CITY OF COMMERCE
AGENDA REPORT

Item No. _____

TO: Honorable City Council

FROM: City Administrator

SUBJECT: DISCUSSION, CONSIDERATION AND/OR SELECTION OF COMMERCIAL CANNABIS PERMIT APPLICATIONS; APPROVE THE ISSUANCE OF NOTICE OF SELECTION IF COMMERCIAL CANNABIS PERMIT APPLICATIONS ARE SELECTED

MEETING DATE: November 13, 2018

RECOMMENDATION:

1. Discuss, consider and/or select Commercial Cannabis Permit applicants, pursuant to Ordinance No. 700 concerning commercial cannabis regulations, as attached hereto; and/or

2. If City Council makes selection, approve the issuance of a "Notice of Selection" to the selected CCP applicants, with the understanding that the issuance of same is conditional and contingent on selected applicants adhering to Ordinance No. 700 requirements, and identifying a known premises if not already; and/or

3. Make any motion(s) to execute any City Council directive(s).

DISCUSSION:

On September 4, 2018 the City Council approved for second reading and adoption Ordinance No. 700, establishing commercial cannabis regulations. The ordinance took effect on October 5, 2018 and on that date the City's process for moving forward with the City opening the submittal of Commercial Cannabis Permit (CCP) applications process was published on the City's Cannabis Regulations and Facts Page: http://www.ci.commerce.ca.us/index.aspx?NID=1448. The CCP application posted on the webpage gave a complete overview of the application submittal process and respective timelines. Further, applicants were directed to that webpage for any questions, to regularly monitor in case any supplemental information to the application process was posted, and to submit any questions in writing if anything remained unclear at ccp@ci.commerce.ca.us.

CCP staff published the complete cannabis application on the Cannabis Facts page on October 5, 2018. On that same day, CCP staff began accepting appointment requests to submit a CCP application. The last day to submit an appointment request to the CCP was October 22, 2018 on or before 12:00 p.m. The timeframe established for appointments was from October 15 through October 26, 2018, which was the last day to submit an application via and pursuant to a pre-scheduled appointment. This was done in order to ensure an orderly process, including, but not limited to, giving CCP staff an opportunity to review application packets for completeness, to concurrently process LiveScan forms and finger-printing,and to make certain that all serious applicants were accommodated. CCP staff also held “walk-in” hours on October 18, 2018 for anyone that wanted to come to City Hall and submit their CCP application.

After the close of the application submittal period, there were forty-five (45) complete applications submitted to the City, which are now before the City Council for discussion, consideration, and/or selection. The eligible applications were reviewed by the Review Committee (RC), appointed by the City Administrator. The City Administrator was not a member of the RC, but did find grounds for disqualification, pursuant to Ordinance No. 700, for two (2) applications, which were not ranked by the RC.

Review Committee Methodology

Pursuant to Ordinance No. 700, the City Administrator assembled a Review Committee (RC) to evaluate the forty-five (45) eligible applications. The applications were evaluated based on the information within the application materials submitted by the applicants. Applicants were provided ample opportunities as part of the application to highlight the strengths of their business and CCP application. The RC identified key distinguishing application characteristics from high ranking applications. High ranking applicants submitted applications with strengths in the areas identified below:

1. Industry experience.
2. Community involvement/commitment to community services, including, direct monetary contributions.
3. Projected operating revenue/Strong Pro Forma.
4. Competitive commitment and/or pledges to operating fee proposal and/or annual Community Benefit Program contribution(s).
5. Existing ties to the City.

Review Committee Ranking System

The RC ranked applicants pursuant to Ordinance 700 Section 5.61.090 - *Application Review, Scoring and Selection Process,* which includes, but is not limited to, the following criteria:

1. Substantial compliance with the City CCP application requirements, policies, procedures and overall presentation;
2. Proposed premises diagram and site location to sensitive sites, if premises was identified; OR, applicants' demonstration of ability to obtain a location and proposed premises acquisition plan;
3. Facility operating procedures, including compliance with all applicable City and state regulations, and;
4. Proposed community benefits program components, including annual monetary contributions to City funds and non-profit organizations.

Table 1.1 on the following page summarizes the review, scoring and ranking system identified in Ordinance 700.

Table 1.1 – Scoring Criteria Pursuant to Ordinance No. 700

No.	Criteria	Weight
1	Compliance with Application Submittal Requirements and Presentation	10%
2	Premises Diagram/Site Plan or Proposed Premises Diagram Site Plan, with Premises on Map Showing its Location is a Minimum Six-Hundred (600) feet from Sensitive Sites	10%
3	Operating Procedures	10%
4	Business and Financial Plan	20%
5	Community Benefits Program	20%
6	Applicant's and Owner(s) Qualifications and Experience	10%
7	Development Agreement Proposal	20%

Review Committee Application Scoring and Ranking

The RC sorted applications to identify applicants with like operating capabilities. The applications fell into four scoring blocks — Red, White, Blue and Orange. There was also one non-scoring block referred by the Review Committee to the City Administrator for Consideration of Disqualification or DQ. The RC identified applications with and without a known premises and filtered the applications based on a minimum score of 80%. The 80% minimum score highlights those applications which met 80% of the City's expectations.

Red Block – Applications with a known premises and overall score of 80% or higher.

White Block – Applications with an *unknown* premises and an overall score of 80% or higher;

Blue Block – Applications with a known premises and an overall score of less than 80%.

Orange Block – Applications with an *unknown* premises and an overall score of less than 80%.

City Administrator's Discretion

DQ (Disqualified) – Applications which were subject to disqualification for failure to meet minimum eligibility requirements, including, but not limited to, lack of payment or failing background check, are listed on the table but were not ranked.

Table(s) 1.2 – Applicant Rank and Score Table, summarizes the rank of applicants in each of the color blocks.

Red	Proposed Location	Proposed Activities	Rank
1. 18-006	6046 E. Washington	1.C/M/D/RD	1
2. 18-027	6915 E. Slauson	2. C/M/D/RD	1
3. 18-013	6220 Telegraph	3. M/D/RD	2
4. 18-019	4220 E. Washington	4. MB = C/M/D/RD	3
5. 18-002	6570 Telegraph	5. C/M/D/RD	4
6. 18-018	4202 Washington	6. M/D/RD	4
7. 18-043	5401 E. Washington	7. RD	4
8. 18-026	5608 E. Washington	8. Testing	5
9. 18-028	6140 Eastern	9. M/D/RD/MB	5
10. 18-030	2230 Tubeway	10. C/M/D/RD	6
11. 18-031[1]	2616 Malt	11. MB = (C/D/RD)	6
Table Legend	Proposed Activities – C: Cultivation, M: Manufacturing, D: Distribution, RD: Delivery, MB: Micro Business, T: Testing		

[1] Applicant identified a proposed location in the application but failed to submit the required certified property owner radius map and property owner labels. As such, this property was noticed as a "unknown" premises and surrounding property owners were not notified of the City Council meeting.

White	Proposed Locations	Proposed Activities	Rank
1.18-036	Pending	1. C/M/D/RD	1
2. 18-086	Pending	2. C/M/D/RD	2
3. 18-074	Pending	3. C/M	3
4. 18-004	Pending	4. M	4
5. 18-005	Pending	5. C/M/D/RD	4
6. 18-046	Pending	6. C/M/D/RD	4
7. 18-009	Pending	7. C/M/D/RD	5
8. 18-069	Pending	8. M/D	6
9. 18-003	Pending	9. C/M/D/RD	7
10. 18-052	Pending	10. C/M/D	7
11. 18-017	5400 Jillson (Submitted after 11/1)	11. C/M/RD	7
12. 18-065	Pending	12. C/M/D/RD	7
Table Legend	Proposed Activities – C: Cultivation, M: Manufacturing, D: Distribution, RD: Delivery, MB: Micro Business, T: Testing		

--Rest of Page Intentionally Blank--

Blue	Proposed Location	Proposed Use(s)	Rank
1. 18-047	3019 Vail	1. M/D	1
2. 18-053	5940 E. Washington	2. M/D/RD	1
3. 18-094	6436 Corvette	3. M/RD	1
4. 18-040	4336 E. Washington	4. M	2
5. 18-057	4334 E. Washington	5. MB/C/M/D	2
6. 18-033	5500 E. Washington	6. Testing	3
7. 18-070	1322 S. Gerhart	7. RD	3
8. 18-048	4426 E. Washington	8. MB/C/M/D	4
9. 18-039	6403 E. Slauson	9. RD	5
10. 18-055	5416 Jillson	10. M/D	5
Table Legend	Proposed Activities – C: Cultivation, M: Manufacturing, D: Distribution, RD: Delivery, MB: Micro Business, T: Testing		

Orange	DQ
1. 18-010 C/M/D/RD/MB	1. 18-085
2. 18-059 M/D	2. 18-095
3. 18-023 Testing	
4. 18-064 M/D	
5. 18-077 RD	
6. 18-066 RD	
7. 18-061 C/D	
8. 18-091 RD	
9. 18-058 RD	
10. 18-037 M/D	
11. 18-068 C/M/D/RD	
12. 18-001 C/M/D/RD	

FISCAL IMPACT

The recommended action will have a positive fiscal impact by recovering all City costs relating to the implementation of the Commercial Cannabis Business Permitting Program. A general evaluation of the applicant financial plan / pro forma points to a healthy annual revenue that will cover all City costs, but more importantly, provide a funding mechanism for an array of Community Benefit Programs going forward.

CEQA ANALYSIS

The City Council's selection of qualified applicants is exempt for the California Environmental Quality Act pursuant to State Guidelines Section 15378(b)(4), which states, in relevant part, "A project does not include…the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment." Further, the underlying commercial cannabis activities may be subject to future discretionary approval(s) by the Planning Commission and/or City Council, and accordingly environmental review of any resulting impact is premature.

ALTERNATIVES:

1. Discuss, consider and/or select Commercial Cannabis Permit applicants, pursuant to Ordinance No. 700 concerning commercial cannabis regulations, as attached hereto; and/or

2. If City Council makes selection, approve the issuance of a "Notice of Selection" to the selected CCP applicants, with the understanding that the issuance of same is conditional and contingent on selected applicants adhering to Ordinance No. 700 requirements, and identifying a known premises if not already; and/or

3. Make any motion(s) to execute any City Council directive(s).

RELATIONSHIP TO STRATEGIC GOALS:

The subject matter is consistent with Economic Growth Guiding Principle #4 of the City's Strategic Plan. This Guiding Principle calls for a focus on strategic economic development pursuits that will increase local jobs, generate additional revenue and create demand for supporting businesses.

Respectfully submitted:	Edgar P. Cisneros, City Administrator
Recommended by:	Rene Bobadilla, Interim Director of Economic Development and Sustainability
Reviewed by:	Vilko Domic, Finance Director
Approved as to form:	Norma Copado, Assistant City Attorney

Attachments:

1. Commercial Cannabis Business Regulations Revised Ordinance
2. September 4 Agenda Report
3. Rankings
4. Map
5. Public Notice

ORDINANCE NO. 700

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA, REPEALING CHAPTER 5.61 "MEDICAL MARIJUANA" OF TITLE 5 (BUSINESS REGULATIONS AND LICENSING) OF THE COMMERCE MUNICIPAL CODE IN ITS ENTIRETY, AND REPLACING IT WITH CHAPTER 5.61 "COMMERCIAL CANNABIS ACTIVITIES", OF TITLE 5 (BUSINESS REGULATIONS AND LICENSING) OF THE COMMERCE MUNICIPAL CODE

WHEREAS, the City of Commerce ("City") is a general law city, incorporated under the laws of the State of California, with the power to make and enforce within its jurisdictional limits all local, police, sanitary, land use, and other ordinances and regulations not in conflict with general laws of the state, pursuant to California Constitution, art. XI, §7;

WHEREAS, in 1996, California voters approved the Compassionate Use Act ("CUA"), the purpose of which was to ensure that persons needing cannabis for medical purposes have the freedom to use it without fear of criminal prosecution;

WHEREAS, in 2004, the California Legislature enacted Senate Bill 420 to enact the "Medical Marijuana Program Act" ("MMP") to clarify the scope of the CUA and provide qualifying patients and their primary caregivers criminal immunities for the collective or cooperative cultivation of cannabis for medical purposes;

WHEREAS, neither the CUA nor MMP impacted cities' rights to regulate or entirely prohibit the cultivation, manufacture, or distribution of cannabis within their jurisdictions;

WHEREAS, in 2016 the City Council adopted Ordinance No. 675, enacting Chapter 5.61, which among other things, prohibited the cultivation or distribution of medical cannabis within City limits;

WHEREAS, in 2016, the California Legislature approved the "Comprehensive Medical Cannabis Regulation and Safety Act," enacting a state licensing and regulatory structure for medical cannabis, and thereby further refining and regulating medical cannabis activities;

WHEREAS, on November 8, 2016, California voters approved Proposition 64, the Control, Regulate, and Tax Adult Use of Marijuana Act (the "AUMA"), which certain provisions became effective immediately and enacted a statutory system legalizing, controlling, and regulating the cultivation, manufacture, distribution, testing, and sale of adult-use cannabis and cannabis products for use by adults aged twenty-one (21) and older;

WHEREAS, the AUMA immediately legalized the personal cultivation of up to six (6) cannabis plants upon the grounds of a private residence, and allowed cities to regulate but not prohibit indoor personal cultivation activities, but authorized cities to regulate or prohibit outdoor personal cultivation activities;

