

ORDINANCE NO. _____ (N.C.S.)

AN ORDINANCE AMENDING CHAPTER 16B OF THE SALINAS CITY CODE

City Attorney Analysis

This Ordinance updated Chapter 16B of the Salinas City Code which codifies the City's regulations on Commercial Cannabis Businesses. Specifically, this Ordinance increases the maximum number of permits which may be issued in the dispensary, manufacturing, and cultivation categories. This Ordinance also provides for an administrative permitting process for cannabis testing facilities and includes administrative revisions to Chapter 16B to reflect changes in State law and changes in the City's implementation of Chapter 16B.

SECTION 1. Chapter 16B of the Salinas City Code is hereby amended as follows (with additions shown in underline font and deletions shown in strikethrough font):

CHAPTER 16B. - COMMERCIAL CANNABIS ACTIVITY.

Article 1. - In General.

Sec. 16B-10.10. - Purpose and intent.

It is the purpose and intent of this chapter to accommodate the needs of medically-ill persons in need of marijuana for medical purposes while imposing regulations on the use of land to protect Salinas's neighborhoods, residents, and businesses from negative impacts. It is a further purpose and intent of this chapter to regulate the distribution, cultivation, and manufacturing of cannabis and cannabis-related products in a manner which is responsible and which protects the health, safety, and welfare of the residents of Salinas; to enforce rules and regulations consistent with state law. In part to meet these objectives, an annual permit shall be required in order to operate a commercial cannabis business within Salinas. Nothing in this chapter is intended to authorize the cultivation, possession or use of marijuana for non-medical purposes in violation of state or federal law. The provisions of this chapter are in addition to the business license otherwise required to conduct business in Salinas and in addition to permits and approvals otherwise required.

Sec. 16B-10.20. - Legal authority.

Pursuant to Section 7 of Article XI of the California Constitution, the city of Salinas is authorized to adopt ordinances that establish standards, requirements, and regulations for local licenses and permits for commercial cannabis activity. Any standards, requirements, and regulations regarding health and safety, testing, 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 Salinas to commercial cannabis activity.

Article 2. - Definitions.

Sec. 16B-20.10. - Definitions.

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

- (a) "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 marijuana. "Cannabis" also means marijuana as defined by Section 11018 of the California Health and Safety Code as enacted by Chapter 14017 of the Statutes of 1972. "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 that term is defined by Section 81000 of the California Food and Agricultural Code or Section 11018.5 of the California Health and Safety Code.
- (b) "Cannabis concentrate" means manufactured cannabis that has undergone a process to concentrate the cannabinoid active ingredient, thereby increasing the product's potency.
- (c) "Caregiver" or "primary caregiver" has the same meaning as that term is defined in Section 11362.7 of the California Health and Safety Code.
- (d) "Commercial cannabis activity" includes cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, or sale of medical cannabis or a medical cannabis product, except as set forth in California Business and Professions Code Section 26033, related to qualifying patients and primary caregivers.
- (e) "Commercial cannabis business" means any business or operation which engages in commercial cannabis activity.
- (f) "Commercial cannabis permit" means a permit issued by the city of Salinas pursuant to this chapter to a commercial cannabis business.
- (g) "Cultivation" means any activity involving the propagation, planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.
- (h) "Cultivation site" means a facility where medical cannabis is propagated, planted, grown, harvested, dried, cured, graded, or trimmed, or that does all or any combination of those activities, that holds a valid state license pursuant to California law.
- (i) "Delivery" means the commercial transfer of medical cannabis or medical cannabis products to a primary caregiver or qualified patient. "Delivery" also includes the use by a dispensary of any technology platform owned and controlled by the dispensary, or independently licensed by the state of California that enables qualified patients or primary caregivers to arrange for or facilitate

the commercial transfer by a licensed dispensary of medical cannabis or medical cannabis products.

(j) "Dispensary" means a facility where cannabis, medical cannabis products, or devices for the use of medical cannabis or medical cannabis products are offered, either individually or in any combination, for retail sale, including an establishment (whether fixed or mobile) that delivers, pursuant to express authorization, medical cannabis and medical cannabis products as part of a retail sale.

(k) "Dispensing" means any activity involving the retail sale of medical cannabis or medical cannabis products from a dispensary.

(l) "Distribution" means the procurement, sale, and transport of medical cannabis or medical cannabis products between entities licensed by the State of California.

(m) "Distributor" means a person licensed to engage in the distributing medical cannabis.

(n) "Dried flower" means all dead medical cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.

(o) "Edible cannabis product" means manufactured cannabis that is intended to be used, in whole or in part, for human consumption. An edible medical cannabis product is not considered food as defined by Section 109935 of the California Health and Safety Code or a drug as defined by Section 109925 of the California Health and Safety Code. An edible cannabis product shall not be deemed to be adulterated pursuant to Section 26131 of the Business and Professions Code solely because it contains cannabis.

(p) "License" means a permit issue a license by the State of California, or one of its departments or divisions, under the Medical Marijuana Regulation and Safety Act and any subsequent State legislation to engage in commercial cannabis activity.

(q) "Live plants" means living medical cannabis flowers and plants, including seeds, sprouts, immature plants (including unrooted clones), and vegetative stage plants.

(r) "Manufacturer" means a person that conducts the production, preparation, propagation, or compounding of manufactured medical cannabis, as defined in this section, or medical cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis at a fixed location that packages or repackages medical cannabis or medical cannabis products or labels or relabels its container, that holds a valid state license pursuant to the MCRSA, and/or AUMA in addition to a permit issued by the city of Salinas. A manufacturer may also be a person that infuses cannabis in its product but does not perform its own extraction.

(s) "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.

(t) "Manufacturing site" means a location that produces, prepares, propagates, or compounds medical cannabis or medical cannabis products, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and is owned and operated by a person issued a license by the state of California, or one of its departments or divisions, for these activities.

(u) "Cannabis product" means a product containing medical or nonmedical cannabis, including, but not limited to manufactured cannabis intended to be sold for use by medical cannabis patients in California pursuant to the Compassionate Use Act of 1996 (Proposition 215), found at Section 11362.5 of the California Health and Safety Code (as the same may be amended from time-to-time) or pursuant to the Adult Use of Marijuana Act.

(v) "Patient" or "qualified patient" shall have the meaning given that term by California Health and Safety Code Section 11362.7, but who does not have an identification card issued by the state department of health services.

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

(x) "Person with an identification card" shall have the meaning given that term by California Health and Safety Code Section 11362.7.

(y) "Testing Laboratory" means the premises where tests are performed on medical cannabis or medical cannabis products and that holds a valid certificate of accreditation from a nonprofit organization that requires conformance to ISO/IEC 17025 requirements and is a signatory to the International Accreditation Cooperation Mutual Recognition Arrangement for Testing.

(z) "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.

(aa) "Transport" means the transfer of medical cannabis or medical 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 the Medical Marijuana Regulation and Safety Act.

