

**ATTACHMENT "B"**  
**CITY'S CANNABIS BUSINESS PERMIT ORDINANCE, APPEALS PROCESS, AND  
OTHER RELATED DOCUMENTS.**

**ORDINANCE NO. 602**

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTEE,  
CALIFORNIA, AMENDING CHAPTER 7.04 OF TITLE 7 (“PUBLIC PEACE,  
MORALS, AND WELFARE”) OF THE SANTEE MUNICIPAL CODE TO  
REGULATE CANNABIS BUSINESSES**

**WHEREAS**, the City of Santee is a charter city organized pursuant to Article XI of the California Constitution and pursuant to the authority granted the City by Sections 5 and 7 of Article XI, the City has the power to make and enforce within its limits all ordinances and regulations in respect to municipal affairs not in conflict with general laws and its own charter. Such police powers include without limitation the ability to adopt comprehensive zoning regulations and regulations upon the use of land and property within the City; and

**WHEREAS**, pursuant to Article XI, Section 7 of the California Constitution, the City of Santee may adopt and enforce ordinances and regulations not in conflict with general laws to protect and promote the public health, safety, and welfare of its citizens; and

**WHEREAS**, the Federal Government has issued guidelines for states and local governments that have enacted laws authorizing cannabis-related conduct, requiring them to implement strong and effective regulatory and enforcement systems that will address the threat that medical and adult-use cannabis activity could pose to public safety, public health, and other law enforcement interests; and

**WHEREAS**, on June 27, 2017, the Medical and Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”) was signed into law, which provides a comprehensive regulatory framework for licensing, control, and taxation of medical and adult-use cannabis-related businesses in California; and

**WHEREAS**, it is the intent of the City Council to have a strong and effective regulatory system with regard to cannabis businesses which is intended to address the negative impacts and nuisance impacts associated with the uses; and

**WHEREAS**, with that purpose it is the purpose and intent of the City Council in amending Chapter 7.04 of Title 7 of the Santee Municipal Code to accommodate businesses conducting adult-use and medical cannabis activity while protecting the health, safety, and general welfare of the residents and businesses within the City of Santee and comply with State law and Federal guidelines; and

**WHEREAS**, it is the intent of the City Council to have a strong and effective regulatory and enforcement system with regard to adult-use cannabis that addresses threats to public safety, health and other law enforcement interests through robust odor controls and other procedures that are effective in practice; and

**WHEREAS**, this Ordinance provides regulations for the local permitting of adult-use and medical cannabis operations under specified conditions in the City; and

**ORDINANCE NO. 602**

**WHEREAS**, the City Council finds that the activities permitted under this ordinance are consistent with and implement the goals and policies of the Santee General Plan; and

**WHEREAS**, pursuant to the requirements of the California Environmental Quality Act (“CEQA”), an Initial Study (AEIS2022-5) was conducted for the amendment of the Santee Municipal Code to regulate cannabis land uses that determined that all environmental impacts of the project would be less than significant with mitigation and a Mitigated Negative Declaration (State Clearinghouse Number 2022060058) was prepared and advertised for public review from June 3, 2022 to July 5, 2022; and

**WHEREAS**, the City Council has carefully reviewed and considered all of the evidence presented in connection with the hearing on the proposed ordinance, including, but not limited to, the staff report, and all written and oral testimony presented.

**NOW, THEREFORE**, the City Council of the City of Santee does ordain as follows:

**SECTION 1.** The above recitals are true and correct and are incorporated herein by this reference as material findings in support of this Ordinance.

**SECTION 2.** Chapter 7.04 (“Cannabis”) of the Santee Municipal Code is hereby repealed in its entirety and replaced with the text attached hereto as Exhibit A and incorporated herein by reference.

**SECTION 3.** On July 27, 2022, the City Council approved and adopted Mitigated Negative Declaration (State Clearinghouse Number 2022060058) and its associated Mitigation Monitoring and Reporting Program, which fully disclosed, evaluated and mitigated the environmental impacts of the proposed Ordinance. No further environmental review is required for the City to adopt this Ordinance.

**SECTION 4.** The provisions above are adopted based upon the true and correct recited findings reflected above and incorporated by this reference herein.

**SECTION 5.** If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision will not affect the validity of the remaining portions of this Ordinance. The City Council declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

**SECTION 6.** The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law and this Ordinance shall take effect thirty (30) days after passage.

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**INTRODUCED AND FIRST READ** at a Regular Meeting of the City Council of the City of Santee, California, on the 27th day of July, 2022, and thereafter **ADOPTED** at a Regular Meeting of said City Council held on the 10th day of August, 2022, by the following vote to wit:

**AYES: KOVAL, MCNELIS, TROTTER**

**NOES: MINTO**

**ABSENT: HALL**

**APPROVED:**

  
\_\_\_\_\_  
**JOHN W. MINTO, MAYOR**

**ATTEST:**

  
\_\_\_\_\_  
**ANNETTE ORTIZ, CMC, CITY CLERK**

Attachment: Exhibit A

**ORDINANCE NO. 602**

**EXHIBIT "A"**

**Chapter 7.04 of the Santee Municipal Code**

[Attached behind this cover page]

## Santee Cannabis Business Ordinance

### **Chapter 7.04 – Cannabis Businesses**

#### **7.04.010 Title.**

This chapter shall be known as the Cannabis Business Permit Ordinance of the City of Santee.

#### **7.04.020 Purpose and intent.**

It is the purpose and intent of this chapter to implement the provisions of the Medicinal and Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”) to accommodate the needs of medically ill persons in need of cannabis for medicinal purposes as recommended by their health care provider(s), and to provide access to same. It is also the purpose and intent of this chapter to provide access to adult-use cannabis for persons aged 21 and over as authorized by the Control, Tax and Regulate the Adult Use Cannabis Act (“AUMA” or “Proposition 64”), while imposing sensible regulations on the use of land to protect City residents, neighborhoods, and businesses from disproportionately negative impacts. It is the purpose and intent of this chapter to regulate the commercial cultivation, processing, manufacturing, testing, sale, delivery, and distribution of cannabis and cannabis products in a responsible manner to protect the health, safety, and welfare of the residents of the City and to enforce rules and regulations consistent with state law and in a fair and equitable manner.

#### **7.04.030 Legal authority.**

Pursuant to Sections 5 and 7 of Article XI of the California Constitution, the provisions of MAUCRSA, any subsequent state legislation and regulations regarding same, the City is authorized to adopt ordinances that establish standards, requirements and regulations for the licensing and permitting of commercial medicinal and adult-use cannabis activity. 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 to all commercial cannabis activity.

#### **7.04.040 Cannabis cultivation and cannabis activities prohibited unless specifically authorized by this chapter.**

Except as specifically authorized by this chapter, the commercial cultivation, manufacture, processing, storing, laboratory testing, labeling, sale, delivery, distribution, or transportation of cannabis or cannabis products is expressly prohibited in the City. Violations of this chapter are subject to penalties under the Health and Safety Code and Penal Code in addition to the penalties set forth in Section 7.04.520. Outdoor cultivation is expressly prohibited within the City.

#### **7.04.050 Compliance with state and local laws and regulations.**

It is the responsibility of the owners, agents, employees, affiliates, and / or operators of any commercial cannabis business within the City limits to ensure that they operate in a manner compliant with this chapter, all applicable state and local laws, and any regulations promulgated thereunder, including but not limited to the MAUCRSA.

#### **7.04.060 Definitions.**

“Applicant” means a person or entity that submits an application for a Cannabis Business Permit under this chapter.

“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 Business Permit” or “Permit” means a regulatory permit issued by the City pursuant to this chapter, to a commercial cannabis business and is required before any commercial cannabis activity may be conducted in the City. The issuance of the Cannabis Business Permit and annual renewal of a Cannabis Business Permit is made expressly contingent upon the business’ ongoing compliance with all of the requirements of this chapter and any regulations adopted by the City governing the commercial cannabis activity at issue.

“Cannabis Business Permittee” or “Permittee” means a person or entity that has received a Cannabis Business Permit from the City as authorized under this chapter.

“Caregiver” or “primary caregiver” has the same meaning as that term is defined in Health and Safety Code Section [11362.7](#).

“City Manager” means the City Manager or designee.

“Commercial cannabis business” means any business or operation which engages in medicinal or adult-use commercial cannabis activity.

“Cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis. All references to cultivation allowed under this chapter mean indoor cultivation only.

“Director” shall mean the Director of Development Services or designee.

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

“Distributor” shall have the same meaning as that appearing in Business and Professions Code Section [26070](#).

“Enforcement Officer” means any designee authorized by the City Manager to enforce a violation of this chapter.

“Hearing Officer” shall mean an authorized hearing officer designated by the City Manager.

“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; and (2) licensed by the State Department of Cannabis Control within the Business, Consumer Services, and Housing Agency.

“Limited-access area” means an area in which cannabis is stored or held and is only accessible to a licensee and authorized personnel.

“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.

“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, and is owned and operated by a person issued a valid Cannabis Business Permit for manufacturing from the City and a valid state license as required for manufacturing of cannabis products.

“Medicinal cannabis” means cannabis or a cannabis product, respectively, intended to be sold or donated for use pursuant to the Compassionate Use Act of 1996 (Proposition 215), found in Section 11362.5 of the Health and Safety Code, by a medicinal cannabis patient in California who possesses a physician’s recommendation, or in compliance with any compassionate use, equity, or other similar program administered by a local jurisdiction.

“Microbusiness” means a business that engages in at least three of the following activities at one location: indoor cultivation (up to 10,000 total square feet), manufacturing, distribution, or retail (storefront or non-storefront).

“Non-store front retailer” is a subset of “retailer” and is a licensed retail business that is closed to the public and provides product to customers solely by means of a delivery service which the retailer owns and controls.

“Nonvolatile solvent” means any solvent used in the extraction process that is not a volatile solvent as defined by state law. For purposes of this chapter, nonvolatile solvents include carbon dioxide, ethanol, and nonhydrocarbon-based or other solvents such as water, vegetable glycerin, vegetable oil, animal fat, and glycerin.

“Owner” means any of the following:

1. A person with an aggregate ownership interest of 10 percent or more in the commercial cannabis business, unless the interest is solely a security, lien, or encumbrance.
2. An individual who manages, directs, or controls the operations of the commercial cannabis business, including but not limited to:
  - a. A member of the board of directors of a nonprofit.
  - b. A general partner of a commercial cannabis business that is organized as a partnership.
  - c. A non-member manager or manager of a commercial cannabis business that is organized as a limited liability company.
  - d. The trustee(s) and all persons who have control of the trust and / or the commercial cannabis business that is held in trust.
  - e. An individual with the authority to provide strategic direction and oversight for the overall operations of the commercial cannabis business, such as the chief



executive officer, president or their equivalent, or an officer, director, vice president, general manager or their equivalent.

f. An individual with the authority to execute contracts on behalf of the commercial cannabis business.

“Patient” or “qualified patient” shall have the same meaning as that contained in California Health and Safety Code Section [11362.7](#) et seq., as it may be amended, and which includes within its definition a person who is entitled to the protections of California Health and Safety Code Section [11362.22](#).

“Person” shall mean 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.

“Person with an identification card” shall have the same meaning as that contained in California Health and Safety Code Section [11362.7](#).

“Processing” means a cultivation site that conducts only trimming, drying, curing, grading, packaging, or labeling of cannabis and non-manufactured cannabis products.

“Retailer” or “store front retailer” shall have the same meaning as that contained in Business and Professions Code Section [26070\(a\)\(1\)](#), which defines a retailer as having a physical location form which commercial cannabis activities are conducted. A retailer’s premises may be closed to the public. A retailer may conduct sales exclusive by delivery.

“Sheriff” means the Sheriff of the County of San Diego.

“State license” means a permit or license issued by the state of California, or one of its departments or divisions, under the MAUCRSA and any subsequent related state of California legislation, to engage in cannabis activity. A state license alone will not authorize the holder to operate a cannabis business, as state law also requires a permit or other authorization issued by a local jurisdiction.

“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 Health and Safety Code Section [109925](#).

“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 cannabis activity authorized by the MAUCRSA which may be amended or repealed by any subsequent related state of California legislation. Transport can only be performed by licensed distributors and does not include deliveries of cannabis or cannabis products.

“Volatile solvent” means a solvent as defined by Health and Safety Code Section [11362.3\(b\)\(3\)](#) as of the effective date of this chapter and as subsequently amended.

“Youth center” means any:

1. Public or private facility that is primarily used to host recreation, academic, or social activities for minors, including, but not limited to:

- a. Private youth membership organizations or clubs;

- b. Social service teenage club facilities;

- c. Video arcades where 10 or more video games or game machines or devices are operated, and where minors are legally permitted to conduct business; or
- d. Similar amusement park facilities.

2. Park, playground, or recreational area specifically designed to be used by children which has play equipment installed, including public grounds designed for athletic activities such as baseball, softball, soccer, or basketball, or any similar facility located on a public or private school grounds, or on City, county, or state parks.