WHEREAS, the AUMA's legalization of commercial cannabis activities, including but not limited to the cultivation, manufacture, distribution, testing, or sale of cannabis and cannabis products, was stayed pending the State's development of regulations and a permitting scheme, which commenced on January 1, 2018, and thus, commercial cannabis activities are allowed to be legal in the State of California;

WHEREAS, the following percentages of the populations for the respective jurisdictions voted affirmatively to pass AUMA: 57.40 percent statewide; 59.5 percent in Los Angeles County; and 55 percent in City of Commerce;

WHEREAS, Senate Bill 94 became law on June 27, 2017, which merged California's licensing scheme relative to medicinal cannabis activities and businesses, with the licensing scheme enacted by the AUMA, and what was formerly known as the AUMA has now been renamed the "Medicinal and Adult-Use Cannabis Regulation and Safety Act" (hereinafter, "MAUCRSA");

WHEREAS, in preparation for the implementation of MAUCRSA, in November 2017, the three State licensing authorities charged with licensing and regulating commercial cannabis activities in California, the Bureau of Cannabis Control ("BCC"), the California Department of Food and Agriculture ("CDFA"), and the California Department of Public Health ("CDPH"), commenced releasing emergency regulations, outlining the standards and licensing procedures for both medicinal and adult-use commercial cannabis, and began issuing licenses for such activities on January 1, 2018;

WHEREAS, cities throughout California have been reviewing their existing regulatory systems and policies to prepare for the prohibition, regulation, or permitting of various commercial cannabis activities authorized by the AUMA;

WHEREAS, in anticipation of the State of California issuing licenses to commercial cannabis businesses, in December 2017 the City Council of the City of Commerce adopted Urgency Ordinance No. 691 declaring and establishing a temporary moratorium on all commercial cannabis-related activities proposed to be legalized under MAUCRSA ("Moratorium"), which was extended by the City Council on January 16, 2018 to another ten (10) months and fifteen (15) days;

WHEREAS, currently in Los Angeles County eighteen (18) cities, which include some neighboring Commerce, allow and regulate at least one cannabis license classification through the adoption of ordinances that permit and regulate commercial cannabis activities;

WHEREAS, in June 2018, the three State licensing authorities charged with licensing and regulating commercial cannabis activities in California readopted the aforementioned emergency regulations, with minor amendments; and in July 2018 announced the publication of proposed regulations in the California Regulatory Notice Register, the first step toward adopting non-emergency regulations;

WHEREAS, the City Council of the City of Commerce is dedicated to regulating the operation of businesses and uses of land in the community in a manner that satisfies the needs and desires of the community, is flexible to changes in State laws, regulations and policies, and which identifies and takes advantage of new sources of revenue;

WHEREAS, over the past decade the State's regulation of medical and adult-use cannabis activities has changed significantly, and local governments' treatment of medical and adult-use cannabis activities has responded in kind;

WHEREAS, the City has been evaluating regulating such activities in light of proactively desiring to locally regulate commercial and land use activities within its jurisdiction, while always taking into account local planning and development, fiscal goals and objectives, and the desires of the community;

WHEREAS, on July 17, 2018, City Council directed staff to host multiple community meetings throughout the City to disseminate information about cannabis, discuss local and state laws regulating cannabis, and in order to ascertain the community's overall opinions about cannabis and allowing cannabis-related commercial activity within the City;

WHEREAS, as part of this community outreach, canvassing also took place citywide by distributing and collecting surveys, with the hopes of reaching all residents, including those residents who were unable to participate in the community meetings;

WHEREAS, the data and research collected from hosting community meetings and conducting community outreach by undertaking canvassing and disseminating surveys, showed that the majority of the community is interested in creating a process where the City may consider cannabis related uses within its jurisdiction;

WHEREAS, pursuant to Business and Professions Code Section 26200(a)(1),MAUCRSA "shall not be interpreted to supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances to regulate businesses licensed under this division, including, but not limited to, local zoning and land use requirements, business license requirements, and requirements related to reducing exposure to secondhand smoke, or to completely prohibit the establishment or operation of one or more types of businesses licensed under this division within the local jurisdiction;"

WHEREAS, in light of overwhelming voter approval of the AUMA, the State laws and regulations that continue to impose stringent operating and licensing requirements on cannabis businesses, the City Council of the City of Commerce has determined that it is prudent and desirable to allow certain cannabis-related activities and businesses to operate in the City, provided that the location and manner of such activities and businesses be subject to stringent local regulation;

WHEREAS, it is City Council's desire and intent, accordingly, to revise the City's Municipal Code in order to address regulatory changes at the State level of government, by taking advantage of the opportunity to locally implement regulations as authorized by State law to be able to screen, select and monitor businesses and land use activities within the City's jurisdiction, and in turn, regulate a new commercial industry, which will also generate potential new local economic development and revenue opportunities;

WHEREAS, the City Council of the City of Commerce desires to adopt this Ordinance to accomplish the above-described purposes, and in so doing finds and declares that this Ordinance constitutes a valid exercise of police power in accordance with Article XI, Section 7 of the California Constitution, is consistent with the language and intent of the AUMA, MAUCRSA, and related laws regulations, and policies issued by the State, and furthers the health, safety, and general welfare of the residents of the City of Commerce;

WHEREAS, nothing in this Ordinance shall be construed to allow persons to engage in conduct that violates State law, endangers others, causes a public nuisance, allows the use or diversion of cannabis in an unlawful manner or inconsistent with state law; and

WHEREAS, the City Council of the City of Commerce further seeks to establish that no commercial cannabis business be located within a 600-foot radius of schools providing instruction in kindergarten or any grades one (1) through twelve (12), day care centers, or youth centers that are in lawful and/or City-approved existence at the time a successful application is submitted to the City, resulting in the ultimate approvals to lawfully operate within the City; and

WHEREAS, the City Council of the City of Commerce finds that the proposed 600-foot radius discussed herein is consistent with state law and with the goals and objectives of the City of Commerce that promote quality development, and enhance the city's working environment, while not adversely affecting the surrounding community;

WHEREAS, the proposed 600-foot radius promotes the public health, safety, and general welfare and serves the goals and purposes of state law and this ordinance, and also balances the community's physical growth by revitalizing properties that may be underperforming, resulting in improving the general welfare of the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMMERCE DOES ORDAIN AS FOLLOWS:

SECTION 1. Incorporation of Recitals.

The City Council of the City of Commerce finds and declares that the foregoing recitals are true and correct, and incorporates said recitals fully into this Ordinance as substantive findings.

SECTION 2. Chapter 5.61, "Medical Marijuana," of Title 5 (Business Regulations and Licensing) of the Commerce Municipal Code, is hereby repealed in its entirety and replaced with Chapter 5.61, entitled "Commercial Cannabis Businesses," which shall read as follows:

CHAPTER 5.61: COMMERCIAL CANNABIS BUSINESSES

5.61.230 – Permits and Inspections Prior to Commencing Operations.
5.61.240 – Indemnification and Limitations on City's Liability.
5.61.250 – Records and Recordkeeping.
5.61.260 – Restriction on Alcohol and Tobacco Sales, Dispensing or Consumption.
5.61.270 – Fees and Charges.
5.61.280 – Operating Requirements Applicable to all Commercial Cannabis Businesses.
5.61.290 - Promulgation of Regulations, Standards and Other Legal Duties.
5.61.300 - Community Relations Liaison.
5.61.310 - Fees Deemed Debt to City of Commerce.
5.61.320 - Responsibility for Violations.
5.61.330 - Inspections.
5.61.340 - Violations and Penalties.
5.61.350 - Effect on Other Ordinances.
5.61.360 - Unlawful Businesses Prohibited.

5.61.010 - Purpose and Intent.

It is the purpose and intent of this Chapter 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 "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 cultivation, manufacturing, testing, distribution, non-storefront retailer-delivery only, and a microbusiness, 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 City, (hereinafter, collectively, "commercial cannabis businesses"), in a responsible manner to protect the health, safety, and welfare of the residents of City of Commerce and to enforce rules and regulations consistent with State law. *Notwithstanding the explicitly allowed commercial cannabis businesses under this Chapter, it is the further intent of this Chapter to explicitly prohibit "retailer-storefronts" as defined within this Chapter, (i.e., storefront retailers that are open to the public, and that are commonly known as "dispensaries").* It is the further purpose and intent of this Chapter to require all commercial cannabis businesses to first obtain a Development Agreement, as well as to renew a Commercial Cannabis Permit (hereinafter, "CCP") every five (5) years, to operate within the City of Commerce. 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 County of Los Angeles, State of California, or other law, rules and regulations.

5.61.020 - Legal Authority.

Pursuant to Sections 5 and 7 of Article XI of the California Constitution, the provisions of MAUCRSA, any subsequent state legislation and/or regulations regarding same, the City of Commerce is authorized to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial cannabis businesses. Any standards, requirements, and regulations regarding health and safety, security, and worker protections established by the State of California, or any of its departments or divisions, shall be the minimum standards applicable in the City of Commerce to all commercial cannabis activity.

5.61.030 - Commercial Cannabis Businesses Prohibited Unless Specifically Authorized by this Chapter.

Engaging in, conducting or operating commercial cannabis businesses, or causing, allowing, permitting or maintaining a commercial cannabis business, within the City's jurisdiction, shall be unlawful and prohibited, except as specifically authorized in this Chapter. *Notwithstanding the explicitly allowed commercial cannabis businesses under this Chapter, "retailer-storefronts" as defined within this Chapter, (i.e., storefront retailers that are open to the public, and that are commonly known as "dispensaries") are explicitly prohibited in the City of Commerce.*

5.61.040 - Compliance with 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, 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 of the required Development Agreement.

5.61.050 - Definitions.

When used in this Chapter, 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."

"Applicant" shall include any individual or entity applying for a Commercial Cannabis Permit, which is to include a Development Agreement under this Chapter, and including 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 Business License Division after payment of the business fee as set forth in Chapter 5.04 of the City of Commerce Municipal Code.

"Bureau" means the Bureau of Cannabis Control within the Department of Consumer Affairs, and shall have the same meaning as in Section 26001(e) of the Business and Professions Code, as same may be amended from time to time.

"Cannabis" means all parts of the Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this 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 accessories 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 Products" means cannabis that has undergone a process whereby the plaint 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 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 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" shall mean the City of Commerce, California.

"City Administrator" shall mean the City Administrator of the City of Commerce, including his or her designee, pursuant to, and as defined, in Chapter 2.04 of this Code.

"Code" shall mean the City of Commerce Municipal 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. 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 cultivation, manufacturing, testing, distribution, non-storefront retailer-delivery only, and a microbusiness, 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 Commerce pursuant to this Chapter to a commercial cannabis business, and as is required before any commercial cannabis activity may be conducted in the City. The initial permit and five (5) year renewal of a Commercial Cannabis Permit is made expressly contingent upon the business' ongoing compliance with all requirements of State of California law, this Chapter, the City of Commerce Municipal Code, and any regulations adopted by the City governing the commercial cannabis activity at issue, as well as the securing and approval of a Development Agreement.

"Cultivation" is 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 indoors, as outdoor cultivation is expressly prohibited.

"Cultivation Site" means a location where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities occurs. Cultivation site shall also have the same meaning as in Section 26001(m) of the Business and Professions Code, as same may be amended from time to time. Whenever references to a cultivation site are made in this Chapter, a permitted or licensed cultivation site shall only allow cultivation activities indoors, as outdoor cultivation is expressly prohibited.

"Customer" is a natural person 21 year of age or older; or, a natural person 18 years of age or older who possesses a physician's recommendation, 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.

"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.

"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 Commerce, 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.

"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 means Los Angeles County Fire Department personnel acting as the City's Fire Chief, or his or her designee, or the City's Fire Chief.

"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 Los Angeles County Sheriff's 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 his or her authorized deputies or officers, as well as all Los Angeles County Sheriff's deputies and officers performing law enforcement functions for the City pursuant to a contract with the City.

"Law enforcement officer" means any law enforcement officer of the City's law enforcement agency, or deputy of the Los Angeles County Sheriff's Department pursuant to a contract with the City, authorized to enforce the City's laws, including those contained in this Chapter.

"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 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.

"M-license" means a license issued by the state of California under MAUCRSA for commercial cannabis activity involving medicinal cannabis.

"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 same may be amended from time to time.

"Manufactured cannabis" means raw cannabis that has undergone a process whereby the raw agricultural product has been transformed into a concentrate, extraction or other manufactured product intended for internal consumption through inhalation or oral ingestion or for topical application.

"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.

"Manufacturing site" means a location that produces, prepares, propagates, or compounds cannabis or cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis 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 Commerce and, a valid state license as required for manufacturing of cannabis products.

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

"Microbusiness" means licensees who engage in at least three (3) of the following commercial cannabis activities: cultivation (less than 10,000 square feet), manufacturing (level 1, type 6), distribution, and non-storefront retail-delivery only.

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

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

a unit:

(1) A person with an aggregate ownership interest of 10 percent or more in the person applying for a City of Commerce 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 person applying for a City of Commerce 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.

"Permittee" means any person who has entered into a Development Agreement with the City of Commerce authorizing said person to engage in a commercial cannabis business within the City's jurisdictional boundaries, which are requirements to secure a City of Commerce Commercial Cannabis Permit.

"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" mans 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 conducted. The premises shall be a contiguous area and shall only be occupied by one permittee.

"Public Works and Development Services Director" means the Director of the City's Public Works and Development Services Department, or his or her designee.

