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**ORDINANCE NO. 2552**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 **CHAPTER 5.42: COMMERCIAL CANNABIS BUSINESSES**

20 **ARTICLE I. GENERALLY**

- 21 Sec. 5.42.010 Purpose and Intent
- 22 Sec. 5.42.020 Legal Authority
- 23 Sec. 5.42.030 Commercial Cannabis Businesses Prohibited Unless Specifically  
Authorized
- 24 Sec. 5.42.040 Compliance with State and Local Laws
- 25 Sec. 5.42.050 Definitions
- 26 Sec. 5.42.060 Commercial Cannabis Businesses Allowed; Activities Prohibited

27 **ARTICLE II. COMMERCIAL CANNABIS PERMIT**

- 28 Sec. 5.42.100 Commercial Cannabis Permit Required
- Sec. 5.42.105 Evidence of Cannabis Employee Background Check Required
- Sec. 5.42.110 Number of Commercial Cannabis Businesses Authorized

- 1       Sec. 5.42.120 Location limitations
- 2       Sec. 5.42.130 Expiration, Renewal, Revocation, and Suspension of Commercial Cannabis Permits
- 3       Sec. 5.42.140 Effect of License or Permit Expiration, Suspension, Revocation, or Termination
- 4       Sec. 5.42.150 Revocation of Permits
- 5       Sec. 5.42.160 Appeals
- 6       Sec. 5.42.170 Appeal for Initial Permit; Limited Grounds

7       ARTICLE III. ISSUANCE AND PERMIT REQUIREMENTS

- 8       Sec. 5.42.200 Permits and Inspections Prior to Commencing Operations
- 9       Sec. 5.42.210 City Business License
- 10      Sec. 5.42.220 Limitations on City's Liability
- 11      Sec. 5.42.230 Permit; Non-assignable and Non-transferable
- 12      Sec. 5.42.240 Change in Location of Commercial Cannabis Business
- 13      Sec. 5.42.250 Changes in Ownership of Commercial Cannabis Business
- 14      Sec. 5.42.260 Change in Ownership when the Permittee is a Partnership or Corporation
- 15      Sec. 5.42.270 Changes in Name of Business Only
- 16      Sec. 5.42.280 Alterations to Approved Facility
- 17      Sec. 5.42.290 Any Other Changes in Information as Reflected in the Submitted Application or Entitlements

18      ARTICLE IV. OPERATIONAL REQUIREMENTS

- 19      Sec. 5.42.300 General Prohibitions
- 20      Sec. 5.42.305 Restriction on Alcohol and Tobacco Sales, Dispensing or Consumption
- 21      Sec. 5.42.310 Operating Requirements for Store Front Retail Facilities
- 22      Sec. 5.42.311 Operating Requirements for Non-Storefront Retail Facilities
- 23      Sec. 5.42.312 Operating Requirements for Testing Laboratories
- 24      Sec. 5.42.313 Operating Requirements for Cannabis Manufacturing
- 25      Sec. 5.42.314 Operating Requirements for Distributors
- 26      Sec. 5.42.315 Additional Operating Requirements for Retail Delivery Businesses
- 27      Sec. 5.42.316 Delivery Services Originating Outside of City
- 28      Sec. 5.42.317 Permissible Delivery Locations and Hours of Operation
- 29      Sec. 5.42.320 Security Requirements
- 30      Sec. 5.42.330 Records and Recordkeeping
- 31      Sec. 5.42.340 Fees and Charges
- 32      Sec. 5.42.350 Promulgation of Local Regulations, Standards and Other Legal Duties
- 33      Sec. 5.42.360 Fees Deemed Debt to City of Chico

34      ARTICLE V. ENFORCEMENT

- 35      Sec. 5.42.400 Responsibility for Violations.
- 36      Sec. 5.42.410 Inspections.
- 37      Sec. 5.42.420 Violations and Penalties.
- 38      Sec. 5.42.430 Effect on Other Ordinances.

1 **ARTICLE I. GENERALLY**

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

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

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

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

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

21 **Sec. 5.42.020 Legal Authority.**

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

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

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

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

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

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

20 **Sec. 5.42.050. Definitions.**

21 When used in this Chapter, and in Title 19, and all other codes, ordinances, and resolutions  
22 of the City of Chico in regard to commercial cannabis businesses and uses, the following words  
23 shall have the meanings ascribed to them as set forth herein. Any reference to California statutes  
24 includes any regulations promulgated thereunder, and is deemed to include any successor or  
25 amended version of the referenced statute or regulatory provision.

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

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

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

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

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

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

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

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

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

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

          “City” means the City of Chico, California.

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

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

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

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

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

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

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

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

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

          “Delivery” is 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. Delivery shall also have the same meaning as in Section 26001(p) of the Business and  
Professions Code, as same may be amended from time to time.

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



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

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

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

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

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

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

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

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

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

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

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

3 “Manufacturing or Manufacture” means the production, preparation, propagation, or  
4 compounding of cannabis or cannabis products, directly or indirectly, by extraction methods,  
5 independently by means of chemical synthesis, or by a combination of extraction and chemical  
6 synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels  
7 or re-labels its container.

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

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

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

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

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

- 23 (1) A person with an aggregate ownership interest of 5 percent or more in the business  
24 applying for a City of Chico Commercial Cannabis Permit, whether a partner,  
25 shareholder, principal, member, or the like, unless the interest is solely a security, lien,  
26 or encumbrance.
- 27 (2) The chief executive officer of a nonprofit or other entity.
- 28 (3) A member of the board of directors of a nonprofit.
- (4) An individual who will be participating in the direction, control, or management of the  
business, non-profit, or other entity applying for a City of Chico Commercial Cannabis  
Permit.

“Patient or qualified patient” means the same definition as California Health and Safety  
Code Section 11362.7 et seq., as it may be amended, and which means a person who is entitled to  
the protections of California Health & Safety Code Section 11362.5.

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

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

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

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

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

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

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

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

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

          “Sell”, “sale”, and “to sell” includes 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

1 and soliciting or receiving an order for the same, but does not include the return of cannabis or  
2 cannabis products by a licensee to the permittee from whom the cannabis or cannabis product was  
3 purchased.

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

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

9 (1) Accredited as ISO/IEC17025 by an accrediting body that is independent from all other  
10 persons involved in commercial cannabis activity in the State.

11 (2) Licensed by the California Bureau of Cannabis Control as a Testing Laboratory (Type  
12 8).

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

15 “Transport” means the transfer of cannabis products from the permitted business location  
16 of one licensee to the permitted business location of another licensee, for the purposes of  
17 conducting commercial cannabis activity authorized by law and which may be amended or  
18 repealed by any subsequent State of California legislation regarding the same.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 cannabis business operation, including any and all applicable building and fire code  
2 provisions; and

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

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

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

- 10 A. Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which authorize  
11 city authorities to access state and local criminal history information for cannabis employment,  
12 licensing, or certification purposes, summary criminal history information for cannabis  
13 employment, licensing, or certification purposes, and authorize access to federal level criminal  
14 history information by transmitting fingerprint images and related information to the  
15 Department of Justice to be transmitted to the Federal Bureau of Investigation, every applicant  
16 for a Certificate of Approval (including owners and other representatives of the applicant) and  
17 every person to be employed at the facility must submit fingerprints and other information  
18 deemed necessary by the Chief of Police or their designee(s) for a background check by the  
19 Chico Police Department. A fee for the cost of the background investigation, which shall be  
20 the actual cost to the City of Chico to conduct the background investigation as it deems  
21 necessary and appropriate, including City staff time and costs, shall be paid at the time the  
22 person submits for the background check.