“Youth center” shall not include any private martial arts, yoga, ballet, dance, music, art studio or similar studio of this nature nor shall it include any private gym, athletic training facility, pizza parlor, dentist office, doctor’s office primarily serving children, or a location which is primarily utilized as an administrative office, or a facility for youth programs or organizations.

**7.04.070 Cannabis Business Permit and City Business License required to engage in cannabis business.**

No person may engage in any cannabis business within the City including cultivation, manufacture, processing, laboratory testing, distributing, dispensing, or sale of cannabis or a cannabis product unless the person meets all of the following requirements:

- A. Possesses a valid Cannabis Business Permit from the City;
- B. Possesses a valid State of California seller’s permit, as applicable; and
- C. Is currently in compliance with all applicable state and local laws and regulations pertaining to the cannabis business and the cannabis activities, including the duty to obtain any required state licenses.
- D. Possesses a City business license.

**7.04.080 Evidence of cannabis owners and / or employees background check required.**

- A. Any person who is an owner, employee, agent, and / or who otherwise works within a cannabis business must be legally authorized to do so under applicable state law.
- B. Cannabis business owners, operators, investors, managers, and employees shall be required to submit to a criminal background check for themselves and all persons in their employment.
- C. The City Manager shall conduct or cause to be conducted annual criminal background checks which must at a minimum identify the following:
  - 1. Whether the owners, operators, investors, managers, and employees applying for employment have ever been convicted of a violent felony as defined by California Penal Code 667.5 or equivalent offenses in other states;
  - 2. Whether the owners, operators, investors, managers, and employees have ever been convicted of a felony for hiring, employing, or in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor; or

3. Whether the owners, operators, investors, managers, and employees have ever been convicted of a felony for drug trafficking with enhancements pursuant to Section 11370.4 or 11379.8 of the Health and Safety Code.

D. Evidence of a conviction of any the offenses enumerated in subsection C of this section shall be grounds for denial of ownership or employment.

E. Violation of this section shall be grounds for immediate suspension of the business's operating Cannabis Business Permit, pending a hearing before the City Manager within 30 days for a final determination of the status of the permit.

**7.04.090 Personnel prohibited from holding a license or from employment with a Cannabis Business Permittee.**

A. Any person, including, but not limited to, 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, in which any of the following actions or notices have been issued for noncompliance, shall not be eligible to obtain a Cannabis Business Permit from the City or employment with a Cannabis Business Permittee in the City:

1. The Applicant has been denied a cannabis permit (excluding an Applicant that did not receive a permit in another jurisdiction due solely to a limited and / or set number of permits and / or licenses), or has had a cannabis permit or license suspended or revoked by any city, county, city and county, or any other state cannabis licensing authority;
2. The Applicant was notified by the state, county, or city that it was conducting cannabis activity in violation of City ordinances, codes, and requirements, and failed to cure the violation in a timely manner;
3. Evidence that the Applicant is delinquent in payment of federal, state, or local taxes and / or fees, and took no steps to cure the delinquency when notified by the appropriate agencies;
4. No person shall be issued a Cannabis Business Permit if such person enters or has entered into either a verbal or written agreement to lease, sublease, or any other agreement for any terms of use of a premises granted by a property owner, commercial broker, or any third party, that is in violation of Section 7.04.070 unless that property is leased at fair market value. Any such lease, sublease, or agreement shall not contain terms or conditions requiring the Cannabis Business Permittee to pay the property owner, commercial broker, or any third party a percentage of gross receipts, royalties, equity, or other unreasonable compensation as determined by the City. In addition, all leases, subleases, or other agreements must be based on a monthly rate.

**7.04.100 Maximum number and type of authorized cannabis businesses permitted.**

This section is only intended to create a maximum number and types of cannabis businesses that may be issued permits to operate in the City.

A. After the effective date of this Ordinance, the City shall only issue Cannabis Business Permits (consistent with this chapter) for up to four Retailers, including microbusinesses that include storefront retail activities. There is no limit on the number of Cannabis Business Permits that the City may issue to testing laboratories or microbusinesses that do not include storefront retail.

B. Each year following the City Council’s initial grant of Permits (if any), or at any time in the City Council’s discretion, the City Council may reassess the number of Cannabis Business Permits which are authorized for issuance and may make changes to the number by resolution.

C. The City Council at its sole discretion may determine that the number and / or types of Cannabis Business Permits should remain the same or be modified.

**7.04.110 Community benefits.**

A. The application process for a Cannabis Business Permit shall include a component on community benefits, the terms of which shall be set out and memorialized in a community benefit agreement.

B. Any community benefits that a cannabis business agrees to provide shall be incorporated into the terms and conditions under which the cannabis business will operate with the City’s approval, if and when a Cannabis Business Permit is issued. Such terms and conditions shall be in addition to the requirements of this chapter.

C. Community benefits may include but will not be limited to: in-kind donations; sponsorship of select community events; financial support for special community events such as fairs, afterschool programs, youth centers, local schools (whether public or private); school athletic programs; school clubs; community centers, homeless shelters, senior centers and / or senior living facilities, and / or parks and recreation programs, and the payment of mutually agreeable fees and charges.

D. The community benefit agreement may provide that the community benefit fee will expire upon the establishment of a City commercial cannabis tax.

**7.04.120 City’s reservation of rights.**

The City reserves the right to reject any or all applications for a Cannabis Business Permit. Prior to such permit issuance, the City may modify, postpone, or cancel any request for applications, at any time without liability, obligation, or commitment to any person, party, firm, or organization, to the extent permitted under State law. Persons submitting applications assume the risk that all or any part of the request for applications, or any particular category of permit potentially authorized under this chapter, may be cancelled at any time prior to Permit issuance. The City further reserves the right to request and obtain additional information from any candidate submitting an application. In addition to a failure to comply with other requirements in this chapter, an application may be rejected for any of the following reasons:

A. The Cannabis Business Permit application was received after the designated time and date of the deadline.

B. The Cannabis Business Permit application did not contain the required elements, exhibits, or was not organized in the required format.

C. The Cannabis Business Permit application was considered not fully responsive to the request for a permit application – that is, the application was substantially incomplete as determined by the City Manager.

#### **7.04.130 Procedure guidelines and review criteria to evaluate Cannabis Business Permit applications.**

- A. By resolution, the City Council shall adopt procedures and review criteria for the City's evaluation of Cannabis Business Permit applications. A Cannabis Business Permit application shall be required prior to review and approval of any land use entitlement, business license or other City authorization.
- B. The procedures shall provide the process for soliciting applications including time frames, limitations, forms, and rules for completing applications.
- C. Should the City Council, pursuant to authority granted under Section 7.04.100 of this Code, establish a maximum number of cannabis businesses that may be issued a Cannabis Business Permit, the review criteria shall include detailed instructions on the methodology to be used to evaluate applications on a point, or other evaluation system, tied to particular sets of criteria.
- D. The scoring on review criteria shall be used to determine which candidates will be eligible to proceed to the final selection process as determined by City Council resolution.
- E. The City Manager shall be authorized to prepare any necessary forms and adopt any necessary rules to implement the procedures guidelines and review criteria.
- F. At the time of filing, each Applicant shall pay an application fee established by resolution of the City Council to cover all costs incurred by the City in the application process.

#### **7.04.140 Exercise of a Cannabis Business Permit.**

A Cannabis Business Permit shall be exercised within 12 months of issuance. "Exercised" shall mean when any of the following occur:

1. A certificate of occupancy has been issued;
2. The permitted use(s) has commenced on the site; or
3. A City building permit or grading permit is secured, and construction lawfully commenced.

#### **7.04.150 Continuous Use Requirement.**

- A. Once the permitted cannabis use is legally established and operational, the use must remain in continuous operation or all use rights are subject to termination. If a permitted use ceases to operate for a period of four or more months, then the use shall be considered abandoned unless a mitigating circumstance occurred that was beyond the control of the Permittee and an extension is authorized by the City Manager.
- B. The approval of a new use shall terminate all rights and approvals of a Cannabis Business Permit occupying the same site or location.

#### **7.04.160 Term of a Cannabis Business Permit.**

All Cannabis Business Permits issued under the provisions of this chapter shall be effective for a period not to exceed one year. The City Manager may renew a Permit through the procedures identified in section 7.04.180 of this Code.

#### **7.04.170 Reapplying for a Cannabis Business Permit.**

If an Applicant is denied a Cannabis Business Permit due to a disqualifying factor such as failing a background check or not complying with any state or local jurisdiction's regulatory

requirements in which legal or administrative action has been taken, a new application may not be filed for two years from the date of the denial. This section shall not apply to an Applicant who passed the initial application screening process but was not granted a Cannabis Business Permit by the City Council.

#### **7.04.180 Term and Renewal of Cannabis Business Permits.**

A. All licenses issued under the provisions of this chapter shall be effective for a period not to exceed one year. The City Manager may renew a permit through the procedures identified in this section.

B. An application for renewal of a Cannabis Business Permit shall be filed at least 90 calendar days prior to the expiration date of the current Permit, but no earlier than 180 calendar days prior to the expiration date of the current Permit, unless a different time period is set forth by the City Manager.

C. The renewal application shall contain all the information required for new applications.

D. 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.

E. An application for renewal of a Cannabis Business Permit shall be rejected if any of the following exists:

1. The application is filed less than 90 days before its expiration unless the City Manager, at the City Manager's sole discretion, approves an extension of the deadline.
2. The Cannabis Business Permit is suspended or revoked at the time of the renewal application.
3. The cannabis business has not been in regular and continuous operation in the four months prior to the renewal application or the approved extension of the deadline from the City Manager.
4. The cannabis business has failed to conform to the requirements of the Cannabis Business Permit or this chapter or any regulations adopted pursuant to this chapter.
5. The Permittee fails or is unable to renew its State of California license.
6. If the State has determined, based on substantial evidence, that the Permittee or Applicant is in violation of the requirements of the State rules and regulations and the State has determined that the violation is grounds for termination or revocation of the Cannabis Business Permit.

F. The City Manager is authorized to make all decisions concerning the issuance of a renewal permit. In making the decision, the City Manager is authorized to impose additional conditions to a renewal permit, if it is determined to be necessary to ensure compliance with state or local laws and regulations or to preserve the public health, safety, or welfare. Appeals from the decision of the City Manager shall be conducted as prescribed by resolution of the City Council and shall be subject to a fee as established by resolution of the City Council. If a renewal Cannabis Business Permit application is denied, a person may file a new application pursuant to this chapter no sooner than one year from the date of the denial.

#### **7.04.190 Revocation of permits.**

A Cannabis Business Permit may be revoked by the City Manager for any violation of any state or local laws, rules, standards, policies, procedures, or regulations in this chapter relating to cannabis, or any violation of the applicable community benefit agreement.

#### **7.04.200 Effect of state license suspension.**

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 cannabis business to operate within the City until the State of California or its respective department or division reinstates or reissues the state license.

#### **7.04.210 Effect of state revocation.**

Revocation of a license issued by the State of California, or by any of its departments or divisions, shall immediately revoke the ability of a cannabis business to operate within the City until the State of California or its respective department or division takes appropriate action. Should the State revoke a license, the cannabis business owner may reapply for a new Cannabis Business Permit at such time as it can demonstrate that the grounds for revocation of the license by the State no longer exist or that the underlying deficiency has otherwise been cured.

#### **7.04.220 Appeals.**

Appeals relating to denial of a Cannabis Business Permit application; denial of advancement to the final selection process; to revocation or suspension a Cannabis Business Permit; to denial of renewal of a Cannabis Business Permit; or the addition of conditions to a Cannabis Business Permit shall be conducted as prescribed by resolution of the City Council and shall be subject to a fee as established by resolution of the City Council.

#### **7.04.230 Change in location – Updated application form.**

A. Any time the business location specified in the Cannabis Business Permit is proposed to be changed, the Permittee and / or Applicant shall submit an updated application to the City Manager for approval prior to the change in location.

B. Within 15 calendar days of any other change in the information provided in the updated application form or any change in status of compliance with the provisions of this chapter, including any change in the cannabis business ownership or management members, the Applicant shall file an updated application with the City Manager for review along with an application fee.

#### **7.04.240 Transfer of Cannabis Business Permit.**

A. The owner of a Cannabis Business Permit shall not transfer ownership or control of the permit to another person or entity unless and until the transferee obtains a written and executed amendment to the permit from the City Manager stating that the transferee is now the Permittee. Such an amendment may be obtained only if the transferee files a Cannabis Business Permit application with the City Manager in accordance with all provisions of this chapter (as though the transferee were applying for an original Cannabis Business Permit). The proposed transferee's application shall be accompanied by a transfer fee in an amount set by resolution of the City Council (or if not set, shall be the same amount as the application fee). The transferee's application will be treated as a new application, and will be evaluated according to procedures

adopted by the City Manager, pursuant to Section 7.04.130, and / or by resolution of the City Council.

B. Cannabis Business Permits issued through the grant of a transfer by the City Manager shall be valid for a period of one year beginning on the day the City Manager approves the transfer of the permit. Before the transferee's Permit expires, the transferee shall apply for a renewal Permit and pay the appropriate fee in the manner required by this chapter.

