

**RESOLUTION NO. 45-20**

**(CODIFIED)**

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

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

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

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

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

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

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

1  
2 TITLE 5R “Business Rules and Regulations”

3 **5R.42 “Commercial Cannabis Businesses”**

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

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

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

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

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

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

16 Phase II: Criteria Evaluation and Scoring

17 A. Application Review and Ranking

18 B. Interviews and Ranking

19 Phase III: City Manager Hearing

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

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

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

24 Phase II: Criteria Evaluation and Recommendation

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

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

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

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

7  
8 E. The City Manager shall appoint staff or other designee to review all application documents  
9 required in the city's Phase 1 and Phase II processes. Such staff or designee shall review each  
10 application package and the background check of all applicants and owners, and shall individually  
11 score each application in accordance with the scoring system established herein by the City  
12 Council.

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

20  
21 G. An applicant who is deemed most qualified during Phase II is not guaranteed any particular  
22 result in the application process, nor in any zoning review process.

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

25  
26 I. The City Manager or their designee(s) shall process applications to ensure compliance with any  
27 or all of the phases of the application review process for competitive licenses and non-competitive  
28 licenses as set forth in this Chapter.

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

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

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

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

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

25 (3) The initial period to accept competitive applications shall be forty-five (45) calendar days  
26 from the date the applications are released. Should the 45<sup>th</sup> day fall on a day when city hall  
27 is closed, the application period shall be extended to the next open day at 4:00 p.m.  
28 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

1 and availability of staff to process such applications. Staff shall provide at least 15 days'  
2 notice of suspension of application period and reopening of such period for non-  
3 competitive permits.

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

8 (5) Failure to be responsive and/or provide substantive responses, or to provide applicable  
9 supporting documentation as required by the application, may disqualify the applicant  
10 from being eligible for Phase II of the application process. Applications shall be reviewed  
11 regarding grounds for revocation of permits under Chico Municipal Code Section  
12 5.42.150. Applications found to have violations providing grounds for revocation shall not  
13 be forwarded to Phase II.

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

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

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

25 B. During Phase II-B, the City Manager or designee(s) will review and score each  
26 application using a merit-based system of the following general criteria categories and  
27 possible point distribution of written materials provided and the applicant's responses to  
28 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.

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

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

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

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.

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

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

3 A. The evaluation and related recommendations regarding the Non-Competitive applications  
4 shall be based on the following criteria:  
5

6 <b>Criteria</b>	7 <b>Maximum Points</b>
8 Business Plan	400
9 Labor and Local Enterprise Plan	200
10 Neighborhood Compatibility Plan	200
11 Safety Plan	200
12 Security Plan	300
13 Community Benefit and Investment Plan	200

14 B. Applicants achieving a total score of eighty percent (80%) or more (1,200 points) shall be  
15 recommended to advance to Phase III.  
16

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

19 Upon the completion of Phase II, the City Manager will review the aggregate scoring and  
20 recommendations by the Review Committee of all the Non-Competitive applicants from Phase  
21 I and Phase II to create a final recommendation upon which the City Manager will base the  
22 awarding of permits. The actual issuance of the Commercial Cannabis Permit shall require the  
23 applicant to certify that all information in the application remains accurate and that the  
24 applicant agrees to abide by all laws, rules, ordinances, resolutions, and codes applicable to the  
25 business. The issuance of a permit shall allow the applicant to proceed to apply for both a land  
26 use permit and a business license and related approvals. Each applicant shall be notified of the  
27 results of such review.  
28



1  
2 **Sec. 5R.42.070 Permit is a Not Land Use Approval or an Entitlement**

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

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

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

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

26 If an application is denied at any phase, in the event that the City is receiving new applications, a  
27 new application may not be filed for one year from the date of the denial.  
28

1 **Sec. 5R.42.090 Permit Fee Required**

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

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

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

9  
10 B. Notwithstanding the subsection hereinabove, the City Manager shall have the authority to  
11 adopt any procedure(s) to supplement the initial application process as set forth herein.  
12 Pursuant to this section, the City Manager, or their designee, will have the authority to adopt  
13 any procedures to govern the application process, and the manner in which the decision will  
14 ultimately be made regarding the issuance of any Commercial Cannabis Permit(s), including  
15 establishing objective review criteria (“Review Criteria”), if necessary in order to supplement  
16 any provision established herein in furtherance of CMC 5.42 or their adopted procedures. The  
17 City Manager, or their designee, is authorized to prepare the necessary applications, forms,  
18 adopt any necessary rules to the application, regulations and processes, solicit applications,  
19 and conduct initial evaluations of the applicants.

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

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

26  
27 (2) Business Trade Name (if applicable): The business trade name (“DBA”) of the applicant.  
28

