

## RESOLUTION NO. 2018-009

### A RESOLUTION OF THE PLANNING AND PRESERVATION COMMISSION OF THE CITY OF SAN FERNANDO RECOMMENDING TO THE CITY COUNCIL OF THE CITY OF SAN FERNANDO APPROVAL OF CODE AMENDMENT NO. 2018-002 AMENDING CHAPTER 22 (BUSINESS) AND CHAPTER 106 (ZONING) OF THE SAN FERNANDO MUNICIPAL CODE REGARDING THE PROHIBITION AND REGULATION OF CERTAIN COMMERCIAL CANNABIS ACTIVITIES IN DESIGNATED AREAS OF THE CITY

**WHEREAS**, pursuant to California Constitution Article XI, Section 7, the City of San Fernando (the “City”) has the authority to enact local planning and land use regulations to protect the public health, safety, and welfare of their residents through its police power; and

**WHEREAS**, the authority to adopt and enforce zoning regulations is an exercise of the City’s police power to protect the public health, safety, and welfare.

**WHEREAS**, in September 2015, the California State Legislature enacted, and Governor Brown signed into law three bills – Assembly Bill 243, Assembly Bill 266, and Senate Bill 643 – which together comprise the Medical Marijuana Regulation and Safety Act (the “MMRSA”). The MMRSA created a comprehensive dual state licensing system for the cultivation, manufacture, retail, sale, transport, distribution, delivery, and testing of medical cannabis;

**WHEREAS**, the MMRSA was renamed the Medical Cannabis Regulation and Safety Act (the “MCRSA”) under Senate Bill 837 in June 2016, which also made included substantive changes to the applicable state laws, which affect the various state agencies involved in regulating cannabis businesses as well as potential licensees;

**WHEREAS**, on November 8, 2016, the Control, Regulate, and Tax Adult Use of Marijuana Act (“AUMA”) was approved California voters as Proposition 64 and became effective on November 9, 2016, pursuant to the California Constitution (Cal. Const., art. II, § 10(a)). Proposition 64 legalized the nonmedical use of cannabis by persons 21 years of age and over, and the personal cultivation of up to six (6) cannabis plants;

**WHEREAS**, AUMA also created a state regulatory and licensing system governing the commercial cultivation, testing, and distribution of nonmedical cannabis, and the manufacturing of nonmedical cannabis products;

**WHEREAS**, on June 27, 2017, Governor Brown signed the Legislature approved Senate Bill 94; SB 94 combined elements of the MCRSA and AUMA to establish streamlined singular regulatory and licensing structures for both medical and nonmedical cannabis activities given that there were discrepancies between the MCRSA and AUMA. The new consolidated provisions under SB 94 is now known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”) to be governed by the California Bureau of Cannabis Control. MAUCRSA refers to medical cannabis as “medicinal cannabis” and nonmedical/recreational cannabis as “adult-use cannabis”;

**WHEREAS**, on September 18, 2017, the City Council adopted Urgency Ordinance No. 1669 prohibiting all medical and nonmedical commercial cannabis activities, except certain medicinal-only cannabis deliveries from licensed businesses to qualified patients and caregivers. This action was taken to allow time to contemplate regulatory and prohibitory options;

**WHEREAS**, in accordance with state law, the proposed Ordinance would allow certain commercial cannabis activities pursuant to MAUCRSA and locally tailored provisions pursuant to the City's police power under Section 7 of Article XI of the California Constitution;

**WHEREAS**, the City Council conducted a study session at its regular meeting of September 17, 2018 to provide staff with recommendations concerning the parameters of potentially allowable commercial cannabis activities within the City pursuant to a code amendment;

**WHEREAS**, at such September 17, 2018 meeting, the City Council recommended that such code amendment prohibit all medicinal and adult-use retail commercial cannabis activity and microbusinesses of any type and regulate medicinal and adult-use commercial cannabis cultivation, manufacturing, distribution, and laboratory testing in specified areas of the City;

**WHEREAS**, the Planning and Preservation Commission conducted a duly noticed public hearing on October 2, 2018 concerning the prospective approval of Code Amendment No. 2018-002 at which City staff conducted a presentation to the Planning and Preservation Commission, and after the conduct of such hearing, the Planning and Preservation Commission continued such hearing to November 7, 2018 for further consideration;

**WHEREAS**, the Planning and Preservation Commission conducted a duly noticed public hearing on November 7, 2018 concerning the prospective approval of Code Amendment No. 2018-002;

**WHEREAS**, evidence, both written and oral, was duly presented to and considered by the Planning and Preservation Commission at such public hearing;

**WHEREAS**, after the close of such public hearing, the Planning and Preservation Commission considered all public comments received both before and during the public hearing, the presentation by City staff, the relevant staff report, and all other pertinent documents regarding the proposed Code Amendment No. 2018-002; and

**WHEREAS**, the Planning and Preservation Commission considered the September 17, 2018 recommendation of the City Council, as memorialized in Code Amendment No. 2018-002, and voted 4-0 (Commissioner Perez-Helliwell absent) to support City Council adoption of Code Amendment No. 2018-002 with the recommendation that regulations be added to allow for medicinal and adult-use non-storefront retail delivery businesses and microbusinesses (with no brick-and-mortar retail).

**NOW, THEREFORE, THE PLANNING AND PRESERVATION COMMISSION OF THE CITY OF SAN FERNANDO, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DOES HEREBY FIND, DETERMINE AND RESOLVE AS FOLLOWS:**

**SECTION 1.** That the facts set forth in the recitals above are true and correct.

**SECTION 2.** That this resolution constitutes the required written recommendation to the City Council in accordance with Government Code Section 65855.

**SECTION 3.** That pursuant to due notice as required by law, a full and fair public hearing was held by and before this Planning and Preservation Commission at a meeting on November 7, 2018, at which time, all interested persons were given full opportunity to be heard and present evidence.

**SECTION 4.** Findings.

A. Code Amendment 2018-002 is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3) because the code amendment will not result in a direct or reasonably foreseeable indirect physical change in the environment, does not constitute a “project,” and has no potential for causing a significant effect on the environment. Further, Business and Professions Code Section 26055(h) exempts from CEQA local ordinances, such as the proposed code amendment, that authorizes commercial cannabis activity through discretionary review and approval, which this code amendment requires.

B. The Planning and Preservation Commission finds that Code Amendment No. 2018-002, including the amendments thereto recommended by the Planning and Preservation Commission, is consistent with the General Plan because it promotes the Land Use Element’s overarching goals to support business by creating and improving the business reasons for locating in San Fernando that will attract, expand, and create business ventures and private investment; and increase local revenues by attracting and expanding economic activity through revitalization efforts, increasing business value, improving sales, and generating revenues for the City.

The General Plan’s vision for the industrially designated areas in the Land Use Element Map is to attract a balance of sustainable light manufacturing, distribution, and technology-oriented businesses that limit the impact on surrounding uses. The proposed Ordinance would allow for medicinal and adult-use commercial cannabis cultivation (indoor only), manufacturing, distribution, and laboratory testing, with operational standards that would regulate noise and odors, and would require best practices as to minimize impacts to surrounding uses. The proposed additional microbusinesses (no brick-and-mortar retail), and non-storefront delivery services activities would also impose operational standards that would regulate noise and odors, and would require best practices as to minimize impacts to surrounding uses.

The General Plan’s vision for the Multi-Use and Automotive Sales designated areas in the Land Use Element Map include national or regional offices, financial institutions, and medical-related offices. A portion of the San Fernando Corridors Specific Plan (SP-5) currently comprises the uses listed above therefore staff has determined that laboratory testing of cannabis and cannabis products would be compatible with the surrounding area and would support the vision of the General Plan.

**SECTION 5.** Based upon the conclusions in the recitals and findings set forth above, the Planning and Preservation Commission recommends that the City Council approve

the Ordinance/Code Amendment No. 2018-002 attached hereto as Exhibit "1," with additional regulatory language regarding medicinal and adult-use non-storefront retail delivery businesses and microbusinesses (with no brick-and-mortar retail).

**SECTION 6.** The Secretary of the Planning and Preservation Commission of the City of San Fernando, California, shall certify to the adoption of this resolution and shall forward a copy of such resolution to the City Clerk to allow for prompt City Council consideration.

PASSED, APPROVED AND ADOPTED THIS 7<sup>th</sup> day of November 2018.

  
\_\_\_\_\_  
CHAIRPERSON ALVIN DURHAM

ATTEST:

  
\_\_\_\_\_  
TIMOTHY T. HOU, AICP, SECRETARY TO THE PLANNING AND PRESERVATION COMMISSION

STATE OF CALIFORNIA     )  
COUNTY OF LOS ANGELES ) ss  
CITY OF SAN FERNANDO    )

I, TIMOTHY T. HOU, Secretary to the Planning and Preservation Commission of the City of San Fernando, do hereby certify that the foregoing Resolution was duly adopted by the Planning and Preservation Commission and signed by the Chairperson of said City at a meeting held on the 7<sup>th</sup> day of November 2018; and that the same was passed by the following vote, to wit:

AYES:           Y. Mejia, A. Montes, A. Durham, and I. Gonzalez

NOES:           None

ABSENT:        J. Perez-Helliwell

ABSTAIN:       None

  
\_\_\_\_\_  
TIMOTHY T. HOU, AICP, SECRETARY TO THE PLANNING AND PRESERVATION COMMISSION

**EXHIBIT "1"**  
**ORDINANCE/CODE AMENDMENT NO. 2018-002**

**ORDINANCE NO. \_\_\_\_\_  
(CODE AMENDMENT NO. 2018-002)**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN FERNANDO AMENDING CHAPTER 22 (BUSINESSES) AND CHAPTER 106 (ZONING) TO REGULATE COMMERCIAL CANNABIS CULTIVATION, DISTRIBUTION, MANUFACTURING, AND LABORATORY TESTING WITHIN CERTAIN SPECIFIED ZONES AND PROHIBIT COMMERCIAL CANNABIS RETAIL (DISPENSARIES AND DELIVERIES) AND MICROBUSINESSES CITYWIDE EXCEPT PERMITTED MEDICINAL CANNABIS DELIVERY ACTIVITIES ORIGINATING FROM LICENSED ESTABLISHMENTS OUTSIDE OF THE CITY’S BOUNDARIES**

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN FERNANDO, CALIFORNIA DOES HEREBY ORDAIN AS FOLLOWS:

**SECTION 1.** The facts set forth in the recitals above are true and correct and incorporated into the body of this Ordinance by this reference.