C. A Cannabis Business Permit shall not be transferred when the City has notified the Permittee in writing that the Permit has been or may be suspended or revoked.

D. Any attempt to transfer a Cannabis Business Permit either directly or indirectly in violation of this section is hereby declared a violation of the Permit and this ordinance. Such a purported transfer shall be deemed a ground for revocation of the Permit.

E. This section shall not apply to the extent the current owners are attempting to add a new and / or additional owner whose ownership interest is less than 50% of the business, but all other remaining owners shall remain in place. Any new and / or additional ownership, however, shall require written approval by the City Manager in accordance with procedures adopted by the City Manager and / or by resolution of the City Council. Failure to obtain such approval prior to adding a new owner will result in a violation of the permit and this chapter, and shall be deemed a ground for revocation.

#### **7.04.250 City business license.**

Prior to commencing operations, a cannabis business shall obtain a City business license as required under Chapter 4.02.

#### **7.04.260 Building permits and inspections.**

Prior to commencing operations, a Cannabis Business Permit shall be subject to a mandatory building inspection and must obtain all required permits and approvals which would otherwise be required for any business of the same size and intensity operating in that zone. This includes, but is not limited to, obtaining any required building permit(s), Fire Department approval, Code Enforcement approvals, Department of Development Services approval, Sheriff's Department approval, County of San Diego health department approval, and any other applicable zoning and land use permit(s) and approvals.

#### **7.04.270 Authorization from the Director.**

Prior to commencing operations, a cannabis business must obtain authorization from the Director, certifying that the business is located on a site that meets all of the requirements of Sections 7.04.260, 7.04.280, and 7.04.290.

#### **7.04.280 Right to occupy and to use property.**

Prior to the City's issuance of a Cannabis Business Permit pursuant to this chapter, any person intending to open and to operate a cannabis business shall first provide sufficient evidence of the legal right to occupy and to use the proposed location. Such evidence may include a notarized lease, notarized real estate records, and / or other notarized official records that demonstrate a legal right to occupy. If the proposed location will be leased from the property owner, 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 operation of the cannabis business on the owner’s property.

**7.04.290 Zoning and location requirements for cannabis businesses.**

Cannabis businesses permitted to engage in retail, distribution, manufacturing, testing labs, and microbusiness operations for cannabis and cannabis products are subject to the following zoning and locational requirements:

A. Distribution, manufacturing, testing laboratories and microbusiness that do not include storefront retail activities are only permitted in the following zone districts: IL (Light Industrial) and IG (General Industrial), and must satisfy all the applicable requirements set forth in Title 13 of this Code.

B. Retail businesses (including microbusinesses that include storefront retail activities but do not include cultivation) are only permitted in the following zone districts: IL (Light Industrial), IG (General Industrial), and GC (General Commercial), and must meet all the requirements pursuant to Title 13 of this code.

Land Use	Land Use Designation		
	GC	IL	IG
Distribution, manufacturing	--	P	P
Microbusinesses with storefront retail and without cultivation	P	P	P
Microbusinesses with cultivation	--	P	P
Storefront Retail	P	P	P
Non-storefront Retail	--	P	P
Testing Labs	--	P	P

C. All Cannabis Business Permittees must also meet all of the following distance requirements:

1. The cannabis business shall be no closer than 900 feet from any zoned parcel in the City designated by the City and state law as a sensitive use, and pursuant to subsection C.2 of this section. The distance measured shall be the horizontal distance measured in a straight line from the property line of those parcels in subsection C.2 of this section to the closest property line of the lot on which the cannabis business is located.

2. It shall be no closer than 900 feet from any parcel containing any of the following that is in existence at the time the license is issued:

- a. A school providing instruction in kindergarten or any grades one through 12 (whether public, private, or charter, including preschool, transitional kindergarten, and K – 12);
- b. A commercial daycare center licensed by the state, county or City;
- c. A church or other religious institution; and
- d. A youth center. A “youth center” means any public or private facility that is primarily used to host recreation, academic, or social activities for minors, including, but not limited to:
  - i. Private youth membership organizations or clubs;
  - ii. Social service teenage club facilities;
  - iii. Video arcades where 10 or more video games or game machines or devices are operated, and where minors are legally permitted to conduct business; or
  - iv. Similar amusement park facilities.

“Youth center” shall also include a park, playground, or recreational area specifically designed to be used by children which has play equipment installed, including public grounds designed for athletic activities such as baseball, softball, soccer, or basketball, or any similar facility located on a public or private school grounds, or on City, county, or state parks.

“Youth center” shall not include any private martial arts, yoga, ballet, dance, music, art studio or similar studio of this nature nor shall it include any private gym, athletic training facility, pizza parlor, dentist office, doctor’s office primarily serving children, or a location which is primarily utilized as an administrative office, or a facility for youth programs or organizations.

D. Each proposed cannabis business shall also:

1. Conform with the City’s General Plan, any applicable specific plan, master plan, and design requirements.
2. Comply with all applicable zoning and related development standards.
3. Be constructed in a manner that minimizes odors to surrounding uses, and promotes quality design and construction, and consistency with the surrounding properties.
4. Be adequate in size and shape to accommodate the yards, walls, fences, parking and loading facilities, landscaping and all items required for the development.
5. Be served by roadways adequate in width and improved as necessary to carry the kind and quantity of traffic such use will generate.
6. Be provided with adequate electricity, sewerage, disposal, water, fire protection and storm drainage facilities for the intended purpose.

#### **7.04.300 Limitations on City's liability.**

To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a Cannabis Business Permit pursuant to this chapter or otherwise approving the operation of any cannabis business. As a condition to the approval of any Cannabis Business Permit, the Applicant shall be required to meet all of the following conditions before they can receive the Cannabis Business Permit:

A. Execute an agreement, in a form approved by the City Attorney, agreeing to indemnify, defend (at Applicant's sole cost and expense), release, and hold the City, and its officers, officials, employees, representatives, and agents, harmless, from any and all claims, losses, damages, injuries, liabilities, or losses which arise out of, or which are in any way related to, the City's issuance of the Cannabis Business Permit, the City's decision to approve the operation of the cannabis business or activity, the process used by the City in making its decision, or the alleged violation of any federal, state or local laws by the cannabis business or any of its officers, employees or agents.

B. Take out and maintain, at all times while operating the cannabis business, and in a form and with insurance companies acceptable to the City: (1) Commercial General Liability Insurance with a limit of no less than \$2,000,000 per occurrence and \$4,000,000 aggregate for bodily injury (including death), personal injury and property damage; and (2) if Permittee or Permittee's employees use vehicles in the operation of the business, Automobile Liability Insurance for bodily injury (including death) and property damage including coverage for owned, non-owned and hired vehicles, with a limit of no less than \$1,000,000 per occurrence. The City of Santee, its City Council and each member thereof, its officers, employees, and agents shall be named as an additional insured on the Commercial General Liability policy. If Permittee maintains higher limits than the minimum required above, the City requires and shall be entitled to coverage for the higher limits maintained by Permittee. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City. Insurance requirements may be adjusted from time to time by the City Manager.

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

#### **7.04.310 Records and recordkeeping.**

A. Each owner and operator of a 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 (at or before the time of the renewal of a Cannabis Business Permit issued pursuant to this chapter), or at any time upon reasonable request of the City, each cannabis business shall file a sworn statement detailing the number of sales by the cannabis business during the previous 12-month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes and fees 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's

operations conducted by an independent certified public accountant. Each Permittee shall be subject to a regulatory compliance review and a gross receipts financial audit, where applicable, as determined by the City Manager.

B. Each owner and operator of a 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 cannabis business, and separately of all the officers, managers, employees, agents, and volunteers currently employed or otherwise engaged by the cannabis business. The register required by this subsection shall be provided to the City Manager upon a reasonable request.

C. All 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, production, manufacturing, retail, and laboratory testing processes (as applicable) until purchase as set forth in the MAUCRSA.

#### **7.04.320 Security measures.**

A. A Cannabis Business Permittee shall implement sufficient security measures to deter and prevent the unauthorized entrance into areas containing cannabis or cannabis products and to deter and prevent the theft of cannabis or cannabis products at the cannabis business. Except as may otherwise be determined by the City Manager, these security measures shall include, but shall not be limited to, all of the following:

1. Perimeter fencing and exterior lighting systems (including motion sensors) for after-hours security as approved by the Director in collaboration with the Sheriff's Department, as applicable.
2. Preventing individuals from remaining on the premises of the cannabis business if they are not engaging in an activity directly related to the permitted operations of the cannabis business; in cases in which the individual will not voluntarily leave the premises in violation of applicable law the cannabis employee shall contact the Sheriff's Department.
3. Establishing limited access areas accessible only to authorized cannabis business personnel.
4. Except for limited amounts of cannabis or cannabis products being used for display purposes in retail areas, all finished goods at a commercial cannabis business shall be stored in a secured and locked vault or vault-equivalent during non-operating hours. All safes and vaults used to store cash and / or cannabis goods shall be compliant with Underwriters Laboratories burglary-resistant and fire-resistant standards. All cannabis and cannabis products, including live clone plants that are being sold, shall be kept in a manner as to prevent diversion, theft, and loss.
5. Installing 24-hour security surveillance cameras of at least high-definition (HD) quality to monitor all entrances and exits to and from the premises, all interior spaces within the cannabis business which are open and accessible to the public, all interior spaces where cannabis, cash, or currency is being stored for any period of time on a regular basis, and all interior spaces where diversion of cannabis could reasonably occur. All cameras shall record in color. All exterior cameras shall be in weather-proof enclosures, shall be located so as to minimize the possibility of vandalism, and shall have the capability to automatically switch to black and white in low light conditions. The cannabis business

shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the City Manager, and that it is compatible with the City's software and hardware. In addition, if required by City, remote and real-time live access to the video footage from the cameras shall be provided to the Sheriff's Department at the expense of the Permittee. Video recordings shall be maintained for a minimum of 120 days and shall be made available to the Sheriff's Department upon request. Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the site of the cannabis business and shall be capable of enlargement via projection or other means. Internet protocol address information shall be provided to the Sheriff's Department by the cannabis business, to facilitate remote monitoring of security cameras by the Sheriff's Department. Each business shall have network security protocols that are certified by Underwriters Laboratories, LLC.

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

7. Panic buttons shall be installed in all cannabis businesses with direct notification to the Sheriff's Department dispatch and shall be configured to immediately alert dispatch for the Sheriff's Department.

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

9. Any security measures, such as bars, installed on the windows or the doors of the cannabis business shall be installed only on the interior of the building.

10. Security personnel shall be on site 24 hours a day or alternative security as authorized by the City Manager and must have a verified response security patrol when closed. Security personnel must be licensed by the state of California Bureau of Security and Investigative Services personnel and shall be subject to the prior review and approval of the City Manager, with such approval not to be unreasonably withheld.

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

12. Entrance areas are to remain under the control of a designated responsible party that is either: (a) an employee of the cannabis business; or (b) a licensed security professional.

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

14. Each cannabis business shall demonstrate to the City Manager compliance with the state's track and trace system for cannabis and cannabis products as soon as it is operational.

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

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

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

18. Installation of “mosquitos” (high-pitch frequency devices) as a deterrent to vandalism / loitering.

B. Each cannabis business shall identify a designated security representative / liaison to the City, who shall be reasonably available to meet with the City Manager regarding any security related measures or operational issues. The designated security representative / liaison shall, on behalf of the cannabis business, annually maintain a copy of the current security plan on the premises of the business, to present to the City Manager upon request that meets the following requirements:

1. Confirms that a designated manager will be on duty during business hours and will be responsible for monitoring the behavior of employees.

2. Identifies all managers of the cannabis business and their contact phone numbers.

3. Confirms that first aid supplies and operational fire extinguishers are located in the service areas and the manager’s office.

4. Confirms that burglar, fire, and panic alarms are operational and monitored by a licensed security company 24 hours a day, seven days a week, and provides contact information for each licensed security company.

5. Identifies a sufficient number of licensed, interior and exterior security personnel who will monitor individuals inside and outside the cannabis business, the parking lot, any adjacent property under the business’s control, and ensure that the parking lot is cleared of employees and their vehicles one-half hour after closing.

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

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

E. A cannabis business shall notify the City Manager 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 the City Manager.

2. Diversion, theft, loss, or any criminal activity involving the cannabis business or any agent or employee of the cannabis business.

3. The loss or unauthorized alteration of records related to cannabis, customers or employees or agents of the cannabis business.

4. Any other breach of security.

F. Compliance with the foregoing requirements shall be verified by the City Manager prior to commencing business operations. Upon renewal, the City Manager or Sheriff's Department may supplement these security requirements once operations begin, subject to review by the City Manager if requested by the business owner.

#### **7.04.330 Fees and charges.**

A. No person may commence or continue any cannabis activity in the City, without timely paying in full all fees and charges required for the operation of a cannabis activity. Fees and charges associated with the operation of a cannabis activity shall be established by resolution of the City Council which may be amended from time to time, and shall be subject to adjustment in accordance with the Consumer Price Index.