"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 3, Division 8; Title 16, Division 42; and Title 17, Division 1), as same 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, or partners, and all persons with authority, including apparent authority, over the premises of the commercial cannabis business.

"Retailer-Storefront" 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, *which are open to the public, and commonly known as "dispensaries."* Within the boundaries of the City of Commerce Retailer-Storefront shall be strictly prohibited.

"Retailer-Delivery Only" 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 holds a valid Commercial Cannabis Permit from the City of Commerce authorizing the operation of a retailer, and a valid state license as required by state law to operate as a retailer.

"Review Committee" means a group member, as designated and assigned by the City Administrator, or his or her designee, which may include City employees, agents, and/or representatives, to undertake the task(s) of reviewing and processing applications, as this may further relate to the application review, scoring, and/or selection process as set forth in this Chapter, and as this may further relate to the issuance of Commercial Cannabis Permit(s) and/or entering into, and execution of, Development Agreement(s).

"Sell", "sale", or "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 licensee 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 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.

"Topical Cannabis" means a product intended for external application and/or absorption through the skin. A topical cannabis product is not considered a drug as defined by Section 109925 of the California Health and Safety Code.

"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. 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.

5.61.060 – Commercial Cannabis Permit: Authorized and Lawful Commercial Cannabis Business.

The initial permit and five (5) year renewal of an authorized and lawful Commercial Cannabis Permit is made expressly contingent upon the business' ongoing compliance with all requirements of State law, this Chapter, the City of Commerce Municipal Code, and any regulations adopted by the City governing the commercial cannabis business at issue, as well as the securing and approval of a Development Agreement. Accordingly, no person may engage in, conduct, establish, or operate a commercial cannabis business, or cause, allow, or permit same, within the City of Commerce unless and until the following are obtained, complied with, adhered to, and fulfilled:

(1) The classification and type of commercial cannabis business explicitly allowed for in this Chapter, as may be amended from time to time by the City, are the cultivation, manufacturing, testing, distribution, non-storefront retailer-delivery only, and a microbusiness, of medicinal and adult-use cannabis and cannabis products, and the ancillary transportation and delivery of same; and

(2) The proposed and approved commercial cannabis business is not located within a 600-foot radius of a school providing instruction in kindergarten or any grades one (1) through twelve (12), day care center, or youth center, which are in lawful and/or City-approved existence at the time a successful application was submitted to the City; and

(3) A Development Agreement has been applied for, and duly approved by the Planning Commission and/or given final approval by the City Council, pursuant to the City's laws, rules, policies, and regulations applicable to the entering into and execution of developments agreements, as same may be amended from time to time; and

(4) A City business license has been obtained authorizing the business operation of a commercial cannabis business; and

(5) A valid State of California Seller's Permit has been obtained; and

(6) 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

(7) 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.

5.61.070 – Number of Commercial Cannabis Businesses Authorized.

The City Council, by resolution, may determine the number of authorized commercial cannabis businesses from time to time, at its discretion. Notwithstanding, nothing in this Chapter creates a mandate that the City must authorize any or all of the commercial cannabis businesses that submit an application to the City if it is determined that it is in the best interest of the City to not authorize any business to operate in the City, or if the applicants do not meet the standards which are 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, and there is no maximum number of commercial cannabis businesses that may be authorized.

5.61.080 - Initial Commercial Cannabis Permit Application Procedure.

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

(2) Notwithstanding the subsection hereinabove, the City Administrator 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 Administrator, or his or her 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. The City Administrator, or his or her 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.

(3) Notwithstanding the sections hereinabove, the following minimum, and complete information shall be included in each and every application for a City of Commerce Commercial Cannabis Permit:

A. 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.

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

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

D. 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. Owner's current employer;
9. Percentage of interest held in the applicant entity by the owner;
10. Whether the owner has an ownership or financial interest, as defined in section 5003 of the Regulations, in any other commercial cannabis business licensed under the AUMA or MAUCRSA;

11. 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;

12. A detailed description of the owner's criminal convictions, if applicable. A conviction for this purpose means a plea or 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;

13. If applicable, a detailed description 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;

14. 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;

15. 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 non-approval of a Development Agreement, or any permit, license or approval issued in reliance thereon."

E. 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.

F. Nature of Operations: Identification of whether the applicant seeks to operate a cannabis cultivation site, manufacturing site, testing laboratory, distribution site, microbusiness facility, or non-storefront retail-delivery only site; the specific State license category under which the applicant will seek to operate; and the number of employees anticipated.

G. Qualifications and Experience of Applicants and Owners: The application shall include information concerning any special business or professional qualifications or licenses of the applicants and owners, and the years of relevant and related experience, that would add to the number or quality of services that facility would provide, or otherwise demonstrates the applicants' and owners' capacity to operate a successful commercial cannabis facility in compliance with applicable laws and regulations.

H. If Premises Known: If the premises where applicant seeks to conduct a commercial cannabis business is known at the time the application is submitted, the following information shall be provided:

1. The physical address of the proposed location, as well as the Los Angeles County Assessor Parcel Number.

2. Evidence of the applicant's right to use and occupy the property. If owned by applicant, a grant deed or a copy of title for the property. If not owned by applicant, a document from the landowner or the landowner's agent stating the applicant has the right to occupy the property and acknowledges that the

applicant may use the property to potentially conduct a commercial cannabis business for which the applicant is applying, plus any lease agreement.

3. A complete and detailed diagram, such as a site plan, of the premises, as well as a map showing the premises' location within the City, which comply with the following:

   a. Shows the boundaries of the property and the proposed premises to be utilized, showing all boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, bathrooms, windows, doorways, and common or common shared entryways, and a brief statement of the principal activity to be conducted therein;

   b. Map identifying any schools (K-12), day cares, or youth center facilities (i.e., "sensitive sites") located within six hundred (600) feet of the proposed location. If the proposed location is not within six (600) feet of any sensitive site, identify on the map the closest sensitive site, and the distance in feet between said sensitive site(s) and the proposed location;

   c. Identifies all commercial cannabis activities that will take place in each area of the premises, and identification of limited access areas;

   d. The location of all proposed cameras with a number assigned to each for identification purposes;

   e. The diagram shall be clear, legible, and to scale, and shall not include any highlighting, and the markings on the diagram shall be in blue-and-white print; and

   f. If the proposed premises include only a portion of a property, the diagram must be labeled indicating which part of the property is the proposed premises and what the remainder will be used for.

I. If Premises Unknown: Applicants that have not secured a location or property at the time of application submittal shall provide the following information:

1. A description of the efforts made to-date to secure a premises;

2. A description of the mechanisms the applicant intends to pursue to identify and secure an acceptable location;

3. A detailed description of the size, improvements, buildings, structures, features, qualities, characteristics, and/or amenities of real property which applicant reasonably anticipates will be needed to house the proposed scope of commercial cannabis activities covered in the application;

4. Identification of properties located in the City that satisfy applicant's criteria identified in subdivision (3) hereinabove;

5. A description of the feasibility of the applicant securing such a property as described in subdivision (3) hereinabove within the next calendar year; and

6. A description of the financing and financing resources available to applicant to secure a property within the next calendar year.

J. Description of Operating Procedures: Applications shall include a detailed description of the applicant's proposed operating procedures for each of the following areas, as applicable, as well as copies of any applicable policies or manuals of the applicant. If the applicant believes an area of the application is not applicable, besides identifying same in the application, the applicant may provide a brief explanation as to why the area is not applicable to the applicant's proposed operations. Applicants that have not secured a specific operating location shall respond to each area, though responses need not be "site specific" where appropriate:

1. Transportation Procedures: A description of the procedure for transporting cannabis and cannabis products, including whether or not the applicant will be

transporting cannabis or cannabis products or contracting for transportation services.

2. Inventory Procedures:

   a. A description of the applicant's procedure for receiving shipments of inventory;

   b. Where the applicant's inventory will be stored on the premises and how records of the inventory will be maintained; and

   c. Procedure for performing inventory reconciliation and for ensuring that inventory records are accurate.

3. Non-Laboratory Quality Control Procedures:

   a. Procedures for preventing the deterioration of cannabis or cannabis products held by the applicant;

   b. Procedures for ensuring that cannabis and cannabis products are properly packaged and labeled; and

   c. Procedure for ensuring that an independent licensed testing laboratory samples and analyzes cannabis and cannabis products held by the applicant.

4. Security Procedures: All applicants shall propose sufficient security measures to deter and prevent the unauthorized access or 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. Proposed security procedures shall include, but shall not be limited to, all of the following:

   a. 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.

   b. Establishing limited access areas accessible only to authorized commercial cannabis business personnel.

   c. How and where all cannabis and cannabis products will be stored in a secured and locked room, safe, or vault. How all cannabis and cannabis products, including live plants that will be cultivated, will be kept in a manner as to prevent diversion, theft, and loss.

   d. Procedures for installing 24-hour security surveillance cameras (CCTV) 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. Procedures for how the applicant will ensure that the security surveillance camera's footage is remotely accessible to law enforcement, and that it is compatible with the City's software and hardware. In addition, procedures on how remote and real-time, live access to the video footage from the cameras will be provided to law enforcement. Procedures for ensuring video recordings are maintained for a minimum of sixty (60) calendar days, and procedures to make them available to law enforcement upon request. Procedures to ensure video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the site of the commercial cannabis business.

   e. A description of where sensors will be installed to detect entry and exit from all secure areas.

   f. A description of procedures of installing panic buttons in the premises.

g. Description of having a professionally installed, maintained, and monitored alarm system, with the required City of Commerce alarm permit as required by this Code.

h. If wrought-iron bars are proposed to be installed on the windows or the doors of the commercial cannabis business, measures showing that said improvements will be installed only on the interior of the building, and in full compliance with all applicable Building and Safety and Fire Code requirements.

i. Procedures on establishing a plan to have security personnel on-site 24 hours a day, or alternative security as authorized by the law enforcement agency. Description or documentation showing that the proposed security personnel is licensed by the State of California Bureau of Security and Investigative Services personnel. Procedure to submit to the City and the City's law enforcement agency the names and contact information of security personnel, with copies of state-issued licenses and/or permits, governmentally issued identification form, and photographs of uniforms and badges. Acknowledgement from applicant indicating that it shall be responsible for providing this confirming information to law enforcement, with updating information within seven (7) calendar days of a change in security personnel, agents, or representatives.

j. Procedures on how each applicant shall have the capability to remain secure during a power outage and 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.

k. Identification of a designated security representative/liaison to the City of Commerce, who shall be reasonably available to meet with City staff, as well as law enforcement regarding any security related measures and/or operational issues.

l. A storage and transportation plan, describing in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, and any currency.

m. An affirmative commitment that the applicant will cooperate with the City whenever the City Administrator, or his or her designee, makes a request, upon reasonable notice, to inspect or audit the effectiveness of any security plan or of any other requirement of this subsection.

n. A description and plan of how the applicant will notify law enforcement within 24 hours after discovering any of the following:

(1) Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by law enforcement.
(2) Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business.
(3) The loss or unauthorized alteration of records related to cannabis, registering qualifying patients, primary caregivers, or employees or agents of the commercial cannabis business.
(4) Any other breach of security.

5. Testing Laboratories (only): For applicants seeking to operate a testing laboratory, describe operating procedures as required by the applicable state law and regulations, with references to the applicable state law or regulation requiring same.

6. Operating Procedures for non-storefront retailer-delivery only. Proposed procedures or operating plans shall include:

a. Acknowledgement that delivery only retailers may only deliver to customers within a city or county that does not expressly prohibit delivery by ordinance.

b. Provisions relating to vehicle security and the protection of employees and product during loading and in transit.

c. Plans to facilitate the vehicle dispensing of cannabis or cannabis products with a technology platform owned by or licensed to the delivery-only 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:

(1) The identity of the individual dispensing cannabis or cannabis products on behalf of the permittee;

(2) The identity of the qualified patient, primary caregiver, or customer receiving cannabis or cannabis products from the permittee;

(3) The type and quantity of cannabis or cannabis products dispensed and received; and

(4) The dollar amount to be charged by the applicant and received by the individual dispensing cannabis or cannabis products on behalf of the permittee for the cannabis or cannabis products dispensed and received.

d. Procedure on how applicant will maintain a database and provide a list of the individuals and vehicles authorized to conduct vehicle dispensing on behalf of the applicant to the City of Commerce.

e. Identification of individuals authorized to conduct deliveries on behalf of the permittee, and proof of a current and valid California Driver's License.

f. Procedure on how individuals making deliveries of cannabis or cannabis products on behalf of the applicant will maintain a physical copy of the delivery request (and/or invoice) and will make it available upon request to the agents or employees of the City of Commerce requesting documentation.

g. Description of how the applicant will only permit or allow delivery of cannabis or cannabis products in a vehicle that is (i) insured at or above the legal requirement in California; (ii) capable of securing (locking) the cannabis or cannabis products during transportation; (iii) capable of being temperature controlled if perishable cannabis or cannabis products is being transported; and (iv) 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.

h. Procedures on how the applicant proposes to 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 non-storefront delivery only retailer departed the licensed premises.

(2) The time that the individual conducting vehicle dispensing on behalf of the non-storefront delivery only 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 non-storefront delivery only retailer returned to the licensed premises.

(4) The route the individual conducting vehicle dispensing on behalf of the non-storefront delivery only 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 non-storefront delivery only retailer.

