ownership when the Permittee is a Partnership or Corporation

14      Sec. 5.42.270 Changes in Name of Business Only

15      Sec. 5.42.280 Alterations to Approved Facility

16      Sec. 5.42.290 Any Other Changes in Information as Reflected in the Submitted Application or Entitlements

17      **ARTICLE IV. OPERATIONAL REQUIREMENTS**

18      Sec. 5.42.300 General Prohibitions

19      Sec. 5.42.305 Restriction on Alcohol and Tobacco Sales, Dispensing or Consumption

20      Sec. 5.42.310 Operating Requirements for Store Front Retail Facilities

21      Sec. 5.42.311 Operating Requirements for Non-Storefront Retail Facilities

22      Sec. 5.42.312 Operating Requirements for Testing Laboratories

23      Sec. 5.42.313 Operating Requirements for Cannabis Manufacturing

24      Sec. 5.42.314 Operating Requirements for Distributors

25      Sec. 5.42.315 Operating Requirements for Retail Delivery Businesses

26      Sec. 5.42.316 Delivery Services Originating Outside of City

27      Sec. 5.42.317 Permissible Delivery Locations and Hours of Operation

28      Sec. 5.42.320 Security Requirements

29      Sec. 5.42.330 Records and Recordkeeping

30      Sec. 5.42.340 Fees and Charges

31      Sec. 5.42.350 Promulgation of Local Regulations, Standards and Other Legal Duties

32      Sec. 5.42.360. Fees Deemed Debt to City of Chico

33      **ARTICLE V. ENFORCEMENT**

34      Sec. 5.42.400 Responsibility for Violations.

35      Sec. 5.42.410 Inspections.

36      Sec. 5.42.420 Violations and Penalties.

37      Sec. 5.42.430 Effect on Other Ordinances.

1 **ARTICLE I. GENERALLY**

2 **Sec. 5.42.010 Purpose and Intent.**

3 The purpose of this Chapter is to regulate commercial cannabis activity in the City of  
4 Chico, whether the cannabis is for medicinal or adult-use commercial purposes by enacting a  
5 permitting and regulatory scheme for this action.

6 It is the purpose and intent of this Chapter, in conjunction with Title 19 of the Chico  
7 Municipal Code, and resolutions and other policies adopted by the City, to implement the  
8 provisions to provide access to cannabis as authorized by the California Medicinal and Adult-Use  
9 Cannabis Regulation and Safety Act (“MAUCRSA” or the Act), and related laws, regulations, and  
10 policies issued by the State of California, while imposing reasonable regulations on commercial  
11 activities and the use of land to protect the City’s residents, neighborhoods, and businesses from  
12 disproportionately negative impacts. As such, it is the purpose and intent of this Chapter to regulate  
13 the manufacturing, testing, distribution, and retail sale of medicinal and adult-use cannabis and  
14 cannabis products, and the ancillary transportation and delivery of same, as may be amended from  
15 time to time by the State of California and the City, (hereinafter, collectively, “commercial  
16 cannabis businesses”), in a responsible manner to protect the health, safety, and welfare of the  
17 residents of the City of Chico and to enforce local rules and regulations consistent with State law.  
18 It is the purpose of the Ordinance to prohibit the commercial cultivation and microbusiness uses  
19 of cannabis within the City of Chico.

20 It is the further purpose and intent of this Chapter to require all commercial cannabis  
21 businesses operating in the City to obtain and renew annually a Commercial Cannabis Permit to  
22 operate within Chico and an annual City of Chico Business License.

23 Nothing in this Chapter is intended to authorize the possession, use, or provision of  
24 cannabis for purposes that violate State or federal law. The provisions of this Chapter are in  
25 addition to any other permits, licenses, approvals, and compliance or regulatory inspections which  
26 may be required to conduct business in the City, and are in addition to any permits, licenses,  
27 approvals and compliance or regulatory inspections required under the City of Chico, the County  
28 of Butte, State of California, or other state and local laws, rules and regulations.

21 **Sec. 5.42.020 Legal Authority.**

22 The City of Chico is a Charter City, established under the Constitution of the State of  
23 California, has the power to make and enforce within its jurisdictional limits all laws and  
24 regulations in respect to municipal affairs subject only to such restriction and limitations as may  
25 be provided in the Constitution of the State of California or provision of the City Charter.  
26 Moreover, pursuant to Sections 5 and 7 of Article XI of the California Constitution, the provisions  
27 of MAUCRSA, any subsequent state legislation and/or regulations regarding same, the City of  
28 Chico is authorized to adopt ordinances that establish standards, requirements and regulations for  
the licensing and permitting of commercial cannabis businesses. Moreover, pursuant to Sections  
5 and 7 of Article XI of the California Constitution, the provisions of MAUCRSA, any subsequent  
state legislation and/or regulations regarding same, the City of Chico is authorized to adopt

ordinances and local resolutions that establish local standards, requirements and regulations for the licensing and permitting of commercial cannabis businesses.

**Sec. 5.42.030 Commercial Cannabis Businesses Prohibited Unless Specifically Authorized**

Engaging in, conducting or operating commercial cannabis businesses, or causing, allowing, permitting or maintaining a commercial cannabis business (other than the transportation of cannabis or cannabis products as provided under California Business & Professions Code section 26090(e)), within the City’s jurisdiction, shall be unlawful and prohibited, except as specifically authorized by state law, this Chapter, Title 19 of the Chico Municipal Code, and all other codes, ordinances, and resolutions of the City of Chico.

**Sec. 5.42.040 Compliance with State and Local Laws.**

Nothing in this Chapter shall be construed as authorizing any actions that violate federal, state law or local law with respect to engaging in, or in the operation of, a commercial cannabis business. It shall be the responsibility of the Permittees and Responsible Persons of a commercial cannabis business to ensure that a commercial cannabis business is, at all times, operating in a manner compliant with all applicable federal, State and local laws, including for as long as applicable, all State cannabis laws and regulations, any subsequently enacted State law or regulatory, licensing, or certification standards or requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval when a Conditional Use Permit is required for certain uses.

**Sec. 5.42.050. Definitions.**

When used in this Chapter, and in Title 19, and all other codes, ordinances, and resolutions of the City of Chico in regard to commercial cannabis businesses and uses, 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.

“Act” shall mean the California Medicinal and Adult-Use Cannabis Regulation and Safety Act, as in California Business and Professions Code section 26000 et seq. “Act” may also be used interchangeably with “MAUCRSA.”

“Adult Use” shall mean use of cannabis products by individuals 21 years of age and older and who do not possess a physician’s recommendation.

“Applicant” under this Chapter shall include any individual or entity applying for a Commercial Cannabis Permit, and shall include any officer, director, partner, or other duly authorized representative applying on behalf of an entity.

“Business License” is the license issued by the City’s Finance Department after payment of the business fee as set forth in Chapter 3.32 of the City of Chico City Code.

1       “Cannabis” means all parts of the *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis*  
2 *ruderalis* plants, whether growing or not; the seeds thereof; the resin, whether crude or purified,  
3 extracted from any part of a cannabis plant; and every compound, manufacture, salt, derivative,  
4 mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin,  
5 whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks  
6 of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other  
7 compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the  
8 resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable  
9 of germination. For the purpose of this Chapter, “cannabis” does not mean “industrial hemp” as  
10 defined by Section 11018.5 of the California Health and Safety Code. Cannabis shall also have the  
11 same meaning as in Section 26001(f) of the Business and Professions Code, as same may be  
12 amended from time to time.

13       “Cannabis Accessories” means any equipment, products or materials of any kind which are  
14 used, intended for use, or designed for use in planting, propagating, cultivating, growing,  
15 harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing,  
16 analyzing, packaging, repackaging, storing, smoking, vaporizing, or containing cannabis, or for  
17 ingesting, inhaling, or otherwise introducing cannabis or cannabis products into the human body.  
18 Cannabis accessories shall also have the same meaning as in Section 11018.2 of the Health and  
19 Safety Code, as same may be amended from time to time.

20       “Cannabis Concentrate” means cannabis that has undergone a process to concentrate one  
21 or more active cannabinoids, thereby increasing the product’s potency. Resin from granular  
22 trichomes from a cannabis plant is a concentrate for purposes of this Chapter. A cannabis  
23 concentrate is not considered food, as defined by Section 109935 of the Health and Safety Code,  
24 or drug, as defined by Section 109925 of the Health and Safety Code. Cannabis concentrate shall  
25 also have the same meaning as in Section 26001(h) of the Business and Professions Code, as same  
26 may be amended from time to time.

27       “Cannabis Event” means a public or private event where compensation is provided or  
28 exchanged, either directly or indirectly or as part of an admission or other fee for service, for the  
29 provision, hosting, promotion or conduct of the event where consumption of cannabis is part of  
30 the activities.

31       “Cannabis Products” means cannabis that has undergone a process whereby the plant  
32 material has been transformed into a concentrate, including but not limited to cannabis concentrate,  
33 or an edible or topical product containing cannabis or cannabis concentrate and other ingredients.  
34 Cannabis products shall also have the same meaning as in Section 11018.1 of the Health and Safety  
35 Code, as same may be amended from time to time.

36       “Canopy” means all areas occupied by any portion of a cannabis plant, inclusive of all  
37 vertical planes, whether contiguous or noncontiguous on any one site.

38       “City” means the City of Chico, California.

39       “City Manager” means the City Manager of the City of Chico, including their designee.

1       “Code” means the City of Chico City Code.

2       “Commercial Cannabis Activity” includes the cultivation, possession, manufacture,  
3 distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery  
4 or sale of cannabis and cannabis products as provided for in MAUCRSA and state regulations.  
5 Commercial cannabis activity shall also have the same meaning as in Section 26001(k) of the  
6 Business and Professions Code, as same may be amended from time to time.

7       “Commercial cannabis business” means any business or operation, which engages in  
8 medicinal or adult-use commercial cannabis activity, as authorized by this Chapter, as may be  
9 amended from time to time by the City, including, the manufacturing, testing, distribution, and  
10 retail as explicitly allowed herein, of medicinal and adult-use cannabis and cannabis products, and  
11 the ancillary transportation and delivery of same.

12       “Commercial Cannabis Permit” means the regulatory permit issued by the City of Chico  
13 to a commercial cannabis business, which is required before any commercial cannabis activity  
14 may be conducted in the City, pursuant to this Chapter.

15       “Conditional Use Permit” means a discretionary land use approval as required and pursuant  
16 to Section 24 of Title 19 of the Chico Municipal Code.

17       “Cultivation” means any activity involving the planting, growing, harvesting, drying,  
18 curing, grading, or trimming of cannabis. Cultivation shall also have the same meaning as in  
19 Section 26001(l) of the Business and Professions Code, as same may be amended from time to  
20 time. Whenever references to cultivation are made in this Chapter, permitted or licensed  
21 cultivation shall only be personal cultivation, as commercial cultivation is expressly prohibited.

22       “Customer” means a natural person 21 year of age or older; or, a natural person 18 years  
23 of age or older who possesses a physician’s recommendation for medicinal use, or a primary  
24 caregiver. Customer shall also have the same meaning as in Section 26001(n) of the Business and  
25 Professions Code, as same may be amended from time to time.

26       “Day Care Center” has the same meaning as in Section 1596.76 of the Health and Safety  
27 Code, as same may be amended from time to time, and includes any child day care facility other  
28 than a family day care home, and includes infant centers, preschools, extended day care facilities,  
29 and school-age child care centers.

30       “Delivery” is the commercial transfer of cannabis or cannabis products to a customer.  
31 Delivery also includes the use by a retailer of any technology platform owned and controlled by  
32 the retailer. Delivery shall also have the same meaning as in Section 26001(p) of the Business and  
33 Professions Code, as same may be amended from time to time.

34       “Dispensing” means any activity involving the retail sale of cannabis or cannabis products  
35 from a retailer.

1       “Distribution” means the procurement, sale, and transport of cannabis and cannabis  
2 products between licensees. Distribution shall also have the same meaning as in Section 26001(r)  
3 of the Business and Professions Code, as same may be amended from time to time.

4       “Distributor” means a person holding a valid Commercial Cannabis Permit for distribution  
5 issued by the City of Chico, and, a valid state license for distribution (BCC License Type 11),  
6 required by state law to engage in the business of purchasing cannabis from a licensed cultivator,  
7 or cannabis products from a licensed manufacturer, for sale to a licensed retailer.

8       “Edible Cannabis Product” means a cannabis product that is intended to be used, in whole  
9 or in part, for human consumption, and is not considered food. Edible cannabis product has the  
10 same meaning as Business and Professions Code section 26001(t).

11       “Fire Chief” shall mean the Fire Chief of the Chico Fire Department, or their designee.

12       “License or State License” means a license issued by the State of California, or one of its  
13 departments or divisions, under MAUCRSA, and any subsequent State of California legislation or  
14 regulations regarding the same, to lawfully engage in commercial cannabis activity.

15       “Licensee” means any person holding a license issued by the State of California to conduct  
16 commercial cannabis business activities.

17       “Live plants” means living cannabis flowers and plants including seeds, immature plants,  
18 and vegetative stage plants.

19       “Manager” means any person(s) designated by the commercial cannabis business to act as  
20 the representative or agent of the commercial cannabis business in managing day-to-day operations  
21 with corresponding liabilities and responsibilities, and/or the person in apparent charge of the  
22 premises where the commercial cannabis business is located. Evidence of management includes,  
23 but is not limited to, evidence that the individual has the power to direct, supervise, or hire and  
24 dismiss employees, controls hours of operations, creates policy rules, or purchases supplies.

25       “Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a  
26 cannabis product. Manufacture shall also have the same meaning as in Section 26001(ag) of the  
27 Business and Professions Code, as same may be amended from time to time.

28       “Manufacturer” means one that conducts the production, preparation, propagation, or  
29 compounding of cannabis or cannabis products either directly or indirectly or by extraction  
30 methods, or independently by means of chemical synthesis, or by a combination of extraction and  
31 chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products  
32 or labels or re-labels its container. A manufacturer may also be a person that infuses cannabis in  
33 its products but does not perform its own extraction. Manufacturer shall also have the same  
34 meaning as in Section 26001(ah) of the Business and Professions Code, as same may be amended  
35 from time to time. A manufacturer must be owned and operated by a person issued a valid  
36 Commercial Cannabis Permit for manufacturing from the City of Chico and, a valid state license  
37 as required for manufacturing of cannabis products issued by the State of California’s Bureau of

Cannabis Control as a Manufacturer 1 (Type 6- Non-volatile) or Manufacturer 2 (Type 7- Volatile) Manufacturer License.

“Manufacturing or Manufacture” means the production, preparation, propagation, or compounding of 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 at a fixed location that packages or repackages cannabis or cannabis products or labels or re-labels its container.

“Medicinal cannabis or medicinal cannabis product” means cannabis or a cannabis product, respectively, intended to be sold for use pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) by a medicinal cannabis patient in California who possesses a physician’s recommendation.

“Medicinal use” means the use of medicinal cannabis or medicinal cannabis product.

“Microbusiness” means a business which would be required to obtain a California Bureau of Cannabis Control Type 12 Microbusiness license, or is who engaged in at least three (3) of the following commercial cannabis activities: indoor cultivation (less than 10,000 square feet), manufacturing (non-volatile ), distribution, and retailer-storefront, as defined within this Chapter.

“Operation” means any act for which a license is required under state law for commercial cannabis activities or the provisions of the MAUCRSA or any commercial transfer of cannabis or cannabis products. Operation shall also have the same meaning as in Section 26001(ak) of the Business and Professions Code, as same may be amended from time to time.

“Owner” means any of the following, or a group or combination of any of the following acting as a unit:

- (1) A person with an aggregate ownership interest of 5 percent or more in the business applying for a City of Chico Commercial Cannabis Permit, whether a partner, shareholder, principal, member, or the like, unless the interest is solely a security, lien, or encumbrance.
- (2) The chief executive officer 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, non-profit, or other entity applying for a City of Chico Commercial Cannabis Permit.

“Patient or qualified patient” means 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.

“Permit” means a Commercial Cannabis Permit issued by the City of Chico authorizing the holder to engage in a locally authorized commercial cannabis business.

“Permittee” means any person holding a Commercial Cannabis Permit issued by the City of Chico authorizing the holder to engage in a locally authorized commercial cannabis business.

1       “Person” means any individual, firm, partnership, joint venture, association, corporation,  
2 limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or  
3 combination acting as a unit or entity, and the plural as well as the singular.

4       “Premises” means the designated structure or structures and land specified in the  
5 application that is owned, leased, or otherwise held under the control of the applicant where the  
6 commercial cannabis business will be or is being conducted. The premises shall be a contiguous  
7 area and shall only be occupied by one permittee.

8       “Purchaser” means the customer who is engaged in a transaction with a Permittee for  
9 purposes of obtaining cannabis or cannabis products.

10       “Regulations” means those regulations prescribed and issued by the State of California,  
11 through its respective departments and/or divisions, pursuant to Section 26013 of the Business and  
12 Professions Code, including those regulations as found in the California Code of Regulations  
13 (including, Title 3, Division 8; Title 16, Division 42; and Title 17, Division 1), as same may be  
14 amended from time to time, to implement, interpret, administer and enforce the Act, and providing  
15 licensing and enforcement criteria for commercial cannabis activities and businesses.

16       “Responsible Person” means all owners and operators of a commercial cannabis business,  
17 including the Permittee and all officers, directors, managers, members, or partners, and all persons  
18 with authority, including apparent authority, over the premises of the commercial cannabis  
19 business.

20       “Retailer-Storefront or storefront retailer” is a storefront retailer of a commercial cannabis  
21 business facility where cannabis, cannabis products, or devices for the use of cannabis or cannabis  
22 products are offered, either individually or in any combination, for retail sale to customers at a  
23 fixed location, including an establishment that also offers delivery of cannabis and cannabis  
24 products as part of a retail sale, and which are open to the public, and where the operator is  
25 authorized to operate in the City as a retailer, and holds a valid California Bureau of Cannabis  
26 Control Type 10 license as required by state law to operate as a retailer.

27       “Retailer-Delivery or non-storefront retailer” means a non-storefront, delivery only retailer  
28 as a commercial cannabis business facility where cannabis, cannabis products, or devices for the  
29 use of cannabis or cannabis products are offered, either individually or in any combination, for  
30 retail sale to customers, where the premises are non-storefront, closed to the public, and sales are  
31 conducted exclusively by delivery, where a vehicle is used to convey the cannabis or cannabis  
32 products to the customer from a fixed location, and where the operator is authorized by the City  
33 of Chico to operate as a retailer, and holds a valid California Bureau of Cannabis Control Type 10  
34 license as required by state law to operate as a retailer.

35       “Sell”, “sale”, and “to sell” includes any transaction whereby, for any consideration, title  
36 to cannabis or cannabis products are transferred from one person to another, and includes the  
37 delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same  
38



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 permittee from whom the cannabis or cannabis product was purchased.

“State Law” means all laws of the State of California, which includes, but are not limited to, all rules, regulations, and policies adopted by State of California agencies, departments, divisions, and regulatory entities, as same may be amended from time to time.

“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 as ISO/IEC17025 by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the State.

(2) Licensed by the California Bureau of Cannabis Control as a Testing Laboratory (Type 8).

Testing laboratory shall also have the same meaning as in Section 26001(at) of the Business and Professions Code, as same may be amended from time to time.

“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 law and which may be amended or repealed by any subsequent State of California legislation regarding the same.

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

#### **Sec. 5.42.060 Commercial Cannabis Businesses Allowed; Activities Prohibited**

A. Allowed: The classification and type of commercial cannabis business explicitly allowed for in this Chapter and Title 19, as otherwise conditioned, and as may be amended from time to time by the City, are as follows:

1. Testing laboratory (BCC License Type 8);
2. Distribution (BCC License Type 11);
3. Manufacturer (BCC License Type 6- Non-Volatile and Type 7- Volatile);
4. Retailer-delivery only (BCC License Type 10); and
5. Retailer-storefront (BCC License Type 10).

After obtaining a Commercial Cannabis Permit from the City of Chico pursuant to this Chapter, obtaining land use clearance from the City of Chico Community Development Director, obtaining a business license from the City of Chico, obtaining all required County of Butte approvals or permits when applicable, and the appropriate state-issued permit from the State of California for such cannabis business activity, Permittees engaged in the above allowed business types may conduct such business in regard to medicinal and adult-use cannabis and cannabis products, and the ancillary transportation and delivery of same as otherwise allowed while in compliance with

1 state law and the provisions of this Chapter, Title 19, and all other codes and resolutions of the  
2 City of Chico.

3 B. Prohibited: The following business types and activities are expressly prohibited:

- 4 1. Commercial Cultivation;
- 5 2. Microbusiness;
- 6 3. Cannabis Event;
- 7 4. Any kiosk, i-Pad, tablet, smartphone, fixed location or technology platform, whether  
8 manned or unmanned, that facilitates, directs, or assists the retail sale or delivery of  
9 cannabis or cannabis products in violation of this Chapter; and.
- 10 5. All other uses not enumerated under 5.42.060 A.

## 11 **ARTICLE II. COMMERCIAL CANNABIS PERMIT**

### 12 **Sec. 5.42.100 Commercial Cannabis Permit Required**

13 A. Prior to engaging in any commercial cannabis activity, one must obtain a  
14 Commercial Cannabis Permit. The initial permit and annual renewal of an authorized and lawful  
15 commercial cannabis permit is made expressly contingent upon the commercial cannabis business'  
16 ongoing compliance with all requirements of State law, this Chapter, the City of Chico City Code,  
17 any local regulations adopted by the City governing the commercial cannabis business at issue,  
18 the securing and approval of a Use Permit (when required pursuant to Title 19 of the Chico  
19 Municipal Code, and any required approval, permit or license required by any applicable local or  
20 State law, rules, or regulations.

21 B. No person may engage in, conduct, authorize, establish, or operate a commercial  
22 cannabis business, or cause, allow, or permit same, within the City of Chico unless and until the  
23 following are obtained, complied with, adhered to, and fulfilled:

- 24 1. A Commercial Cannabis Permit has been approved by the City, pursuant to the  
25 City's laws, rules, policies, and regulations, as applicable, as same may be amended  
26 from time to time; and
- 27 2. Zoning Clearance issued by the Community Development Director, including  
28 where applicable, issuance of a Conditional Use Permit; and
3. A City business license issued by the Finance Department authorizing the business  
operation of a commercial cannabis business; and
4. A valid State of California Seller's Permit or other valid State of California license  
or permit for the applicable type of commercial cannabis business at issue has been  
obtained; and
5. Permittee is currently in compliance with all applicable state and local laws and  
regulations pertaining to engaging in, conducting or operating a commercial  
cannabis business and commercial cannabis activities, including the duty to first  
obtain any required State licenses pursuant to MAUCRSA and applicable  
regulations; and
6. Permittee is currently in compliance with any and all applicable state and local laws

and regulations pertaining to the occupancy of the premises for the City-approved commercial cannabis business operation, including any and all applicable building and fire code provisions; and

7. Prior to operating in the City and as a condition of issuance of a regulatory permit, operator of each cannabis facility shall execute an indemnity agreement with the City of Chico; and, an acknowledgement of limitations on City's liability, certifications, assurances, and warranties.

C. Applicant shall be responsible for all fees and noticing obligations required for processing all permits.

#### **Sec 5.42.105. Evidence of Cannabis Employee Background Check Required.**

A. Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which authorize city authorities to access state and local criminal history information for cannabis employment, licensing, or certification purposes, summary criminal history information for cannabis employment, licensing, or certification purposes, and authorize 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 applicant for a Certificate of Approval (including owners and other representatives of the applicant) and every person to be employed at the facility must submit fingerprints and other information deemed necessary by the Chief of Police or their designee(s) for a background check by the Chico Police Department. A fee for the cost of the background investigation, which shall be the actual cost to the City of Chico to conduct the background investigation as it deems necessary and appropriate, including City staff time and costs, shall be paid at the time the person submits for the background check.

B. The criminal background check must at a minimum identify the following:

1. Whether the individual applying for cannabis employment has ever been convicted of a violent felony as defined by California Penal Code 667.5, or equivalent offenses in other states;
2. Whether the individual applying for cannabis employment has ever 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 equivalent offenses in other states; or
3. Whether the individual applying for cannabis employment has ever been convicted of the illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substances Act, not including cannabis-related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.

C. Evidence of a conviction of any the offenses enumerated in Section 5.42.105 (b) shall be grounds for denial of employment.

1 D. Violation of this section shall be grounds for immediate suspension of the business'  
2 operating permit. The business operator shall have the right to an appeal pursuant to Section  
3 5.42.160.

4 **Sec. 5.42.110 Number of Commercial Cannabis Businesses Authorized.**

5 A. This section is intended to establish a method for the determination of the maximum  
6 number of commercial cannabis businesses that may be issued Commercial Cannabis Permits to  
7 operate in the City under each category of commercial cannabis business type. The City Council  
8 may establish further policies and procedures by minute order, ordinance or resolution regarding  
9 processes and procedures for processing and selecting of permits.

10 B. Nothing in this Chapter creates a mandate, right, obligation, or expectation that the  
11 City must, will or shall authorize any or all of the permits available at any time, increase the number  
12 of permits available, or issue a permit to a commercial cannabis businesses that submits an  
13 application to the City if it is determined that it is in the best interest of the City to not authorize  
14 such in the City, or if an applicant does not meet the standards established in the application  
15 requirements or further amendments to the application process. There is no guarantee that the City  
16 will authorize any commercial cannabis business to operate in the City.

17 C. The number of Retailer-Storefront permits shall be determined by population  
18 density of the City of Chico. For every 25,000 residents of the City, based on the most recent  
19 Population Estimates for Cities, Counties, and the State, conducted by the California Department  
20 of Finance, the City Council may authorize up to one Retailer-Storefront permit. The City Council  
21 shall from time to time, at its sole and absolute discretion, establish by resolution the number of  
22 Retailer-Storefront permits authorized for commercial cannabis businesses based on this formula.

23 D. No more than the number of cannabis retailers initially authorized herein to operate  
24 or as amended by resolution may operate within the City of Chico at any one time and shall be  
25 issued a permit by the City of Chico. At the time of the passage of this Chapter, the maximum  
26 number of commercial cannabis businesses per classification citywide are as follows:

Retailer-Storefront -	Four (4)
Retailer-Non-Storefront -	No maximum
Testing laboratory -	No maximum
Manufacturing -	No maximum
Distribution -	No maximum

27 E. Each year following the initial award of permits, if any, or at any time in the City  
28 Council's discretion, the City Council may reassess the number of Commercial Cannabis Permits  
which are authorized for issuance. The City Council, in its discretion, may determine by resolution  
that the number of Commercial Cannabis Permits should remain the same, be reduced, or be  
increased.

F. A person may only have an ownership interest in one (1) Retailer-Storefront

business in the City of Chico. Any person with community property rights of an ownership interest is considered a person with ownership interest in this section.

**Sec. 5.42.120 Location limitations.**

A. All commercial cannabis businesses shall be located in an approved land use designation area as identified under Title 19.75.

B. No Retailer-Storefront commercial cannabis business shall be located within 1000' feet of another Retailer-Storefront commercial cannabis business. In the event that two or more applications for commercial cannabis Retailer-Storefront uses are submitted and are under consideration simultaneously for locations within 1000' of each other, all applications may continue to be considered until final award of commercial cannabis permit and use permit. However, final award of use permit by Planning Commission may not allow Retailer-Storefront uses to be located within 1000' of each other.

**Sec. 5.42.130 Expiration, Renewal, Revocation, and Suspension of Commercial Cannabis Permits.**

Each Commercial Cannabis Permit issued pursuant to this Chapter shall expire one (1) year after the date of its issuance. The City Council shall establish by resolution procedures for the renewal, revocation, and suspension of Commercial Cannabis Permits.

