

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICO,
CALIFORNIA, AMENDING CHAPTERS 5.42, 19.75 AND 5R.42 OF THE
CHICO MUNICIPAL CODE TO MAKE MINOR UPDATES TO
COMMERCIAL CANNABIS PERMIT PROCESS REQUIREMENTS AND
AUTHORIZING THE CHICO POLICE DEPARTMENT TO UTILIZE THIRD
PARTY BACKGROUND CHECK VENDORS WHEN DEEMED NECESSARY**

WHEREAS, California law authorizes certain governmental and private organizations to conduct criminal offender record information background checks to help determine the suitability of a person applying for a license, employment, or a volunteer position working with commercial cannabis; and

WHEREAS, before a local agency can fingerprint potential applicants for a background check, the local agency must apply with the Department of Justice (“DOJ”) to become an authorized applicant agency; and

WHEREAS, the DOJ will only approve an organization if authorized in statute that specifies the limit of service the local agency is authorized to receive; and

WHEREAS, the City of Chico (“City”) adopted language into its municipal code to provide statutory authorization as required by the DOJ; and

WHEREAS, the DOJ serves as the liaison to the Federal Bureau of Investigation (“FBI”) on requests for federal level of background check service and in that capacity, they perform a preliminary review of all resolutions and ordinances against California’s and the FBI’s standards, providing edits and feedback; and

WHEREAS, once the DOJ’s preliminary review is complete, they submit resolutions and ordinances to the FBI for their review and decision; and

WHEREAS, the City has submitted multiple applications to the DOJ and the FBI for background check authorization beginning in August of 2022 but has been rejected every time; and

WHEREAS, the City has attempted to work with DOJ personnel who provided two rounds of suggested revisions to the City’s authorization statute via draft resolution, but every new submission of a revised resolution has continued to be rejected by the FBI; and

1 **WHEREAS**, according to DOJ personnel, the FBI began heavily scrutinizing all resolutions
2 submitted for cannabis in 2022 and as a result, they have been denying resolutions submitted by
3 local agencies; and

4 **WHEREAS**, the City desires to add the option to submit background check requests to third
5 party vendors to conduct criminal background investigations for employees, volunteers, owners and
6 other affiliated with commercial cannabis businesses within the City.

7 **NOW, THEREFORE, BE IT ORDAINED** by the Council of the City of Chico does
8 hereby adopt the following ordinance amending the City of Chico Municipal Code:

9 **SECTION 1:** The City Council of the City of Chico hereby determines and finds that the
10 facts set forth in the recitals are true and correct and are hereby incorporated as substantive findings.

11 **SECTION 2:** That Chapter 5.42 of the Chico Municipal Code is amended to read as
12 provided in Exhibit A which is incorporated by reference to this Ordinance.

13 **SECTION 3:** That Chapter 5R.42 of the Chico Municipal Code is amended to read as
14 provided in Exhibit B which is incorporated by reference to this Ordinance.

15 **SECTION 4:** That Chapter 19.75 of the Chico Municipal Code is amended to read as
16 provided in Exhibit C which is incorporated by reference to this Ordinance.

17 **SECTION 5: Severability.** If any section, subsection, sentence, clause, portion, phrase or
18 word of this ordinance is for any reason held to be illegal, invalid or unconstitutional by a court of
19 competent jurisdiction, such decision shall not affect the validity of the remaining portions of this
20 ordinance. The City Council hereby declares that it would have passed this Chapter and each
21 section, subsection, sentence, clause, portion, phrase, or word hereof, irrespective of the fact that
22 any one or more sections, subsections, sentences, clauses, or phrases be declared illegal, invalid or
23 unconstitutional.

24 **SECTION 6: Effective date.** This ordinance shall take effect thirty (30) days after its final
25 adoption.

26 **SECTION 7: Certification.** The City Clerk shall certify to the passage and adoption of this
27 ordinance and shall cause the same to be published or posted in the manner required by law.

28 **THE FOREGOING ORDINANCE** was adopted at a meeting of the City Council of the
City of Chico on July 5, 2023, by the following vote:

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1 AYES: Bennett, Morgan, van Overbeek, Winslow, Reynolds, Coolidge
NOES: None
2 ABSENT: Tandon
ABSTAIN: None
3 DISQUALIFIED: None
4

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6 ATTEST:

7 

8 Deborah R. Presson
9 City Clerk

APPROVED AS TO FORM:



Vincent C. Ewing, City Attorney*

*Pursuant to the Charter of the City of Chico
Section 906(e)

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Chapter 5.42

COMMERCIAL CANNABIS BUSINESSES

ARTICLE I. GENERALLY

[5.42.010](#) Purpose and intent.

[5.42.020](#) Legal authority.

[5.42.030](#) Commercial cannabis businesses prohibited unless specifically authorized.

[5.42.040](#) Compliance with state and local laws.

[5.42.050](#) Definitions.

[5.42.060](#) Commercial cannabis businesses allowed; activities prohibited.

ARTICLE II. COMMERCIAL CANNABIS PERMIT

[5.42.100](#) Commercial cannabis permit required.

[5.42.105](#) Evidence of cannabis employee background check required.

[5.42.110](#) Number of commercial cannabis businesses authorized.

[5.42.120](#) Location limitations.

[5.42.130](#) Expiration, renewal, revocation, and suspension of commercial cannabis permits.

[5.42.140](#) Effect of license or permit expiration, suspension, revocation, or termination.

[5.42.150](#) Revocation of permits.

[5.42.160](#) Appeals.

[5.42.170](#) Appeal for initial permit; limited grounds.

ARTICLE III. ISSUANCE AND PERMIT REQUIREMENTS

[5.42.200](#) Permits and inspections prior to commencing operations.

[5.42.210](#) City business license.

[5.42.220](#) Limitations on City's liability.

[5.42.230](#) Permit; non-assignable and non-transferable.

[5.42.240](#) Change in location of commercial cannabis business.

[5.42.250](#) Changes in ownership of commercial cannabis business.

[5.42.260](#) Change in ownership when the permittee is a partnership or corporation.

[5.42.270](#) Changes in name of business only.

[5.42.280](#) Alterations to approved facility.

[5.42.290](#) Any other changes in information as reflected in the submitted application or entitlements.

ARTICLE IV. OPERATIONAL REQUIREMENTS

[5.42.300](#) General prohibitions.

[5.42.305](#) Restriction on alcohol and tobacco sales, dispensing or consumption.

[5.42.310](#) Operating requirements for store front retail facilities.

[5.42.311](#) Operating requirements for non-storefront retail facilities.

[5.42.312](#) Operating requirements for testing laboratories.

[5.42.313](#) Operating requirements for cannabis manufacturing.

[5.42.314](#) Operating requirements for distributors.

[5.42.315](#) Additional operating requirements for retail delivery businesses.

[5.42.316](#) Delivery services originating outside of City.

[5.42.317](#) Permissible delivery locations and hours of operation.

[5.42.320](#) Security requirements.

[5.42.330](#) Records and recordkeeping.

[5.42.340](#) Fees and charges.

[5.42.350](#) Promulgation of local regulations, standards and other legal duties.

[5.42.360](#) Fees deemed debt to City of Chico.

ARTICLE V. ENFORCEMENT

[5.42.400](#) Responsibility for violations.

[5.42.410](#) Inspections.

[5.42.420](#) Violations and penalties.

[5.42.430](#) Effect on other ordinances.

ARTICLE I. GENERALLY

5.42.010 Purpose and intent.

The purpose of this chapter 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 scheme for this action.

It is the purpose and intent of this chapter, in conjunction with Title 19 of the Chico Municipal Code, and resolutions and other policies adopted by the City, to implement the provisions to provide access to cannabis as authorized by the California Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA” or the Act), 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 chapter 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 and to enforce local rules and regulations consistent with State law. It is the purpose of this chapter to prohibit the commercial cultivation and microbusiness uses of cannabis within the City of Chico.

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

Nothing in this chapter is intended to authorize the possession, use, or provision of cannabis for purposes that violate State or federal law. The provisions of this chapter are in addition to any other permits, licenses, approvals, and compliance or regulatory inspections which may be required to conduct business in the City, and are in addition to any permits, licenses, 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.

(Ord. 2552 §1)

5.42.020 Legal authority.

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. Moreover, pursuant to Sections 5 and 7 of Article XI of the California Constitution, the provisions of MAUCRSA, any subsequent state legislation and/or regulations regarding same, the City of Chico is authorized to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial cannabis businesses. Moreover, pursuant to Sections 5 and 7 of Article XI of the California Constitution, the provisions of MAUCRSA, any subsequent state legislation and/or regulations regarding same, the City of Chico is authorized to adopt ordinances and local resolutions that establish local standards, requirements and regulations for the licensing and permitting of commercial cannabis businesses.

(Ord. 2552 §1)

5.42.030 Commercial cannabis businesses prohibited unless specifically authorized.

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

(Ord. 2552 §1)

5.42.040 Compliance with state and local laws.

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

(Ord. 2552 §1)

5.42.050 Definitions.

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

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

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

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

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

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

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

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

“Cannabis event” means a public or private event where compensation is provided or 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.

“Code” means the City of Chico City Code.

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

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

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

“Conditional use permit” means a discretionary land use approval as required and pursuant to Chapter 24 of Title 19 of the Chico Municipal Code.

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

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

“Day care center” has the same meaning as in Section 1596.76 of the Health and Safety Code, as same may be amended from time to time, and includes any child day care facility other 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) The chief executive officer of a nonprofit or other entity.

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

(4) An individual who will be participating in the direction, control, or management of the business, non-profit, or other entity applying for a City of Chico Commercial Cannabis Permit.