**SECTION 2.** Division 18 (Medical Marijuana/Cannabis Prohibitions) of Article VI (General Regulations) of Chapter 106 (Zoning) of the San Fernando Municipal Code is hereby renamed and amended to read as follows:

**Division 18 – Commercial Cannabis Zoning**

**Section 106-1511 – Prohibition.**

Sections 22-496, 22-497, and 22-498 of this Code notwithstanding, the establishment or operation of commercial cannabis microbusinesses and retail businesses (including storefront and non-storefront establishments) is expressly prohibited in all zones throughout the City.

**Section 106-1512 – Authorized Activities.**

Commercial cannabis cultivation, manufacturing, distribution, and laboratory testing shall only be authorized or permitted through a conditional use permit and development agreement and in accordance with the provisions of Article IX (Commercial Cannabis Activity) of Chapter 22 (Businesses) of this Code in the specific areas identified in Section 22-487 and identified in Exhibit “A” to City Council Ordinance No.\_\_\_\_\_. Commercial cannabis cultivation, manufacturing, distribution, and laboratory testing not authorized or permitted under Article IX (Commercial Cannabis Activity) shall constitute a public nuisance and may be summarily abated by the City pursuant to California Code of Civil Procedure Section 731 and Article V (Nuisances) of Chapter 1 (General Provisions and Penalties) of this Code. The City hereby reserves all rights of enforcement against illegal commercial cannabis activities.

**SECTION 3.** Subsection (b) of Section 22-64 (Unlawful Businesses Not Authorized) of Division I (Generally) of Article II (Licensing) of Chapter 22 (Business) of the San Fernando Municipal Code is hereby amended to read as follows:

(b) No license shall be issued under this article relating to the establishment and/or operation of any business relating to adult-use or medicinal "commercial cannabis activity," as such term is defined in subdivision (k) of California Business and Professions Code section 26001 and as the same may be amended from time to time, unless such business fulfills the licensing and regulatory requirements set forth in Article IX (Commercial Cannabis Activity) of Chapter 22 (Businesses) of this Code.

**SECTION 4.** Chapter 22 (Businesses) of the San Fernando Municipal Code is hereby amended by the addition of a new Article IX (Commercial Cannabis Activity), which shall read as follows:

### **Article IX – Commercial Cannabis Activity**

#### **Section 22-463 – Purpose and Intent.**

It is the purpose and intent of this Article IX to implement the provisions of the Medicinal and Adult Use Cannabis Regulation and Safety Act and associated legislation and regulations as may be adopted from time to time (“MAUCRSA”) to accommodate the needs of medically-ill persons in need of and provide access to cannabis for medicinal purposes as recommended by their health care provider(s), and to provide access to adult-use for persons over the age of 21 as authorized by the Control, Tax & Regulate the Adult Use Cannabis Act (“AUMA” or “Proposition 64” passed by California voters in 2016), while imposing sensible regulations on the use of land to protect the City’s residents, neighborhoods, and businesses from disproportionately negative impacts. As such, it is the purpose and intent of this Article IX to regulate commercial cannabis activities and cannabis/cannabis products in a responsible manner to protect the health, safety, and welfare of the residents of the City and to enforce rules and regulations consistent with state law. It is the further purpose of intent of this Article IX to require all commercial cannabis operators to obtain and renew annually a permit to operate within the City. Nothing in this Article IX is intended to authorize the possession, use, or provision of cannabis for purposes that violate state or federal law. The provisions of this Article IX are in addition to any other permits, licenses and approvals which may be required to conduct business in the City, and are in addition to any permits, licenses and approval required under state, City, or other law.

#### **Section 22-464 – Legal Authority.**

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 San Fernando is authorized to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial cannabis activity. Any standards, requirements, and regulations regarding health and safety, security, and worker protections established by the State, or any of its departments or divisions, shall be the minimum standards applicable in the City to all commercial cannabis activity. Should any conflict arise between a state law or

regulation and this Article IX in which such state law or regulation preempts local law, then the state law or regulation shall control.

**Section 22-465 – Commercial Cannabis Activities Prohibited Unless Specifically Authorized by this Article IX.**

Except as specifically authorized in this Article IX, commercial cannabis activities, including, without limit, the commercial cultivation, manufacture, processing, storing, laboratory testing, labeling, sale, delivery, distribution or transportation (other than as provided under Bus. & Prof. Code Section 26090(e)), of cannabis or cannabis products is expressly prohibited in the City.

**Section 22-466 – Compliance with State and Local Laws.**

It is the responsibility of the owners and operators of the commercial cannabis business to ensure that it is, always, operating in a manner compliant with all applicable state and local laws, and any regulations promulgated thereunder. Nothing in this Article IX shall be construed as authorizing any actions that violate federal, state law, or local law with respect to the operation of a commercial cannabis business. It shall be the responsibility of the owners and the operators of the commercial cannabis business to ensure that the commercial cannabis business is, at all times, operating in a manner compliant with all applicable federal, state, and local laws, including MAUCRSA, and any subsequently enacted state law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures, or requirements which may be imposed as conditions of approval of the commercial cannabis business permit. Nothing in this Article IX shall be construed as authorizing any actions that violate laws regarding the operation of a commercial cannabis business.

**Section 22-467 – Definitions.**

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

- (a) “A-license” means a state license issued by the Bureau of Cannabis Regulation for cannabis or cannabis products that are intended for adults 21 years of age and over and who do not possess physician’s recommendations.
- (b) [RESERVED]
- (c) “Applicant” means an owner applying for a City license pursuant to this Article IX.
- (d) “Batch” means a specific quantity of homogeneous cannabis or cannabis product that is one of the following types:
  - (1) “Harvest batch” means a specifically identified quantity of dried flower or trim, leaves, and other cannabis plant matter that is uniform in strain, harvested at the same time, and, if applicable, cultivated using the same pesticides and other agricultural chemicals and harvested at the same time.

- (2) “Manufactured cannabis batch” means either of the following: An amount of cannabis concentrates or extract that is produced in one production cycle using the same extraction methods and standard operating procedures; or an amount of a type of manufactured cannabis produced in one production cycle using the same formulation and standard operating procedures.
- (e) “Bureau” means the Bureau of Cannabis Control within the Department of Consumer Affairs, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation.
- (f) “Cannabis” means all parts of the Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this Article IX, “cannabis” does not mean “industrial hemp” as defined by Section 11018.5 of the Health and Safety Code.
- (g) “Cannabis accessories” has the same meaning as in Section 11018.2 of the Health and Safety Code.
- (h) “Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. Resin from granular trichomes from a cannabis plant is a concentrate for purposes of this division. A cannabis concentrate is not considered food, as defined by Section 109935 of the Health and Safety Code, or drug, as defined by Section 109925 of the Health and Safety Code.
- (i) “Cannabis product” means a product containing cannabis or cannabis, including, but not limited to, manufactured cannabis, - intended to be sold for use by cannabis patients in California pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the California Health and Safety Code (as the same may be amended from time-to-time) or pursuant to the Adult Use of Cannabis Act. For purposes of this Article IX, “cannabis” does not include industrial hemp as defined by Section 81000 of the California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.
- (j) “Cannabis products” has the same meaning as in Section 11018.1 of the Health and Safety Code.
- (k) “Canopy” means the designated area(s) at a licensed premise, except nurseries that will contain mature plants at any point in time. (1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all areas(s) that will contain mature plants at any point in time, including all of the space(s) within the boundaries; (2) Canopy

may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary which include, but are not limited to: interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds or garden plots; and if mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

- (l) “Caregiver” or “primary caregiver” has the same meaning as that term is defined in Section 11362.7 of the California Health and Safety Code.
- (m) “Child resistant” means designed or constructed to be significantly difficult for children under five years of age to open, and not difficult for normal adults to use properly.
- (n) “City” means the City of San Fernando, a California general law city.
- (o) “City Manager” means the City Manager of the City of San Fernando or designee.
- (p) “Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products.
- (q) “Commercial cannabis business” means any business or operation which engages in medicinal or adult-use commercial cannabis activity.
- (r) “Commercial cannabis business permit” means a regulatory permit issued by the City of pursuant to this Article IX to a commercial cannabis business and is required before any commercial cannabis activity may be conducted in the City. The initial permit and annual renewal of a commercial cannabis business permit is made expressly contingent upon the business’s ongoing compliance with all requirements of this Article IX and any regulations adopted by the City governing the commercial cannabis activity at issue.
- (s) “Cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.
- (t) “Cultivation site” means a location where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities occurs.
- (u) “Customer” means a natural person 21 years of age or over, or a natural person of suitable age who possesses a physician’s recommendation, or a medical marijuana identification card.
- (v) “Day care center” means has the same meaning as in Section 1596.76 of the Health and Safety Code.
- (w) “Delivery” means the commercial transfer of cannabis or cannabis products to a customer. “Delivery” also includes the use by a retailer of any technology platform owned and controlled by the retailer.
- (x) [RESERVED]