B. All cannabis businesses authorized to operate under this chapter shall pay all sales, use, business and other applicable taxes, and all license, registration, and other fees required under federal, state, and local law. Each cannabis business shall cooperate with City with respect to any reasonable request to audit the cannabis business's books and records for the purpose of verifying compliance with this section, including but not limited to a verification of the amount of taxes or fees required to be paid during any period.

C. Prior to operating in the City and as a condition of issuance of a Cannabis Business Permit, the operator of each cannabis facility shall enter into an operational or community benefit agreement with the City setting forth the terms and conditions under which the cannabis facility will operate that are in addition to the requirements of this chapter, including, but not limited to, public outreach and education, community service, payment of fees and other charges as mutually agreed, and such other terms and conditions that will protect and promote the public health, safety, and welfare.

#### **7.04.340 General operating requirements.**

A. Cannabis businesses may operate only during the hours specified in the Cannabis Business Permit issued by the City. No person under the age of 21 shall operate or be issued a permit for a cannabis business of any kind.

B. Restriction on Sales and Consumption. Cannabis shall not be consumed by any person on the premises of any cannabis business. No person shall cause or permit the sale, dispensing, or consumption of alcoholic beverages or tobacco on or about the premises of the cannabis business.

C. No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall be visible from the exterior of any property issued a Cannabis Business Permit, or on any of the vehicles owned or used as part of the cannabis business. No outdoor storage of cannabis or cannabis products is permitted at any time.

D. Reporting and Tracking of Product and of Gross Sales. Each cannabis business shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the 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 cannabis business shall ensure that such information is compatible with the City's recordkeeping systems. In addition, the system must have the capability to produce historical transactional data for review. Furthermore, any system selected must be approved and authorized by the City Manager prior to being used by the Permittee.

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. Emergency Contact. Each cannabis business shall provide the City Manager with the name, telephone number (both land line and mobile, if available) of an on-site employee or owner to whom emergency notice can be provided at any hour of the day.

#### G. Signage and Notices.

1. In addition to the requirements otherwise set forth in this section, business identification signage for a cannabis business shall conform to the requirements of Chapter 13.32 (Signs) of this code, including, but not limited to, seeking the issuance of a City sign permit, if applicable.

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

3. Each entrance to a cannabis business shall be visibly posted with a clear and legible notice indicating that smoking, ingesting, vaping, or otherwise consuming cannabis on the premises or in the areas adjacent to the cannabis business is prohibited. The sign shall be no larger than two feet by two feet.

4. 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 cannabis business shall advertise by having a person holding a sign and advertising the business to passersby, whether such person is on the premises of the cannabis business or elsewhere including, but not limited to, the public right-of-way.

5. Signage shall not depict any image of cannabis or cannabis products. No permanent banners, flags, temporary billboards, or other prohibited signs may be used at any time.

#### H. Minors.

1. Persons under the age of 21 years shall not be allowed on the premises of a cannabis business and shall not be allowed to serve as a driver for a mobile delivery service. It shall be unlawful and a violation of this chapter for any person to employ any person at a cannabis business who is not at least 21 years of age.

2. Notwithstanding subsection H.1 of this section, persons aged 18 to 20 years shall be allowed on the premises of a cannabis business if they can produce a valid physician's recommendation or a medical marijuana card issued pursuant to Health and Safety Code Section 11362.71. In that event, such persons can lawfully purchase cannabis for the sole purpose of addressing the medical need that is the subject of the valid physician's recommendation.

3. The entrance to the cannabis business shall be clearly and legibly posted with a notice that no person under the age of 21 years of age is permitted to enter upon the premises of the cannabis business.

I. Odor Control. Odor control devices and techniques shall be incorporated in all cannabis businesses to ensure that odors from cannabis are not detectable off site. Cannabis businesses shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated



inside the 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 cannabis business. As such, cannabis businesses must obtain a building permit and install and maintain the following equipment, or any other equipment which the Director determines is a more effective method or technology:

1. An exhaust air filtration system with odor control that prevents internal odors from being emitted externally;
2. An air system that creates negative air pressure between the cannabis business's interior and exterior, so that the odors generated inside the cannabis business are not detectable on the outside of the cannabis business.

J. Display of Permit and City Business License. The original copy of the Cannabis Business Permit issued by the City pursuant to this chapter and the City-issued business license shall be posted inside the cannabis business in a location readily visible to the public.

K. Annual 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 cannabis 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 person listed as an owner, investor, manager, supervisor, employee, contract employee or who otherwise works in a cannabis business must submit fingerprints and other information deemed necessary by the Sheriff's Department, Licensing Division for a background check by the Sheriff's Department. Pursuant to California Penal Sections [11105\(b\)\(11\)](#) and [13300\(b\)\(11\)](#), which requires that there be a requirement or exclusion from cannabis employment, licensing or certification based on specific criminal conduct on the part of the subject of the record, no person shall be issued a permit to operate a cannabis business or be allowed to work in a cannabis business unless they have first cleared the background check, as determined by the Sheriff's Department as required by this section. A fee for the cost of the background investigation, which shall be the actual cost to the City to conduct the background investigation as it deems necessary and appropriate, shall be paid at the time the application for a Cannabis Business Permit is submitted. Evidence of a conviction of any of the offenses enumerated in Business and Professions Code Section [26057\(b\)\(4\)](#), absent a Certificate of Rehabilitation, shall be grounds for immediate disqualification of the applicant.

L. Loitering. The owner and / or operator of a cannabis business shall prohibit loitering by persons outside the facility both on the premises and within 100 feet of the premises. The cannabis business shall notify the Sheriff's Department if anyone continues to loiter around the building or premises in violation of applicable law after all reasonable action has been taken to remove the individual(s) and the action has failed to do so in a timely manner.

M. Permits and Other Approvals. Prior to the establishment of any cannabis business or the operation of any such business, the person intending to establish a cannabis business must first obtain all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such cannabis

business intends to establish and to operate pursuant to Section 7.04.290 and all applicable requirements in this chapter.

N. Each cannabis operator shall establish minimum training standards for all employees. The City Manager shall have the discretion to require other training for the business operations should the City identify deficiencies or noncompliance issues with City or state requirements.

#### **7.04.350 Amendments to general operating requirements.**

The City Manager may develop other cannabis business operational requirements or regulations as are determined to be necessary to protect the public health, safety, and welfare.

#### **7.04.360 Operating requirements for retail store front facilities.**

A. No more than the number of cannabis retailers adopted by City Council resolution may operate within the City at any one time and shall be issued a Cannabis Business Permit by the City.

B. Retailers shall verify the age and all necessary documentation of each individual to ensure the customer is not under the age of 18 years. If the potential customer is 18 to 20 years old, retailer shall confirm the customer's possession of a valid doctor's recommendation and / or Health and Safety Code Section [11362.71](#) identification card (medical marijuana card). For adult-use purchases, retailers shall verify that all customers are 21 years of age or older for the purchase of cannabis or cannabis products.

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

D. Uniformed licensed security personnel shall be employed to monitor site activity, control loitering and site access, and to serve as a visual deterrent to unlawful activities. The security personnel shall be at least 21 years of age and shall be licensed by the Bureau of Security and Investigative Services and shall comply with Chapters 11.4 and 11.5 of Division 3 of the Business and Professions Code. Security personnel may be allowed to carry firearms if authorized by Bureau of Security and Investigative Services.

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

F. All restrooms used by the public shall remain locked and under the control of management.

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

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

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

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

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

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

#### H. Access to Retailer Premises.

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

2. Notwithstanding subsection H.1 of this section, individuals who are at least 18 years of age and in possession of a valid physician's recommendation shall be granted access to the premises of a retail Permittee for the sole purpose of purchasing medicinal cannabis consistent with the physician's recommendation.

I. Authorized Sales. A retailer shall only sell adult-use cannabis and adult-use cannabis products to individuals who are at least 21 years of age. A retailer shall only sell medicinal cannabis or medicinal cannabis products to individuals who are at least 18 years of age, but not yet 21, if those individuals are in possession of a valid physician's recommendation. Medicinal cannabis sales to individuals 21 years of age and older are unrestricted.

J. Limited Access Areas. A retailer shall establish limited-access areas and permit only authorized individuals to enter the limited-access areas. Authorized individuals include individuals employed by the retailer as well as any outside vendors, contractors, or other individuals conducting business that requires access to the limited access area. All individuals granted access to the limited access area shall be at least 21 years of age, and if not employed by the retailer, shall be escorted at all times by an employee of the Permittee. A retailer shall maintain a log of all individuals who are not employees who are granted access to the limited access area. These logs shall be made available to the City Manager or the Sheriff's Department upon request.

K. Operating hours of the store front retailer license shall be limited to the hours of nine a.m. through nine p.m., seven days a week.

L. Store front / Retail Security Requirements. All provisions incorporated within Section 7.04.320, Security measures, are directly applicable to and binding on all cannabis businesses, including all store front / retail businesses.

#### **7.04.370 Retailer, non-store front retailer, and microbusiness delivery requirements.**

A. Retailers, non-store front retailers (delivery), and microbusinesses owners and operators are required to verify the age and the necessary documentation of each customer. They must ensure that medical customers are at least 18 years of age and verify that the customer has a valid doctor's recommendation. Doctor recommendations are not to be obtained or provided at the retail location. In the case of adult-use customers, they must verify that the customer is at least 21 years of age. Sales shall only be made to persons matching this criteria.

B. All store front retailers, non-store front retailers (delivery), and microbusinesses which conduct deliveries into or within the City of Santee shall be required to obtain a permit from the City of Santee in order to conduct retail sales regardless, if they are located in the City or another local jurisdiction.

C. Operating hours of the non-store front retailer Permittee or out of town retail delivery services shall be limited to the hours of nine a.m. through nine p.m., seven days a week.

**7.04.380 Retailer, non-store front retailer and microbusiness delivery vehicle requirements.**

Prior to commencing delivery operations, a cannabis retailer, cannabis non-store front retailer and microbusiness shall provide the following information to the City:

A. Proof of ownership of the vehicle or a valid lease for any and all vehicles that will be used to deliver cannabis or cannabis products.

B. The year, make, model, color, license plate number, and numerical vehicle identification number (VIN) for any and all vehicles that will be used to deliver cannabis goods.

C. Proof of insurance as required in Section 7.04.300.B for any and all vehicles being used to deliver cannabis goods.

D. The Permittee shall provide the City with the information required by this section in writing for any new vehicle that will be used to deliver cannabis goods prior to using the vehicle to deliver cannabis goods.

E. The Permittee shall provide the City with any changes to the information required by this section in writing within 30 calendar days.

**7.04.390 Operating requirements for distributors.**

A. A distributor shall not store noncannabis products or noncannabis accessories that are to be sold to another party on any licensed or permitted premises. Additionally, a distributor shall not distribute noncannabis products or noncannabis accessories at a licensed premises. For the purposes of this section, noncannabis products are any goods that do not meet the definition of cannabis goods as defined in Title 16, Division 42, Section 5000(c) of the California Code of Regulations.

B. After taking physical possession of a cannabis goods batch, the distributor shall contact a testing laboratory and arrange for a laboratory employee to come to the distributor's licensed premises to select a representative sample for laboratory testing. The determination of which cannabis goods are to be included in the sample for laboratory testing shall be left to the sole discretion of the laboratory employee.

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

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

E. A distributor or an employee of the distributor shall be physically present to observe the laboratory employee obtain the sample of cannabis goods for testing and shall ensure that the increments are taken from throughout the batch. The sampling shall be video-recorded, and the

recording kept available to the state and the City for a minimum of 180 days, pursuant to Title 16, Division 42, Section 5305 of the California Code of Regulations.

F. A distributor shall not transport cannabis or cannabis products to a licensed retail facility until and unless it has verified that the cannabis or cannabis products have been tested and certified by a testing lab as being in compliance with state health and safety requirements pursuant to Title 16, Division 42, Sections 5705, 5710 and 5714 of the California Code of Regulations.

#### **7.04.400 Operating requirements for testing labs.**

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

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

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

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

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

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

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

#### **7.04.410 Operating requirements for cannabis manufacturing**

A. Cannabis manufacturing shall only be permitted pursuant to Section 7.04.070 or any subsequent created manufacturing state license as defined in MAUCRSA and may be permitted to operate only within those zone districts as defined in the Santee Municipal Code.

B. Any compressed gases used in the manufacturing process shall not be stored on any property within the City in containers that exceeds the amount which is approved by the Fire Department

and authorized by the regulatory permit. Each site or parcel subject to a Cannabis Business Permit shall be limited to a total number of tanks as authorized by the Fire Department on the property at any time.

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

D. If an extraction process uses a professional grade closed loop CO<sub>2</sub> gas extraction system every vessel must be certified by the manufacturer for its safe use as referenced in subsection F of this section. The CO<sub>2</sub> must be of at least 99 percent purity.

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

F. Certification from an engineer licensed by the state of California, or by a certified industrial hygienist, must be provided to the City for a professional grade closed loop system used by any 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, LLC (UL); or
4. The American Society for Testing and Materials (ASTM).