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

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

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

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

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

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

“Regulations” means those regulations prescribed and issued by the State of California, through its respective departments and/or divisions, pursuant to Section 26013 of the Business and Professions Code, including those regulations as found in the California Code of Regulations (including Title 4, Division 19), as may be amended from time to time, to implement, interpret, administer and enforce the Act, and providing licensing and enforcement criteria for commercial cannabis activities and businesses.

“Responsible person” means all owners and operators of a commercial cannabis business, including the permittee and all officers, directors, managers, members, or partners, and all persons with authority, including apparent authority, over the premises of the commercial cannabis business.

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

“Retailer-Delivery or non-storefront retailer” means a non-storefront, delivery only retailer as a commercial cannabis business facility where cannabis, cannabis products, or devices for the use of cannabis or cannabis products are offered, either individually or in any combination, for retail sale to customers, where the premises are non-storefront, closed to the public, and sales are conducted exclusively by delivery, where a vehicle is used to convey the cannabis or cannabis products to the customer from a fixed location, and where the operator is authorized by the City of Chico to operate as a retailer, and holds a valid California Department of Cannabis Control Type 9 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 and soliciting or receiving an order for the same, but does not include the return of cannabis or cannabis products by a licensee to the permittee from whom the cannabis or cannabis product was purchased.

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

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

- (1) Accredited as ISO/IEC17025 by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the State.
- (2) Licensed by the California Department of Cannabis Control as a Testing Laboratory (Type 8).

Testing laboratory shall also have the same meaning as in Section 26001(a)(1) of the Business and Professions Code, as may be amended from time to time.

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

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

(Ord. 2552 §1)

5.42.060 Commercial cannabis businesses allowed; activities prohibited.

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

1. Testing laboratory (DCC License Type 8);
2. Distribution (DCC License Type 11);
3. Manufacturer (DCC License Type 6- Non-Volatile and Type 7- Volatile);
4. Retailer-delivery only (DCC License Type 9); and
5. Retailer-storefront (DCC 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 state law and the provisions of this chapter, Title 19, and all other codes and resolutions of the City of Chico.

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

1. Commercial cultivation;
2. Microbusiness;
3. Cannabis event;
4. Any kiosk, i-Pad, tablet, smartphone, fixed location or technology platform, whether manned or unmanned, that facilitates, directs, or assists the retail sale or delivery of cannabis or cannabis products in violation of this chapter; and
5. All other uses not enumerated under Section [5.42.060](#) A.

(Ord. 2552 §1)

ARTICLE II. COMMERCIAL CANNABIS PERMIT

5.42.100 Commercial cannabis permit required.

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

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

1. A Commercial Cannabis Permit has been approved by the City, pursuant to the City's laws, rules, policies, and regulations, as applicable, as same may be amended from time to time; and
2. Zoning clearance issued by the Community Development Director, including where applicable, issuance of a Conditional Use Permit; and

3. A City business license issued by the Finance Department authorizing the business operation of a commercial cannabis business; and

4. A valid State of California Seller's Permit or other valid State of California license or permit for the applicable type of commercial cannabis business at issue has been obtained; and

5. Permittee is currently in compliance with all applicable state and local laws and regulations pertaining to engaging in, conducting or operating a commercial cannabis business and commercial cannabis activities, including the duty to first obtain any required State licenses pursuant to MAUCRSA and applicable regulations; and

6. Permittee is currently in compliance with any and all applicable state and local laws and regulations pertaining to the occupancy of the premises for the City-approved commercial cannabis business operation, including any and all applicable building and fire code provisions; and

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

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

(Ord. 2552 §1)

5.42.105 Evidence of cannabis employee background check required.

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

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

1. Whether the individual applying for cannabis employment has ever been convicted of a violent felony as defined by California Penal Code 667.5, or equivalent offenses in other states;

2. Whether the individual applying for cannabis employment has ever been convicted of a crime involving dishonesty, fraud or deceit, including but not limited to fraud, forgery, theft, or embezzlement as those offenses are defined in California Penal Code Sections 186.11, 470, 484, and 504a, respectively; or equivalent offenses in other states; or

3. Whether the individual applying for cannabis employment has ever been convicted of the illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substances Act, not including cannabis-related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.

C. The Chief of Police may, at his/her discretion, require applicants to utilize a third-party provider for purposes of conducting the criminal background check. The third-party background check may serve in place of, or in addition to, the criminal background check performed by the Chico Police Department, as described in Section 5.42.105(A).

D. Evidence of a conviction of any the offenses enumerated in Section [5.42.105\(b\)](#) shall be grounds for denial of employment.

E. 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](#).

(Ord. 2552 §1)

5.42.110 Number of commercial cannabis businesses authorized.

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

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

C. The number of retailer-storefront permits shall be determined by population density of the City of Chico. For every 25,000 residents of the City, based on the most recent Population Estimates for Cities, Counties, and the State, conducted by the California Department of Finance, the City Council may authorize up to one retailer-storefront permit. The City Council shall from time to time, at its sole and absolute discretion,

establish by resolution the number of retailer-storefront permits authorized for commercial cannabis businesses based on this formula.

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

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

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

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

(Ord. 2552 §1)

5.42.120 Location limitations.

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

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

(Ord. 2552 §1)

5.42.130 Expiration, renewal, revocation, and suspension of Commercial Cannabis Permit.

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

(Ord. 2552 §1)

5.42.140 Effect of license or permit expiration, suspension, revocation, or termination.

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

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

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

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

C. The commercial cannabis business shall have the right to an appeal pursuant to Section [5.42.160](#).

(Ord. 2552 §1)

5.42.150 Revocation of permits.

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

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

2. Revocation of a State license issued under this chapter.

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

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

- i. A violent felony, as specified in Section 667.5(c) of the Penal Code.
- ii. A serious felony, as specified in Section 1192.7(c) of the Penal Code.
- iii. A felony involving fraud, deceit, or embezzlement.

iv. A felony for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.

v. A felony for drug trafficking with enhancements pursuant to Section 11370.4 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.

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

C. This notice will be effective within ten (10) days from the date of service of the notice. To exercise the right to appeal, the permittee must file with the City Clerk a written basis for the 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 with Section 5.42.160. If no timely appeal is filed, the City Manager's decision will be final 10 days after the date on the notice of revocation. If an appeal is timely and properly filed in accordance with this chapter, then the effective date of the notice is stayed until a decision after the hearing on the appeal is issued.

(Ord. 2552 §1)

5.42.160 Appeals.

A. Notice of appeals.

1. Within ten (10) calendar days after the notice of the decision of the City Manager or their designee(s) to revoke, suspend or deny an initial or renewed permit, or to add conditions to a permit, an aggrieved party may appeal such action by filing a written appeal with the City Clerk setting forth the reason why the decision was not proper.

Reasons shall be stated with specificity and shall address the issues outlined in Section 5R.42.170(a). Date of service shall mean the date when a notice or written decision was personally delivered to the permittee, or the date when the notice was caused to be delivered by certified, first class mail. In cases in which the City can verify delivery of a notice to an applicant, or in which an applicant is documented as refusing delivery, lack of receipt of the notice cannot form the basis for an appeal.

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

- i. Name, address, and telephone number of the appellant.
- ii. Specify decisions, actions, or a particular part thereof, made that are the subject of the appeal.
- iii. Include a true and correct copy of the notice issued by the City Manager for which the appellant is appealing.
- iv. State with specificity the reasons and grounds for making the appeal, including, but not limited to, a statement of facts upon which the appeal is based in sufficient detail to enable the City Council, or any appointed hearing officer, to understand the nature of the controversy, the basis of the appeal, and the relief requested.
- 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.

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

B. Review by City Council, or appointed hearing officer or body; appeal hearing and proceedings.

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

2. Upon receipt by the City Clerk of a timely-filed appeal, the City Clerk shall forward such appeal to each member of the City Council. Any member of the City Council may

within ten (10) days of such notification then request that the City Clerk place on the next regularly scheduled City Council meeting or special Council meeting the question of whether the City Council shall sit as the appeals board. In the event that City Council does not affirmatively choose to hear such appeal or does not act to appoint another body to serve to head such appeal, the City Clerk shall immediately obtain the services of a hearing officer from the Office of Administrative Hearings.

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

4. All requests by an appellant to continue a hearing must be submitted to the City Clerk in writing no later than three (3) business days before the date scheduled for the hearing. The 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:

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 of a permit by a preponderance of evidence. The appellant(s) or permittee(s) bear the burden of proof regarding denial of an initial permit, as described in Section 5.42.170.

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, nonrenewal, 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.

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

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

(Ord. 2552 §1)

5.42.170 Appeal for initial permit; limited grounds.

A. The grounds for denial of an initial denial of a Commercial Cannabis Permit are limited to the following:

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

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

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

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

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

(Ord. 2552 §1)

ARTICLE III. ISSUANCE AND PERMIT REQUIREMENTS

5.42.200 Permits and inspections prior to commencing operations.

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

(Ord. 2552 §1)

5.42.210 City business license.

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

(Ord. 2552 §1)

5.42.220 Limitations on City's liability.

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

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

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

i. The City's drafting, adoption and passage of local ordinances, and related resolutions, policies, rules and regulations, allowing for commercial cannabis businesses and/or, if necessary in the future, making any zoning law amendment(s);

ii. The City's issuance of the Commercial Cannabis Permit;

iii. The City's approval and execution of a land use entitlement and/or Conditional Use Permit;

iv. The City's decision to approve the operation of the commercial cannabis business or activity;

v. The process used by the City in making its decision to issue, approve or deny a permit, or handle any appeal of any issuance, approval or denial of a permit; and/or

vi. The alleged violation of any federal, state or local laws by the commercial cannabis business or any of its officers, employees or agents.

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

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

C. The terms and provisions as enumerated in this section related to indemnification and limitation on the City's liability shall be an explicit term of a Commercial Cannabis Permit and 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.

