



AGENDA OF A SPECIAL MEETING
NATIONAL CITY CITY COUNCIL
ONLINE ONLY MEETING
<https://www.nationalcityca.gov/webcast>

LIVE WEBCAST
COUNCIL CHAMBERS
CIVIC CENTER
1243 NATIONAL CITY BOULEVARD
NATIONAL CITY, CALIFORNIA
TUESDAY, NOVEMBER 9, 2021 – 5:00 PM

ALEJANDRA SOTELO-SOLIS
Mayor

JOSE RODRIGUEZ
Vice Mayor

MARCUS BUSH
Councilmember

RON MORRISON
Councilmember

MONA RIOS
Councilmember

NOTICE: The health and well-being of National City residents, visitors, and employees during the COVID-19 outbreak remains our top priority. The City of National City is coordinating with the County of San Diego Health Human Services Agency, and other agencies to take measures to monitor and reduce the spread of the novel coronavirus (COVID-19). **The World Health Organization has declared the outbreak a global pandemic and local and state emergencies have been declared providing reprieve from certain public meeting laws such as the Brown Act.**

As a result, the City Council Meeting will occur only online to ensure the safety of City residents, employees and the communities we serve. A live webcast of the meeting may be viewed on the city's website at www.nationalcityca.gov. **For Public Comments see "PUBLIC COMMENTS" section below.**

ORDER OF BUSINESS: Public sessions of all Regular Meetings of the City Council / Community Development Commission - Housing Authority (hereafter referred to as Elected Body) begin at 6:00 p.m. on the first and third Tuesday of each month. Public Hearings begin at 6:00 p.m. unless otherwise noted. Closed Meetings begin in Open Session at 5:00 p.m. or such other time as noted, and after announcing closed session items, convenes into a Closed Meeting. If a workshop is scheduled, the subject and time of the workshop will appear on the agenda. The Mayor and Council members also sit as the Chairperson and Members of the Board of the Community Development Commission (CDC).

REPORTS: All open session agenda items and reports as well as all documents and writings distributed to the Elected Body less than 72 hours prior to the meeting, are available for review on the City's website at www.nationalcityca.gov. Regular Meetings of the Elected Body are webcast and archived on the City's website at www.nationalcityca.gov.

PUBLIC COMMENTS: There are multiple ways you can make sure your opinions are heard and considered by our City Council as outlined below:

Submit your public comment prior to the meeting: To submit a comment in writing, email PublicComment@nationalcityca.gov, provide the agenda item number and title of the item in the subject line of your email. Public comments or testimony is limited to up to three (3) minutes. If the comment is not related to a specific agenda item,

1243 National City Blvd.
National City, CA 91950
619-336-4240

Meeting agendas and
minutes available on the
City's website at
WWW.NATIONALCITYCA.GOV

indicate General Public Comment in the subject line. All email comments received by 3:00 p.m. on the day of the meeting will be emailed to the City Council Members and made a part of the official record.

Register online and participate in live public comment during the meeting: To provide live public comment during the meeting, you must pre-register on the City's website at <https://www.nationalcityca.gov/publiccomment> **by 3:00 p.m.** on the day of the regular meeting to join the City Council Meeting.

***Please note that you do not need to pre-register to watch the meeting online, but you must pre-register if you wish to speak.

Once registered, you will receive an email with a link from Zoom to join the live meeting. You can participate by phone or by computer. Please allow yourself time to log into Zoom before the start of the meeting to ensure you do not encounter any last-minute technical difficulties.

***Please note that members of the public will not be shown on video; they will be able to watch and listen and speak when called upon. Public microphones will be muted until it is your turn to comment.

Each speaker is allowed up to three (3) minutes to address the City Council. Please be aware that the Mayor may limit the comments' length due to the number of persons wishing to speak or if comments become repetitious or unrelated.

All comments are subject to the same rules as would otherwise govern speaker comments at the meeting. Speakers are asked to be respectful and courteous. Please address your comments to the City Council as a whole and avoid personal attacks against members of the public, City Council, and city staff.

Questions about public comment or City Council protocols? Please contact the City Clerk's Office at (619) 336-4228 or via email at Clerk@nationalcityca.gov.