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

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

- 6 1. Owner’s full legal name;
- 7 2. Owner’s title within the applicant entity;
- 8 3. Owner’s date and place of birth;
- 9 4. Owner’s social security number or individual taxpayer identification number;
- 10 5. Owner’s mailing address;
- 11 6. Owner’s telephone number;
- 12 7. Owner’s email address;
- 13 8. Percentage of interest held in the applicant entity by the owner;
- 14 9. Whether the owner has an ownership or financial interest, as defined in Title 16,  
15 Division 42, Section 5003 of the Bureau of Cannabis Control Regulations, in any  
16 other commercial cannabis business licensed under the AUMA or the MAUCRSA;
- 17 10. A copy of the owner’s government-issued identification, acceptable forms are a  
18 document issued by a federal, state, county, or municipal government that includes  
19 the name, date of birth, physical description, and picture of the owner, such as a  
20 driver’s license;
- 21 11. A detailed description of the owner’s criminal convictions, if applicable. A  
22 conviction for this purpose means a plea or guilty verdict of guilty or a conviction  
23 following a plea of nolo contendere. Convictions dismissed under Penal Code section  
24 1203.4 or equivalent non-California law must be disclosed. Convictions dismissed  
25 under Health & Safety Code section 11361.8 or equivalent non-California law must  
26 be disclosed. Juvenile Adjudications and traffic infractions under §300 that did not  
27 involve alcohol, dangerous drugs, or controlled substances do not need to be  
28 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

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

4 C. Describe odor mitigation practices

- 5 1. Identify potential sources of odor
- 6 2. Describe odor control devices and techniques employed to ensure that  
7 odors from cannabis are not detectable beyond the licensed premises.
- 8 3. Describe all proposed staff training, and system maintenance plans
- 9 4. Describe the waste management plan. The plan shall include waste  
10 disposal locations, security measures, and methods of rendering all  
11 waste unusable and unrecognizable.

12 (10) Safety Plan:

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

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

27 (11) Security Plan:

28 *A thorough Security Plan should consider all access control, inventory control,*  
*cash handling procedures (Complete policy/procedures manuals are not required*

1 *at this point of the application process. Please only provide a detailed description*  
2 *for each criteria).*

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

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

11 (1) The diagram all be accurate, dimensioned and to scale (minimum  
12 scale ¼”) the scale may be smaller if the proposed location exceeds  
13 more than a 1/2 -acre parcel but must not be printed on larger than  
14 an 11” x 17” sheet of paper. (Blueprints and engineering site plans  
15 are not required at this point of the application process).

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

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

26 (4) Limited-access areas, defined as areas in which cannabis goods are  
27 stored or held and only accessible to a licensee, its employee or  
28 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

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

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

5 (1) Number of guards

6 (2) Hours guards will be on-site

7 (3) Locations at which they will be positioned

8 (4) Their roles and responsibilities

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

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

18  
19 (14) Indemnification Agreement: To the fullest extent permitted by local, state and/or  
20 federal law, the City of Chico shall not assume any liability whatsoever with respect  
21 to having issued a Commercial Cannabis Permit or other entitlements, or otherwise  
22 approving the operation of any commercial cannabis business. As a condition to the  
23 approval of any Commercial Cannabis Permit and to the execution and approval of  
24 other entitlements, the Owner is to execute a separate Indemnification Agreement  
25 prepared by the City that fully indemnifies the City for all liabilities associated with  
26 the Commercial Cannabis Permit, the Commercial Cannabis Permittee's Commercial  
27 Cannabis Activities, and any action taken by the Cannabis Permittee. The  
28 Indemnification Agreement shall include the defense of the City and reimbursement



1 of all fees, costs and expenses incurred by the City related to any action arising from  
2 the Agreement.

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

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

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

27 (18) Background Check. Pursuant to California Penal Code Sections 11105(b)(11) and  
28 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

1 transmitted to the Federal Bureau of Investigation, every applicant and responsible  
2 person of the commercial cannabis business must submit fingerprints and other  
3 information deemed necessary by the Chico Police Department, or the City's law  
4 enforcement agency, for a background check. No person shall be issued a permit to  
5 operate a commercial cannabis business unless they have first cleared the background  
6 check, as determined by the City of Chico or the Chico Police Department as required  
7 by this section. A fee for the cost of the background investigation, which shall be the  
8 actual cost to the City of Chico to conduct the background investigation, as it deems  
9 necessary and appropriate, shall be paid at the time the application for a Commercial  
10 Cannabis Permit is submitted.

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

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

- 1 3. More than three (3) violations of a provision of an entitlement, which required the City
- 2 to issue more than three (3) notices to cure, or the equivalent of a notice to cure as
- 3 outlined in the executed entitlement, within the preceding term of the permit.
- 4 4. The commercial cannabis business has not been in regular and continuous operation in
- 5 the four (4) months prior to the renewal application.
- 6 5. The permittee fails to renew or is unable to renew its State of California license.
- 7 6. If the permittee has made a false, misleading or fraudulent statement or omission of
- 8 fact in the renewal application.

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

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

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

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

1 Cannabis Ordinance and this codified resolution is consistent with Section 15183 of the CEQA  
2 Guidelines and no additional environmental review is required.

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

9  
10 The foregoing resolution was adopted by the Council of the City of Chico at its meeting held on  
11 August 25, 2020, by the following vote:

12 **AYES:** Huber, Ory, Stone, Brown, Schwab

13 **NOES:** Morgan, Reynolds

14 **ABSENT:** None

15 **ABSTAIN:** None

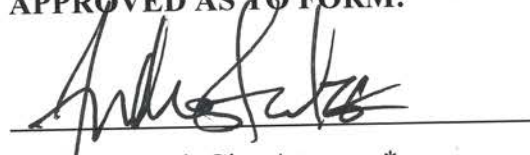
16 **DISQUALIFIED:** None

17 **ATTEST:**

18  
19    
20  
21

22 Deborah R. Presson, City Clerk

**APPROVED AS TO FORM:**

  
23  
24  
25  
26  
27  
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Andrew Jared, City Attorney\*