(Ord. 2552 §1)

5.42.230 Permit; non-assignable and non-transferable.

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

B. No Commercial Cannabis Permit may be sold, transferred or assigned by a permittee, or by operation of law, to any other person, persons, or entities, unless a written amendment is made consistent with this chapter, Codified Resolution 5R.42 and Chapter 19. Any such sale, transfer, or assignment, or attempted sale, transfer, or assignment inconsistent with these 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.

(Ord. 2552 §1)

5.42.240 Change in location of commercial cannabis business.

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

B. For commercial cannabis permits where entitlements are issued by the City Council or Planning Commission, no permittee shall change the location of the commercial cannabis 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.

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

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

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.

2. The proposed location shall meet all the requirements under this Code, including but not limited to this chapter and the Chico Zoning Ordinance.

3. The proposed location may be reviewed and evaluated using the same review criteria as used and relied upon under the initial application process.

4. For relocation of a permittee's commercial cannabis business issued by the City Council, such relocation application shall be subject to the prior review and approval by the Planning Commission and/or City Council at a public meeting, as appropriate for amending the applicable entitlements.

5. No later than twenty-one (21) days prior to any public meeting required under this section, the permittee shall give notice to all property owners and occupants located within five hundred (500) feet of the proposed premises of the proposed relocation of any commercial cannabis business.

(Ord. 2552 §1)

5.42.250 Changes in ownership of commercial cannabis business.

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

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

C. In the event of a substantial change in the ownership of a permittee business entity (changes that result in a change of fifty-one (51) percent or more of the original ownership), each new owner must be approved by the City Council after completion of a new or amended application process which may include 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 of Directors (or in the case of an unincorporated association, the individual(s) listed on the City permit application) of the original permittee entity are the same as the new business entity.

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

F. No permittee may avail themselves of the provisions of this section if the City Manager, or 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.

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

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

(Ord. 2552 §1)

5.42.260 Change in ownership when the permittee is a partnership or corporation.

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

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

however, the proposed stock purchaser transferee may submit to the City Manager, together with the fee 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.

C. All changes in ownership as described in this section must be submitted to the City within thirty (30) calendar days, along with any organizational documents reflecting said changes. Furthermore, said corresponding amendments to the corresponding executed entitlements must 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 grounds for revocation of the permit.

(Ord. 2552 §1)

5.42.270 Changes in name of business only.

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

B. The permittee shall advise the City Manager at least fifteen (15) calendar days prior of all changes of name or designation under which the business is to be conducted. The change of name or designation shall be accompanied by a non-refundable fee established by resolution 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.

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

(Ord. 2552 §1)

5.42.280 Alterations to approved facility.

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

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

C. The City Manager or their designee shall review proposed alterations to an approved facility to determine if such alterations are material to the permits, licenses, and entitlements issued for the facility. In the event that such alterations are material changes to the permits, licenses, and entitlements, such proposed alterations shall be considered by the person or body or bodies issuing the permits, license and entitlements. Material changes shall include, but not be limited to, increased square

footage of interior space, decreased parking, decreased accessibility, changes to the security plan, and alteration of a previously submitted floorplan.

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

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

(Ord. 2552 §1)

5.42.290 Any other changes in information as reflected in the submitted application or entitlements.

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

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

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

(Ord. 2552 §1)

ARTICLE IV. OPERATIONAL REQUIREMENTS

5.42.300 General prohibitions.

A. It is unlawful for any person:

1. To sell, give, exchange, dispense or distribute cannabis or cannabis products for on-site consumption, use or sampling on any business premises.

2. To conduct a Cannabis Event in the City.

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.

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

(Ord. 2552 §1)

5.42.305 Restriction on alcohol and tobacco sales, dispensing or consumption.

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

(Ord. 2552 §1)

5.42.310 Operating requirements for store front retail facilities.

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

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

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

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

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

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

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

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

G. Access to retailer premises.

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

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

H. Authorized sales. A retailer shall only sell adult-use cannabis and adult-use cannabis products to individuals who are at least 21 years of age. A retailer shall only

sell medicinal cannabis or medicinal cannabis products to individuals who are at least 18 years of age, if those individuals are in possession of a valid physician's recommendation.

I. Limited access areas. A retailer shall establish limited-access areas and permit only authorized individuals to enter the limited-access areas. Authorized individuals include individuals employed by the retailer as well as any outside vendors, contractors, or other individuals conducting business that requires access to the limited access area. All individuals granted access to the limited access area shall be at least 21 years of age, and if not employed by the retailer, shall be escorted at all times by an employee of the licensee/permittee. A retailer shall maintain a log of all individuals who are not employees who are granted access to the limited access area. These logs shall be made available to the Chief of Police or their designee upon request.

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.

K. Store front/retail security requirements. All provisions incorporated within Section [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.

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

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

M. Training required. All employees who interact with public customers as well as all management staff complete training to ensure competency of employees for their assigned functions within the first year of the retailers' first year of operation, and within one year 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.

(Ord. 2552 §1)

5.42.311 Operating requirements for non-storefront retail facilities.

A. Non-store front retailers (delivery) which conduct deliveries from or within the City of Chico shall comply with the following:

1. Operating hours of the non-store front retailer license shall be limited to the hours of 8:00 a.m. through 9:00 p.m., seven days a week.

2. The commercial non-store front retailer shall only sell cannabis or cannabis products to a natural person 21 years of age or older, or a natural person 18 years of age or older who possesses a physician's recommendation.

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

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

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

2. Regarding all edible cannabis products and cannabis concentrate products sold to a customer, which shall include:

a. information on safe storage and use of the product,

b. warning against child access and exposure to the product, and

c. warnings of potential side effects concerning brain development of individuals under the age of twenty-five years and

d. warnings of potential harm to pregnant women.

C. Training required. All employees who interact with public customers as well as all management staff complete training to ensure competency of employees for their assigned functions within the first year of the retailers' first year of operation, and within one year 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.

(Ord. 2552 §1)

5.42.312 Operating requirements for testing laboratories.

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

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

C. All cannabis testing laboratories performing testing shall obtain and maintain ISO/IEC 17025 accreditation as required by the Department of Cannabis Control.

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

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

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

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

(Ord. 2552 §1)

5.42.313 Operating requirements for cannabis manufacturing.

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

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

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

D. If an extraction process uses a professional grade closed loop CO₂ gas extraction system every vessel must be certified by the manufacturer for its safe use as referenced in Section 5.42.313(F). The CO₂ must be of at least ninety-nine percent purity.

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

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

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

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

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

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

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

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

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

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

(Ord. 2552 §1)

5.42.314 Operating requirements for distributors.

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

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

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

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

E. A distributor or an employee of the distributor shall be physically present to observe the laboratory employee obtain the sample of cannabis goods for testing and shall ensure that the increments are taken from throughout the batch. The sampling shall be video-recorded, and the recording kept available to state and local authorities for a minimum of 180 days, pursuant to Title 16, Section 5305 of the California Code of Regulations.

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

(Ord. 2552 §1)

5.42.315 Additional operating requirements for retail delivery businesses.

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

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

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

1. Proof of ownership of the vehicle or a valid lease for all vehicles that will be used to deliver cannabis or cannabis products.
2. The year, make, model, color, license plate number, and numerical Vehicle Identification Number (VIN) for all vehicles that will be used to deliver cannabis goods.
3. Proof of insurance as required by Section 5.42.220 B.2. for all vehicles being used to deliver cannabis goods.
4. The licensee shall provide the City with the information required by this section in writing for any new vehicle that will be used to deliver cannabis goods prior to using the vehicle to deliver cannabis goods.
5. The licensee shall provide the City with any changes to the information required by this section in writing within thirty (30) calendar days.

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

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

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

1. The time that the individual conducting vehicle dispensing on behalf of the storefront retailer departed the licensed premises.
2. The time that the individual conducting vehicle dispensing on behalf of the storefront retailer completed vehicle dispensing to the qualified patient, primary caregiver, or customer.
3. The time that the individual conducting vehicle dispensing on behalf of the storefront retailer returned to the licensed premises.
4. The route the individual conducting vehicle dispensing on behalf of the storefront retailer will travel between departing and returning to the permitted premises to conduct vehicle dispensing.

5. For each individual vehicle dispensing transaction, the identification of the individual conducting deliveries on behalf of the storefront retailer.

6. For each individual delivery transaction, the vehicle used to conduct vehicle dispensing on behalf of the storefront retailer permittee.

7. For each individual vehicle dispensing transaction, the identity of the qualified patient, primary caregiver, or customer receiving cannabis or cannabis products from the storefront retailer.

8. For each individual vehicle dispensing transaction, the type and quantity of cannabis or cannabis products dispensed and received.

9. For each individual vehicle dispensing transaction, the dollar amount to be charged by the storefront retailer and received by the individual conducting deliveries on behalf of the storefront retailer the cannabis or cannabis products dispensed and received.

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

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

2. If a medicinal cannabis transaction,

a. verify the validity of the qualified patient's recommendation from a physician to use cannabis for medical purposes or primary caregiver's status as a primary caregiver for the particular qualified patient, and

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

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

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

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

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

4. "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 retailers shall provide written educational materials to all customers:

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

2. 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.

(Ord. 2552 §1)

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.

(Ord. 2552 §1)

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).

(Ord. 2552 §1)

5.42.320 Security requirements.

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

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

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

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

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

12. Security personnel shall be on-site during business hours or alternative security as authorized by the Chief of Police or their designee(s), and must have a verified response security patrol when closed. Security personnel must be licensed by the State of California Bureau of Security and Investigative Services personnel and shall be subject to the prior review and approval of the Chief of Police or their designee(s), with such approval not to be unreasonably withheld.