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

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

I. Cannabis manufacturing facilities may use non-volatile solvents, including carbon dioxide, ethanol, and nonhydrocarbon-based or other solvents such as water, vegetable glycerin, vegetable oil, animal fat, and glycerin to create or refine extracts. Ethanol should be removed from the extract in a manner to recapture the solvent and ensure that it is not vented into the atmosphere.

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

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

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

#### **7.04.420 Operating requirements for delivery services.**

Prior to commencing operations, a cannabis out-of-City delivery service shall comply with the following requirements:

- A. Obtain from the City a permit authorizing the delivery of cannabis and cannabis products within the City limits. A copy of this permit shall be retained by all drivers.
- B. The retail business operating the delivery service shall provide the City Manager with evidence of a valid state license for a cannabis business on whose authorization the delivery service is performing the delivery function.
- C. The retail business operating the delivery service shall furnish to the City Manager the year, make, model, license plate number, and numerical vehicle identification number (VIN) for any and all vehicles that will be used to deliver cannabis goods.

#### **7.04.430 Permissible delivery locations and customers.**

Cannabis delivery businesses located outside of the City permitted to engage in delivery of cannabis and cannabis products inside the City are subject to the following requirements:

- A. A licensed cannabis business shall not deliver cannabis goods to an address located on publicly owned land or any address on land or in a building leased by a public agency.
- B. A licensed cannabis business shall comply with all requirements of state and local law pertaining to the Cannabis Business Permit and all subsequent policies, procedures and regulations which may be amended by the City Manager from time to time in order to enforce this chapter.
- C. Any kiosk, iPad, tablet, smart phone, fixed location, or technology platform, whether manned or unmanned, other than a retail location permitted by the City, that facilitates, directs, or assists the retail sale or delivery of cannabis or cannabis products is prohibited and shall be a violation of this chapter.

#### **7.04.440. Operating Requirements for Microbusinesses.**

The requirements set forth in Sections 7.04.360 through 7.04.430 apply to microbusinesses, to the extent that the microbusiness is engaging in the specified activity.

#### **7.04.450 Promulgation of regulations, standards and other legal duties.**

- A. In addition to any regulations adopted by the City Council, the City Manager is authorized to establish any additional rules, regulations and standards governing the issuance, denial or renewal of Cannabis Business Permits, the ongoing operation of cannabis businesses and the City's oversight, or concerning any other subject determined to be necessary to carry out the purposes of this chapter.
- B. Regulations shall be published on the City's website.
- C. Regulations promulgated by the City Manager shall become effective upon date of publication. Cannabis businesses shall be required to comply with all state and local laws and regulations, including but not limited to any rules, regulations or standards adopted by the City Manager.

#### **7.04.460 Community relations.**

A. Each cannabis business shall provide the name, telephone number, and email address of a community relations contact to whom notice of problems associated with the cannabis business can be provided. Each cannabis business shall also provide the above information to all businesses and residences located within 100 feet of the cannabis business.

B. During the first year of operation pursuant to this chapter, the owner, manager, and community relations representative from each cannabis business holding a permit issued pursuant to this chapter shall attend meetings with the City Manager, and other interested parties as deemed appropriate by the City Manager, 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 cannabis business shall meet with the City Manager when and as requested by the City Manager.

C. Cannabis businesses to which a Cannabis Business Permit is issued pursuant to this chapter shall develop a City approved public outreach and educational program for youth organizations and educational institutions that outlines the risks of youth addiction to cannabis, and that identifies resources available to youth related to drugs and drug addiction.

#### **7.04.470 Fees deemed debt to the City.**

The amount of any fee, cost or charge imposed pursuant to this chapter shall be deemed a debt to the City that is recoverable via an authorized administrative process as set forth in the City ordinance or in any court of competent jurisdiction.

#### **7.04.480 Permit holder responsible for violations.**

The person to whom a Cannabis Business 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 / or the ordinances of the City, whether committed by the Permittee or any employee or agent of the Permittee, which violations occur in or about the premises of the cannabis business whether or not said violations occur within the permit holder's presence.

#### **7.04.490 Inspection and enforcement.**

A. The Enforcement Officer may enter the location of a cannabis business at any time, without notice, and inspect the location of any cannabis business as well as any recordings and records required to be maintained pursuant to this chapter or under applicable provisions of state law.

B. It is unlawful for any person having responsibility over the operation of a 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 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 cannabis business under this chapter or under state or local law.

C. The Enforcement Officer may enter the location of a cannabis business at any time during the hours of operation and without notice to obtain samples of the cannabis to test for public safety purposes. Any samples obtained by the City shall be logged, recorded, and maintained in accordance with established procedures by the City Manager or these regulations.



#### **7.04.500 Violations declared a public nuisance.**

Each and every violation of the provisions of this chapter constitutes a misdemeanor and is hereby deemed unlawful and a public nuisance. The City reserves the right to pursue any available legal remedy to address violations of this chapter.

#### **7.04.510 No vested rights.**

No person(s) (including any Applicant, owner, and / or Permittee) shall have any vested rights to any permit, right, and / or interest under this chapter, regardless of whether such person(s) cultivated, sold, distributed, and / or otherwise engaged in acts related to the use of cannabis prior to the adoption of the ordinance codified in this chapter.

#### **7.04.520 Civil penalties.**

A. In addition to the enforcement and fines described herein, the City Attorney may bring a civil action for injunctive relief and civil penalties pursuant to Chapter 1.04 of this code against any owner who violates this chapter. In any civil action brought pursuant to this chapter, the court may award reasonable attorneys' fees and costs to the prevailing party.

B. The City may pursue any other legal remedy to enforce or collect any fines or amounts owed as set forth herein.

#### **7.04.530 Personal use.**

A. For purposes of this section, personal recreational use, possession, purchase, transport, or dissemination of cannabis is considered unlawful in all areas of the City to the extent it is unlawful under California law.

B. Outdoor Cultivation. A person may not plant, cultivate, harvest, dry, or process cannabis plants outdoors in any zoning district of the City. No use permit, building permit, variance, or any other permit or entitlement, whether administrative or discretionary, will be approved or issued for any such use or activity.

C. Indoor Cultivation.

1. A person may not plant, cultivate, harvest, dry, or process cannabis plants inside a private residence, or inside an accessory structure to a private residence located upon the grounds of a private residence. No use permit, building permit, variance, or any other permit or entitlement, whether administrative or discretionary, will be approved or issued for any such use or activity.

2. To the extent a complete prohibition on indoor cultivation inside a private residence, or inside an accessory structure to a private residence located upon the grounds of a private residence, is not permitted under California law, a person may not plant, cultivate, harvest, dry, or process cannabis plants inside a private residence, or inside an accessory structure to a private residence located upon the grounds of a private residence, in excess of the limitations imposed by Health and Safety Code Section 11362.2.

3. The City Council may adopt, by later resolution, reasonable regulations on indoor cultivation of cannabis pursuant to Health and Safety Code Section 11362.2(b)(1).

**ORDINANCE NO. 614**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTEE, CALIFORNIA, AMENDING CHAPTER 7.04 OF TITLE 7 OF THE SANTEE MUNICIPAL CODE TO ALLOW CANNABIS MANUFACTURING AS A STANDALONE USE IN LIGHT INDUSTRIAL AND GENERAL INDUSTRIAL ZONES AND PROHIBIT MANUFACTURING OF VOLATILE MATERIALS AND FINDING THE ORDINANCE IS COVERED BY THE MITIGATED NEGATIVE DECLARATION PREVIOUSLY APPROVED FOR THE SANTEE CANNABIS BUSINESS ORDINANCE PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

**WHEREAS**, in July 2022, the City Council adopted a Mitigated Negative Declaration (“MND”) and Mitigation Monitoring and Reporting Program for the Santee Cannabis Business Ordinance (State Clearinghouse No. 2022060058) and approved the Cannabis Business Ordinance project; and

**WHEREAS**, the MND analyzed cannabis manufacturing as a stand-alone use at four facilities; and

**WHEREAS**, in August 2022, the City Council enacted Ordinance 602, the Cannabis Business Ordinance, in the City of Santee. Ordinance 602 allows the issuance of cannabis business permits of up to four (4) retailers, including microbusinesses that include storefront retail activities, and to an unrestricted number of testing laboratories or microbusinesses that do not include storefront retail; and

**WHEREAS**, as originally enacted, Ordinance 602 did not allow for cannabis manufacturing as a stand-alone business; and

**WHEREAS**, on January 24, 2024, the City Council held a workshop to discuss whether cannabis manufacturing should be allowed as a standalone use and thereafter directed staff to bring back amendments to Ordinance 602 to allow for such a use within the Light Industrial and General Industrial zones of the City; and

**WHEREAS**, on January 24, 2024, the City Council further directed staff to bring back amendments to Ordinance 602 to prohibit manufacturing of volatile materials; and

**WHEREAS**, this ordinance amends Ordinance 602 to conform with City Council’s direction; and

**WHEREAS**, the City Council has reviewed and considered the information contained in the administrative record for the proposed Ordinance; and

**WHEREAS**, the administrative record has been completed in compliance with CEQA, the State CEQA Guidelines, and the City’s Local CEQA Guidelines; and

**WHEREAS**, based on the independent judgment of the City Council, the approval of the proposed Ordinance is covered by the 2022 MND prepared for the Santee Cannabis Business Ordinance and no further environmental review is required for the proposed Ordinance pursuant to Public Resources Code Section 21166 and State CEQA Guidelines Section 15162; and

**ORDINANCE NO. 614**

**WHEREAS**, the proposed ordinance is also exempt from CEQA pursuant to CEQA Guidelines Section 15305 because modifying an allowed standalone land use constitutes a minor change in land use limitations consistent with said Guidelines.

**NOW, THEREFORE**, the City Council of the City of Santee does ordain as follows:

**SECTION 1. Recitals Incorporated.** The above recitals are true and correct and are incorporated herein by this reference as material findings in support of this Ordinance.

**SECTION 2. Amendments.** Amendments to Title 7 of the Code are set forth below.

Section 7.04.060 is amended to update relevant definitions as follows:

**7.04.060 Definitions.**

...

“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, and is owned and operated by a person issued a valid Cannabis Business Permit for manufacturing from the City and a valid state license as required for manufacturing of cannabis products. As used in this chapter, “manufacturing” or “manufacturing site” does not include the use of volatile solvents and this chapter does not permit manufacturing that would require a Type 7 License under State Law.

...

“Volatile solvent” means a solvent as defined by Health and Safety Code Section 11362.3(b)(3) as of the effective date of this chapter and as subsequently amended. Under this chapter, use of volatile solvents as part of the manufacturing process is prohibited.

Section 7.04.100 is amended to read as follows:

**7.04.100 Maximum number and type of authorized cannabis businesses permitted; other uses prohibited.**

This section is only intended to create a maximum number and to specify the only types of cannabis businesses that may be issued permits to operate in the City. All other cannabis uses are prohibited.

## ORDINANCE NO. 614

A. After the effective date of this Ordinance, the City shall only issue Cannabis Business Permits (consistent with this chapter) for up to four Retailers, including microbusinesses that include storefront retail activities. There is no limit on the number of Cannabis Business Permits that the City may issue to testing laboratories, manufacturing (non-volatile only) or microbusinesses that do not include storefront retail.

B. Each year following the City Council's initial grant of Permits (if any), or at any time in the City Council's discretion, the City Council may reassess the number of Cannabis Business Permits which are authorized for issuance and may make changes to the number by resolution.

C. The City Council at its sole discretion may determine that the number and / or types of Cannabis Business Permits should remain the same or be modified.

Section 7.04.290 (A) and (B) are amended to read as follows:

### **7.04.290 Zoning and location requirements for cannabis businesses.**

Cannabis businesses permitted to engage in retail, distribution, manufacturing, testing labs, and microbusiness operations for cannabis and cannabis products are also subject to the following zoning and locational requirements of this chapter. Not all of the types of cannabis businesses listed below are currently uses that are allowed by permit in the City.

A. Distribution, manufacturing (non-volatile only), testing laboratories and microbusiness that do not include storefront retail activities are only permitted in the following zone districts: IL (Light Industrial) and IG (General Industrial), and must satisfy all the applicable requirements set forth in Title 13 of this Code. Distribution that is not part of a permitted microbusiness is not currently a use that is allowed by permit in the City.

B. Retail businesses (including microbusinesses that include storefront retail activities but do not include cultivation) are only permitted in the following zone districts: IL (Light Industrial), IG (General Industrial), and GC (General Commercial), and must meet all the requirements pursuant to Title 13 of this code.