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

- 24 1) Whether the individual applying for cannabis employment has ever been convicted  
25 of a violent felony as defined by California Penal Code 667.5, or equivalent offenses  
26 in other states;  
27 2) Whether the individual applying for cannabis employment has ever been convicted  
28 of a crime involving dishonesty, fraud or deceit, including but not limited to fraud,  
forgery, theft, or embezzlement as those offenses are defined in California Penal  
Code Sections 186.11, 470, 484, and 504a, respectively; or equivalent offenses in  
other states; or  
3) Whether the individual applying for cannabis employment has ever been convicted  
of the illegal use, possession, transportation, distribution or similar activities related  
to controlled substances, as defined in the Federal Controlled Substances Act, not  
including cannabis-related offenses for which the conviction occurred after the  
passage of the Compassionate Use Act of 1996.

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

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

1  
2 **Sec. 5.42.110 Number of Commercial Cannabis Businesses Authorized.**

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

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

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

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

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

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

34 F. A person may only have an ownership interest in one (1) Retailer-Storefront business in the  
35 City of Chico. Any person with community property rights of an ownership interest is  
36 considered a person with ownership interest in this section.

1 **Sec. 5.42.120 Location limitations.**

- 2 A. All commercial cannabis businesses shall be located in an approved land use designation  
3 area as identified under Title 19.75.  
4 B. No Retailer-Storefront commercial cannabis business shall be located within 1000' feet of  
5 another Retailer-Storefront commercial cannabis business. In the event that two or more  
6 applications for commercial cannabis Retailer-Storefront uses are submitted and are under  
7 consideration simultaneously for locations within 1000' of each other, all applications may  
8 continue to be considered until final award of commercial cannabis permit and use permit.  
9 However, final award of use permit by Planning Commission may not allow Retailer-  
10 Storefront uses to be located within 1000' of each other.

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

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

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

- 18 A. Expiration, suspension or revocation of a license, permit or entitlement issued by the State of  
19 California related to a commercial cannabis business shall be grounds for immediate  
20 suspension of a commercial cannabis business to operate within the City, unless and until such  
21 license, permit or entitlement is reinstated or reissued.  
22 a. Permittee shall notify the City Manager in writing within forty-eight (48) hours of any  
23 suspension, revocation, or termination of a license issued by the State of California, or by  
24 any of its departments or divisions.  
25 b. Should the State of California, or any of its departments, divisions, or agencies, suspend,  
26 revoke or terminate the license of a commercial cannabis business operating in the City,  
27 such suspension, revocation or termination, the City Manager shall suspend the ability of  
28 a commercial cannabis business to operate within the City of Chico unless and until the  
State of California, or its respective department, division, or agency reinstates or reissues  
the State license. Notice of such suspension shall be provided to the commercial cannabis  
business.  
B. Expiration, suspension or revocation of a license, permit or entitlement issued by the City of  
Chico related to a commercial cannabis business shall be grounds for immediate suspension  
of a commercial cannabis business to operate within the City, unless and until such license,  
permit or entitlement is reinstated or reissued. Notice of such suspension shall be provided to  
the commercial cannabis business.  
C. The commercial cannabis business shall have the right to an appeal pursuant to Section  
5.42.160.

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

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

- 3 1. Failure of a permittee to comply with any requirement imposed by the provisions of this  
4 Code (or successor provision or provisions), including, but not limited to, any rule,  
5 regulation, condition or standard adopted pursuant to this Chapter, or any term or condition  
6 imposed on the Commercial Cannabis Permit or entitlements or Use Permit, or any  
7 provision of State law.  
8 2. Revocation of a State license issued under this ordinance.  
9 3. If the permittee, its owner(s), manager(s) or a Responsible Person has, within the past three  
10 (3) years, been sentenced or had a judgment issued in a criminal or civil court proceeding,  
11 and/or has been sanctioned or fined for, enjoined from, or found guilty of or plead guilty  
12 or no contest to a charge for engaging in a commercial cannabis activity in the State without  
13 the necessary permits and approvals from the applicable State and/or local jurisdictions;-or  
14 has had a commercial cannabis license revoked or suspended by the applicable State and/or  
15 local jurisdictions.  
16 4. Conviction within the past ten (10) years of the permittee, its owner(s) or manager(s), or a  
17 Responsible Person, including a plea of guilty or no contest, to any of the following  
18 offenses shall be grounds for revocation of a Commercial Cannabis Permit issued by the  
19 City:  
20 i. A violent felony, as specified in Section 667.5(c) of the Penal Code.  
21 ii. A serious felony, as specified in Section 1192.7(c) of the Penal Code.  
22 iii. A felony involving fraud, deceit, or embezzlement.  
23 iv. A felony for hiring, employing, or using a minor in transporting, carrying,  
24 selling, giving away, preparing for sale, or peddling, any controlled substance  
25 to a minor; or selling, offering to sell, furnishing, offering to furnish,  
26 administering, or giving any controlled substance to a minor.  
27 v. A felony for drug trafficking with enhancements pursuant to Section 11370.4  
28 or 11379.8 of the Health and Safety Code.  
vi. A felony or misdemeanor involving the illegal possession for sale, sale,  
manufacture, transportation, or cultivation of a controlled substance occurring  
after January 1, 2016.

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

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

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

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

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

7 (1) Within ten (10) calendar days after the notice of the decision of the City Manager or their  
8 designee(s) to revoke, suspend or deny an initial or renewed permit, or to add conditions  
9 to a permit, an aggrieved party may appeal such action by filing a written appeal with the  
10 City Clerk setting forth the reason why the decision was not proper. Reasons shall be stated  
11 with specificity and shall address the issues outlined in Section 5R.42.170 (a). Date of  
12 service shall mean the date when a notice or written decision was personally delivered to  
13 the permittee, or the date when the notice was caused to be delivered by certified, first class  
14 mail. In cases in which the city can verify delivery of a notice to an applicant, or in which  
15 an applicant is documented as refusing delivery, lack of receipt of the notice cannot form  
16 the basis for an appeal.

17 (2) The Notice of Appeal shall be in writing and signed by the person making the appeal  
18 ("appellant"), or their legal representative, and shall contain the following:

- 19 i. Name, address, and telephone number of the appellant.
- 20 ii. Specify decisions, actions, or a particular part thereof, made that are the subject of the  
21 appeal.
- 22 iii. Include a true and correct copy of the notice issued by the City Manager for which the  
23 appellant is appealing.
- 24 iv. State with specificity the reasons and grounds for making the appeal, including, but not  
25 limited to, a statement of facts upon which the appeal is based in sufficient detail to  
26 enable the City Council, or any appointed hearing officer, to understand the nature of  
27 the controversy, the basis of the appeal, and the relief requested.
- 28 v. All documents or other evidence pertinent to the appeal that the appellant requests the  
hearing officer or body to consider at the hearing.
- vi. An appeal fee, as established by Resolution of the City Council.