(ab) "Transporter" means a person issued a state license by the state of California, or one of its departments or divisions, to transport medical cannabis or medical cannabis products in an amount above a threshold determined by the state of California, or one of its departments or divisions, that have been issued a state license pursuant to the Medical Marijuana Regulation and Safety Act.

Article 3. - General Provisions.

Sec. 16B-30.10. - Licenses and permit, required.

(a) In addition to those other requirements which may be imposed pursuant to this chapter, no person shall engage in commercial cannabis activity or open or operate a commercial cannabis

business without possessing both a commercial cannabis permit issued by the city of Salinas and either a license from the state of California for the specific commercial cannabis activity being conducted or, if the State of California has not yet begun issuing licenses, documentation sufficient to satisfactorily demonstrate to the City of Salinas that, upon implementation of the Medical Marijuana Regulation and Safety Act or any subsequent State legislation, a license issued by the state of California or one of its departments or divisions relative to the specific commercial cannabis activity should be obtainable within one year of implementation. Commercial cannabis activity shall be permitted in the city of Salinas only as expressly provided in this chapter and if not expressly permitted by this chapter shall be prohibited.

(1) Each commercial cannabis business permit issued pursuant to this Chapter shall expire twelve months after the permit's effective date.

(2) An application for renewal of a commercial cannabis permit shall be filed at least sixty calendar days prior to the expiration date of the permit.

(3) An application for renewal of a commercial cannabis permit shall be rejected if any of the following exists:

- a. The application is filed less than sixty days before its expiration.
- b. The commercial cannabis permit is suspended or revoked at the time of the application.
- c. The commercial cannabis business has not been in regular and continuous operation in the four months prior to the renewal application.
- d. The commercial cannabis business fails to conform to the requirements of this chapter and any regulations adopted pursuant to this chapter.
- e. The permittee fails to renew its state of California license, provided a license has been issued.

(4) If a renewal application is rejected, a person may file a new application pursuant to this chapter.

(b) Prior to commencing operation, a commercial cannabis business shall obtain a city of Salinas business license and comply with all applicable provisions and requirements of that license.

(c) Prior to commencing operation, a commercial cannabis business shall be subject to a mandatory building inspection and must obtain all required permits or approvals which would otherwise be required including, but not limited to, a building permit(s), Salinas Fire Department permit(s), and planning-level permit(s) required by Chapter 37 of the Salinas Municipal Code.

(d) Revocation, termination, or suspension of a license issued by the state of California, or any of its departments or divisions, shall immediately terminate the ability of a medical cannabis business to operate within the city of Salinas until the state of California, or its respective department or division, reinstates or reissues the state license.

(e) Notwithstanding any other provision of this Chapter, the following Commercial Cannabis Activities shall be required to obtain an administrative permit from the City prior to commencing

operations. The administrative permit shall be issued pursuant to regulations established by the City Manager consistent with Article 9 of this Chapter.

(1) Testing Laboratories, provided that the facility has first obtained a City of Salinas Business License and any land-use approvals required by the City of Salinas, has prior to the commencement of operations obtained any required licenses from the State of California, and is otherwise compliant with state laws and regulations.

(2) Distribution of medical cannabis or medical cannabis products between licensees, when the operation meets the following criteria:

- a. The Distributor obtains any necessary state licenses and is operating in compliance with applicable state laws and regulations.
- b. The amount of storage space shall not exceed 500 square feet.
- c. Any cash and/or cannabis or cannabis product with a total value in excess of \$1,000 shall be stored in a safe or vault.
- d. The site is used only as a physical location used for the drop-off or pick-up of cannabis product by a licensed testing facility or the transfer of cannabis product between licensees.
- e. This Section does not include Delivery of medical cannabis or medical cannabis product as defined in Section 16B-20.10(i).

Sec. 16B-30.20. - Existing commercial cannabis businesses.

A commercial cannabis business operating in compliance with existing Municipal Code provisions at the time this chapter becomes effective may continue its current operations; provided, however, that in order to continue operating such commercial cannabis business must apply for a commercial cannabis permit pursuant to this chapter and otherwise meet all other conditions and requirements of this chapter imposed on newly established commercial cannabis businesses. As of the introduction date of this chapter, only one such commercial cannabis business is known to exist; however, any facility or entity that can demonstrate to the city's satisfaction prior to the adoption of the ordinance establishing this chapter that it was in operation, in good standing, and otherwise in compliance with all applicable local and state laws and regulations promulgated thereunder may be permitted to continue its current operations pursuant to this section.

Sec. 16B-30.30. - Records and recordkeeping.

(a) On no less than an annual basis (at or before the time of the renewal of a commercial cannabis permit issued pursuant to this chapter) or at any time upon reasonable request of the city of Salinas, each commercial cannabis business shall file a sworn statement with the City Manager or his/her designee indicating the number of patients, collectives, and primary caregivers served by the commercial cannabis business within the previous twelve-month period (or shorter period based upon the timing of the request).

(b) Each owner and/or 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

all employees currently employed by the commercial cannabis business and shall disclose such register to the Salinas City Manager or his/her designee upon request.

(c) Each commercial cannabis business shall maintain a record of all patients, collectives, and primary caregivers served by the commercial cannabis business in accordance with California laws and regulations.

Sec. 16B-30.40. - Security measures.

The Chief of Police is authorized to promulgate all regulations necessary to implement the requirements and fulfill the policies of this Section related to commercial cannabis businesses including, but not limited to, the following subjects:

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

(1) Preventing individuals from remaining on the premises of the commercial cannabis business if they are not engaging in the activity expressly related to the operations of the commercial cannabis business.

(2) Establishing limited access areas accessible only to authorized commercial cannabis business personnel.

(3) Except for live growing plants which are being cultivated at a cultivation facility, all medical cannabis and medical cannabis products shall be stored in a secured and locked room, safe, or vault. All medical cannabis and medical cannabis products, including live plants which are being cultivated, shall be kept in a manner as to prevent diversion, theft, and loss, except for limited amounts of cannabis used for display purposes or immediate sale at a dispensary.

(4) Installing 24-hour security surveillance cameras of at least HD-quality to monitor all entrances and exits to and from the premises and to monitor all interior spaces within the commercial cannabis business which are open and accessible to the public. The security surveillance cameras shall be remotely accessible to the Salinas Police Department and shall be compatible with the Salinas Police Department's software and hardware and remote real-time, live access to the video footage from the cameras shall be provided to the Salinas Police Department. Video recordings shall be maintained for a minimum of forty-five days.

(5) Sensors shall be installed to detect entry and exit from all secure areas.

(6) Panic buttons shall be installed in all commercial cannabis businesses.

(7) Having a professionally installed, maintained, and monitored alarm system.

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

(9) Security personnel hired by the commercial cannabis business shall be subject to the prior review and approval of the chief of police or his designee.