(6) For each individual delivery transaction, the vehicle used to conduct vehicle dispensing on behalf of the non-storefront delivery only 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 non-storefront delivery only 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 non-storefront delivery only retailer and received by the individual conducting deliveries on behalf of the non-storefront delivery only retailer for the cannabis or cannabis products dispensed and received.

(10) Proposed plan on how the individual making deliveries on behalf of the non-storefront delivery only retailer will personally verify for each individual vehicle dispensing transaction (i) the identity of the qualified patient, primary caregiver, or customer receiving cannabis or cannabis products from the delivery only retailer and (ii) 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.

(11) Proposed plan on how a non-storefront delivery only retailer will sell, give away, or donate specific devices, contrivances, instruments, or paraphernalia necessary for consuming cannabis or cannabis products, including but not limited to rolling papers and related tools, pipes, water pipes, and vaporizers in conjunction with a previously agreed cannabis transaction. The equipment may only be provided to qualified patients, primary caregivers, or customers in accordance with Section 11364.5 of the Health and Safety Code.

7. Operating Requirements for Cultivation Facilities.

a. Plan showing how the cultivation of all cannabis will occur indoors, since outdoor cultivation is prohibited.

b. Procedures ensuring that there will be no visual exterior evidence of cannabis cultivation except for any signage authorized by this Code.

c. Procedures on how the general public will be prevented from entering the cannabis cultivation permitted premises (except for the agents, applicants, managers, employees, and volunteers of the commercial cannabis cultivation permittee and agents or employees of the City of Commerce.)

d. Plan showing that the applicant will only cultivate the square footage of canopy space permitted by state law.

e. Description and procedures showing that the cannabis cultivation will be conducted in accordance with state and local laws related to electricity, water usage, water quality, discharges, and similar matters.

f. Description and procedures that the cannabis cultivation permittee will comply with all applicable federal, state and local laws and regulations regarding use and disposal of pesticides and fertilizers.

g. Plan showing that pesticides and fertilizers will be properly labeled and stored to avoid contamination through erosion, leakage or inadvertent

damage from pests, rodents or other wildlife.

h. Any additional or relevant information showing that the cultivation of cannabis will at all times be operated in such a way as to ensure the health, safety, and welfare of the public, the employees working at the commercial cannabis business, neighboring properties, and the end users of the cannabis being cultivated, to protect the environment from harm to waterways, fish, and wildlife; to ensure the security of the cannabis being cultivated; and to safeguard against the diversion of cannabis.

i. Plan and procedures showing that prior to transportation, a cannabis cultivation permittee will package and seal all cannabis or cannabis products in tamper-evident packaging and use a unique identifier, such as a batch and lot number or bar code, to identify and track the cannabis or cannabis products.

j. All applicants for a Commercial Cannabis Permit pertaining to cannabis cultivation shall submit the following in addition to the information generally otherwise required for a Commercial Cannabis Permit:

(1) A cultivation and operations plan that meets or exceeds minimum legal standards for water usage, conservation and use; drainage, watershed and habitat protection; and proper storage of fertilizers, pesticides, and other regulated products to be used on the parcel, and a description of the cultivation activities and schedule of activities during each month of growing and harvesting, or explanation of growth cycles and anticipated harvesting schedules for all-season harvesting.

(2) A description of a legal water source, irrigation plan, and projected water use.

(3) Identification of the source of electrical power and plan for compliance with applicable building codes and related codes, ordinances, laws and resolutions.

(4) Plan for addressing odor and other public nuisances that may derive from the cultivation site.

8. Operating Requirements for Cannabis Manufacturing Businesses.

a. Procedures ensuring that there will be no exterior evidence of cannabis manufacturing except for any signage authorized by this Code.

b. Procedures detailing how the general public will be prevented from entering the cannabis manufacturing permitted premises (except for the agents, applicants, managers, employees, and volunteers of the commercial cannabis cultivation permittee and agents or employees of the City of Commerce.)

c. Plan describing how cannabis manufacturing will comply with the standards for manufacturing set by state law, regulations and policies.

d. Procedures showing how any compressed gases used in the manufacturing process will be handled, and not stored on any property within the City of Commerce in containers that exceed the amount which is approved by the Fire Chief and authorized by the Commercial Cannabis Permit. 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.

e. Plan showing how the cannabis manufacturing facilities will use the hydrocarbons N-butane, isobutane, propane, or heptane or other solvents or gases exhibiting low to minimal potential human-related toxicity approved by the Fire Chief. Plan must show how these solvents will 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.

f. Procedure showing that if an extraction process uses a professional grade closed loop CO_2 gas extraction system, that every vessel will be certified by the manufacturer for its safe use. Plan showing that the closed loop systems for compressed gas extraction systems will be commercially manufactured and bear a permanently affixed and visible serial number.

g. Submittal of a certification from an engineer licensed by the State of California that will be provided to the Fire Chief 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).

h. A proposed plan of the cannabis manufacturing facility's developing standard operating procedures, good manufacturing practices, and a training plan prior to producing extracts for the marketplace.

i. Identification of person(s) who will be using solvents or gases in a closed looped system to create cannabis extracts, and showing said persons are 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.

9. Operating Requirements for Cannabis Distribution.

a. Procedures ensuring that there will be no exterior evidence of cannabis distribution except for any signage authorized by this Code.

b. Procedures on how the general public will be prevented from entering the cannabis distribution permitted premises (except for the agents, applicants, managers, employees, and volunteers of the commercial cannabis distributor permittee and agents or employees of the City of Commerce.)

c. Plan showing that the applicant will 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.

d. Procedures on maintaining a database and providing a list of individuals and vehicles authorized to conduct transportation on behalf of the permittee to the City.

e. Identification of individuals authorized to conduct transportation on behalf of the permitted, and proof of current and valid California Driver's License.

f. Procedures on how individuals transporting cannabis or cannabis products on behalf of the applicant will maintain a physical copy of the transportation request (and/or invoice) and make it available upon request of agents or employees of the City of Commerce requesting documentation.

g. Procedure showing how the applicant will only transport cannabis or cannabis products in a vehicle that is (i) insured at or above the legal requirement in California, (ii) capable of securing (locking) the cannabis or cannabis products during transportation, and (iii) capable of being temperature controlled if perishable cannabis products are being transported.

K. Business Plan: Applications shall include a Business Plan with as much detail as possible, describing the day-to-day operations of the proposed facility if not otherwise provided in response to the "Description of Operating Procedures." The Business Plan shall include, in addition to other information deemed relevant by the applicant, the following:

1. Description of day-to-day operations, which meet industry best practices for the type of facility the applicant seeks to operate;

2. Proposed hours of operation;

3. Mechanisms for ensuring the facility operates in compliance with applicable state and local laws and regulations;

4. A schedule for commencing operations, including a narrative outlining any proposed construction and improvements, property acquisition, and other start up activities, and a timeline for completion;

5. A budget for construction, operation, site acquisition, compensation of employees, equipment costs, utility costs, and other operational costs. The budget should demonstrate sufficient capital in place to pay startup costs and at least three months of operating costs, as well as a description of the sources and uses of funds;

6. Proof of capitalization in a form of documentation of cash or other liquid assets on hand, letters of credit, or other equivalent assets; and

7. A pro forma for at least three (3) years of operation.

L. Proposed Community Benefits Program Plan:

1. Propose commitment to participate in programs designated by the City and/or programs the applicant is proposing to support, including but not limited to, (a) senior citizen programs, (b) City beautification efforts, (c) fund for enforcement of illegal cannabis operations, (d) public safety, (e) housing programs, (f) economic development, (g) infrastructure, (h) general fund, and/or (i) any other proposed City efforts.

2. Proposed plan is to commit to the City's designated and specified amount/percentage of business revenues to fund said program and/or amount to be negotiated (i.e., Development Agreement), or amount the applicant proposes to commit beyond the City designated amount.

3. Applications should also describe how operation of the proposed facility would satisfy categories of proposed community benefits, including, but not limited to, senior housing, public safety, labor and employment, local enterprise, environmental benefits, and any other public benefits attendant with the facility's operation, including but not limited to site improvement and blight remediation, public infrastructure improvements, revenue generation, mechanisms for remediating perceived or actual negative impacts of the facility, and economic incentives to the City.

M. Disclosure of Financial Interests:

1. Each application shall include the legal full name, birth date, and government-issued identification type and number for all individuals who have a "financial interest" in the applicant but are not owners.

2. For purposes of this requirement, a "financial interest" means an investment into a commercial cannabis business, or any other equity interest in a commercial cannabis business, except for the following:

    a. A bank or financial institution whose interest constitutes a loan;

    b. Persons whose only financial interest in the applicant is through an interest diversified mutual fund, blind trust, or similar instrument;

c. Persons whose only financial interest is a security interest, lien, or encumbrance on property that will be used by the applicant; and

d. Persons who hold a share of stock that is less than 5% of the total shares in a publicly traded company.

N. Labor Peace Agreement: For applicants with twenty (20) or more employees, the applicant shall attest that the applicant will enter into a labor peace agreement and will abide by the terms of the agreement, and the applicant shall provide a copy thereof to the City. For applicants that have not yet entered into a labor peace agreement, the applicant shall provide a notarized statement indicating that the applicant will enter into and abide by the terms of a labor peace agreement.

O. Seller's Permit: The applicant shall provide a valid seller's permit number issued by the California Department of Tax and Fee Administration, if applicable. If the applicant has not yet received a seller's permit, the applicant shall attest that the applicant is or will before commencing operations, apply for a seller's permit.

P. Limited Waiver of Sovereign Immunity: Any applicant that may fall within the scope of sovereign immunity that may be asserted by a federally recognized tribe or other sovereign entity must waive any sovereign immunity defense that the applicant may have, may be asserted on its behalf, or may otherwise be asserted in any state administrative or judicial enforcement actions against the applicant, regardless of the form of relief sought, whether monetary or otherwise, under the state laws and regulations governing commercial cannabis activity. The applicant must submit a written waiver of sovereign immunity to the City with the Application, which is valid for the period of any Development Agreement or permit issued by the City to the applicant. The written waiver shall include that the applicant has the lawful authority to enter into the waiver required, the applicant hereby waives sovereign immunity, and the applicant agrees to do all of the following:

1. Provide documentation to the City that establishes that the applicant has the lawful authority to enter into the waiver required by this section;

2. Conduct all commercial cannabis activity in full compliance with the state laws and regulations governing commercial cannabis activity, as well as the Commerce Municipal Code, including submission to all enforcement provisions thereof;

3. Allow access as required by state statute or regulation, or by the Commerce Municipal Code, by persons or entities charged with duties under the state laws and regulations governing commercial cannabis activity to any premises or property at which the applicant conducts any commercial cannabis activity, including premises or property where records of commercial cannabis activity are maintained by or for the applicant;

4. Provide any and all records, reports, and other documents as may be required under the state laws and regulations governing commercial cannabis activity;

5. Conduct commercial cannabis activity with other state commercial cannabis licensees only, unless otherwise specified by state law;

6. Meet all of the requirements for licensure under the state laws and regulations, as well as the Commerce Municipal Code, governing the conduct of commercial cannabis activity, and provide truthful and accurate documentation and other information of the applicant's qualifications and suitability for licensure as may be requested; and

7. Submit to the personal and subject matter jurisdiction of the California courts to address any matter related to the waiver or the Commercial Cannabis Permit application, license, or activity, and that all such matters and proceedings shall be governed, construed and enforced in accordance with California substantive and procedural law, including but not limited to the AUMA or MAUCRSA.

Q. Development Agreement Proposal: Identify at least five (5) areas or topics in the draft Development Agreement provided as part of the application process (and/or

five (5) areas or topics in the application requirements as enumerated herein in this Chapter), that the applicant proposes will distinguish its Development Agreement from other applicants, and submit a plan explaining and supporting how a commitment to these areas may be executed.

R. Additional Information: During any phase of the application process, the City may require additional information and documents of the applicant, and all applicants shall provide the information and documents requested by the City within the time specified.

S. Payment of Applicant Fee: Each applicant shall pay the applicable fee(s) pursuant to this Chapter.

(4) 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 non-refundable application 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.

(5) As part of the application process, the applicant shall be required to obtain all required land use approvals, if and when applicable, from the City's Public Works and Development Services Department, including a certification from the Director of Public Works and Development Services Department, or his or her designee, certifying that the proposed site meets all of the requirements of Title 19 of this Code.

(6) 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 consents to the potential operation of the commercial cannabis business on the owner's property.

(7) 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 Los Angeles County Sheriff's, 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 Commerce, Los Angeles County Sheriff, or the City's law enforcement agency as required by this section. A fee for the cost of the background investigation, which shall be the actual cost to the City of Commerce 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.

(8) After the initial application review and background check, the Review Committee shall present those applicants who met the initial application review criteria to the next review and selection phase.

5.61.090 - Application Review, Scoring and Selection Process.

(1) The City's review, scoring and selection of timely and complete submitted applications is anticipated to comprise of three (3) phases.

(2) A Review Committee processing applications to ensure compliance with any or all of the three (3) phases of the application review, scoring and selection process shall be set forth herein. A Review Committee means a group member, as designated and assigned by the City Administrator, or his or her designee, which may include City employees, agents, and/or representatives, to undertake the task(s) of reviewing and processing applications, as this may further relate to the application review, scoring, and/or selection process as set forth in this Chapter.