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

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

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

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

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

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

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

B. Each commercial cannabis business shall identify a designated security representative/liaison to the City of Chico, who shall be reasonably available to meet with the City Manager or their designee(s) regarding any security related measures

and/or operational issues. The designated security representative/liaison shall, on behalf of the commercial cannabis business, annually maintain a copy of the current security plan on the premises of the business, to present to the City Manager or their designee upon request that meets the following requirements:

1. Confirms that a designated Manager will be on duty during business hours and will be responsible for monitoring the behavior of employees.
2. Identifies all managers of the commercial cannabis business and their contact phone numbers.
3. Confirms that first aid supplies and operational fire extinguishers are located in the service areas and the manager's office.
4. Confirms that burglar and fire alarms are operational and monitored by a licensed security company 24 hours a day, seven days a week, and provides contact information for each licensed security company.
5. Identify a sufficient number of licensed, interior and exterior security personnel who will monitor individuals inside and outside the commercial cannabis business, the parking lot, and any adjacent property under the business' control.
6. Confirm that the licensed security personnel shall regularly monitor the parking lot and any adjacent property to ensure that these areas are: (a) free of individuals loitering or causing a disturbance; (b) are cleared of employees and their vehicles one-half hour after closing.

C. As part of the application and permitting process each commercial cannabis business shall have a storage and transportation plan, which describes in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, any hazardous materials that may be used by the business, and any currency.

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

E. A commercial cannabis business shall notify the Chief of Police or their designee(s) within twenty-four (24) hours after discovering any of the following:

1. Significant discrepancies identified during inventory.
2. Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business, or any crime occurring on the premises or 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.

(Ord. 2552 §1)

5.42.330 Records and recordkeeping.

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

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

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

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

(Ord. 2552 §1)

5.42.340 Fees and charges.

- A. All related fees and charges associated with the operation of a commercial cannabis business as referenced or determined by this chapter shall be established by Resolution of the City Council, which may be amended from time to time.
- B. No application shall be considered prior to timely payment in full of all fees and charges required for any permit mandated by this chapter.
- C. No person may commence or continue any commercial cannabis activity in the City, without timely paying in full all fees and charges required for the operation of a commercial cannabis business, and as mandated by this chapter.
- D. All commercial cannabis businesses authorized to operate under this chapter shall pay all sales tax, use tax, business tax and other applicable taxes, and all license, registration, and other fees required under federal, state and local law. Each commercial cannabis business shall cooperate with City with respect to any reasonable request to audit the commercial cannabis business' books and records for the purpose of verifying compliance with this section, including but not limited to a verification of the amount of fees, costs or taxes required to be paid during any period.

(Ord. 2552 §1)

5.42.350 Promulgation of local regulations, standards and other legal duties.

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

(Ord. 2552 §1)

5.42.360 Fees deemed debt to City of Chico.

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

(Ord. 2552 §1)

ARTICLE V. ENFORCEMENT

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 presence. Any act or omission of any employee constituting a violation of the provisions of this chapter shall be deemed the act or omission of the permittee, responsible person, or manager, for purposes of determining whether the permit shall be revoked, suspended, or not renewed.

(Ord. 2552 §1)

5.42.410 Inspections.

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

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

C. A commercial cannabis business may be subject to a mandatory inspection, during regular business hours, without notice, to ensure compliance with the provisions of the City Code. The City Manager has the authority to inspect commercial cannabis businesses at whatever frequency is necessary to ensure public health, safety and welfare.

(Ord. 2552 §1)

5.42.420 Violations and penalties.

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

B. It is unlawful for any permittee of a commercial cannabis business, or its responsible person, manager or any other responsible person employed by or working in concert with them or on their behalf, whether directly or indirectly, to continue to operate, conduct, or maintain a commercial cannabis business after the City-issued

Commercial Cannabis Permit has been suspended or revoked, or not timely renewed, pursuant to a non-contested notice of decision issued by the City Manager, or after the issuance of a final order after an appeal hearing.

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.

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

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

F. The penalties set forth herein are cumulative and in addition to all other remedies, 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.

(Ord. 2552 §1)

5.42.430 Effect on other ordinances.

Except as designated in this chapter, the provisions of this chapter shall control for regulation of commercial cannabis businesses as defined herein if other provisions of the Code conflict 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.

(Ord. 2552 §1)

Chapter 5R.42

COMMERCIAL CANNABIS BUSINESSES

[5R.42.010](#) Purpose.

[5R.42.020](#) Application Review, Scoring and Selection Process

[5R.42.030](#) Phase I (Competitive and Non-Competitive Permits): Determination of Eligibility.

[5R.42.040](#) Phase II-A (Competitive Permits): Criteria Evaluation and Scoring.

[5R.42.050](#) Phase III (Competitive Permits): City Manager's Hearing.

[5R.42.055](#) Phase IV (Competitive Permits): Final Selection by City Manager.

[5R.42.060](#) Phase II (Non-Competitive Permits): Criteria Evaluation and Recommendation.

[5R.42.065](#) Phase III (Non-Competitive Permits): Final Review by City Manager and Awarding of Permit.

[5R.42.070](#) Permit is a Not Land Use Approval or an Entitlement.

[5R.42.080](#) Denial and Reapplication.

[5R.42.090](#) Permit Fee Required.

[5R.42.100](#) Permit Application Procedure.

[5R.42.130](#) Renewal Applications.

5R.42.010 Purpose.

This chapter is adopted pursuant to the provisions of [Chapter 5.42](#) of the Chico Municipal Code which authorizes the establishment and regulation of commercial cannabis businesses within the City.

(Res. No. 45-20 §1 (part))

5R.42.020 Application Review, Scoring and Selection Process.

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

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

Phase I: Determination of Eligibility (Application Submittal Requirements)

Phase II: Criteria Evaluation and Scoring

A. Application Review and Ranking

B. Interviews and Ranking

Phase III: City Manager Hearing

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

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

Phase I: Determination of Eligibility (Application Submittal Requirements)

Phase II: Criteria Evaluation and Recommendation

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

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

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

D. To the extent criminal background checks are not able to be completed during Phase I, they will be completed prior to the issuance of a permit.

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

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

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

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

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

J. Notwithstanding anything in this Chapter to the contrary, the City reserves the right to reject any or all applications for competitive licenses, at any time during the

application process if it determines it would be in the best interest of the City, taking into account the health, safety and welfare of the community.

(Res. No. 45-20 §1 (part))

5R.42.030 Phase I (Competitive and Non-Competitive Permits): Determination of Eligibility.

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

(1) During Phase I, each applicant interested in operating a commercial cannabis business will pay a deposit fee in an amount established by the City Council by resolution. The deposit will be the amount anticipated to cover the cost of developing and administering the application process. However, should the City determine that additional cost is necessary each Applicant shall be requested to pay an additional amount to cover the costs of administering the application process. Applications shall be complete to be considered, and applications will only be complete if they include all information required by this application, and are presented in the required form, and submitted before the deadline.

(2) Each owner will undergo a criminal background check, as determined by the City Manager or the Chico Police Department and the State of California, demonstrating compliance with the eligibility requirements, the AUMA, the MAUCRSA, state regulations, and other requirements contained in this Chapter. The background check may include a Live Scan review for both the state and federal clearance but not limited to this condition. In the event of delays, which may occur in processing the Live Scan, each owner may be subject to a provisional background check at which time they will be required to sign a background check authorization allowing the City to conduct a third-party background check.

(3) The initial period to accept competitive applications shall be forty-five (45) calendar days from the date the applications are released. Should the 45th day fall on a day when city hall is closed, the application period shall be extended to the next open day at 4:00 p.m. Following the application period, the City shall stop accepting applications and shall review all applications received. The City reserves the right to suspend/close/ modify the period of accepting non-competitive application based on number of applications received and availability of staff to process such applications. Staff shall provide at least 15 days' notice of suspension of application period and reopening of such period for noncompetitive permits.

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

(5) Failure to be responsive and/or provide substantive responses, or to provide applicable supporting documentation as required by the application, may disqualify the applicant from being eligible for Phase II of the application process. Applications shall be reviewed regarding grounds for revocation of permits under Chico Municipal Code

Section [5.42.150](#). Applications found to have violations providing grounds for revocation shall not be forwarded to Phase II.

(Res. No. 45-20 §1 (part))

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

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

Criteria	Maximum Points
Business Plan	400
Labor and Local Enterprise	100
Safety Plan	300
Security Plan	400

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

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

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

(Res. No. 45-20 §1 (part))

5R.42.050 Phase III (Competitive Permits): City Manager’s Hearing.

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

(Res. No. 45-20 §1 (part))

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

A. Prior to the City Manager's final selection of permittees, the City reserves the right to request and obtain additional information from any candidate who advanced to Phase IV.

B. The City Manager will review the totality of the record to confirm the tabulation of scores and decide which applicants have best demonstrated fulfilling the requirements of the requirements under the code for eligibility of a cannabis permit.

C. As part of the final selection process the top applicants or finalists should be prepared to attend a public hearing before the City Manager to address any additional questions before a final decision is rendered.

D. The City Manager reserves the right to amend, revise, and/or reject the scoring, ranking, or recommendations of the applications, and take such action on any application which the City Manager finds will further the best interests of the City among the applicants on the final eligibility list, consistent with the requirements for such uses under the Code.

E. At the conclusion of the hearing, the City Manager may select the highest qualified applicants to award a Commercial Cannabis Permit and allow the applicants to apply for a land use permit, in addition to all other permits that may be required, including but not limited to building, electrical, fire and planning permits. The City Manager's selection will be memorialized in a written "Notice of Selection," and shall specify a reasonable period of time which the applicant has to fulfill all requirements in order to be awarded a use permit where required. Compliance with the California Environmental Quality Act will also be required where necessary. Notice of the results of Phase III will be provided in writing to each applicant.