(3) Failure of the City Clerk to receive a timely appeal constitutes a waiver of the right to  
appeal the notice issued by the City Manager. In this event, City Manager's notice of  
revocation, nonrenewal, suspension and/or other action is final and binding.

(4) In the event a written Notice of Appeal is timely filed, the nonrenewal, suspension,  
revocation, or other action shall not become effective until a final decision has been  
rendered and issued by the City Council, or appointed hearing officer or body. Notices  
of appeal not served in a timely manner or served by non-operational businesses shall not  
serve to allow such businesses to operate pending appeal.

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

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

8 (1) All appellants shall, subject to filing a timely written Notice of Appeal, obtain review  
9 thereof before the City Council, or appointed hearing officer or body.

10 (2) Upon receipt by the City Clerk of a timely-filed appeal, the City Clerk shall forward such  
11 appeal to each member of the City Council. Any member of the City Council may within  
12 ten (10) days of such notification then request that the City Clerk place on the next regularly  
13 scheduled City Council meeting or special Council meeting the question of whether the  
14 City Council shall sit as the appeals board. In the event that City Council does not  
15 affirmatively choose to hear such appeal or does not act to appoint another body to serve  
16 to head such appeal, the City Clerk shall immediately obtain the services of a hearing  
17 officer from the Office of Administrative Hearings.

18 (3) The administrative appeal shall be scheduled no later than forty-five (45) days, and no  
19 sooner than thirty (30) days, after receipt of a timely filed Notice of Appeal if such appeal  
20 is to be heard by the City Council or other City-appointed body. If the Office of  
21 Administrative Hearings is utilized for such hearing, then the hearing shall be scheduled as  
22 expeditiously as possible pursuant to the availability of a hearing officer. The appellant(s)  
23 listed on the written Notice of Appeal shall be notified in writing of the date, time, and  
24 location of the hearing at least ten (10) days before the date of the hearing (“notice of appeal  
25 hearing”).

26 (4) All requests by an appellant to continue a hearing must be submitted to the City Clerk in  
27 writing no later than three (3) business days before the date scheduled for the hearing. The  
28 City Council, or appointed hearing officer or body, may continue a hearing for good cause  
or on its own motion; however, in no event may the hearing be continued for more than  
thirty (30) calendar days, unless there is a stipulation by all parties to do so.

(5) The City Council shall preside over the hearing on appeal, or at City Council’s discretion,  
the City Council may appoint a hearing officer or body to conduct the hearing.

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

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

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1. Appeal hearings are informal, and formal rules of evidence and discovery do not apply. However, rules of privilege shall be applicable to the extent they are permitted by law, and irrelevant, collateral, undue, and repetitious testimony may be excluded.
2. The City bears the burden of proof to establish the grounds for denial, nonrenewal, suspension or revocation by a preponderance of evidence.
3. The issuance of the City Manager's notice constitutes prima facie evidence of grounds for the denial, nonrenewal, suspension or revocation, and City personnel who significantly took part in the investigation, which contributed to the City Manager issuing a notice of decision, may be required to participate in the appeal hearing.
4. The City Council, or the appointed hearing officer or body, may accept and consider late evidence not submitted initially with the Notice of Appeal upon a showing by the appellant of good cause. The City Council, or appointed hearing officer or body, shall determine whether a particular fact or facts amount to a good cause on a case-by-case basis.
5. The appellant may bring a language interpreter to the hearing at their sole expense.
6. The City may, at its discretion, record the hearing by stenographer or court reporter, audio recording, or video recording. If the appellant requests from the City that said recording take place, the costs of same shall be deposited with the City at the time the Notice of Appeal and appeal fee are submitted to the City.

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

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

1. Following the conclusion of the appeal hearing, the City Council, or appointed hearing officer or body, shall determine if any ground exists for the non-issuance, nonrenewal, suspension or revocation of a Commercial Cannabis Permit or other action. If the City Council, or appointed hearing officer or body, determines that no grounds for denial, nonrenewal, suspension, revocation, or other action exist, the City Manager's notice of decision shall be deemed vacated. If the City Council, or appointed hearing officer or body, determines that one or more of the reasons or grounds enumerated in the notice of decision exists, a written final decision shall be issued within ten (10) business days, which shall at minimum contain the following:
  - i. A finding and description of each reason or grounds for non-issuance non-renewal, suspension, revocation, or other action that exists.
  - ii. Any other finding, determination or requirement that is relevant or related to the subject matter of the appeal.
  - iii. A holding that the City Manager's decision is affirmed or modified.

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

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

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

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

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

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

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

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

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

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

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

24 Prior to commencing operations, a commercial cannabis business shall be subject to  
25 inspection of the premises, and must obtain all required plan approvals and building permits-which  
26 would otherwise be required for any business of the same size and intensity operating in that zone.  
27 Accordingly, the permittee shall also obtain all required Building Division approvals, Fire  
28 Department approvals, Butte County Health Department approvals and any other permit or  
approval required by this Chapter, Code or applicable law, rules or regulations.

1 **Sec. 5.42.210 City Business License.**

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

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

5 A. To the fullest extent permitted by local, state and/or federal law, the City of Chico shall not  
6 assume any liability whatsoever with respect to having issued a Commercial Cannabis Permit  
7 pursuant to this Chapter, or otherwise approving the operation of any commercial cannabis  
8 business.

9 B. As a condition to the approval of any Commercial Cannabis Permit, Conditional Use Permit,  
10 and any other agreement, permit, or license between the City and applicant, the applicant shall  
11 meet the following conditions prior to issuance of the Commercial Cannabis Permit:

12 1. It must execute an agreement, in a form approved by the City Attorney, agreeing to  
13 indemnify, defend at the applicant's sole cost and expense, and hold harmless the City of  
14 Chico, and its officers, officials, employees, representatives, and agents from any and all  
15 claims, losses, damages, injuries, liabilities or losses which arise out of their license,  
16 permit, or other entitlement to operate a commercial cannabis business related to:

- 17 i. The City's drafting, adoption and passage of local ordinances, and related resolutions,  
18 policies, rules and regulations, allowing for commercial cannabis businesses and/or,  
19 if necessary in the future, making any zoning law amendment(s);
- 20 ii. The City's issuance of the Commercial Cannabis Permit;
- 21 iii. The City's approval and execution of a land use entitlement and/or Conditional Use  
22 Permit;
- 23 iv. The City's decision to approve the operation of the commercial cannabis business or  
24 activity;
- 25 v. The process used by the City in making its decision to issue, approve or deny a permit,  
26 or handle any appeal of any issuance, approval or denial of a permit; and/or
- 27 vi. The alleged violation of any federal, state or local laws by the commercial cannabis  
28 business or any of its officers, employees or agents.

2. Maintain insurance at coverage limits, and with conditions thereon determined necessary  
and appropriate from time to time by the City's Risk Manager.

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

C. The terms and provisions as enumerated in this section related to indemnification and

1 limitation on the City's liability shall be an explicit term of a Commercial Cannabis Permit and  
2 if applicable as a condition in the Use Permit, that an applicant and a permittee shall agree to  
in order for same to be valid.