- (y) “Dispensing” means any activity involving the retail sale of cannabis or cannabis products from a retailer.
- (z) “Distribution” means the procurement, sale, and transport of cannabis and cannabis products between licensees.
- (aa) “Distributor” means a person holding a valid commercial cannabis business permit for distribution issued by the City of San Fernando, and, a valid state license for distribution, required by state law to engage in the business of purchasing cannabis from a licensed cultivator, or cannabis products from a license manufacturer, for sale to a licensed retailer.
- (bb) “Dried flower” means all dead cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.
- (cc) “Edible cannabis product” means cannabis product that is intended to be used, in whole or in part, for human consumption, including, but not limited to, chewing gum, but excluding products set forth in Division 15 (commencing with Section 32501) of the Food and Agricultural Code. An edible cannabis product is not considered food, as defined by Section 109935 of the Health and Safety Code, or a drug, as defined by Section 109925 of the Health and Safety Code.
- (dd) “Fund” means the Cannabis Control Fund established pursuant to Section 26210.15 of the Business and Professions Code.
- (ee) “Kind” means applicable type or designation regarding a particular cannabis variant or cannabis product type, including, but not limited to, strain name or other grower trademark, or growing area designation.
- (ff) “Labeling” means any label or other written, printed, or graphic matter upon a cannabis product, upon its container.
- (gg) “Labor peace agreement” means an agreement between a licensee and any bona fide labor organization that, at a minimum, protects the state’s proprietary interests by prohibiting labor organizations and members from engaging in picketing, work stoppages, boycotts, and any other economic interference with the applicant’s business. This agreement means that the applicant has agreed not to disrupt efforts by the bona fide labor organization to communicate with, and attempt to organize and represent, the applicant’s employees. The agreement shall provide a bona fide labor organization access at reasonable times to areas in which the applicant’s employees work, for the purpose of meeting with employees to discuss their right to representation, employment rights under state law, and terms and conditions of employment. This type of agreement shall not mandate a particular method of election or certification of the bona fide labor organization.
- (hh) “License” means a state license issued by the state and includes both an A-license and an M-license, as well as a testing laboratory license.

- (ii) “Licensee” means any person holding a license under this Article IX, regardless of whether the license held is an A-license or an M-license, and includes the holder of a testing laboratory license.
- (jj) “Licensing authority” means the City of San Fernando who is the agency responsible for the issuance, renewal, or reinstatement of the local license, and authorized to take disciplinary action against the licensee.
- (kk) “Limited-access area” means an area in which cannabis is stored or held and is only accessible to some licensee and authorized personnel.
- (ll) “Live plants” means living cannabis flowers and plants, including seeds, immature plants, and vegetative stage plants.
- (mm) “Local jurisdiction” means a city, County or city and County.
- (nn) “Lot” means a batch or a specifically identified portion of a batch.
- (oo) “M-license” means a state license issued by the state for commercial cannabis activity involving medicinal cannabis.
- (pp) “M-licensee” means any person holding a license by the state for commercial cannabis activity involving medicinal cannabis.
- (qq) “Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.
- (rr) “Manufactured cannabis” means raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, extraction or other manufactured product intended for internal consumption through inhalation or oral ingestion or for topical application.
- (ss) “Manufacturer” means a licensee that conducts the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or container.
- (tt) “Manufacturing site” means a location that produces, prepares, propagates, or compounds cannabis or cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and is owned and operated by a person issued a valid commercial cannabis business permit for manufacturing from the City of San Fernando and, a valid state license as required for manufacturing of cannabis products.
- (uu) “Medicinal cannabis” or “medicinal cannabis product” means cannabis or a cannabis product, respectively, intended to be sold for use pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the Health and Safety Code,

by a medicinal cannabis patient in California who possesses a physician's recommendation.

(vv) "Nonvolatile solvent" means any solvent used in the extraction process that is not a volatile solvent. For purposes of this Article IX, a nonvolatile solvent includes carbon dioxide (CO<sub>2</sub>) used for extraction and ethanol used for extraction or post-extraction processing.

(ww) "Microbusiness" means the cultivation of cannabis on an area less than 10,000 square feet, by an entity authorized to act as a licensed distributor, Level 1 manufacturer, and retailer under state law, provided such licensee can demonstrate compliance with all requirements imposed by state law on licensed cultivators, distributors, Level 1 manufacturers, and retailers to the extent the licensee engages in such activities.

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

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

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

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

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

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

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

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

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

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

(ddd) "Person with an identification card" shall have the meaning given that term by

California Health and Safety Code Section 11362.7.

- (eee) “Physician’s recommendation” means a recommendation by a physician and surgeon that a patient use cannabis provided in accordance with the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the Health and Safety Code.
- (fff) “Premises” means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee unless the operator is granted a M-License and a A-License for the same type of activity and such operation is lawful under state and local laws, rules and regulations.
- (ggg) “Processing” means a cultivation site that conducts only trimming, drying, curing, grading, packaging, or labeling of cannabis and nonmanufactured cannabis products.
- (hhh) “Purchaser” means the customer who is engaged in a transaction with a licensee for purposes of obtaining cannabis or cannabis products.
- (iii) “Retailer” means a commercial cannabis business facility where cannabis, cannabis products, or devices for the use of cannabis or cannabis products are offered, either individually or in any combination, for retail sale, including an establishment (whether fixed or mobile) that delivers, pursuant to express authorization, cannabis and cannabis products as part of a retail sale.
- (jjj) “Sell,” “sale,” and “to sell” include any transaction whereby, for any consideration, title to cannabis or cannabis products are transferred from one person to another, and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same, but does not include the return of cannabis or cannabis products by a licensee to the licensee from whom the cannabis or cannabis product was purchased.
- (kkk) “State License” means a permit or license issued by the State of California, or one of its departments or divisions, under MAUCRSA and any subsequent State of California legislation regarding the same to engage in commercial cannabis activity.
- (lll) “Testing laboratory” means a laboratory, facility, or entity in the state that offers or performs tests of cannabis or cannabis products and that is both of the following:
- (1) Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state.
  - (2) Licensed by the bureau.
- (mmm) “Topical cannabis” means a product intended for external application and/or absorption through the skin. A topical cannabis product is not considered a drug as defined by Section 109925 of the California Health and Safety Code.

- (nnn) “Transport” means the transfer of cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting commercial cannabis activity authorized by MAUCRSA which may be amended or repealed by any subsequent State of California legislation regarding the same. Transport does not include deliveries of cannabis or cannabis products.
- (ooo) “Unique identifier” means an alphanumeric code or designation used for reference to a specific plant on a licensed premises and any cannabis or cannabis product derived or manufactured from that plant.
- (ppp) “Youth center” means any public or private facility that is primarily used to host recreation or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades where 10 or more video games or game machines or devices are operated, and where minors are legally permitted to conduct business, or similar amusement park facilities. It shall also include a park, playground or recreational area specifically designed to be used by children which has play equipment installed, including public grounds designed for athletic activities such as baseball, softball, soccer, or basketball or any similar facility located on a public or private school grounds, or on city, county or state parks. This definition shall not include any private martial arts, yoga, ballet, music, art studio or similar studio of this nature nor shall it include any private gym, athletic training facility, pizza parlor, dentist office, doctor’s office primarily serving children or a location which is primarily utilized as an administrative office or facility for youth programs or organizations.
- (qqq) “Volatile solvent” means any solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Examples of volatile solvents include, but are not limited to, butane, hexane, and propane.

**Section 22-468 – Commercial Cannabis Business Permit, Conditional Use Permit, and Development Agreement Required to Engage in Commercial Cannabis Business.**

- (a) No person may engage in any permissible commercial cannabis activity within the City unless the person (1) has a valid commercial cannabis business permit from the City; (2) has a conditional use permit from the City; (3) has a development agreement with the City; (4) has a valid State of California commercial cannabis permit; and (5) is currently in compliance with all applicable state and local laws and regulations pertaining to the commercial cannabis business and the commercial cannabis activities.
- (b) No permit shall be issued pursuant to this Article IX for outdoor commercial cannabis cultivation, which is prohibited. It is a violation of this Article IX for any person or entity to engage in any outdoor commercial cannabis cultivation of any kind.

**Section 22-469 – Cannabis Employee Permit Required.**

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

- (b) Any person who is an employee or who otherwise works within a commercial cannabis business must obtain a commercial cannabis employee work permit from the City prior to performing any work at any commercial cannabis business.
- (c) Applications for a commercial cannabis employee work permit shall be developed, made available, and processed by the City Manager, and shall include, but not be limited to, the following information:
  - (1) Name, address, and phone number of the applicant.
  - (2) Age and verification of applicant. A copy of a birth certificate, driver's license, government issued identification card, passport or other proof that the applicant is at least twenty-one (21) years of age must be submitted with the application.
  - (3) Name, address of the commercial cannabis business where the person will be employed, and the name of the primary manager of that business.
  - (4) A list of any crimes enumerated in California Business and Professions Code Section 26057(b)(4) for which the applicant or employee has been convicted.
  - (5) Name, address, and contact person for any previous employers from which the applicant was fired, resigned, or asked to leave and the reasons for such dismissal or firing.
  - (6) The application shall be accompanied by fingerprints and a recent photograph of the applicant in a form and manner as required by the City Manager.
  - (7) A signed statement under penalty of perjury that the information provided is true and correct.
  - (8) If applicable, verification that the applicant is a qualified patient or primary caregiver.
  - (9) A fee paid in an amount set by resolution of the City Council in an amount necessary to cover the costs of administering the employee work permit programs. The fee is non-refundable and shall not be returned in the event the work permit is denied or revoked.
- (d) The City Manager shall review the application for completeness, shall conduct a background check to determine whether the applicant was convicted of a crime or left a previous employer for reasons that show the applicant:
  - (1) Has been convicted of a crime involving dishonesty, fraud or deceit, including but not limited to fraud, forgery, theft, or embezzlement as those offenses are defined in California Penal Code sections 186.11, 470, 484, and 504a, respectively; or
  - (2) Has committed a felony or misdemeanor involving fraud, deceit, embezzlement; or

- (3) Was convicted of a violent felony, a crime of moral turpitude; or
- (4) The illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substances Act, except for cannabis related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.