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

(b) Each commercial cannabis business shall identify a liaison to the Salinas Police Department who shall be reasonably available to meet with the Chief of Police or his/her designee regarding security measures and operational issues.

(c) As part of the application and permitting process, each commercial cannabis business shall have a transportation plan describing the procedures for legally, safely, and securely transporting cannabis and cannabis products and currency.

(d) A commercial cannabis business shall notify the Chief of Police or his/her designee within twenty-four hours after discovering any of the following:

(1) Discrepancies identified during inventory. The level of significance shall be determined by the Chief of Police.

(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.

(e) These regulations shall constitute minimum standards only. The City of Salinas may impose additional security measures in a commercial cannabis permit if the City determines that these additional measures are necessary to ensure the safety and security of the commercial cannabis business, its customers, and its neighbors.

Sec. 16B-30.50. - Employees; employee work permits; identification.

(a) Any person who is an employee or who otherwise works or volunteers within a commercial cannabis business must obtain a work permit from the Chief of Police. The Chief of Police is hereby authorized to promulgate all regulations necessary to implement the work permit process contemplated in this section including, but not limited to, the reasons for denial of a work permit to any person. A work permit shall be valid for a twelve month period and must be renewed on an annual basis. Applications for work permits shall be submitted under oath and shall contain a statement of the past criminal record, if any, of the applicant and such information as may be deemed necessary by the Chief of Police to determine whether it would be appropriate and in the public interest to issue a work permit to the applicant. The initial application shall be accompanied by fingerprints and a recent photograph of the applicant in a form and manner as required by the Chief of Police. In the event a person changes employment from one commercial cannabis business within the city to another, the work permit holder shall notify the Chief of Police in writing of the

change of employment within ten days of such change or the work permit shall be suspended or revoked.

(b) Each person to whom a work permit is issued shall wear his or her personal identification card, issued by the city of Salinas, at a prominent and readily-visible location on the outermost garment and approximately chest-high. Such identification card shall at all times be in good and readable condition.

(c) Each owner or operator of a commercial cannabis business shall maintain on-site a current register of all the employees currently employed by the commercial cannabis business and shall produce such register to the Chief of Police, his/her designee, or any other city of Salinas official authorized to enforce the Salinas City Code for purposes of determining compliance with this chapter.

(d) Each application for a work permit and renewal of an existing work permit shall be accompanied by a fee set by resolution of the City Council and shall be valid for a period of twelve months from the date of issuance, unless terminated, suspended, or revoked sooner. The fee is non-refundable and shall not be returned in the event the work permit is denied, revoked, or suspended.

Sec. 16B-30.60. - Right to occupy and to use property.

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 is leased from another person, the applicant for a permit under this chapter shall provide a signed and notarized statement from the owner of the property to demonstrate the property owner has acknowledged and has consented to the operation of a commercial cannabis business on the property. A legally binding option to buy or lease the facility may be accepted by the City of Salinas if the commercial cannabis business has unhindered ability to exercise the option within a reasonable timeframe following issuance of a commercial cannabis permit.

Sec. 16B-30.70. - Location of commercial cannabis business; proximity to sensitive uses.

(a) No commercial cannabis business may operate within one thousand feet of any of the following:

(1) School, college or university (whether public, private, charter, or other school),

(2) Church or other house of worship,

(3) Park, children's playground, daycare center, or library,

(4) Smoke-shops, hookah lounges or businesses engaged in the same or a similar activity, and locations where alcohol is sold or served for individual consumption on or off the premises,

(5) Card rooms and retail firearm sales businesses,

(6) Any other commercial cannabis business operating as a dispensary, excepting therefrom the occasional and transient operation of a commercial cannabis delivery business and also excepting

therefrom commercial cannabis businesses operating from within the same building or on the same parcel of property, or

(7) Any other public or private business or facility where the presence of the commercial cannabis activity would cause a public nuisance or other situation which may result in repeated police department response.

(b) Notwithstanding the above, the Selection Committee may issue a commercial cannabis permit to a Cultivation, Delivery, Manufacturing, or Distribution business located within one thousand feet of the uses described in subsection (a) upon findings that the intent of this Chapter may otherwise be met. No commercial cannabis permit shall be granted, however, for commercial cannabis businesses located within one thousand feet of those uses listed in subsections (a)(1) and (a)(3).

(c) A Dispensary application which is denied based on any of the limitations set forth in subsection (a) may be appealed by the applicant in accordance with this Chapter. The appellate body may grant an exception to the limitations set forth in this subsection upon findings that the intent of this chapter may otherwise be met. No such exception will be granted, however, for the distance limitations from those uses listed in subsections (a)(1) and (a)(3).

(d) No commercial cannabis business may operate within any wholly residential area or district of the city or adjacent to a residential area or district if, in the opinion of the Chief of Police or the Community Development Director, the operation of a commercial cannabis business in such location would tend to cause a public nuisance or a situation which may result in repeated police department response or a negative impact on the adjacent residential units.

(e) Commercial cannabis businesses shall be required to comply with all zoning, land use, and development regulations applicable to the underlying zoning district in which they are permitted to establish and operate as set forth in the Salinas Municipal Code.

(f) Any commercial cannabis business which has been determined by the city of Salinas to be an existing commercial cannabis business on the effective date of this chapter shall be exempt from compliance with the limitations proscribed in this section, unless such location is otherwise determined to constitute a public nuisance or otherwise a disturbance to the adjacent or neighboring uses as determined by the provisions of this chapter.

(g) No commercial cannabis business possessing a valid commercial cannabis permit shall be hindered from renewing said permit solely on the basis of the establishment of a use described in subsection (a) above if the use was not in operation or existence on the date the commercial cannabis permit was approved.

(h) The limitations described in this Section shall not apply to any uses described in subsection (a) if it can be clearly established to the satisfaction of the Community Development Director that the use in question has not been operating in compliance with Chapter 37 of the Municipal Code.

(i) For purposes of this Section, distance shall be measured from the closest point of the site occupied by the commercial cannabis business and the closest point of the site occupied by the use defined in subsection (a), including any exclusive parking areas and/or fencing.

Sec. 16B-30.80. - Restriction on alcohol sales.

No person shall cause or permit the sale, dispensing, or consumption of alcoholic beverages on or about the premises of the commercial cannabis business. No commercial cannabis business may operate at the same location as an alcohol-related use as that term is defined in Chapter 37 of the Salinas Municipal Code.

Sec. 16B-30.90. - Concurrent regulation with state.

It is the stated intent of this chapter to regulate commercial cannabis activity in the city of Salinas concurrently with the state of California.

Sec. 16B-30.100. - Compliance with laws.