**Sec. 5.42.140 Effect of License or Permit Expiration, Suspension, Revocation, or Termination.**

A. Expiration, suspension or revocation of a license, permit or entitlement issued by the State of California related to a commercial cannabis business shall be grounds for immediate suspension of a commercial cannabis business to operate within the City, unless and until such license, permit or entitlement is reinstated or reissued.

a. Permittee shall notify the City Manager in writing within forty-eight (48) hours of any suspension, revocation, or termination of a license issued by the State of California, or by any of its departments or divisions.

b. Should the State of California, or any of its departments, divisions, or agencies, suspend, revoke or terminate the license of a commercial cannabis business operating in the City, such suspension, revocation or termination, the City Manager shall suspend the ability of a commercial cannabis business to operate within the City of Chico unless and until the State of California, or its respective department, division, or agency reinstates or reissues the State license. Notice of such suspension shall be provided to the commercial cannabis business.

B. Expiration, suspension or revocation of a license, permit or entitlement issued by the City of Chico related to a commercial cannabis business shall be grounds for immediate suspension of a commercial cannabis business to operate within the City, unless and until such license, permit or entitlement is reinstated or reissued. Notice of such suspension shall be provided to the commercial cannabis business.

C. The commercial cannabis business shall have the right to an appeal pursuant to Section 5.42.160.

1 **Sec. 5.42.150. Revocation of Permits.**

2 A. The following are grounds for revocation of a Commercial Cannabis Permit:

3 1. Failure of a permittee to comply with any requirement imposed by the provisions of this  
4 Code (or successor provision or provisions), including, but not limited to, any rule, regulation,  
5 condition or standard adopted pursuant to this Chapter, or any term or condition imposed on the  
6 Commercial Cannabis Permit or entitlements or Use Permit, or any provision of State law.

7 2. Revocation of a State license issued under this ordinance.

8 3. If the permittee, its owner(s), manager(s) or a Responsible Person has, within the  
9 past three (3) years, been sentenced or had a judgment issued in a criminal or civil court  
10 proceeding, and/or has been sanctioned or fined for, enjoined from, or found guilty of or plead  
11 guilty or no contest to a charge for engaging in a commercial cannabis activity in the State without  
12 the necessary permits and approvals from the applicable State and/or local jurisdictions;-or has had  
13 a commercial cannabis license revoked or suspended by the applicable State and/or local  
14 jurisdictions.

15 4. Conviction within the past ten (10) years of the permittee, its owner(s) or  
16 manager(s), or a Responsible Person, including a plea of guilty or no contest, to any of the  
17 following offenses shall be grounds for revocation of a Commercial Cannabis Permit issued by the  
18 City:

19 i. A violent felony, as specified in Section 667.5(c) of the Penal Code.  
20 ii. A serious felony, as specified in Section 1192.7(c) of the Penal Code.  
21 iii. A felony involving fraud, deceit, or embezzlement.  
22 iv. A felony for hiring, employing, or using a minor in transporting, carrying, selling,  
23 giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling,  
24 offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance  
25 to a minor.

26 v. A felony for drug trafficking with enhancements pursuant to Section 11370.4 or  
27 11379.8 of the Health and Safety Code.

28 vi. A felony or misdemeanor involving the illegal possession for sale, sale,  
manufacture, transportation, or cultivation of a controlled substance occurring after January 1,  
2016.

29 B. If the City Manager determines that a ground for revocation of a Commercial  
30 Cannabis Permit exists, the City Manager shall serve written notice of revocation to the permittee  
31 or Responsible Person. The notice may be served on the recipient either personally or by certified  
32 first class mail to the address listed on the application. This notice shall state the reasons for the  
33 action, the effective date of the decision, the right of the permittee to appeal the decision to the  
34 City Council, or its appointed hearing officer or body, and that the City Manager's decision will  
35 be final if no written appeal is timely submitted to, and received by, the City, pursuant to the  
36 provisions of this Chapter.

37 C. This notice will be effective within ten (10) days from the date of service of the  
38 notice. To exercise the right to appeal, the permittee must file with the City Clerk a written basis  
39 for the appeal, including evidence relating to the grounds for revocation, and the applicable fee.  
40 The appeal will be heard by the City Council or its appointed hearing officer or body in accordance

1 with Section 5.42.160. If no timely appeal is filed, the City Manager's decision will be final 10  
2 days after the date on the notice of revocation. If an appeal is timely and properly filed in  
3 accordance with this Chapter, then the effective date of the notice is stayed until a decision after  
4 the hearing on the appeal is issued.

#### 5 **Sec. 5.42.160. Appeals**

##### 6 A. Notice of Appeals.

- 7 (1) Within ten (10) calendar days after the notice of the decision of the City Manager or  
8 their designee(s) to revoke, suspend or deny an initial or renewed permit, or to add  
9 conditions to a permit, an aggrieved party may appeal such action by filing a written  
10 appeal with the City Clerk setting forth the reason why the decision was not proper.  
11 Reasons shall be stated with specificity and shall address the issues outlined in Section  
12 5R.42.170 (a). Date of service shall mean the date when a notice or written decision  
13 was personally delivered to the permittee, or the date when the notice was caused to be  
14 delivered by certified, first class mail. In cases in which the city can verify delivery of  
15 a notice to an applicant, or in which an applicant is documented as refusing delivery,  
16 lack of receipt of the notice cannot form the basis for an appeal.
- 17 (2) The Notice of Appeal shall be in writing and signed by the person making the appeal  
18 ("appellant"), or their legal representative, and shall contain the following:
- 19 i. Name, address, and telephone number of the appellant.
  - 20 ii. Specify decisions, actions, or a particular part thereof, made that are the subject of the  
21 appeal.
  - 22 iii. Include a true and correct copy of the notice issued by the City Manager for which the  
23 appellant is appealing.
  - 24 iv. State with specificity the reasons and grounds for making the appeal, including, but not  
25 limited to, a statement of facts upon which the appeal is based in sufficient detail to  
26 enable the City Council, or any appointed hearing officer, to understand the nature of  
27 the controversy, the basis of the appeal, and the relief requested.
  - 28 v. All documents or other evidence pertinent to the appeal that the appellant requests the  
hearing officer or body to consider at the hearing.
  - vi. An appeal fee, as established by Resolution of the City Council.
- (3) Failure of the City Clerk to receive a timely appeal constitutes a waiver of the right to  
appeal the notice issued by the City Manager. In this event, City Manager's notice of  
revocation, nonrenewal, suspension and/or other action is final and binding.
- (4) In the event a written Notice of Appeal is timely filed, the nonrenewal, suspension,  
revocation, or other action shall not become effective until a final decision has been  
rendered and issued by the City Council, or appointed hearing officer or body. Notices  
of appeal not served in a timely manner or served by non-operational businesses shall  
not serve to allow such businesses to operate pending appeal.

1 (5) If no appeal is timely filed in the event of a decision of nonrenewal, the Commercial  
2 Cannabis Permit shall expire at the conclusion of the term of the permit. If no appeal  
3 is timely filed in the event of a decision supporting suspension or revocation, the  
4 suspension or revocation shall become effective upon the expiration of the period for  
5 filing a written Notice of Appeal.

6 B. Review by City Council, or Appointed Hearing Officer or Body; Appeal Hearing and  
7 Proceedings.

- 8 (1) All appellants shall, subject to filing a timely written Notice of Appeal, obtain review  
9 thereof before the City Council, or appointed hearing officer or body.  
10 (2) Upon receipt by the City Clerk of a timely-filed appeal, the City Clerk shall forward such  
11 appeal to each member of the City Council. Any member of the City Council may within  
12 ten (10) days of such notification then request that the City Clerk place on the next regularly  
13 scheduled City Council meeting or special Council meeting the question of whether the  
14 City Council shall sit at the appeals board. In the event that City Council does not  
15 affirmatively choose to hear such appeal or does not act to appoint another body to serve  
16 to head such appeal, the City Clerk shall immediately obtain the services of a hearing  
17 officer from the Office of Administrative Hearings.  
18 (3) The administrative appeal shall be scheduled no later than forty-five (45) days, and no  
19 sooner than thirty (30) days, after receipt of a timely filed Notice of Appeal if such appeal  
20 is to be heard by the City Council or other City-appointed body. If the Office of  
21 Administrative Hearings is utilized for such hearing, then the hearing shall be scheduled as  
22 expeditiously as possible pursuant to the availability of a hearing officer. The appellant(s)  
23 listed on the written Notice of Appeal shall be notified in writing of the date, time, and  
24 location of the hearing at least ten (10) days before the date of the hearing (“notice of appeal  
25 hearing”).  
26 (4) All requests by an appellant to continue a hearing must be submitted to the City Clerk in  
27 writing no later than three (3) business days before the date scheduled for the hearing. The  
28 City Council, or appointed hearing officer or body, may continue a hearing for good cause  
or on its own motion; however, in no event may the hearing be continued for more than  
thirty (30) calendar days, unless there is a stipulation by all parties to do so.  
(5) The City Council shall preside over the hearing on appeal, or at City Council’s discretion,  
the City Council may appoint a hearing officer or body to conduct the hearing.

23 C. At the date, time and location set forth in the Notice of Appeal hearing, the City Council, or an  
24 appointed hearing officer or body, shall hear and consider the testimony of the appellant(s),  
25 City staff, and/or their witnesses, as well as any documentary evidence properly submitted for  
26 consideration.

27 D. The following rules shall apply at the appeal hearing:  
28



1. Appeal hearings are informal, and formal rules of evidence and discovery do not apply. However, rules of privilege shall be applicable to the extent they are permitted by law, and irrelevant, collateral, undue, and repetitious testimony may be excluded.

2. The City bears the burden of proof to establish the grounds for denial, nonrenewal, suspension or revocation by a preponderance of evidence.

3. The issuance of the City Manager's notice constitutes prima facie evidence of grounds for the denial, nonrenewal, suspension or revocation, and City personnel who significantly took part in the investigation, which contributed to the City Manager issuing a notice of decision, may be required to participate in the appeal hearing.

4. The City Council, or the appointed hearing officer or body, may accept and consider late evidence not submitted initially with the Notice of Appeal upon a showing by the appellant of good cause. The City Council, or appointed hearing officer or body, shall determine whether a particular fact or facts amount to a good cause on a case-by-case basis.

5. The appellant may bring a language interpreter to the hearing at their sole expense.

6. The City may, at its discretion, record the hearing by stenographer or court reporter, audio recording, or video recording. If the appellant requests from the City that said recording take place, the costs of same shall be deposited with the City at the time the Notice of Appeal and appeal fee are submitted to the City.

E. If the appellant, or their legal representative, fails to appear at the appeal hearing, the City Council, or the appointed hearing officer or body, may cancel the appeal hearing and send a notice thereof to the appellant by certified, first class mail to the address(es) stated on the Notice of Appeal. A cancellation of a hearing due to non-appearance of the appellant shall constitute the appellant's waiver of the right to appeal and a failure to exhaust all administrative remedies. In such instances, the City Manager's notice of decision is final and binding.

F. Decision of the City Council, or Appointed Hearing Officer or Body; Final Decision.

1. Following the conclusion of the appeal hearing, the City Council, or appointed hearing officer or body, shall determine if any ground exists for the non-issuance, nonrenewal, suspension or revocation of a Commercial Cannabis Permit or other action. If the City Council, or appointed hearing officer or body, determines that no grounds for denial, nonrenewal, suspension, revocation, or other action exist, the City Manager's notice of decision shall be deemed vacated. If the City Council, or appointed hearing officer or body, determines that one or more of the reasons or grounds enumerated in the notice of decision exists, a written final decision shall be issued within ten (10) business days, which shall at minimum contain the following:

i. A finding and description of each reason or grounds for non-issuance non-renewal, suspension, revocation, or other action that exists.

ii. Any other finding, determination or requirement that is relevant or related to the subject matter of the appeal.

1           iii. A holding that the City Manager's decision is affirmed or modified.

2           2. The decision of the City Council, or appointed hearing officer or body, is final and  
3           conclusive and is subject to the time limits set forth in California Code of Civil Procedure  
4           Section 1094.6.

5           G. A copy of the final decision shall be served by certified, first class mail on the appellant. If  
6           the appellant is not the owner of the real property in which the commercial cannabis business  
7           is located, or proposed to be located, a copy of the final decision may also be served on the  
8           property owner by first class mail to the address shown on the last equalized assessment roll.  
9           Failure of a person to receive a properly addressed final decision shall not invalidate any  
10           action or proceeding by the City pursuant to this Chapter.

#### 11 **Section 5.42.170.     Appeal for Initial Permit; Limited Grounds**

12           A. The grounds for denial of an initial denial of a commercial cannabis permit are limited to  
13           the following:

14               1. Deviation from the City's published Application Procedures that adversely affected the  
15               applicant by altering the outcome of the City's decision on the Applicant's application.  
16               Examples of appealable deviations are:

17                   a. Failure on the part of the City to provide appropriate notification regarding changes  
18                   to the application process via website postings and/or email to the Applicant prior to the  
19                   time the application was submitted;

20                   b. Failure on the part of the City to provide an Applicant an equal opportunity to modify  
21                   an application, where that opportunity was provided to other applicants required to comply  
22                   with the same criteria under the exact same process for the type of activity in which they  
23                   applied for in the City.

24               2. Scoring of one or more portions of the applicant's application was not justified based  
25               on the information presented in the application, or due to a material error or omission on  
26               the part of the individual(s) scoring the application.

27           B. Any appeal based upon Section 5.42.170.A(1) must be supported by substantial evidence  
28           that the applicant presented the relevant information with completeness and in the  
29           appropriate section of the application. Information presented in the application that is  
30           incomplete in nature, or that is relevant to a question posed by the City on the application  
31           form but appears in the incorrect section, even if complete, may be grounds for the  
32           dismissal of the appeal.

### 33 **ARTICLE III. ISSUANCE AND PERMIT REQUIREMENTS**

#### 34 **Sec. 5.42.200   Permits and Inspections Prior to Commencing Operations.**

35           Prior to commencing operations, a commercial cannabis business shall be subject to  
36           inspection of the premises, and must obtain all required plan approvals and building permits-which  
37           would otherwise be required for any business of the same size and intensity operating in that zone.  
38           Accordingly, the permittee shall also obtain all required Building Division approvals, Fire

Department approvals, Butte County Health Department approvals and any other permit or approval required by this Chapter, Code or applicable law, rules or regulations.

**Sec. 5.42.210 City Business License.**

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

**Sec. 5.42.220 Limitations on City's Liability.**

- A. To the fullest extent permitted by local, state and/or federal law, the City of Chico shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Permit pursuant to this Chapter, or otherwise approving the operation of any commercial cannabis business.
- B. As a condition to the approval of any Commercial Cannabis Permit, Conditional Use Permit, and any other agreement, permit, or license between the City and applicant, the applicant shall meet the following conditions prior to issuance of the Commercial Cannabis Permit:
1. It must execute an agreement, in a form approved by the City Attorney, agreeing to indemnify, defend at the applicant's sole cost and expense, and hold harmless the City of Chico, and its officers, officials, employees, representatives, and agents from any and all claims, losses, damages, injuries, liabilities or losses which arise out of their license, permit, or other entitlement to operate a commercial cannabis business related to:
    - i. The City's drafting, adoption and passage of local ordinances, and related resolutions, policies, rules and regulations, allowing for commercial cannabis businesses and/or, if necessary in the future, making any zoning law amendment(s);
    - ii. The City's issuance of the Commercial Cannabis Permit;
    - iii. The City's approval and execution of a land use entitlement and/or Conditional Use Permit;
    - iv. The City's decision to approve the operation of the commercial cannabis business or activity;
    - v. The process used by the City in making its decision to issue, approve or deny a permit, or handle any appeal of any issuance, approval or denial of a permit; and/or
    - vi. The alleged violation of any federal, state or local laws by the commercial cannabis business or any of its officers, employees or agents.
  2. Maintain insurance at coverage limits, and with conditions thereon determined necessary and appropriate from time to time by the City's Risk Manager.
  3. Reimburse the City of Chico for all costs and expenses, including but not limited to attorney fees and costs and court costs, which the City of Chico may be required to pay as a result of any legal challenge related to the City's approval of the applicant's Commercial Cannabis Permit, or related to the City's approval of the applicant's commercial cannabis activity, or the City's approval of a Use Permit. The City of Chico may, at its sole discretion, participate at its own expense in the defense of any such action, but such

1           participation shall not relieve any of the obligations imposed hereunder.

2           C.     The terms and provisions as enumerated in this section related to indemnification  
3 and limitation on the City's liability shall be an explicit term of a Commercial Cannabis Permit  
4 and if applicable as a condition in the Use Permit, that an applicant and a permittee shall agree to  
5 in order for same to be valid.

6           **Sec. 5.42.230 Permit; Non-assignable and Non-transferable.**

7           A.     Commercial Cannabis Permits issued under this Chapter are valid only as to the  
8 approved permittee at the specified approved location, and is therefore nontransferable to other  
9 persons, entities, projects or locations, without the filing of a new application.

10          B.     No Commercial Cannabis Permit may be sold, transferred or assigned by a  
11 permittee, or by operation of law, to any other person, persons, or entities, unless a written  
12 amendment is made consistent with this Chapter, Codified Resolution 5R.42 and Chapter 19. Any  
13 such sale, transfer, or assignment, or attempted sale, transfer, or assignment inconsistent with these  
14 requirements shall be deemed to constitute a voluntary surrender of such permit and such permit  
15 shall thereafter be null and void, except as set forth in this Chapter, or unless a written amendment  
16 to the Commercial Cannabis Permit, and where applicable the Use Permit, is ultimately approved.

17           **Sec. 5.42.240 Change in Location of Commercial Cannabis Business.**

18          A.     No permittee may operate at a location different from the location approved and  
19 specified in the Commercial Cannabis Permit and entitlements (e.g., use permit) until such change  
20 of location is approved and a new Commercial Cannabis Permit or land use entitlement is issued  
21 for that location. Operating at a location different from the location approved and specified in the  
22 Commercial Cannabis Permit and entitlements in violation of this section shall be grounds for  
23 revocation of the permit.

24          B.     For commercial cannabis permits where entitlements are issued by the City Council  
25 or Planning Commission, no permittee shall change the location of the commercial cannabis  
26 business specified in the Commercial Cannabis Permit and entitlements until any such change of  
27 location is approved by the approving body and such decision becomes final.

28          C.     For all other commercial cannabis permits, no permittee shall change the location  
29 of the commercial cannabis business specified in the Commercial Cannabis Permit and  
30 entitlements until any such change of location is approved by the City Manager. Prior to such  
31 decision, City Manager shall consult with the Police, Fire, Community Development and Public  
32 Works Departments.

33          D.     The change of location of a commercial cannabis businesses shall meet all the  
34 requirements under this Chapter, including but not limited to:

- 35           1.     The permittee shall submit a change of location application to the City at least sixty (60)  
36 calendar days prior to the proposed change. Additional time may be necessary for

processing by the City based on land use entitlements and staff workload.

2. The proposed location shall meet all the requirements under this Code, including but not limited to this Chapter and the Chico Zoning Ordinance.
3. The proposed location shall be reviewed and evaluated using the same review criteria as used and relied upon under the initial application process.
4. For relocation of a permittee's commercial cannabis business issued by the City Council, such relocation application shall be subject to the prior review and approval by the Planning Commission and/or City Council at a public meeting, as appropriate for amending the applicable entitlements.
5. No later than twenty-one (21) days prior to any public meeting required under this section, the permittee shall give notice to all property owners and occupants located within five hundred (500) feet of the proposed premises of the proposed relocation of any commercial cannabis business.

#### **Sec. 5.42.250 Changes in Ownership of Commercial Cannabis Business.**

A. No permittee shall transfer ownership or control of a commercial cannabis business unless and until the proposed new owner submits all required application materials and pays all applicable fees, and independently meets the requirements of this Chapter such as to be entitled to the issuance of an original Commercial Cannabis Permit. Prior to approval of such transfer, the City Manager shall consult with the Police, Fire, Community Development and Public Works Departments.

B. A proposed agreement to be duly executed between the permittee and the proposed new owner must also be submitted wherein the permittee assigns all duties, responsibilities, waivers, and/or obligations within the entitlements to the proposed new owner, and the proposed new owner assumes same. Same shall be presented as a proposed amendment to the originally, executed entitlements.

C. In the event of a substantial change in the ownership of a permittee business entity (changes that result in a change of fifty-one (51) percent or more of the original ownership), each new owner must be approved by the City Council after completion of the application process under this Chapter, including evaluation under any applicable review criteria used and relied upon during the original review and selection process.

D. A permittee may change the form of business entity without applying to the City Council for a new Commercial Cannabis Permit, provided that either:

1. The ownership of the new business entity is the same as the original permit holder business entity; or
2. If the original permittee is an unincorporated association, mutual or public benefit

1 corporation, agricultural or consumer cooperative corporation and subsequently transitions  
2 to or forms a new business entity as allowed under the MAUCRSA, provided that the Board  
3 of Directors (or in the case of an unincorporated association, the individual(s) listed on the  
4 City permit application) of the original permittee entity are the same as the new business  
5 entity.

6 E. Although a new Commercial Cannabis Permit is not required in the two  
7 circumstances listed in this subsection D., the permittee shall notify the City in writing of the  
8 change within ten (10) calendar days of the change, and obtain an amendment to the original  
9 Commercial Cannabis Permit. Such change may require amendment to associated entitlements,  
10 which shall be reviewed upon receipt of such notice.

11 F. No permittee may avail themselves of the provisions of this section if the City  
12 Manager, or their designee, has notified the permittee that the Commercial Cannabis Permit has  
13 been or may be suspended, revoked, or is not being/has not been renewed.

14 G. Failure to comply with this section is grounds for revocation of a Commercial  
15 Cannabis Permit, and/or grounds to issue a notice to cure, pursuant to the provisions of the  
16 corresponding Use Permit.

17 H. Any attempt to transfer a Commercial Cannabis Permit either directly or indirectly  
18 in violation of this section is hereby declared void, and such a purported transfer shall be deemed  
19 a ground for revocation of the permit.

20 **Sec. 5.42.260 Change in Ownership when the Permittee is a Partnership or Corporation.**

21 A. One or more proposed partners in a partnership granted a Commercial Cannabis  
22 Permit may make application to the City Manager, together with the fee established by the City  
23 Council, to amend the original application, providing all information as required for partners in  
24 the first instance and, upon approval thereof, the transfer of the interests of one or more partners  
25 to the proposed partner or partners may occur. If the permittee is a partnership and one or more  
26 of the partners should die, one or more of the surviving partners may acquire, by purchase or  
27 otherwise, the interest of the deceased partner or partners without effecting a surrender or  
28 termination of such permit. In such circumstance, the Commercial Cannabis Permit, upon  
notification to the City Manager, shall be placed in the name of the surviving partners upon proof  
of acquisition by the remaining partner(s) of the decedent's interest. Prior to such action becoming  
final, City Manager shall consult with the Police, Fire, Community Development and Public  
Works Departments.

B. If the Commercial Cannabis Permit is issued to a corporation, stock may be sold,  
transferred, issued, or assigned to stockholders who have been named on the application regardless  
of the percentage of stock held by such person at the time of application. A person not listed on  
the application as a stockholder may acquire less than fifty (50) percent in a corporation without  
necessitating an application for amendment of Commercial Cannabis Permit due to change of  
ownership. If a person not listed on the application as a stockholder at any time acquires more  
than fifty (50) percent of the aggregate stock in a corporation, an amendment to the Commercial

1 Cannabis Permit indicating the new ownership structure shall be obtained from the City. In the  
2 event that more than fifty (50) percent of the aggregate stock in a corporation is acquired by one  
3 person, without an amendment to the Commercial Cannabis Permit being obtained from the City,  
4 the permit shall be deemed terminated and void; provided, however, the proposed stock purchaser  
5 transferee may submit to the City Manager, together with the fee established by the City Council,  
6 an application to amend the original application providing all information as required for  
7 stockholders in the first instance under this Chapter, and, upon approval thereof, the transfer may  
8 then occur.

9 C. All changes in ownership as described in this section must be submitted to the City  
10 within thirty (30) calendar days, along with any organizational documents reflecting said changes.  
11 Furthermore, said corresponding amendments to the corresponding executed entitlements must  
12 also be made, and reviewed and approved as addressed in the entitlements, or as required by the  
13 City's policy concerning amendments to such entitlements. Failure to submit changes in ownership  
14 in violation of this section is shall grounds for revocation of the permit.

#### 15 **Sec. 5.42.270 Changes in Name of Business Only.**

16 A. No permittee shall operate, conduct, manage, engage in, or carry on the business of  
17 a commercial cannabis business under any name other than the name of the commercial cannabis  
18 business specified in the permit.

19 B. The permittee shall advise the City Manager at least fifteen (15) calendar days prior  
20 of all changes of name or designation under which the business is to be conducted. The change of  
21 name or designation shall be accompanied by a non-refundable fee established by resolution of the  
22 City Council to defray the costs of reissuance of the Commercial Cannabis Permit, and to make  
23 any amendments to the corresponding executed entitlements in the new business name.

24 C. Said change in name must also be made in the form of an amendment to the  
25 corresponding executed entitlements, and reviewed and approved as outlined in the entitlements,  
26 or as required by the City's policy concerning amendments to such entitlements.

#### 27 **Sec. 5.42.280 Alterations to Approved Facility.**

28 A. No alterations to an approved facility may be undertaken without approval of the  
City Manager for businesses allowed by right under Title 19.

B. No alterations to an approved facility may be undertaken at a business issued a use  
permit or other entitlement issued as a discretionary approval (i.e., by planning commission or city  
council) without approval of the issuing body.

C. The City Manager or their designee shall review proposed alterations to an  
approved facility to determine if such alterations are material to the permits, licenses, and  
entitlements issued for the facility. In the event that such alterations are material changes to the  
permits, licenses, and entitlements, such proposed alterations shall be considered by the person or  
body or bodies issuing the permits, license and entitlements. Material changes shall include, but  
not be limited to, increased square footage of interior space, decreased parking, decreased  
accessibility, changes to the security plan, and alteration of a previously submitted floorplan.

1 D. All required City approvals, plan approvals, and permits must be obtained before  
2 causing, allowing, or permitting alterations to, and/or extensions or expansions of, the existing  
3 building(s), structure(s), or portions thereof, approved as a location for a commercial cannabis  
4 business. Said alterations, extensions, or expansions shall comply with all applicable state and  
5 local laws, regulations and standards, including those concerning building and fire safety, as well  
6 as occupancy.

7 E. Undertaking alterations to an approved facility without appropriate approval in  
8 violation of this section shall be grounds for revocation of the permit.

9 **Sec. 5.42.290 Any Other Changes in Information as Reflected in the Submitted**  
10 **Application or Entitlements.**

11 A. Permittee shall notify the City on a form approved by the City Manager within  
12 fifteen (15) calendar days of any other change in the information provided in the application form  
13 or any change in status of compliance with the provisions of this Chapter or resolutions or the  
14 Chico Zoning relating to commercial cannabis businesses, including any change in the commercial  
15 cannabis business form of ownership or management members.

16 B. Such form shall be submitted along with a permit and appropriate fee, as adopted  
17 by Resolution of the City Council.

18 C. Any changes in the information provided by permittee in the commercial cannabis  
19 permit application form, or any change in status of compliance in regard to the provisions of this  
20 Chapter, or Chapter 19.75 or Chapter 5.42 of the Chico Municipal Code, including any change in  
21 the commercial cannabis business form of ownership or management members without  
22 compliance with this section shall be grounds for revocation of the permit.

23 **ARTICLE IV. OPERATIONAL REQUIREMENTS**

24 **Sec. 5.42.300 General Prohibitions**

25 A. It is unlawful for any person:

- 26 1. To sell, give, exchange, dispense or distribute cannabis or cannabis products for  
27 on-site consumption, use or sampling on any business premises.
- 28 2. To conduct a Cannabis Event in the City.
3. To consume or use cannabis or cannabis products, whether by smoking, vaping,  
i. inhaling, eating, drinking or any other means;  
ii. In, on or about the premises of any commercial cannabis business;  
iii. In, on or about any publicly owned or operated property; any place open to, or  
iv. accessible by the public; any place smoking is prohibited; or any place visible from  
any public place with normal unaided vision;  
v. In, on or about any other business, club, cooperative or commercial event,  
vi. regardless if open to the public or only to members, ticket holders or event invitees;  
vii. Any location where an entry or other fee is charged to attendees or to the host or  
viii. where a thing of value or consideration is received or exchanged, directly or  
ix. indirectly, for or related to the provision of cannabis.