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

- (e) The City Manager shall issue the commercial cannabis work permit or a written denial to the applicant within thirty (30) days of the date the application was deemed complete. In the event the cannabis work permit cannot be issued within this time period, then the City Manager may issue a temporary work permit for an employee upon completing a preliminary background check and if the business can demonstrate to the City Manager) that the employee is necessary for the operation of the business. The temporary permit may be immediately revoked by the City Manager upon determination that the applicant has failed the background check or upon the issuance of the permanent work permit.
- (f) A work permit shall be valid for a twelve (12) month period and must be renewed on an annual basis. Renewal applications shall contain all the information required in subsection (b) above including the payment of a renewal application fee in an amount to be set by resolution of the City Council.
- (g) In the event a person changes employment from one commercial cannabis business in the City to another, the work permit holder shall notify the City Manager in writing of the change within ten (10) days, or the work permit shall be suspended or revoked, and such person shall not be permitted to work at any commercial cannabis business in the City.
- (h) The City may immediately revoke the commercial cannabis work permit should the permit holder be convicted of a crime listed in subsection (c) and (d) above or if facts become known to the City Manager that the permit holder has engaged in activities showing that he or she is dishonest.
- (i) The City Manager is hereby authorized to promulgate all regulations necessary to implement the work permit process and requirements.

- (j) The applicant may appeal the denial or revocation of a commercial cannabis work permit by filing a notice of appeal with the City Clerk within ten (10) days of the date the applicant received the notice of denial; which appeal shall be conducted as set forth in Section 22-478 of this Article IX.
- (k) The City Manager shall issue a permit in the form of a personal identification card that can be worn in a prominent and visible location. The identification card shall be maintained in good and readable condition at all times.

**Section 22-470 – Maximum Number and Type of Authorized.**

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

**Section 22-471 – Initial Application Procedure.**

- (a) The City Manager is authorized to adopt the procedures to govern the application process, and the manner in which the decision will ultimately be made regarding the issuance of any commercial cannabis business permit(s), which shall include or require the City Manager to provide detailed objective review criteria to be evaluated on a point system or equivalent quantitative evaluation scale tied to each set of review criteria (“Review Criteria”). The City Manager shall be authorized to prepare the necessary forms, adopt any necessary rules to the application, regulations and processes, solicit applications, conduct initial evaluations of the applicants. Additional points shall be awarded to applicants with ten (10) or more employees who commit to enter into, or demonstrate that it has already entered into, and abide by the terms of a labor peace agreement, as defined in Business and Professions Code Section 26001(x).
- (b) At the time of filing, each applicant shall pay an application fee established by resolution of the City Council, to cover all costs incurred by the City in the application process.
- (c) After the initial review, ranking, and scoring under the Review Criteria, the City Manager will make a final determination in accordance with this section.
- (d) The application procedure process shall include a component on community benefits. Any community benefits that a commercial cannabis business agrees to provide shall be incorporated into the terms and conditions under which the commercial cannabis business will operate with the city’s approval, if and when an operating permit is issued. Such terms and conditions shall be in addition to the requirements of this Article IX. Community benefits shall include, but not be limited to: in-kind donations; sponsorship of community events; support, financial or otherwise, for special community events such as fairs, afterschool programs, youth centers, Boys and Girls Clubs, local schools whether public or private; school athletic programs; school clubs; community centers, senior centers and senior living facilities, and parks and recreation.
- (e) The City reserves the right to reject any or all applications. Prior to permit issuance, the City may also modify, postpone, or cancel any request for applications, or the entire program under this Article IX, at any time without liability, obligation, or commitment to

any party, firm, or organization, to the extent permitted under California state law. Persons submitting applications assume the risk that all or any part of the program, or any particular category of permit potentially authorized under this Article IX, may be cancelled at any time prior to permit issuance. The City further reserves the right to request and obtain additional information from any candidate submitting an application. In addition to any other justification provided a failure to comply with other requirements in this Article IX, an application RISKS BEING REJECTED for any of the following reasons:

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

**Section 22-472 – Personnel Prohibited from Holding a License or Employee Work Permit.**

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

- (1) The applicant has been denied a license or has had a license suspended or revoked by any city, county, city and county or any other state cannabis licensing authority;
- (2) The applicant was notified that they were conducting commercial cannabis activity in non-compliance with Chapter 106 or other City ordinances, codes, or requirements in which they failed to discontinued operating in a timely manner;
- (3) Evidence that the applicant was in non-compliance of properly paying federal, state or local taxes and/or fees when notified by the appropriate agencies;
- (4) Applicant has previously conducted commercial cannabis activity in the City in violation of local and state law.
- (5) No person shall be issued a commercial cannabis permit to operate who enters into an agreement to lease, sublease or any other agreement, regardless of whether it is verbally or in writing to any terms of use of the premises from a property owner, commercial broker or any third party, that is in violation of Section 22-472 unless that property is leased at fair market value and such lease, sublease or agreement does not have any terms or conditions for the cannabis permit licensee to pay the property owner, commercial broker, or any third party a percentage of gross receipts, royalties, equity, or other unreasonable compensation as determined by the City. In addition, all leases, subleases, or other agreements must be based a monthly rate.

**Section 22-473 – Expiration of Commercial Cannabis Permits.**

Each commercial cannabis business permit issued pursuant to this Article IX shall expire twelve (12) months after the date of its issuance. Commercial cannabis permits may be renewed as provided in Section 22-475.

**Section 22-474 – Revocation of Permits.**

Commercial cannabis business permits may be revoked for any violation of any law and/or any rule, regulation and/or standard adopted pursuant to Section 22-476, or pursuant to any policy, procedure or regulation in this Article IX.

**Section 22-475 – Renewal Applications.**

- (a) An application for renewal of a commercial cannabis business permit shall be filed at least sixty (60) calendar days prior to the expiration date of the current permit.
- (b) The renewal application shall contain all the information required for new applications.
- (c) The applicant shall pay a fee in an amount to be set by the City Council to cover the costs of processing the renewal permit application, together with any costs incurred by the City to administer the program created under this Article IX.
- (d) An application for renewal of a commercial cannabis business permit shall be rejected if any of the following exists:
  - (1) The application is filed less than sixty (60) days before its expiration.
  - (2) The commercial cannabis business permit is suspended or revoked at the time of the application.
  - (3) The commercial cannabis business has not been in regular and continuous operation in the four (4) months prior to the renewal application.
  - (4) The commercial cannabis business has failed to conform to the requirements of this Article IX, or of any regulations adopted pursuant to this Article IX.
  - (5) The permittee fails or is unable to renew its State of California license.
  - (6) If the City or state has determined, based on substantial evidence, that the permittee or applicant is in violation of the requirements of this Article IX, of the City Ordinance, or of the state rules and regulations, and the City or state has determined that the violation is grounds for termination or revocation of the commercial cannabis business permit.
- (e) The City Manager is authorized to make all decisions concerning the issuance of a renewal permit. In making the decision, the City Manager is authorized to impose additional conditions to a renewal permit, if it is determined to be necessary to ensure

compliance with state or local laws and regulations or to preserve the public health, safety or welfare. Appeals from the decision of the City Manager shall be conducted pursuant to Sections 22-477 through 22-479.

- (f) If a renewal application is rejected, a person may file a new application pursuant to this Article IX no sooner than one (1) year from the date of the rejection.

**Section 22-476 – Effect of State License Suspension, Revocation, or Termination.**

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

**Section 22-477 – Appeals.**

Unless specifically provided elsewhere to the contrary, whenever an appeal is provided for in this Article IX from a decision of the City Manager, the appeal shall be conducted as prescribed in this Article IX.

**Section 22-478 – Written Request for Appeal.**

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

**Section 22-479 – Appeal Hearing.**

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

### **Section 22-480 – Permittee Selection Process.**

- (a) The City Manager shall adopt a procedure guideline and Review Criteria by which the top applicants in each category of each commercial cannabis business shall be evaluated in a final determination by the City Manager.
- (b) Official issuance of the commercial cannabis business permit(s), however, is conditioned upon the prevailing candidate(s) obtaining all required land use approvals. Following the City Manager's selection, the prevailing candidate(s) shall apply to the City's Community Development Department to obtain any required land use approvals or entitlements for the permittee's location, including, without limit a conditional use permit and development agreement. Land use approvals shall include compliance with all applicable provisions of CEQA. The City Manager shall formally issue the commercial cannabis business permit(s) once the Community Development Director or his/her designee(s) affirms that all of the required land use approvals have been obtained.
- (c) The City Manager shall either deny or approve the final candidates and shall select the top candidates in each category of the commercial cannabis businesses. The City Manager's decision as to the selection of the prevailing candidates shall be final, pending an appeal to the City Council, if such an appeal is filed.
- (d) Issuance of a commercial cannabis business permit does not create a land use entitlement. The commercial cannabis business permit shall only be for a term of twelve (12) months and shall expire at the end of the twelve (12) month period unless it is renewed as provided herein. Furthermore, no permittee may begin operations, notwithstanding the issuance of a permit, unless all of the state and local laws and regulations, including but not limited to the requirements of this Article IX and of the permit, have been complied with and until a state license is available and obtained by the operator.
- (e) Notwithstanding anything in this Article IX to the contrary, the City Manager reserves the right to reject any or all applications if it determines it would be in the best interest of the City, taking into account any health, safety and welfare impacts on the community. Applicants shall have no right to a commercial cannabis business permit until a permit is actually issued, and then only for the duration of the permits term. Each applicant assumes the risk that, at any time prior to the issuance of a permit, the City Council may terminate or delay the program created under this Article IX.
- (f) If an application is denied, a new application may not be filed for one (1) year from the date of the denial.
- (g) Each person granted a commercial cannabis business permit shall be required to pay the permit fee established by resolution of the City Council, to recover the costs of administering the commercial cannabis business permit program created in this Article IX.