It is the responsibility of the owners and operators of the commercial cannabis business to ensure that it is, at all times, operating in a manner compliant with all applicable state and local laws and any regulations promulgated thereunder. Nothing in this chapter shall be construed as authorizing any actions which violate state law or local law with respect to the operation of a commercial cannabis business. It shall be the responsibility of the owners and the operators of the commercial cannabis business to ensure that the commercial cannabis business is, at all times, operating in a manner compliant with all applicable state and local laws, the 2008 Attorney General Guidelines, any subsequently enacted state law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of the commercial cannabis permit. Nothing in this chapter shall be construed as authorizing any actions which violate state law with regard to the operation of a commercial cannabis business.

Sec. 16B-30.110. - Inspection and enforcement.

(a) The Chief of Police and any other city of Salinas official charged with enforcing the provisions of the Salinas Municipal Code, or any provision thereof, may enter the location of a commercial cannabis business at any time during the hours of operation without notice and inspect the location of any commercial cannabis business as well as the recordings and records maintained pursuant to this chapter or the applicable provisions of state law.

(b) It is unlawful for any person having any responsibility over the operation of a commercial cannabis business to refuse to allow, impede, obstruct, or interfere with an inspection, or the review of the copying of records and monitoring (including recordings) including, but not limited to, the concealment, destruction, and falsification of any recordings or records.

(c) The Chief of Police, his/her designee, or any other person charged with enforcing the provisions of this chapter may enter the location of a commercial cannabis business at any time during the hours of operation and without notice to obtain samples of the cannabis to test for law enforcement and/or public safety purposes. Any samples obtained by the city of Salinas shall be logged,

recorded, and maintained in accordance with Salinas Police Department standards for evidence. At all other times, the Chief of Police or his designee may enter the location of a commercial cannabis business to obtain samples of cannabis upon reasonable notice. Testing shall be done by a facility licensed by the State to conduct such testing. The Chief of Police shall not take more cannabis than is reasonably necessary to conduct the appropriate testing, and all test results shall be provided to the business.

Sec. 16B-30.120. - Fees and charges.

(a) No person may commence or continue any commercial cannabis activity in the city of Salinas without timely paying in full all fees and charges associated with the operation of a commercial cannabis activity. Fees and charges associated with the operation of a commercial cannabis activity shall be established by resolution of the city council.

(b) All commercial cannabis businesses operating pursuant to this chapter shall pay any and all applicable sales, use, business or other taxes, and all license, registration, or other fees pursuant to federal, state, and local law.

Sec. 16B-30.130. - Violation and enforcement.

(a) Each and every violation of the provisions of this chapter is hereby deemed unlawful and a public nuisance.

(b) Each and every violation of this chapter shall constitute a separate violation and shall be subject to all remedies and enforcement measures authorized by the Salinas Municipal Code. Additionally, as a nuisance per se, any violation of this Chapter shall be subject to injunctive relief, any permit issued pursuant to this chapter being deemed null and void; disgorgement of any payment to the city of Salinas of any and all monies unlawfully obtained; costs of abatement; costs of investigation; attorney fees; and any other relief or remedy available at law or in equity. The city of Salinas may also pursue any and all remedies and actions available and applicable under state and local laws for any violations committed by the commercial cannabis activity or persons related thereto, or associated with, the commercial cannabis activity. Additionally, when the Chief of Police or his/her designee determines there is an imminent threat to public health, safety or welfare, the commercial cannabis permit, issued by the city of Salinas pursuant to this chapter, will immediately become suspended.

(c) Each and every violation of the provisions of this chapter may be prosecuted as a misdemeanor and upon conviction subject to a fine not to exceed one thousand dollars or imprisonment in the county jail for a period of not more than twelve months, or by both such fine and imprisonment. Each day a violation is committed or permitted to continue shall constitute a separate offense.

(d) Notwithstanding an initial verification of compliance by the commercial cannabis activity with the provisions of this chapter, any commercial cannabis business later found to be in violation of any of the requirements of this chapter at any time is subject to the enforcement provisions provided in this section.

(e) The remedies provided herein are not to be construed as exclusive remedies and in the event of a violation the city may pursue any proceedings or remedies otherwise provided by law.

Sec. 16B-30.140. - Limitations on city's liability.

To the fullest extent permitted by law, the city of Salinas shall not assume any liability whatsoever with respect to having issued a commercial cannabis permit pursuant to this chapter or otherwise approving the operation of any commercial cannabis business pursuant to this chapter. As a condition of approval of any commercial cannabis permit issued pursuant to this chapter, the person to which a commercial cannabis permit is issued shall be required to meet all of the following conditions:

(a) Execute an agreement indemnifying, defending (at its sole cost and expense), and holding the city of Salinas and its officers, employees, representatives, and agents harmless from any and all claims, losses, damages, injuries or liabilities associated with the permitting or approving the operation of a commercial cannabis activity or the operation thereof or associated with the commercial cannabis business or its members' violation of any federal, state or local laws.

(b) Maintain insurance at coverages, limits, and with conditions thereon determined necessary by the city attorney.

(c) Reimburse the city of Salinas for any and all costs and expenses, including attorney fees and costs and court costs that the city of Salinas may be required to pay as a result of any legal challenge related to the city's approval of a commercial cannabis permit pursuant to this chapter or the city of Salinas's approval of the operation of a commercial cannabis activity. The city of Salinas may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve the obligations imposed under this section.

Sec. 16B-30.150. - Application procedures and application requirements; permittee selection process; criteria for review; renewal, suspension or revocation of a permit; appeals.

In addition to those requirements set forth in this section and elsewhere in this chapter, the city shall adopt such forms, fees, and procedures as are necessary to implement this chapter with respect to the initial selection, future selection, investigation process, renewal, revocation, and suspension of commercial cannabis business permits and appeals for the revocation or suspension of a commercial cannabis permit.

(a) At a minimum, an application for a commercial cannabis permit shall contain the following:

(1) The printed full name, signature, date of birth, social security number, and present address and telephone number of all persons and entities responsible for the operation of the commercial cannabis business including corporate officers, any individual with an ownership interest, any member of a board of directors, any general or limited partner, and/or any member of a decision-making body for the commercial cannabis business.

(2) The address to which correspondence from the city of Salinas is to be sent.

(3) The names and addresses of all businesses operated by and the employment of the applicant(s) for the five years immediately preceding the date of the application.

(4) Any litigation in which the applicant(s) has been involved within the five years immediately preceding the date of the application and a statement of whether any business currently operated by the applicant(s) or operated by the applicant(s) within the five years immediately preceding the date of the application has been investigated or the permit or license authorizing the operation of such business has been revoked or suspended within the five years immediately preceding the date of the application.

(5) A copy of the owner and manager's medical cannabis identification card, unless the requirements of a collective are no longer required by state law.

(6) The approximate number of licensed patients, primary caregivers, and/or qualified patients projected to be served by the commercial cannabis business.

(7) The address of any commercial cannabis business currently being operated by the applicant(s), or any of them, or which have been previously operated by them.