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

- 4 A. Commercial Cannabis Permits issued under this Chapter are valid only as to the approved  
5 permittee at the specified approved location, and is therefore nontransferable to other persons,  
6 entities, projects or locations, without the filing of a new application.
- 7 B. No Commercial Cannabis Permit may be sold, transferred or assigned by a permittee, or by  
8 operation of law, to any other person, persons, or entities, unless a written amendment is made  
9 consistent with this Chapter, Codified Resolution 5R.42 and Chapter 19. Any such sale,  
10 transfer, or assignment, or attempted sale, transfer, or assignment inconsistent with these  
11 requirements shall be deemed to constitute a voluntary surrender of such permit and such  
permit shall thereafter be null and void, except as set forth in this Chapter, or unless a written  
amendment to the Commercial Cannabis Permit, and where applicable the Use Permit, is  
ultimately approved.

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

- 13 A. No permittee may operate at a location different from the location approved and specified in  
14 the Commercial Cannabis Permit and entitlements (e.g., use permit) until such change of  
15 location is approved and a new Commercial Cannabis Permit or land use entitlement is issued  
16 for that location. Operating at a location different from the location approved and specified in  
17 the Commercial Cannabis Permit and entitlements in violation of this section shall be grounds  
for revocation of the permit.
- 18 B. For commercial cannabis permits where entitlements are issued by the City Council or  
19 Planning Commission, no permittee shall change the location of the commercial cannabis  
20 business specified in the Commercial Cannabis Permit and entitlements until any such change  
of location is approved by the approving body and such decision becomes final.
- 21 C. For all other commercial cannabis permits, no permittee shall change the location of the  
22 commercial cannabis business specified in the Commercial Cannabis Permit and entitlements  
23 until any such change of location is approved by the City Manager. Prior to such decision, City  
24 Manager shall consult with the Police, Fire, Community Development and Public Works  
25 Departments.
- 26 D. The change of location of a commercial cannabis businesses shall meet all the requirements  
27 under this Chapter, including but not limited to:
- 28 1. The permittee shall submit a change of location application to the City at least sixty  
(60) calendar days prior to the proposed change. Additional time may be necessary for  
processing by the City based on land use entitlements and staff workload.

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

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

- 14 A. No permittee shall transfer ownership or control of a commercial cannabis business unless and  
15 until the proposed new owner submits all required application materials and pays all applicable  
16 fees, and independently meets the requirements of this Chapter such as to be entitled to the  
17 issuance of an original Commercial Cannabis Permit. Prior to approval of such transfer, the  
18 City Manager shall consult with the Police, Fire, Community Development and Public Works  
19 Departments.
- 20 B. A proposed agreement to be duly executed between the permittee and the proposed new owner  
21 must also be submitted wherein the permittee assigns all duties, responsibilities, waivers,  
22 and/or obligations within the entitlements to the proposed new owner, and the proposed new  
23 owner assumes same. Same shall be presented as a proposed amendment to the originally,  
24 executed entitlements.
- 25 C. In the event of a substantial change in the ownership of a permittee business entity (changes  
26 that result in a change of fifty-one (51) percent or more of the original ownership), each new  
27 owner must be approved by the City Council after completion of the application process under  
28 this Chapter, including evaluation under any applicable review criteria used and relied upon  
during the original review and selection process.
- D. A permittee may change the form of business entity without applying to the City Council for  
a new Commercial Cannabis Permit, provided that either:
  1. The ownership of the new business entity is the same as the original permit holder business  
entity; or
  2. If the original permittee is an unincorporated association, mutual or public benefit  
corporation, agricultural or consumer cooperative corporation and subsequently transitions  
to or forms a new business entity as allowed under the MAUCRSA, provided that the Board



1 of Directors (or in the case of an unincorporated association, the individual(s) listed on the  
2 City permit application) of the original permittee entity are the same as the new business  
entity.

- 3 E. Although a new Commercial Cannabis Permit is not required in the two circumstances listed  
4 in this subsection D., the permittee shall notify the City in writing of the change within ten (10)  
5 calendar days of the change, and obtain an amendment to the original Commercial Cannabis  
6 Permit. Such change may require amendment to associated entitlements, which shall be  
reviewed upon receipt of such notice.
- 7 F. No permittee may avail themselves of the provisions of this section if the City Manager, or  
8 their designee, has notified the permittee that the Commercial Cannabis Permit has been or  
may be suspended, revoked, or is not being/has not been renewed.
- 9 G. Failure to comply with this section is grounds for revocation of a Commercial Cannabis Permit,  
10 and/or grounds to issue a notice to cure, pursuant to the provisions of the corresponding Use  
11 Permit.
- 12 H. Any attempt to transfer a Commercial Cannabis Permit either directly or indirectly in violation  
13 of this section is hereby declared void, and such a purported transfer shall be deemed a ground  
for revocation of the permit.

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

- 15 A. One or more proposed partners in a partnership granted a Commercial Cannabis Permit may  
16 make application to the City Manager, together with the fee established by the City Council,  
17 to amend the original application, providing all information as required for partners in the first  
18 instance and, upon approval thereof, the transfer of the interests of one or more partners to the  
19 proposed partner or partners may occur. If the permittee is a partnership and one or more of  
20 the partners should die, one or more of the surviving partners may acquire, by purchase or  
21 otherwise, the interest of the deceased partner or partners without effecting a surrender or  
22 termination of such permit. In such circumstance, the Commercial Cannabis Permit, upon  
notification to the City Manager, shall be placed in the name of the surviving partners upon  
proof of acquisition by the remaining partner(s) of the decedent's interest. Prior to such action  
becoming final, City Manager shall consult with the Police, Fire, Community Development  
and Public Works Departments.
- 23 B. If the Commercial Cannabis Permit is issued to a corporation, stock may be sold, transferred,  
24 issued, or assigned to stockholders who have been named on the application regardless of the  
25 percentage of stock held by such person at the time of application. A person not listed on the  
26 application as a stockholder may acquire less than fifty (50) percent in a corporation without  
27 necessitating an application for amendment of Commercial Cannabis Permit due to change of  
28 ownership. If a person not listed on the application as a stockholder at any time acquires more  
than fifty (50) percent of the aggregate stock in a corporation, an amendment to the  
Commercial Cannabis Permit indicating the new ownership structure shall be obtained from  
the City. In the event that more than fifty (50) percent of the aggregate stock in a corporation

1 is acquired by one person, without an amendment to the Commercial Cannabis Permit being  
2 obtained from the City, the permit shall be deemed terminated and void; provided, however,  
3 the proposed stock purchaser transferee may submit to the City Manager, together with the fee  
4 established by the City Council, an application to amend the original application providing all  
information as required for stockholders in the first instance under this Chapter, and, upon  
approval thereof, the transfer may then occur.

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

9 **Sec. 5.42.270 Changes in Name of Business Only.**

- 10 A. No permittee shall operate, conduct, manage, engage in, or carry on the business of a  
11 commercial cannabis business under any name other than the name of the commercial cannabis  
12 business specified in the permit.
- 13 B. The permittee shall advise the City Manager at least fifteen (15) calendar days prior of all  
14 changes of name or designation under which the business is to be conducted. The change of  
15 name or designation shall be accompanied by a non-refundable fee established by resolution  
16 of the City Council to defray the costs of reissuance of the Commercial Cannabis Permit, and  
to make any amendments to the corresponding executed entitlements in the new business  
name.
- 17 C. Said change in name must also be made in the form of an amendment to the corresponding  
18 executed entitlements, and reviewed and approved as outlined in the entitlements, or as  
19 required by the City's policy concerning amendments to such entitlements.