INTERPRETATION SERVICES: To use the Zoom interpretation feature you must first Pre-Register on Zoom. Once logged into Zoom to use the interpretation feature, please scroll to the bottom of the Zoom screen (where the meeting controls are), click on the interpretation icon (world), and select English as your language. If you are joining using the Zoom mobile app (cell phone, tablet, etc.), please press the ellipsis (...), then Interpretation, and then choose your language.

WRITTEN AGENDA: With limited exceptions, the Elected Body may take action only upon items appearing on the written agenda. Items not appearing on the agenda must be brought back on a subsequent agenda unless they are of a demonstrated emergency or urgent nature, and the need to take action on such items arose after the agenda was posted.

CONSENT CALENDAR: Consent calendar items involve matters which are of a routine or noncontroversial nature. All consent items are adopted by approval of a single motion by the City Council. Prior to such approval, any item may be removed from the consent portion of the agenda and separately considered, upon request of a Councilmember, a staff member, or a member of the public.

Upon request, this agenda can be made available in appropriate alternative formats to persons with a disability in compliance with the Americans with Disabilities Act. Please contact

the City Clerk's Office at (619) 336-4228 to request a disability-related modification or accommodation. Notification 24-hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

AVISO: La salud y el bienestar de los residentes, visitantes y empleados de National City durante el brote de COVID-19 sigue siendo nuestra máxima prioridad. El Ayuntamiento de la Ciudad de National City se está coordinando con la Agencia de Salud y Servicios Humanos del Condado de San Diego y otras agencias para tomar medidas con el fin de monitorear y reducir la propagación del nuevo coronavirus (COVID-19). La Organización Mundial de la Salud declaró el brote como una pandemia global y se han manifestado emergencias locales y estatales que resultan en la suspensión de ciertas leyes de reuniones públicas, tal como la Ley Brown.

Como resultado de ello, la junta del Concejo Municipal del Ayuntamiento se llevará a cabo solamente en línea para garantizar la seguridad de los residentes, empleados y comunidades locales que atendemos. Se podrá ver una transmisión en vivo de la junta en el sitio web del Ayuntamiento en www.nationalcityca.gov. **Para comentarios públicos, vea la sección "COMENTARIOS PÚBLICOS" más adelante.**

ORDEN DEL DÍA: Las sesiones públicas de todas las juntas ordinarias del Concejo Municipal/Comisión de Desarrollo Comunitario - Autoridad de Vivienda (en lo sucesivo denominado Órgano Electo) inician a las 6:00 p.m. el primer y tercer martes de cada mes. Las audiencias públicas inician a las 6:00 p.m., a menos que se indique lo contrario. Las juntas cerradas inician en sesión abierta a las 5:00 p.m. o en cualquier otro momento que se indique, y tras anunciar los temas de la sesión cerrada, la junta se realiza como sesión cerrada. Si se programa una reunión de discusión y análisis, el tema y la hora de la misma aparecerán en la agenda. La Alcaldesa y los Concejales se reúnen por igual que el Presidente y los integrantes del Consejo de la Comisión de Desarrollo Comunitario.

INFORMES: Todos los temas e informes de la agenda de la sesión abierta, así como todos los documentos y escritos entregados al Órgano Electo menos de 72 horas antes de la sesión, aparecerán en el sitio web del Ayuntamiento. Las juntas ordinarias del Órgano Electo se transmiten por Internet y se archivan en el sitio web del Ayuntamiento en www.nationalcityca.gov.

COMENTARIOS PÚBLICOS: Hay varias formas en las que puede asegurarse de que sus opiniones sean escuchadas y consideradas por nuestro Concejo Municipal como se describe a continuación:

Envíe su comentario público antes de la sesión: Para enviar un comentario por escrito, envíe un correo electrónico a PublicComment@nationalcityca.gov, proporcione el número del tema o asunto de la agenda y el título del tema o asunto en la línea de asunto de su correo electrónico. Los comentarios o testimonios públicos se limitan a tres (3) minutos. Si el comentario no se relaciona con un tema o asunto específico de la agenda, indique Comentario Público General en la línea de asunto. Todos los comentarios por correo electrónico recibidos antes de las 3:00 p.m. del día de la sesión se enviarán por correo electrónico a los miembros del Concejo Municipal y formarán parte del acta oficial.