(3) Notwithstanding anything in this Chapter to the contrary, the City reserves the right to reject any or all applications, at any time within, or in between, the three (3) phases, if it determines it would be in the best interest of the City, taking into account the health, safety and welfare of the community. Furthermore, applications may also be rejected at any time for the following inclusive, but not limited, reasons:

a. The application is received after the designated submittal deadline.

b. The applicant has failed to submit a complete application, or the application is not organized in the required format.

c. The applicant has failed to pay the application fee as required by this Chapter and by City Council resolution, and any other related or applicable fees due before, up to, and/or through, the three (3) phase application process.

d. The applicant has made a false, misleading or fraudulent statement or omission of fact in the application or in the application process, including, but not limited to, during any interviews, during meetings held to negotiate any terms of a Development Agreement, during any presentation(s) made to City Council, if applicable, or by submitting any documentation or supplemental information as part of the application process, that is false, misleading or fraudulent, or that is incomplete so as to omit pertinent information called for by the application process.

e. Application contains excess or extraneous material not relevant, responsive, or called for in the application package.

f. The applicant, its owner(s), manager(s) or a responsible person has, within the past three (3) years immediately preceding the date of the application, 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 jurisdiction(s); or has had a commercial cannabis license revoked or suspended by the applicable state and/or local jurisdiction(s).

g. The applicant, its owner(s), manager(s) or a responsible person, within the past three (3) years immediately preceding the date of the application, has been issued a notice or citation by the City for unlicensed commercial cannabis activity, or if the applicant, its owner(s), manager(s) or a responsible person, 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.

h. The applicant, an owner, manager or a responsible person has been convicted within the past ten (10) years of any of the offenses listed in Section 5.61.110(5) of this Chapter.

i. The applicant, an owner, manager or a responsible person is under twenty-one years of age.

j. The proposed location of the commercial cannabis business is not located outside a 600-foot radius from a school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center that are in lawful and/or City-approved existence at the time an application is submitted to the City.

(4) The three (3) phases of the application review, scoring and selection process may comprise of the following:

a. Phase I: Initial Application Screening and Preliminary Determination of Eligibility.

1. During Phase I, 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 requisite form, and submitted by or before the deadline, and with the accompanying applicable application fee(s).

2. Each owner will undergo a criminal history check, as determined by the City Administrator, the Los Angeles County Sheriff's Department, or the City's law enforcement agency, demonstrating compliance with the eligibility requirements, the AUMA, the MAUCRSA, the regulations, and as required herein in this Chapter. The background check may include a Live Scan review for both the state and federal clearance. 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 authorization allowing the City to conduct a third-party authorization allowing the City to conduct a third-party criminal investigation check.

3. During Phase I, City staff, and/or City agents or representatives, or the Review Committee, will review applications to determine 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. In addition to those grounds for denial as enumerated herein in this Chapter, failure to be responsive and/or provide substantive responses, or provide applicable supporting documentation as required by the application, is grounds for denial. Successful applicants will be forwarded to Phase II. Notice of the results of Phase I will be provided in writing to each applicant.

4. The City Administrator, or his or her designee, may establish scoring criteria for Phase I.

b. Phase II: Investigation, Scoring, and Ranking.

1. During Phase II, the Review Committee will review the applications and evaluate and score them, using the following general review criteria:

No.	Criteria	Weight
1	Compliance with Application Submittal Requirements and Presentation	10%
2	Premises Diagram/Site Plan or Proposed Premises Diagram Site Plan, with Premises on Map Showing its Location is a Minimum Six-Hundred (600) feet from Sensitive Sites	10%
3	Operating Procedures	10%
4	Business and Financial Plan	20%
5	Community Benefits Program	20%
6	Applicant's and Owner(s) Qualifications and Experience	10%
7	Development Agreement Proposal	20%

2. The City Administrator, or his or her 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 hereinabove, prior to the commencement of the City accepting any applications.

3. To the extent background checks were not complete during Phase I, they will be completed during Phase II.

4. The Review Committee will review and score qualifying applications based on the above criteria, and at the discretion of the Review Committee, applicants may be required to provide presentations and/or participate in interviews before the Committee. If a premise is identified in the application, the Review Committee may direct an inspection thereof by qualified City personnel to ascertain current conditions of the premises.

5. During Phase II, the Review Committee shall have the authority to ask questions of any applicant, including requests for applicants to provide information and documentation not included in the original application, to review and discuss terms proposed in a Development Agreement, and any such pertinent or relevant information or materials as may be considered relevant by the Review Committee.

6. After applications have been reviewed and scored, the Review Committee will tabulate its final scores and rank the top scoring applications, as judged by the Review Committee.

7. The qualified applicants who are qualified to operate a commercial cannabis business in the City during this Phase II will be presented to the City Council for a final determination at a public City Council meeting, and at a date and time set by the City Administrator, or his or her designee.

8. An applicant who is deemed qualified during this Phase II is not guaranteed any particular result in the application process.

9. Notice of the results of Phase II will be provided in writing to each applicant.

c. Phase III: Final Ranking and City Council Consideration.

1. Phase III will consist of the City Council's consideration of the Review Committee's recommendations. Applicants progressing to Phase III may be invited to attend a City Council meeting to make a public presentation introducing their team and providing an overview of their proposal, or to answer questions from City Council or staff, and therefore should be prepared to attend a public meeting of the City Council for said purpose. In order to provide adequate time for all applicants, presentations may be divided over more than one meeting over multiple days, as determined to be necessary.

2. At least ten (10) calendar days prior to the public meeting when City Council will consider the Review Committee's recommendations, irrespective of whether those qualified applicants to be considered by the City Council will be invited to make a presentation or not at said meeting, each qualified applicant shall provide notice of the public meeting by sending written notice to all property owners and occupants located within 500 feet of the proposed business location(s). Said applicant shall provide proof of mailing to the Review Committee as a pre-condition to be considered at said meeting. Applicants will work cooperatively with City staff to prepare agenda materials in advance of the City Council meeting, and to answer any questions posed by staff or the City Council, but applicants shall meet all legally imposed deadlines prior to the public meeting for agenda materials to be considered by City Council.

3. The City Council reserves the right to amend, revise, and/or reject the Review Committee's scoring, ranking, or recommendations of the applications, and may take such action on any application which the City Council finds will further the best interests of the City.

4. At the conclusion of the public meeting, the City Council may select the highest qualified applicants to negotiate final Development Agreement terms and conditions with the City. The City Council's selection will be memorialized in a written "Notice of Selection," and shall specify a reasonable period of time in which the parties will negotiate and finalize site of operations, if necessary, as well as operating and development terms and conditions to be memorialized in a Development Agreement, to be subsequently considered by the Planning Commission and City Council, as applicable. Compliance with the California Environmental Quality Act will also be required. Notice of the results of Phase III will be provided in writing to each applicant.

5. The City Council's decision as to the selection of the prevailing candidates shall be final.

6. Selected applicants will be required to cover the City's cost of preparing the Development Agreement, 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.

(5) If, during the time period specified, the selected applicants and City are unable to finalize the matters described herein, or if the Planning Commission and City Council ultimately deny a Development Agreement for the applicant, the City Council, in its discretion, may terminate the negotiating period with the applicant and open negotiations with the applicant or applicants that submitted the next highest-scoring application.

(6) 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. Until a state license is available and obtained by the Permittee, all Permittees must comply with all provisions of the State laws as they relate to commercial cannabis activity.

(7) Being issued a Notice of Selection does not constitute a land use entitlement and does not waive or remove the requirements of entering into a Development Agreement, 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 Title 19 of this Code, or any building or fire codes, laws, rules or regulations, or any other permit requirement from other local or state departments or agencies.

(8) 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's 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.

(9) 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.

(10) 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.

5.61.100 - Expiration of Commercial Cannabis Permits.

Each Commercial Cannabis Permit issued pursuant to this Chapter shall expire five (5) years after the date of its issuance. Commercial Cannabis Permits may be renewed as provided in Section 5.61.120 of this Chapter.

5.61.110 - Revocation of Permits.

(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 the Development Agreement, or any provision of state law, may be grounds for revocation of the permit.

(2) Revocation of a state license issued under this ordinance shall be grounds for revocation of a Commercial Cannabis Permit issued by the City.

(3) Grounds for revocation may include if the permittee, its owner(s), manager(s) or a responsible person has, within the past three (3) years immediately preceding the date of the application, has 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) Grounds for revocation may include if the permittee, its owner(s), manager(s) or a responsible person, within the past three (3) years immediately preceding the date of the application, been issued a notice or citation by the City for unlicensed commercial cannabis activity, or if the permttee, its owner(s), manager(s) or a responsible person, 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.

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

a. A violent felony, as specified in Section 667.5(c) of the Penal Code.

b. A serious felony, as specified in Section 1192.7(c) of the Penal Code.

c. A felony involving fraud, deceit, or embezzlement.

d. 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.

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

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

(6) If the City Administrator determines that a ground for revocation of a Commercial Cannabis Permit exists, the City Administrator shall give notice of revocation by dated written notice to the permittee.

(7) The City Administrator shall cause the permittee to be served, either personally or by certified first class mail addressed to the address listed on the application, with a written notice to revoke

a permit. 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's Planning Commission, or its appointed hearing officer or body, and that the City Administrator's decision will be final if no written appeal is timely submitted to, and received by, the City, pursuant to the provisions in Section 5.61.140 of this Chapter. This notice will be effective within 15 calendar days from the date of service of the notice. If an appeal is timely and properly filed in accordance with Section 5.61.140, then the effective date of the notice is stayed until a decision after the hearing on the appeal is issued.

5.61.120 - Renewal Applications.

(1) An application for renewal of a Commercial Cannabis Permit and renewal fee shall be filed with the City Administrator's office prior to the expiration date of an active and current permit.

(2) Any permittee submitting a renewal application less than thirty (30) calendar days before permit expiration may be required to pay a late renewal application fee, as established by Resolution of the City Council. If a permittee is not issued a renewal before the expiration of the current permit, a late renewal application fee shall be assessed, especially if an untimely renewal application submittal did not give the City a reasonable time as noted herein to review and process the renewal application before the expiration of the current permit.

(3) The renewal application may be required to contain all the information required for new applications to ensure on-going compliance with the initial screening criteria.

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

(5) An application for renewal of a Commercial Cannabis Permit may be denied if any of the following exists:

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

b. The Commercial Cannabis Permit is suspended or revoked at the time of the application submittal.

c. More than three (3) violations of a provision of an executed Development Agreement, 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 Development Agreement, within the preceding term of the permit.

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

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

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

(6) The City Administrator is authorized to make all decisions concerning the issuance of a renewal permit. In making the decision, the City Administrator 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 Administrator shall be handled pursuant to Section 5.61.140 of this Chapter.

(7) 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.

5.61.130 Effect of State License Suspension, Revocation, or Termination.

(1) Suspension of a license issued by the State of California, or by any of its departments or divisions, shall immediately suspend the ability of a commercial cannabis business to operate within the City, unless and until the State of California, or its respective department or division, reinstates or reissues the State license.

(2) Should the State of California, or any of its departments or divisions, revoke or terminate the license of a commercial cannabis business operating in the City, such revocation or termination shall also revoke or terminate the ability of a commercial cannabis business to operate within the City of

Commerce.

5.61.140 - Appeals.

(1) Notice of, and Time to, Appeal, and Effect of Timely Appeal.

a. A permittee of a commercial cannabis business may appeal any decision of the City Administrator, by filing with the City Clerk a written Notice of Appeal within fifteen (15) calendar days from the date of service of the notice issued by the City Administrator of his or her decision. 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.

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

1. Name, address, and telephone number of the appellant.
2. Specify that the person is appealing from a specified decision, action, or a particular part thereof, made by the City Administrator.
3. Include a true and correct copy of the notice issued by the City Administrator for which the appellant is appealing.
4. 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.
5. All documents or other evidence pertinent to the appeal that the appellant requests the hearing officer or body to consider at the hearing.
6. An appeal fee, as established by Resolution of the City Council.

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

d. 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 Planning Commission, or appointed hearing officer or body. 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 of suspension or revocation, the suspension or revocation shall become effective upon the expiration of the period for filing a written notice of appeal.

(2) Review by Planning Commission, or Appointed Hearing Officer or Body; Appeal Hearing and Proceedings.

a. All appellants shall, subject to filing a timely written Notice of Appeal, obtain review thereof before the Planning Commission, or appointed hearing officer or body. The administrative appeal shall be scheduled no later than sixty (60) calendar days, and no sooner than twenty-one (21) calendar days, after receipt of a timely filed Notice of Appeal. 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) calendar days before the date of the hearing ("notice of appeal hearing").

b. 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 Planning Commission, 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.

c. The Planning Commission shall preside over the hearing on appeal, or in the alternative, the Planning Commission may appoint a hearing officer or body to conduct the hearing.

d. At the date, time and location set forth in the notice of appeal hearing, the Planning Commission, 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 by these persons.

e. 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 by a preponderance of evidence.
3. The issuance of the City Administrator's notice constitutes prima facie evidence of grounds for the denial, nonrenewal, suspension or revocation, and City or County personnel who significantly took part in the investigation, which contributed to the City Administrator issuing a notice of decision, may be required to participate in the appeal hearing.
4. Each party shall have the right to introduce evidence, to present and examine witnesses, and to cross-examine opposing witnesses who have testified under direct examination. The Planning Commission, or the appointed hearing officer or body, may also call witnesses, and examine any person who introduces evidence or testifies at any hearing.
5. The Planning Commission, 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 Planning Commission, or appointed hearing officer or body, shall determine in whether a particular fact or facts amount to a good cause on a case-by-case basis.
6. The appellant may bring a language interpreter to the hearing at his or her sole expense.
7. 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.

f. If the appellant, or his or her legal representative, fails to appear at the appeal hearing, the Planning Commission, 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 Administrator's notice of decision is final and binding.