### **Section 22-481 – Change in Location; Updated Registration Form.**

- (a) Any time the permitted commercial cannabis business location specified in the regulatory

permit is changed, the applicant shall re-register with the City Manager. The process and the fees for re-registration shall be the same as the process and fees set forth for registration in Sections 22-475(c) and 22-482(a), as applicable.

- (b) Within fifteen (15) calendar days of any other change in the information provided in the registration form or any change in status of compliance with the provisions of this Article IX, including any change in the commercial cannabis business ownership or management members, the applicant shall file an updated registration form with the City Manager for review along with a registration amendment fee, as set forth in Sections 22-475(c) and 22-482(a), as applicable.
- (c) The applicant shall not commence any commercial cannabis activity at a proposed changed location until fully complying with this Section 22-481 and this Article IX and obtaining written authorization to commence such activity from the City Manager. The City reserves all rights to require additional licenses or permits, including land use entitlements, for the proposed change in location of a permitted commercial cannabis business.

#### **Section 22-482 – Transfer of Cannabis Business Permit.**

- (a) The owner of a cannabis business permit shall not transfer ownership or control of the permit to another person or entity unless and until the transferee obtains an amendment to the permit from the City Manager stating that the transferee is now the permittee. Such an amendment may be obtained only if the transferee files an application with the City Manager or his/her designee in accordance with all provisions of this Article IX (as though the transferee were applying for an original cannabis business permit) accompanied by a transfer fee in an amount set by resolution of the City Council (or if not set, shall be the same amount as the application fee), and the City Manager or his/her designee determines, after hearing, in accordance with this section that the transferee passed the background check required for permittees and meets all other requirements of this Article IX.
- (b) Commercial cannabis business permits issued through the grant of a transfer by the City Manager shall be valid for a period of one (1) year beginning on the day the City Manager approves the transfer of the permit. Before the transferee's permit expires, the transferee shall apply for a renewal permit in the manner required by this Article IX.
- (c) Changes in ownership of a permittee's business structure or a substantial change in the ownership of a permittee business entity (changes that result in a change of more than fifty-one percent (51%) of the original ownership), must be approved by the City Manager through the transfer process contained in this subsection (a). Failure to comply with this provision is grounds for permit revocation.
- (d) A permittee may change the form of business entity without applying to the City Manager for a transfer of permit, provided that either:
  - (1) The membership of the new business entity is substantially similar to original permit holder business entity (at least fifty-one percent (51%) of the membership is identical), or

(2) If the original permittee is an unincorporated association, mutual or public benefit corporation, agricultural or consumer cooperative corporation and subsequently transitions to or forms a new business entity as allowed under the MAUCRSA and to comply with Section 22-468(b), provided that the Board of Directors (or in the case of an unincorporated association, the individual(s) listed on the City permit application) of the original permittee entity are the same as the new business entity.

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

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

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

#### **Section 22-483 – City Business License.**

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

#### **Section 22-484 – Building Permits and Inspection.**

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

#### **Section 22-485 – Certification from Community Development Director.**

Prior to commencing operations, a commercial cannabis business must obtain a certification from the Community Development Director or designee certifying that the business is located on a site that meets all of the requirements of Chapter 106 of this Code and Section 22-487.

#### **Section 22-486 – Right to Occupy and to Use Property.**

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

#### **Section 22-487 – Location and Design of Cannabis Businesses.**

Cannabis businesses permitted to engage in commercial cultivation, distribution, manufacturing, or testing laboratories, for cannabis and cannabis products are subject to the following zoning and locational requirements and in compliance with the buffer map attached as Exhibit “A” to City Council Ordinance No. \_\_\_\_.

- (a) Cultivation, manufacturing, and distribution require a City conditional use permit and development agreement and must be located in areas designated for manufacturing uses within the M-1 (Limited Industrial) and M-2 (Light Industrial) manufacturing zones and the Workplace Flex District within the San Fernando Corridors Specific Plan (SP-5) zone.
- (b) Laboratory testing requires a City conditional use permit and development agreement and must be located in areas designated for commercial or manufacturing uses within the M-1 (Limited Industrial) and M-2 (Light Industrial) zones, the Workplace Flex, Mixed-Use Corridor, and Auto Commercial Districts within the San Fernando Corridors Specific Plan (SP-5) zone, and the C-1 (Limited Commercial), C-2 (Commercial), and SC (Service Commercial) commercial zones.
- (c) No business authorized under this Article IX shall be located within four hundred fifty (450) feet of a parcel containing the following, which 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:
  - (1) A school providing instruction in kindergarten or any grades 1 through 12, (whether public, private, or charter, including pre-school, transitional kindergarten, and K-12);
  - (2) Licensed day care; or
  - (3) Youth center.
- (d) Each proposed cannabis business project shall:
  - (1) Conform with the City’s general plan, any applicable specific plans, master plans, and design requirements.
  - (2) Comply with all applicable zoning and related development standards.
  - (3) Be constructed in a manner that minimizes odors to surrounding uses, and promotes quality design and construction, and consistency with the surrounding properties.
  - (4) Be adequate in size and shape to accommodate the yards, walls, fences, parking and loading facilities, landscaping and all items required for the development.
  - (5) Be served by highways adequate in width and improved as necessary to carry the kind and quantity of traffic such use will generate.
  - (6) Be provided with adequate electricity, sewerage, disposal, water, fire protection and storm drainage facilities for the intended purpose.

**Section 22-488 – Limitation on City’s Liability.**

To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a commercial cannabis business permit pursuant to this Article IX or otherwise approving the operation of any commercial cannabis business. As a condition to the

approval of any commercial cannabis business permit, the applicant shall be required to meet all of the following conditions before they can receive the commercial cannabis business permit:

- (a) Execute an agreement, in a form approved by the City Attorney, agreeing to indemnify, defend (at applicant's sole cost and expense), and hold the City, and its officers, officials, employees, representatives, and agents, harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to, the City's issuance of the commercial cannabis business permit, the City's decision to approve the operation of the commercial cannabis business or activity, the process used by the City in making its decision, or the alleged violation of any federal, state or local laws by the commercial cannabis business or any of its officers, employees or agents.
- (b) Maintain insurance at coverage limits, and with conditions thereon determined necessary and appropriate from time to time by the City Manager.
- (c) Reimburse the City for all costs and expenses, including but not limited to legal fees and costs and court costs, which the City of San Fernando may be required to pay as a result of any legal challenge related to the City's approval of the applicant's commercial cannabis business permit, or related to the City's approval of a commercial cannabis activity. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

**Section 22-489 – Records and Recordkeeping.**

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

- (c) Each commercial cannabis business shall maintain a record of all persons, patients, collectives and primary caregivers served by the commercial cannabis business, for a period of no less than four (4) years unless otherwise prescribed by MAUCRSA.
- (d) All commercial cannabis businesses shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the growing and production or manufacturing, laboratory testing and distribution processes until purchase as set forth MAUCRSA.
- (e) Each commercial cannabis business shall allow the City officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted commercial cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated by the City. The City may require the materials to be submitted in an electronic format that is compatible with the City's software and hardware.

**Section 22-490 – Security Measures.**

- (a) A permitted commercial cannabis business shall implement sufficient security measures to deter and prevent the unauthorized entrance into areas containing cannabis or cannabis products, and to deter and prevent the theft of cannabis or cannabis products at the commercial cannabis business. Except as may otherwise be determined by the City Manager or legislative body, these security measures shall include, but shall not be limited to, all of the following:
  - (1) Alarm system (perimeter, fire, and panic buttons).
  - (2) Remote monitoring of alarm systems by licensed security professionals.
  - (3) Perimeter lighting systems (including motion sensors) for after-hours security.
  - (4) Perimeter security and lighting as approved by the Police Chief and Director of the Community Development Department or their designees.
  - (5) Preventing individuals from remaining on the premises of the commercial cannabis business if they are not engaging in an activity directly related to the permitted operations of the commercial cannabis business.
  - (6) Establishing limited access areas accessible only to authorized commercial cannabis business personnel.
  - (7) Except for live growing plants which are being cultivated at a cultivation operation, all cannabis and cannabis products shall be stored in a secured and locked vault or vault equivalent. All safes and vaults shall be compliant with Underwriter Laboratories burglary-resistant and fire-resistant standards. All cannabis and cannabis products, including live plants that are being cultivated, shall be kept in a

manner as to prevent diversion, theft, and loss.