Regístrese en línea y participe en los comentarios públicos en vivo durante la sesión: Para proporcionar comentarios públicos en vivo durante la sesión, debe registrarse previamente en el sitio web del Ayuntamiento en <https://www.nationalcityca.gov/publiccomment> **antes de las 3:00 p.m.** del día de la junta ordinaria para incorporarse a la sesión del Concejo Municipal.

***Tenga presente que no necesita registrarse previamente para ver la sesión en línea, pero debe registrarse previamente si desea hablar.

Una vez registrado, recibirá un correo electrónico con un enlace de Zoom para integrarse a la sesión en vivo. Puede participar por teléfono o por computadora. Tómese el tiempo necesario para iniciar la reunión en Zoom antes del inicio de la sesión para asegurarse de no encontrar dificultades técnicas de último momento.

***Tenga presente que las personas del público no se mostrarán en vídeo; podrán observar, escuchar y hablar cuando se les solicite. Los micrófonos públicos se silenciarán hasta que sea su turno de comentar.

Cada orador tiene hasta tres (3) minutos para dirigirse al Concejo Municipal. Tenga en cuenta que la Alcaldesa puede limitar la extensión de los comentarios debido a la cantidad de personas que deseen hablar o si los comentarios se vuelven repetitivos o no relacionados.

Todos los comentarios están sujetos a las mismas reglas que de otro modo regirían los comentarios de los oradores en la sesión. Se pide a los oradores que sean respetuosos y corteses. Dirija sus comentarios al Concejo Municipal en su conjunto y evite ataques personales contra personas del público, el Concejo Municipal y el personal del Ayuntamiento.

¿Preguntas sobre comentarios públicos o protocolos del Concejo Municipal?
Comuníquese con la Oficina de la Secretaria del Ayuntamiento al teléfono (619) 336-4228, o por correo electrónico a Clerk@nationalcityca.gov.

SERVICIO DE INTERPRETACIÓN: Para utilizar la función de interpretación zoom primero debe registrarse previamente en el sitio web de Zoom. Una vez que haya iniciado sesión en zoom para utilizar la función de interpretación, favor de desplazarse a la parte inferior de la pantalla de Zoom (donde aparecen los controles). Haga clic en el ícono de interpretación (globo terráqueo), y seleccione "Spanish" (español). Si está utilizando la aplicación móvil de Zoom (celular, tableta, etc.), presione los puntos suspensivos (...), luego "interpretation" y luego el idioma.

AGENDA ESCRITA: Con contadas excepciones, el Órgano Electo puede tomar medidas únicamente sobre los temas que aparecen en la agenda escrita. Los temas que no aparezcan en la agenda deben aparecer en una agenda subsecuente, a menos que sean de emergencia o urgencia demostrada, y la necesidad de tomar medidas sobre esos temas haya surgido después de haber sido publicada la agenda.

CALENDARIO DE CONSENTIMIENTO: Los temas del calendario de consentimiento implican cuestiones de naturaleza rutinaria o no controvertida. Todos los temas de consentimiento se adoptan mediante la aprobación de una sola moción del Concejo Municipal. Antes de la aprobación, cualquier tema puede eliminarse de la parte de consentimiento de la agenda y considerarse aparte, a petición de un concejal, individuo del personal del Ayuntamiento o persona del público.

Previa solicitud, esta agenda puede estar disponible en formatos alternativos apropiados para personas con discapacidades, en observancia de la Ley de Estadounidenses con Discapacidades. Llame al teléfono (619) 336-4228 de la Oficina del Secretario del Ayuntamiento para solicitar una modificación o adaptación de acceso relativa a la discapacidad. Notificar 24 horas antes de la sesión permitirá al Ayuntamiento hacer arreglos razonables para garantizar la accesibilidad a esta junta.

OPEN TO THE PUBLIC

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE TO THE FLAG

PUBLIC COMMENTS (Public Comment will be restricted to Agenda Items only)

CANNABIS WORKSHOP

1. Cannabis Workshop
 - a. Recap of June 15th Workshop
 - b. Application Survey Results
 - c. Report on Comparable Cities' Social Equity Programs
 - d. Local/Social Equity components of Ordinance and Application
 - e. Cannabis Application
 - f. Development Agreement
 - g. Public Comment
 - h. Council Comments and Direction

2. Resolution of the City Council of the city of National City setting the number of commercial cannabis licenses authorized to operate in National City
 - a. Public Comment
 - b. Council Comments and Direction

ADJOURNMENT

Next Regular City Council Meeting: Tuesday, November 16, 2021, 6:00 p.m., City Council Chambers, Civic Center – National City, California.