1 B. Added Artificial Flavor Prohibited. Retailers shall not sell cannabis products which  
2 contains an added characterizing flavor. For purposes of this Chapter, “characterizing flavor”  
3 means a taste or aroma, other than the taste or aroma of cannabis, imparted either prior to or during  
4 consumption. This includes, but is not limited to, tastes or aromas relating to food or drink of any  
5 sort, including but not limited to menthol, mint, wintergreen, fruit, chocolate, vanilla, honey,  
6 candy, cocoa, dessert, alcoholic beverages, herbs, or spices. Flavor agents consisting of terpenes  
7 of cannabis shall not be considered an added characterizing flavor.

8  
9  
10 **Sec. 5.42.305 Restriction on Alcohol and Tobacco Sales, Dispensing or Consumption.**

11 No person shall cause, allow, or permit the sale, dispensing, or consumption of alcoholic  
12 beverages or tobacco products on or about the premises of a commercial cannabis business,  
13 pursuant to and consistent with the prohibition of same by state law.

14 **Sec. 5.42.310 Operating Requirements for Store Front Retail Facilities.**

15 A. Retailers shall verify the age and all necessary documentation of each individual to  
16 ensure the customer is not under the age of eighteen (18) years. If the potential customer is over  
17 18 but under 21 years old, retailer shall confirm the customer’s possession of a valid doctor’s  
18 recommendation and/or Health and Safety Code Section 11362.71 identification card (Medical  
19 Marijuana Card). For adult-use purchasers, retailers shall verify that all customers are 21 years of  
20 age or older for the purchase of cannabis or cannabis products.

21 B. Individuals must show a government-issued identification, and, in the case of  
22 purchases of medical cannabis, their physician’s recommendation, or a cannabis card issued  
23 pursuant to Health and Safety Code Section 11362.71 in order to gain access into the retailer. The  
24 government-issued identification and, if applicable, doctor’s recommendation or cannabis card  
25 must also be shown at the point of sale station at the time of purchase. Doctor recommendations  
26 are not to be obtained or provided at the retail location.

27 C. Uniformed licensed security personnel shall be employed by permittee to monitor  
28 site activity, control loitering and site access, and to serve as a visual deterrent to unlawful  
29 activities.

30 D. Retailers may have readily available for sale on-site in the retail sales area of the  
31 retailer only that quantity of cannabis and cannabis products to meet the daily demand. Additional  
32 product may be stored in a secured, locked area to which customers, vendors, and visitors shall not  
33 have access.

34 E. All restroom facilities used by customers shall remain locked and under the control  
35 of management.

1 F. Retailers authorized to conduct retail activities shall only serve customers who are  
2 within the licensed premises, or at a delivery address that meets the requirements of state law and  
3 this division.

- 4 1. The sale and delivery of cannabis goods shall not occur through a pass-through  
5 window or a slide-out tray to the exterior of the premises.
- 6 2. Retailers shall not operate as or with a drive-in or drive-through at which cannabis  
7 goods are sold to persons within or about a motor vehicle.
- 8 3. No cannabis goods shall be sold and/or delivered by any means or method to any  
9 person within a motor vehicle.
- 10 4. All cannabis goods sold by a retail business shall be contained in child-resistant  
11 packaging.
- 12 5. Retailers shall record point-of-sale areas and areas where cannabis goods are  
13 displayed for sale on the video surveillance system. At each point-of-sale location,  
14 camera placement must allow for the recording of the facial features of any person  
15 purchasing or selling cannabis goods, or any person in the retail area, with sufficient  
16 clarity to determine identity.
- 17 6. A retail licensee who is engaged in retail sales shall hire or contract for security  
18 personnel who are at least 21 years of age to provide security services for the  
19 licensed retail premises. All security personnel hired or contracted for by the  
20 licensee shall be licensed by the Bureau of Security and Investigative Services and  
21 shall comply with Chapters 11.4 and 11.5 of Division 3 of the Business and  
22 Professions Code.

23 G. Access to Retailer Premises.

- 24 (1) Access to the premises of a retail licensee/permittee shall be limited to individuals  
25 who are at least 21 years of age.
- 26 (2) Notwithstanding Section 5.42.310(h)(1) individuals who are at least 18 years of age  
27 and in possession of a valid physician's recommendation shall be granted access to  
28 the premises of a retail licensee/permittee for the sole purpose of purchasing  
medicinal cannabis consistent with the physician's recommendation.

H. 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,  
if those individuals are in possession of a valid physician's recommendation.

I. 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 their designee upon  
request.

1 J. Operating hours of the Store Front Retailer permittees shall be limited to the hours  
2 of 8:00 a.m. through 9:00 p.m. Pacific Standard Time, seven days a week.

3 K. Store Front/Retail Security Requirements. All provisions incorporated within  
4 Section 5.42.320 of this Chapter (Security Requirements), are directly applicable to and binding  
5 on all commercial cannabis businesses, including all Store Front/Retail businesses.

6 L. Educational Materials. Cannabis retailers shall provide written educational  
7 materials to all customers:

- 8 a. Regarding each product sold, with information regarding the name and type of product,  
9 instructions for use, and expected effects.
- 10 b. Regarding all edible cannabis products and cannabis concentrate products sold to a  
11 customer, which shall include
  - 12 i. information on safe storage and use of the product,
  - 13 ii. warning against child access and exposure to the product, and
  - 14 iii. warnings of potential side effects concerning brain development of individuals  
15 under the age of twenty-five years and
  - 16 iv. warnings of potential harm to pregnant women.

17 M. Training Required. All employees who interact with public customers as well as all  
18 management staff complete training to ensure competency of employees for their assigned  
19 functions within the first year of the retailers' first year of operation, and within one year of each  
20 employee's hire date thereafter. The retailer shall maintain records showing completion of each  
21 employee's training for a period of two years and provide such records to the City Manager or  
22 his/her designee upon request.

#### 23 **Sec. 5.42.311 Operating Requirements for Non-Storefront Retail Facilities.**

24 A. Non-Store Front Retailers (delivery) which conduct deliveries from or within the  
25 City of Chico shall comply with the following:

26 (a) Operating hours of the Non-Store Front Retailer License shall be limited to the  
27 hours of 8:00 a.m. through 9:00 p.m., seven days a week.

28 (b) 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.

(c) 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. Additional  
product may be stored in a secured, locked area to which customers, vendors, and visitors shall not  
have access.

B. Educational Materials. Cannabis retailers shall provide written educational  
materials to all customers:

- 1 (a) Regarding each product sold, with information regarding the name and type of  
2 product, instructions for use, and expected effects.  
3 (b) Regarding all edible cannabis products and cannabis concentrate products sold to a  
4 customer, which shall include:  
5 i. information on safe storage and use of the product,  
6 ii. warning against child access and exposure to the product, and  
7 iii. warnings of potential side effects concerning brain development of  
8 individuals under the age of twenty-five years and  
9 iv. warnings of potential harm to pregnant women.  
10

11 C. Training Required. All employees who interact with public customers as well as all  
12 management staff complete training to ensure competency of employees for their assigned  
13 functions within the first year of the retailers' first year of operation, and within one year of each  
14 employee's hire date thereafter. The retailer shall maintain records showing completion of each  
15 employee's training for a period of two years, and provide such records to the City Manager or  
16 his/her designee upon request.

#### 17 **Sec. 5.42.312 Operating Requirements for Testing Laboratories.**

- 18 (a) Testing Labs shall be required to conduct all testing in a manner pursuant to Business  
19 and Professions Code Section 26100 and shall be subject to state and local law. Each  
20 Testing Lab shall be subject to additional regulations as determined from time to time  
21 as more regulations are developed under this Chapter and any subsequent State of  
22 California legislation or regulations regarding the same.  
23 (b) Testing Labs shall conduct all testing in a manner consistent with general  
24 requirements for the competence of testing and calibrations activities, including  
25 sampling using verified methods.  
26 (c) All cannabis testing laboratories performing testing shall obtain and maintain  
27 ISO/IEC 17025 accreditation as required by the Bureau of Cannabis Control.  
28 (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

1 licensed premises from which the cannabis or cannabis products were acquired or  
2 received. All transfer or transportation shall be performed pursuant to a specified  
3 chain of custody protocol.

- 4 (g) A testing laboratory may receive and test samples of cannabis or cannabis products  
5 from a qualified patient or primary caregiver only if the qualified patient or primary  
6 caregiver presents the qualified patient's valid physician's recommendation for  
7 cannabis for medicinal purpose. A testing lab shall not certify samples from a  
8 qualified patient or primary caregiver for resale or transfer to another party or  
9 licensee. All tests performed by a testing laboratory for a qualified patient or primary  
10 caregiver shall be recorded with the name of the qualified patient or primary caregiver  
11 and the amount of the cannabis or cannabis products received.

### 12 **Sec. 5.42.313. Operating Requirements for Cannabis Manufacturing**

13 A. Cannabis manufacturing shall only be permitted for Type 6 or Type 7 state licenses  
14 for manufacturing facilities as such types are known at the time of adoption of this ordinance. Any  
15 subsequently created manufacturing state license types shall be considered by the Council and or  
16 Planning Commission prior to being permitted to operate within the City. Type 6 and Type 7  
17 manufacturing uses shall be allowed only in those zone districts as defined in Chapter 19 of the  
18 Chico Municipal Code for cannabis manufacturing.

19 B. Any compressed gases used in the manufacturing process shall not be stored on any  
20 property within the City of Chico in containers that exceeds the amount which is approved by the  
21 Chico Fire Department and authorized by the regulatory permit. Each site or parcel subject to a  
22 commercial cannabis business permit shall be limited to a total number of tanks as authorized by  
23 the Chico Fire Department on the property at any time.

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

27 D. If an extraction process uses a professional grade closed loop CO<sub>2</sub> gas extraction  
28 system every vessel must be certified by the manufacturer for its safe use as referenced in Section  
29 5.42.313(f). The CO<sub>2</sub> must be of at least ninety-nine percent purity.

30 E. Closed loop systems for compressed gas extraction systems must be commercially  
31 manufactured and bear a permanently affixed and visible serial number.

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

- 38 (1) The American Society of Mechanical Engineers (ASME);  
39 (2) American National Standards Institute (ANSI);

- (3) Underwriters Laboratories (UL); or  
(4) The American Society for Testing and Materials (ASTM).

G. 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.

H. 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.

I. 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.

J. 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.

K. 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.

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

M. Permittee shall be subject to initial review and annual review of compliance with the California Fire Code for issuance of an operational permit issued by the Fire Chief.

#### **Sec. 5.42.314. 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 premise. 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 Title 16, 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.

**Sec. 5.42.315. Operating Requirements for Retail Delivery Businesses.**

A. **Delivery Personnel.** A cannabis delivery retailer shall maintain a database and provide a list of the individuals and vehicles authorized to conduct vehicle dispensing, and a copy of the valid California driver's license issued to the driver of any such vehicle on behalf of the cannabis delivery retailer to the Chief of Police.

B. **Delivery Requests.** During delivery, a physical copy of the delivery request (and/or invoice) shall be in the vehicle at all times, and the driver shall make it available upon the request of agents or employees of the City requesting documentation.

C. **Vehicle Information.** Prior to commencing operations, the following information shall be provided to the City:

- a. Proof of ownership of the vehicle or a valid lease for all vehicles that will be used to deliver cannabis or cannabis products.
- b. The year, make, model, color, license plate number, and numerical Vehicle Identification Number (VIN) for all vehicles that will be used to deliver cannabis goods.
- c. Proof of insurance as required by Section 5.42.220 B.2. for 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.

D. **Delivery Vehicle.** A cannabis delivery retailer shall only permit or allow delivery of cannabis or cannabis products in a vehicle that is:

- a. insured at or above the legal requirement in California;
- b. capable of securing (locking) the cannabis or cannabis products during transportation;
- c. capable of being temperature controlled if perishable cannabis or cannabis products is being transported; and
- d. does not display advertising or symbols visible from the exterior of the vehicle that suggest the vehicle is used for cannabis delivery or affiliated with a cannabis retailer.

E. **Delivery Sales Records.** A cannabis delivery retailer shall facilitate deliveries with a technology platform owned by or licensed to the non-storefront delivery only retailer that uses Global Positioning System technology to track and database technology to record and store the following information:

- a. The time that the individual conducting vehicle dispensing on behalf of the storefront retailer departed the licensed premises.

- b. The time that the individual conducting vehicle dispensing on behalf of the storefront retailer completed vehicle dispensing to the qualified patient, primary caregiver, or customer.
- c. The time that the individual conducting vehicle dispensing on behalf of the storefront retailer returned to the licensed premises.
- d. The route the individual conducting vehicle dispensing on behalf of the storefront retailer will travel between departing and returning to the permitted premises to conduct vehicle dispensing.
- e. For each individual vehicle dispensing transaction, the identification of the individual conducting deliveries on behalf of the storefront retailer.
- f. For each individual delivery transaction, the vehicle used to conduct vehicle dispensing on behalf of the storefront retailer permittee.
- g. For each individual vehicle dispensing transaction, the identity of the qualified patient, primary caregiver, or customer receiving cannabis or cannabis products from the storefront retailer.
- h. For each individual vehicle dispensing transaction, the type and quantity of cannabis or cannabis products dispensed and received.
- i. For each individual vehicle dispensing transaction, the dollar amount to be charged by the storefront retailer and received by the individual conducting deliveries on behalf of the storefront retailer the cannabis or cannabis products dispensed and received.

F. **Customer Verification.** The individual making deliveries on behalf of the cannabis delivery retailer shall for each transaction:

- a. Verify the identity and age of the qualified patient, primary caregiver, or customer receiving cannabis or cannabis products from the delivery only retailer, and
- b. If a medicinal cannabis transaction,
  - i. verify the validity of the qualified patient's recommendation from a physician to use cannabis for medical purposes or primary caregiver's status as a primary caregiver for the particular qualified patient, and
  - ii. maintain a copy of the physician recommendation or Identification Card, as described in Health and Safety Code Sections 11362.71 through 11362.77, as may be amended from time to time, at its permitted business location for a period of not less than seven (7) years.

G. **Required Notifications.** Delivery retailers shall notify qualified patients, primary caregivers, and customers in writing of the following:

- a. "The sale or diversion of cannabis or cannabis products without a permit issued by the City of Chico is a violation of State law and the Chico City Code."
- b. "Secondary sale, barter, or distribution of cannabis or cannabis products purchased from a permittee is a crime and can lead to arrest."
- c. "Warning: the use of cannabis or cannabis products may impair a person's ability to drive a motor vehicle or operate heavy machinery."
- d. "CALIFORNIA PROP. 65 WARNING: Smoking of cannabis and cannabis-derived products will expose you and those in your immediate vicinity to cannabis smoke. Cannabis smoke is known by the State of California to cause cancer."



1 H. **Educational Materials.** A cannabis delivery retailers shall provide written  
2 educational materials to all customers:

- 3 a. Regarding each product sold, with information regarding the name and type of  
4 product, instructions for use, and expected effects.  
5 b. Regarding all edible cannabis products and cannabis concentrate products sold to a  
6 customer, which shall include information on safe storage and use of the product,  
7 warning against child access and exposure to the product, and warnings of potential  
8 side effects concerning brain development of individuals under the age of twenty-  
9 five years and potential harm to pregnant women.

10 **Sec. 5.42.316 Delivery Services Originating Outside of City.**

11 A. Until such time that permits for Retailer-Storefront or Non-Storefront Retail  
12 businesses are issued by the City, and the first of such business type within the City offers delivery  
13 services, out-of-City cannabis delivery services may conduct business within the City of Chico,  
14 subject to all other applicable operational requirements herein.

15 B. Businesses from outside of Chico offering delivery services inside the City shall  
16 cease delivery operations at the time of expiration of their annual business license renewal  
17 occurring after the first Retailer-Storefront or Non-Storefront Retail business permit is issued by  
18 the City and such permittee offers delivery services. The City shall provide notice to legally  
19 operating delivery services of the date of required cessation of operations.

20 **Sec. 5.42.317 Permissible Delivery Locations and Hours of Operation.**

21 Cannabis delivery service businesses permitted to engage in delivery of cannabis and cannabis  
22 products are subject to the following requirements:

- 23 a. A licensed cannabis delivery service may only deliver medicinal and adult use  
24 cannabis and cannabis goods to residential addresses in the City of Chico.  
25 Deliveries to all commercial addresses are expressly prohibited;  
26 b. A licensed cannabis delivery service shall not deliver medicinal or adult use  
27 cannabis goods to an address located on publicly owned land or any address on land  
28 or in a building leased by a public agency.  
c. A licensed cannabis delivery service shall only deliver medicinal and adult use  
d. Deliveries of cannabis or cannabis goods to residential properties located within  
600 feet of a public or private K-12 school shall not occur during school hours (8:00  
a.m. to 3:00 p.m. weekdays).

**Sec. 5.42.320 Security Requirements.**

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 Police Chief or their designee(s), these security measures shall include, but shall not be limited to, all of the following:

1. Alarm system (perimeter, and fire).
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 the Community Development Director or their designee(s).
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 at a Retail-Storefront use offered for sale as a whole live plant, 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 sold at retail shall be kept in a manner as to prevent diversion, theft, and loss. No part of such live plants shall be used for consumption or manufacture prior to retail sale of such live plant.
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 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 Chief of Police or their 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 Chief of Police or their designee(s). Video recordings shall be maintained for a minimum of ninety (90) days

1 and shall be made available to the Chief of Police or their designee(s)  
2 upon request. Video shall be of sufficient quality for effective  
3 prosecution of any crime found to have occurred on the site of the  
4 commercial cannabis business and shall be capable of enlargement via  
5 projection or other means. Internet Protocol address information shall be  
6 provided to the Chico Police Department by the commercial cannabis  
7 business, to facilitate remote monitoring of security cameras by the  
8 Department or its designee.

- 9 9. Sensors shall be installed to detect entry and exit from all secure areas  
10 and shall be monitored in real time by a security company licensed by  
11 the State of California Bureau of Security and Investigative Services.
- 12 10. Having a professionally installed, maintained, and monitored real-time  
13 alarm system by a security company licensed by the State of California  
14 Bureau of Security and Investigative Services.
- 15 11. Any bars installed on the windows or the doors of the commercial  
16 cannabis business shall be installed only on the interior of the building.
- 17 12. Security personnel shall be on-site during business hours or alternative  
18 security as authorized by the Chief of Police or their designee(s), and  
19 must have a verified response security patrol when closed. Security  
20 personnel must be licensed by the State of California Bureau of Security  
21 and Investigative Services personnel and shall be subject to the prior  
22 review and approval of the Chief of Police or their designee(s), with such  
23 approval not to be unreasonably withheld.
- 24 13. Each commercial cannabis business shall have the capability to remain  
25 secure during a power outage and shall ensure that all access doors are  
26 not solely controlled by an electronic access panel to ensure that locks  
27 are not released during a power outage.
- 28 14. 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.
15. 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.
16. 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.

17. Each commercial cannabis business shall have a professionally installed video surveillance system, access control and intrusion alarm systems designed to protect the inventory, facility, and employees. Each business shall have network security protocols that are certified by Underwriters Laboratories.

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

19. 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 Chico, who shall be reasonably available to meet with the City Manager or their 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 their 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 and fire 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 areas 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, any hazardous materials that may be used by the business, and any currency.

D. The commercial cannabis business shall cooperate with the City whenever the City Manager or their designee(s) makes a request, with or 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 Chief of Police or their designee(s) within twenty-four (24) hours after discovering any of the following:

1. Significant discrepancies identified during inventory
2. Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business, or any crime occurring on the premises of involving the 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 their designee prior to commencing business operations. The City Manager or their designee may supplement these security requirements once operations begin, subject to review by the City Manager or their designee if requested by the business owner.

#### **Sec. 5.42.330. 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 and shall maintain all invoices, receipts and other records supporting all revenues, expenses, assets, and liabilities. On no less than an annual basis, or at any time upon reasonable request of the City, each commercial cannabis business shall file a sworn statement detailing the commercial cannabis business' revenue and number of sales 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 revenues 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' 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 their designee.

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 upon request.

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

D. Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPAA), each commercial cannabis business shall allow City of Chico 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.

**Sec. 5.42.340 Fees and Charges.**

A. All related fees and charges associated with the operation of a commercial cannabis business as referenced or determined by this Chapter shall be established by Resolution of the City Council, which may be amended from time to time.

B. No application shall be considered prior to timely payment of in full all fees and charges required for any permit mandated by this Chapter.

C. 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 business, and as mandated by this Chapter.

D. All commercial cannabis businesses authorized to operate under this Chapter shall pay all sales tax, use tax, business tax 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 fees, costs or taxes required to be paid during any period.

**Sec. 5.42.350. Promulgation of Local Regulations, Standards and Other Legal Duties.**

A. In order to effectuate the intent of this Chapter, the City Manager, or their designee, is authorized to establish any additional local rules, regulations, policies and standards governing the operating requirements applicable to all commercial cannabis businesses to promote the public's safety, welfare or health; application review and approval process; the issuance, denial or renewal of Commercial Cannabis Permits; the ongoing operation of commercial cannabis businesses and the City's oversight of same; and/or concerning any other subject determined to be necessary to carry out the intent and purposes of this Chapter, including without limitation, establishing time periods to solicit applications pursuant to this Chapter, and corresponding deadlines for timely submittals of same to the City, as well as the drafting of any forms or applications, as required by this Chapter.

B. Additional local rules, regulations, policies and standards shall be published on the City's website and maintained and available to the public in the Office of the City Clerk.

C. Local rules, regulations, policies, and standards promulgated by the City Manager shall become effective upon date of publication. Commercial cannabis businesses shall be

1 required to comply with all state and local laws and regulations, including but not limited to any  
2 rules, regulations or standards adopted by the City Manager.

3 **Sec. 5.42.360. Fees Deemed Debt to City of Chico.**

4 The amount of any fee, cost or charge imposed pursuant to this Chapter, or as imposed and  
5 mutually agreed-upon pursuant to any entitlements shall be deemed a debt to the City of Chico  
6 that is recoverable in any manner authorized by this Code, state law, provision of an approved  
7 entitlement, or in any court of competent jurisdiction.

8 **ARTICLE V. ENFORCEMENT**

9 **Sec. 5.42.400 Responsibility for Violations.**

10 Permittees, Responsible Persons, and/or managers shall be responsible for violations of the laws  
11 of the State of California or of the City of Chico City Code, whether committed by the permittee,  
12 or any employee or agent of the permittee, which violations occur on the premises of the  
13 commercial cannabis business whether or not said violations occur within the permit holder's  
14 presence. Any act or omission of any employee constituting a violation of the provisions of this  
15 Chapter shall be deemed the act or omission of the permittee, Responsible Person, or manager, for  
16 purposes of determining whether the permit shall be revoked, suspended, or not renewed.

17 **Sec. 5.42.410 Inspections.**

18 A. The City Manager, Chief of Police, Fire Chief, or their designee(s), charged with  
19 enforcing the provisions of the City of Chico City Code may enter the location of a commercial  
20 cannabis business at any time during regular business hours, without notice, and inspect the  
21 location of any commercial cannabis business as well as any recordings and records required to be  
22 maintained pursuant to this Chapter or under applicable provisions of State law.

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

C. A cannabis storefront retailer shall be subject to a mandatory annual inspection,  
during regular business hours, without notice, to ensure compliance with the provisions of the City  
Code.

**Sec. 5.42.420 Violations and Penalties.**

A. Any person who violates any provision of this Chapter is guilty of a misdemeanor  
and shall also be subject to all other remedies available under this Code.

1 B. It is unlawful for any permittee of a commercial cannabis business, or its  
2 responsible person, manager or any other responsible person employed by or working in concert  
3 with them or on their behalf, whether directly or indirectly, to continue to operate, conduct, or  
4 maintain a commercial cannabis business after the City-issued Commercial Cannabis Permit has  
been suspended or revoked, or not timely renewed, pursuant to a non-contested notice of decision  
issued by the City Manager, or after the issuance of a final order after an appeal hearing.

5 C. Any commercial cannabis business operated, conducted, or maintained contrary to  
6 the provisions of this Chapter shall be, and the same is declared to be, unlawful and a public  
7 nuisance, and the City may, in addition to or in lieu of prosecuting a criminal action, commence  
8 an administrative or civil action(s) or proceeding(s), for the abatement, removal and enjoinder  
9 thereof, in the manner provided by law, and shall take such other steps and shall apply to such  
10 court or courts as may have jurisdiction to grant such relief to abate, cause cessation, or remove  
11 such commercial cannabis business and restrain and enjoin any person from operating, conducting  
12 or maintaining a commercial cannabis business contrary to the provisions of this Chapter.

13 D. Each person shall be guilty of a separate offense for each and every day, or part  
14 thereof, during which a violation of this Chapter, or of any law or regulation referenced herein, is  
15 allowed, committed, continued, maintained or permitted by such person, and shall be punishable  
16 accordingly.

17 E. Whenever in this Chapter any act or omission is made unlawful, it shall include  
18 causing, permitting, aiding, abetting, suffering, or concealing the fact of such act or omission.

19 F. The penalties set forth herein are cumulative and in addition to all other remedies,  
20 violations, and penalties set forth in this Chapter, the City's Code, or in any other ordinance, laws,  
21 rules or regulations of the City, County, or the State of California.

#### 22 **Sec. 5.42.430 Effect on Other Ordinances.**

23 Except as designated in this Chapter, the provisions of this Chapter shall control for regulation of  
24 commercial cannabis businesses as defined herein if other provisions of the Code conflict  
25 therewith. This Chapter shall not, however, relieve any person of their duty to comply with such  
26 laws if additional obligations, duties, or prohibitions are imposed thereby.

27 **SECTION 2. EFFECT ON OTHER LAWS.** Nothing in this Ordinance shall be construed to  
28 allow persons to engage in conduct that violates state law or other local ordinance, endangers  
others, causes a public nuisance, allows the use or diversion of cannabis in an unlawful manner or  
inconsistent with state law or other local ordinance.

**SECTION 3. ENVIRONMENTAL DETERMINATION AND FINDINGS.** The City Council,  
on the basis of the whole of the record and exercising independent judgement, finds that these  
regulations meet the requirements for CEQA Guidelines Section 15183 as a project consistent with  
a community plan or zoning, and that no additional environmental review or documentation is  
necessary. Implementation of this Ordinance would not result in any new environmental impacts,  
or substantially increase the severity of identified environmental impacts. The City Council further



determines that the proposed code amendment is consistent with the General Plan's policy framework. Therefore, the Commercial Cannabis Ordinance is consistent with Section 15183 of the CEQA Guidelines and no additional environmental review is required.

**SECTION 4. SEVERABILITY.** If any section, subsection, line, sentence, clause, phrase, or word of this Ordinance is for any reason held to be invalid or unconstitutional, either facially or as applied, by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The City Council of the City of Chico hereby declares that it would have passed this Ordinance, and each and every individual section, subsection, line, sentence, clause, phrase, or word without regard to any such decision.

**SECTION 5. EFFECTIVE DATE.** This Ordinance shall be effective thirty (30) days following the adoption date.

**SECTION 6. CERTIFICATION.** The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published or posted in the manner required by law.

**THE FOREGOING ORDINANCE** was duly and properly introduced at a regular meeting of the City Council held on \_\_\_\_\_, 2020 and was thereafter, adopted by the City Council of the City of Chico, California at its City Council meeting held on \_\_\_\_\_, 2020, by the following votes:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**DISQUALIFIED:**

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Deborah R. Presson, City Clerk

\_\_\_\_\_  
Andrew Jared, City Attorney\*

**RESOLUTION NO. \_\_\_\_\_**

**(CODIFIED)**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHICO  
AMMENDING TITLE 5R “BUSINESS RULES AND REGULATIONS” BY  
CREATING CHAPTER 5R.42 REGARDING “COMMERCIAL CANNABIS  
BUSINESSES”**

**WHEREAS**, the City of Chico is proceeding with the adoption of an Ordinance to regulate commercial cannabis activity in the City of Chico;

**WHEREAS**, the issues addressed in this codified resolution regard the process for selection and award of commercial cannabis business permits; and

**WHEREAS**, by separate ordinance, the City Council will consider the criteria for operation of commercial cannabis businesses, and land use regulations of commercial cannabis activities, and now requires the procedures within this resolution to implement the award of permits under the new regulatory permit methodology.