(8) The supply sources for all cannabis and cannabis products sold at the commercial cannabis business. This shall include a description of the full product supply chain including the site(s) where cultivation occurs, the product is processed or manufactured, any required testing of cannabis or cannabis products, transportation, and packaging and labelling criteria.

(9) The names and telephone numbers of the person(s) with ownership interest that will be regularly engaged in the operation of the proposed commercial cannabis business.(such as the managing partner). The application shall also have the names and telephone numbers of those persons having management and supervisory responsibilities for the proposed commercial cannabis business.

(10) Odor control devices and techniques to prevent odors from marijuana from being detectable off-site.

(11) Procedures for identifying, managing, and disposing of contaminated, adulterated, deteriorated or excess medical cannabis product.

(12) Procedures for inventory control to prevent diversion of cannabis and cannabis product, employee screening, storage of cannabis and cannabis product, personnel policies, and record-keeping procedures.

(13) A detail of the procedures to be utilized at the facility including a description of how chemicals and fertilizers will be stored, handled, used and disposed of; manufacturing methods, the transportation process, inventory procedures, and quality control procedures.

(14) A site plan and floor plan of the commercial cannabis business denoting the property lines and the layout of all areas of the commercial cannabis business including storage, cultivation, manufacturing, testing, distributing, reception/waiting, dispensing, and all ancillary support spaces, and the relationship of the facility to adjacent properties and land uses.

(15) Size, height, colors, and design of any proposed signage at the site. A city of Salinas sign permit issued pursuant to the Salinas Municipal Code shall be required.

(16) An operations and security plan.

(17) Standard operating procedures detailing how operations will comply with state and local regulations, how safety and quality of products will be ensured, record-keeping procedures for financing, testing, and adverse event recording, and product recall procedures.

(18) Proposed hours of operation.

(19) Recycling and waste disposal information for non-cannabis materials.

(20) Medical recommendation verification and youth access restriction procedures.

(21) A statement in writing by the applicant that he or she certifies under penalty of perjury that all the information contained in the application is true and correct.

(22) A Zoning Verification Letter from the Salinas Community Development Department indicating whether the proposed use is permitted, may be considered, or is not presently permitted at the subject site by Chapter 37 of the Salinas Municipal Code. The letter shall also include a list of any known sensitive uses, as defined in this Chapter, known to be located within one thousand feet of the site.

(b) No person who has been charged with or convicted of a drug-related crime, felony, or crime of moral turpitude within the past ten years may be engaged (actively or passively) in the operation of any commercial cannabis business, unless the drug-related crime involves the possession, sale, transport, cultivation, manufacture, or use of cannabis or cannabis-related product, the activity charged or convicted was legal according to the laws of the state in which the violation or alleged violation occurred at the time of the violation, and the individual charged has all necessary licenses, permits, and/or other approvals necessary to conduct the activity within the subject jurisdiction. A conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere.

(c) Applications shall be submitted to the City Attorney. The City Attorney or his/her designee shall review each application to determine whether it contains all of the required information. If the application does not contain all of the required information, the application shall be denied. The City Attorney shall provide written notice to the applicant detailing the components which were not provided that led to the application's denial. Applications which include all of the required information will be forwarded to the City Manager or his designee, which may be the Selection Committee, for review.

(d) The City Manager shall appoint a Selection Committee to review applications for commercial cannabis permits. The Committee shall include a minimum of three members, and each member shall represent a different Department within the City. No member of the City Attorney's Office shall serve on the Selection Committee. In reviewing an application for a permit pursuant to this chapter or in reviewing the proposed commercial cannabis business, the Selection Committee may

request whatever additional information is deemed necessary to carry out the purposes of this chapter.

(e) The Selection Committee shall have the authority to either grant or deny the application for a commercial cannabis permit. Notwithstanding what is otherwise provided in this chapter, the Selection Committee, when approving a commercial cannabis permit, may place any additional limitations and conditions on the operation of a commercial cannabis business as he or she deems necessary, consistent with the public interest and with this chapter.(f) When an application is denied, the Selection Committee shall convey the reasons for the denial and the findings of fact upon which the decision is based to the City Attorney, who shall prepare send a notice of denial, including the reasons for denial, to the applicant. . Any person denied a commercial cannabis permit shall have the right to appeal such denial in accordance with this section.

(g) In addition to whatever additional findings may be made by the Selection Committee, or the appellate body or the city council in the event of an appeal initiated pursuant to this section, an application for a commercial cannabis permit may be denied upon making any of the following findings:

- (1) The applicant made one or more false or misleading statements or omissions on the registration application or during the application process.
- (2) The commercial cannabis business is not organized in strict compliance with all applicable laws and regulations.
- (3) The applicant is not a primary caregiver or qualified.
- (4) The applicant fails to meet the requirements of this chapter or any regulation adopted pursuant to this chapter.
- (5) The operation of the proposed commercial cannabis business at the proposed location is prohibited by any state or local law or regulation.
- (6) Any person who is listed on the application has been convicted of a felony within the past ten years. A conviction within the meaning of this section means a plea or a guilty verdict or a conviction following a plea of nolo contendere.
- (7) Any person who is listed on the application is a licensed physician making patient recommendations for medical cannabis pursuant to state law.
- (8) The applicant or the operator listed in the application is less than eighteen years of age.
- (9) The Selection Committee determines that the proposal, taken as a whole, would be unable to operate without significant impact on the community.
- (10) The number of businesses of the subject application type that have been approved or permitted within the City of Salinas meets or exceeds the maximum number of that respective business type specified in this Chapter.

(h) Whenever an appeal is provided for in this chapter, such appeal shall be filed and conducted as prescribed in this subsection.

(1) Within ten calendar days after the date of any denial of an application or the suspension or the revocation of a permit by the city, an aggrieved party may appeal such action by filing with the City Attorney a written appeal setting forth the reasons why such denial, suspension or revocation is not proper.

(2) Upon receipt of such written appeal, the City Attorney shall convey the appeal to the Selection Committee and, if not already included, the Community Development Director. The Community Development Director shall set the matter for a hearing before the planning commission. The hearing shall be conducted pursuant to the procedures set forth by the city and shall be held within a reasonable time after the date of filing the appeal with the city, but in no event later than sixty days from the date of such filing. At least ten days prior to the date of the hearing on the appeal, the city of Salinas shall notify the appellant of the time and the place of the hearing. At such hearing, city officials and the appellant may present any information they deem relevant to the decision appealed. The formal rules of evidence and procedure applicable in a court of law shall not apply to such hearing.

(3) At the conclusion of the hearing, the planning commission may affirm, reverse or modify the decision appealed.

(4) The decision of the planning commission may be appealed to the city council in accordance with this section, except that the hearing shall be set by the City Manager or his/her designee. At the conclusion of the hearing, the city council may affirm, reverse or modify the decision appealed. The decision of the city council shall be the city's final decision in this regard and shall be dispositive of the matter.

(5) Notwithstanding the above, no right of appeal shall exist in the event that the city has already approved the maximum number of commercial cannabis permits for the respective business type.