F. The City Manager's decision as to the selection of the prevailing candidates shall be final. Unsuccessful applicants have the option to appeal pursuant to Section [5.42.160](#) of the Chico Municipal Code.

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

(Res. No. 45-20 §1 (part))

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

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

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

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

(Res. No. 45-20 §1 (part))

5R.42.065 Phase III (Non-Competitive Permits): Final Review by City Manager and Awarding of Permit.

Upon the completion of Phase II, the City Manager will review the aggregate scoring and recommendations by the Review Committee of all the Non-Competitive applicants from Phase I and Phase II to create a final recommendation upon which the City Manager will base the awarding of permits. The actual issuance of the Commercial Cannabis Permit shall require the applicant to certify that all information in the application remains accurate and that the applicant agrees to abide by all laws, rules, ordinances, resolutions, and codes applicable to the business. The issuance of a permit shall allow the applicant to proceed to apply for both a land use permit and a business license and related approvals. Each applicant shall be notified of the results of such review.

(Res. No. 45-20 §1 (part))

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

A. Issuance of a Commercial Cannabis Permit does not create a land use approval. Furthermore, no permit will be officially issued, and no applicant awarded a permit may begin operations, unless all of the state and local laws and regulations, including but not limited to the requirements of this Code and of the permit, have been complied with including award of a land use entitlement or use permit, if required. All Permittees must comply with State laws as they relate to commercial cannabis activity not being allowed without issuance of a state license.

B. Being issued a Notice of Selection does not constitute a land use entitlement and does not waive or remove the requirements associated with being awarded a Use Permit, and submitting all requisites thereof, submitting plans, making any required plan corrections, and obtaining City-approved plans, applying for and receiving technical permits for all construction and/or structural alterations, including building, electrical, plumbing, and mechanical permits, undergoing and passing all building and fire intermittent and final inspections, and securing any other required permits, licenses, or reviews as may be necessary by the relevant departments or government agencies in charge of said permits. Nor does it guarantee that the plans submitted via the application process meet the standards or requirements in this Chapter or the Chico Zoning Ordinance, or any building or fire codes, laws, rules or regulations, or any other permit requirement from other local or state departments or agencies.

C. Applicants shall have no right to a Commercial Cannabis Permit until a permit is actually issued, and then only for the duration of the permit term. Each applicant assumes the risk that, at any time prior to the issuance of a permit, the City Council may terminate or delay the program created under this Chapter.

(Res. No. 45-20 §1 (part))

5R.42.080 Denial and Reapplication.

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

(Res. No. 45-20 §1 (part))

5R.42.090 Permit Fee Required.

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

(Res. No. 45-20 §1 (part))

5R.42.100 Permit Application Procedure.

A. This section shall establish the initial application procedure, requiring applicants to meet and comply with minimum application requirements.

B. Notwithstanding the subsection hereinabove, the City Manager shall have the authority to adopt any procedure(s) to supplement the initial application process as set forth herein. Pursuant to this section, the City Manager, or their designee, will have the authority to adopt any procedures to govern the application process, and the manner in which the decision will ultimately be made regarding the issuance of any Commercial Cannabis Permit(s), including establishing objective review criteria ("Review Criteria"), if necessary in order to supplement any provision established herein in furtherance of CMC 5.42 or their adopted procedures. The City Manager, or their designee, is authorized to prepare the necessary applications, forms, adopt any necessary rules to

the application, regulations and processes, solicit applications, and conduct initial evaluations of the applicants.

C. Notwithstanding the sections hereinabove, the following minimum, and complete information shall be included in each and every application for a City of Chico Commercial Cannabis Permit:

(1) Name of Applicant: For applicants who are individuals, the applicant's full legal name (first, middle, last). For applicants that are business entities, the applicant's legal business name.

(2) Business Trade Name (if applicable): The business trade name ("DBA") of the applicant.

(3) Identification of Primary Owner: The full name (first, middle, last), primary phone number, social security number, or date and place of birth, email address, and mailing address for the primary owner submitting the Application.

(4) For each person that is an "owner" of the applicant, as defined in this Chapter, including the "primary owner" referenced above, the following information:

1. Owner's full legal name;
2. Owner's title within the applicant entity;
3. Owner's date and place of birth;
4. Owner's social security number or individual taxpayer identification number;
5. Owner's mailing address;
6. Owner's telephone number;
7. Owner's email address;
8. Percentage of interest held in the applicant entity by the owner;

9. Whether the owner has an ownership or financial interest, as defined in Title 16, Division 42, Section 5003 of the Bureau of Cannabis Control Regulations, in any other commercial cannabis business licensed under the AUMA or the MAUCRSA;

10. A copy of the owner's government-issued identification, acceptable forms are a document issued by a federal, state, county, or municipal government that includes the name, date of birth, physical description, and picture of the owner, such as a driver's license;

11. A detailed description of the owner's criminal convictions, if applicable. A conviction for this purpose means a plea or guilty verdict of guilty or a conviction following a plea of nolo contendere. Convictions dismissed under Penal Code section 1203.4 or equivalent non-California law must be disclosed. Convictions dismissed under Health & Safety Code section 11361.8 or equivalent non-California law must be disclosed. Juvenile Adjudications and traffic infractions under \$300 that did not involve alcohol, dangerous drugs, or controlled substances do not need to be included. For

each conviction, provide: (a) the date of conviction; (b) dates of incarceration, if applicable; (c) dates of probation, if applicable; (d) dates of parole, if applicable; (e) a detailed description of the offense for which the owner was convicted; and (f) a statement of rehabilitation for each conviction written by the owner that demonstrates the owner's fitness for consideration;

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

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

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

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

(6) Nature of Operations: Identification of whether the applicant seeks to operate a cannabis manufacturing site, testing laboratory, distribution site, or retailer; the specific State license category under which the applicant will seek to operate; and the number of employees anticipated.

(7) Business Plan:

a. Owner qualifications. Resumes/Curriculum Vitae are not to exceed one (1) page per owner.

b. A budget for construction, operation, and maintenance, compensation of employees, equipment costs, utility cost, and other operation costs.

c. Proof of capitalization from a verifiable source.

d. Pro Forma plan for at least three years of operation.

e. Fully describe hours of operation and opening and closing procedures.

f. Fully describe the day-to-day operations for each license type being sought.

g. Fully describe cash handling procedures.

h. Fully describe inventory control procedures to include, identification point-of-sales and track and trace software.

i. Business formation and all related documents filed with the California Secretary of State.

(8) Labor and Local Enterprise Plan:

a. Describe whether the Commercial Cannabis Business is committed to offering employees a Living Wage. ("Living Wage" shall mean 125% of the minimum wage mandated by California law.)

b. Describe compensation to and opportunities for continuing education and employee training.

c. Describe the extent to which the Commercial Cannabis Business will be a locally managed enterprise whose owners and /or managers reside within the City of Chico or Butte County.

d. Describe the number of employees, title/position and their respective responsibilities.

e. Thoroughly describe employee policies and procedures (complete manuals are not required to be submitted).

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

(9) Neighborhood Compatibility Plan:

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

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

C. Describe odor mitigation practices.

1. Identify potential sources of odor.

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

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

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

(10) Safety Plan:

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

- a. The Safety Plan shall be prepared by a professional fire prevention and suppression consultant.
- b. Identify all gases and/or chemicals to be used and their storage locations
- c. Identify fire alarm and monitoring system including the name and contact information for the alarm company.
- d. Describe accident and incident reporting procedures.
- e. Describe evacuation routes.
- f. Location of fire extinguishers and other fire suppression equipment.
- g. Describe procedures and training for all fire and medical emergencies.
- h. Describe and identify the location of all gas monitoring equipment.

(11) Security Plan:

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

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

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

(1) The diagram shall be accurate, dimensioned and to scale (minimum scale ¼") the scale may be smaller if the proposed location exceeds more than a ½ -acre parcel but must not be printed on larger than an 11" x 17" sheet of paper. (Blueprints and engineering site plans are not required at this point of the application process.)

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

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

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

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

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

D. Discuss whether the Commercial Cannabis Business will utilize the services of on-site security guards. Include in the discussion:

(1) Number of guards

(2) Hours guards will be on-site

(3) Locations at which they will be positioned

(4) Their roles and responsibilities

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

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

(14) Indemnification Agreement: To the fullest extent permitted by local, state and/or federal law, the City of Chico shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Permit or other entitlements, or otherwise approving the operation of any commercial cannabis business. As a condition to the approval of any Commercial Cannabis Permit and to the execution and approval of other entitlements, the Owner is to execute a separate Indemnification Agreement prepared by the City that fully indemnifies the City for all liabilities associated with the Commercial Cannabis Permit, the Commercial Cannabis Permittee's Commercial Cannabis Activities, and any action taken by the Cannabis Permittee. The Indemnification Agreement shall include the defense of the City and reimbursement of all fees, costs and expenses incurred by the City related to any action arising from the Agreement.

(15) Any person seeking to obtain a Commercial Cannabis Permit shall submit a written application to the City, dated and signed under penalty of perjury, using the application form adopted by the City for that purpose. The application shall be accompanied by a deposit which is an estimated initial cost fee established by resolution of the City Council, to defray the costs incurred by the City in the application process set forth in this Chapter. Applicants are advised that they may be required to pay additional amounts as required for the sole purpose of the City's completion of the

application review process. Initial application fees are non-refundable; however, any remaining balance not used from the fee resulting in the Applicant not participating in subsequent phases of the process will be returned to the Applicant.

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

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

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

(19) The Chief of Police may, at his/her discretion, require applicants to utilize a third-party provider for purposes of conducting the criminal background check. The Third-party background check may serve in place of, or in addition to, the criminal background check performed by the Chico Police Department, as described in Section 5.42.105(A) of the Chico Municipal Code.