**NOW, THEREFORE, IT IS RESOLVED, ORDERED AND FOUND** by the Council of the City of Chico, State of California, that the following resolution Chapter 5R42 shall be amended to regulate commercial cannabis uses as follows:

**Section 1.** The City Council hereby finds and determines that the foregoing recitals are true and correct, constitute a material part of this Resolution, and therefore incorporate them herein in their entirety as part of the findings.

**Section 2.** The City Council hereby approves and adopts the following amendments to Title 5R of the City Municipal Code by adding Chapter 5R42 regarding Commercial Cannabis Businesses as follows:

1 **TITLE 5R “Business Rules and Regulations”**

2 **5R.42 “Commercial Cannabis Businesses”**

3  
4 **Sec. 5R.42.010 Purpose**

5 This chapter is adopted pursuant to the provisions of Chapter 5.42 of the Chico Municipal Code  
6 which authorizes the establishment and regulation of commercial cannabis businesses within the  
7 City.

8  
9 **Sec. 5R.42.020 Application Review, Scoring and Selection Process**

10 A. The review of Commercial Cannabis Permits in the City of Chico shall take two forms:

11 (1) Competitive Permit: Review, scoring and selection of applications for those permits with  
12 limited number to be issued, which are submitted timely and complete, shall be comprised  
13 of four (4) phases:

14 Phase I: Determination of Eligibility (Application Submittal Requirements)

15 Phase II: Criteria Evaluation and Scoring

16 A. Application Review and Ranking

17 B. Interviews and Ranking

18 Phase III: City Manager Hearing

19 Phase IV: Final Selection by City Manager and Confirmation of Permit

20 (2) Non-Competitive Permit: Review, scoring and selection of applications for those permits  
21 without a limited number to be issued will be conducted in three (3) phases:

22 Phase I: Determination of Eligibility (Application Submittal Requirements)

23 Phase II: Criteria Evaluation and Recommendation

24 Phase III: Final Review by City Manager and Awarding of Permit

25 B. A complete description of the merit-based system and all merit-based considerations shall  
26 be included with the application forms.

1 C. The City Manager, or their designee, may promulgate additional rules or policies to  
2 establish supplemental or more detailed scoring categories, with respective scoring points,  
3 under any one or all of the criteria listed herein above, prior to the commencement of the  
4 City accepting any applications.

5 D. To the extent Live Scan checks are not able to be completed during Phase I, they will be  
6 completed prior to the issuance of a permit.

7  
8 E. The City Manager shall appoint staff or other designee to review all application documents  
9 required in the city's Phase I and Phase II processes. Such staff or designee shall review  
10 each application package and the background check of all applicants and owners, and shall  
11 individually score each application in accordance with the scoring system established  
12 herein by the City Council.

13  
14 F. The most qualified applicants who are eligible to operate a Retail Storefront cannabis  
15 business in the City during Phase II will be recommended to the City Manager for a final  
16 determination at a public administrative decision hearing at a date and time set by the City  
17 Manager. The number of applicants of competitive permits allowed to process for  
18 consideration of zoning clearance shall not exceed the number of available Retail  
19 Storefront cannabis business permits then available. However, the City reserves the right  
20 to award a lesser number of cannabis business permits than there are applicants, or to award  
21 no permits at all.

22 G. An applicant who is deemed most qualified during Phase II is not guaranteed any particular  
23 result in the application process, nor in any zoning review process.

24 H. Notice of the results of Phase II will be provided in writing to each applicant and they will  
25 be notified whether they will be moving forward in the application process.  
26  
27  
28

1 I. The City Manager or their designee(s) shall process applications to ensure compliance with  
2 any or all of the phases of the application review process for competitive licenses and non-  
3 competitive licenses as set forth in this Chapter.

4 J. Notwithstanding anything in this Chapter to the contrary, the City reserves the right to reject  
5 any or all applications for competitive licenses, at any time during the application process  
6 if it determines it would be in the best interest of the City, taking into account the health,  
7 safety and welfare of the community.

8  
9 **Sec. 5R.42.030 Phase I (Competitive and Non-Competitive) Permits): Determination**  
10 **of Eligibility**

11 A. Phase I: Determination of Eligibility (Application Submittal Requirements)

- 12 (1) During Phase I, each applicant interested in operating a commercial cannabis business will  
13 pay a deposit fee in an amount established by the City Council by resolution. The deposit  
14 will be the amount anticipated to cover the cost of developing and administering the  
15 application process. However, should the City determine that additional cost is necessary  
16 each Applicant shall be requested to pay an additional amount to cover the costs of  
17 administering the application process. Applications shall be complete to be considered, and  
18 applications will only be complete if they include all information required by this  
19 application, and are presented in the required form, and submitted before the deadline.
- 20 (2) Each owner will undergo a criminal background check, as determined by the City Manager  
21 or the Chico Police Department and the State of California, demonstrating compliance with  
22 the eligibility requirements, the AUMA, the MAUCRSA, state regulations, and other  
23 requirements contained in this Chapter. The background check may include a Live Scan  
24 review for both the state and federal clearance but not limited to this condition. In the event  
25 of delays, which may occur in processing the Live Scan, each owner may be subject to a  
26 provisional background check at which time they will be required to sign a background  
27 check authorization allowing the City to conduct a third-party background check.
- 28 (3) The initial period to accept competitive applications shall be forty-five (45) calendar days  
from the date the applications are released. Should the 45<sup>th</sup> day fall on a day when city hall  
is closed, the application period shall be extended to the next open day at 4:00 p.m.

Following the application period, the City shall stop accepting applications and shall review all applications received. The City reserves the right to suspend/close/modify the period of accepting non-competitive application based on number of applications received and availability of staff to process such applications. Staff shall provide at least 15 days' notice of suspension of application period and reopening of such period for non-competitive permits.

(4) The City Manager or their designee(s) will review applications to determine completeness, compliance with the minimum application submittal requirements, and to determine whether any application should be denied based on matters appearing on the face of the application.

(5) Failure to be responsive and/or provide substantive responses, or to provide applicable supporting documentation as required by the application, may disqualify the applicant from being eligible for Phase II of the application process. Applications shall be reviewed regarding grounds for revocation of permits under Chico Municipal Code Section 5.42.150. Applications found to have violations providing grounds for revocation shall not be forwarded to Phase II.

**Sec. 5R.42.040 Phase II-A (Competitive Permits): Criteria Evaluation and Scoring**

A. During Phase II-A, the City Manager's designee(s) will review and score each application using a merit-based system. The Applicants which score a minimum of 80% or higher (960 points) in Phase II-A will move on to Phase II-B. Notice of the results of Phase II-A will be provided in writing to the primary designated contact for each applicant.

<b><u>Criteria</u></b>	<b><u>Maximum Points</u></b>
<u>Business Plan</u>	<u>400</u>
<u>Labor and Local Enterprise</u>	<u>100</u>
<u>Safety Plan</u>	<u>300</u>
<u>Security Plan</u>	<u>400</u>

B. During Phase II-B, the City Manager or designee(s) will review and score each application using a merit-based system of the following general criteria categories and possible point distribution of written materials provided and the applicant's responses to interview questions:

<u>Criteria</u>	<u>Maximum Points</u>
<u>Business Plan</u>	<u>600</u>
<u>Labor and Local Enterprise Plan</u>	<u>300</u>
<u>Neighborhood Compatibility</u>	<u>300</u>
<u>Community Benefits and Investments</u>	<u>400</u>

C. Upon the completion of Phase II-B, the City Manager's designee(s) will tabulate the aggregate scores of all applicants from Phase II-A and Phase II-B to create a final ranking in which they will make a final recommendation to the City Manager. The aggregate score for each applicant based upon the merit-based scoring shall be calculated and the applications shall be ranked from highest to lowest based on the score results.

**Sec. 5R.42.050 Phase III (Competitive Permits): City Manager's Hearing**

The City Manager shall receive the final scores and recommendation in a report format from the reviewing designee(s) indicating the ranking of applicants. The City Manager shall then conduct an administrative hearing for consideration regarding the most suitable and complete applications. Applicants progressing to Phase III will be invited to attend a hearing to answer questions from the City Manager or designees, and therefore should be prepared to attend the hearing for said purpose and make a presentation regarding the terms of their application and review criteria. Based on such responses provided, the City Manager shall then determine which applicants shall proceed to Phase IV.

**Sec. 5R.42.055 Phase IV (Competitive Permits): Final Selection by City Manager**

- 1     A. Prior to the City Manager’s final selection of permittees, the City reserves the right to  
2     request and obtain additional information from any candidate who advanced to Phase IV.
- 3     B. The City Manager will review the totality of the record to confirm the tabulation of scores  
4     and decide which applicants have best demonstrated fulfilling the requirements of the  
5     requirements under the code for eligibility of a cannabis permit.
- 6     C. As part of the final selection process the top applicants or finalists should be prepared to  
7     attend a public hearing before the City Manager to address any additional questions before  
8     a final decision is rendered.
- 9     D. The City Manager reserves the right to amend, revise, and/or reject the scoring, ranking, or  
10    recommendations of the applications, and take such action on any application which the  
11    City Manager finds will further the best interests of the City among the applicants on the  
12    final eligibility list, consistent with the requirements for such uses under the Code.
- 13    E. At the conclusion of the hearing, the City Manager may select the highest qualified  
14    applicants to award a Commercial Cannabis Permit and allow the applicants to apply for a  
15    land use permit, in addition to all other permits that may be required, including but not  
16    limited to building, electrical, fire and planning permits. The City Manager’s selection will  
17    be memorialized in a written “Notice of Selection,” and shall specify a reasonable period  
18    of time which the applicant has to fulfill all requirements in order to be awarded a use  
19    permit where required. Compliance with the California Environmental Quality Act will  
20    also be required where necessary. Notice of the results of Phase III will be provided in  
21    writing to each applicant.
- 22    F. The City Manager’s decision as to the selection of the prevailing candidates shall be final.  
23    Unsuccessful applicants have the option to appeal pursuant to Section 5.42.160 of the  
24    Chico Municipal Code.
- 25  
26  
27  
28



1 G. Selected applicants will be required to cover the City’s cost of preparing the Permit, and to  
2 pay all other applicable fees associated with the process not covered in the application  
3 review, scoring and selection process pursuant to fees established by Resolution, as  
4 authorized by this Chapter.

5 **Sec. 5R.42.060 Phase II (Non- Competitive Permits): Criteria Evaluation and**  
6 **Recommendation**

7 A. The evaluation and related recommendations regarding the Non-Competitive applications  
8 shall be based on the following criteria:

9

<u>Criteria</u>	<u>Maximum Points</u>
<u>Business Plan</u>	<u>400</u>
<u>Labor and Local Enterprise Plan</u>	<u>200</u>
<u>Neighborhood Compatibility Plan</u>	<u>200</u>
<u>Safety Plan</u>	<u>200</u>
<u>Safety Plan Security Plan</u>	<u>300</u>
<u>Community Benefit and Investment Plan</u>	<u>200</u>

17

18 B. Applicants achieving a total score of eighty percent (80%) or more (1,200 points) shall be  
19 recommended to advance to Phase III.

20  
21  
22 **Sec. 5R.43.065 Phase III (Non- Competitive Permits): Final Review by City Manager**  
23 **and Awarding of Permit**

24 Upon the completion of Phase II, the City Manager will review the aggregate scoring and  
25 recommendations by the Review Committee of all the Non-Competitive applicants from Phase  
26 I and Phase II to create a final recommendation upon which the City Manager will base the  
27 awarding of permits. The actual issuance of the Commercial Cannabis Permit shall require the  
28 applicant to certify that all information in the application remains accurate and that the

1 applicant agrees to abide by all laws, rules, ordinances, resolutions, and codes applicable to the  
2 business. The issuance of a permit shall allow the applicant to proceed to apply for both a land  
3 use permit and a business license and related approvals. Each applicant shall be notified of the  
4 results of such review.

5  
6 **Sec. 5R.42.070 Permit is a Not Land Use Approval or an Entitlement**

- 7 A. Issuance of a Commercial Cannabis Permit does not create a land use approval.  
8 Furthermore, no permit will be officially issued, and no applicant awarded a permit may  
9 begin operations, unless all of the state and local laws and regulations, including but not  
10 limited to the requirements of this Code and of the permit, have been complied with  
11 including award of a land use entitlement or use permit, if required. All Permittees must  
12 comply with State laws as they relate to commercial cannabis activity not being allowed  
13 without issuance of a state license.
- 14 B. Being issued a Notice of Selection does not constitute a land use entitlement and does not  
15 waive or remove the requirements associated with being awarded a Use Permit, and  
16 submitting all requisites thereof, submitting plans, making any required plan corrections,  
17 and obtaining City-approved plans, applying for and receiving technical permits for all  
18 construction and/or structural alterations, including building, electrical, plumbing, and  
19 mechanical permits, undergoing and passing all building and fire intermittent and final  
20 inspections, and securing any other required permits, licenses, or reviews as may be  
21 necessary by the relevant departments or government agencies in charge of said permits.  
22 Nor does it guarantee that the plans submitted via the application process meet the  
23 standards or requirements in this Chapter or the Chico Zoning Ordinance, or any building  
24 or fire codes, laws, rules or regulations, or any other permit requirement from other local  
25 or state departments or agencies.
- 26 C. Applicants shall have no right to a Commercial Cannabis Permit until a permit is actually  
27 issued, and then only for the duration of the permit term. Each applicant assumes the risk  
28

1 that, at any time prior to the issuance of a permit, the City Council may terminate or delay  
2 the program created under this Chapter.

3 **Sec. 5R.42.080 Denial and Reapplication**

4 If an application is denied at any phase, in the event that the City is receiving new applications, a  
5 new application may not be filed for one year from the date of the denial.

6  
7 **Sec. 5R.42.090 Permit Fee Required**

8 Prior to operating a commercial cannabis business, each person awarded a Commercial Cannabis  
9 Permit shall be required to pay a permit fee established by resolution of the City Council, to  
10 cover the costs of administering the Commercial Cannabis Permit program created in this  
11 Chapter.

12 **Sec. 5R.42.100 Permit Application Procedure.**

- 13 A. This section shall establish the initial application procedure, requiring applicants to meet  
14 and comply with minimum application requirements.
- 15 B. Notwithstanding the subsection hereinabove, the City Manager shall have the authority to  
16 adopt any procedure(s) to supplement the initial application process as set forth herein.  
17 Pursuant to this section, the City Manager, or their designee, will have the authority to  
18 adopt any procedures to govern the application process, and the manner in which the  
19 decision will ultimately be made regarding the issuance of any Commercial Cannabis  
20 Permit(s), including establishing objective review criteria ("Review Criteria"), if necessary  
21 in order to supplement any provision established herein in furtherance of CMC 5.42 or  
22 their adopted procedures. The City Manager, or their designee, is authorized to prepare the  
23 necessary applications, forms, adopt any necessary rules to the application, regulations and  
24 processes, solicit applications, and conduct initial evaluations of the applicants.
- 25 C. Notwithstanding the sections hereinabove, the following minimum, and complete  
26 information shall be included in each and every application for a City of Chico Commercial  
27 Cannabis Permit:
- 28

- 1 (1) Name of Applicant: For applicants who are individuals, the applicant’s full legal name  
2 (first, middle, last). For applicants that are business entities, the applicant’s legal business  
3 name.
- 4 (2) Business Trade Name (if applicable): The business trade name (“DBA”) of the applicant.
- 5
- 6 (3) Identification of Primary Owner: The full name (first, middle, last), primary phone  
7 number, social security number, or date and place of birth, email address, and mailing  
8 address for the primary owner submitting the Application.
- 9
- 10 (4) For each person that is an “owner” of the applicant, as defined in this Chapter, including  
11 the “primary owner” referenced above, the following information:
- 12 1. Owner’s full legal name;
- 13 2. Owner’s title within the applicant entity;
- 14 3. Owner’s date and place of birth;
- 15 4. Owner’s social security number or individual taxpayer identification number;
- 16 5. Owner’s mailing address;
- 17 6. Owner’s telephone number;
- 18 7. Owner’s email address;
- 19 8. Percentage of interest held in the applicant entity by the owner;
- 20 9. Whether the owner has an ownership or financial interest, as defined in Title 16,  
21 Division 42, Section 5003 of the Bureau of Cannabis Control Regulations, in any  
22 other commercial cannabis business licensed under the AUMA or the MAUCRSA;
- 23 10. A copy of the owner’s government-issued identification, acceptable forms are a  
24 document issued by a federal, state, county, or municipal government that includes  
25 the name, date of birth, physical description, and picture of the owner, such as a  
26 driver’s license;
- 27 11. A detailed description of the owner’s criminal convictions, if applicable. A  
28 conviction for this purpose means a plea or guilty verdict of guilty or a conviction  
following a plea of nolo contendere. Convictions dismissed under Penal Code section  
1203.4 or equivalent non-California law must be disclosed. Convictions dismissed

1 under Health & Safety Code section 11361.8 or equivalent non-California law must  
2 be disclosed. Juvenile Adjudications and traffic infractions under \$300 that did not  
3 involve alcohol, dangerous drugs, or controlled substances do not need to be  
4 included. For each conviction, provide: (a) the date of conviction; (b) dates of  
5 incarceration, if applicable; (c) dates of probation, if applicable; (d) dates of parole,  
6 if applicable; (e) a detailed description of the offense for which the owner was  
7 convicted; and (f) a statement of rehabilitation for each conviction written by the  
8 owner that demonstrates the owner's fitness for consideration;

9 12. If applicable, a detailed description of the suspension of a commercial cannabis  
10 license, revocation of a commercial cannabis license, or sanctions for unlicensed  
11 commercial cannabis activity by a licensing authority or local agency against the  
12 applicant or a business entity in which the applicant was an owner or officer within  
13 the three (3) years immediately preceding the date of the application;

14 13. If applicable, a detailed description if the City issued the applicant a notice or citation  
15 for unlicensed commercial cannabis activity, or if the applicant was a defendant in a  
16 civil or criminal proceeding filed by the City or the People of the State of California,  
17 for allowing, causing, or permitting unlicensed commercial cannabis activities within  
18 the City's jurisdiction;

19 14. An attestation of each owner as follows: "Under penalty of perjury, I hereby declare  
20 that the information contained within and submitted with the application is complete,  
21 true, and accurate. I understand that a misrepresentation of fact or omission may be  
22 cause for rejection or denial of this application, or revocation of any Commercial  
23 Cannabis Permit or Conditional Use Permit, or non-approval of a Development  
24 Agreement, or any permit, license or approval issued in reliance thereon."

25 (5) Primary Contact: The contact information for the applicant's designated primary contact  
26 person, including the name, title, phone number, and email address of said individual.

27 (6) Nature of Operations: Identification of whether the applicant seeks to operate a cannabis  
28 manufacturing site, testing laboratory, distribution site, or retailer; the specific State license

category under which the applicant will seek to operate; and the number of employees anticipated.

(7) Business Plan:

- a. Owner qualifications. Resumes/Curriculum Vitae are not to exceed one (1) page per owner
- b. A budget for construction, operation, and maintenance, compensation of employees, equipment costs, utility cost, and other operation costs.
- c. Proof of capitalization from a verifiable source.
- d. Pro Forma plan for at least three years of operation.
- e. Fully describe hours of operation and opening and closing procedures
- f. Fully describe the day-to-day operations for each license type being sought
- g. Fully describe cash handling procedures
- h. Fully describe inventory control procedures to include, identification point-of-sales and track and trace software.
- i. Business formation and all related documents filed with the California Secretary of State.

(8) Labor and Local Enterprise Plan:

- a. Describe whether the Commercial Cannabis Business is committed to offering employees a Living Wage. ("Living Wage" shall mean 125% of the minimum wage mandated by California law.)
- b. Describe compensation to and opportunities for continuing education and employee training
- c. Describe the extent to which the Commercial Cannabis Business will be a locally managed enterprise whose owners and /or managers reside within the City of Chico or Butte County.
- d. Describe the number of employees, title/position and their respective responsibilities
- e. Thoroughly describe employee policies and procedures (complete manuals are not required to be submitted)

f. If the Commercial Cannabis Business has twenty (20) or more non-supervisory employees, the applicant must attest that they are committed to or have entered into a labor peace agreement and will abide by its terms

(9) Neighborhood Compatibility Plan:

A. Describe how the CCB will proactively address and respond to complaints related to noise, light, odor, vehicle and pedestrian traffic

B. Describe how the CCB will be managed so as to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community.

C. Describe odor mitigation practices

1. Identify potential sources of odor

2. Describe odor control devices and techniques employed to ensure that odors from cannabis are not detectable beyond the licensed premises.

3. Describe all proposed staff training, and system maintenance plans

4. Describe the waste management plan. The plan shall include waste disposal locations, security measures, and methods of rendering all waste unusable and unrecognizable.

(10) Safety Plan:

A thorough Safety Plan should consider all possible fire, medical and hazardous situations. **(Complete policy/procedures manuals are not required at this point of the application process. Please only provide a detailed description for each criteria).**

a. The Safety Plan shall be prepared by a professional fire prevention and suppression consultant

b. Identify all gases and/or chemicals to be used and their storage locations

c. Identify fire alarm and monitoring system including the name and contact information for the alarm company

d. Describe accident and incident reporting procedures

e. Describe evacuation routes

f. Location of fire extinguishers and other fire suppression equipment

g. Describe procedures and training for all fire and medical emergencies

h. Describe and identify the location of all gas monitoring equipment

(11) Security Plan:

A thorough Security Plan should consider all access control, inventory control, cash handling procedures (**Complete policy/procedures manuals are not required at this point of the application process. Please only provide a detailed description for each criteria**).

A. The Security Plan shall be prepared by a professional security consultant. Security Plans will be treated as confidential and will not be made public. Applicant is responsible for identifying all pages in a security plan that are confidential.

B. Premises (Security) Diagram. In addition to diagrams submitted for other sections of the application, applicants are expected to submit a premises diagram which, focuses on the proposed security measures and how they relate to the overall business. (Pursuant to BCC §5006).

(1) The diagram all be accurate, dimensioned and to scale (minimum scale 1/4") the scale may be smaller if the proposed location exceeds more than a 1/2 -acre parcel but must not be printed on larger than an 11" x 17" sheet of paper. (**Blueprints and engineering site plans are not required at this point of the application process**)

(2) The diagram must be drawn to scale and clearly identify property boundaries, entrances, exits, interior partitions, walls, rooms, windows and doorways. The activity in each room and the location of all cameras must be identified on the diagram.

(3) Description of cannabis activity that will be conducted in each area of the premises. Commercial cannabis activities that must be identified on the diagram may include but are not limited to the following if applicable to the business operations; storage, batch sampling, loading/unloading of shipments, packaging and labeling, customer sales, extractions, infusions, processing and testing.



1                   (4)     Limited-access areas, defined as areas in which cannabis goods are  
2                             stored or held and only accessible to a licensee, its employee or  
3                             contractors. Areas used for video surveillance monitoring and  
4                             storage devices (Pursuant to BCC §5000 (m) and §5042)

5                   (5) Number and location of all video surveillance cameras

6           C.     Identify intrusion alarm and monitoring system including the name and  
7                   contact information for the monitoring company

8           D.     Discuss whether the CCB will utilize the services of on-site security guards.  
9                   Include in the discussion:

10                         (1) Number of guards

11                         (2) Hours guards will be on-site

12                         (3) Locations at which they will be positioned

13                         (4) Their roles and responsibilities

14           (12)   Community Benefits and Investments Plan: The application should describe all  
15                   benefits the Commercial Cannabis Business will provide to the local community.  
16                   Benefits may be in the form of volunteer services, monetary donations to local non-  
17                   profit organizations, financial support of City sponsored activities or organizations,  
18                   in-kind donations to the City or other charitable organizations and/or any other  
19                   economic incentives to the City, investment in prevention and youth diversion  
20                   programs.

21           (13)   Payment of Applicant Fee: Each applicant shall pay the applicable fee(s) pursuant to  
22                   this Chapter established by resolution of the City Council.

23           (14)   Indemnification Agreement: To the fullest extent permitted by local, state and/or  
24                   federal law, the City of Chico shall not assume any liability whatsoever with respect  
25                   to having issued a Commercial Cannabis Permit or other entitlements, or otherwise  
26                   approving the operation of any commercial cannabis business. As a condition to the  
27                   approval of any Commercial Cannabis Permit and to the execution and approval of  
28                   other entitlements, the Owner is to execute a separate Indemnification Agreement

1 prepared by the City that fully indemnifies the City for all liabilities associated with  
2 the Commercial Cannabis Permit, the Commercial Cannabis Permittee's Commercial  
3 Cannabis Activities, and any action taken by the Cannabis Permittee. The  
4 Indemnification Agreement shall include the defense of the City and reimbursement  
5 of all fees, costs and expenses incurred by the City related to any action arising from  
6 the Agreement.

7 (15) Any person seeking to obtain a Commercial Cannabis Permit shall submit a written  
8 application to the City, dated and signed under penalty of perjury, using the  
9 application form adopted by the City for that purpose. The application shall be  
10 accompanied by a deposit which is an estimated initial cost fee established by  
11 resolution of the City Council, to defray the costs incurred by the City in the  
12 application process set forth in this Chapter. Applicants are advised that they may be  
13 required to pay additional amounts as required for the sole purpose of the City's  
14 completion of the application review process. Initial application fees are non-  
15 refundable however, any remaining balance not used from the fee resulting in the  
16 Applicant not participating in subsequent phases of the process will be returned to  
17 the Applicant.

18 (16) As part of the application process, the applicant shall be required to obtain all required  
19 land use approvals, including other entitlements, if and when applicable, from the  
20 City, including a certification from the Community Development Department  
21 Director, or their designee, certifying that the proposed site meets all of the  
22 requirements of the Chico Zoning Ordinance.

23 (17) As a condition precedent to the City's issuance of a Commercial Cannabis Permit  
24 pursuant to this Chapter, any person intending to open and to operate a commercial  
25 cannabis business shall provide sufficient evidence of the legal right to occupy and  
26 to use the proposed location. In the event the proposed location will be leased from  
27 another person, the applicant shall be required to provide a signed and notarized  
28 statement from the owner of the property, acknowledging that the property owner has  
read this Chapter and CMC 5.42 and consents to the potential operation of the  
commercial cannabis business on the owner's property.

1       (18) Background Check. Pursuant to California Penal Code Sections 11105(b)(11) and  
2       13300(b)(11), which authorizes City authorities to access state and local summary  
3       criminal history information for employment, licensing, or certification purposes; and  
4       authorizes access to federal level criminal history information by transmitting  
5       fingerprint images and related information to the Department of Justice to be  
6       transmitted to the Federal Bureau of Investigation, every applicant and responsible  
7       person of the commercial cannabis business must submit fingerprints and other  
8       information deemed necessary by the Chico Police Department, or the City's law  
9       enforcement agency, for a background check. No person shall be issued a permit to  
10      operate a commercial cannabis business unless they have first cleared the background  
11      check, as determined by the City of Chico or the Chico Police Department as required  
12      by this section. A fee for the cost of the background investigation, which shall be the  
13      actual cost to the City of Chico to conduct the background investigation, as it deems  
14      necessary and appropriate, shall be paid at the time the application for a Commercial  
15      Cannabis Permit is submitted.

16      **Sec. 5R.42.130   Renewal Applications.**

- 17      A. An application for renewal of a Commercial Cannabis Permit and renewal fee shall be filed  
18      with the City Manager's office at least 30 days prior but no more than 60 days prior to, the  
19      expiration date of an active and current permit.
- 20      B. Any permittee submitting a renewal application less than thirty (30) calendar days before  
21      permit expiration shall be required to pay a late renewal application fee, as established by  
22      Resolution of the City Council. Such submission may result in delayed issuance of renewed  
23      permit and shall suspend an active license pending application review. The City shall not  
24      be responsible for any notice of permit expiration, pending expiration, or late fee period.
- 25      C. The renewal application shall contain all the information required for new applications to  
26      ensure on-going compliance with the initial screening criteria.
- 27      D. The applicant shall pay a fee in an amount to be set by resolution by the City Council to  
28      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.