Sec. 16B-30.160. - Records and reporting.

(a) Subject to the Health Insurance Portability and Accountability Act (HIPPA) regulations, each commercial cannabis business shall allow city of Salinas officials to have access to the commercial cannabis business's books, records, accounts, and any and all data relevant to its permitted activities for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data will be produced no later than twenty-four hours after receipt of the city's request.

(b) All commercial cannabis businesses shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the growing and production or manufacturing, laboratory testing and distribution processes until purchase by or distribution to a qualified patient or primary caregiver.

(c) All records required by this chapter shall be maintained by the commercial cannabis business for a period of not less than three years and shall otherwise keep accurate records of all commercial cannabis business activity. Such records shall be made available for inspection consistent with California Business and Professions Code section 26160 and any additional rules promulgated by the licensing authority pursuant to that section or the city council by resolution or ordinance.

Sec. 16B-30.170. - Prohibition on transfer of commercial cannabis permits.

(a) No person shall operate a commercial cannabis business under a commercial cannabis permit issued pursuant to this chapter at any place or location other than that identified on the permit.

(b) No person shall transfer ownership or control of a commercial cannabis business or transfer a permit issued pursuant to this chapter unless and until that person first obtains the consent of the Selection Committee and the proposed transferee submits all required application materials and pays all applicable fees and charges and independently meets the requirements of this chapter such as to be entitled to the issuance of an original commercial cannabis permit pursuant to this chapter.

(c) Any attempt to transfer or any transfer of a commercial cannabis permit issued pursuant to this chapter without the prior consent of the Selection Committee is hereby declared void and the commercial cannabis permit deemed immediately revoked and no longer of any force or effect.

Sec. 16B-30.180. - Packaging and labelling.

Prior to the sale or the delivery of any edible cannabis or edible cannabis product the same shall be labelled and in tamper-evident packaging which at least meets the requirements of California Business and Professions Code section 26120, as the same may be amended from time-to-time or superseded or replaced by subsequent state legislation or by any department or division of the state of California. The city council may impose additional packaging and labelling requirements on cannabis or cannabis products by resolution.

Sec. 16B-30.190. - Operating requirements.

In addition to those operating requirements specifically set forth elsewhere in this chapter and except as may otherwise be expressly set forth in this chapter, the following operating requirements shall apply to all commercial cannabis businesses operating in the city of Salinas:

(a) Hours of Operation. Commercial cannabis businesses operating as dispensaries may be open for access to the public only between the hours of 8:00 a.m. and 8:00 p.m. Monday through Saturday, and may not be open for access on Sundays. Other commercial cannabis businesses may operate only during the hours specified in the commercial cannabis permits issued by the city.

(b) Restriction on Consumption. Cannabis shall not be consumed on the premises of any commercial cannabis businesses except that employees with a valid recommendation may consume cannabis in a non-public area in strict accordance with their recommendation.

(c) No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall be visible from the exterior of the property. No outdoor storage of cannabis or cannabis products is permitted at any time.

(d) Reporting and Tracking of Product and of Gross Sales. Each commercial cannabis business shall have in place a point-of-sale tracking system to track and to report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, and gross sales (by weight and by sale) and shall ensure that such information is compatible with the city's record-keeping systems. The system must have the capability to produce historical transactional data for review by the city of Salinas. All information provided to the city pursuant to this subsection shall be confidential and shall not be disclosed, except as may otherwise be required under the law.

(e) All cannabis and cannabis products sold, distributed or manufactured shall be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with the state and local regulations.

(f) There shall not be a physician located in or around any commercial cannabis business at any time for the purpose of evaluating patients for the issuance of a medical marijuana prescription or card.

(g) Prior to dispensing cannabis or cannabis products to any person, the commercial cannabis business shall obtain additional voice verification from the recommending physician's office that the person requesting cannabis or cannabis products is a qualified patient.

(h) Each commercial cannabis business shall provide the Chief of Police with the name, telephone number (mobile preferred, if available) of an on-site employee or owner to whom emergency notice can be provided.

(i) Signage and Notices shall comply with the following requirements:

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

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

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

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

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

(j) Except as stated in subsection (k), access to the premises shall be limited to individuals who are at least 18 years old and have a bona fide business reason to enter the premises.

(k) An individual younger than 18 years of age may enter the premises to purchase medical cannabis goods only if the individual is a medical cannabis patient. Any medical cannabis patient younger than 18 years of age shall be accompanied by his/her parent, legal guardian, or primary care giver.

(1) It shall be unlawful and a violation of this chapter for any person to employ any other person at a commercial cannabis business who is not at least eighteen years of age.

(2) The entrance to the commercial cannabis business shall be clearly and legibly posted with a notice that no person under the age of eighteen years of age is permitted to enter upon the premises of the commercial cannabis business unless they are in the presence of their parent or guardian and such person is a qualified patient.

(l) Odor control devices and techniques shall be incorporated in all commercial cannabis businesses to ensure that odors from marijuana are not detectable off-site. Commercial cannabis businesses shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the medical marijuana facility 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 equipment which the city determines would satisfy this requirement. This equipment would potentially include, but not be limited to, the following:

(1) An exhaust air filtration system with odor control that prevents internal odors from being emitted externally; and

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

(m) The original copy of the commercial cannabis permit issued by the city of Salinas pursuant to this chapter, any land-use or planning-level approvals or permits issued pursuant to Chapter 37 of the Salinas Municipal Code, any licenses issued by the state of California, and the business license issued by the city of Salinas pursuant to the Salinas Municipal Code shall be posted inside the commercial cannabis business in a location readily visible to the public.

(n) Every person listed as an owner, manager, supervisor or employee of the commercial cannabis business must submit fingerprints and other information deemed necessary by the Chief of Police or his designee for a background check by the Salinas Police Department. No person shall be issued a commercial cannabis permit to operate a commercial cannabis business or a work permit to work at a commercial cannabis business unless they have first cleared the background check, as determined by the Chief of Police, as required by this section. A fee for the cost of the background investigation, which shall be the actual cost to the city of Salinas to conduct the background

investigation as its deems necessary and appropriate, shall be paid at the time the application for a commercial cannabis permit or work permit, as applicable, is submitted. The applicant(s) shall provide an initial deposit in an amount the Chief of Police or his designee estimates will cover the cost of the background investigation, which shall be used and drawn upon as a retainer to cover the actual costs of such investigation. If this amount is not sufficient, the applicant shall provide additional amounts that are necessary and if the applicant is unable to provide the additional amounts necessary to complete the investigation, the investigation shall cease and shall not continue until such additional amounts are paid. Upon completion of the investigation or in the event the applicant withdraws their application, any unused amount will be refunded to the applicant within thirty days.

(o) The owner and/or operator of a commercial cannabis business shall prohibit loitering by persons outside the facility both on the premises and within fifty feet of the premises.