**ORDINANCE NO. 614**

Land Use	Land Use Designation		
	GC	IL	IG
Distribution (not currently a use that is allowed by permit in the City) manufacturing (non-volatile only)	--	P	P
Microbusinesses with storefront retail and without cultivation	P	P	P
Microbusinesses with cultivation	--	P	P
Storefront Retail	P	P	P
Non-storefront Retail	--	P	P
Testing Labs	--	P	P

The heading for Section 7.04.390 is amended to read as follows:

**7.04.390 Operating requirements for distributors (distribution is not a use that is currently eligible for a permit in the City unless as part of an otherwise permitted microbusiness).**

7.04.410 (A) and (I) are amended to read as follows:

**Section 7.04.410 Operating requirements for cannabis manufacturing.**

A. Cannabis manufacturing shall only be permitted pursuant to Section 7.04.070 or any subsequent created manufacturing state license (but not a Type 7 volatile solvent manufacturing license) as defined in MAUCRSA and may be permitted to operate only within those zone districts as defined in the Santee Municipal Code. Cannabis manufacturing permitted under this chapter does not include the use of volatile solvents.

...

I. Cannabis manufacturing facilities may only use non-volatile solvents, including carbon dioxide, ethanol, and nonhydrocarbon-based or other solvents such as water, vegetable glycerin, vegetable oil, animal fat, and glycerin to create or refine extracts. Ethanol should be removed from the extract in a manner to recapture the solvent and ensure that it is not vented into the atmosphere.

**ORDINANCE NO. 614**

**SECTION 3. Severability.** If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision will not affect the validity of the remaining portions of this Ordinance. The City Council declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

**SECTION 4. Publication and Effective Date.** The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law and this Ordinance shall take effect thirty (30) days after passage.

**INTRODUCED AND FIRST READ** at a Regular Meeting of the City Council of the City of Santee, California, on the 28<sup>th</sup> day of February 2024, and thereafter **ADOPTED** at a Regular Meeting of the City Council held on this 13<sup>th</sup> day of March 2024, by the following vote to wit:

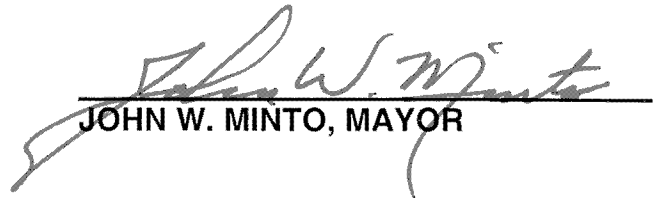
**AYES: KOVAL, MCNELIS, MINTO**

**NOES: HALL**


**ABSENT: NONE**

**ABSTAIN: TROTTER**

**APPROVED:**

  
\_\_\_\_\_  
**JOHN W. MINTO, MAYOR**

**ATTEST:**

  
\_\_\_\_\_  
**ANNETTE FAGAN ORTIZ, CMC, CITY CLERK**

**RESOLUTION NO. 022-2024**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTEE, CALIFORNIA, ADOPTING THE COMMERCIAL CANNABIS RETAIL BUSINESS APPLICATION PROCESS, INCLUDING PROCEDURES, FEES AND APPEAL PROCESS, AND FINDING THE ACTION IS COVERED BY THE PREVIOUSLY ADOPTED MITIGATED NEGATIVE DECLARATION FOR THE SANTEE CANNABIS BUSINESS ORDINANCE PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

**WHEREAS**, in August of 2022, the City Council enacted Ordinance 602, the Cannabis Business Permit Ordinance of the City of Santee (City), codified as Chapter 7.04 of the Santee Municipal Code; and

**WHEREAS**, at a hearing was held on December 13, 2023, staff presented the draft Commercial Cannabis Retail Business (CCB) Application Process, including Application Procedures and Review Criteria (“Procedures”), fees and related documents to City Council; and

**WHEREAS**, Santee Municipal Code Section 7.04.130 provides that the Procedures for the City’s evaluation of CCB applications shall be established by resolution of the City Council; and

**WHEREAS**, the Procedures shall provide the process for soliciting applications including time frames, limitations, forms, and rules for completing applications; and

**WHEREAS**, the review criteria shall include detailed instructions on the methodology to be used to evaluate applications on a point, or other evaluation system, tied to particular sets of criteria; and

**WHEREAS**, the scoring on review criteria shall be used to determine which candidates will be eligible to proceed to the final selection process as established by resolution of the City Council; and

**WHEREAS**, the City Manager shall be authorized to prepare any necessary forms and adopt any necessary rules to implement the Procedures; and

**WHEREAS**, at the time of filing, each applicant shall pay an Application Fee established by resolution of the City Council to cover all costs incurred by the City in the application process; and

**WHEREAS**, Santee Municipal Code Section 7.04.180 provides that an Annual Renewal Fee shall be established by resolution of 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; and

**WHEREAS**, Santee Municipal Code Section 7.04.230 provides that a Change in Information Fee may be established to cover the cost of reviewing an updated application; and

**RESOLUTION NO. 022-2024**

**WHEREAS**, Santee Municipal Code Section 7.04.240 provides that a Transfer of Ownership Fee shall be established by resolution of the City to cover the cost of reviewing an updated application; and

**WHEREAS**, Santee Municipal Code Section 7.04.220 provides that a CCB Appeal Fee shall be established by resolution of the City Council to cover all costs incurred by the City in the appeal process; and

**WHEREAS**, Santee Municipal Code Section 7.04.330 provides that all fees and charges associated with the operation of a cannabis activity shall be established by resolution of the City Council and shall be subject to adjustment in accordance with the Consumer Price Index; and

**WHEREAS**, Santee Municipal Code Section 7.04.220 provides that appeals relating to denial of a cannabis business permit application; denial of advancement to the final selection process; revocation or suspension of a cannabis business permit; denial of renewal of a cannabis business permit; or the addition of conditions to a cannabis business permit shall be conducted as prescribed by resolution of the City Council and shall be subject to a fee as established by resolution of the City Council; and

**WHEREAS**, the City Council desires to adopt the Santee Procedures, fees and appeal process attached to this Resolution and incorporated herein.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Santee, California, as follows:

**SECTION 1:** The Recitals provided above are true and correct and are hereby incorporated into this Resolution.

**SECTION 2:** The Santee CCB Procedures attached as Exhibit “A” is hereby adopted.

**SECTION 3:** The Santee CCB Fee Schedule attached as Exhibit “B” is hereby adopted.

**SECTION 4:** The Santee CCB Appeals Process attached as Exhibit “C” is hereby adopted.

**SECTION 5:** Pursuant to the requirements of the California Environmental Quality Act (“CEQA”), the City Council adopted a Mitigated Negative Declaration (“MND”) and Mitigation Monitoring and Reporting Program for the Santee Cannabis Business Ordinance in July 2022 (State Clearinghouse No. 2022060058), and adopted Ordinance 602 in August 2022. The CCB Application Process involves the adoption of the Procedures and fees for the implementation of the CCB Ordinance of the City of Santee, and is therefore covered by the analysis in the 2022 MND. No subsequent environmental review is required as none of the circumstances in State CEQA Guidelines Section 15162 have occurred. Further, adoption of the CCB Procedures and fees does not have the



**RESOLUTION NO. 022-2024**

potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment and therefore the CCB Application Process is not a "project" as defined by CEQA (Public Resources Code section 21065; CEQA Guidelines section 15378). Any necessary compliance with CEQA for individual projects would be required prior to construction authorization.

**SECTION 6:** This Resolution shall take effect immediately upon its passage.

**ADOPTED** by the City Council of the City of Santee, California, at a Regular Meeting thereof held this 27<sup>th</sup> day of March 2024, by the following roll call vote to wit:

**AYES: KOVAL, MCNELIS, MINTO, TROTTER**

**NOES: HALL**

**ABSENT: NONE**

**APPROVED:**

  
\_\_\_\_\_  
**JOHN W. MINTO, MAYOR**

**ATTEST:**

  
\_\_\_\_\_  
**ANNETTE FAGAN ORTIZ, CMC, CITY CLERK**

- Exhibit "A" – Santee CCB Procedures
- Exhibit "B" – Santee CCB Fee Schedule
- Exhibit "C" – Santee CCB Appeals Process

RESOLUTION NO. 022-2024

Exhibit "A"  
Santee CCB Procedures



City of Santee

10601 Magnolia Ave  
Santee, CA 92071

Email: [cannabisinfo@cityofsanteeca.gov](mailto:cannabisinfo@cityofsanteeca.gov)

**APPLICATION PROCEDURES AND REVIEW CRITERIA  
FOR A COMMERCIAL CANNABIS BUSINESS PERMIT  
(RETAIL APPLICATIONS)**

**Application Period (45 Days)**  
**OPENS – TBD**  
**CLOSES – TBD**

**These Application Procedures and Review Criteria apply solely to Cannabis Retail applications. Applicants wishing to operate a Microbusiness with Retail are required to apply for a Cannabis Retail permit, prior to being considered for a Microbusiness permit. Additional information regarding Microbusiness permits is provided in Appendix A.**

**NUMBER OF PERMITS**

During this application period, the City of Santee (City) will allow up to four (4) cannabis retail permits under this process.

**RETAIL BUSINESS**

- "Retailer" is defined as having a physical location from which commercial cannabis activities are conducted. A retailer's premises may be closed to the public. A retailer may conduct sales exclusive by delivery. (See Section 26070(a)(1) of the California Business and Professions Code and Santee Municipal Code (SMC) Section 7.04.060).

**CONTACT**

If you have any questions prior to submitting your application or would like an update on the status of your application, please email your questions to [cannabisinfo@cityofsanteeca.gov](mailto:cannabisinfo@cityofsanteeca.gov).

**APPLICABLE REGULATIONS AND FORMS**

Information regarding the Commercial Cannabis Retail Business (CCB) application process can be found on the City's website at <https://www.cityofsanteeca.gov/business/cannabis-business>.

To be considered for issuance of a CCB Permit, applications must be submitted through the City's online permitting system by the deadline. There will be no exceptions. These Application

## RESOLUTION NO. 022-2024

Procedures and Review Criteria (hereafter referred to as “Procedures”) constitute the City Council’s adopted Procedures to be used for the City’s evaluation of CCB Permit applications pursuant to SMC Section 7.04.130.

*Applicants should monitor the City’s web page (<https://www.cityofsanteeca.gov/business/cannabis-business>) for information on the process. It is the responsibility of the Applicant to stay informed of all information provided on the webpage.*

### LIMITATIONS ON MULTIPLE SUBMISSIONS

Persons possessing an individual or cumulative ownership interest of ten percent (10%) or more in a retail cannabis business shall be limited to being a part of only one retail application during this application period. Any applications that share an owner of ten percent (10%) or more will be deemed incomplete.

In addition, the City will only accept one application per property. If the City receives more than one application per property, the City will notify the property owner and the property owner will need to notify the City, in writing, which application is authorized.

Without exception, only one retail permit will be issued per property.

### CITY’S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all applications in accordance with these Procedures. The City may modify, postpone, or cancel the opportunity to submit an application for a CCB permit without liability, obligation, or commitment to any Applicant, person, owner, party, firm, organization or other entity of whatever form related to the process. In addition, the City reserves the right to request and obtain additional information from any Applicant in order to conduct a complete review of the application or an investigation into the truthfulness of the statements set forth in the application or provided at any stage of the application process.

## APPLICATION PROCESS

### APPLICATION SUBMITTAL REQUIREMENTS

Applications must adhere to the requirements in SMC Chapter 7.04.130 and respond to all requirements of these Procedures. Applicants must submit the required application materials (except the application fee) listed below to the City’s online permitting system. As noted below, the application fee must be submitted in person to the City before the application deadline.

1. Cannabis Business Permit Application;
  - A. Business Plan
  - B. Labor and Employment Plan
  - C. Security Plan
  - D. Qualification of Owners
  - E. Neighborhood Compatibility Plan
  - F. Community Benefits and Investment Plan

## RESOLUTION NO. 022-2024

### G. Proposed Site Plan

2. Financial Responsibility, Indemnity and Consent to Inspection Agreement;
3. Agreement on Limitations of City's Liability and Indemnification to City;
4. Verification of Live Scan background submittal;
5. Property Owner Consent/Landlord Affidavit;
6. Proof of Insurance or Letter of Insurability from the Insurance Company;
7. Proof of Capitalization;
8. Zoning Verification Letter;
9. Application fee. (This fee shall be submitted in person to the City.)

Please note that responses to the Evaluation Criteria, Sections A-G of #1 above and as further described in Appendix A of the Procedures, shall be limited to 125 pages. If the response exceeds 125 pages, points will be deducted. Responses pertaining to Items #2-8 above shall not be included in the 125-page limitation.

The electronic application portal will ask for each of the items (not including the application fee) listed above to be provided as PDF files. Please compile the PDF files as noted above. Responses shall be saved in separate PDF files.

Applicant responses to the Evaluation Criteria (Sections A-G) must be provided in the section order identified in Appendix A. Each section shall be clearly labeled, with responses provided in the appropriate section. Any response to Evaluation Criteria that is not placed within the appropriate section may receive a deduction in points.

### **CRIMINAL BACKGROUND CHECK**

Each owner, operator, investor, manager, and employee of the proposed CCB will be required to pass a criminal history background check as required by SMC Section 7.04.080. For the purposes of this application process, only owners as defined in SMC Section 7.04.060 will be required to submit verification that they have applied for their background verification.