- (8) Installing twenty-four (24) hour security surveillance cameras of at least HD-quality to monitor all entrances and exits to and from the premises, all interior spaces within the commercial cannabis business which are open and accessible to the public, all interior spaces where cannabis, cash or currency, is being stored for any period of time on a regular basis and all interior spaces where diversion of cannabis could reasonably occur. All cameras shall record in color. All exterior cameras shall be in weather-proof enclosures, shall be located so as to minimize the possibility of vandalism, and shall have the capability to automatically switch to black and white in low light conditions. The commercial cannabis business shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the City Manager, and that it is compatible with the City 's software and hardware. In addition, remote and real-time, live access to the video footage from the cameras shall be provided to the City Manager. Video recordings shall be maintained for a minimum of ninety (90) days and shall be made available to the City Manager upon request. Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the site of the commercial cannabis business and shall be capable of enlargement via projection or other means. Internet Protocol address information shall be provided to the San Fernando Police Department by the commercial cannabis business, to facilitate remote monitoring of security cameras by the San Fernando Police Department.
- (9) Sensors shall be installed to detect entry and exit from all secure areas and shall be monitored in real time by a security company licensed by the State of California Bureau of Security and Investigative Services.
- (10) Panic buttons shall be installed in all commercial cannabis businesses with direct notification to San Fernando Police Department dispatch and shall be configured to immediately alert dispatch for the San Fernando Police Department.
- (11) Having a professionally installed, maintained, and monitored real-time alarm system by a security company licensed by the State of California Bureau of Security and Investigative Services.
- (12) Any bars installed on the windows or the doors of the commercial cannabis business shall be installed only on the interior of the building.
- (13) Security personnel shall be on-site twenty-four (24) hours a day or alternative security as authorized by the City Manager, and must have a verified response security patrol when closed. Security personnel must be licensed by the State of California Bureau of Security and Investigative Services personnel and shall be subject to the prior review and approval of the City Manager, with such approval not to be unreasonably withheld. Firearms may be carried by security personnel while they are on duty if authorized by the Chief of Police.
- (14) Each commercial cannabis business shall have the capability to remain secure during

a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage.

- (15) Entrance areas are to be locked at all times and under the control of a designated responsible party that is either; (a) an employee of the commercial cannabis business; or (b) a licensed security professional.
  - (16) Each commercial cannabis business shall have an accounting software system in place to provide point of sale data as well as audit trails or both product and cash, where applicable.
  - (17) Each commercial cannabis business shall demonstrate to the Chief of Police, City Manager, compliance with the state's track and trace system for cannabis and cannabis products, as soon as it is operational.
  - (18) Each commercial cannabis business shall have state of the art network security protocols in place to protect computer information and all digital data.
  - (19) Exterior vegetation shall be planted, altered and maintained in a fashion that precludes its use as a hiding place for persons on the premises.
  - (20) Emergency access and emergency evacuation plans that are in compliance with state and local fire safety standards.
- (b) Each commercial cannabis business shall identify a designated security representative/liason to the City, who shall be reasonably available to meet with the City Manager regarding any security related measures or and operational issues. The designated security representative/liason 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 upon request that meets the following requirements:
- (1) Confirms that a designated manager will be on duty during business hours and will be responsible for monitoring the behavior of employees.
  - (2) Identifies all managers of the commercial cannabis business and their contact phone numbers
  - (3) Confirms that first aid supplies and operational fire extinguishers are located in the service areas and the manager's office.
  - (4) Confirms that burglar, fire, and panic alarms are operational and monitored by a licensed security company twenty-four (24) hours a day, seven (7) 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 makes a request, with or without prior notice, unless required by law, to inspect or audit the effectiveness of any security plan or of any other requirement of this Article IX.
- (e) A commercial cannabis business shall notify the City Manager within twenty-four (24) hours after discovering any of the following:
  - (1) Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the City.
  - (2) Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business
  - (3) The loss or unauthorized alteration of records related to cannabis, customers or employees or agents of the commercial cannabis business.
  - (4) Any other breach of security.
- (f) Compliance with the foregoing requirements shall be verified by the City Manager prior to commencing business operations. The City Manager may supplement these security requirements once operations begin.

**Section 22-491 – Restriction on Alcohol and Tobacco Sales.**

- (a) No person shall cause or permit the sale, dispensing, or consumption of alcoholic beverages on or about the premises of the commercial cannabis business.
- (b) No person shall cause or permit the sale of tobacco products on or about the premises of the commercial cannabis business.
- (c) No person shall consume cannabis, cannabis products, tobacco or alcohol on the premises of any commercial cannabis business.

**Section 22-492 – Fees and Charges.**

- (a) No person may commence or continue any commercial cannabis activity in the City without first timely paying in full all fees and charges required for the operation of a

commercial cannabis activity. Fees and charges associated with the operation of a commercial cannabis activity shall be established by resolution of the City Council which may be amended from time to time.

- (b) All commercial cannabis businesses authorized to operate under this Article IX shall pay all sales, use, business and other applicable taxes, and all license, registration, and other fees required under federal, state and local law. Each commercial cannabis business shall cooperate with City with respect to any reasonable request to audit the commercial cannabis business' books and records for the purpose of verifying compliance with this section, including but not limited to a verification of the amount of taxes required to be paid during any period.
- (c) Prior to operating in the city and as a condition of issuance of a regulatory permit, the operator of each cannabis facility shall enter into a development agreement with the city setting forth the terms and conditions under which the cannabis facility will operate that are in addition to the requirements of this Article IX, including, but not limited to, public outreach and education, community service, payment of fees and other charges as mutually agreed, and such other terms and conditions that will protect and promote the public health, safety and welfare.

#### **Section 22-493 – General Operating Requirements.**

- (a) Commercial cannabis businesses may operate only during the hours specified in the commercial cannabis business permit issued by the City. No person under the age of twenty-one (21) shall operate, or be issued a permit for, a commercial cannabis business of any kind.
- (b) Restriction on Consumption. Cannabis shall not be consumed by any employee on the premises of any commercial cannabis business.
- (c) No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall be visible from the exterior of any property issued a commercial cannabis business permit, or on any of the vehicles owned or used as part of the commercial cannabis business. No outdoor storage of cannabis or cannabis products is permitted at any time.
- (d) Reporting and Tracking of Product and of Gross Sales. Each commercial cannabis business shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City. The commercial cannabis business shall ensure that such information is compatible with the City's record-keeping systems. In addition, the system must have the capability to produce historical transactional data for review. Furthermore, any system selected must be approved and authorized by the City Manager prior to being used by the permittee.
- (e) All cannabis and cannabis products sold, distributed or manufactured shall be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with the State and local regulations.

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

(g) Signage and Notices.

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

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

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

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

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

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

(h) Minors.

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

(2) The entrance to the commercial cannabis business shall be clearly and legibly posted

with a notice that no person under the age of twenty-one (21) years of age is permitted to enter upon the premises of the commercial cannabis business.

- (i) Odor Control. Odor control devices and techniques shall be incorporated in all commercial cannabis businesses to ensure that odors from cannabis are not detectable off-site. Commercial cannabis businesses shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the commercial cannabis business that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the commercial cannabis business. As such, commercial cannabis businesses must install and maintain the following equipment, or any other equipment which the Community Development Director or his/her designee(s) determine is a more effective method or technology:
  - (1) An exhaust air filtration system with odor control that prevents internal odors from being emitted externally;
  - (2) An air system that creates negative air pressure between the commercial cannabis business's interior and exterior, so that the odors generated inside the commercial cannabis business are not detectable on the outside of the commercial cannabis business.
- (j) Display of Permit and City Business License. The original copy of the commercial cannabis business permit issued by the City pursuant to this Article IX and the City issued business license shall be posted inside the commercial cannabis business in a location readily-visible to the public.
- (k) Background Check. Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which authorizes City authorities to access state and local summary criminal history information for employment, licensing, or certification purposes; and authorizes access to federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation, every person listed as an owner, manager, supervisor, employee, contract employee or who otherwise works in a commercial cannabis business must submit fingerprints and other information deemed necessary by the Chief of Police or his/her designee(s) for a background check by the City of San Fernando's Police Department. Pursuant to California Penal Sections 11105(b)(11) and 13300(b)(11), which requires that there be a requirement or exclusion from employment, licensing or certification based on specific criminal conduct on the part of the subject of the record. No person shall be issued a permit to operate a commercial cannabis business or a related work permit unless they have first cleared the background check, as determined by the Chief of Police or his/her designee(s), as required by this section. A fee for the cost of the background investigation, which shall be the actual cost to the City to conduct the background investigation as it deems necessary and appropriate, shall be paid at the time the application for a commercial cannabis business permit is submitted.

- (l) Loitering. The owner and/or operator of a commercial cannabis business shall prohibit loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises.
- (m) Permits and other Approvals. Prior to the establishment of any commercial cannabis business or the operation of any such business, the person intending to establish a commercial cannabis business must first obtain all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such commercial cannabis business intends to establish and to operate, including, without limit, a conditional use permit and development agreement.
- (n) Each commercial cannabis operator shall establish minimum training standards for all employees. The City Manager shall have the discretion to require other training for the business operations should the City identify deficiencies or non-compliance issues with city or state requirements.

**Section 22-494 – Other Operational Requirements.**

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

**Section 22-495 – Store Front Retail, Non-Store Front Retail, and Microbusinesses Prohibited.**

- (a) Unless otherwise authorized under this Article IX, the establishment or operation of commercial cannabis microbusinesses and retail businesses (including storefront and non-storefront establishments) is expressly prohibited on any property located in the City of San Fernando pursuant and shall be subject to all applicable enforcement.
- (b) It shall be unlawful for any person, limited liability company, corporation, collective, cooperative or any other entity to manage or operate a cannabis storefront or non-store front facility in which customers are permitted on the premises or in which deliveries are made for which it will sell, exchange, barter, transfer, and/or promote, any cannabis or cannabis products in the City for commercial purpose unless they have been issued a commercial cannabis permit pursuant to this Article IX and authorized to conduct such activities.