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NATIONAL CITY COUNCIL
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LIVE WEBCAST**

**COUNCIL CHAMBERS
CIVIC CENTER, 1243 NATIONAL CITY BOULEVARD
NATIONAL CITY, CALIFORNIA
TUESDAY, NOVEMBER 9, 2021 – 5:00 PM**

NOTICE IS HEREBY GIVEN, that the City Council of the City of National City will hold a Special Meeting on **Tuesday, November 9, 2021, at 5:00 p.m.**, or as soon thereafter as the matter may be considered, in the Council Chambers at the Civic Center, 1243 National City Boulevard, National City, California, 91950. The business to be transacted at said meeting will be for the City Council to consider the following:

OPEN TO THE PUBLIC

CALL TO ORDER

ROLL CALL

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PUBLIC COMMENTS (Public Comment will be restricted to Agenda Items only)

CANNABIS WORKSHOP

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ADJOURNMENT

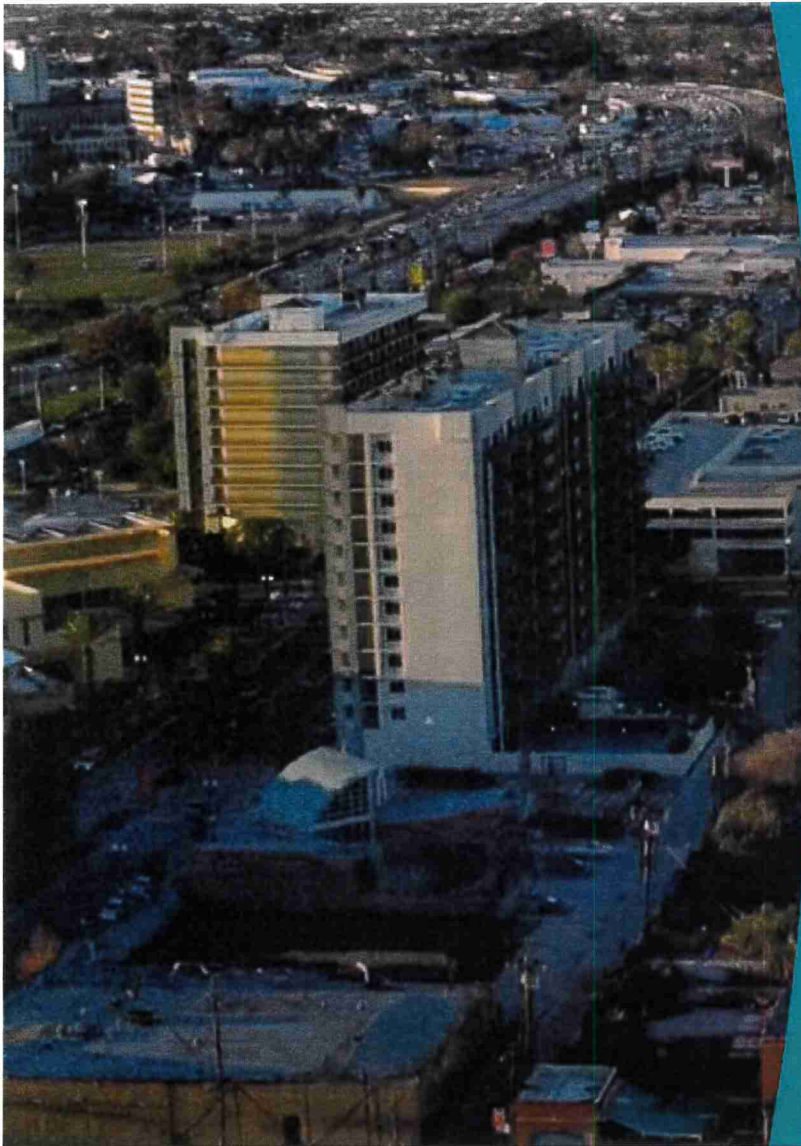
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CANNABIS WORKSHOP