- 1 E. An application for renewal of a Commercial Cannabis Permit may be denied if any of the  
2 following exists:
- 3 1. Any of the grounds for denial or rejection of an application, or revocation of a permit,  
4 as authorized under this Chapter.
  - 5 2. The Commercial Cannabis Permit or Conditional Use Permit is suspended or revoked  
6 at the time of the application submittal.
  - 7 3. More than three (3) violations of a provision of an entitlement, which required the City  
8 to issue more than three (3) notices to cure, or the equivalent of a notice to cure as  
9 outlined in the executed entitlement, within the preceding term of the permit.
  - 10 4. The commercial cannabis business has not been in regular and continuous operation in  
11 the four (4) months prior to the renewal application.
  - 12 5. The permittee fails to renew or is unable to renew its State of California license.
  - 13 6. If the permittee has made a false, misleading or fraudulent statement or omission of  
14 fact in the renewal application.
- 15 F. The City Manager is authorized to make all decisions concerning the issuance of a renewal  
16 permit. In making the decision, the City Manager is authorized to impose additional  
17 conditions to a renewal permit, if it is determined to be necessary to ensure compliance  
18 with state or local laws and regulations or to preserve the public health, safety or welfare.  
19 Appeals from the decision of the City Manager shall be handled pursuant to the provisions  
20 of this Chapter.
- 21 G. If a renewal application is denied, a person may file a new application pursuant to this  
22 Chapter no sooner than one year from the date of the rejection, only if the City will be  
23 receiving new applications.
- 24 H. Expiration or expiration pending due to late renewal shall immediately suspend the ability  
25 of a commercial cannabis business to operate within the City, unless and until a new license  
26 is issued or the existing license is renewed. A renewal application submitted within the  
27 applicable timely period in CMC 5R.42.130. A pending review by City at time of  
28 expiration of current application shall serve as a temporary license pending review of  
renewal application.

**SECTION 2. ENVIRONMENTAL REVIEW.** The City Council, on the basis of the whole of the record and exercising independent judgement, finds that the land use regulations meet the requirements for CEQA Guidelines Section 15183 as a project consistent with a community plan or zoning, and that no additional environmental review or documentation is necessary. Implementation of this Ordinance would not result in any new environmental impacts, or substantially increase the severity of identified environmental impacts. Therefore, the Commercial Cannabis Ordinance and this codified resolution is consistent with Section 15183 of the CEQA Guidelines and no additional environmental review is required.

**SECTION 3. SEVERABILITY.** If any section, subsection, line, sentence, clause, phrase, or word of this Resolution is for any reason held to be invalid or unconstitutional, either facially or as applied, by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Resolution. The City Council of the City of Chico hereby declares that it would have passed this Resolution, and each and every individual section, subsection, line, sentence, clause, phrase, or word without regard to any such decision.

The foregoing resolution was adopted by the Council of the City of Chico at its meeting held on March \_\_\_, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**DISQUALIFIED:**

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Deborah R. Presson, City Clerk

\_\_\_\_\_  
Andrew Jared, City Attorney\*

ORDINANCE NO. \_\_\_\_\_  
(Codified)

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICO AMENDING  
TITLE 19 CHAPTER 19.75 “CANNABIS REGULATIONS” OF THE CHICO  
MUNICIPAL CODE TO ALLOW COMMERCIAL CANNABIS USES  
WITHIN THE CITY OF CHICO**

WHEREAS, the City Council has previously adopted regulations concerning cannabis land use activities within the City of Chico, by establishing Chapter 19.75 to expressly prohibit commercial cannabis activity, whether for medicinal or other use; and,

WHEREAS, such regulations under Chapter 19.75 were adopted prior to the votes of California approving Proposition 64, titled the “Adult Use of Marijuana Act” (the AUMA), which enacted a state statutory scheme legalizing, controlling, and regulating the cultivation, processing, manufacturing, distribution, testing and sale of nonmedicinal (“adult-use” or “recreational”) cannabis, including cannabis products, for use by adults twenty-one (21) years of age or older; and,

WHEREAS, on June 27, 2017, Governor Brown signed Senate Bill 94, the “Medicinal and Adult-Use Cannabis Regulation and Safety Act” (SB 94 or the “MAUCRSA”), which created one state regulatory structure for medicinal and adult-use commercial cannabis activities, reconciling AUMA with the Compassionate Use Act of 1996 (Proposition 215) and MCRSA; and,

WHEREAS, MAUCRSA provides that the state shall not issue a state license for a business to engage in Commercial Cannabis Activity if the business activity violates any local ordinance or regulation; and,

WHEREAS, the City Council desires to allow certain Commercial Cannabis Activity within the City of Chico, and Title 19.75 as presently written prevents such uses of land and business activity, the City Council desires to amend Title 19.75 to allow for the retailer-storefront, retailer-delivery, manufacturers, distributors, and laboratory testing uses of commercial cannabis within the City of Chico, while not allowing cultivation, microbusiness or any other non-enumerated use as specifically allowed under Chapter 19.75 as such relates to cannabis; and,

WHEREAS, the City Council finds and declares that this Ordinance constitutes a valid

exercise of police power in accordance with Article XI, Section 7 of the California Constitution, is consistent with the language and intent of the AUMA, MAUCRSA, and related laws, regulations, and policies issued by the state, consistent with Chico General Plan, and furthers the health, safety and general welfare of the residents of the City of Chico; and

WHEREAS, by separate ordinance, the City Council will consider a commercial cannabis operational permit, to be required prior to issuance of any land entitlement afforded under this Ordinance.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Chico that the following ordinance amending Chapter 19.75 shall be amended to allow commercial cannabis uses as follows:

**Section 1.** Amend current Chapter 19.75 concerning all cannabis activity prohibited to reflect new regulations allowing commercial cannabis permits:

#### **Chapter 19.75 CANNABIS REGULATIONS**

##### **Section:**

**19.75.010 Purpose.**

**19.75.020 Definitions.**

**19.75.030 Prohibitions.**

**19.75.040 Indoor personal cannabis cultivation.**

**19.75.050 Permissive zoning.**

**19.75.060 Smoking.**

**19.75.070 Public nuisance.**

**19.75.080 Violations.**

**19.75.090 Effect on other ordinances.**

**19.75.100 Applicability of provisions - non-compliance.**

**19.75.110 Severability.**

**19.75.120 Location limitations.**

**19.75.130 Operational Requirements – All Commercial Cannabis Uses**

**19.75.140 Operational Requirements – Commercial Cannabis Retailer - Storefront**

1 **19.75.150 Operational Requirements – Commercial Cannabis Retailer - Delivery Only**

2 **19.75.160 Operational Requirements – Commercial Cannabis Manufacturer**

3 **19.75.170 Operational Requirements – Commercial Cannabis Distributor**

4 **19.75.180 Operational Requirements – Commercial Cannabis Testing Laboratory**

5 **19.75.010 Purpose.**

6 A. The purpose of this Chapter is to regulate commercial cannabis activity in the City of  
7 Chico, whether the cannabis is for medicinal or adult-use commercial purposes by enacting a  
8 permitting and regulatory system for this action.

9 B. The purpose of this Chapter is also to enact and enforce reasonable regulations on  
10 medicinal and adult-use purposes, by enacting a permitting and regulatory scheme for this action  
11 citywide for commercial cannabis uses, by allowing certain commercial uses in specified zones,  
12 and continuing to allow personal cannabis cultivation activities (non-commercial) in residential  
13 zoning districts.

14 C. Personal cultivation activities give rise to, or pose a significant risk of giving rise to,  
15 various health and safety concerns and negative impacts to residents of the City of Chico, including  
16 but not limited to burglaries and robberies, trespassing, personal and property crimes, fire and  
17 building hazards, chemical and waste disposal, mold growth, offensive odors, and possession and  
18 use by persons under the age of twenty-one (21). In light of such concerns, the City Council for  
19 the City of Chico desires to ban outdoor personal cultivation activities, and impose reasonable  
20 regulations on indoor personal cultivation activities for both medicinal and adult-use purposes.

21 D. The City Council finds that the regulation of commercial cannabis activity, including the  
22 prohibition of commercial cultivation and microbusiness uses, is necessary for the preservation  
23 and protection of the public health, safety and welfare for the City and its community. The City  
24 Council's regulation of such activity is within the authority conferred upon the City Council by the  
25 City's Charter and applicable state law, and is an exercise of its police powers to enact and enforce  
26 regulations for the public benefit, safety, and welfare of the City and its community.

27 **19.75.020 Definitions.**

28 For purposes of this Chapter, the following definitions shall apply:



1 A. "Accessory structure" shall mean a fully enclosed, lawful structure that is physically  
2 detached from, and secondary and incidental to, the existing primary structure of a "private  
3 residence," as that term is defined herein.

4 B. "Adult Use" shall mean use of cannabis products by individuals 21 years of age and older  
5 and who do not possess a physician's recommendation.

6 C. "Applicant" under this Chapter shall include any individual or entity applying for a  
7 Commercial Cannabis Permit, and shall include any officer, director, partner, or other duly  
8 authorized representative applying on behalf of an entity.

9 D. "Business License" is the license issued by the City's Finance Department after payment  
10 of the business fee as set forth in Chapter 3.32 of the City of Chico City Code.

11 E. "California Adult Use of Marijuana Act" shall mean and refer to the provisions of  
12 California law added by Proposition 64, approved by California voters at the election occurring on  
13 November 8, 2016.

14 F. "Cannabis" shall mean all parts of the plant Cannabis sativa Linnaeus, Cannabis indica,  
15 or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin extracted from any part  
16 of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the  
17 plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified,  
18 obtained from cannabis. Cannabis shall also have the same meaning as in Section 26001(f) of the  
19 Business and Professions Code, as may be amended from time to time. The terms "marijuana" and  
20 "cannabis" shall be synonymous and have the same meaning. It does not include:

21 1. Industrial hemp, as defined in Section 11018.5 of the California Health and Safety Code;  
22 or

23 2. The weight of any other ingredient combined with cannabis to prepare topical or oral  
24 administrations, food, drink or other product.

25 3. The mature stalks of the plant, fiber produced from the stalks, oil or cake made from the  
26 seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of  
27 the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of  
28 the plant which is incapable of germination.

1 G. "Cannabis Accessories" means any equipment, products or materials of any kind which  
2 are used, intended for use, or designed for use in planting, propagating, cultivating, growing,  
3 harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing,  
4 analyzing, packaging, repackaging, storing, smoking, vaporizing, or containing cannabis, or for  
5 ingesting, inhaling, or otherwise introducing cannabis or cannabis products into the human body.  
6 Cannabis accessories shall also have the same meaning as in Section 11018.2 of the Health and  
7 Safety Code, as same may be amended from time to time.

8 H. "Cannabis Concentrate" means cannabis that has undergone a process to concentrate one  
9 or more active cannabinoids, thereby increasing the product's potency. Resin from granular  
10 trichomes from a cannabis plant is a concentrate for purposes of this Chapter. A cannabis  
11 concentrate is not considered food, as defined by Section 109935 of the Health and Safety Code,  
12 or drug, as defined by Section 109925 of the Health and Safety Code. Cannabis concentrate shall  
13 also have the same meaning as in Section 26001(h) of the Business and Professions Code, as same  
14 may be amended from time to time.

15 I. "Cannabis Concentrate Inhaled Products" means a cannabis concentrate product that is  
16 intended to be used, in whole or in part, through inhalation by the user. Cannabis Concentrate  
17 Inhaled Products include, but are not limited to, dabs, wax, shatter, budder, and butane hash oil.

18 J. "Cannabis Event" means a public or private event where compensation is provided or  
19 exchanged, either directly or indirectly or as part of an admission or other fee for service, for the  
20 provision, hosting, promotion or conduct of the event where consumption of cannabis is part of  
21 the activities.

22 K. "Cannabis products" shall mean cannabis that has undergone a process whereby the plant  
23 material has been transformed into a concentrate, including, but not limited to, concentrated  
24 cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other  
25 ingredients. Cannabis products shall also have the same meaning as in Section 11018.1 of the  
26 Health and Safety Code, as same may be amended from time to time.

27 L. "Canopy" means all areas occupied by any portion of a cannabis plant, inclusive of all  
28 vertical planes, whether contiguous or noncontiguous on any one site.

1 M. "City" shall mean the City of Chico and have the same meaning as CMC 1.04.010.

2 N. "City Manager" means the City Manager of the City of Chico, including their designee.

3 O. "Code" shall mean the Chico Municipal Code as defined in CMC 1.04.010, including all  
4 laws, ordinances, and regulations adopted and incorporated therein.

5 P. "Commercial cannabis activity" shall mean, and includes, the cultivation, possession,  
6 manufacture, distribution, processing, storing, laboratory testing, packaging, labeling,  
7 transportation, delivery or sale of cannabis and cannabis products, whether or not the cannabis or  
8 cannabis products as provided for in MAUCRSA. "Commercial cannabis activity" shall also have  
9 the same meaning as in Section 26001(k) of the Business and Professions Code, as they may be  
10 amended from time to time.

11 Q. "Commercial cannabis business" means any business or operation, which engages in  
12 medicinal or adult-use commercial cannabis activity, as authorized by this Chapter, as may be  
13 amended from time to time by the City, including, the manufacturing, testing, distribution, and  
14 retail as explicitly allowed herein, of medicinal and adult-use cannabis and cannabis products, and  
15 the ancillary transportation and delivery of same.

16 R. "Commercial Cannabis Permit" means the regulatory permit issued by the City of Chico  
17 to a commercial cannabis business, which is required before any commercial cannabis activity  
18 may be conducted in the City, pursuant to this Chapter.

19 S. "Conditional Use Permit" means a discretionary land use approval as required and pursuant  
20 to Section 24 of Title 19 of the Chico Municipal Code.

21 T. "Cultivation" shall mean any activity involving the planting, growing, harvesting, drying,  
22 curing, grading, or trimming of cannabis. Cultivation shall also have the same meaning as in  
23 Section 26001(l) of the Business and Professions Code, as same may be amended from time to  
24 time. Whenever references to cultivation are made in this Chapter, permitted or licensed  
25 cultivation shall only be personal cultivation, as commercial cultivation is expressly prohibited.

26 U. "Customer" means a natural person 21 year of age or older; or, a natural person 18 years  
27 of age or older who possesses a physician's recommendation for medicinal use, or a primary  
28 caregiver. Customer shall also have the same meaning as in Section 26001(n) of the Business and

1 Professions Code, as same may be amended from time to time.

2 V. "Day Care Center" has the same meaning as in Section 1596.76 of the Health and Safety  
3 Code, as same may be amended from time to time, and includes any child day care facility other  
4 than a family day care home, and includes infant centers, preschools, extended day care facilities,  
5 and school-age child care centers.

6 W. "Delivery" shall mean the commercial transfer of cannabis or cannabis products to a  
7 customer. Delivery also includes the use by a retailer of any technology platform owned and  
8 controlled by the retailer. Delivery shall also have the same meaning as in Section 26001(p) of the  
9 Business and Professions Code, as may be amended from time to time.

10 X. "Development Agreement" is the agreement entered into between an applicant and the  
11 City authorizing said individual to engage in a commercial cannabis business as authorized in this  
12 Chapter, within the City's jurisdictional boundaries.

13 Y. "Dispensing" means any activity involving the retail sale of cannabis or cannabis products  
14 from a retailer.

15 Z. "Distribution" means the procurement, sale, and transport of cannabis and cannabis  
16 products between licensees. Distribution shall also have the same meaning as in Section 26001(r)  
17 of the Business and Professions Code, as same may be amended from time to time.

18 AA. "Distributor" means a person holding a valid Commercial Cannabis Permit for  
19 distribution issued by the City of Chico, and, a valid state license for distribution, required by state  
20 law to engage in the business of purchasing cannabis from a licensed cultivator, or cannabis  
21 products from a licensed manufacturer, for sale to a licensed retailer.

22 BB. "Edible Cannabis Product" means a cannabis product that is intended to be used, in  
23 whole or in part, for human consumption, and is not considered food. Edible cannabis product has  
24 the same meaning as Business and Professions Code section 26001(t).

25 CC. "Fire Chief" shall means the Fire Chief of the Chico Fire Department, or their designee.

26 DD. "Indoor" shall mean entirely within and inside a private residence, residential structure,  
27 or accessory structure.

28 EE. "Law enforcement agency" refers to the agency charged with enforcing the pertinent

1 laws in the City. The law enforcement agency for the City shall be the Chico Police Department.  
2 Unless the provisions of the context otherwise require, whenever any provision of this Code makes  
3 reference to the law enforcement agency of the City, such shall be construed to mean, and deemed  
4 to constitute, that person holding the office of Chief of Police for the City and their authorized  
5 deputies or officers, performing law enforcement functions for the City.

6 FF. "License or State License" means a license issued by the State of California, or one of its  
7 departments or divisions, under MAUCRSA, and any subsequent State of California legislation or  
8 regulations regarding the same, to lawfully engage in commercial cannabis activity.

9 GG. "Licensee" means any person holding a license issued by the State of California to  
10 conduct commercial cannabis business activities.

11 HH. "Manager" means any person(s) designated by the commercial cannabis business to act  
12 as the representative or agent of the commercial cannabis business in managing day-to-day  
13 operations with corresponding liabilities and responsibilities, and/or the person in apparent charge  
14 of the premises where the commercial cannabis business is located. Evidence of management  
15 includes, but is not limited to, evidence that the individual has the power to direct, supervise, or  
16 hire and dismiss employees, controls hours of operations, creates policy rules, or purchases  
17 supplies.

18 II. "Manufacture" shall mean to compound, blend, extract, infuse, or otherwise make or  
19 prepare a cannabis product. Manufacture shall also have the same meaning as in Section 26001(ag)  
20 of the Business and Professions Code, as same may be amended from time to time.

21 JJ. "Manufacturer" means a licensee that conducts the production, preparation, propagation,  
22 or compounding of cannabis or cannabis products either directly or indirectly or by extraction  
23 methods, or independently by means of chemical synthesis, or by a combination of extraction and  
24 chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products  
25 or labels or re-labels its container. A manufacturer may also be a person that infuses cannabis in  
26 its products but does not perform its own extraction. Manufacturer shall also have the same  
27 meaning as in Section 26001(ah) of the Business and Professions Code, as same may be amended  
28 from time to time.

1 KK. "Manufacturing" means the use type that produces, prepares, propagates, or compounds  
2 cannabis or cannabis products, directly or indirectly, by extraction methods, independently by  
3 means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed  
4 location that packages or repackages cannabis or cannabis products or labels or re-labels its  
5 container, and is owned and operated by a person issued a valid Commercial Cannabis Permit for  
6 manufacturing from the City of Chico and, a valid state license as required for manufacturing of  
7 cannabis products.

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

12 MM. "Medicinal use" means the use of medicinal cannabis or medicinal cannabis product.

13 NN. "Microbusiness" means licensees who engage in at least three (3) of the following  
14 commercial cannabis activities: indoor cultivation (less than 10,000 square feet), manufacturing  
15 (level 1, type 6), distribution, and retailer-storefront, as defined within this Chapter.

16 OO. "Outdoor" shall mean any location within the City of Chico that is not within a fully  
17 lawfully existing enclosed structure.

18 PP. "Permittee" shall mean any person having been issued and maintaining a valid personal  
19 cultivation permit under this Chapter.

20 QQ. "Person" means any individual, firm, partnership, joint venture, association, corporation,  
21 limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or  
22 combination acting as a unit or entity, and the plural as well as the singular.

23 RR. "Personal cultivation permit" or "permit" shall mean and refer to the permit issued by  
24 the City under this Chapter authorizing permittees to possess, plant, cultivate, harvest, dry, or  
25 process cannabis, cannabis plants, or the cannabis produced by the plants inside a private  
26 residence, or inside an accessory structure to a private residence located upon the grounds of a  
27 private residence, pursuant to AUMA, and to a qualified patient or primary caregiver, in  
28 accordance with the Compassionate Use Act of 1996 (Proposition 215).

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

4 TT. "Premises" means the designated structure or structures and land specified in the  
5 application that is owned, leased, or otherwise held under the control of the applicant where the  
6 commercial cannabis business will be or is being conducted. The premises shall be a contiguous  
7 area and shall only be occupied by one permittee.

8 UU. "Primary caregiver" means the individual designated by a qualified patient, who has  
9 consistently assumed responsibility for the housing, health, or safety of that patient, and as defined  
10 in Health and Safety Code section 11362.7.

11 VV. "Private residence" shall mean a legally existing house, an apartment unit, a mobile  
12 home, or other similar dwelling, and inclusive of any rooms, garages, or structures physically  
13 attached thereto, identified by a lawful street address and/or an assessor parcel number. A lawful  
14 accessory structure located on the same parcel as a private residence shall be considered a part of  
15 that private residence.

16 WW. "Qualified patient" means a qualified patient who is entitled to the protections of the  
17 Compassionate Use Act of 1996, and as defined in Section 11362.7 of the Health and Safety Code.

18 XX. "Retailer-Delivery" means a non-storefront, delivery only retailer as a commercial  
19 cannabis business facility where cannabis, cannabis products, or devices for the use of cannabis or  
20 cannabis products are offered, either individually or in any combination, for retail sale to  
21 customers, where the premises are non-storefront, closed to the public, and sales are conducted  
22 exclusively by delivery, where a vehicle is used to convey the cannabis or cannabis products to  
23 the customer from a fixed location, and where the operator is authorized by the City of Chico to  
24 operate as a retailer, and holds a valid state license as required by state law to operate as a retailer.

25 YY. "Sell", "sale", and "to sell" includes any transaction whereby, for any consideration, title  
26 to cannabis or cannabis products are transferred from one person to another, and includes the  
27 delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same  
28 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 permittee from whom the cannabis or cannabis product was purchased.

ZZ. “State Law” means all laws of the State of California, which includes, but are not limited to, all rules, regulations, and policies adopted by State of California agencies, departments, divisions, and regulatory entities, as same may be amended from time to time.

AAA. “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 State of California.

Testing laboratory shall also have the same meaning as in Section 26001(at) of the Business and Professions Code, as same may be amended from time to time.

BBB. “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 law and which may be amended or repealed by any subsequent State of California legislation regarding the same.

CCC. “Youth Center” means any public or private facility that is primarily used to host recreational or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities. Youth center shall also have the same meaning as in Section 11353.1 of the Health and Safety Code and Section 26001(av) of the Business and Professions Code, as each may be amended from time to time.

### **19.75.030 Prohibitions.**

A. Commercial Cannabis Activity. No person shall establish, operate, maintain, conduct, cause, allow or engage in commercial cannabis activity anywhere within the City related to cannabis cultivation or microbusiness uses. This subsection is meant to prohibit all cannabis related activities for which a State license is required for cannabis cultivation or microbusiness uses. The City shall not issue any permit, license, variance or any other entitlement or permit,



1 whether administrative or discretionary, for any establishment, operation or activity of any such  
2 prohibited use, business or commercial operation.

3 B. Medicinal Cannabis. With the exception of the indoor, personal cultivation of medicinal  
4 cannabis allowed or permitted in residential zoning districts pursuant to, and in accordance with,  
5 this chapter, the establishment or operation of any medicinal marijuana or cannabis collective,  
6 cooperative, dispensary, delivery service, operator, establishment, or provider shall be considered  
7 an explicitly prohibited use in the City of Chico, including in all zoning districts and designated  
8 zones of the City without an appropriate Commercial Cannabis Permit issued pursuant to CMC  
9 Chapter 5.42 and in accordance with the remainder of Chapter 19.75 and Section 19.52.110.

10 C. Personal Cannabis Cultivation for Medicinal or Adult-use Use. With the exception of  
11 Section 19.75.040 that allows the personal cannabis cultivation of no more than six (6) plants in a  
12 private residence by first securing a permit from the City, personal cannabis cultivation shall be  
13 prohibited and considered unlawful in all areas of the City to the extent it is unlawful under  
14 California law.

15 D. Property Owners. A property owner shall not rent, lease, or otherwise allow, cause or  
16 allow any business that engages in commercial cannabis activity to occupy real property in the  
17 City unless such business is located in a zoning district where such use is allowed, and has received  
18 a Commercial Cannabis Permit issued pursuant to Chapter 5.42. A property owner shall not allow  
19 any person or business to establish, operate, maintain, conduct, cause, allow, or engage in  
20 commercial cannabis activity on any real property owned or controlled by that property owner that  
21 is located in the City unless such business is located in a zoning district where such use is allowed,  
22 and has received a Commercial Cannabis Permit issued pursuant to Chapter 5.42. This is not  
23 intended to prohibit a property owner from providing written prior permission to lawful tenants  
24 for the personal cultivation of medicinal or adult-use cannabis in a residential zoning district, as  
25 allowed in Section 19.75.040 of this chapter.

26 E. Deliveries. To the extent not already prohibited herein, delivery of cannabis or cannabis  
27 products, whether the cannabis is for medicinal or adult-use purposes, to or from the City of Chico  
28 is expressly prohibited except to the extent allowed under State law. Nothing herein prevents the

use and traversing of public roads within the City of Chico by a lawful business pursuant to state law.

F. Outdoor Cultivation. The outdoor cultivation of cannabis is expressly prohibited in the City of Chico, including all zoning districts and designated zones of the City of Chico.

**19.75.040 Indoor personal cannabis cultivation.** [No change]

**19.75.050 Permissive zoning.** [No change]

**19.75.060 Smoking.** [No change]

**19.75.070 Public nuisance.** [No change]

**19.75.080 Violations.** [No change]

**19.75.090 Effect on other ordinances.** [No change]

**19.75.100 Applicability of provisions – non-compliance.** [No change]

**19.75.110 Severability.** [No change]

**19.75.120 Location limitations.**

A. All commercial cannabis businesses shall be located in an approved land use district pursuant to Division IV of Title 19.

B. Distance Limitations:

1. The following distance limitations apply to commercial cannabis business types:

a. Testing laboratory: 100 feet from a school providing instruction in kindergarten or any grades 1 through 12, a day care center, or a youth center;

b. Manufacturer: 100 feet from a school providing instruction in kindergarten or any grades 1 through 12, a day care center, or a youth center;

c. Distributor: 100 feet from a school providing instruction in kindergarten or any grades 1 through 12, a day care center, or a youth center;

d. Retailer- Delivery Only: 100 feet from a school providing instruction in kindergarten or any grades 1 through 12, a day care center, or a youth center;

e. Distance Limitation: Retailer-Storefront.

a. Retailer-Storefront uses shall be located at least:

i. 1000 feet from a school providing instruction in any grades

1 six (6) through twelve (12), and

2 ii. 600 feet from a school providing instruction in kindergarten  
3 or any grades one (1) through five (5), a day care center, or a youth center with  
4 primary youth center activities.

5 2. Calculation Methods.

6 a. A school providing instruction in kindergarten or any grades 1 through 12,  
7 a day care center, or a youth center shall for purposes of this section be known as  
8 a “sensitive receptor”;

9 b. Distances specified in this section shall be the horizontal distance measured  
10 in a straight line from the property line of the sensitive receptor to the closest property line of the  
11 lot on which the commercial cannabis business is located, without regard to intervening structures.

12 c. Only sensitive receptors in existence at the time the City receives a  
13 Commercial Cannabis Permit application from the proposed Retailer-Storefront shall be  
14 considered.

15 d. One or more of the following factors may be considered by the City to  
16 determine if the sensitive receptor was in existence at the time of the City’s receipt of the  
17 Commercial Cannabis Permit application:

18 i. The sensitive receptor is open and operating;

19 ii. The sensitive receptor has a Chico City Business Tax Certificate for  
20 the specific location and sensitive use;

21 iii. The sensitive receptor has submitted a Business Tax Certification  
22 application to the City for the specific location and sensitive use and is undergoing construction or  
23 other tenant improvements at the specific location in question; and

24 iv. Other factors that may indicate a sensitive receptor was in existence  
25 as determined by the Community Development Director

26 e. Notwithstanding the foregoing, an application for a Commercial Cannabis  
27 Permit may be deemed in compliance with this Section if evidence is submitted, to the satisfaction  
28 of the Community Development Director, that the sensitive receptor will cease operation at the

location prior to the issuance of a building permit for the Retailer-Storefront location.