20 **Sec. 5.42.280 Alterations to Approved Facility.**

- 21 A. No alterations to an approved facility may be undertaken without approval of the City Manager  
for businesses allowed by right under Title 19.
- 22 B. No alterations to an approved facility may be undertaken at a business issued a use permit or  
23 other entitlement issued as a discretionary approval (i.e., by planning commission or city  
council) without approval of the issuing body.
- 24 C. The City Manager or their designee shall review proposed alterations to an approved facility  
25 to determine if such alterations are material to the permits, licenses, and entitlements issued  
26 for the facility. In the event that such alterations are material changes to the permits, licenses,  
and entitlements, such proposed alterations shall be considered by the person or body or bodies  
27 issuing the permits, license and entitlements. Material changes shall include, but not be limited  
to, increased square footage of interior space, decreased parking, decreased accessibility,  
changes to the security plan, and alteration of a previously submitted floorplan.
- 28 D. All required City approvals, plan approvals, and permits must be obtained before causing,

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

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

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

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

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

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

22 **ARTICLE IV. OPERATIONAL REQUIREMENTS**

23 **Sec. 5.42.300 General Prohibitions**

24 A. It is unlawful for any person:

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

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

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

11 No person shall cause, allow, or permit the sale, dispensing, or consumption of alcoholic  
12 beverages or tobacco products on or about the premises of a commercial cannabis business,  
13 except as allowed under State law.

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

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

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

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

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

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

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

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

20 G. Access to Retailer Premises.

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

27 H. Authorized Sales. A retailer shall only sell adult-use cannabis and adult-use cannabis

28 products to individuals who are at least 21 years of age. A retailer shall only sell medicinal

products to individuals who are at least 18 years of age, if

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

I. Limited Access Areas. A retailer shall establish limited-access areas and permit only

authorized individuals to enter the limited-access areas. Authorized individuals include

individuals employed by the retailer as well as any outside vendors, contractors, or other

individuals conducting business that requires access to the limited access area. All

individuals granted access to the limited access area shall be at least 21 years of age, and

if not employed by the retailer, shall be escorted at all times by an employee of the

licensee/permittee. A retailer shall maintain a log of all individuals who are not employees

who are granted access to the limited access area. These logs shall be made available to

the Chief of Police or their designee upon request.

J. Operating hours of the Store Front Retailer permittees shall be limited to the hours of 8:00

a.m. through 9:00 p.m. Pacific Standard Time, seven days a week.

1 K. Store Front/Retail Security Requirements. All provisions incorporated within Section  
2 5.42.320 of this Chapter (Security Requirements), are directly applicable to and binding on  
all commercial cannabis businesses, including all Store Front/Retail businesses.

3 L. Educational Materials. Cannabis retailers shall provide written educational materials to all  
4 customers:

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

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

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

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

- 18 (a) Operating hours of the Non-Store Front Retailer License shall be limited to the  
19 hours of 8:00 a.m. through 9:00 p.m., seven days a week.
- 20 (b) The commercial Non-Store Front Retailer shall only sell cannabis or cannabis  
21 products to a natural person 21 years of age or older, or a natural person 18 years  
22 of age or older who possesses a physician's recommendation.
- 23 (c) Retailers may have only that quantity of cannabis and cannabis products to meet  
24 the daily demand readily available for sale on-site in the retail sales area of the  
retailer. Additional product may be stored in a secured, locked area to which  
customers, vendors, and visitors shall not have access.

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

- 27 (a) Regarding each product sold, with information regarding the name and type of  
28 product, instructions for use, and expected effects.

1 (b) Regarding all edible cannabis products and cannabis concentrate products sold to a  
2 customer, which shall include:

- 3 i. information on safe storage and use of the product,
- 4 ii. warning against child access and exposure to the product, and
- 5 iii. warnings of potential side effects concerning brain development of  
6 individuals under the age of twenty-five years and
- 7 iv. warnings of potential harm to pregnant women.

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

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

- 15 A. Testing Labs shall be required to conduct all testing in a manner pursuant to Business and  
16 Professions Code Section 26100 and shall be subject to state and local law. Each Testing  
17 Lab shall be subject to additional regulations as determined from time to time as more  
18 regulations are developed under this Chapter and any subsequent State of California  
19 legislation or regulations regarding the same.
- 20 B. Testing Labs shall conduct all testing in a manner consistent with general requirements for  
21 the competence of testing and calibrations activities, including sampling using verified  
22 methods.
- 23 C. All cannabis testing laboratories performing testing shall obtain and maintain ISO/IEC  
24 17025 accreditation as required by the Bureau of Cannabis Control.
- 25 D. Testing labs shall destroy any harvest batch whose testing sample indicates noncompliance  
26 with health and safety standards required by the bureau unless remedial measures can bring  
27 the cannabis or cannabis products into compliance with quality standards as specified by  
28 law and implemented by the bureau.
- 29 E. Each operator shall ensure that a testing laboratory employee takes the sample of cannabis  
30 or cannabis products from the distributor's premises for testing required by state law and  
31 that the testing laboratory employee transports the sample to the testing laboratory.
- 32 F. Except as provided by state law, a testing laboratory shall not acquire or receive cannabis  
33 or cannabis products except from a licensee in accordance with state law, and shall not  
34 distribute, sell, or dispense cannabis, or cannabis products, from the licensed premises from  
35 which the cannabis or cannabis products were acquired or received. All transfer or  
36 transportation shall be performed pursuant to a specified chain of custody protocol.

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

7 **Sec. 5.42.313. Operating Requirements for Cannabis Manufacturing**

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

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

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

19 D. If an extraction process uses a professional grade closed loop CO<sub>2</sub> gas extraction system  
20 every vessel must be certified by the manufacturer for its safe use as referenced in Section  
21 5.42.313(f). The CO<sub>2</sub> must be of at least ninety-nine percent purity.

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

23 F. Certification from an engineer licensed by the State of California, or by a certified  
24 industrial hygienist, must be provided to the Community Development Department for a  
25 professional grade closed loop system used by any commercial cannabis manufacturing  
26 manufacturer to certify that the system was commercially manufactured, is safe for its  
27 intended use, and was built to codes of recognized and generally accepted good engineering  
28 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



1 (4) The American Society for Testing and Materials (ASTM).