Evidence of a conviction by an owner of any the offenses enumerated below shall be grounds for rejection of the application:

1. A violent felony as defined by California Penal Code 667.5 or equivalent offenses in other states;
2. A felony for hiring, employing, or in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor;
3. A felony for drug trafficking with enhancements pursuant to Section 11370.4 or 11379.8 of the Health and Safety Code; or
4. A crime involving dishonesty, fraud or deceit, including, but not limited to, fraud, forgery, theft, or embezzlement as those offenses are defined in California Penal Code Sections 186.11, 470, 484, and 504a, or equivalent offenses in other states.

This process will be required to meet the minimum threshold qualifications pursuant to SMC Section 7.04.080.

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Live Scans will be performed by the San Diego County Sheriff's Department (SDCSD) by appointment only. A copy of the Live Scan form is required as part of the application materials. Applicants shall complete all blank fields provided in the "Request for Live Scan Service" form under the "Applicant Information" section. Applicants shall not alter the pre-completed sections of the Live Scan request form, as any modification may result in Live Scan rejection and/or delay by the DOJ or FBI. A separate form shall be filled out for each owner of the business receiving a Live Scan. The bottom portion of the "Request for Live Scan" form must be filled out by the person conducting the Live Scan. Live Scan results will be sent directly to the SDCSD. If, at any point, the SDCSD background investigation determines that one or more of the owners is ineligible pursuant to the SMC, the application will be denied.

### ZONING VERIFICATION LETTER (ZVL)

As part of a complete application packet, an Applicant must obtain a Zoning Verification Letter from the Planning & Building Department. To secure this letter, an Applicant must make a written request to the Planning & Building Department, which shall specify the intended use of the building (for example, retail only or part of a microbusiness proposal) and the proposed building location with its assessor's parcel number.

The issuance of a ZVL does not constitute written evidence of permission given by the City or any of its officials to operate a cannabis business, nor does it establish a "permit" within the meaning of the Permit Streamlining Act, nor does it create an entitlement under the Zoning or Building Code. A regulatory permit for a CCB does not constitute a permit that runs with the land once a cannabis business is established.

### FEES

All applicants will be required to submit a fee of \$25,711. Payment must be made by a certified check, cashier's check or money order made payable to the City of Santee by 4pm on TBD. Please note that application fees are non-refundable once the City has begun reviewing the application.

A separate fee for the Zoning Verification Letter (ZVL) of \$267 per application will be paid upon submittal of the request to the Planning and Building Department. The Live Scan fee of the actual cost will be assessed by TBD at time of application for the background check by TBD. Additional Live Scan fees will be applicable if the application is approved.

### SUBMITTAL DEADLINE

Applications must be submitted through the City's online permitting system by 4:00 pm on Date. Late applications will not be accepted. Furthermore, applications may be rejected for the following, but not limited to, reasons:

1. It does not meet the requirements of the Procedures.
2. The issuance of the Cannabis Business Permit for the proposed location does not comply with State law or SMC.

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### INTEGRITY GUIDELINES

The following Integrity Guidelines (“Guidelines”) shall be operative from the start of the adoption of the application procedures, until the completion of Phase IV: City Council Interviews and Final Selection. Each applicant is individually and solely responsible for ensuring compliance with the Guidelines. This responsibility extends to the applicant’s employees, agents, consultants, lobbyists, affiliates, and all other parties or individuals engaged for purposes of developing or supporting the application.

1. Collusive activities among applicants are expressly forbidden and may result in immediate disqualification of any involved parties.
2. Applicants are prohibited from offering promotional outreach, hospitality, gifts, or other like activities directed toward City staff, elected or appointed officials, application reviewers, or consultant(s) hired by the City to assist with the application process (collectively referred to as “City Officials”).
3. All communication related to Phases II – IV cannabis application process with City Officials must be directed to the City designated contact, listed on page 1 of these Procedures. Any attempt to communicate with other City Officials regarding Phases II – IV of the cannabis application process may result in disqualification of the application.
4. Notwithstanding the restrictions on communications set forth in point 3 above, nothing in these Guidelines is intended to restrict or prohibit applicants from communicating with City staff and officials during interviews in Phase III or during an open and public City Council or Commission meeting.
5. Any evidence which indicates an applicant has failed to comply with the Guidelines may result in that applicant’s disqualification. Any questions regarding the Guidelines shall be in writing and shall be transmitted by email to City designated contact.

### APPLICATION REVIEW, SCORING, AND APPROVAL PROCESS

#### PHASE I: DETERMINATION OF ELIGIBILITY

During Phase I, applications will be reviewed by City staff for completeness and compliance to meet the minimum submittal requirements of the Procedures. The determination of eligibility will be based on the criteria outlined in these Procedures. City staff may issue clarifications of these Procedures in writing, and any such clarifications will be posted on the City’s webpage (<https://www.cityofsanteeca.gov/business/cannabis-business>) and shall go into full effect immediately upon being posted on the website. A determination that an application is not eligible for advancement from Phase I to Phase II is subject to appeal in the manner and within the time frame prescribed by resolution of the City Council in accordance with SMC 7.04.220.

#### PHASE II: APPLICATION EVALUATION AND REVIEW (1,200 points)

During Phase II, City staff will review and score each application using a merit-based system. Applicants will be scored and ranked using the following evaluation criteria identified in Appendix A:

- Section A – Business Plan (400 points)
- Section B – Labor and Employment Plan (400 points)
- Section C – Security Plan (400 points)

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The top applicants from Phase II, as determined by the City Manager, may be eligible to advance to Phase III. The decision as to how many applicants will advance will be determined in the City Manager's sole discretion based on the quantity and the quality of applications the City receives. Notice of the individual application results of Phase II will be provided via email to the primary contact listed on the application. After the conclusion of Phase II, the points assigned to each applicant will be reset. A determination that an application is not eligible for advancement from Phase II to Phase III is subject to appeal in the manner and within the time frame prescribed by resolution of the City Council in accordance with SMC 7.04.220.

### **PHASE III: INTERVIEWS (1,600 points)**

During Phase III, a Staff Evaluation and Interview Committee (Committee) designated by the City Manager will conduct a merit-based interview process. Applicants will be scored using the following evaluation criteria identified in in Appendix A:

- Section D – Qualifications of Owners (500 Points)
- Section E – Neighborhood Compatibility (400 Points)
- Section F – Community Benefits and Investments Plan (450 Points)
- Section G – Proposed Site Plan (250 Points)

The City reserves the right to impose requirements on the interview process prior to conducting the interviews, and the City may issue written instructions regarding the manner in which the interviews are conducted.

Upon the completion of Phase III, the Committee will tabulate the scores of all Applicants from Phase III to create a preliminary ranking, which will form the basis for determining who will be invited to participate in Phase IV. The ranking will only be based upon the scores received during Phase III. No more than ten applicants will advance to Phase IV with the final number of applicants (i.e., ten or less) determined at the City Manager's sole discretion based on the overall quantity and quality of Applicants under consideration. After the conclusion of Phase III, the points assigned to each applicant will be reset.

Prior to the tabulation of scores in Phase III, the City reserves the right to request and obtain additional information from any applicant, for purposes of clarifying or validating information provided during Phase III interviews. The City Manager may review the totality of the information received, including any additional information received, to determine which applicants are authorized to participate in Phase IV. A determination that an application is not eligible for advancement from Phase III to Phase IV is subject to appeal in the manner and within the time frame prescribed by resolution of the City Council in accordance with SMC 7.04.220.

### **PHASE IV: CITY COUNCIL INTERVIEWS AND FINAL DECISION**

Upon the completion of Phase III, the City Manager will present to the City Council, at a properly noticed public meeting, the qualifying Applicants that advanced from the Phase III process. The presentation of Applicants by the City Manager shall exclude the Phase I-III scores and rankings. However, the information provided by the Applicants in Phase I-III will be made available to the City Council for purposes of its interviews and final decision.

During Phase IV, the City Council will interview Applicants and make a final determination as to which Applicant(s) will be awarded a CCB permit. **In making this decision, the City Council**

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**has full discretion over which Applicant(s), if any, will be awarded a CCB permit, consistent with the purposes and intent of the City's Cannabis Business Permit Ordinance. In making this decision, the City Council shall not be limited by the specific Evaluation Criteria identified in Appendix A or these Procedures.** Each Applicant should be prepared to conduct a brief presentation and answer questions from the City Council. Further details as to the date, time, place, and length of presentation will be provided prior to the date of public meeting.

In addition to reserving all of its rights, the City Council expressly reserves the right to consider microbusinesses for purposes of making final determination as to whether to award a CCB permit. In addition, the City also expressly reserves the right to award a lesser number of CCB Permits than the maximum allowed under the application process, or to award no permits at all. Any decision made by the City Council to award or not to award a cannabis permit shall be final and shall not be subject to appeal. Notice of the individual application results of Phase IV will be provided in writing via email to the primary contact listed on the application.

After the City Council has made a determination as to which, if any, Applicants may be awarded a CCB permit, the selected Applicants shall enter into a Community Benefit Agreement with the City setting forth the terms and conditions under which the cannabis business will operate that are in addition to the requirements of the SMC within 30 days of being notified of the City Council's intent to issue the CCB permit. The Community Benefit Agreement must be approved by the City Council before the CCB permit may be issued.

Any Applicant wishing to appeal final completeness or selection determination made in Phases I through III of the application Process may file an appeal with the City Clerk's Office within ten (10) days of the Applicant receiving a notice that they will not move forward in the application process. Such appeals shall comply with the requirements of SMC Section 7.04.220 or procedures established thereunder and is subject to an appeal fee. Any decision made by the City Council during Phase IV to award or not award a cannabis permit shall be final and shall not be subject to appeal.

**NOTE:** Being awarded a CCB permit does not constitute a land use entitlement and does not waive or remove the requirements of applying for and receiving permits for all construction including: electrical, plumbing, fire, Planning & Building Department permits or reviews, and any other permits, licenses, or reviews as deemed necessary by the relevant departments or governmental entities in charge of said permits. Nor does the award of a CCB permit guarantee that the plans submitted via the CCB application process meet the standards or requirements in SMC Titles 11 and 13 and any other permit requirements from other City departments or agencies. Those awarded a CCB permit will be required to demonstrate compliance with all development standards outlined in SMC Title 13.



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### APPENDIX A: EVALUATION CRITERIA

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#### **Public Records Act**

The City of Santee is a public agency subject to the California Public Records Act (“CPRA”). Subject to review by a court of competent jurisdiction, the City shall make all determinations under the CPRA regarding when any record is required to be disclosed under the CPRA or when a record may be non-disclosable because an exemption to disclosure under the CPRA or other law applies. Depending on the circumstances, a particular record may be disclosable, permanently non-disclosable or may be non-disclosable at a particular phase of the application process and then disclosable during a later phase. By submitting any application, an Applicant acknowledges the applicability of the CPRA to this process, and agrees that the City, subject to judicial review, is the sole decision maker regarding compliance with the CPRA. Applicants should assume that anything submitted to the City as part of this process may become a disclosable public record.

#### **Microbusiness Applicants**

Responses to Evaluation Criteria Sections A-G shall focus primarily on storefront retail operations. Applicants intending to operate cannabis microbusiness operation shall communicate this intent through the Commercial Cannabis Business Permit Application form, under the section entitled “Applicant (Entity) Information.” No additional information regarding proposed microbusiness operation is required in Applicant written responses to Sections A-G of the Evaluation Criteria. Nothing within the Procedures prohibits an Applicant from providing information relating to their microbusiness operations in their written responses. However, Applicants should be aware that no additional points will be awarded during Phase II to Applicants who provide information related to proposed microbusiness operation in their written responses. For Applicants selected to progress to Phase III interviews, the City reserves the right to ask questions related to proposed microbusiness operation, if the Applicant selected one or both of these options on the application form.

### **PHASE II EVALUATION**

#### **Important Instructions:**

- Evaluation Criteria identified in Sections A-C will be scored based upon Applicant written response. Points may be deducted for responses that fail to meet State/local regulatory requirements, or best practices for the cannabis industry.
- Applicant responses to the Evaluation Criteria must be provided in the same order identified in Sections A-C below. Each section shall be clearly labeled, with responses provided within the appropriate section. Any response to Evaluation Criteria that is not placed within the appropriate section will receive a deduction in points.
- Any commitments made by an Applicant during the evaluation process will become terms and conditions under which the cannabis business must operate. Applicants awarded a permit that fail to meet commitments made during the evaluation process may have their cannabis business license suspended or revoked by the City.