**Section 22-496 – Operating Requirements for Out of City Medicinal-Only Commercial Cannabis/Cannabis Products Delivery Services.**

Medicinal commercial cannabis delivery services may operate only during the hours specified in Section 22-496(b) or as stipulated in the commercial cannabis permit issued by the City. The provisions of Sections 22-496, 22-497, and 22-498 shall apply to adult-use cannabis deliveries and appropriately modified by preemptive provisions if required under state law or state regulation. Until such time, adult-use cannabis deliveries shall be strictly prohibited.

- (a) A storefront retailer, non-storefront retailer (delivery), and/or microbusiness seeking to conduct medicinal-only deliveries of cannabis or cannabis products into the City shall obtain a permit from the City to conduct medicinal only deliveries so long as its principal place of business or base of operations is located in another local jurisdiction.
- (b) Operating hours of the delivery service shall be limited to the hours of 9:00 a.m. through 9:00 p.m., seven (7) days a week.
- (c) The delivery of medicinal cannabis or medicinal cannabis products into the City shall only be conducted by duly licensed cannabis retailers located outside of the City which hold a valid retailer M-License from the State of California and a valid local agency cannabis retailer License for medicinal activity which authorizes the sale of cannabis goods to other jurisdictions.
- (d) A delivery employee of a licensed cannabis delivery service, carrying cannabis goods for delivery, shall only travel in an enclosed motor vehicle operated by the delivery employee or another delivery employee of the licensee.
- (e) All deliveries of medicinal cannabis or medicinal cannabis products must be performed by a delivery driver at least twenty-one (21) years of age employed by a licensed cannabis retailer.
- (f) A licensed delivery service shall not use the services of an independent contractor, courier service or use a personal vehicle to deliver medicinal cannabis or medicinal cannabis products .
- (g) All deliveries of medicinal cannabis or medicinal cannabis products shall be made by a natural person. Cannabis goods shall not be delivered by unmanned vehicles or devices.
- (h) A delivery employee of a licensed retailer shall during the deliveries, carry a copy of the retailer's current license, the employee's government-issued identification, and an employer provided badge containing a picture and the name of the delivery employee.
- (i) The licensed delivery service shall maintain an accurate list of the cannabis retailer's delivery employees.
- (j) While carrying medicinal cannabis or medicinal cannabis products for delivery, a delivery employee of a licensed cannabis delivery service shall ensure the cannabis goods are not visible to the public.
- (k) A delivery employee of a licensed delivery service shall not leave medicinal cannabis or medicinal cannabis products in an unattended motor vehicle unless the motor vehicle is equipped with an active vehicle alarm system.
- (l) A vehicle used for the delivery of medicinal cannabis or medicinal cannabis products shall be outfitted with a dedicated Global Positioning System (GPS) device for the identifying the geographic location of the delivery vehicle. A dedicated GPS device does not include a phone or tablet. The device shall be either permanently or temporarily

affixed to the delivery vehicle and shall remain active and inside of the delivery vehicle at all times during the delivery. At all times, the licensed delivery service shall be able to identify the geographic location of the delivery vehicles that are making deliveries for the delivery service and shall provide the information to the City upon request.

- (m) Licensed delivery services must have proper shipping manifest documentation which includes the following information:
  - (1) The name of the licensee;
  - (2) The names of the authorized drivers;
  - (3) The type and quantity or amount of cannabis goods being transported;
  - (4) Any unique identifiers issued by the Department of Food and Agriculture;
  - (5) The quantity and weight or amount of medicinal cannabis or medicinal cannabis products being transported;
  - (6) The time and location of departure;
  - (7) The time and location of the expected arrival; and
  - (8) The make, model and license plate number of the vehicle.
- (n) While making deliveries, an employee of a delivery services shall not carry goods in excess of ten thousand dollars (\$10,000) at any time. This value shall be determined using the retail price of all cannabis goods carried by the delivery service.
- (o) While being transported, medicinal cannabis or medicinal cannabis products shall be locked in a box that is secured to the inside of the vehicle.
- (p) Vehicles used to deliver cannabis must be non-conspicuous and shall not display signs, logos, pictures or any other form of advertisement which can be detectable by a bystander or observer that the cannabis delivery vehicle may be used or is carrying medicinal cannabis or medicinal cannabis products in the vehicle.
- (q) Employees conducting deliveries shall verify the identity of the qualified patient or primary caregiver recipient of the medicinal cannabis or cannabis products in accordance with MAUCRSA.

**Section 22-497 – Vehicle Requirements for Medicinal Commercial Cannabis Out of City Delivery Services.**

Prior to commencing operations, a cannabis out of City delivery service shall provide the following information to the City:

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

- (b) The year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for any and all vehicles that will be used to deliver cannabis goods.
- (c) Proof of insurance for any and all vehicles being used to deliver cannabis goods.
- (d) The licensee shall provide the City with the information required by this section in writing for any new vehicle that will be used to deliver cannabis goods prior to using the vehicle to deliver cannabis goods.
- (e) The licensee shall provide the City with any changes to the information required by this section in writing within thirty (30) calendar days.

**Section 22-498 – Delivery Locations Prohibitions and Customers for Medicinal Commercial Cannabis Deliveries.**

Medicinal commercial cannabis delivery businesses with a principal place of business or base of operations located outside of the City permitted to engage in delivery of cannabis and cannabis products inside the City are subject to the following requirements:

- (a) Deliveries of must be made to physical addresses within the City.
- (b) A City-licensed medicinal commercial cannabis delivery businesses shall not deliver medicinal cannabis or cannabis products to an address located on publicly owned land or an address on land or in a building leased by a public agency.
- (c) A City-licensed medicinal commercial cannabis delivery businesses shall not deliver medicinal cannabis or cannabis products to any location not authorized for delivery pursuant to the local delivery license issued by the local jurisdiction authorizing such deliveries.
- (d) Deliveries of medicinal cannabis or cannabis products shall only be made to a qualified patient or primary caregiver pursuant to a valid physician’s recommendation for medicinal use.
- (e) A licensed cannabis business shall comply with all requirements of state and local law pertaining to the cannabis permit and all subsequent policies, procedures, and regulations which may be amended by the City Manager from time to in order to enforce this Article IX.

**Section 22-499 – Operating Requirements for Commercial Cultivation.**

- (a) Outdoor commercial cannabis cultivation is prohibited.
- (b) In no case shall cannabis plants be visible from a public or private road, sidewalk, park or any common public viewing area.
- (c) Cannabis cultivation shall be conducted in accordance with state and local laws related to land conversion, grading, electricity, water usage, water quality, woodland and riparian

habitat protection, agricultural discharges, and similar matters.

- (d) Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage or inadvertent damage from pests, rodents or other wildlife.
- (e) The cultivation of cannabis shall at all times be operated in such a way as to ensure the health, safety, and welfare of the public, the employees working at the commercial cannabis business, visitors to the area, neighboring properties, and the end users of the cannabis being cultivated, to protect the environment from harm to streams, fish, and wildlife; to ensure the security of the cannabis being cultivated; and to safeguard against the diversion of cannabis.
- (f) All applicants for a cannabis cultivation permit shall submit to the following in addition to the information generally otherwise required for a commercial cannabis business:
  - (1) A cultivation and operations plan that meets or exceeds minimum legal standards for water usage, conservation and use; drainage, runoff, and erosion control; watershed and habitat protection; and proper storage of fertilizers, pesticides, and other regulated products to be used on the parcel, and a description of the cultivation activities and schedule of activities during each month of growing and harvesting, or explanation of growth cycles and anticipated harvesting schedules for all-season harvesting.
  - (2) A description of a legal water source, irrigation plan, and projected water use.
  - (3) Identification of the source of electrical power and plan for compliance with applicable Building Codes and related codes.
  - (4) Plan for addressing odor and other public nuisances that may derive from the cultivation site.

#### **Section 22-500 – 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 Division 42 of Title 16 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 shall be maintained for one hundred eighty (180) days pursuant to Section 5305 of Division 42 of Title 16 of the California Code of Regulations. The recordings shall be made available to state and local authorities.
- (f) A distributor shall not transport cannabis or cannabis products to a licensed retail facility until and unless it has verified that the cannabis or cannabis products have been tested and certified by a testing lab as being in compliance with state health and safety requirements pursuant to Sections 5705, 5710 and 5714 of the California Code of Regulations.

### **Section 22-501 – Operating Requirements for Testing Laboratories.**

- (a) Testing laboratories shall conduct all testing in accordance with Business and Professions Code Section 26100, and other state and local law, as may be amended from time to time. Each testing laboratory shall be subject to additional regulations as determined from time to time as more regulations are developed under this Article IX and any subsequent State of California law or regulation regarding the same.
- (b) Testing laboratories shall conduct all testing in a manner consistent with general requirements for the competence of testing and calibrations activities, including sampling using verified methods.
- (c) All cannabis testing laboratories performing testing shall obtain and maintain ISO/IEC 17025 accreditation as required by the Bureau.
- (d) Testing labs shall destroy any harvest batch whose testing sample indicates noncompliance with health and safety standards required by the Bureau unless remedial measures can bring the cannabis or cannabis products into compliance with quality standards as specified by law and implemented by the Bureau.
- (e) Each operator shall ensure that a testing laboratory employee takes the sample of cannabis or cannabis products from the distributor's premises for testing required by state law and that the testing laboratory employee transports the sample to the testing laboratory.
- (f) Except as provided by state law, a testing laboratory shall not acquire or receive cannabis or cannabis products except from a licensee in accordance with state law, and shall not distribute, sell, or dispense cannabis, or cannabis products, from the licensed premises from which the cannabis or cannabis products were acquired or received. All transfer or transportation shall be performed pursuant to a specified chain of custody protocol.
- (g) A testing laboratory may receive and test samples of cannabis or cannabis products from

a qualified patient or primary caregiver only if the qualified patient or primary caregiver presents the qualified patient's valid physician's recommendation for cannabis for medicinal purpose. A testing laboratory shall not certify samples from a qualified patient or primary caregiver for resale or transfer to another party or licensee. All tests performed by a testing laboratory for a qualified patient or primary caregiver shall be recorded with the name of the qualified patient or primary caregiver and the amount of the cannabis or cannabis products received.