(Res. No. 45-20 §1 (part))

5R.42.130 Renewal Applications.

A. An application for renewal of a Commercial Cannabis Permit and renewal fee shall be filed with the City Manager's office at least 30 days prior but no more than 60 days prior to the expiration date of an active and current permit.

B. Any permittee submitting a renewal application less than thirty (30) calendar days before permit expiration shall be required to pay a late renewal application fee, as

established by Resolution of the City Council. Such submission may result in delayed issuance of renewed permit and shall suspend an active license pending application review. The City shall not be responsible for any notice of permit expiration, pending expiration, or late fee period.

C. The renewal application may be reviewed and evaluated using the same criteria as relied upon under the initial application process, to ensure on-going compliance with the initial screening criteria.

D. The applicant shall pay a fee in an amount to be set by resolution by the City Council to cover the costs of processing the renewal permit application, together with any costs incurred by the City to administer the program created under this Chapter.

E. An application for renewal of a Commercial Cannabis Permit may be denied if any of the following exists:

1. Any of the grounds for denial or rejection of an application, or revocation of a permit, as authorized under this Chapter.

2. The Commercial Cannabis Permit or Conditional Use Permit is suspended or revoked at the time of the application submittal.

3. More than three (3) violations of a provision of an entitlement, which required the City to issue more than three (3) notices to cure, or the equivalent of a notice to cure as outlined in the executed entitlement, within the preceding term of the permit.

4. The commercial cannabis business has not been in regular and continuous operation in the four (4) months prior to the renewal application.

5. The permittee fails to renew or is unable to renew its State of California license.

6. If the permittee has made a false, misleading or fraudulent statement or omission of fact in the renewal application.

F. The City Manager is authorized to make all decisions concerning the issuance of a renewal permit. In making the decision, the City Manager is authorized to impose additional conditions to a renewal permit, if it is determined to be necessary to ensure compliance with state or local laws and regulations or to preserve the public health, safety or welfare. Appeals from the decision of the City Manager shall be handled pursuant to the provisions of this Chapter.

G. If a renewal application is denied, a person may file a new application pursuant to this Chapter no sooner than one year from the date of the rejection, only if the City will be receiving new applications.

H. Expiration or expiration pending due to late renewal shall immediately suspend the ability of a commercial cannabis business to operate within the City, unless and until a new license is issued or the existing license is renewed. A renewal application submitted within the applicable timely period in CMC 5R.42.130. A pending review by City at time of expiration of current application shall serve as a temporary license pending review of renewal application.

(Res. No. 45-20 §1 (part))

Chapter 19.75
CANNABIS REGULATIONS

- [19.75.010](#) Purpose.
- [19.75.020](#) Definitions.
- [19.75.030](#) Prohibitions.
- [19.75.040](#) Indoor personal cannabis cultivation.
- [19.75.050](#) Permissive zoning.
- [19.75.060](#) Smoking.
- [19.75.070](#) Public nuisance.
- [19.75.080](#) Violations.
- [19.75.090](#) Effect on other ordinances.
- [19.75.100](#) Applicability of provisions - non-compliance.
- [19.75.110](#) Severability.
- [19.75.120](#) Location limitations.
- [19.75.130](#) Operational requirements - all commercial cannabis uses.
- [19.75.140](#) Operational requirements - commercial cannabis retailer - storefront.
- [19.75.150](#) Operational requirements - commercial cannabis retailer - delivery only.
- [19.75.160](#) Operational requirements - commercial cannabis manufacturer.
- [19.75.170](#) Operational requirements - commercial cannabis distributor.
- [19.75.180](#) Operational requirements- commercial cannabis testing laboratory.

19.75.010 Purpose.

A. The purpose of this Chapter 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.

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

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

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

(Ord. 2505; Ord. 2553)

19.75.020 Definitions.

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

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

B. "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.

C. "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.

D. "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.

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

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

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

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

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

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

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

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

J. "Cannabis event" means a public or private event where compensation is provided or 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.

K. "Cannabis products" shall mean cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis 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.

L. "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.

M. "City" shall mean the City of Chico and have the same meaning as CMC [1.04.010](#).

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

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

P. "Commercial cannabis activity" shall mean, and includes, the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products, whether or not the cannabis or cannabis products as provided for in MAUCRSA.

"Commercial cannabis activity" shall also have the same meaning as in Section 26001(k) of the Business and Professions Code, as they may be amended from time to time.

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

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

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

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

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

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

W. "Delivery" shall mean 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 may be amended from time to time.

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

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

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

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

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

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

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

EE. "Law enforcement agency" refers to the agency charged with enforcing the pertinent laws in the City. The law enforcement agency for the City shall be the Chico Police Department. Unless the provisions of the context otherwise require, whenever any provision of this Code makes reference to the law enforcement agency of the City, such shall be construed to mean, and deemed to constitute, that person holding the office of Chief of Police for the City and their authorized deputies or officers, performing law enforcement functions for the City.

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

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

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

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

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

KK. "Manufacturing" means the use type that produces, prepares, propagates, or compounds cannabis or cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or re-labels its container, and is 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.

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

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

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

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

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

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

RR. "Personal cultivation permit" or "permit" shall mean and refer to the permit issued by the City under this Chapter authorizing permittees to possess, plant, cultivate,

harvest, dry, or process cannabis, cannabis plants, or the cannabis produced by the plants inside a private residence, or inside an accessory structure to a private residence located upon the grounds of a private residence, pursuant to AUMA, and to a qualified patient or primary caregiver, in accordance with the Compassionate Use Act of 1996 (Proposition 215).

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

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

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

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

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

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

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

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

AAA. "Testing laboratory" means a laboratory, facility, or entity in the state that offers or performs tests of cannabis or cannabis products and that is both of the following:

1. Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the State.
2. Licensed by the State of California.

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

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

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

(Ord. 2505; Ord. 2553)

19.75.030 Prohibitions.

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

B. Medicinal Cannabis. With the exception of the indoor, personal cultivation of medicinal cannabis allowed or permitted in residential zoning districts pursuant to, and in accordance with, this chapter, the establishment or operation of any medicinal marijuana or cannabis collective, cooperative, dispensary, delivery service, operator, establishment, or provider shall be considered an explicitly prohibited use in the City of Chico, including in all zoning districts and designated zones of the City without an appropriate Commercial Cannabis Permit issued pursuant to CMC [Chapter 5.42](#) and in accordance with the remainder of [Chapter 19.75](#) and [Chapters 19.40](#) through [19.48](#), and [19.80.070](#), as applicable.

C. Personal Cannabis Cultivation for Medicinal or Adult-use Use. With the exception of Section [19.75.040](#) that allows the personal cannabis cultivation of no more than six (6) plants in a private residence by first securing a permit from the City, personal cannabis

cultivation shall be prohibited and considered unlawful in all areas of the City to the extent it is unlawful under California law.

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

E. **Deliveries.** To the extent not already prohibited herein, delivery of cannabis or cannabis products, whether the cannabis is for medicinal or adult-use purposes, to or from the City of Chico is expressly prohibited except to the extent allowed under State law. Nothing herein prevents the use and traversing of public roads within the City of Chico by a lawful business pursuant to state law.

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

(Ord. 2505; Ord. 2553)

19.75.040 Indoor personal cannabis cultivation.

A. **Purpose and Intent.** It is the purpose and intent of this section to enact and enforce reasonable regulations to reasonably regulate the ability of an individual twenty-one (21) years of age or older to possess, plant, cultivate, harvest, dry, or process, for personal, noncommercial use, whether it is for medical or recreational uses, not more than six (6) living cannabis plants indoors and to possess the cannabis produced by the plants, all in accordance with the Adult Use of Marijuana Act of 2016 and, specifically, Sections 11362.1 and 11362.2 of the Health and Safety Code, as well as the Compassionate Use Act of 1996 (Proposition 215). The cultivation of cannabis for personal, noncommercial, medical and/or recreational use may only take place in accordance with this Chapter.

B. **Indoor Personal Cultivation; Permit Required.** It shall be unlawful for any person to plant, cultivate, harvest, dry, or process cannabis, cannabis plants, or the cannabis produced by the plants inside a private residence, or inside an accessory structure to a private residence located upon the grounds of a private residence, without first obtaining and maintaining a valid indoor personal cultivation permit under this Chapter.

C. **Indoor Personal Cultivation Permit.**

1. Application. Every person required to have a personal cultivation permit under this Chapter shall make an application therefor, in a form prescribed by the Community Development Director of the City. Upon the payment of the fee established by resolution or ordinance of the City Council, and upon determination that none of the grounds for denial as specified in Section 19.75.040(G)(1) exist, the Community Development Director shall issue to such person a permit which shall contain:

- a. The name of the person to whom the permit is issued.
- b. The permit number issued.
- c. The address of the private residence for which the permit has been issued.
- d. The date of expiration of such permit.
- e. Any conditions imposed by the City, if in addition to those proscribed in this Chapter.
- f. If the private residence is leased or rented private residence to the permittee, the name of the property owner(s) whom gave the express, written consent for the cannabis cultivation activities pursuant to this Chapter.
- g. Such other information as may be deemed necessary.

2. No more than one (1) permit per private residence shall be issued and maintained at any one time, regardless of the number of persons dwelling or residing in the private residence or upon the grounds thereof, and regardless of how many qualified patients are living in the private residence.