- 2 G. The certification document must contain the signature and stamp of the professional  
3 engineer or industrial hygienist and serial number of the extraction unit being certified.  
4 H. Professional closed loop systems, other equipment used, the extraction operation, and  
5 facilities must be approved for their use by the Fire Department and meet any required fire,  
6 safety, and building code requirements specified in the California Building Reference  
7 Codes.  
8 I. Cannabis Manufacturing Facilities may use food grade glycerin, ethanol, and propylene  
9 glycol solvents to create or refine extracts. Ethanol should be removed from the extract in  
10 a manner to recapture the solvent and ensure that it is not vented into the atmosphere.  
11 J. Cannabis Manufacturing Facilities creating cannabis extracts must develop standard  
12 operating procedures, good manufacturing practices, and a training plan prior to producing  
13 extracts for the marketplace.  
14 K. Any person using solvents or gases in a closed looped system to create cannabis extracts  
15 must be fully trained on how to use the system, have direct access to applicable material  
16 safety data sheets and handle and store the solvents and gases safely.  
17 L. Parts per million for one gram of finished extract cannot exceed state standards for any  
18 residual solvent or gas when quality assurance tested.  
19 M. Permittee shall be subject to initial review and annual review of compliance with the  
20 California Fire Code for issuance of an operational permit issued by the Fire Chief.

21 **Sec. 5.42.314. Operating Requirements for Distributors.**

- 22 A. A distributor shall not store non-cannabis goods or non-cannabis accessories that are to be  
23 sold to another party on any licensed premises. Additionally, a distributor shall not  
24 distribute non-cannabis goods or non-cannabis accessories at a licensed premise. For the  
25 purposes of this section, non-cannabis goods are any goods that do not meet the definition  
26 of cannabis goods as defined in Section 5000(c) of the California Code of Regulations.  
27 B. After taking physical possession of a cannabis goods batch, the distributor shall contact a  
28 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,

1 and the recording kept available to state and local authorities for a minimum of 180 days,  
2 pursuant to Title 16, Section 5305 of the California Code of Regulations.

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

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

- 8 A. Delivery Personnel. A cannabis delivery retailer shall maintain a database and provide a  
9 list of the individuals and vehicles authorized to conduct vehicle dispensing, and a copy of  
10 the valid California driver's license issued to the driver of any such vehicle on behalf of  
11 the cannabis delivery retailer to the Chief of Police.
- 12 B. Delivery Requests. During delivery, a physical copy of the delivery request (and/or  
13 invoice) shall be in the vehicle at all times, and the driver shall make it available upon the  
14 request of agents or employees of the City requesting documentation.
- 15 C. Vehicle Information. Prior to commencing operations, the following information shall be  
16 provided to the City:
- 17 a. Proof of ownership of the vehicle or a valid lease for all vehicles that will be used  
18 to deliver cannabis or cannabis products.
  - 19 b. The year, make, model, color, license plate number, and numerical Vehicle  
20 Identification Number (VIN) for all vehicles that will be used to deliver cannabis  
21 goods.
  - 22 c. Proof of insurance as required by Section 5.42.220 B.2. for all vehicles being used  
23 to deliver cannabis goods.
  - 24 d. The licensee shall provide the City with the information required by this section in  
25 writing for any new vehicle that will be used to deliver cannabis goods prior to  
26 using the vehicle to deliver cannabis goods.
  - 27 e. The licensee shall provide the City with any changes to the information required by  
28 this section in writing within thirty (30) calendar days.
- 29 D. Delivery Vehicle. A cannabis delivery retailer shall only permit or allow delivery of  
30 cannabis or cannabis products in a vehicle that is:
- 31 a. insured at or above the legal requirement in California;
  - 32 b. capable of securing (locking) the cannabis or cannabis products during  
33 transportation;
  - 34 c. capable of being temperature controlled if perishable cannabis or cannabis products  
35 is being transported; and
  - 36 d. does not display advertising or symbols visible from the exterior of the vehicle that  
37 suggest the vehicle is used for cannabis delivery or affiliated with a cannabis  
38 retailer.

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

- 5 a. The time that the individual conducting vehicle dispensing on behalf of the  
6 storefront retailer departed the licensed premises.
- 7 b. The time that the individual conducting vehicle dispensing on behalf of the  
8 storefront retailer completed vehicle dispensing to the qualified patient, primary  
9 caregiver, or customer.
- 10 c. The time that the individual conducting vehicle dispensing on behalf of the  
11 storefront retailer returned to the licensed premises.
- 12 d. The route the individual conducting vehicle dispensing on behalf of the storefront  
13 retailer will travel between departing and returning to the permitted premises to  
14 conduct vehicle dispensing.
- 15 e. For each individual vehicle dispensing transaction, the identification of the  
16 individual conducting deliveries on behalf of the storefront retailer.
- 17 f. For each individual delivery transaction, the vehicle used to conduct vehicle  
18 dispensing on behalf of the storefront retailer permittee.
- 19 g. For each individual vehicle dispensing transaction, the identity of the qualified  
20 patient, primary caregiver, or customer receiving cannabis or cannabis products  
21 from the storefront retailer.
- 22 h. For each individual vehicle dispensing transaction, the type and quantity of  
23 cannabis or cannabis products dispensed and received.
- 24 i. For each individual vehicle dispensing transaction, the dollar amount to be charged  
25 by the storefront retailer and received by the individual conducting deliveries on  
26 behalf of the storefront retailer the cannabis or cannabis products dispensed and  
27 received.

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

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

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

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

- b. "Secondary sale, barter, or distribution of cannabis or cannabis products purchased from a permittee is a crime and can lead to arrest."
- c. "Warning: the use of cannabis or cannabis products may impair a person's ability to drive a motor vehicle or operate heavy machinery."
- d. "CALIFORNIA PROP. 65 WARNING: Smoking of cannabis and cannabis-derived products will expose you and those in your immediate vicinity to cannabis smoke. Cannabis smoke is known by the State of California to cause cancer."

H. Educational Materials. A cannabis delivery retailer shall provide written educational materials to all customers:

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

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

- A. Until such time that permits for Retailer-Storefront or Non-Storefront Retail businesses are issued by the City, and the first of such business type within the City offers delivery services, out-of-City cannabis delivery services may conduct business within the City of Chico, subject to all other applicable operational requirements herein.
- B. Businesses from outside of Chico offering delivery services inside the City shall cease delivery operations at the time of expiration of their annual business license renewal occurring after the first Retailer-Storefront or Non-Storefront Retail business permit is issued by the City and such permittee offers delivery services. The City shall provide notice to legally operating delivery services of the date of required cessation of operations.

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

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

- a. A licensed cannabis delivery service may only deliver medicinal and adult use cannabis and cannabis goods to residential addresses in the City of Chico. Deliveries to all commercial addresses are expressly prohibited;
- b. A licensed cannabis delivery service shall not deliver medicinal or adult use cannabis goods to an address located on publicly owned land or any address on land or in a building leased by a public agency.
- c. A licensed cannabis delivery service shall only deliver medicinal and adult use cannabis goods to consumers during the hours of 8:00 a.m. and 9:00 p.m. Pacific Standard Time.
- d. Deliveries of cannabis or cannabis goods to residential properties located within 600 feet of a public or private K-12 school shall not occur during school hours (8:00 a.m. to 3:00 p.m. weekdays).