### **19.75.130 Operational Requirements – All Commercial Cannabis Uses**

A. Permit Required: All commercial cannabis businesses shall obtain and maintain a Commercial Cannabis Permit issued by the City of Chico pursuant to Title 5.42.

B. Compliance with City, Local and State Law. All commercial cannabis businesses shall comply with the standards set by State law, regulations and policies, and all city codes and resolutions, as well as any applicable requirements of the County of Butte.

C. Access Limited. For all commercial cannabis businesses, the general public is only allowed to access those areas of the premises which are identified in the site plan included with the Commercial Cannabis Permit as being open to public access. Only agents, applicants, managers, employees, and volunteers of the commercial cannabis permittee and agents or employees of the City, or other governmental agency are allowed in non-public access areas.

#### **D. Hours of Operation:**

a. Retailer-Storefront and Retailer-Delivery businesses may operate no earlier than 8:00 a.m. and no later than 9:00 p.m., unless otherwise more restrictive hours are stated in a Use Permit for such location, or unless zoning regulations specify more restrictive hours.

b. Manufacturers, distributors and testing laboratories may only accept commercial traffic to and from the premises between 8:00 a.m. and 7:00 p.m., unless zoning regulations specify more restrictive hours.

E. On-site Consumption Prohibited: Cannabis shall not be consumed by anyone on the premises in any form at any commercial cannabis business, unless explicitly authorized by a City ordinance, resolution, rule, regulation and/or pursuant to explicit terms of a Commercial Cannabis Permit, or City-approved Conditional Use Permit or Development Agreement.

F. Visibility: No manufacturing process, testing methodology, storage, or loading/unloading cannabis or cannabis products, shall be visible from the exterior of any premises issued a Commercial Cannabis Permit. No cannabis or cannabis products shall be visible on part of any of the vehicles owned or used as part of the commercial cannabis business. No outdoor storage of

1 cannabis or cannabis products is permitted at any time.

2 G. Inventory Tracking: Each commercial cannabis business shall have in place and at all  
3 times of operation of the business operate a point-of-sale or management inventory tracking system  
4 to track and report on all aspects of the commercial cannabis business including, but not limited  
5 to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other  
6 information which may be deemed necessary by the City. The commercial cannabis business shall  
7 ensure that such information is compatible with the City's record-keeping systems. In addition,  
8 the system must have the capability to produce historical transactional data for review.  
9 Furthermore, any system selected must be approved and authorized by the City Manager or  
10 designee prior to being used by the permittee and be the same system as specified in their  
11 commercial cannabis business permit.

12 H. Compliance with California Law: All cannabis and cannabis products sold, tested,  
13 distributed or manufactured shall be cultivated, manufactured, and transported by licensed  
14 facilities that maintain operations in full conformance with the State of California and local  
15 regulations. All activities related to the purchase, sales, delivery, distribution, cultivation, testing,  
16 and manufacture of cannabis or cannabis products shall be conducted in conformity with state law.

17 I. Contact Information: Each commercial cannabis business shall provide the City Manager  
18 with the name, telephone number (both landline and mobile) of an on-site manager or owner to  
19 whom emergency notice may be provided at any hour of the day.

20 J. Signage and Notices:

21 a. In addition to the requirements otherwise set forth in this section, or as a  
22 term or condition imposed in a Use Permit, business identification signage for a commercial  
23 cannabis business shall conform to the requirements of state law and the City of Chico City Code,  
24 including, but not limited to, the requirements for a City sign permit, or applicable zoning laws  
25 regulating signs.

26 b. Each commercial cannabis business premises shall be visibly posted with  
27 clear and legible notices indoors indicating that smoking, ingesting, or otherwise consuming  
28 cannabis on the premises or in the areas adjacent to the commercial cannabis business is prohibited.

1 K. Age Restrictions:

2 a. Persons under the age of twenty-one (21) years shall not be allowed on the  
3 premises of a commercial cannabis business except as allowed under California law.

4 b. Persons under the age of twenty-one (21) years shall not be allowed to serve  
5 as a driver for a delivery service, except as allowed under California law pertaining to sales of  
6 cannabis for medicinal use.

7 c. It shall be unlawful and a violation of this Chapter for any person to employ  
8 any person at a commercial cannabis business who is not at least twenty-one (21) years of age.

9 L. Odor Control.

10 a. Odor control devices and techniques shall be incorporated as needed in all  
11 commercial cannabis businesses to ensure that odors from cannabis are not detectable off-site.

12 b. Commercial cannabis businesses shall provide a sufficient odor control  
13 devices and techniques, including but not limited to an odor absorbing ventilation and exhaust  
14 system utilizing air scrubbers or charcoal filtration systems, so that odor generated inside the  
15 commercial cannabis business that is distinctive to its operation is not detected outside of the  
16 facility, anywhere on adjacent property or public rights-of-way, at any adjoining use of the  
17 property not part of the commercial cannabis premises, on or about the exterior or interior common  
18 area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by  
19 common tenants or the visiting public, or within any other unit located inside the same building as  
20 the commercial cannabis business.

21 c. Commercial cannabis businesses shall install and maintain the following  
22 equipment, or other equipment which the City Engineer or Public Works Director or Building  
23 Official determines is a more effective method or technology, to address such odor control:

24 i. An exhaust air filtration system with odor control that prevents  
25 internal odors from being emitted externally;

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

1 business.

2 d. All exhaust ventilation equipment is required to be appropriate for the use  
3 involved and must comply with the California Fire and Mechanical codes.

4 M. Display of Permit and City Business Tax Certificate. The original copy of the  
5 Commercial Cannabis Permit issued by the City pursuant to this Chapter, the City issued business  
6 license, and the state-issued Seller's Permit, shall be posted inside the commercial cannabis  
7 business in a location readily-visible to any City, County or State employee, official, or agent  
8 authorized to enforce the City's Code, or applicable cannabis-related laws.

9 N. Loitering Prohibited. The permittee of a commercial cannabis business shall prohibit  
10 loitering by persons outside on the premises, and is required to enforce same within its premises  
11 and adjacent public areas, including cooperating with the City's law enforcement agency  
12 dispatched to enforce same. The placement and use of no loitering signage shall be included as  
13 part of any application submittal, and depicted on a business or operational plan.

14 O. Permits and other Approvals. Prior to the operation of a commercial cannabis business,  
15 the person intending to establish a commercial cannabis business must first obtain all applicable  
16 planning, zoning, building, and other applicable permits and approvals from the relevant City or  
17 County department or division which may be applicable to the zoning district in which such  
18 commercial cannabis business intends to establish and to operate.

19 P. Adherence to Operating Procedures. Permittees shall adhere to all applicable operating  
20 procedures, including those submitted as part of the initial application process, and pursuant to  
21 those established in applicable State of California laws, regulations, and policies.

22 Q. Compliance with Disability Regulations. This Chapter does not exempt a commercial  
23 cannabis business from complying with all applicable local, State and federal laws and regulations  
24 pertaining to persons with disabilities.

25 R. Non-Discrimination. No commercial cannabis business may discriminate or exclude  
26 patrons in violation of local, State and federal laws and regulations.

27 S. Contact Information. Each commercial cannabis business shall provide the name,  
28 telephone number, and email address of a community relations contact to whom notice of problems

1 associated with the commercial cannabis business can be provided. Each commercial cannabis  
2 business shall also provide this information to all businesses and residences located within 300  
3 feet of the commercial cannabis business.

4 T. Coordination Meetings. The owner, manager, and community relations representative  
5 from each commercial cannabis business holding a Commercial Cannabis Permit shall, if  
6 requested by the City Manager or designee, attend a quarterly meeting with the interested parties  
7 to discuss costs, benefits, and other community issues arising as a result of implementation of this  
8 Chapter.

9 U. Security Plan: Each business shall maintain on file with the City a security plan.

10 V. Restriction on Alcohol and Tobacco Sales, Dispensing or Consumption: No person shall  
11 cause, allow, or permit the sale, dispensing, or consumption of alcoholic beverages or tobacco  
12 products on or about the premises of a commercial cannabis business, pursuant to and consistent  
13 with the prohibition of same by state law.

14 W. Restriction of On-site on Consumption: No person shall cause, allow, or permit the  
15 consumption of cannabis on-site of any commercial cannabis business.

16 **19.75.140 Operational Requirements— Commercial Cannabis Retailer - Storefront**

17 A. On-site Supervision: All commercial cannabis storefront retailers shall have a  
18 manager on the premises at all times during hours of operation.

19 B. Delivery Services. Storefront retailers also providing delivery shall comply with the  
20 operational requirements pertaining to Retailer – Delivery Only businesses in Section 19.75.150.

21 C. Site Access. Entrances into the retailer storefront shall be controlled at all times  
22 with either security personnel or electronic/mechanical entry system. Adult use storefront retailers  
23 without medicinal cannabis sales shall verify the age of all customers to ensure persons under the  
24 age of 21 are not permitted on the premises. Adult use medicinal sales storefront retailers shall  
25 verify the age and possession of valid doctor's recommendation of all customers to ensure persons  
26 under the age of 18 are not permitted on the premises.

27 D. Medicinal Cannabis.

28 a. Commercial cannabis storefront retailers selling medicinal cannabis shall



1 verify the age and all necessary documentation of each customer to ensure the customer is not  
2 under the age of 18 years and that the potential customer has a valid doctor's recommendation;

3           b.       Verify the identity and age of the qualified patient, primary caregiver, or  
4 customer receiving cannabis or cannabis products from the delivery only retailer; and

5           c.       If a medicinal cannabis transaction,

6                   i.       Verify the validity of the qualified patient's recommendation from  
7 a physician to use cannabis for medicinal purposes or primary caregiver's status as a primary  
8 caregiver for the particular qualified patient, and

9                   ii.       Maintain a copy of the physician recommendation or Identification  
10 Card, as described in Health and Safety Code Sections 11362.71 through 11362.77, as may be  
11 amended from time to time, at its permitted business location for a period of not less than seven  
12 (7) years.

13       E.       Physician Evaluations Prohibited: No physician shall be allowed at any time to  
14 evaluate patients or customers for the issuance of a medicinal cannabis recommendation or  
15 medicinal cannabis identification card where applicable.

16       F.       Complimentary Promotions Prohibited. A non-medicinal cannabis storefront  
17 retailer may not sell, give away, or donate specific devices, contrivances, instruments, or  
18 paraphernalia necessary for consuming cannabis products, including, but not limited to, rolling  
19 papers and related tools, pipes, water pipes, and vaporizers. A storefront retailer may not give  
20 away samples or cannabis products free of charge.

21       G.       Required Notifications. All cannabis storefront retailers shall notify qualified  
22 patients, primary caregivers, and customers (verbally or by written agreement) and by posting of  
23 a notice or notices conspicuously in at least 15-point type within the permitted premises that state  
24 the following:

25           a.       "The sale or diversion of cannabis or cannabis products without a permit  
26 issued by the City of Chico is a violation of State law and the Chico City Code."

27           b.       "Secondary sale, barter, or distribution of cannabis or cannabis products  
28 purchased from a permittee is a crime and can lead to arrest."

1 c. "Patrons must not loiter in or near these premises and may not consume  
2 cannabis or cannabis products in the vicinity of this business or in any place not lawfully permitted.  
3 These premises and vicinity are monitored to ensure compliance."

4 d. "Warning: the use of cannabis or cannabis products may impair a person's  
5 ability to drive a motor vehicle or operate heavy machinery."

6 e. "CALIFORNIA PROP. 65 WARNING: Smoking of cannabis and  
7 cannabis-derived products will expose you and those in your immediate vicinity to cannabis  
8 smoke. Cannabis smoke is known by the State of California to cause cancer."

9 H. Location of Products. All cannabis concentrate inhaled products, including but not  
10 limited to, dabs, shatter, budder, wax, and butane hash oil, shall be stored behind the retail counter  
11 and out of the reach of customers at all times except when being handled by an employee during  
12 a sales transaction.

13 I. Added Artificial Flavor Prohibited. Retailers shall not sell cannabis products which  
14 contain an added characterizing flavor. For purposes of this Chapter, "characterizing flavor" means  
15 a taste or aroma, other than the taste or aroma of cannabis, imparted either prior to or during  
16 consumption. This includes, but is not limited to, tastes or aromas relating to food or drink of any  
17 sort; menthol; mint; wintergreen; fruit; chocolate; vanilla; honey; candy; cocoa; dessert; alcoholic  
18 beverages; herbs; or spices. Flavor agents consisting of terpenes of cannabis shall not be considered  
19 an added characterizing flavor.

20 J. Educational Materials. A cannabis storefront retailer shall provide written  
21 educational materials to all customers:

22 a. Regarding each product sold, with information regarding the name and type  
23 of product, instructions for use, and expected effects.

24 b. Regarding all edible cannabis products and cannabis concentrate products  
25 sold to a customer, which shall include information on safe storage and use of the product,  
26 warnings against child access and exposure to the product, and warnings of potential side effects  
27 concerning brain development of individuals under the age of twenty-five years and potential harm  
28 to pregnant women.

1 K. Training Required: A cannabis storefront retailer shall require all employees who  
2 interact with public customers, as well as all management staff, to complete training to ensure  
3 competency of employees for their assigned functions within the first year of the retailers' first  
4 year of operation, and within one year of each employee's hire date thereafter. The retailer shall  
5 maintain records showing completion of each employee's training for a period of two years and  
6 provide such records to the City Manager or his/her designee upon request.

7 **19.75.150 Operational Requirements— Commercial Cannabis Retailer-Delivery Only.**

8 A. Point of Sale System. A cannabis delivery retailer shall facilitate the dispensing of  
9 cannabis or cannabis products with a technology platform owned by or licensed to the delivery  
10 retailer that uses point-of-sale technology to track and database technology to record and store the  
11 following information for each transaction involving the exchange of cannabis or cannabis  
12 products between the applicant and qualified patient, primary caregiver, or customer:

13 a. The identity of the individual dispensing cannabis or cannabis products on  
14 behalf of the permittee;

15 b. The identity of the qualified patient, primary caregiver, or customer  
16 receiving cannabis or cannabis products from the permittee;

17 c. The type and quantity of cannabis or cannabis products dispensed and  
18 received; and

19 d. The gross receipts charged by the licensee and received by the individual  
20 dispensing cannabis or cannabis products on behalf of the permittee for the cannabis or cannabis  
21 products dispensed and received.

22 B. Security Plan. Security plans developed pursuant to this Chapter shall include  
23 provisions relating to vehicle security and the protection of employees and product during loading  
24 and in transit.

25 **19.75.160 Operational Requirements— Commercial Cannabis Manufacturer.**

26 A. Visibility of Manufacturing Processes. From a public right-of-way, there shall be  
27 no exterior evidence of cannabis manufacturing allowed on the premises, except for any signage  
28 authorized by this Code.

1       B.       Use of compressed gas. Any compressed gases used in the manufacturing process  
2 shall be approved by the Fire Chief. Any compressed gases shall not be stored on any property  
3 within the City of Chico in containers that exceed the amount approved by the Fire Chief. Each  
4 site or parcel subject to a Commercial Cannabis Permit shall be limited to a total number of tanks  
5 as authorized by the Fire Chief on the property at any time.

6       C.       Use of solvents. Any solvents used in the manufacturing process shall be approved  
7 by the Fire Chief. Cannabis Manufacturers using solvents or gases for extraction shall use N-  
8 butane, isobutane, propane, or heptane, or other solvents or gases exhibiting low to minimal  
9 potential human-related toxicity approved by the Fire Chief. These solvents must be of at least  
10 ninety-nine percent purity and procedures showing that any extraction process must use them in a  
11 professional grade closed loop extraction system designed to recover the solvents and work in an  
12 environment with proper ventilation, controlling all sources of ignition where a flammable  
13 atmosphere is or may be present.

14       D.       Use of Gas Extraction Systems. If an extraction process uses a professional grade  
15 closed loop CO<sub>2</sub> gas extraction system, every vessel must be certified by the manufacturer for its  
16 safe use.

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

19               b.       Certification from an engineer licensed by the State of California must be  
20 provided to the Fire Chief for a professional grade closed loop system used by any commercial  
21 cannabis manufacturer to certify that the system was commercially manufactured, is safe for its  
22 intended use, and was built to codes of recognized and generally accepted good engineering  
23 practices, including but not limited to:

- 24                   i.       The American Society of Mechanical Engineers (ASME);
- 25                   ii.      American National Standards Institute (ANSI);
- 26                   iii.     Underwriters Laboratories (UL); or
- 27                   iv.      The American Society for Testing and Materials (ASTM).

28               c.       Certification document must contain the signature and stamp of the

professional engineer and serial number of the extraction unit being certified.

E. Fire Chief Approval. Professional closed loop systems, other equipment used, the extraction operation, and all related facilities must be approved for their use by the Fire Department and meet any required fire, safety, and building code requirements specified in Building and Fire Codes, as adopted by the City.

F. Approved Non-solvent/gas Manufacturing Methods. Cannabis Manufacturers may use:

a. Heat, screens, presses, steam distillation, ice water, and other methods without employing solvents or gases to create kief, hashish, bubble hash, or infused dairy butter, or oils or fats derived from natural sources, and other extracts.

b. Food grade glycerin, ethanol, and propylene glycol solvents to create or refine extracts.

G. Ethanol Recapture. Ethanol shall be removed from all extracts in a manner to recapture the solvent and ensure that it is not vented into the atmosphere.

H. Procedures and Protocols. Cannabis Manufacturers creating cannabis extracts must develop standard operating procedures, good manufacturing practices, and a training plan prior to producing extracts for the marketplace.

I. Training. 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, must have direct access to applicable material safety data sheets and handle and store the solvents and gases safely. Training materials and records shall be presented to the City upon request.

J. Assurance Testing. Parts per million for one gram of finished extract cannot exceed State standards for any residual solvent or gas when quality assurance tested.

K. Added Artificial Flavor Prohibited. Cannabis manufacturers shall not manufacture cannabis products which contain an added characterizing flavor. For purposes of this Chapter, “characterizing flavor” means a taste or aroma, other than the taste or aroma of cannabis, imparted either prior to or during consumption. This includes, but is not limited to, tastes or aromas relating to food or drink of any sort; menthol; mint; wintergreen; fruit; chocolate; vanilla; honey; candy;

cocoa; dessert; alcoholic beverages; herbs; or spices. Flavor agents consisting of cannabis terpenes shall not be considered an added characterizing flavor.

L. Annual California Fire Code Operational Permit. Cannabis manufacturers shall obtain annually and keep current at all times a Fire Code Operational Permit.

M. Sprinkler System. An automatic sprinkler system shall be installed throughout all buildings containing cannabis manufacturing uses, including but not limited to oil extraction operations and cannabis-infused product kitchens/bakeries.

N. Fire Alarm System. An automatic fire alarm system shall be provided through building containing cannabis manufacturing uses, including but not limited to oil extraction operations and cannabis-infused product kitchens/bakeries. The installed fire alarm system shall meet the requirements of emergency voice/alarm communication systems required by the California Fire Code and shall be designed and installed in accordance with National Fire Protection Association standards.

O. Fire Department Access. A key box shall be installed at an approved location to allow immediate access to the premises in the event of an emergency for life-saving and fire-fighting purposes, due to the potential hazards associated with manufacturing facilities. The box shall be of an approved type listed in accordance with UL 1037 and shall contain keys to gain necessary access as required by the fire code official.

#### **19.75.170 Operational Requirements— Commercial Cannabis Distributor**

A. Visibility. From a public right-of-way, there shall be no exterior evidence of cannabis distribution except for any signage authorized by this Code.

B. Tamper Resistant Packaging. A cannabis distributor shall only procure, sell, or transport cannabis or cannabis products that are packaged and sealed in tamper-evident packaging that uses a unique identifier, such as a batch and lot number or bar code, to identify and track the cannabis or cannabis products.

C. Recyclable Materials. A cannabis distributor shall minimize materials that are non-recyclable or non-reusable.

D. Distribution Personnel.

1           a.       A cannabis distributor shall maintain a database and provide a list of  
2 individuals and vehicles authorized to conduct transportation on behalf of the permittee, pursuant  
3 to the Commercial Cannabis Permit, within the City.

4           b.       Individuals authorized to conduct transportation on behalf of the cannabis  
5 distributor shall have a current and valid California Driver's License.

6           c.       During transportation, the individual conducting transportation on behalf of  
7 the cannabis distributor shall maintain a copy of the Commercial Cannabis Permit and shall make  
8 it available upon the request of agents or employees of the City requesting documentation.

9       E.       Distribution Vehicle. Cannabis or cannabis products shall be transported only in a  
10 vehicle that is

11           a.       Insured at or above the legal requirement in California,

12           b.       Capable of securing (locking) the cannabis or cannabis products during  
13 transportation, and

14           c.       Capable of being temperature controlled if perishable cannabis products are  
15 being transported.

16 **19.75.180 Operational Requirements— Commercial Cannabis Testing Laboratory**

17       A.       Cannabis testing shall take place within an enclosed building.

18       B.       From a public right-of-way, there shall be no exterior evidence of cannabis testing  
19 except for any signage authorized by this Code.

20       C.       All cannabis testing shall be performed in accordance with State law.

21       D.       A cannabis testing laboratory shall adopt a standard operating procedure using  
22 methods consistent with general requirements established by the International Organization for  
23 Standardization, specifically ISO/IEC 17025, to test cannabis and cannabis products, and shall  
24 operate in compliance with the law.

25       E.       A cannabis testing laboratory shall be accredited by a body that is a signatory to the  
26 International Laboratory Accreditation Cooperation Mutual Recognition Agreement.

27       F.       A cannabis testing laboratory shall establish standard operating procedures that  
28 provide for adequate chain of custody controls for samples transferred to the testing laboratory for

1 testing.

2 G. A cannabis testing laboratory shall destroy the remains of samples of any cannabis  
3 or cannabis product upon completion of analyses. Destruction shall be done in a manner compliant  
4 with State law and regulations.

5 H. Any testing that requires the use of solvents, compressed gas, or gas extraction  
6 systems for extraction must comply with the requirements for manufacturers in Section  
7 19.75.160.B-I Operational Requirements—Cannabis Manufacturers.



**Section 2.** Amend Section 19.44.030, Table 4-6, “Allowed Uses and Permit Requirements for Commercial Zone Districts,” to read and provide as follows:

Land Use	Permit Requirement by Zone								Subject to Standards in Section/ Chapter:
	OR	OC	CN	CC	DN	DS	CS	CR	
Manufacturing and Processing Uses									
Cannabis Distributor							P		19.75
Retail Trade Uses									
Cannabis Retailer – Storefront				UP			UP	UP	19.75
Cannabis Retailer – Delivery Only		P		P			P		19.75
Service Uses									
Cannabis Testing Laboratory		P		P			P		19.75

**Section 3.** Amend Section 19.46.020, Table 4-8, to read and provide as follows:

Land Use	Permit Requirements by Zone			Subject to Standards in Section/ Chapter:
	ML	MG	IOMU	
Manufacturing and Processing Uses				
Cannabis Distributor	P	P	P	19.75
Cannabis Manufacturer <sup>1, 2</sup>	P(5)	P(5)	P(5)	19.75
Retail Uses				
Cannabis Retailer – Delivery Only	P	P	P	19.75
Services				
Cannabis Testing laboratory	P	P	P	19.75

Notes: [1-4 No Changes]

(5) Manufacturing involving non-volatile manufacturing techniques, and premises under 5,000 s.f.

permitted; Manufacturing involving volatile manufacturing techniques, and/or premises of 5,000 s.f. or greater requires use permit approval.

**Section 4.** Amend Section 19.48, Table 4-10, to read and provide as follows:

Land Use	Permit Requirements by Zone				Subject to Standards in Section/ Chapter:
	A(2)	AC(3)	AM(4)	AP	
Manufacturing and Processing Uses					
Cannabis Distributor		P	P		19.75
Cannabis Manufacturer			P(6)		19.75
Retail Uses					
Cannabis Retailer – Delivery Only		P	P		19.75
Services					
Cannabis Testing laboratory		P	P		19.75

Notes: [1-5 No Changes]

(6) Manufacturing involving non-volatile manufacturing techniques, and premises under 5,000 s.f. permitted; Manufacturing involving volatile manufacturing techniques, and/or premises of 5,000 s.f. or greater requires use permit approval.

**Section 5.** Amend chapter 19.80.070, table 6-1 by adding all commercial cannabis activities to table 6-1.

Land Use	Permit Requirement by Zone				Subject to Standards in Section/ Chapter:
	NE	NG	NC	CORE	
Manufacturing and Processing Uses					
Cannabis Manufacturer				P(7)	19.75
Retail/Trade Uses					
Cannabis Retailer – Storefront				UP	19.75
Cannabis Retailer – Delivery Only				P	19.75
Services					
Testing laboratory				P	19.75

Notes: [1-6 No Changes]

(7) Manufacturing involving non-volatile manufacturing techniques, and premises under 5,000 s.f. permitted; Manufacturing involving volatile manufacturing techniques, and/or premises of 5,000 s.f. or greater requires use permit approval.

**Section 6.** EFFECT ON OTHER LAWS. Nothing in this Ordinance shall be construed to allow persons to engage in conduct that violates state law or other local ordinance, endangers others, causes a public nuisance, allows the use or diversion of cannabis in an unlawful manner or inconsistent with state law or other local ordinance.

**Section 7.** ENVIRONMENTAL REVIEW. The City Council, on the basis of the whole of the record and exercising independent judgement, finds that the land use regulations meet the requirements for CEQA Guidelines Section 15183 as a project consistent with a community plan or zoning, and that no additional environmental review or documentation is necessary. Implementation of this Ordinance would not result in any new environmental impacts, or substantially increase the severity of identified environmental impacts. The City Council further determines that the proposed code amendment is consistent with the General Plan's policy framework. Therefore, the Commercial Cannabis Ordinance is consistent with Section 15183 of the CEQA Guidelines and no additional environmental review is required.

**Section 8.** SEVERABILITY. If any section, subsection, line, sentence, clause, phrase, or word of this Ordinance is for any reason held to be invalid or unconstitutional, either facially or as applied, by a 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 Chico hereby declares that it would have passed this Ordinance, and each and every individual section, subsection, line, sentence, clause, phrase, or word without regard to any such decision.

**Section 9.** EFFECTIVE DATE. This Ordinance shall be effective thirty (30) days following the adoption date.

**Section 10.** CERTIFICATION. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published or posted in the manner required by law.