(3) Decision of the Planning Commission, or Appointed Hearing Officer or Body; Final Decision.

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

1. A finding and description of each reason or grounds for nonrenewal, suspension, revocation, or other action that exist.
2. Any other finding, determination or requirement that is relevant or related to the subject matter of the appeal.

b. The decision of the Planning Commission, or appointed hearing officer or body, is final and conclusive. The written final decision shall also contain the following statement: "The decision of the Planning Commission [or appointed hearing officer or body] is final and binding. Judicial review of this decision is subject to the time limits set forth in California Code of Civil Procedure Section 1094.6."

c. 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.

5.61.150 - Commercial Cannabis Permit – Nonassignable and Nontransferable.

(1) A Commercial Cannabis Permit issued under this Chapter is valid only as to the permittee and approved location, and is therefore nontransferable to other persons, projects or locations, unless a written amendment to an executed Development Agreement is ultimately approved by City Council.

(2) 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 to an executed Development Agreement is ultimately approved by City Council. Any such sale, transfer, or assignment, or attempted sale, transfer, or assignment 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 an executed Development Agreement is ultimately approved by City Council.

5.61.160 - Change in Location of Commercial Cannabis Business.

No permittee shall change the location of the commercial cannabis business specified in the Commercial Cannabis Permit or executed Development Agreement until any such change of location is ultimately approved by the City Council by written amendment to an executed Development Agreement. Within ninety (90) days of the effective date of this Chapter, the City Administrator shall adopt a process (to include any necessary forms and procedures) for the relocation of commercial cannabis businesses that includes the following:

(1) The permittee shall submit a change of location application to the City at least sixty (60) calendar days prior to the proposed change.

(2) The proposed location shall meet all the requirements under this Code, including but not limited to this Chapter and Title 19 of this Code.

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

(4) The relocation of a permittee's commercial cannabis business shall be subject to the prior review and approval by the City Council at a public meeting, pursuant to a proposed amendment to an executed Development Agreement.

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

5.61.170 - Changes in Ownership of Commercial Cannabis Business.

(1) 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 issued by the City Council. 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 of the executed Development Agreement to the proposed new owner, and the proposed new owner assumes same. Same shall be presented as a proposed amendment to the originally, executed Development Agreement.

(2) 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), must be approved by the City Council after completion of the application process under this Chapter, including evaluation under any applicable review criteria used and relied upon during the original review and selection process.

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

a. The ownership of the new business entity is the same as the original permit holder business entity; or

b. 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.

(4) Although a new Commercial Cannabis Permit is not required in the two circumstances listed in this subsection (3), 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 and the executed Development Agreement after paying the fee set by resolution of the City Council.

(5) No permittee may avail themselves of the provisions of this section if the City Administrator, or his or her designee, has notified the permittee that the Commercial Cannabis Permit has been or may be suspended, revoked, or not renewed.

(6) 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 Development Agreement.

(7) 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.

5.61.180 - Change in Ownership when the Permittee is a Partnership or Corporation.

(1) One or more proposed partners in a partnership granted a Commercial Cannabis Permit may make application to the City Administrator, 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, and in such case, the Commercial Cannabis Permit, upon notification to the City Administrator, shall be placed in the name of the surviving partners.

(2) 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. If fifty-one (51) percent or more of any stock is sold, transferred, issued, or assigned to a person not listed on the application as a stockholder, the permit shall be deemed terminated and void; provided, however, the proposed stock purchaser transferee may submit to the City Administrator, 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.

(3) 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 Development Agreements must also be made, and reviewed and approved as outlined in the Development Agreement, or as required by the City's policy concerning amendments to Development Agreements.

5.61.190 - Changes in Name Only.

(1) The permittee shall advise the City Administrator within fifteen (15) calendar days 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 Development Agreement.

(2) 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.

(3) Said change in name must also be made in the form of an amendment to the corresponding executed Development Agreements, and reviewed and approved as outlined in the Development Agreement, or as required by the City's policy concerning amendments to Development Agreements.

5.61.200 - Alterations to Approved Facility.

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 laws, regulations and standards, including those concerning building and fire safety, as well as occupancy.

5.61.210 – Any Other Changes in Information as Reflected in the Submitted Application or Executed Development Agreement.

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, including any change in the commercial cannabis business form of ownership or management members, the Permittee shall notify the City on a form approved by the City Administrator for review along with a permit and

Development Agreement amendment fee, as adopted by Resolution of the City Council.

5.61.220 – City Business License.

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

5.61.230 – Permits and Inspections Prior to Commencing Operations.

Prior to commencing operations, a commercial cannabis business shall be subject to a mandatory inspection of the premises, and must obtain all required City and/or County approved plans and City and/or County building permits, to include building, electrical, mechanical, and plumbing permits, and approvals 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 Safety Division approvals, Fire Department approvals, Health Department approvals and any other permit or approval required by this Chapter, Code or applicable law, rules or regulations.

5.61.240 – Indemnification and Limitations on City's Liability.

To the fullest extent permitted by local, state and/or federal law, the City of Commerce shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Permit or executed a Development Agreement pursuant to this Chapter, 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 a Development Agreement, the applicant shall be required to meet all of the following conditions before they can receive the Commercial Cannabis Permit:

(1) They 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 Commerce, and its officers, officials, employees, representatives, and agents from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to:

a. The City's drafting, adoption and passage of an ordinance, 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);

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

c. The City's approval and execution of a Development Agreement;

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

e. The process used by the City in making its decision to issue, approve or deny a permit or a Development Agreement; and/or

f. 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 Attorney.

(3) Reimburse the City of Commerce for all costs and expenses, including but not limited to attorney fees and costs and court costs, which the City of Commerce 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 Development Agreement. The City of Commerce 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.

(4) 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 a Development Agreement that an applicant and a permittee shall agree to in order for same to be valid.

5.61.250 – Records and Recordkeeping.

(1) Each owner and operator of a commercial cannabis business shall maintain accurate books and records in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis, 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 Administrator, or his or her designee.

(2) 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 Administrator upon request.

(3) 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 Commerce upon request, except that private medical records shall be made available only pursuant to a properly executed search warrant, subpoena, or court order.

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

5.61.260 – 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.

5.61.270 – Fees and Charges.

(1) 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.

(2) 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 activity, and as mandated by this Chapter.

(3) 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.

5.61.280 – Operating Requirements Applicable to all Commercial Cannabis Businesses.

(1) No commercial cannabis business shall be located within a 600-foot radius of a school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center that is in lawful and/or City-approved existence at the time a successful application was submitted to the City, resulting in the issuance of a Commercial Cannabis Permit from the City, and corresponding approval and execution of a Development Agreement.

(2) Commercial cannabis businesses may operate only during the hours established by Resolution of the City Council and/or as specified in the Commercial Cannabis Permit issued by the City and/or as specified in the approved and executed Development Agreement.

(3) Cannabis shall not be consumed by anyone on the premises of any commercial cannabis business, unless explicitly authorized by a City ordinance, resolutions, rules, regulations and/or pursuant to explicit terms of a Commercial Cannabis Permit or City-approved Development Agreement.

(4) No cannabis or cannabis products shall be visible from the exterior of any property issued a Commercial Cannabis Permit or Development Agreement, or on any of the vehicles owned or used as part of the commercial cannabis business. No outdoor storage of cannabis or cannabis products is permitted at any time.

(5) Each commercial cannabis business shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City. The commercial cannabis business shall ensure that such information is compatible with the City's record-keeping systems. In addition, the system must have the capability to produce historical transactional data for review. Furthermore, any system selected must be approved and authorized by the City Administrator prior to being used by the permittee.

(6) 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.

(7) No physician shall be permitted in any commercial cannabis business at any time for the purpose of evaluating patients for the issuance of a medicinal cannabis recommendation or medicinal cannabis identification card where applicable.

(8) All commercial cannabis non-storefront retailer-delivery only shall have a manager on the premises at all times during hours of operation.

(9) Each commercial cannabis business shall provide the City Administrator 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.

(10) Signage and Notices:

a. In addition to the requirements otherwise set forth in this section, or as a term or condition imposed in a Development Agreement, business identification signage for a commercial cannabis business shall conform to the requirements of state law and the City of Commerce Municipal 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.

(11) Persons under the age of twenty-one (21) years shall not be allowed on the premises of a commercial cannabis business, and shall not be allowed to serve as a driver for a delivery service, except if pertaining to sales of cannabis for medicinal use. 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.

(12) Odor Control. Odor control devices and techniques shall be incorporated in all commercial cannabis businesses to ensure that odors from cannabis are not detectable off-site. Commercial cannabis businesses shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the commercial cannabis business that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the commercial cannabis business. As such, commercial cannabis businesses must install and maintain the following equipment, or any other equipment which the City Engineer or Public Works and Development Services Director determines is a more effective method or technology:

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

b. 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.

(13) 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.

(14) Loitering. 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 submittal, and depicted on a plan.

(15) 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.

(16) Adherence to the Applicable 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.

(17) Persons with Disabilities. 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.

(18) Discrimination. No commercial cannabis business may discriminate or exclude patrons in violation of local, state and federal laws and regulations.

(19) The City Administrator, or his or her designee, shall be authorized to promulgate additional or supplemental operating requirements applicable to all commercial cannabis businesses if the public's safety, welfare or health warrants same.

5.61.290 - Promulgation of Regulations, Standards and Other Legal Duties.

(1) In addition to any regulations adopted by the City Council, the City Administrator, or his or her designee, is authorized to establish any additional rules, regulations, policies and standards governing the: application review and approval process; the issuance, denial or renewal of Commercial Cannabis Permits; the ongoing operation of commercial cannabis businesses and the City's oversight of same; and/or concerning any other subject determined to be necessary to carry out the intent and purposes of this Chapter, including without limitation, establishing time periods to solicit applications pursuant to this Chapter, and corresponding deadlines for timely submittals of same to the City, as well as the drafting of any forms or applications, as required by this Chapter.

(2) Additional 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.

(3) Rules, regulations, policies, and standards promulgated by the City Administrator 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 Administrator.

5.61.300 - Community Relations Liaison.

(1) Each commercial cannabis business shall provide the name, telephone number, and email address of a community relations liaison contact to whom notice of problems associated with the commercial cannabis business can be provided. Each commercial cannabis business shall also provide the above information to all properties located within six hundred (600) feet of the commercial cannabis business.

(2) During the first year of operation pursuant to this Chapter, the owner, manager, and community relations liaison from each commercial cannabis business holding a permit and Development Agreement issued pursuant to this Chapter shall attend a quarterly meeting with the City Administrator and other interested parties as deemed appropriate by the City Administrator, to discuss costs, benefits, and other community issues arising as a result of implementation of this Chapter. After the first year of operation, the owner, manager, and community relations liaison from each such commercial cannabis business shall meet with the City Administrator when and as requested by the City Administrator.

5.61.310 - Fees Deemed Debt to City of Commerce.

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

5.61.320 - Responsibility for Violations.

Permitteees, owners, responsible persons, and/or managers shall not allow, cause, maintain or permit any violation of this Chapter, the City's Code, a term of a Commercial Cannabis Permit, or a term, condition or provision of an executed Development Agreement. Permittees an owners and their responsible persons and managers shall be jointly responsible for violations of the laws of the State of California or of the City of Commerce Municipal 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.

5.61.330 - Inspections.

(1) The City Administrator, or his or her designee(s), charged with enforcing the provisions of the City of Commerce Municipal 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.

(2) 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.

5.61.340 - Violations and Penalties.

(1) Any person who violates any provision of this Chapter is guilty of a misdemeanor.

(2) 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 renewed, pursuant to a non-contested notice of decision issued by the City Administrator, or after the issuance of a final order after an appeal hearing.

(3) 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 enjoinment 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.

(4) 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.

(5) 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.

(6) 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.

5.61.350 - 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 his or her duty to comply with such laws if additional obligations, duties, or prohibitions are imposed thereby.

5.61.360 - Unlawful Businesses Prohibited.

In no event shall any business license be granted for any use or activity that is illegal or unlawful under federal, state or City laws or regulations. No business license issued hereunder shall be construed as authorizing the conduct of or continuance of any illegal or unlawful business, or the furnishing, sale or provisioning of any service, good or product that is illegal under this Code, the laws of the State of California, or the laws of the United States of America. Notwithstanding the foregoing, a business license

may be granted for businesses permitted under this Chapter, provided the applicant has complied with all provisions of this Code and state law.

SECTION 3: **CEQA.** The City Council, on the basis of the whole record and exercising independent judgment, finds that this Ordinance is not subject to environmental review pursuant to Sections 15060(c)(2) and 15060(c)(3) of the State Guidelines for Implementations of the California Environmental Quality Act (CEQA). Sections 15060(c)(2) and 15060(c)(3) pertain to activities that will not result in a direct or reasonably foreseeable indirect change to the environment and that are not defined as a project under Section 15378. The underlying commercial cannabis business and land use activities authorized by this Ordinance are subject to future discretionary approval(s) by the Planning Commission and/or City Council, and accordingly environmental review of any resulting impact is premature.

SECTION 4: Severability. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of the remainder of the Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions may be declared invalid or unconstitutional.

SECTION 5: This Ordinance shall take effect on the thirty-first (31st) day after its adoption.

PASSED, APPROVED AND ADOPTED this 4th day of September, 2018.