(p) Prior to the establishment of any commercial cannabis business or the operation of any such business, the person intending to establish a commercial cannabis business must first obtain all applicable planning, zoning, building, and other permits which may be applicable to the site at which such commercial cannabis business intends to operate from the relevant governmental agency.

(q) So long as SB 420 is in effect, and until implementation of the Medical Marijuana Regulation and Safety Act or any successor State legislation, members of the applicant authorized to possess cannabis shall sign an agreement with the commercial cannabis business which states that members shall not distribute cannabis or cannabis products to non-members or in violation of the "Memorandum for all United States Attorneys," issued by the United States Department of Justice, from James M. Cole, Deputy Attorney General.

(r) So long as SB 420 is in effect and until implementation of the Medical Marijuana Regulation and Safety Act or any successor State legislation, all commercial cannabis businesses shall terminate the membership of any member violating any of the provisions of this chapter.

Sec. 16B-30.200. - Cultivation, manufacture, waste, and storage requirements.

(a) Any person issued a permit pursuant to this chapter must follow all pesticide use requirements of local, state and federal law. The Monterey County Agricultural Commissioner may inspect the commercial cannabis business at any time during business hours to ensure compliance with this Section.

(b) All weighing devices must be maintained in compliance with local, state or federal law and comply with applicable regulations regarding device registration with the agricultural commissioner.

(c) Any person issued a permit pursuant to this chapter must follow all local, state and federal requirements for solid waste and hazardous waste disposal. The Monterey County Environmental Health Bureau may inspect the commercial cannabis business at any time during business hours to ensure compliance with this section.

(d) Unless otherwise permitted pursuant to this Chapter, in no case shall any hazardous, flammable or explosive substances be used to process or manufacture cannabis products on site. The city of Salinas and Monterey County Environmental Health Bureau may inspect the commercial cannabis business at any time during business hours to ensure compliance with this section.

(e) All food products, food storage facilities, food-related utensils, equipment and materials shall be approved, used, managed and handled in accordance to the provisions of the California Retail Food Code, California Health and Safety Code sections 113700 - 114437. All food products shall be protected from contamination at all times, and all food handlers must be clean, in good health and free from communicable diseases. The Monterey County Environmental Health Bureau may inspect the commercial cannabis business at any time during business hours to ensure compliance with this section.

(f) Baked products (e.g., brownies, bars, cookies, cakes), tinctures, and other non-refrigerated type items may be sold or distributed at a medical cannabis business. The Monterey County Environmental Health Bureau may inspect the commercial cannabis business at any time during business hours to ensure compliance with this Section.

Sec. 16B-30.210 - Community relations.

(a) Each commercial cannabis business shall provide the name, telephone number, and email address of a community relations contact to whom notices associated with the commercial cannabis business can be provided. Each commercial cannabis business shall also provide the above information to all businesses and residences located within one hundred feet of the commercial cannabis business.

(b) During the first year of operation pursuant to this chapter, the owner, manager, and community relations representative from each commercial cannabis business holding a permit issued pursuant to this chapter shall attend a quarterly meeting with the City Manager or his/her designee 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 representative from each such commercial cannabis business shall meet with the City Manager or his/her designee when and as requested by the City Manager or his/her designee.

(c) Commercial cannabis businesses to which a permit is issued pursuant to this chapter shall develop and make available to youth organizations and educational institutions a public education plan that outlines the risks of youth addiction to marijuana and that identifies resources available to youth related to drugs and drug addiction.

Sec. 16B-30.220 – Updates provided to Council

City staff shall make regular presentations to the city council providing findings regarding the operations of cannabis businesses within the city. The reports shall include, at a minimum, any information available regarding employment, community benefits, tax revenue, crime, building/zoning compliance, and any other information which is subject to public disclosure deemed pertinent by staff or requested by the council. The first such presentation shall be conducted six months following the beginning of operations of the first commercial cannabis

business within the city, with a follow-up report presented six months thereafter. Reports shall thereafter be presented in February of each year unless the council designates an alternative schedule.

Article 4. - Dispensaries.

Sec. 16B-40.10. - Limitation on the number of dispensaries; review and report of findings.

(a) No more than five dispensaries may operate within the city of Salinas at any one time and no more than five permits shall be issued by the city of Salinas for dispensaries to operate within the city of Salinas at any one time.

Sec. 16B-40.20. - Operating requirements.

(a) Verify the age and all necessary documentation of each customer to ensure the customer is not under the age of eighteen years and that the potential customer has a valid doctor's recommendation. Doctor recommendations are not to be provided at the dispensary.

(b) Entrances into the dispensary shall be locked at all times with entry strictly controlled. A "buzz-in" electronic/mechanical entry system shall be utilized to limit access to and entry to the dispensary to separate it from the reception/lobby area. Individuals must show their cannabis card in order to gain access into the dispensary.

(c) Uniformed security personnel shall be employed to monitor site activity, control loitering and site access, and to serve as a visual deterrent to unlawful activities.

(d) Dispensaries may have only that quantity of cannabis and cannabis products reasonably anticipated to meet the daily demand readily available for sale on-site in the retail sales area of the dispensary.

(e) All restroom facilities shall remain locked and under the control of management.

Article 5. - Cultivation Facilities.

Sec. 16B-50.10. - Limitation on the number cultivation facilities.

No more than five cultivation facilities may operate within the city of Salinas at any one time and no more than five commercial cannabis permits shall be issued by the city of Salinas for cultivation facilities to operate within the city of Salinas at any one time.

Sec. 16B-50.20. - Operating requirements.

(a) Except for the personal cultivation of a qualified patient or qualified caregiver for personal use or cultivation which occurs exclusively within one or more greenhouse facilities located in an appropriate zoning district, cultivation of cannabis must occur indoors. All outdoor cultivation not otherwise permitted by this section is prohibited.

(b) In no case shall cannabis plants be visible from a public or private road, sidewalk, park or any common public viewing area.

(c) If a dispensary includes cultivation activities, the dispensary may have only one cultivation site upon which cannabis is cultivated, produced, stored, harvested, manufactured, or packaged, and each of the dispensary and the cultivation site must be separately permitted pursuant to this chapter.

(d) So long as SB420 is in effect, or until full implementation of the Medical Marijuana Regulation and Safety Act, no commercial cannabis business shall allow more medical cannabis plants or plants per member of a commercial cannabis business than the amounts permitted pursuant to State law to be cultivated at the commercial cannabis business premises.

(e) Cannabis cultivation shall be conducted in accordance with state and local laws related to land conversion, grading, electricity, water usage, water quality, woodland and riparian habitat protection, agricultural discharges, and similar matters.

(f) Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage or inadvertent damage from pests, rodents or other wildlife.

(g) The cultivation of cannabis shall at all times be operated in such a way as to ensure the health, safety, and welfare of the public, the employees working at the commercial cannabis business, visitors to the area, neighboring properties, and the end users of the cannabis being cultivated, to protect the environment from harm to streams, fish, and wildlife; to ensure the security of the cannabis being cultivated; and to safeguard against the diversion of cannabis for non-medical purposes.