1  
2       **THE FOREGOING ORDINANCE** duly and property introduced at a regular meeting of  
3 the City Council held on \_\_\_\_\_, 2020 and was thereafter, adopted by the  
4 City Council of the City of Chico, California at its City Council meeting held on \_\_\_\_\_, 2020  
5 by the following vote:

6  
7  
8 AYES:

9 NOES:

10 ABSENT:

11 ABSTAINED:

12 DISQUALIFIED:

13 ATTEST:

APPROVED AS TO FORM:

14  
15  
16 \_\_\_\_\_  
17 Deborah R. Presson  
18 City Clerk

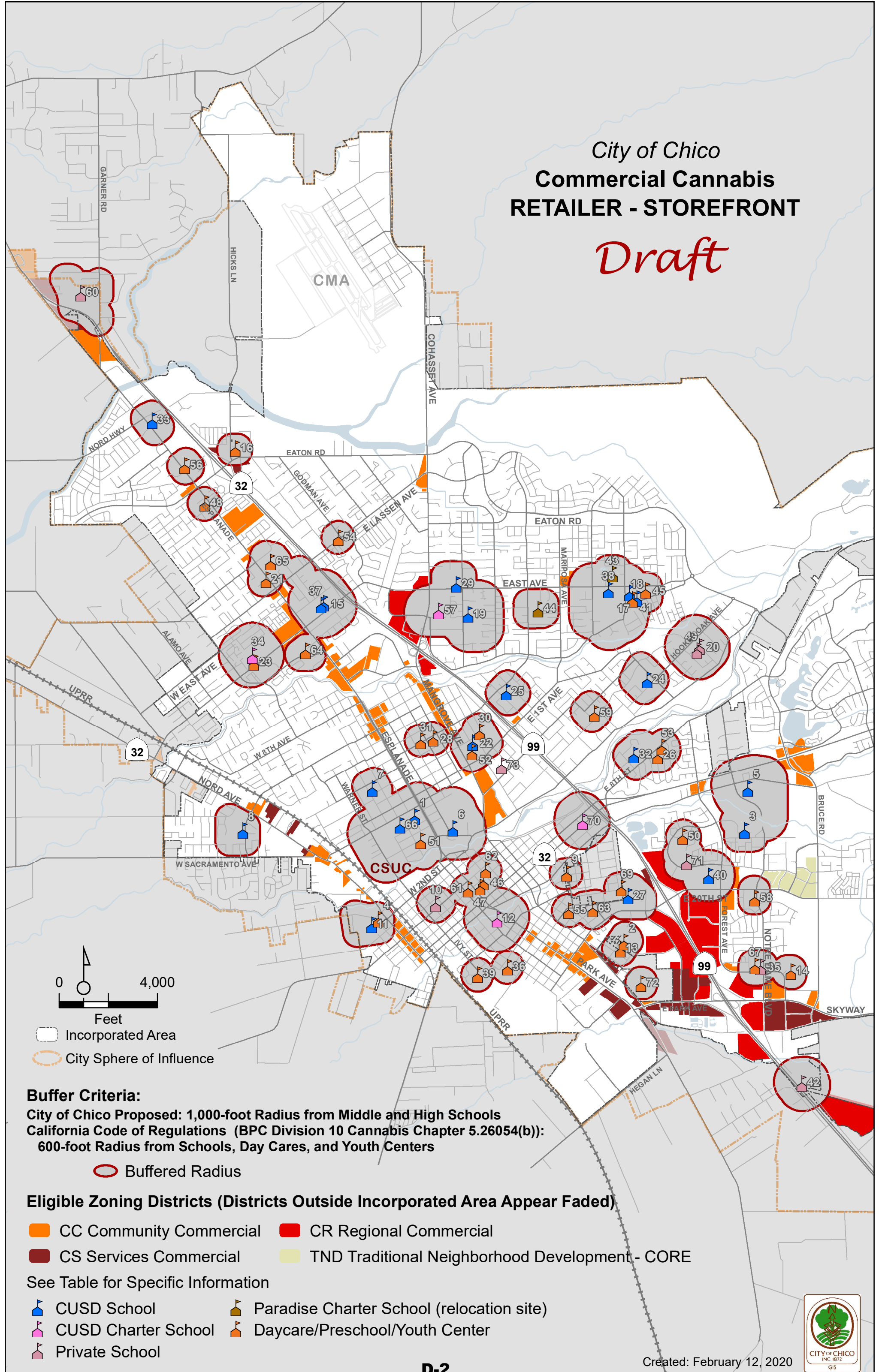
\_\_\_\_\_  
Andrew Jared, City Attorney\*

\*Pursuant to The Charter of  
the City of Chico, Section 906(E)

MAPID NAME	MAPID NAME
<b>1,000 Foot Buffer</b>	<b>600 Foot Buffer</b>
CUSD School	Daycare/Preschool/Youth Center
1 Chico HS	2 Head Start Preschool
5 Marsh JHS	4 BCOE Preschool
6 Chico JHS	9 Head Start Preschool
19 Bidwell JHS	13 Children's Community - Children Center
37 Academy for Change HS	14 Castles Preschool
38 Pleasant Valley HS	16 Peanut Butter Palace
40 Oak Bridge Academy (6-12)	21 Kinder Kids
66 Inspire School of Arts & Science CHS	23 Little Discoveries
CUSD Charter School	26 Chico Montessori Children's Playhouse
12 Chico Country Day CES	28 Laura's Preschool
34 Blue Oak CS	30 Storybook Schoolhouse
42 CORE Butte CHS	31 Laura's Daycare
57 Wildflower Charter CS	36 Mi Escuelita Maya
70 Pivot CS	39 Little Sprouts
Private School	41 Smart Start Preschool
20 Chico Oaks Adventist ES (Preschool - 8)	45 Innovative Preschool
Paradise Relocation Schools	46 Boys & Girls Club
43 Achieve Charter School of Paradise (1-8)	47 Teen Center
49 Paradise Adventist PES	48 Bright Beginnings
<b>600 Foot Buffer</b>	50 Super Luper Kids
CUSD School	51 Child Development Lab / Preschool (CSUC)
3 Little Chico Creek ES	52 King's Christian Preschool
7 Citrus ES	53 Parkside Preschool & Daycare
8 Emma Wilson ES	54 Sunny Garden Montessori
11 Rosedale ES	55 Salvation Army Youth Complex
15 Fairview HS	56 Enchanted Play Center
17 Marigold ES	58 Little Treasures
18 Loma Vista SS	59 Lutheran Church Preschool
22 Hooker Oak ES	61 6th St Center for Youth
24 Sierra View ES	62 Notre Dame Preschool
25 Neil Dow ES	63 Dorothy Johnson Community Center
27 Chapman ES	64 Bidwell Academy
29 McManus ES	65 Esplanade House Childcare
32 Parkview ES	67 Kids Park
33 Shasta ES	69 Sherwood Montessori
Private School	72 Four Winds Education Center
10 Notre Dame PES	ES Elementary School
35 Progressive PES	JHS Junior High School
60 Pleasant Valley Baptist PES	HS High School
71 Hope Academy Christian PES	SS Special Services School
73 Rose Scott Open Structure	CS Charter School
Paradise Relocation School	PS Private School
44 Children's Community School of Paradise ES	

Created: February 12, 2020

City of Chico  
Commercial Cannabis  
RETAILER - STOREFRONT  
*Draft*



**Buffer Criteria:**

City of Chico Proposed: 1,000-foot Radius from Middle and High Schools  
California Code of Regulations (BPC Division 10 Cannabis Chapter 5.26054(b)):  
600-foot Radius from Schools, Day Cares, and Youth Centers

Buffered Radius

**Eligible Zoning Districts (Districts Outside Incorporated Area Appear Faded)**

- |                         |   |
|-------------------------|---|
| CC Community Commercial | CR Regional Commercial                          |
| CS Services Commercial  | TND Traditional Neighborhood Development - CORE |

See Table for Specific Information

- |                     |   |
|---------------------|---|
| CUSD School         | Paradise Charter School (relocation site) |
| CUSD Charter School | Daycare/Preschool/Youth Center            |
| Private School      |   |





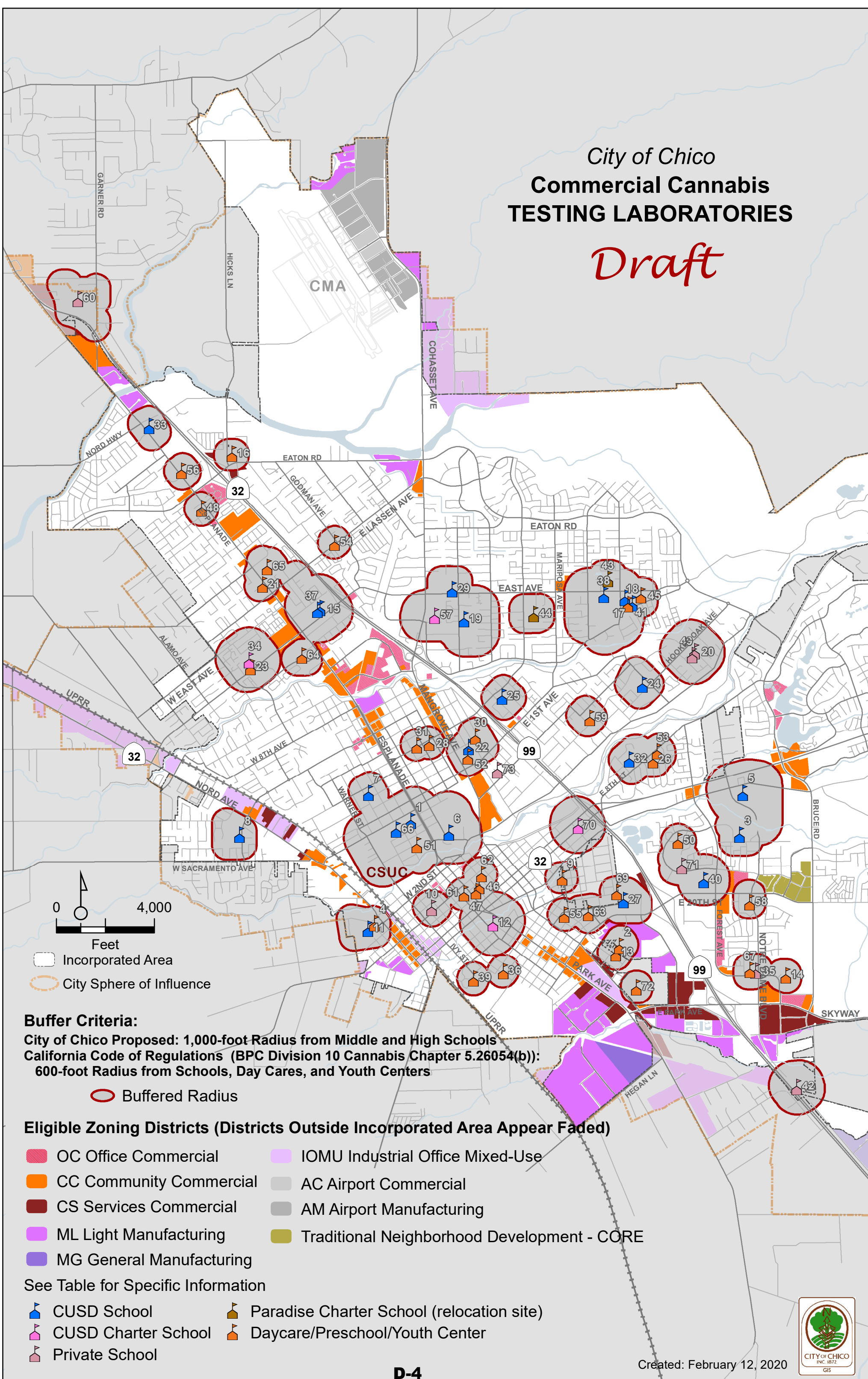
*Draft*





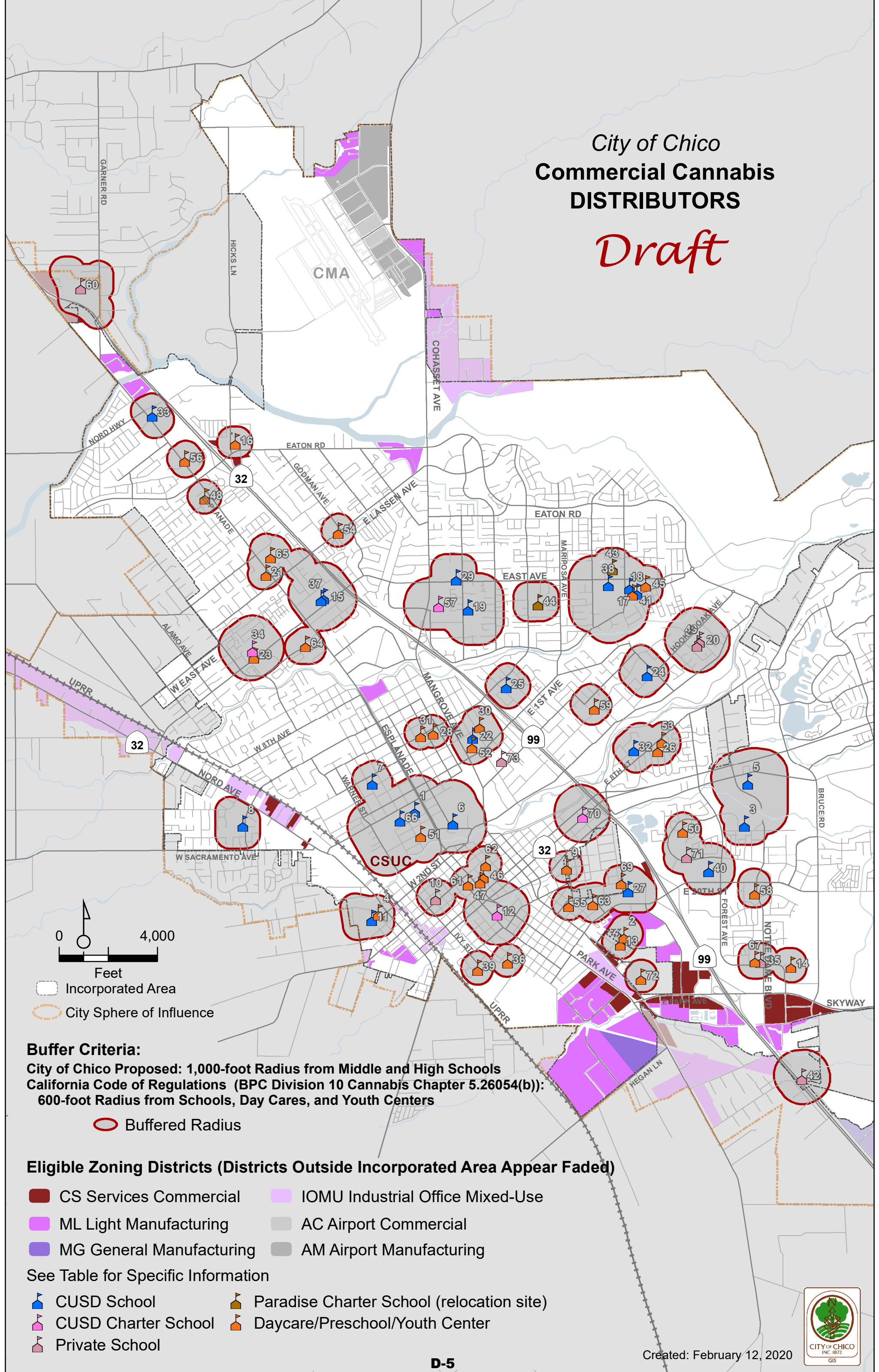
City of Chico  
Commercial Cannabis  
TESTING LABORATORIES

*Draft*





City of Chico  
Commercial Cannabis  
DISTRIBUTORS  
*Draft*



**Buffer Criteria:**

City of Chico Proposed: 1,000-foot Radius from Middle and High Schools  
California Code of Regulations (BPC Division 10 Cannabis Chapter 5.26054(b)):  
600-foot Radius from Schools, Day Cares, and Youth Centers

○ Buffered Radius

**Eligible Zoning Districts (Districts Outside Incorporated Area Appear Faded)**

- |                          |                                  |
|--------------------------|----------------------------------|
| CS Services Commercial   | IOMU Industrial Office Mixed-Use |
| ML Light Manufacturing   | AC Airport Commercial            |
| MG General Manufacturing | AM Airport Manufacturing         |

See Table for Specific Information

- |                                |  |
|--------------------------------|--|
| Blue flag: CUSD School         | Yellow flag: Paradise Charter School (relocation site) |
| Pink flag: CUSD Charter School | Orange flag: Daycare/Preschool/Youth Center            |
| Brown flag: Private School     |  |





# CITY OF CHICO MEMORANDUM

TO: City Attorney's Office DATE: February 3, 2020

FROM: Community Development Department – Planning Division

SUBJECT: Commercial Cannabis Ordinance – Zoning and Land Use Analysis Report

## REPORT IN BRIEF

The following report has been prepared by Planning staff and contains an analysis of each new land use to be established by the City's proposed Commercial Cannabis Ordinance. The commercial cannabis land uses listed below would be permitted in specified zoning districts per Chico Municipal Code (CMC) Chapter 19.75 – Cannabis Regulations:

1. Retailer – Storefront
2. Testing laboratory
3. Manufacturer
4. Distributor
5. Retailer - Delivery Only

For each of these uses, staff identified similar land use categories currently permitted by Title 19. The definitions and zoning limitations of like-kind uses were then compared to determine which zoning districts would be most appropriate for the proposed commercial cannabis land uses. Following this breakdown of land uses, staff has provided a zoning analysis summarizing why each proposed use would or would not meet the purpose or intent of each district.

## BACKGROUND

The purpose of the City's Zoning District Regulations is to determine which land uses are allowed in each zoning district described therein, what land use entitlement is required to establish each use, and the basic development standards that apply to allowed land uses in each zoning district. Zoning districts are broken up into the following categories: Residential, Commercial, Manufacturing/Industrial, Airport and Traditional Neighborhood Development (TND).

### Residential Zoning Districts

Commercial cannabis activities shall be *prohibited* in all residential zoning districts. Code allowances for non-commercial personal cultivation would remain unchanged.

### Commercial Zoning Districts

Commercial cannabis activities are being considered in the commercial and office zoning districts defined below. Cannabis uses are not being considered at this time for the DN (Downtown North)

and DS (Downtown South) zoning districts. While cannabis uses were debated in the OR (Office Residential) and CN (Neighborhood Commercial) zones, staff has determined that other commercial districts would be more suitable for these uses. As such, staff is only recommending cannabis uses for the OC, CC, CS and CR zoning districts. The purposes of the individual commercial zoning districts and the manner in which they are applied are as follows:

The *OR (Office Residential)* District permits office/residential mixed-use development in areas where retail and other community commercial uses are not appropriate.

The *OC (Office Commercial)* District is applied to areas appropriate for administrative, financial, business, professional, medical, and public offices, together with supporting commercial uses.

The *CN (Neighborhood Commercial)* District is applied to areas appropriate for retail sales, businesses, institutions, and services serving the daily needs of nearby residents.

The *CC (Community Commercial)* District is applied to areas appropriate for a wide range of retail businesses.

The *CS (Commercial Services)* District applies to areas appropriate for commercial businesses not allowed in other commercial areas because they attract high volumes of vehicle traffic or may have adverse impacts on other surrounding uses.

The *CR (Regional Commercial)* District is applied to sites appropriate for larger retail and service businesses that serve residents from the City and the region.

#### Manufacturing / Industrial Zoning Districts

Commercial cannabis land uses are being considered in all three industrial zoning districts. The purposes of the individual manufacturing/industrial zoning districts and the manner in which they are applied are as follows:

The *ML (Light Manufacturing/Industrial)* District is applied to areas appropriate for light assembly and manufacturing, wholesaling, warehousing and distribution, agricultural and industrial processing within structures, and support commercial services.

The *MG (General Manufacturing/Industrial)* District is applied to areas appropriate for a full range of manufacturing, agricultural, and industrial processing, general services and distribution uses, including uses with outdoor equipment and outdoor storage.

The *IOMU (Industrial Office Mixed Use)* District is applied to areas appropriate for a wide range and combination of light industrial and office development with commercial and other support services integrated vertically and horizontally.

#### Airport Zoning Districts

Commercial cannabis activities are not being considered in the A (Aviation) and AP (Airport Public Facilities) zones, which are intended for airport operations and support facilities. However, these uses may be consistent with the purpose of the AC (Airport Commercial) and AM (Airport Manufacturing) zones as described below.

The *AC (Airport, Commercial)* District is applied to areas of the airport site appropriate for commercial activities, including passenger services. The AC zoning district is primarily intended to implement the Commercial Mixed Use land use designation of the General Plan.

The *AM (Airport, Manufacturing/Industrial)* District is applied to areas appropriate for light industrial, manufacturing, and distribution uses that are related to aviation, require access to air transportation, or are otherwise compatible with the operational characteristics of the airport. The AM zoning district is primarily intended to implement the Manufacturing and Warehousing land use designation of the General Plan.

#### TND Zoning Districts

The *Neighborhood Edge (NE)* and *Neighborhood General (NG)* designations are intended for residential uses and structures and would not be considered compatible zoning districts for commercial cannabis related activities. Commercial cannabis land uses may, however, be compatible with the purpose of the two zoning districts described below.

The *Neighborhood Center (NC)* designation is intended to provide for civic and public assembly uses, small-scale commercial and mixed-use buildings, together with courtyard housing and other residential buildings at higher densities than in the NG subzone. This designation is intended to accommodate a variety of activities and services within easy walking distance from homes, including daily convenience shopping and personal service needs, and to provide opportunities for public gathering.

The *CORE* designation is intended for the most urban conditions within the TND zone. It is intended to accommodate a mixture of land uses emphasizing ground-floor retail with offices and residential above and to provide for lodging, restaurant, entertainment, and civic uses. Street frontages are pedestrian-oriented, and defined by building facades at the back of the sidewalk, with off-street parking provided in structures or located away from street frontages, behind buildings and includes on-street parking as a component of the total parking program. Buildings may be a maximum of four stories.

### **ZONING DISTRICT ANALYSIS OF PROPOSED USES**

1. **Retailer – Storefront.** A storefront retailer of 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 to customers at a fixed location, including an establishment that also offers delivery of cannabis and cannabis products as part of a retail sale, and which are open to the public, and where the operator is authorized to operate in the City as a retailer, and holds a valid state license as required by State law to operate as a retailer.

Similar land uses/definitions considered:

- Personal Services
- Retail Stores – general merchandise
- Liquor stores
- Liquor stores (limited hours)
- Pharmacies



TABLE 4-6 [CMC 19.44.020]

Existing Allowed Uses and Permit Requirements for Commercial Zoning Districts

Land Use	Permit Requirement by Zone								Subject to Standards in Section/ Chapter:
	OR	OC	CN	CC	DN	DS	CS	CR	
<i>Retail/Trade Uses</i>									
Drug stores/pharmacies, 4,000 sq. ft. or less	P	P	P	P	P	P	P	P	
Liquor stores - limited hours			P	P	UP	P	P	P	
Liquor stores			UP	P	UP	UP	P	P	
Drug stores/pharmacies, more than 4,000 sq. ft.			UP	P	UP	P	P	P	
Retail stores, general merchandise, 2,500 sq. ft. or less			P	P	P	P	P	P	
Retail stores, general merchandise, 2,500 sq. ft. or larger			UP	P	P	P	P	P	
<i>Service Uses</i>									
Personal services 2,500 sq. ft. or less	P	P	P	P	P	P	P	P	
Personal services, 2,500 sq. ft. or larger	UP	UP	UP	P	P	P	P	P	

TABLE 6-1 [CMC 19.80.070]

Existing Allowed Uses and Permit Requirements for TND Zoning Districts

Land Use	Permit Requirement by Zone				Subject to Standards in Section/ Chapter:
	NE	NG	NC	CORE	
Retail Uses					
Liquor Stores			UP	UP	
Retail store - general merchandise 5,000 sf or larger	—	—	P	P	
Retail store - general merchandise less than 5,000 sf	—	UP	P	P	

Land Use Analysis for “Retailer – Storefront”

“Personal Services” include establishments which provide non-medical related services, including beauty and barber shops, clothing rental, small-scale dry cleaners, laundromats (self-service laundries), shoe repair shops, tanning salons, psychic readers, therapeutic (nonsexual) massage services, body piercing, tattooing, electrolysis. These uses may also include accessory

retail sales of products related to the services provided.

Considering the definition above, planning staff **would not** consider “personal services” to be similar enough to the definition for “commercial cannabis retailer – storefront”. Retailer – storefront uses should be classified as retail uses rather than services uses, and retail sales associated with this use would be primary, not accessory.

“Drug stores / Pharmacies” are defined as retail stores where a licensed pharmacist prepares prescription medicines for sale, which may also sell over-the-counter medicines, personal care products, and other miscellaneous products.

Drug store/pharmacies are classified as a retail trade use. Similar to a cannabis storefront retailer, pharmacies sell products which are licensed, tested and labeled according to specific requirements. However, the sale of commercial cannabis products does not require a licensed medical professional. While cannabis can be prescribed medically, the state regulations and licensing requirements for medical marijuana and commercial cannabis dispensaries differ in terms of operating standards, purchase limitations and prices. Whereas it would be reasonable to consider a cannabis storefront retailer alike a pharmacy, staff would not consider this land use category the most comparable to a commercial cannabis storefront retailer.

“Liquor Stores”, as defined by CMC Chapter 19.04, refer to retail establishments that primarily sell a variety of alcoholic beverages for off-premise consumption. A liquor store which closes no later than 12 a.m. (midnight) is classified under the sub-category of “Liquor store - limited hours”. Typically associated with a Type 21 ABC license.

Liquor stores are categorized as a retail trade use. While retail stores – general merchandise may be a similar use, staff believes the definition of “liquor stores” most closely aligns with the definition for storefront retailers. Commercial cannabis dispensaries would sell a variety of cannabis related products for off-site consumption to customers over the age of 21 possessing valid ID. Storefront retailers would have strictly limited hours of operation and be dually licensed by a state regulatory agency (CA Bureau of Cannabis Control as opposed to ABC). Planning staff would recommend that storefront retailers be permitted in the same zoning districts as liquor stores with limited hours, except for Downtown zoning districts.

#### Zoning Analysis for “Retailer – Storefront”

##### *Commercial / Office Zoning Districts*

“Retailer – storefront” uses would be considered a retail commercial use, which are typically less compatible within the OR district due to the proximity of residential zones and sensitive uses (i.e. schools, daycare/youth centers, etc.). Similarly, this land use does not meet the intent of the OC district to allow for supporting commercial uses associated with an office use, nor with the purpose of the CN zone to allow for uses that serve the daily needs of nearby residents.

“Retailer – storefront” uses would better fit within the CC, CS and CR zones which are intended for retail and commercial businesses, are typically located along main traffic corridors and separated (yet in proximity to) residential areas. A further analysis of the City’s zoning map yielded the following observations:

- Opportunities exist within the CC zoning district with potential for storefront retailers along Mangrove Avenue, Nord Avenue/Walnut Street, Park Avenue, Forest Avenue and Esplanade north of East Avenue.
- While storefront retailers may be appropriate by definition in the CR zoning district, the use may not be best suited in the major shopping areas associated with the district. Parcels with CR zoning are largely concentrated in or around existing shopping centers such as the North Valley Plaza and Chico Mall.
- The CS zoning district may present better opportunities for adult-oriented, storefront retailers than in the CR zone. Considering the intent of the CS zone is to provide for commercial uses “not allowed elsewhere because they attract high volumes of vehicle traffic or may have adverse impacts on other surrounding uses,” the locations where this zoning occurs are less centralized and exposed. For instance, several parcels along Park Avenue/East Park Avenue and Skyway east of Notre Dame Boulevard could be suitable locations for a commercial cannabis retailer-storefront.

#### *Manufacturing / Industrial Zoning Districts*

None of the similar retail or services uses analyzed above are permitted in the ML, MG or IOMU zoning districts. Retail uses in general are limited in these zones, which are intended to support light assembly and manufacturing, wholesaling, warehousing and distribution, agricultural and industrial processing, and supporting commercial services. At this time, staff is not recommending that storefront retailers be permitted in the manufacturing industrial zoning districts.

#### *TND Zoning Districts*

Liquor stores and general merchandise retail stores are permitted uses in the NC and CORE zoning district. Small-scale commercial buildings are allowed in the NC; however higher-density residential uses are also intended for this zone. The CORE district is purposed for the most urban conditions and would be most suitable for a cannabis storefront retailer use.

#### *Airport Zoning Districts*

Retail trade uses are limited in airport zoning districts. As there is not an allowed land use that resembles that of a storefront retailer, staff is not recommending that storefront retailers are permitted in the airport zones.

**RECOMMENDATION:** Subject to Use Permit approval, where specific operational factors would be considered on a case-by-case basis:

- Add “Retailers – storefront” to Commercial Land Use Table 4-6 in the CC, CS and CR zoning districts; and
- Add “Retailers – storefront” to the TND Land Use Table 6-1 in the CORE zoning district.

2. **Testing laboratory.** 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 State of California.