Hugo A. Argumedo
Mayor

ATTEST:

Lena Shumway
City Clerk

Ordinance No. 700

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF COMMERCE)

I, Angie Verdin, Deputy City Clerk of the City of Commerce, California, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 700 of said City which was introduced at a special meeting of said Council, held the 28th day of August 2018 and, thereafter, said Ordinance was duly adopted and passed not less than five days thereafter at a concurrent regular meeting of said Council on the 4th day of September 2018, by the following vote, to wit:

AYES:	Councilmembers:	Altamirano, Rebollo Mayor Pro Tempore Soria
NOES:	Councilmembers:	Mendoza, Mayor Argumedo
ABSENT:	Councilmembers:	None
ABSTAIN:	Councilmembers:	None

I, further certify that said Ordinance was thereupon signed by the Mayor of the City of Commerce.

Posted: September 6, 2018

Angie Verdin

Angie Verdin
Deputy City Clerk

CITY OF COMMERCE
AGENDA REPORT

Item No. _____

TO: Honorable City Council

FROM: City Administrator

SUBJECT: APPROVE SECOND READING AND ADOPTION, BY READING BY TITLE ONLY AND WAIVING FURTHER READING, OF ORDINANCE CONCERNING COMMERCIAL CANNABIS REGULATIONS

MEETING DATE: September 4, 2018

RECOMMENDATION:

1. Approve Second Reading and Adoption, by title only and waiving further reading, of Ordinance concerning commercial cannabis regulations, as attached hereto and marked as "Option A," concerning commercial cannabis regulations; and/or

2. Make any motion(s) to execute any City Council directive(s).

DISCUSSION:

August 21, 2018 City Council Meeting:

On August 21, 2018, City staff and agents, including the City Attorney's Office and Principal/Planner Ebony McGee Anderson, from ejma Planning, provided an update to City Council on the community outreach that was conducted in Commerce concerning cannabis, as well as presenting a proposed ordinance regulating commercial cannabis businesses for City Council's consideration.

On August 21, 2018 the proposed ordinance was approved for Introduction and First Reading on a 3-2 City Council vote, with 2 oral modifications, (1) that the ordinance be more explicit with respect to the ban on retailer storefronts in the City of Commerce, and (2) that the ordinance also prohibit residential deliveries in the City.

August 28, 2018 Special City Council Meeting:

A duly noticed Special City Council meeting was held on August 28, 2018 providing City Council with the following options:

1. Option A:

   I. Approve Introduction and First Reading, by reading by title only and waiving further reading, of Revised Proposed Ordinance, marked as “Option A,” concerning commercial cannabis regulations, which were reflective of the August 21, 2018 City Council meeting, to include only the amendment to explicitly prohibit dispensaries; and

   II. To bring back Revised Proposed Ordinance marked as “Option A” to City Council meeting on September 4, 2018 for Second Reading and Adoption; and/or

2. Option B:

   I. Receive and file report; and

   II. Proceed with future Second Reading and Adoption of Ordinance marked as “Option B” at the City Council meeting on September 4, 2018, which included the amendments made at the August 21, 2018 City Council meeting, to include both amendments regarding explicit prohibition of dispensaries and residential deliveries; and/or

3. Provide staff with further direction on commercial cannabis regulations including the explicit prohibition on dispensaries, residential deliveries or any other issues deemed appropriate; and/or

4. Make any motion(s) to execute any City Council directive(s).

For purposes of the August 28, 2018 Special City Council meeting, City staff incorporated into the ordinance introduced on August 21, 2018 more explicit language concerning the prohibition of retailer storefronts, so as to continue said ban in the City of Commerce. These proposed amendments were explicitly included in the Revised Proposed Ordinance, which was made available on August 28, 2018, and that is attached hereto and marked as “Option A.” The amendments made to the proposed ordinance, consistent with the City Council directive, are italicized in the ordinance marked as “Option A.” City staff recommended that the City Council proceed with the introduction and first reading of said version of the Ordinance, as further discussed below.

With regards to the amendment concerning banning residential deliveries, a careful review of the implications and potential unintended consequences of same was the basis for

staff's recommendation to not move forward with said oral amendment to the proposed ordinance. It was staff's opinion that while the City could move forward with such a ban, enforcing it would not only prove difficult, but it would also further create unreliable or inaccurate record-keeping by permitted businesses as to the locations of delivery. Additionally, in reviewing practical scenarios, the City may be superseded by state law. Commerce may also inadvertently create unforeseen issues as residents are compelled to engage with outside retailers that the City does not regulate, as residents with medical recommendations act to meet their medicinal cannabis needs via other under-regulated means, as an example. Moreover, staff was also unable to sufficiently substantiate some of the stated concerns with residential deliveries, which would be dispersed over various unknown sites throughout the City, as opposed to a designated location(s).

Therefore, for these reasons, at the Special City Council meeting on August 28, 2018, City staff recommended proceeding only with the modifications that addressed the explicit prohibition on retailer storefronts, which are otherwise known as dispensaries and are open to the general public, which are reflected in "Option A." Notwithstanding City staff's recommendation, in the event the City Council opted to proceed with the two modifications orally made at the City Council meeting on August 21, 2018 - to ban retailer storefronts otherwise knows as dispensaries, and to ban residential deliveries - said amendments were reflected in an Ordinance that was made available and identified as "Option B." Accordingly, both versions of the Ordinance, identified as "Option A" and "Option B" were made available to City Council for their review and consideration.

On August 28, 2018, the proposed ordinance marked as "Option A" was approved for Introduction and First Reading on a 3-2 City Council vote, to include only the amendment to explicitly ban retailer storefronts, which are commonly known as "dispensaries" that are open to the public. Said Ordinance is before the City Council today for approval of Second Reading and Adoption.

SUPPLEMENTAL BACKGROUND PRESENTED AT THE AUGUST 28, 2018 SPECIAL CITY COUNCIL MEETING:

At the City Council meeting on August, 21 2018, City staff presented the proposed regulations on commercial cannabis business regulations in the form of a draft ordinance, and also provided the City Council with an update on the outreach efforts (attached) which show that Commerce residents are supportive of regulation by a 2 to 1 margin. In addition to the meetings listed below that were directed by City Council to take place, staff also held a community meeting at St. Marcellinus Church on August 21, 2018, and with senior residents at the Commerce Senior Center on August 15, 2018. Attendees of the St. Marcellinus meeting were predominantly opposed, while attendees of the Senior Center meeting were largely supportive. All four meetings were livestreamed and are available for

viewing on the city's Facebook page, which has over 2,000 followers. Collectively, the presentations received over 3,700 views.

The meeting at Veteran's Park featured Sheriff's Lieutenant Walsh, who educated the attendees on negative impacts pertaining to cannabis regulation, by using and citing to collected data from other states. He also provided his experience with the "black market" in other jurisdictions that the Sheriff's police but none outlining experience in Cudahy, Lynwood, Maywood and West Hollywood which are currently policed by the Sheriff's and also regulate cannabis. Notwithstanding, the survey results from this meeting produced a similar support-oppose ratio as the other held community meetings. The Sheriff's presented at 2 out of the 4 community-wide meetings and also presented on this matter at the August 14, 2018 City Council-Sheriff's Public Safety Special Council Meeting.

BACKGROUND PRESENTED AT THE AUGUST 21, 2018 CITY COUNCIL MEETING:

On July 17, 2018, the City Attorney's Office made a presentation to the City Council on the State of California's laws and regulations concerning commercial cannabis businesses, and local jurisdictions' authority to regulate the industry, as well as policy considerations in doing so. At the conclusion of the presentation, City Council passed a motion with a 5-0 vote, with the following directives to be executed concurrently:

a. Host community meetings throughout the City to disseminate information to the public on cannabis and get the community's input on the subject matter; and

b. Draft a proposed ordinance regulating commercial cannabis businesses in the City's jurisdiction.

Community Meetings:

City staff was directed to host community meetings throughout the City, specifically in the City's four (4) parks, in order to disseminate information to the public on the regulation of cannabis, the State of California laws regulating cannabis, and to provide a forum to the public to discuss the topic, and in doing so, gather the community's input on this topic.

A City flyer which is attached hereto was prepared to invite the City's residents to four (4) different town hall meetings, as follows:

1. August 8, 2018, at 6:00 p.m. at Bandini Park;
2. August 9, 2018, at 6:00 p.m. at Bristow Park;
3. August 13, 2018, at 6:00 p.m. at Rosewood Park Senior Center; and
4. August 20, 2018, at 6:00 p.m. at Veteran's Park.

The flyer was mailed to all households in the City, and was posted and disseminated on social media. Additionally, every household was personally invited to attend the meetings.

Due to the City consultant's subject matter expertise on complex and highly regulated land uses, including cannabis uses, ejma Planning + Development, was tasked to host the community meetings, with principal Ebony Anderson, spearheading the effort. Each meeting also featured a majority if not a supermajority of the council members in attendance. Members of the community who attended the meetings were also asked to complete a survey. Attached is a true and correct copy of the survey. Each of the meetings was streamed live on the City's Facebook page, where it is still available for viewing.

A fifth community meeting specifically for the senior constituency of the City was held on August 15, at 10 a.m., at the Rosewood Park Senior Center.

City consultant Blue Icon Communications also participated in the community meetings by providing translation and interacting with Spanish speakers, and conducted public outreach, by performing citywide canvassing by distributing and collecting surveys, with the hopes of reaching all residents, including those residents who were unable to participate in the community meetings.

It is important to note that ejma Planning + Development also conducted a study session on cannabis with the City's Planning Commission on July 25, 2018, in order to provide them with a similar overview that was presented to City Council.

The data and research collected thus far from the community meetings and community outreach by undertaking canvassing and disseminating surveys, is showing that the majority of the community is interested in creating a process where the City may consider commercial cannabis related uses within its jurisdiction.

***Proposed Ordinance*:**

On July 17, 2018, City Council passed a motion directing the City Attorney's Office, in conjunction with City staff, to draft a proposed ordinance regulating commercial cannabis businesses in the City's jurisdiction, and to bring it back to City Council.

Accordingly, consistent with City Council's motion, and the majority of the community's interest in creating a system to regulate the cannabis industry in the City's jurisdiction, the City Attorney's office has drafted a proposed ordinance. The general provisions of the proposed ordinance include the following:

1. *Type:* Commercial medicinal and adult-use cannabis businesses are allowed.

2. *Classifications Allowed:* The classifications allowed, based on the state licenses issued, include:

a. Cultivation,
b. Manufacturer,
c. Distributor,
d. Testing Laboratory,
e. Non-Storefront Delivery-Only Retailer, not open to the public,
f. and Microbusiness.

Activities including transportation and delivery of cannabis is an ancillary activity to some of the classifications hereinabove, which would also be monitored and regulated. Its important to note that none of these uses are open to the general public, thereby limiting their impact on the surrounding community.

3. *Locations Where Businesses will be Allowed:* Consistent with California State law, the ordinance contemplates allowing the location of commercial cannabis businesses to be six-hundred (600) feet away from the state laws designated sensitive sites, including schools providing instruction in kindergarten or any grades one (1) through twelve (12), day care centers, and youth centers. Commercial cannabis businesses within the 600-foot radius from the sensitive sites would be explicitly prohibited.

4. *Minimum Application Requirements:* In addition to the state application requirements to secure the requisite state license to operate a business, the ordinance has imposed additional minimum application requirements, and has specified an enumerated list of grounds for denying an application.

5. *Type of Approval(s) and Permit(s) Required to Establish a Commercial Cannabis Business:* The ordinance requires a selected applicant to obtain a regulatory "Commercial Cannabis Permit," as well as to negotiate and enter into a Development Agreement with the City, allowing the City to impose terms, including imposing development standards for the business facilities, incorporating all operational and security plans, imposing a fee structure payable to the City based on revenue, and making the selected applicants community partners by making it an obligation for them to fund a Community Benefits Program. The latter will allow the City to allocate funds to

specialized City programs and/or services. The selected applicants would also be obligated to obtain all necessary approvals, permits and licenses required to occupy the business premises, and to operate a business.

6. *Review and Approval Process:* The draft ordinance proposes three (3) review, scoring and selection phases: an initial application screening process to ensure that minimum, albeit rigorous, requirements are met; those applications are then reviewed by a "Review Committee" using scoring criteria to rank the applicants to ultimately present to City Council; and finally City Council making a final approval of the high-ranking qualified applicants.

7. *Fee and Revenue Structures:* As discussed above, the City will be imposing fees based on a percentage of gross revenue and/or square footage of a facility, which will be negotiated pursuant to a Development Agreement. The City will be able to designate City fund(s) where revenue will be allocated, including specialized programs or services identified by the City and/or the applicant by establishing a Community Benefits Program(s). Successful applicants will also be required to pay fees for the required Commercial Cannabis Permit, and all other permits, licenses, inspections, etc. that are required pursuant to the ordinance in order to defray the costs associated with the time and resources spent by City staff, representatives, and agents, in processing the applications, and thereafter monitoring the program in the future to ensure on-going compliance.

8. *Compliance and Enforcement Provisions:* Penalty provisions are in place to serve as a deterrent for those businesses operating unlawfully without City approvals, and to ensure compliance is continuous for those approved businesses, as well as the implementation of enforcement tools to allow law enforcement, Code Enforcement, and other City staff to effectively monitor approved businesses, and terminate illegal operations.