1 **Sec. 5.42.320 Security Requirements.**

2  
3 A. A permitted commercial cannabis business shall implement sufficient security measures to  
4 deter and prevent the unauthorized entrance into areas containing cannabis or cannabis  
5 products, and to deter and prevent the theft of cannabis or cannabis products at the  
6 commercial cannabis business. Except as may otherwise be determined by the Police Chief  
7 or their designee(s), these security measures shall include, but shall not be limited to, all of  
8 the following:

- 9 1. Alarm system (perimeter, and fire).
- 10 2. Remote monitoring of alarm systems by licensed security professionals.
- 11 3. Perimeter lighting systems (including motion sensors) for after-hours security.
- 12 4. Perimeter security and lighting as approved by the Police Chief and the Community  
13 Development Director or their designee(s).
- 14 5. Preventing individuals from remaining on the premises of the commercial cannabis  
15 business if they are not engaging in an activity directly related to the permitted  
16 operations of the commercial cannabis business.
- 17 6. Establishing limited access areas accessible only to authorized commercial  
18 cannabis business personnel.
- 19 7. Except for live growing plants at a Retail-Storefront use offered for sale as a whole  
20 live plant, all cannabis and cannabis products shall be stored in a secured and locked  
21 vault or vault equivalent. All safes and vaults shall be compliant with Underwriter  
22 Laboratories burglary-resistant and fire-resistant standards. All cannabis and  
23 cannabis products, including live plants that are being sold at retail shall be kept in  
24 a manner as to prevent diversion, theft, and loss. No part of such live plants shall  
25 be used for consumption or manufacture prior to retail sale of such live plant.
- 26 8. Installing 24-hour security surveillance cameras of at least HD-quality to monitor  
27 all entrances and exits to and from the premises, all interior spaces within the  
28 commercial cannabis business which are open and accessible to the public, all  
interior spaces where cannabis, cash or currency, is being stored for any period of  
time on a regular basis and all interior spaces where diversion of cannabis could  
reasonably occur. All cameras shall record in color. All exterior cameras shall be  
in weather-proof enclosures, shall be located to minimize the possibility of  
vandalism, and shall have the capability to automatically switch to black and white  
in low light conditions. The commercial cannabis business shall be responsible for  
ensuring that the security surveillance camera's footage is remotely accessible by  
the Chief of Police or their designee(s), and that it is compatible with the City's  
software and hardware. In addition, remote and real-time, live access to the video  
footage from the cameras shall be provided to the Chief of Police or their  
designee(s). Video recordings shall be maintained for a minimum of ninety (90)  
days and shall be made available to the Chief of Police or their designee(s) upon  
request. Video shall be of sufficient quality for effective prosecution of any crime  
found to have occurred on the site of the commercial cannabis business and shall  
be capable of enlargement via projection or other means. Internet Protocol address  
information shall be provided to the Chico Police Department by the commercial

1 cannabis business, to facilitate remote monitoring of security cameras by the  
2 Department or its designee.

- 3 9. Sensors shall be installed to detect entry and exit from all secure areas and shall be  
4 monitored in real time by a security company licensed by the State of California  
5 Bureau of Security and Investigative Services.
- 6 10. Having a professionally installed, maintained, and monitored real-time alarm  
7 system by a security company licensed by the State of California Bureau of Security  
8 and Investigative Services.
- 9 11. Any bars installed on the windows or the doors of the commercial cannabis business  
10 shall be installed only on the interior of the building.
- 11 12. Security personnel shall be on-site during business hours or alternative security as  
12 authorized by the Chief of Police or their designee(s), and must have a verified  
13 response security patrol when closed. Security personnel must be licensed by the  
14 State of California Bureau of Security and Investigative Services personnel and  
15 shall be subject to the prior review and approval of the Chief of Police or their  
16 designee(s), with such approval not to be unreasonably withheld.
- 17 13. Each commercial cannabis business shall have the capability to remain secure  
18 during a power outage and shall ensure that all access doors are not solely  
19 controlled by an electronic access panel to ensure that locks are not released during  
20 a power outage.
- 21 14. Entrance areas are to be locked at all times and under the control of a designated  
22 responsible party that is either; (a) an employee of the commercial cannabis  
23 business, or (b) a licensed security professional.
- 24 15. Each commercial cannabis business shall have an accounting software system in  
25 place to provide point of sale data as well as audit trails or both product and cash,  
26 where applicable.
- 27 16. Each commercial cannabis business shall demonstrate to the Chief of Police, City  
28 Manager or their designees, compliance with the state's track and trace system for  
cannabis and cannabis products, as soon as it is operational.
17. Each commercial cannabis business shall have a professionally installed video  
surveillance system, access control and intrusion alarm systems designed to protect  
the inventory, facility, and employees. Each business shall have network security  
protocols that are certified by Underwriters Laboratories.
18. Exterior vegetation shall be planted, altered and maintained in a fashion that  
precludes its use as a hiding place for persons on the premises.
19. Emergency access and emergency evacuation plans that are in compliance with  
state and local fire safety standards.

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

1. Confirms that a designated Manager will be on duty during business hours and will be responsible for monitoring the behavior of employees.
  2. Identifies all Managers of the commercial cannabis business and their contact phone numbers.
  3. Confirms that first aid supplies and operational fire extinguishers are located in the service areas and the Manager's office.
  4. Confirms that burglar and fire alarms are operational and monitored by a licensed security company 24 hours a day, seven days a week, and provides contact information for each licensed security company.
  5. Identify a sufficient number of licensed, interior and exterior security personnel who will monitor individuals inside and outside the commercial cannabis business, the parking lot, and any adjacent property under the business' control.
  6. Confirm that the licensed security personnel shall regularly monitor the parking lot and any adjacent property to ensure that these areas are: (a) free of individuals loitering or causing a disturbance; (b) are cleared of employees and their vehicles one-half hour after closing.
- C. As part of the application and permitting process each commercial cannabis business shall have a storage and transportation plan, which describes in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, any hazardous materials that may be used by the business, and any currency.
- D. The commercial cannabis business shall cooperate with the City whenever the City Manager or their designee(s) makes a request, with or without prior notice, to inspect or audit the effectiveness of any security plan or of any other requirement of this Chapter.
- E. A commercial cannabis business shall notify the Chief of Police or their designee(s) within twenty-four (24) hours after discovering any of the following:
1. Significant discrepancies identified during inventory
  2. Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business, or any crime occurring on the premises of involving the business.
  3. The loss or unauthorized alteration of records related to cannabis, customers or employees or agents of the commercial cannabis business.
  4. Any other breach of security.
- F. Compliance with the foregoing requirements shall be verified by the City Manager or their designee prior to commencing business operations. The City Manager or their designee may supplement these security requirements once operations begin, subject to review by the City Manager or their designee if requested by the business owner.

**Sec. 5.42.330. Records and Recordkeeping.**

- A. Each owner and operator of a commercial cannabis business shall maintain accurate books and records in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities and shall maintain all invoices, receipts and

1 other records supporting all revenues, expenses, assets, and liabilities. On no less than an  
2 annual basis, or at any time upon reasonable request of the City, each commercial cannabis  
3 business shall file a sworn statement detailing the commercial cannabis business' revenue  
4 and number of sales during the previous twelve-month period (or shorter period based upon  
5 the timing of the request), provided on a per-month basis. The statement shall also include  
6 gross revenues for each month, and all applicable taxes paid or due to be paid. On an  
7 annual basis, each owner and operator shall submit to the City a financial audit of the  
8 business' operations conducted by an independent certified public accountant. Each  
9 permittee shall be subject to a regulatory compliance review and financial audit as  
10 determined by the City Manager, or their designee.