Similar land uses/definitions considered: Professional offices, Research & Development, Medical services – clinics and labs, and Business Support Services

TABLE 4-6 [CMC 19.44.020]

Existing Allowed Uses and Permit Requirements for Commercial Zoning Districts

Land Use	Permit Requirement by Zone								Subject to Standards in Section/ Chapter:
	OR	OC	CN	CC	DN	DS	CS	CR	
Service Uses									
Business support services		P	P	P	P(4)	P(4)	P		
Medical services - Clinics and labs	P/UP(8)	UP		P	UP	P(4)	P	P	
Offices, business and professional	P	P	P	P	P(4)	P(4)		P	
Research and development (R&D)	UP	UP		P	P(4)	P(4)	P	P	

TABLE 4-8 [CMC 19.46.020]

Existing Allowed Uses and Permit Requirements for Industrial Zoning Districts

Land Use	Permit Requirements by Zone			Subject to Standards in Section/ Chapter:
	ML	MG	IOMU	
<i>Services</i>				
Business support services	P	P	P	
Offices, business and professional			P	
Research and development (R&D)	P	P	P	

TABLE 4-10 [CMC 19.48.050]

Existing Allowed Uses and Permit Requirements for Airport Zoning Districts

Land Use	Permit Requirements by Zone				Subject to Standards in Section/ Chapter:
	A(2)	AC(3)	AM(4)		
<i>Services</i>					
Business support services	UP	P	P		



Offices, business and professional		UP	UP		
Research and development (R&D)	UP	P	P		

#### Land Use Analysis for “Testing laboratory”

“Offices – Business and Professional” defined as professional or government offices including educational, scientific and research organizations.

“Medical Services - Clinics and Laboratories” refers to a facility intended for the examination of clinical specimens for the purpose of providing information such as diagnosis, prognosis, prevention, or treatment of disease to improve the health of a patient.

“Research and Development” includes facilities for scientific research and the design, development, and testing of computer software, electrical, electronic, magnetic, optical, and mechanical components in advance of product manufacturing, that are not associated with a manufacturing facility on the same site. Also includes chemical and biotechnology research and development. Does not include soils and other materials testing laboratories, which are included under "Business Support Services," or medical laboratories, which are included under "Medical Services - Clinics and Laboratories."

“Business Support Services” are establishments primarily within structures, providing other businesses with services, including maintenance, repair, service, testing, rental, and also including:

Blueprinting	Mail advertising services (reproduction and shipping)
Business equipment repair services	Office equipment rental and repair
Commercial art and design (production)	Other "heavy service" business services
Computer-related services (rental, repair)	Outdoor advertising services
Copying, quick printing, and blueprinting services	Photocopying
Equipment rental businesses within buildings	Photofinishing
Equipment repair services where repair occurs on the client's site	Protective services (other than office-related)
Film processing laboratories	Soils and materials testing laboratories
Janitorial services	Window cleaning

Considering the definitions above, planning staff would classify a cannabis testing laboratory to be most similar to a business support services land use. A testing laboratory would be a secure facility contained within a structure and would conduct a variety of materials tests to determine the potency and purity of cannabis products for cultivators, manufacturers and/or retailers.

#### Zoning Analysis for “Testing Laboratories”

Business support services are a permitted land use in several commercial/office zones, as well as

industrial/manufacturing zones and airport zones. Whereas a storefront retailer use may not be compatible in the OC zoning district, a testing laboratory would be more suitable as it relates more to office uses. Traffic associated with a testing laboratory use would be low and pose minimal impacts to existing traffic patterns and the business would be more discreet in nature than a retail storefront, consistent with the purpose of the OC zone.

This use would be likely better suited for smaller facility or site. Parcels zoned CR are generally larger in size and may not be practical for this type of use. Planning staff recommends that testing laboratories be permitted in the same zoning districts as business support services, except for the DN, DS, CN and A zoning districts.

**RECOMMENDATION:**

- Add “Testing laboratory” to Commercial Land Use Table 4-6 in the OC, CC and CS zoning districts;
  - Add “Testing laboratory” to Manufacturing/Industrial Land Use Table 4-8 in the ML, MG and IOMU zoning districts;
  - Add “Testing laboratory” to Airport Land Use Table 4-10 in the AC and AM zoning districts; and
  - Add “Testing laboratory” to TND Land Use Table 6-1 in the CORE zoning district.
3. **Distributor.** A person holding a valid Commercial Cannabis Permit for distribution issued by the City of Chico, 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 licensed manufacturer, for sale to a licensed retailer. “Distribution” means the procurement, sale, and transport of cannabis and cannabis products between licensees.

Similar land uses/definitions considered:                      Wholesaling and Distribution

Land Use Analysis for “Distributor”

“Wholesaling and Distribution” is a land use defined as establishments engaged in selling merchandise to retailers; to industrial, commercial, institutional, farm, or professional business users; or to other wholesalers; or acting as agents or brokers in buying merchandise for or selling merchandise to persons or companies. Includes merchant wholesalers; agents, merchandise or commodity brokers, and commission merchants; assemblers, buyers and associations engaged in the cooperative marketing of farm products; stores primarily selling electrical, plumbing, heating and air conditioning supplies and equipment.

Staff recommends that a cannabis distributor be permitted in most zoning districts where other wholesaling and distribution uses are permitted, which is allowed in all industrial districts as well as the A, AC and AM zones.

Zoning Analysis for “Distributor”

*Commercial / Office Zoning Districts*

For commercial zones, distributors would be limited to the CS zone. As previously discussed, there may be some opportunities for cannabis distributors within the CS zoning district. The activities

involved with commercial cannabis distribution best fit within the CS zone, which is intended to provide for commercial uses “not allowed elsewhere because they attract high volumes of vehicle traffic or may have adverse impacts on other surrounding uses.” Several parcels along Park Avenue/East Park Avenue and the Skyway east of Notre Dame Boulevard could be suitable locations for a commercial cannabis distributor.

#### *Manufacturing / Industrial Zoning Districts*

Wholesaling and distribution activities are permitted in all industrial zoning districts. Cannabis distributors would be most compatible within these zones as these uses would likely function very similarly in terms of traffic, scale and operating standards.

#### *TND Zoning Districts*

Wholesaling and distribution activities are not permitted in the TND zoning districts. As such, staff is not recommending that cannabis distribution activities be permitted in these zones.

#### *Airport Zoning Districts*

Wholesaling and distribution are permitted in all airport zones except the AP zoning district. Staff would recommend that cannabis distributors be permitted in the AC and AM districts.

#### RECOMMENDATION:

- Add “Distributors” to Commercial Land Use Table 4-6 in the CS zoning district;
- Add “Distributors” to Manufacturing/Industrial Land Use Table 4-8 in the ML, MG and IOMU zoning districts; and
- Add “Distributors” to Airport Land Use Table 6-1 in the AC and AM zoning districts.

4. **Manufacturer.** 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 re-labels its container. A manufacturer may also be a person that infuses cannabis in its products but does not perform its own extraction.

Similar land uses/definitions considered: Handicraft industries: Small-scale manufacturing; Pharmaceuticals

TABLE 4-6 [CMC 19.44.020]

Existing Allowed Uses and Permit Requirements for Commercial Zoning Districts

Land Use	Permit Requirement by Zone								Subject to Standards in Section/ Chapter:
	OR	OC	CN	CC	DN	DS	CS	CR	
Manufacturing and Processing									
Handicraft industries, small scale manufacturing						P(2)	P(2)		

(2) With accessory retail use on site.

TABLE 4-8 [CMC 19.46.020]

Existing Allowed Uses and Permit Requirements for Industrial Zoning Districts

Land Use	Permit Requirements by Zone			Subject to Standards in Section/ Chapter:
	ML	MG	IOMU	
<i>Manufacturing and Processing</i>				
Handicraft industries, small-scale manufacturing	P	P	P	
Pharmaceuticals	P	P	P	

TABLE 4-10 [CMC 19.48.050]

Existing Allowed Uses and Permit Requirements for Airport Zoning Districts

Land Use	Permit Requirements by Zone				Subject to Standards in Section/ Chapter:
	A(2)	AC(3)	AM(4)	AP	
Manufacturing and Processing					
Handicraft industries, small-scale manufacturing			P		

TABLE 6-1 [CMC 19.80.070]

Existing Allowed Uses and Permit Requirements for TND Zoning Districts

Land Use	Permit Requirement by Zone				Subject to Standards in Section/ Chapter:
	NE	NG	NC	CORE	
Manufacturing and Processing					
Handicraft industries, small-scale manufacturing			UP	P	

Land Use Analysis for “Manufacturer”

“Handicraft Industries, Small-Scale Manufacturing (land use)” Manufacturing establishments not classified in another major manufacturing group, including jewelry; musical instruments; toys; sporting and athletic goods; pens, pencils, and other office and artists' materials; buttons; costume novelties; brooms and brushes; and other miscellaneous manufacturing industries.

“Pharmaceuticals” is a land use defined as the production or development of federally licensed medications.

The existing land uses described above only loosely fit the definition for a cannabis manufacturer.

Though cannabis manufacturing may not fall into a specific land use category, the zoning districts in which handicraft industries are permitted may be appropriate areas for cannabis manufacturers, such as in the industrial districts and AM zoning district.

Handicraft industries are allowed in the CS zone with an accessory retail use. Though a retail use is not likely to be associated with a cannabis manufacturer, the intent of the CS district is to allow for commercial businesses that may have adverse impacts on surrounding areas. As such, the areas where this zoning is applied may be best suited for unique land uses which may include cannabis manufacturing operations. Staff recommends additional discussion on whether to permit this use in the CS and CORE zoning districts.

- Add “Manufacturer” to Commercial Land Use Table 4-6 in the CS zoning district;
- Add “Manufacturer” to Manufacturing/Industrial Land Use Table 4-8 in the ML, MG and IOMU zoning districts;
- Add “Manufacturer” to the Airport Land Use Table 4-10 in the AM zoning district; and
- Add “Manufacturer” to TND Land Use Table 6-1 in the CORE zoning district.

5. **Retail – Delivery only.** A non-storefront, delivery only retailer as 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 to customers, where the premises are non-storefront, closed to the public, and sales are conducted exclusively by delivery, where a vehicle is used to convey the cannabis or cannabis products to the customer from a fixed location, and where the operator is authorized by the City of Chico to operate as a retailer, and holds a valid state license as required by state law to operate as a retailer.

Similar land uses/definitions considered: Accessory retail uses, Business Support Services, Retails Stores – general merchandise

## Existing Allowed Uses and Permit Requirements for Commercial Zoning Districts

Land Use	Permit Requirement by Zone								Subject to Standards in Section/ Chapter:
	OR	OC	CN	CC	DN	DS	CS	CR	
<i>Retail Trade Uses</i>									

Accessory retail uses	P	P	P	P	P	P	P	P	<u>19.76.020</u>
Business support services		P	P	P	P	P	P		
Retail stores, general merchandise, 2,500 sq. ft. or less			P	P	P	P	P	P	
Retail stores, general merchandise, 2,500 sq. ft. or larger			UP	P	P	P	P	P	

TABLE 4-8 [CMC 19.46.020]

Existing Allowed Uses and Permit Requirements for Industrial Zoning Districts

Land Use	Permit Requirements by Zone			Subject to Standards in Section/ Chapter:
	ML	MG	IOMU	
Retail Uses				
Accessory retail uses	P	P	P	
Services				
Business support services	P	P	P	

TABLE 4-10 [CMC 19.48.050]

Allowed Uses and Permit Requirements for Airport Zoning Districts

Land Use	Permit Requirements by Zone				Subject to Standards in Section/ Chapter:
	A(2)	AC(3)	AM(4)	AP	
Retail Uses					
Accessory retail uses	P	P	P		
Services					
Business support services	UP	P	P		

TABLE 6-1 [CMC 19.80.070]

Existing Allowed Uses and Permit Requirements for TND Zoning Districts

Land Use	Permit Requirement by Zone				Subject to Standards in Section/ Chapter:
	NE	NG	NC	CORE	
Retail Uses					
Accessory retail uses			P	P	
Services					

Business support services			P	P	
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#### Land Use Analysis for “Retailer – Delivery only”

“Accessory Retail Uses” are defined as retail sales of various products (including food) in a store or similar facility that is located within a health care, hotel, office, or industrial complex for the purpose of serving employees or customers. These uses include pharmacies, gift shops, and food service establishments within hospitals, and convenience stores and food service establishments within hotel, office, and industrial complexes.

“Business Support Services” are establishments primarily within structures, providing other businesses with services, including maintenance, repair, service, testing, rental, and also including:

Blueprinting	Mail advertising services (reproduction and shipping)
Business equipment repair services	Office equipment rental and repair
Commercial art and design (production)	Other "heavy service" business services
Computer-related services (rental, repair)	Outdoor advertising services
Copying, quick printing, and blueprinting services	Photocopying
Equipment rental businesses within buildings	Photofinishing
Equipment repair services where repair occurs on the client's site	Protective services (other than office-related)
Film processing laboratories	Soils and materials testing laboratories
Janitorial services	Window cleaning

“Retail Stores, General Merchandise” include retail trade establishments selling many lines of merchandise. These stores and lines of merchandise include but are not limited to:

Art supplies	Hardware
Auto parts (not repair or machine shops)	Hobby materials
Bakeries (retail only)	Jewelry
Bicycles and mopeds	Luggage and leather goods
Books	Musical instruments, parts, and accessories
Clothing and accessories	Newsstands
Department stores	Orthopedic supplies
Discount stores	Religious goods
Dry goods	Secondhand stores
Fabrics and sewing supplies	Small wares
Florists and houseplant stores (indoor sales only; outdoor sales are "Plant Nurseries")	Specialty shops
General stores	Sporting goods and equipment
Gifts, novelties and souvenirs	Stationery
Handcrafted items (stores may include crafting operations subordinate to sales)	Toys and games
	Variety stores

CMC Section 19.76.020 states that accessory retail uses are allowed, provided there will be only minor external evidence of any commercial activity other than the *main* use of the site. By definition, accessory retail is considered a secondary land use and would not be the appropriate category for retail – delivery only, which is a primary land use. the frequency of deliveries and vehicle traffic to and from the site should be considered.

The definition for retail stores is not the best fit as this type of use would involve no customer visits to the facility and be limited to delivery retail sales only. Furthermore, retail stores are not a permitted use in industrial or airport zoning districts, where this a cannabis delivery service may be appropriate.

Staff would consider a retailer – delivery use to be most similar to business support services, based upon the land use definitions.

#### Zoning Analysis for “Retailer – Delivery only”

Accessory retail uses are permitted in almost every zoning district, while retail stores are not allowed in any industrial or airport districts, as well as the OR and OC commercial zones. The zoning districts in which “business support services” are limited to may be the most compatible with a retailer – delivery/non-storefront use. Staff would recommend permitting retailer – delivery only uses of the zoning districts where business support services are allowed, with exceptions as previously noted.

#### RECOMMENDATION:

- Add “Retailers – delivery only” to Commercial Land Use Table 4-6 in the OC, CC and CS zoning districts;
- Add “Retailers – delivery only” to Manufacturing/Industrial Land Use Table 4-8 in the ML, MG and IOMU zoning districts;
- Add “Retailers – delivery only” to Airport Land Use Table 4-10 in the AC and AM zoning districts; and
- Add “Retailers – delivery only” to Traditional Neighborhood Development (TND) Land Use Table 6-1 in the CORE zoning district.



## SUMMARY OF RECOMMENDATIONS

A. Amend Commercial Land Use Table 4-6 in CMC Chapter 19.44 to include the following commercial cannabis uses:

- a. Retailers – storefront in the CC, CS and CR
- b. Testing laboratories in the OC, CC and CS
- c. Distributors in the CS
- d. Manufacturers in the CS
- e. Retailer – delivery only in the OC, CC and CS

Land Use	Permit Requirement by Zone								Subject to Standards in Section/ Chapter:
	OR	OC	CN	CC	DN	DS	CS	CR	
Manufacturing and Processing Uses									
Cannabis Distributor							P		19.75
Retail Trade Uses									
Cannabis Retailer – Storefront				UP			UP	UP	19.75
Cannabis Retailer – Delivery Only		P		P			P		19.75
Service Uses									
Cannabis Testing Laboratory		P		P			P		19.75

B. Amend Manufacturing/Industrial Land Use Table 4-8 in CMC Chapter 19.46 to include:

- a. Testing laboratories, Distributors, Manufacturers and Retailer – delivery only in the ML, MG and IOMU zoning districts

Land Use	Permit Requirements by Zone			Subject to Standards in Section/ Chapter:
	ML	MG	IOMU	
Manufacturing and Processing Uses				
Cannabis Distributor	P	P	P	19.75
Cannabis Manufacturer	P	P	P	19.75
Retail Uses				

Cannabis Retailer – Delivery Only	P	P	P	19.75
<i>Services</i>				
Cannabis Testing laboratory	P	P	P	19.75

C. Amend Airport Land Use Table 4-10 in CMC Chapter 19.48 to include:

- a. Manufacturers in the AM zoning district; and
- b. Testing laboratories, Distributors, and Retailer – delivery only in the AC and AM zoning districts

Land Use	Permit Requirements by Zone				Subject to Standards in Section/ Chapter:
	A(2)	AC(3)	AM(4)	AP	
Manufacturing and Processing Uses					
Cannabis Distributor		P	P		19.75
Cannabis Manufacturer			P		19.75
Retail Uses					
Cannabis Retailer – Delivery Only		P	P		19.75
Services					
Cannabis Testing laboratory		P	P		19.75

D. Amend Traditional Neighborhood Development (TND) Land Use Table 6-1 in CMC Chapter 19.80.070 to include:

- a. Retailers – Storefront in the CORE with Use Permit approval
- b. Manufacturers, Testing Laboratories, Retailers – Delivery Only in the CORE zoning district

Land Use	Permit Requirement by Zone				Subject to Standards in Section/ Chapter:
	NE	NG	NC	CORE	
Manufacturing and Processing Uses					
Cannabis Manufacturer				P	19.75
Retail/Trade Uses					
Cannabis Retailer – Storefront				UP	19.75
Cannabis Retailer – Delivery Only				P	19.75

<i>Services</i>					
Testing laboratory				P	19.75

**CITY OF CHICO  
COMMERCIAL CANNABIS BUSINESS LICENSE APPLICATION  
FINANCIAL RESPONSIBILITY, INDEMNITY AND  
CONSENT TO INSPECTION TERMS**

**Dated:** \_\_\_\_\_, 2020

I hereby agree to the following terms:

1. I am herewith depositing the sum of \$\_\_\_\_\_ as an initial deposit for the review and processing of a commercial cannabis business permit.
2. The entire amount deposited is non-refundable for any reason. There is no guarantee - expressed or implied - that by submitting the application or making the deposit identified above that I will obtain any land use entitlements or a permit to operate a commercial cannabis business. I understand that City staff may recommend denial of the application for any reason, that staff may change its recommendation at any time, and that staff's recommendation of approval does not guarantee approval by any reviewing entity, board or commission.
3. All costs incurred by the City in processing said application, including staff time, attorney's fees, and overhead, shall be paid by me from the deposit on account. This is my personal obligation and shall not be affected by sale or transfer of the property subject to the application, changes in business organization, or any other reason. As work proceeds on an application, actual City costs, as established by the City, will be charged against the deposit account. The City will deduct such costs from said monies on deposit at such times and in such amounts as City determines. The City may demand additional deposits be made by me over the course of processing the application such as prior to each submittal, public review, and hearing(s), as applicable to the permit to cover costs incurred and likely to be incurred. "Costs incurred by the City" as identified in this paragraph shall include costs for the services of staff, attorneys, contractors or consultants. The City shall exercise its sole discretion in determining whether it is necessary to engage the services of an outside contractor to assist with application processing, which costs are to be paid by me.
4. If it is determined that the amount on deposit will not be adequate to cover all costs associated with application processing, I shall deposit additional monies, or the application will be deemed withdrawn. If at any point in the processing of the application the amount on deposit becomes depleted, City staff will suspend work on the application until sufficient funds are restored. City may make a written demand for additional deposit(s) and I shall deposit with City such additional sums within the time stated in City's demand. If I fail to deposit such additional sums within said period, City staff, and all contractors and consultants for the City, will cease work on said application. I acknowledge that the application will not be finalized for hearing or decision and will be deemed withdrawn and refer any deficit owed to the City for collection of the outstanding balance.

5. The applicant acknowledges and agrees to the defense, waiver, and indemnification obligations stated in the attached "Agreement on Limitations of City's Liability, and Certifications, Assurances Warranties and Indemnification to City", incorporated herein by reference.
6. The City will promptly notify the Applicants and Owner of any such claim, action, or proceeding that is or may be subject to this Agreement. The City may, within its unlimited discretion, participate in the defense of any such claim, action, or proceeding.
7. In the event that any claim, action, or proceeding as described above is filed against the City, I shall within 30 days of the filing make an additional deposit of \$20,000 to the City to cover the costs or expenses involved in City defense. If during the litigation process, actual costs or expenses incurred reach 80% of the amount on deposit, I shall deposit additional funds sufficient to bring the balance up to the amount of \$20,000.
8. The City shall have the sole and absolute right to approve any and all counsel employed to defend the City. To the extent the City uses any of its resources to respond to such claim, action or proceeding, or to assist the defense, I will reimburse the City for those costs. Such resources include, but are not limited to, staff time, court costs, City Attorney's time, or any other direct or indirect cost associated with responding to, or assisting in defense of, the claim, action or proceedings.
9. I consent and expressly allow, authorize, and permit the City, all its departments, agents, and employees (collectively, "City"), to enter upon and inspect the subject property identified herein, with or without prior notice, for the purposes of inspecting, photographing, and/or processing this application and to inspect for compliance with all laws, regulations, and conditions placed on land use approvals or the permit. No additional permission or consent to enter upon the property is necessary or shall be required. By signing this application, I further certify and warrant I am authorized to, and hereby do, consent and allow such inspections on my behalf and on the behalf of each and all Owners of the property and Applicants.
10. I understand that all materials submitted in connection with my application are public records subject to inspection and copying by members of the public. By filing an application, I agree that the public may inspect and copy these materials and the information contained therein, and that some or all of the materials may be posted on the City's website. For any materials that may be subject to copyright protection, or which may be subject to Sections 5500.1 and 5536.4 of the California Business and Professions Code, by submitting such materials to the City I represent that I have the authority to grant, and hereby grant, the City permission to make the materials available to the public for inspection and copying, whether in hardcopy or electronic format.
11. This Agreement shall constitute a separate agreement from any permit approval, and that if the permit, in part or in whole, is revoked, invalidated, rendered null or set aside by a court of competent jurisdiction, I agree to be bound by the terms of this Agreement, which shall survive such invalidation, nullification or setting aside.

12. This Agreement shall be construed and enforced in accordance with the laws of the State of California and in any legal action or other proceeding brought by either party to enforce or interpret this Agreement; the appropriate venue is the Butte County Superior Court.

After review and consideration of all of the foregoing terms and conditions, I agree to be bound by and to fully and timely comply with all of the foregoing terms and conditions, and the attached "Agreement on Limitations of City's Liability, and Certifications, Assurances Warranties and Indemnification to City".

**Applicant(s)/Owner(s):**

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Printed Name

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Signature

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Printed Name

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Signature

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Printed Name

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Signature

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Printed Name

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Signature

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Printed Name

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Signature

**Property Owner(s): (if different)**

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Printed Name

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Signature

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Printed Name

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Signature

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Printed Name

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Signature

# **Agreement on Limitations of City's Liability, and Certifications, Assurances, Warranties, and Indemnification to City**

**(Must be completed by all applicants)**

## **A. WAIVER AND RELEASE OF LIABILITY AND AGREEMENT TO INDEMNIFY THE CITY OF CHICO**

The applicant/permittee, owners and operators, and each of them, jointly and severally if more than one, hereby waive and release the City from any and all liability for monetary damages related to or arising from the application for a permit, the issuance of the permit, or the enforcement of the conditions of the permit. The applicant certifies that under no circumstances shall the applicant cause any cause of action for monetary damages against the City of Chico, the permitting official or any City employee or agent as a result of this permit application or issuance or the enforcement of the conditions of the permit.

## **B. RELEASE CITY OF CHICO FROM LIABILITY FOR ISSUING THE APPLICANT A PERMIT**

By applying for a permit pursuant to the City of Chico Commercial Cannabis Business Permit Program and by accepting a permit from the City of Chico acting as the Local Permitting Authority, the applicant/permittee, owners and operators, and each of them, jointly and severally if more than one, waives and releases City of Chico, and its elected officials, employees, agents, insurers and attorneys, and each of them, from any liability for injuries, damages, costs and expenses of any nature whatsoever that result or relate to the investigation, arrest or prosecution of business owners, operators, employees; clients or customers of the applicant/permittee for a violation of state or federal laws, rules or regulations relating to cannabis activities.

## **C. AGREEMENT TO INDEMNIFY CITY OF CHICO**

The applicant/permittee, owners and operators, and each of them, jointly and severally if more than one, shall defend, indemnify, and hold harmless the City of Chico, its boards and commissions, officers, employees, attorneys and agents against and from any and all liabilities, demands, claims, actions or proceedings and costs and expenses incidental thereto (including costs of defense, settlement and reasonable attorney's fees), which any or all of them may suffer, incur, be responsible for or pay out as a result of or in connection with any challenge to, any claim related to, or any liability or demands, of any nature whatsoever, related to:

- (i) The requested cannabis business permit and any land use entitlement and/or Conditional Use Permit related thereto;
- (ii) The proceedings undertaken in connection with the adoption, approval, denial, or appeal of the requested cannabis business permit and any land use entitlement related thereto;
- (iii) Any subsequent approvals or permits relating to the requested cannabis business permit and any land use entitlement related thereto;
- (iv) The processing of the requested cannabis business permit and any land use entitlement related thereto;
- (v) Any amendments to the approvals for the requested cannabis business permit and any land use entitlement related thereto; and

- (vi) The City's approval, consideration, analysis, review, issuance, denial or appeal of my Commercial Cannabis Permit;
- (vii) The City's approval, consideration, analysis, review, issuance, denial or appeal of my land use entitlement and/or Conditional Use Permit;
- (viii) The City's drafting, adoption and passage of an ordinance, and related resolutions, policies, rules and regulations, allowing for commercial cannabis businesses;
- (ix) The City's drafting, adoption and passage of an ordinance, and related resolutions if necessary in the future regarding any zoning law amendment(s) related to my commercial cannabis business;
- (x) The operation of my commercial cannabis business or activity;
- (xi) The process used by the City in making its decision to approve, consider, analyze, review, issue, or deny, my commercial cannabis permit or land use entitlement, or the appeal of either; and/or
- (xii) The alleged violation of any federal, state or local laws by the commercial cannabis business or any of its officers, employees or agents.
- (xiii) The City of Chico shall promptly notify the applicant of any claim, action or proceeding which may be filed and shall cooperate fully in the defense, as provided for in Government Code Section 66474.9.

#### **D. OBLIGATIONS INDEPENDENT OF AWARD OF LICESNE, PERMIT, OR ENTITLEMENTS**

My obligations under this indemnification shall apply regardless of whether a license or any permits or entitlements are issued.

#### **E. OBLIGATIONS SURVIVE EXPIRATION OF LICESNE, PERMIT, OR ENTITLEMENTS**

My obligations under this agreement shall survive the expiration of any permit or entitlement issued by the City.

#### **F. CERTIFICATION OF LIVE SCAN/BACKGROUND CHECK**

The applicant, commercial cannabis business manager and anyone with an ownership interest in the business referenced herein represents and certifies they have submitted to a Live Scan and/or background check no earlier than 30 days prior to the date of this application.

#### **G. PERMIT RENEWAL CERTIFICATION**

For renewals, the applicant represents and certifies that they continue to hold in good standing any permit/license required by the State of California where applicable for a commercial cannabis business operation.

#### **H. PROSECUTION UNDER FEDERAL LAW**

The applicant understands that owners, operators, employees and members of the commercial cannabis business may be subject to prosecution under Federal Laws.

#### **I. AUTHORIZED TO SIGN**

The person whose signature appears below is authorized to sign this application on behalf of the business, applicant/permittee, owners and operators, and each of them, if more than one, and has submitted this information and all attachments as required by the application process to obtain a commercial cannabis permit from the City of Chico.



I declare under penalty of perjury that the information provided on this form is true and correct and do hereby apply for a permit pursuant to City of Chico Chapters 5.42 and 19.75 and in compliance with City of Chico Chapter 5R.42 and all other applicable sections of this Ordinance.

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Name of Business Entity

\_\_\_\_\_  
Address of Permitted Location

\_\_\_\_\_  
Date

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

City of \_\_\_\_\_

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

(Seal) Signature\_\_\_\_\_