**Section 22-502 – Operating Requirements for Cannabis Manufacturers.**

- (a) Cannabis manufacturing shall only be permitted pursuant to this Article IX and state law.
- (b) Any compressed gases used in the manufacturing process shall not be stored on any property within the City in containers that exceeds the amount which is approved by the Fire Department and authorized by the regulatory permit. Each site or parcel subject to a commercial cannabis business permit shall be limited to a total number of tanks as authorized by the Fire Department on the property at any time.
- (c) Cannabis Manufacturing facilities may use heat, screens, presses, steam distillation, ice water, ethanol and other methods without employing solvents or gases to create keef, hashish, bubble hash, or infused dairy butter, or oils or fats derived from natural sources, and other extracts.
- (d) If an extraction process uses a professional grade closed loop CO<sub>2</sub> gas extraction system every vessel must be certified by the manufacturer for its safe use. The CO<sub>2</sub> must be of at least ninety-nine percent (99%) purity.
- (e) Closed loop systems for compressed gas extraction systems must be commercially manufactured and bear a permanently affixed and visible serial number.
- (f) Certification from an engineer licensed by the State, or by a certified industrial hygienist, must be provided to the Community Development Department for a professional grade closed loop system used by any commercial cannabis manufacturing manufacturer to certify that the system was commercially manufactured, is safe for its intended use, and was built to codes of recognized and generally accepted good engineering practices, including but not limited to:
  - (1) The American Society of Mechanical Engineers (ASME);
  - (2) American National Standards Institute (ANSI);
  - (3) Underwriters Laboratories (UL); or
  - (4) The American Society for Testing and Materials (ASTM).
- (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.

**Section 22-503 – Promulgation of Regulations, Standards, and Other Legal Duties.**

- (a) In addition to any regulations adopted by the City Council, the City Manager is authorized to establish any additional rules, regulations and standards governing the issuance, denial or renewal of commercial cannabis business permits, the ongoing operation of commercial cannabis businesses and the City's oversight, or concerning any other subject determined to be necessary to carry out the purposes of this Article IX.
- (b) Regulations shall be published on the City's website.
- (c) Regulations promulgated by the City Manager shall become effective upon date of publication. Commercial cannabis businesses shall be required to comply with all state and local laws and regulations, including but not limited to any rules, regulations or standards adopted by the City Manager.
- (d) Special events and other activities not explicitly regulated by this Article IX shall be subject to state law and shall be subject to additional City regulations as determined from time to time as more regulations are developed under Section 22-503(a) of this Article IX and any subsequent State legislation regarding the same.

**Section 22-504 – Community Relations.**

- (a) As a condition precedent to the City's issuance of any license, permit, or entitlement for commercial cannabis activity to a prospective business, each commercial cannabis business shall provide: (1) the name, telephone number, and email address of a community relations contact to whom notice of problems associated with the commercial cannabis business can be provided; and (2) the above information to all businesses and residences located within one hundred (100) feet of the commercial cannabis business.

- (b) During the first year of operation pursuant to this Article IX, the owner, manager, and community relations representative from each commercial cannabis business holding a permit issued pursuant to this Article IX shall attend meetings with the City Manager and other interested parties as deemed appropriate by the City Manager, to discuss costs, benefits, and other community issues arising as a result of implementation of this Article IX. After the first year of operation, the owner, manager, and community relations representative from each such commercial cannabis business shall meet with the City Manager when and as requested by the City Manager.
- (c) Commercial cannabis businesses to which a permit is issued pursuant to this Article IX shall develop a city approved public outreach and educational program for youth organizations and educational institutions that outlines the risks of youth addiction to cannabis, and that identifies resources available to youth related to drugs and drug addiction.

**Section 22-505 – Fees Deemed Debt to the City.**

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

**Section 22-506 – Permit Holder Responsibility for Violations.**

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

**Section 22-507 – Inspections and Enforcement.**

- (a) The City Manager charged with enforcing the provisions of this Code, or any provision thereof, may enter the location of a commercial cannabis business at any time, without notice, and inspect the location of any commercial cannabis business as well as any recordings and records required to be maintained pursuant to this Article IX or under applicable provisions of state law.
- (b) It is unlawful for any person having responsibility over the operation of a commercial cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a commercial cannabis business under this Article IX or under state or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a commercial cannabis business under this Article IX or under state or local law.
- (c) The City Manager charged with enforcing the provisions of this Article IX may enter the location of a commercial cannabis business at any time during the hours of operation and without notice to obtain samples of the cannabis to test for public safety purposes. Any

samples obtained by the City shall be logged, recorded, and maintained in accordance with established procedures by the City.

**Section 22-508 – Compliance with State Regulation.**

It is the stated intent of this Article IX to regulate commercial cannabis activity in the City in compliance with all provisions MAUCRSA and any subsequent state legislation or regulation. Any preemptive state legislation or regulation shall control over conflicting terms of this Article IX.

**Section 22-509 – Anti-Lobbying.**

- (a) Following the submission of an application with the City for a conditional use permit, development agreement, or commercial cannabis business permit, or for any of the cannabis-related business activities subject to this Article IX and before any hearing or other proceeding before the Planning & Preservation Commission or the City Council:
  - (1) The applicant for such entitlements (including the applicant’s employees, consultants and other agents) shall be prohibited from contacting any member of the Planning & Preservation Commission or the City Council with the intent to influence any one or more members of the Planning & Preservation Commission or the City Council on the disposition of the applicant’s pending entitlement application;
  - (2) Members of the Planning & Preservation Commission and the City Council, shall be prohibited from directly contacting any applicant for any conditional use permit or development agreement including any employees, consultants or other agents for such applicant.
- (b) If an applicant, the applicant’s consultant or any other employee or agent of the applicant wish to pose a question regarding their pending application to the City or provide information which the applicant deems important for consideration by the Planning & Preservation Commission or the City Council, such communication shall be made in writing and delivered to the attention of the Director of Community Development. The Director of Community Development shall include such communications as part of any agenda packet materials provided to either the Planning & Preservation Commission or the City Council as part of the public hearings on the entitlements.
- (c) If a member of the Planning & Preservation Commission or a member of the City Council wishes to pose a question to the applicant prior to the hearing on the applicant’s entitlements, such query shall be presented in writing to the Director of Community Development and relayed by the Director of Community Development to the applicant. Copies of the written query shall be provided to all other members of body upon which the member posing the question sits and such communication shall also be made part of the agenda materials provided to the Planning & Preservation Commission and the City Council. Applicant responses by the applicant shall be submitted to the City in the same manner set forth under subsection (B) of this section, above.

**Section 22-510 – Violations Declared a Public Nuisance.**

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

**Section 22-511 – Each Violation a Separate Offense.**

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

**Section 22-512 – Criminal Penalties.**

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

**Section 22-513 – Remedies Cumulative and Not Exclusive.**

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

**SECTION 5. CEQA.** This Ordinance is exempt from the California Environmental Quality Act (“CEQA”) pursuant to State CEQA Guidelines Section 15061(b)(3) because the code amendment will not result in a direct or reasonably foreseeable indirect physical change in the environment, does not constitute a “project,” and has no potential for causing a significant effect on the environment. Further, Business and Professions Code Section 26055(h) exempts local ordinances, such as the proposed code amendment, from CEQA that authorizes commercial cannabis activity through discretionary review and approval, which this code amendment requires.

**SECTION 6. Inconsistent Provisions.** Any provision of the San Fernando City Code or appendices thereto that conflicts with the provisions of this Ordinance, to the extent of such conflict and no further, is hereby repealed or modified to the extent necessary to affect the provisions of this Ordinance.

**SECTION 7. Severability.** If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance, or any part thereof is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision,

paragraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, clause or phrase would be subsequently declared invalid or unconstitutional.

**SECTION 8. Publication.** The Mayor shall sign and the City Clerk shall attest to the passage of this Ordinance. The City Clerk shall cause the same to be published once in the official newspaper within fifteen (15) days after its adoption. This Ordinance shall become effective thirty (30) days after adoption.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of San Fernando at its regular meeting on this \_\_\_\_\_ of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Sylvia Ballin, Mayor

ATTEST:

\_\_\_\_\_  
Elena Chavez  
City Clerk of the City of San Fernando

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES    ) SS:  
CITY OF SAN FERNANDO        )

I, Elena Chavez, City Clerk of the City of San Fernando, do hereby certify that the above and foregoing Ordinance No. \_\_\_\_\_ was introduced at the regular meeting of the City Council held on \_\_\_\_\_ day of \_\_\_\_\_ 2018, and thereafter at the regular meeting of said City Council, duly held on the \_\_\_\_\_ day of \_\_\_\_\_ 2018, was passed and adopted by the following votes to wit:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

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Elena Chavez,  
City Clerk of the City of San Fernando

**EXHIBIT "A"**  
**BUFFER MAP**