It is necessary to remind City Council that the City's current ban on all commercial cannabis activity citywide, pursuant to Ordinance 691, is set to expire in November 2018, approximately less than three (3) months away. Before said time, City Council has the opportunity to pass an ordinance to regulate commercial cannabis to replace the moratorium before it expires. Alternatively, the City Council has the ability to extend the moratorium for an additional year before deciding on whether to adopt an ordinance regulating cannabis, or permanently banning commercial cannabis activity citywide.

ALTERNATIVES:

1. Approve Second Reading and Adoption, by title only and waiving further reading, of Ordinance concerning commercial cannabis regulations, as attached hereto and marked as “Option A,” concerning commercial cannabis regulations; and/or

2. Make any motion(s) to execute any City Council directive(s).

FISCAL IMPACT:

The recommended action can be carried out without additional impact on the current operating budget.

RELATIONSHIP TO STRATEGIC GOALS:

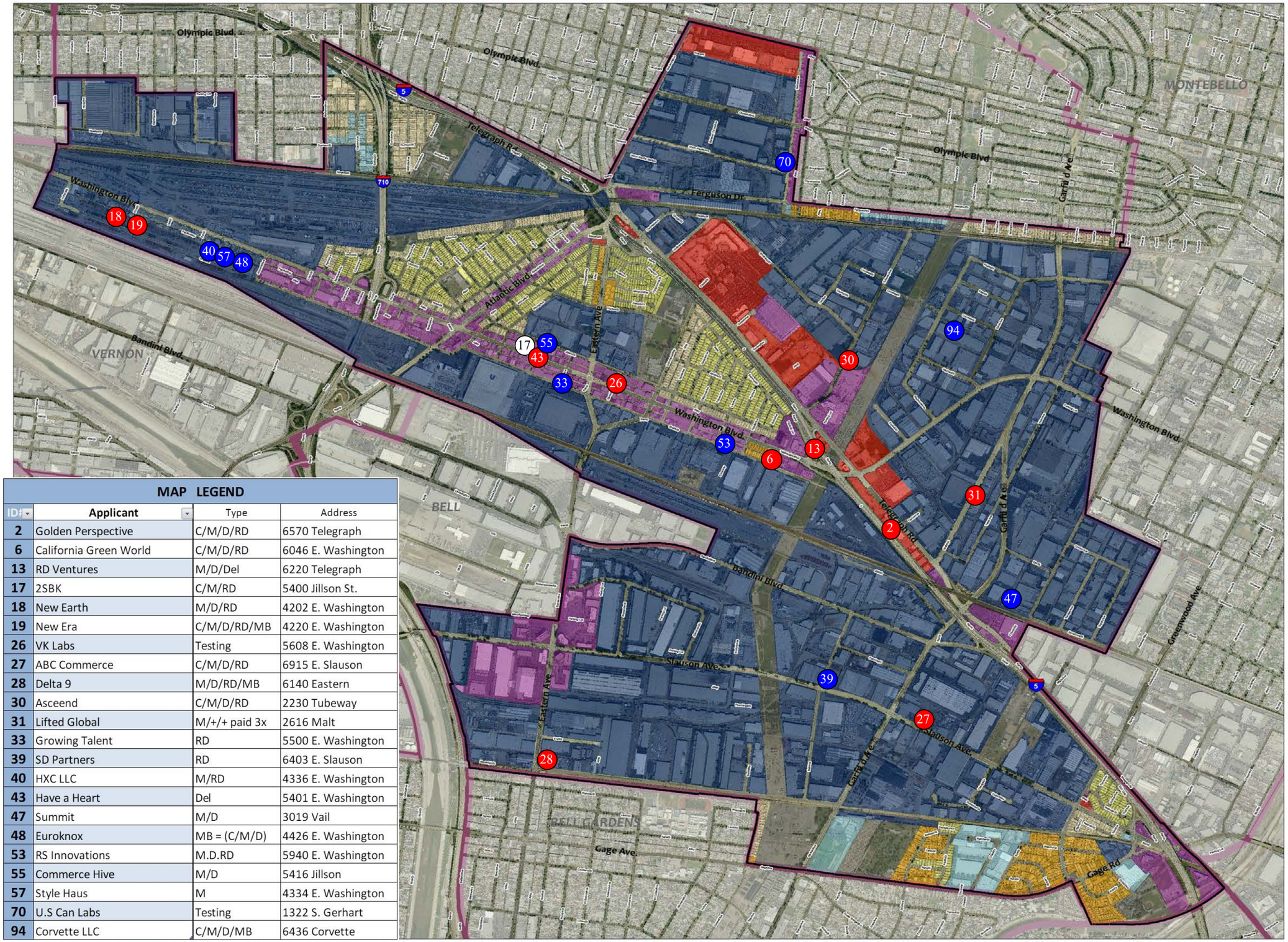
The subject matter is consistent with Economic Growth Guiding Principle #4 of the City’s Strategic Plan. This Guiding Principle calls for a focus on strategic economic development pursuits that will increase local jobs, generate additional revenue and create demand for supporting businesses.

Respectfully submitted:	Edgar P. Cisneros, City Administrator
Recommended by:	Rene Bobadilla, Interim Director of Economic Development and Sustainability
Approved as to form:	Norma Copado, Assistant City Attorney

Attachments:

1. Commercial Cannabis Business Regulations Revised Proposed Ordinance marked as “Option A”, to include language explicitly prohibiting retailer storefronts, commonly known as dispensaries along with all other proposed applicable cannabis regulations.

Table												
ID#	#	Applicant	1	2	3	4	5	6	7	Total	Type	Address
18-001		Jonathan Kohn	0	0	1	2	0	0	1	4	C/M/D/RD	N/A
18-002		Golden Perspective	2	0	2	3	5	4	3	19	C/M/D/RD	6570 Telegraph
18-003		J&L Property Holdings	2	1	2	3	5	2	1	16	C/M/D/RD	2939 Vail/2041 Davie
18-004		High Note	1	1	1	3	6	4	2	18	M	N/A
18-005		Heng Xin Int'l	2	0	2	3	6	2	3	18	C/M/D/RD	N/A
18-006		California Green World	2	0	2	4	6	5	3	22	C/M/D/RD	6046 E. Washington
18-009		Green Rush	1	0	1	4	6	3	2	17	C/M/D/RD	N/A
18-010		Commerce Cannabis Co.	1	2	1	1	1	3	4	13	C/M/D/RD/MB	N/A
18-013		RD Ventures	2	1	2	3	6	3	4	21	M/D/RD	6220 Telegraph
18-017		2SBK	2	2	2	3	2	2	3	16	C/M/RD	5600 Jillson
18-018		New Earth	2	1	2	3	4	4	3	19	M/D/RD	4202 E. Washington
18-019		New Era	2	1	2	3	5	4	3	20	C/M/D/RD/MB	4220 E. Washington
18-023		A&E	2	0	2	-1	5	2	3	13	Testing	N/A
18-026		VK Labs	2	1	1	3	6	2	3	18	Testing	5608 E. Washington
18-027		ABC Commerce	2	2	2	3	6	3	4	22	C/M/D/RD	6915 E. Slauson
18-028		Delta 9	2	2	1	3	4	3	3	18	M/D/RD/MB	6140 Eastern
18-030		Asceend	2	1	2	0	5	2	4	16	C/M/D/RD	2230 Tubeway
18-031		Lifted Global	1	1	2	3	5	2	2	16	MB = (C/D/RD)	2616 Malt
18-033		Growing Talent	2	0	2	2	2	3	1	12	RD	5500 E. Washington
18-036		Claremont Capital	2	2	2	2	5	4	4	21	C/M/D/RD	N/A
18-037		MJ4ANKH	1	1	1	1	2	2	1	9	M/D	N/A
18-039		SD Partners	1	1	1	1	1	2	3	10	RD	6403 E. Slauson
18-040		HXC LLC	1		1	4	2	3	3	14	M/RD	4336 E. Washington
18-043		Have a Heart	2	1	2	4	4	2	4	19	RD	5401 E. Washington
18-046		Septem Leaf	2	0	2	2	6	2	4	18	C/M/D/RD	N/A
18-047		Summit	2	1	2	3	2	2	3	15	M/D	3019 Vail
18-048		Euroknox	1	1	1	2	1	2	3	11	MB = (C/M/D)	4426 E. Washington
18-052		DJCC	2	0	2	2	6	1	3	16	C/M/D	N/A
18-053		RS Innovations	2	1	2	3	2	2	3	15	M.D.RD	5940 E. Washington
18-055		Commerce Hive	0	0	0	3	4	1	2	10	M/D	5416 Jillson
18-057		Style Haus	2	1	2	2	2	3	2	14	M	4334 E. Washington
18-058		Herbal Remedies	1	0	1	1	3	2	2	10	RD	N/A
18-059		Commerce Concentrates	2	1	1	3	4	1	2	14	M/D	N/A
18-061		Green Growth	2	1	1	3	1	1	2	11	C/D	N/A
18-064		NotStanLA	1	1	1	2	2	2	4	13	M/D	
18-065		From the Earth	2	1	1	2	3	3	4	16	C/M/D/RD	2919 Tanager Offer
18-066		GE United Tech	0	1	1	4	3	1	2	12	RD	N/A
18-068		ATLL	1	0	2	3	1	0	2	9	C/M/D/RD	N/A
18-069		CANNEX	2	2	2	4	3	1	3	17	M/D	N/A
18-070		U.S Can Labs	1	0	1	3	5	0	2	12	Testing	1322 S. Gerhart
18-074		The Cure Co.	2	0	2	3	6	3	3	19	C/M	N/A
18-077		EEL Holdings	0	2	0	4	4	0	1	11	RD	N/A
18-086		MCR	2	0	2	3	6	2	4	19	C/M/D/RD	N/A
18-091		Canna America	2	1	1	2	2	1	3	12	RD	N/A
18-094		Corvette LLC	1	2	2	4	1	2	3	15	C/M/D/MB	6436 Corvette



MAP LEGEND

ID#	Applicant	Type	Address
2	Golden Perspective	C/M/D/RD	6570 Telegraph
6	California Green World	C/M/D/RD	6046 E. Washington
13	RD Ventures	M/D/Del	6220 Telegraph
17	2SBK	C/M/RD	5400 Jillson St.
18	New Earth	M/D/RD	4202 E. Washington
19	New Era	C/M/D/RD/MB	4220 E. Washington
26	VK Labs	Testing	5608 E. Washington
27	ABC Commerce	C/M/D/RD	6915 E. Slauson
28	Delta 9	M/D/RD/MB	6140 Eastern
30	Asceend	C/M/D/RD	2230 Tubeway
31	Lifted Global	M/+/+ paid 3x	2616 Malt
33	Growing Talent	RD	5500 E. Washington
39	SD Partners	RD	6403 E. Slauson
40	HXC LLC	M/RD	4336 E. Washington
43	Have a Heart	Del	5401 E. Washington
47	Summit	M/D	3019 Vail
48	Euroknox	MB = (C/M/D)	4426 E. Washington
53	RS Innovations	M.D.RD	5940 E. Washington
55	Commerce Hive	M/D	5416 Jillson
57	Style Haus	M	4334 E. Washington
70	U.S Can Labs	Testing	1322 S. Gerhart
94	Corvette LLC	C/M/D/MB	6436 Corvette

ZONING MAP

City of Commerce, CA

Legend

ZONING

- R1- Single Family Residential
- R2- Light Multiple Residential
- R3- Medium Multiple Residential
- C2- Unlimited Commercial
- C/M1- Commercial Manufacturing
- M1-Light Manufacturing
- M2- Heavy Industrial
- PF- Public Facility
- City Boundary

N W E S

0 300 600 1,200 1,800 2,400 Feet

Revisions

Description:	Date:
Revision Covers Zone Changes 13-01 and 14-01	10-13-15

NOTICE IS HEREBY GIVEN that the City Council of the City of Commerce, during a City Council meeting open to the public, will be considering City of Commerce Commercial Cannabis Permit applicants (hereinafter, "applicants") who have moved on to Phase III ("Final Ranking and City Council Consideration") of the Application Review and Selection Process, pursuant to Ordinance No. 700.

Some applicants have identified a proposed business location (see Table 1), while others have not, as allowed by Ordinance No. 700. You are receiving this notice because you are a resident of the City of Commerce or a property owner whose property is located within five hundred (500) feet of one or more of the proposed business locations as enumerated in Table 1.

Said City Council meeting will be held before the City Council of the City of Commerce in the Council Chambers, 5655 Jillson Street, Commerce, CA, on Tuesday, November 13, 2018, at 6:00 p.m.

Please direct any questions or comments to CCP@ci.commerce.ca.us

Table 1

6570 Telegraph, Commerce CA 90040
6046 E. Washington, Commerce CA 90040
6220 Telegraph, Commerce CA 90040
4202 E. Washington, Commerce CA 90040
4220 E. Washington, Commerce CA 90040
5608 E. Washington, Commerce CA 90040
6915 E. Slauson Avenue, Commerce CA 90040
6140 Eastern Avenue, Commerce CA 90040
2230 Tubeway, Commerce CA 90040
2616 Malt, Commerce CA 90040
5500 E. Washington, Commerce CA 90040
6403 E. Slauson, Commerce CA 90040
4336 E. Washington, Commerce CA 90040
5401 E. Washington, Commerce CA 90040
3019 Vail, Commerce CA 90040
4426 E. Washington, Commerce CA 90040
5940 E. Washington, Commerce CA 90040
5416 Jillson, Commerce CA 90040
4334 E. Washington, Commerce CA 90040
1322 S. Gerhart, Commerce CA 90040
6436 Corvette, Commerce CA 90040