D. Indoor Personal Cultivation Regulations.

1. Permittees issued a personal cultivation permit under this chapter shall, at all times, conduct the activities authorized by said permit in strict accordance with the requirements of this section, Chapter, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (SB 94), California Adult Use of Marijuana Act (Proposition 64), Compassionate Use Act of 1997 (Proposition 215), or whichever is more restrictive, as well as any conditions of approval imposed by the City.

a. All planting, cultivation, harvesting, drying, and processing (or similar actions) of cannabis plants, and the cannabis produced by the plants, shall be conducted entirely within the interior of a private residence or accessory structure.

b. The residential structure shall remain at all times a residence, with legal and functioning cooking, sleeping, and sanitation facilities with proper ingress and egress. Kitchens, bathrooms or primary bedrooms of a residence shall not be used for cannabis cultivation where such cultivation will prevent their primary use for cooking of meals, sleeping and bathing.

c. Cultivation of cannabis shall not displace required off-street parking.

d. No permittee shall exercise or engage in any of the activities authorized by a personal cultivation permit, or otherwise engage in the planting, cultivation, harvesting,

drying, and processing of cannabis plants, and the cannabis produced by the plants, except upon the grounds of a private residence of which the permittee is owner of the private residence, or a lawful, permanent resident who entered into a written lease agreement with the owner of the premises. For purposes of this paragraph, a lawful, permanent resident shall mean any permittee who, as of a given date, obtained the lawful right to occupy the private residence for more than thirty (30) consecutive days.

e. No cannabis may be cultivated in a leased or rented private residence without the prior express, written consent of the property owner. Said permittee shall obtain the written permission, including notarized signatures, of the legal owner(s) consenting to the indoor personal cultivation of cannabis on the private residence.

f. Not more than six (6) living cannabis plants may be planted, cultivated, harvested, dried, or processed upon the grounds of any single private residence.

g. A qualified patient, or his or her primary caregiver, who is in possession of a current, and valid physician's recommendation that complies with Article 25 (commencing with Section 2525) of Chapter 5 of Division 2 of the California Business and Professions Code, may submit to the City, as part of his or her permit application, or renewal thereof, that six (6) plants does not meet the qualified patient's needs. In this event, based on the objective, written documentation provided to the Community Development Director by the qualified patient's physician, up to eight (8) living plants in total may be planted, cultivated, harvested, dried, or processed upon the grounds of any single private residence by a qualified patient, or his or her primary caregiver. The intent of this subsection is to provide for an exception to the maximum allowed six (6) plants to qualified patients only, in order to acknowledge a medical need, pursuant to Section 11362.77(b) of the California Health and Safety Act.

h. All living cannabis plants, and any cannabis produced by the plants in excess of 28.5 grams, shall be kept within the private residence or accessory structure in a locked and secured space.

i. No living cannabis plants, cannabis cultivation activities, or equipment, shall be visible, and no odor, light, heat, or other environmental impacts associated with personal cultivation shall be detectable, from a public place, right-of-way, neighboring public or private property, or beyond the bounds of the grounds of the private residence at any time.

j. All structures and buildings, or portions thereof, of a private residence used to cultivate cannabis pursuant to this Chapter shall, at all times, comply with all applicable laws and provisions concerning building and construction of structures, including, without limitation, the City's Land Use and Development Regulations pursuant to Title 19, as well as Building Regulations and Standards, pursuant to Titles 16 and 16R of the Chico Municipal Code, and the adopted and incorporated California Building Standards Code, as amended from time to time.

k. The indoor use of generators and/or gas products, including, without limitation, CO₂, butane, propane, and natural gas shall be prohibited for the cultivation and/or processing of cannabis.

l. Not more potable water than is reasonably necessary to sustain six (6) living plants shall be utilized.

m. The lighting used for cultivation shall not exceed 1200 watts.

n. No nuisance shall be caused or maintained on the grounds of the private residence, including but not limited to those conditions set forth in Chapter 1.14 of this Code.

2. As a condition of approval of any application for any personal cultivation permit, the Community Development Director may, in his or her discretion, impose additional requirements and restrictions in addition to those expressly set forth in this section, to the extent such additional requirements and restrictions are necessary to ensure activities authorized by a personal cultivation permit are exercised in a manner that preserves and protects the public interest. In imposing such additional requirements and restrictions, the Community Development Director may consider such factors as the proximity of the private residence to sensitive land uses, the physical characteristics of the grounds of the private residence, and other relevant matters.

E. Enforcement and Inspection Authority.

1. Upon seventy-two (72) hour written notice, the Community Development Director, and any City police officer or code enforcement officer, shall have the right to enter into and upon the grounds of any private residence, and into or upon a private residence or accessory structure, for which a permit has been issued pursuant to this Chapter for purposes of conducting an inspection to ensure compliance with the requirements of this Chapter, and any applicable state law. A permittee's refusal to allow said inspection shall be grounds for revocation of the permit.

2. Notwithstanding the foregoing, the City shall make reasonable efforts to schedule and conduct the inspection authorized by this section at the date and time agreeable to the permittee; provided that if the City makes reasonable efforts with a permittee to establish an agreeable date and time for an inspection, the failure or refusal of a permittee to establish an inspection date and time may be construed as a refusal to allow the inspection.

3. This section shall not limit or be interpreted as limiting the authority of the City or any representative thereof to enter upon or into the grounds of a private residence, or the private residence itself, as otherwise may be authorized by law or pursuant to a court-issued warrant.

F. Sale or Transfer of Cannabis Prohibited.

1. It shall be unlawful for any person or permittee to sell, or otherwise transfer for any consideration whatsoever, cannabis plants or the cannabis produced by the plants, to any other person.

2. It shall be unlawful for any person or permittee to sell, transfer, give away, or provide access to cannabis plants, or the cannabis produced by the plants, to any person under the age of 21.

3. All medical cannabis cultivated pursuant to this Chapter, shall be for the personal use only of a qualified patient residing on the private residence and may not be distributed to any other person, collective, or cooperative.

G. Grounds for Permit Denial.

1. Grounds for denial. The Community Development Director shall deny any application for a permit or for the renewal thereof if the Community Development Director makes any of the following determinations:

a. The applicant has not first obtained or has not maintained in full force and effect the permit required under this Chapter prior to engaging in the activities authorized by the permit.

b. The private residence or accessory structure used, or proposed to be used, to engage in the activities fails to comply with all applicable health, safety, zoning, fire, building and safety laws and regulations.

c. The applicant has knowingly made any false, misleading, or fraudulent statement of material fact in the application for the permit, in the application for or renewal of the permit, or submitted any false, misleading or fraudulent documentation in support of a permit or renewal permit application.

d. The applicant is in violation of a provision of the Chico Municipal Code or owes taxes, fees, or penalties pursuant to this Chapter or any other provision of the Chico Municipal Code.

e. The applicant of a new permit, or for the renewal thereof, has had a permit denied or revoked by the City within the preceding twelve (12) months.

2. Notice of Denial. Upon determination of the existence of any factors or conditions specified in Section 19.75.040(G)(1) hereinabove, the Community Development Director shall advise the applicant by serving upon the applicant a notice of denial in writing within ten (10) business days of such determination. The notice of denial shall state the Community Development Director's findings and/or determinations that justify denial of the permit application, and shall include a summary of the evidence upon which such findings and/or determinations are based.

H. Permit - Posting or Storage. Permits issued pursuant to this Chapter shall be posted, kept, stored, or maintained in the private residence or accessory structure for which the permit was issued, and shall remain so posted, kept, stored, or maintained during the period the permit remains in force.

I. Permit - Duration and Renewal.

1. Permits issued pursuant to this Chapter shall be valid for two (2) years from the date of issuance, and shall expire immediately thereafter, unless timely renewed.

2. Permits issued pursuant to this Chapter may be renewed upon the filing of an application therefor with the Community Development Director. The application for renewal shall be in the same form as an application for an original permit. It shall be issued or denied in a like manner as in the case of the original permit.

J. Permit Fees. A filing and processing fee, in an amount established by resolution or ordinance of the City Council, shall be submitted with each application for an original permit, or applications for permit renewals. The fee provided for in this section is imposed to cover the cost of processing and reviewing permit applications, and to cover the cost of site inspections provided for in this Chapter. The fee provided for in this section may be amended from time to time by resolution of the City Council.

K. Transfer of Permit Prohibited. No permit issued pursuant to this Chapter shall be transferrable or assignable to any other person. The activities authorized by any permit issued pursuant to this Chapter shall only be conducted inside the private residence or accessory structure for which the permit was issued.

L. Permit Revocation.

1. Grounds for Revocation. The Community Development Director shall revoke any permit issued pursuant to this Chapter, if the Community Development Director makes any of the following findings or determinations:

- a. There exists any ground for denial of the permit issued pursuant to this Chapter.
- b. The permittee has knowingly made any false, misleading, or fraudulent statement of material fact in the application for a permit or in any report required to be filed by law.
- c. The permittee has violated or is violating any condition of approval imposed on such permit, or upon any other entitlement granted by the City or other government agency.
- d. The permittee has violated or is violating any ordinance, law, or regulation of the City, Butte County, or State of California in the course of exercising any rights under the permit.
- e. The permittee has been held liable for, or has been convicted of, any offense involving the maintenance of a nuisance resulting from any act performed in exercising any rights under the permit.
- f. The continued activities under the permit would endanger, disrupt or otherwise be detrimental to the public peace, health, safety, morals or general welfare of the City or its inhabitants, or constitute a public nuisance.

2. Order of Revocation. The Community Development Director shall serve a written order of revocation upon the permittee the grounds for revocation and informing the permittee of his/her appeal rights (including method and timeline for requesting appeal). The order shall also advise the licensee/permittee of the effective date of the revocation.

3. Effectiveness of Order. Any permit revoked pursuant to the provisions of this Chapter shall become effective, and the permittee shall cease all activities authorized under such permit, no later than ten (10) calendar days from the service of the order of revocation. Where an appeal is timely filed in accordance with the provisions of this chapter, the notice of revocation shall be stayed pending the City Manager's resolution of the appeal pursuant to the provisions of this chapter.