#### **SECTION A: BUSINESS PLAN (400 points)**

1. Finances – Application includes a budget for construction, operations, maintenance, compensation of employees, equipment, property lease, security equipment and staff, City fees, state fees, utility costs, product purchases and other anticipated contingency costs. The budget must 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

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- funds. The application must also address the following:
- A. Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets. *(Note: Proof of Capitalization shall be submitted in a separate PDF file. See "Application Process" section for more information.)*
  - B. A pro forma for at least three years of operations.
  - C. A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.
  - D. A letter from a bank, credit union, or similar financial institution stating that the cannabis applicant has, or will be provided, access to banking services. This letter should be within the last calendar month.
2. Daily Operations – The application describes the day-to-day operations of the proposed retail business. This shall include, at a minimum, a description of the following criteria:
- A. Customer check-in procedures.
  - B. Location(s) and procedures for receiving deliveries during business hours.
  - C. The Point-of-Sale system, including the name of the system, to be used and how it will interact with the state's mandated track and trace system. Locate and identify the number of Point-of-Sales terminals to be used when the business is at full capacity.
  - D. The expected number of customers to be served per hour/day.
  - E. The proposed product line, including brand names, to be sold at the business, and estimate the percentage of sales of flower and manufactured products.
  - F. How the Cannabis Business will conform to local and state laws. See SMC Section 7.04.360 for local requirements pertaining to retail establishments in the City of Santee.
  - G. How cannabis and cannabis products will be tracked and monitored to prevent diversion.
  - H. The proposed waste management plan, including waste disposal locations and security measures.

### SECTION B: LABOR AND EMPLOYMENT PLAN (400 points)

1. Number of Employees – The application identifies the number of employees at initial opening and the maximum number of employees when the business is at full capacity.
2. Employee Responsibilities – The application identifies all positions to be employed at the proposed business, their responsibilities, and the salary ranges for those employment positions.
3. Employee Benefits – The application identifies the benefits provided to employees, including health care, vacation, and medical leave, to the degree they are offered as part of employment.

### SECTION C: SECURITY PLAN (400 points)

1. Qualified Security Professional – The application includes a security plan prepared by a qualified professional that meets or exceeds all the security requirements of SMC Section 7.04.320 and state law. The security plan can be prepared with in-house staff or a third-party security consultant but must clearly demonstrate that it meets the professional

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standards requested to receive the appropriate points for each criterion in this section. The qualifications of the person(s) preparing the security plan must be provided, for verification that they are able to meet these standards.

2. Premises Diagram – The application includes a Premise Diagram in the Security Plan that meets the following requirements:
  - A. The diagram meets all of the standards identified in Department of Cannabis Control (DCC) California Code of Regulations (CCR) Title 4, Division 19, §15006 Premises Diagram.
  - B. The diagram shows the boundaries of the property and the proposed location to be licensed, showing all dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways, and includes a brief statement or description of the principal activity to be conducted therein.
  - C. The diagram shows and identifies commercial cannabis activities that will take place in each area of the premises and identifies all limited-access areas.
  - D. The diagram shows where all cameras are located and assigns a number to each camera for identification purposes.
  - E. If the proposed location consists of only a portion of a property, the diagram is labeled indicating which part of the property will be used for the licensed premises and what activities will be used for the remaining property.
3. Operational Security – The application includes a description of operational security, including but not limited to general security for access/visitor control and inventory control.
4. Cash Handling – The application includes a description of cash handling procedures, including the process for receiving, tracking, storing and transporting cash generated by the retail business.
5. Perimeter Security – The application includes a description of perimeter security, exterior lighting, on-site security guards, proposed guard hours and their responsibilities.
6. Employee Training and Policies – The application includes a description of employee training and general security policies.

### **PHASE III EVALUATION**

#### **Important Instructions:**

- During Phase III Interviews, Applicants will be asked questions related to some or all of the Evaluation Criteria Sections D-G.
- Due to the time limitation of interviews, Phase III questions may not address all of the criteria identified within each Section D-G, and the City reserves the right to develop Phase III questions in its sole discretion.
- Scoring for this phase will be based upon information conveyed verbally by Applicants, in response to the questions asked. Any scoring for Section G may also consider photographs, site plans, and other visual depictions provided by Applicants.
- All Applicants will be asked the same questions and be provided the same amount of time for response.
- Any commitment made by an Applicant during the Phase III Interview process may, in the City's sole discretion, become a condition on the business permit, if issued.

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- Phase III scoring is independent of results from Phase II. Phase II scoring resets to zero when Phase III commences.

### SECTION D: QUALIFICATION OF OWNERS (500 points)

1. Describe the business owner's prior experience in owning, managing, and operating a legally permitted or licensed retail cannabis business in the United States. *For purposes of this section, owner has the definition provided in SMC Section 7.04.060.*
2. Describe the owner and/or team's overall knowledge of the cannabis industry, including identification of how industry best practices and State regulations have been incorporated in existing/prior legal businesses outside the City of Santee.
3. Describe the involvement of the ownership team in the day-to-day operation and management of the proposed business.

### SECTION E: NEIGHBORHOOD COMPATIBILITY PLAN (400 points)

1. Describe how the business will take proactive steps to avoid becoming a nuisance or having negative impacts on its neighbors or surrounding community. Additionally, describe how the business will react and respond to complaints specifically related to noise, light, odor, public consumption, loitering, littering, and vehicle and pedestrian traffic, including the business's plan for the use of social media to monitor and respond to complaints.
2. Describe the policies that you would implement, and how you would enforce these policies, to ensure your cannabis products do not end up in the hands of underage youth.

### SECTION F: COMMUNITY BENEFITS AND INVESTMENT PLAN (450 points)

1. Describe the benefits that the business will provide to the local community, for example by directly aiding, participating in, or funding the work of local non-profits, community-based organizations, civic organizations, or social services organizations ("Community Organizations"). *Note: Applicants should not identify any specific Community Organization at this time/or provide commitment letter(s) from local Community Organizations in the application submittal. This section is only intended to capture the overall commitment of Applicants to fund or support local community-based activity in general.*
2. Identify the minimum wage that will be offered to employees of the proposed business, excluding tips and gratuities. If entry-level employees are salaried, the Applicant shall divide the minimum annual salary by 2,087 hours to arrive at an hourly rate.
3. Describe the Applicant's plans for local outreach to City of Santee residents for open positions, and any other actions proposed by the Applicant that are intended to benefit the local workforce and/or Applicant's local employees. Identify the anticipated minimum percentage of total annual payroll hours that will be performed at the business by City of Santee residents.

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4. The Community Benefits and Investment Plan shall also include a description of the direct fee that will be offered to the City, expressed as a percentage of annual gross receipts. The City anticipates a minimum of 5% of annual gross receipts.

### SECTION G: PROPOSED SITE PLAN (250 points)

1. Provide the following information about the existing site:
  - A. Physical address;
  - B. Narrative description of the existing site, including building(s), parking spaces, driveways, pedestrian sidewalks/rights-of-way,
  - C. Photographs of the existing property and building(s);
    - i. Note: Photographs of building interior are not required.
  - D. Description of how the site is currently being used;
  - E. Description of any businesses currently operating on the parcel (if any), and any parcels directly adjacent to the existing site.
2. Provide the following information about the proposed site:
  - A. A site plan, drawn to scale, of the proposed business showing perimeter fencing, driveways, streets, property lines, buildings, parking areas, and outdoor areas.
  - B. A narrative description of proposed site improvements, including façade rehabilitation, building expansion, parking, landscaping, fencing, or other exterior site improvements;
    - i. Note: Descriptions of interior site improvements are not a requirement of this section.
  - C. Visual depictions of the proposed exterior of the cannabis business.
3. Describe how the proposed modifications and utilization of the site for cannabis retail activity will impact the public health, safety, welfare, environmental quality, and/or quality of life in the surrounding area.

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**Exhibit "B"**  
Santee CCB Fee Schedule

<b>Cannabis Business Permit Fee Schedule</b>	
<b>Fee Name/Type</b>	<b>Fee</b>
Application Fee	\$ 25,711
Zoning Verification Letter	\$ 267
Annual Renewal Fee	\$ 27,749
Annual Compliance Fee (pass through)	Actual Cost
Change in Information Fee (deposit)	\$ 1,000
Transfer of Ownership Fee (deposit)	\$ 1,000
Appeal Fee	\$ 7,319
Criminal Background Investigation Fee (pass through)	Actual Cost

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### Exhibit "C" Santee CCB Appeals Process

#### **Santee Cannabis Business Permit Appeals Process**

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Any appeal right provided for in Santee Municipal Code Section 7.04.220 must be conducted as set forth below. This Appeals Process does not govern appeal rights set forth in other sections or chapters of the Santee Municipal Code.

#### I. Submission of Appeal.

- a. An applicant or permittee may appeal a decision to deny advancement in the selection process at each phase of the process leading to (but not including) the final selection phase by the City Council; to revoke or suspend a cannabis business permit; to deny the renewal of a cannabis business permit; or to add conditions to a cannabis business permit by filing with the City Clerk a written appeal within 10 calendar days from the date of service of the notice of decision or action.
- b. The appeal shall be in writing and signed by the person making the appeal, or the person's legal representative, and shall contain the following:
  - i. The name, address, telephone number of the appellant;
  - ii. A statement of whether the appellant is an applicant, owner, or permittee of a cannabis business;
  - iii. A true and correct copy of the notice of the decision or action issued that the appellant is appealing;
  - iv. A specific statement of all of the reasons and grounds for making the appeal in sufficient detail to enable the hearing officer to understand the nature of the controversy and the basis of the appeal; and
  - v. All documents or other evidence pertinent to the appeal that the appellant requests the hearing officer to consider at the hearing.
- c. At the time of filing, the appellant must pay the designated appeal fee, which shall be established by resolution of the City Council.
- d. In the event a written appeal is timely filed, the denial, revocation, suspension, nonrenewal, or addition of conditions is not effective until a final order has been rendered and issued by the hearing officer in accordance with and in the timeframes established by this resolution.
- e. If no timely, proper written appeal is filed in the event of a decision of denial (i.e., relating to a new application or renewal application, or advancement

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to the final selection process), the decision is final. In the event the renewal is denied and no timely, proper written appeal is filed, the permit, and any associated rights, terminates at the end of the permit's term.

- f. If no timely, proper written appeal is filed in the event of a suspension or revocation, the decision is final. The suspension or revocation is effective upon the date of the expiration of the period for filing a written notice of appeal.
- g. If no timely, proper written appeal is filed in the event of the addition of conditions to a cannabis business permit, the decision to add the conditions is final. The additional conditions are effective upon the date of the approval of the permit.
- h. Failure of the applicant or permittee to file a timely and proper appeal, or pay the requisite fee, is a waiver of the right to appeal the decision and a failure to exhaust all administrative remedies. In this event, the decision is final and binding.

### II. Hearing Procedure.

- a. The City will retain a hearing officer(s) through a request for proposal process to hearing all appeals commenced under the procedures established by this resolution.
- b. Upon receipt of the written appeal, the City Clerk, in their sole discretion, shall choose the date and set the matter for a hearing before the hearing officer. The City Clerk's notice will inform the appellant of the date, time, and location of the hearing. Once set, the hearing date shall only be continued by the hearing officer upon a written showing for good cause by the requestor. For purposes of this subsection, the term "good cause" means the hearing date must be continued due to circumstances outside of the requestor's control. The appeal must be held within a reasonable time after the date of filing of the appeal.
- c. Upon selection of a hearing officer and date, the City Clerk will submit to the hearing officer the appellant's appeal and documentation, if any. This shall constitute appellant's written submittal to the hearing officer. The City may submit its own written response to the appeal along with any evidence it wishes the hearing officer to consider, if any, at least three (3) calendar days before the hearing.
- d. The hearing officer will preside over the appeal in accordance with the rules stated herein. The hearing officer will conduct its review of the decision to determine whether there was an abuse of discretion. Abuse of discretion is established if the City has not proceeded in a manner required by law. The hearing officer does not substitute their judgment for that of any application reviewer, evaluator, or scorer, nor re-weigh the evidence or rescore an



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application. If the hearing officer determines that there was an abuse of discretion, the decision shall be deemed canceled.

- e. The hearing shall be conducted as follows:
  - i. No new matter or evidence shall be received or considered by the hearing officer that was not addressed or identified in the appeal unless the appellant can show why such new matter or evidence could not with due diligence have been argued or produced at the time of filing the appeal.
  - ii. Appellant bears the burden of proof to establish that the City abused its discretion by issuing the decision.
  - iii. At the hearing, the parties may present arguments and evidence relevant to the decision appealed. Formal rules of evidence and procedure applicable in a court of law shall not apply to the hearing. However, rules of privilege are applicable to the extent they are permitted by law; and irrelevant, collateral, and repetitious evidence may be excluded.

### III. Hearing Officer's Decision.

- a. No later than fifteen (15) calendar days following conclusion of the appeal hearing, and after considering all of the arguments and evidence submitted at the hearing, the hearing officer will determine whether the issuance of the decision constituted an abuse of discretion.
- b. The hearing officer must issue a written decision containing findings and analysis supporting their decision to uphold or reverse the decision, and any other finding that is relevant or necessary to the subject matter of the appeal.
- c. The decision of the hearing officer is final. The decision must contain the following statement: "The decision of the hearing officer is final. Judicial review of this decision is subject to the time limits set forth in California Code of Civil Procedure Section 1094.6."
- d. A copy of the hearing officer's decision must be served by first class mail on the appellant. Failure of a person to receive a properly addressed hearing officer's decision does not invalidate any action or proceeding by the City pursuant to the rules stated herein.