(h) All applicants for a cannabis cultivation permit shall submit the following in addition to the information generally otherwise required for a commercial cannabis business:

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

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

(3) Identification of the source of electrical power and plan for compliance with applicable Building Codes and related codes.

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

Article 6. - Delivery Services.

Sec. 16B-60.10. - Permitted; association with dispensaries.

Mobile delivery of cannabis shall be permitted pursuant to this chapter. A mobile delivery service may operate either as a part of and in conjunction with a dispensary permitted pursuant to this Chapter or as a stand-alone operation without direct public access. Security plans developed pursuant to this chapter shall include provisions relating to vehicle security and the protection of employees and product during loading and in transit.

Sec. 16B-60.20. - Limitation on the number of mobile delivery services.

(a) Permitted Dispensaries may conduct deliveries, provided that the City is notified in advance, their permit explicitly allows for deliveries, and they continue to operate in accordance with the requirements of this Chapter and California Law.

(b) Sites which serve as storage and administrative centers for cannabis and cannabis product deliveries shall be required to obtain a permit for stand-alone operations. No more than three stand-alone mobile delivery services (ie those without a publically accessible storefront) may operate within the city of Salinas at any one time and no more than three mobile delivery service permits shall be issued by the city of Salinas for mobile delivery services to operate within the city of Salinas at any one time.

Article 7. - Manufactured Cannabis.

Sec. 16B-70.10. - Cannabis manufacturing—Edibles and other cannabis products; sale or distribution of edible and other cannabis products.

The manufacturing of food or other products infused with or which otherwise contain cannabis may be manufactured within the appropriate zoning districts as defined in Chapter 37 of the Salinas Municipal Code, subject to the regulations set forth in this section and subject to whatever additional regulations may be promulgated hereunder by an ordinance or resolution of the city council or otherwise pursuant to this chapter.

(a) No edible cannabis products requiring refrigeration or hot-holding shall be sold or distributed at a commercial cannabis business operating under a permit issued pursuant to this chapter.

(b) Baked products (e.g., brownies, bars, cookies, cakes), tinctures, and other non-refrigerated type items may be sold or distributed at a commercial cannabis business operating under a permit issued pursuant to this chapter.

(c) All items to be sold or distributed shall be individually wrapped at the original point of preparation. Labeling must include a warning if nuts or other known allergens are used, and must include the total weight (in ounces or grams) of cannabis in the package. A warning that the item is a medication and not a food must be clearly legible on the front of the package. The package must have a label warning that the product is to be kept away from children. The label must also state that the product contains cannabis and must specify the date of manufacture.

(d) Any edible cannabis product that is made to resemble a typical food product must be in a properly labeled opaque (non-see-through) package before it leaves the commercial cannabis business. Deliveries must be in a properly labeled opaque package when delivered.

(e) Edible cannabis products being offered for sale or distribution must have been prepared by a member of that commercial cannabis business. No non-member edible cannabis products are allowed for sale or distribution at a commercial cannabis business.

Sec. 16B-70.20. - Limitation on the number of commercial cannabis manufacturing businesses.

No more than five commercial cannabis manufacturing businesses may operate within the city of Salinas at any one time and no more than five commercial cannabis manufacturing permits shall be issued by the city of Salinas for commercial cannabis manufacturing businesses to operate within the city of Salinas at any one time.

Sec. 16B-70.30. - Cannabis manufacturing: extraction, etc.

Cannabis manufacturing facilities requiring a Type-6 state license (non-volatile manufacturing) and cannabis manufacturing facilities requiring a Type-7 state license (volatile manufacturing) may be permitted to operate within the appropriate industrial districts as defined in the Chapter 37 of the Salinas Municipal Code.

Article 8. – Cannabis Distribution

Sec. 16B-80.10. – Limitation on the number of distribution facilities.

Except as provided in Section 16B-80.20, below, no more than five distribution facilities may operate within the city of Salinas at any one time and no more than five commercial cannabis permits shall be issued by the city of Salinas for distribution facilities to operate within the city of Salinas. Administrative Permits issued pursuant to Municipal Code Section 16B-30.10(e)(2) shall not count towards the maximum number of permits for distribution.

Sec. 16B-80.20 – Operating requirements

(a) A permittee possessing a valid commercial cannabis permit to operate a Manufacturing, Cultivation, Delivery, or Dispensary-type commercial cannabis business may also distribute products to and from that site, provided that the operation meets the requirements of this Chapter and state law. If applicable, distribution operations at these sites may be considered subject to an Administrative Permit if they meet the criteria specified in Municipal Code Section 16B-30.10(e)(2).

(b) A distributor shall keep records of all transactions made during its operations, and shall account for all cannabis and funds collected and distributed, including the names of suppliers and customers, dates of pickups and deliveries, an inventory of all products involved in each transaction, and the amounts and methods of payment for each transaction. The business shall make these records available to the Chief of Police or his/her designee within 24 hours upon request.

(c) Each premises shall require a separate distribution permit.

(d) Security plans developed pursuant to this chapter shall include provisions relating to vehicle security and the protection of employees and product during loading and in transit.

Article 9. - Application of Chapter; Other Legal Duties.

Sec. 16B-90.10. - Promulgation of regulations and standards.

(a)

The City Manager is authorized to promulgate all regulations necessary to implement the requirements and fulfill the policies of this chapter related to cannabis and cannabis products.

(b) Regulations shall be published on the city's website.

(c) Regulations promulgated by the City Manager shall have the same force and effect of law and become effective upon date of publication.

Sec. 16B-90.20. -

Sec. 16B-90.30. - Fees deemed debt to city of Salinas.

The amount of any fee, cost or charge imposed pursuant to this chapter shall be deemed a debt to the city of Salinas that is recoverable in any court of competent jurisdiction.

Sec. 16B-90.40. - Permit holder responsible for violations.

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

SECTION 2. CEQA CONSIDERATIONS. The adoption of this Ordinance is exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. It can be seen with certainty that the adoption of this Ordinance there is no possibility that the activity in question may have a significant effect on the environment. [CEQA Guidelines Section 15061(b)(3).]

SECTION 3. SEVERABILITY. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held invalid by a court of competent jurisdiction, such a decision shall not affect the validity of the remaining portions of this Ordinance. The City Council declares that it would have passed this Ordinance and each section, subsection, sentence, clause, or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses, or phrases, be declared invalid.

SECTION 4. EFFECTIVE DATE. This Ordinance shall become effective on the thirty-first day following its adoption.

PASSED AND ADOPTED THIS _____ day of _____ 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Joe Gunter, Mayor

ATTEST:

Patricia M. Barajas, City Clerk

APPROVED AS TO FORM:

Christopher A. Callihan, City Attorney