M. Appeal of Permit Application Denial or Revocation of a Permit. The denial of any application for a permit, or the revocation of a City-issued permit, may be appealed to the City Manager, and such appeal shall be governed by the standards and procedures set forth in Section [19.12.040](#) of this Code. The applicant or permittee may seek prompt judicial review of such administrative actions or decision in a court of competent jurisdiction as provided by law, pursuant to Section 1094.6 of the California Code of Civil Procedure.

(Ord. 2505; Ord. 2553)

19.75.050 Permissive zoning.

Nothing in this Chapter shall be interpreted to the effect that the City's permissive zoning scheme allows any other use not specifically listed herein.

(Ord. 2505; Ord. 2553)

19.75.060 Smoking.

A. No person shall smoke or ingest cannabis, whether for recreational or medical use, in any public place, including, but not limited to, a public right of way, alley, street, sidewalk, park, public building, structure or parking lot, or municipal airport.

B. Smoking of cannabis, whether for medical or recreational use, shall be prohibited in any building, structure, location, area or place where the Code currently prohibits the smoking of tobacco.

(Ord. 2505; Ord. 2553)

19.75.070 Public nuisance.

A. Any violation of this Chapter is hereby declared a public nuisance and, as such, may be abated pursuant to [Chapter 1.14](#) of this Code, or enjoined from further operation within the City of Chico.

B. All means of enforcement authorized under this Code may be used to address violations of this Chapter, including, but not limited to: civil penalties, nuisance abatement, civil actions, and/or administrative citations. The City's pursuance of one remedy does not preclude the City from invoking any other one or more additional remedies for such violation.

(Ord. 2505; Ord. 2553)

19.75.080 Violations.

A. No person owning, leasing, occupying or having charge, control, or possession of any premises within the City shall cause, allow, suffer, or permit such premises to be used in violation of this Chapter.

B. Except for Section [19.75.060](#), which shall be subject to an infraction pursuant to state law, any person violating any provision of this Chapter shall be guilty of a misdemeanor, and shall be subject to the penalty therefor, as set forth in Section [1.04.120](#) of this Code. Any such person shall be guilty of a separate offense for

each and every day a violation of the provisions of this Chapter is committed, continued, or permitted to be continued by such person.

C. Any person violating any provision of this Chapter may also be subject to the issuance of administrative citations, pursuant to [Chapter 1.15](#) of this Code.

(Ord. 2505; Ord. 2553)

19.75.090 Effect on other ordinances.

The provisions of this Chapter shall control for regulation of cannabis activities as defined herein if other provisions of the Code conflict therewith. This Chapter shall not, however, relieve any person of his or her duty to comply with such laws if additional obligations, duties, or prohibitions are imposed thereby.

(Ord. 2505; Ord. 2553)

19.75.100 Applicability of provisions – non-compliance.

A. The provisions of this Chapter shall apply to all personal cannabis cultivation, whether maintained prior to or after the effective date of any of the provisions of this Chapter. Those cannabis plants planted, cultivated, harvested, dried, or processed prior to the effective date of any provision enacted hereunder shall be brought into compliance with such provisions within thirty (30) calendar days of the effective date thereof.

B. Any private residence not brought into compliance within the aforementioned time period shall be deemed to be in violation of this Chapter and therefore subject to enforcement or abatement proceedings as authorized in this Chapter against any and all responsible persons.

(Ord. 2505; Ord. 2553)

19.75.110 Severability.

If any section, subsection, sentence, or clause of this Chapter is held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Chapter.

(Ord. 2505; Ord. 2553)

19.75.120 Location limitations.

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

B. Distance Limitations:

1. The following distance limitations apply to commercial cannabis business types:
 - a. Testing laboratory: 100 feet from a school providing instruction in kindergarten or any grades 1 through 12, a day care center, or a youth center;

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

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

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

e. Distance Limitation: Retailer-Storefront.

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

i. 1,000 feet from a school providing instruction in any grades six (6) through twelve (12), and

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

2. Calculation Methods.

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

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

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

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

i. The sensitive receptor is open and operating;

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

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

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

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

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

(Ord. 2553)

19.75.130 Operational Requirements - All Commercial Cannabis Uses.

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

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

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

D. Hours of Operation:

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

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

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

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

G. Inventory Tracking: Each commercial cannabis business shall have in place and at all times of operation of the business operate a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City. The commercial cannabis business shall ensure that such information is

compatible with the City's record-keeping systems. In addition, the system must have the capability to produce historical transactional data for review. Furthermore, any system selected must be approved and authorized by the City Manager or designee prior to being used by the permittee and be the same system as specified in their commercial cannabis business permit.

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

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

J. Signage and Notices:

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

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

K. Age Restrictions:

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

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

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

L. Odor Control.

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

b. Commercial cannabis businesses shall provide sufficient odor control devices and techniques, including but not limited to an odor absorbing ventilation and exhaust system utilizing air scrubbers or charcoal filtration systems, so that odor generated

inside the commercial cannabis business that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, at any adjoining use of the property not part of the commercial cannabis premises, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the commercial cannabis business.

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

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

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

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

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

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

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

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

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

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

S. Contact Information. Each commercial cannabis business shall provide the name, telephone number, and email address of a community relations contact to whom notice of problems associated with the commercial cannabis business can be provided. Each commercial cannabis business shall also provide this information to all businesses and residences located within 300 feet of the commercial cannabis business.

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

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

V. Restriction on Alcohol and Tobacco Sales, Dispensing or Consumption: No person shall cause, allow, or permit the sale, dispensing, or consumption of alcoholic beverages or tobacco products on or about the premises of a commercial cannabis business, except as allowed under state law.

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

(Ord. 2553)

19.75.140 Operational Requirements- Commercial Cannabis Retailer - Storefront.

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

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

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

D. Medicinal Cannabis.

a. Commercial cannabis storefront retailers selling medicinal cannabis shall verify the age and all necessary documentation of each customer to ensure the customer is

not under the age of 18 years and that the potential customer has a valid doctor's recommendation;

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

c. If a medicinal cannabis transaction,

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

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

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

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

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

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

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

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

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

e. "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. Location of Products. All cannabis concentrate inhaled products, including but not limited to, dabs, shatter, budder, wax, and butane hash oil, shall be stored behind the

retail counter and out of the reach of customers at all times except when being handled by an employee during a sales transaction.

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

J. Educational Materials. A cannabis storefront 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, warnings 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.

K. Training Required: A cannabis storefront retailer shall require all employees who interact with public customers, as well as all management staff, to complete training to ensure competency of employees for their assigned functions within the first year of the retailers' first year of operation, and within one year 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.

(Ord. 2553)

19.75.150 Operational Requirements- Commercial Cannabis Retailer-Delivery Only.

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

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

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

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

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

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

(Ord. 2553)

19.75.160 Operational Requirements- Commercial Cannabis Manufacturer.

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

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

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

D. Use of Gas Extraction Systems. If an extraction process uses a professional grade closed loop CO₂ gas extraction system, every vessel must be certified by the manufacturer for its safe use.

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

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

- i. The American Society of Mechanical Engineers (ASME);
- ii. American National Standards Institute (ANSI);
- iii. Underwriters Laboratories (UL); or

iv. The American Society for Testing and Materials (ASTM).

c. Certification document must contain the signature and stamp of the professional engineer and serial number of the extraction unit being certified.

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

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

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

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

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

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

I. Training. Any person using solvents or gases in a closed looped system to create cannabis extracts must be fully trained on how to use the system, must have direct access to applicable material safety data sheets and handle and store the solvents and gases safely. Training materials and records shall be presented to the City upon request.

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

K. Added Artificial Flavor Prohibited. Cannabis manufacturers shall not manufacture cannabis products which contain an added characterizing flavor. For purposes of this Chapter, "characterizing flavor" means a taste or aroma, other than the taste or aroma of cannabis, imparted either prior to or during consumption. This includes, but is not limited to, tastes or aromas relating to food or drink of any sort; menthol; mint; wintergreen; fruit; chocolate; vanilla; honey; candy; cocoa; dessert; alcoholic beverages; herbs; or spices. Flavor agents consisting of cannabis terpenes shall not be considered an added characterizing flavor. Such prohibition shall not apply to cannabis products which are manufactured as edible or topical products.

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

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

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

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

(Ord. 2553)

19.75.170 Operational Requirements- Commercial Cannabis Distributor.

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

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

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

D. Distribution Personnel.

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

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

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

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

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

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

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

(Ord. 2553)

19.75.180 Operational Requirements- Commercial Cannabis Testing Laboratory.

- A. Cannabis testing shall take place within an enclosed building.
- B. From a public right-of-way, there shall be no exterior evidence of cannabis testing except for any signage authorized by this Code.
- C. All cannabis testing shall be performed in accordance with State law.
- D. A cannabis testing laboratory shall adopt a standard operating procedure using methods consistent with general requirements established by the International Organization for Standardization, specifically ISO/IEC 17025, to test cannabis and cannabis products, and shall operate in compliance with the law.
- E. A cannabis testing laboratory shall be accredited by a body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Agreement.
- F. A cannabis testing laboratory shall establish standard operating procedures that provide for adequate chain of custody controls for samples transferred to the testing laboratory for testing.
- G. A cannabis testing laboratory shall destroy the remains of samples of any cannabis or cannabis product upon completion of analyses. Destruction shall be done in a manner compliant with State law and regulations.
- H. Any testing that requires the use of solvents, compressed gas, or gas extraction systems for extraction must comply with the requirements for manufacturers in Section [19.75.160](#).B-I Operational Requirements—Cannabis Manufacturers.

(Ord. 2553)