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

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

22 D. Subject to any restrictions under the Health Insurance Portability and Accountability Act  
23 (HIPAA), each commercial cannabis business shall allow City of Chico officials to have  
24 access to the business's books, records, accounts, together with any other data or  
25 documents relevant to its permitted commercial cannabis activities, for the purpose of  
26 conducting an audit or examination. Books, records, accounts, and any and all relevant data  
27 or documents will be produced no later than twenty-four (24) hours after receipt of the  
28 City's request, unless otherwise stipulated by the City. The City may require the materials  
to be submitted in an electronic format that is compatible with the City's software and  
hardware.

**Sec. 5.42.340 Fees and Charges.**

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

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

27 C. No person may commence or continue any commercial cannabis activity in the City,  
28 without timely paying in full all fees and charges required for the operation of a commercial  
cannabis business, and as mandated by this Chapter.



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

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

- 9 A. In order to effectuate the intent of this Chapter, the City Manager, or their designee, is  
10 authorized to establish any additional local rules, regulations, policies and standards  
11 governing the operating requirements applicable to all commercial cannabis businesses to  
12 promote the public's safety, welfare or health; application review and approval process;  
13 the issuance, denial or renewal of Commercial Cannabis Permits; the ongoing operation of  
14 commercial cannabis businesses and the City's oversight of same; and/or concerning any  
15 other subject determined to be necessary to carry out the intent and purposes of this  
16 Chapter, including without limitation, establishing time periods to solicit applications  
17 pursuant to this Chapter, and corresponding deadlines for timely submittals of same to the  
18 City, as well as the drafting of any forms or applications, as required by this Chapter.
- 19 B. Additional local rules, regulations, policies and standards shall be published on the City's  
20 website and maintained and available to the public in the Office of the City Clerk.
- 21 C. Local rules, regulations, policies, and standards promulgated by the City Manager shall  
22 become effective upon date of publication. Commercial cannabis businesses shall be  
23 required to comply with all state and local laws and regulations, including but not limited  
24 to any rules, regulations or standards adopted by the City Manager.

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

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

**ARTICLE V. ENFORCEMENT**

**Sec. 5.42.400 Responsibility for Violations.**

Permittees, Responsible Persons, and/or managers shall be responsible for violations of the laws  
of the State of California or of the City of Chico City Code, whether committed by the permittee,  
or any employee or agent of the permittee, which violations occur on the premises of the  
commercial cannabis business whether or not said violations occur within the permit holder's

1 presence. Any act or omission of any employee constituting a violation of the provisions of this  
2 Chapter shall be deemed the act or omission of the permittee, Responsible Person, or manager, for  
3 purposes of determining whether the permit shall be revoked, suspended, or not renewed.

4 **Sec. 5.42.410 Inspections.**

- 5 A. The City Manager, Chief of Police, Fire Chief, or their designee(s), charged with  
6 enforcing the provisions of the City of Chico City Code may enter the location of a  
7 commercial cannabis business at any time during regular business hours, without notice,  
8 and inspect the location of any commercial cannabis business as well as any recordings  
9 and records required to be maintained pursuant to this Chapter or under applicable  
10 provisions of State law.  
11 B. It is unlawful for any person having responsibility over the operation of a commercial  
12 cannabis business, to impede, obstruct, interfere with, or otherwise not to allow, the City  
13 to conduct an inspection, review or copy records, recordings or other documents required  
14 to be maintained by a commercial cannabis business under this Chapter or under state or  
15 local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify  
16 any records, recordings or other documents required to be maintained by a commercial  
17 cannabis business under this Chapter or under State or local law.  
18 C. A cannabis storefront retailer shall be subject to a mandatory annual inspection, during  
19 regular business hours, without notice, to ensure compliance with the provisions of the  
20 City Code.

21 **Sec. 5.42.420 Violations and Penalties.**

- 22 A. Any person who violates any provision of this Chapter is guilty of a misdemeanor and  
23 shall also be subject to all other remedies available under this Code.  
24 B. It is unlawful for any permittee of a commercial cannabis business, or its responsible  
25 person, manager or any other responsible person employed by or working in concert with  
26 them or on their behalf, whether directly or indirectly, to continue to operate, conduct, or  
27 maintain a commercial cannabis business after the City-issued Commercial Cannabis  
28 Permit has been suspended or revoked, or not timely renewed, pursuant to a non-contested  
notice of decision issued by the City Manager, or after the issuance of a final order after  
an appeal hearing.  
C. Any commercial cannabis business operated, conducted, or maintained contrary to the  
provisions of this Chapter shall be, and the same is declared to be, unlawful and a public  
nuisance, and the City may, in addition to or in lieu of prosecuting a criminal action,  
commence an administrative or civil action(s) or proceeding(s), for the abatement,  
removal and enjoinder thereof, in the manner provided by law, and shall take such other  
steps and shall apply to such court or courts as may have jurisdiction to grant such relief  
to abate, cause cessation, or remove such commercial cannabis business and restrain and  
enjoin any person from operating, conducting or maintaining a commercial cannabis  
business contrary to the provisions of this Chapter.

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

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

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

8 **Sec. 5.42.430 Effect on Other Ordinances.**

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

12  
13 **SECTION 2. EFFECT ON OTHER LAWS.** Nothing in this Ordinance shall be construed to  
14 allow persons to engage in conduct that violates state law or other local ordinance, endangers  
15 others, causes a public nuisance, allows the use or diversion of cannabis in an unlawful manner or  
inconsistent with state law or other local ordinance.

16 **SECTION 3. ENVIRONMENTAL DETERMINATION AND FINDINGS.** The City Council,  
17 on the basis of the whole of the record and exercising independent judgement, finds that these  
18 regulations meet the requirements for CEQA Guidelines Section 15183 as a project consistent with  
19 a community plan or zoning, and that no additional environmental review or documentation is  
20 necessary. Implementation of this Ordinance would not result in any new environmental impacts,  
or substantially increase the severity of identified environmental impacts. The City Council further  
21 determines that the proposed code amendment is consistent with the General Plan's policy  
framework. Therefore, the Commercial Cannabis Ordinance is consistent with Section 15183 of  
the CEQA Guidelines and no additional environmental review is required.

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

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

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

4 **THE FOREGOING ORDINANCE** was duly and properly introduced at a regular  
5 meeting of the City Council held on August 25, 2020 and was thereafter, adopted by the City  
6 Council of the City of Chico, California at its City Council meeting held on September 15, 2020,  
by the following votes:

7  
8 **AYES:** Huber, Morgan, Ory, Reynolds, Stone, Brown, Schwab

9  
10 **NOES:** None

11 **ABSENT:** None

12 **ABSTAIN:** None

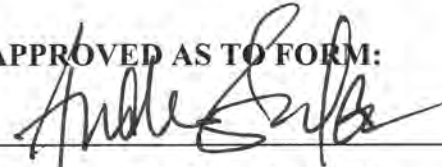
13 **DISQUALIFIED:** None  
14

15  
16 **ATTEST:**

17   
\_\_\_\_\_

18 Deborah R. Presson, City Clerk

16 **APPROVED AS TO FORM:**

17   
\_\_\_\_\_

18 Andrew Jared, City Attorney\*