November 9, 2021

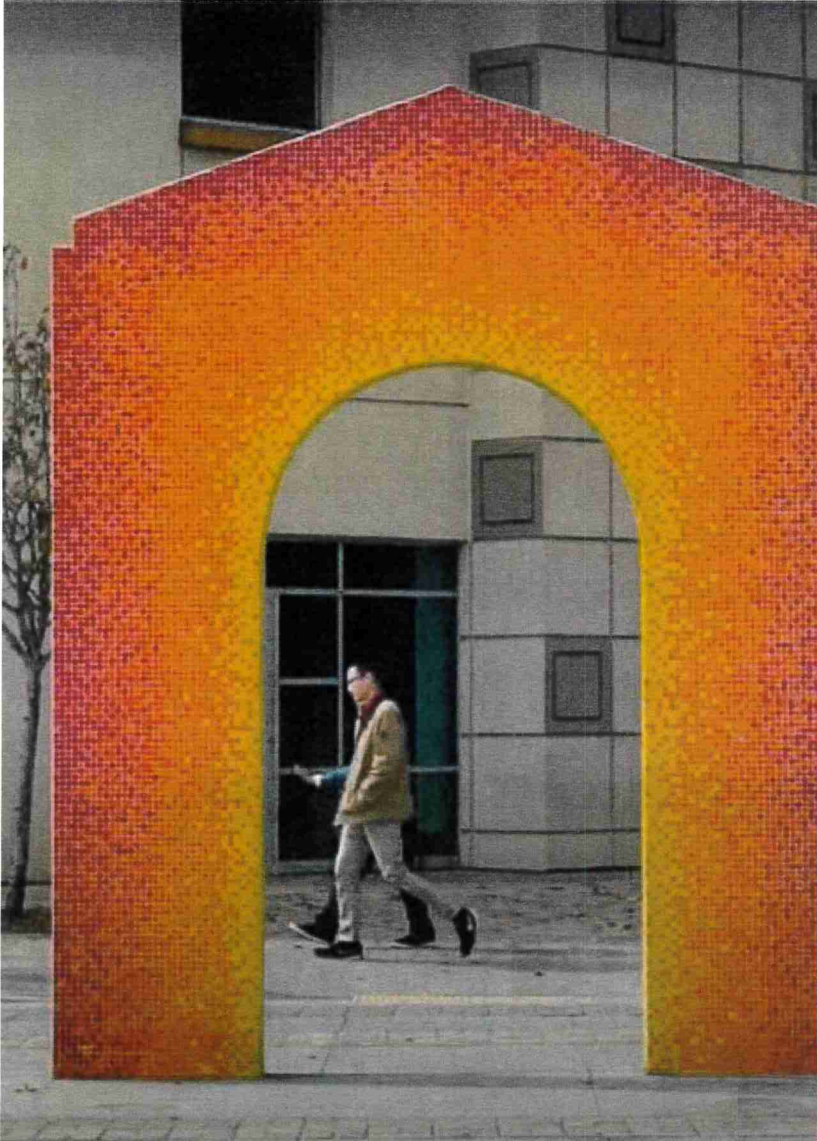




Agenda

1. Cannabis Workshop
 - a. Recap of June 15th Workshop
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Recap of June 15

- Request for a draft of the development agreement and the presence of consultants
- Request for information on plan to address social equity
- Request for more information on how the 5% community benefit fee will support the general fund
- Request for an analysis of social equity programs of three other cities comparable in size and demographic to National City.
- Request for more resident engagement



Survey Results

Live from October 20, 2021-October 27, 2021

- 126 Participants
- Circulated through social media
- Sent out to past workshop participants through constant contact
- Sent out to larger National City Constant Contact Data Base

Q2: Sex

Answered: 124 Skipped: 2

ANSWER CHOICES	PERCENTAGE	RESPONSES
Female	59.68%	74
Male	40.32%	50
TOTAL		124

Q3: Age

Answered: 126 Skipped: 0

ANSWER CHOICES	PERCENTAGE	RESPONSES
Under 18	0.00%	0
18-24	3.17%	4
25-34	15.87%	20
35-44	29.37%	37
45-54	23.81%	30
55-64	11.11%	14
65+	16.67%	21
TOTAL		126

Q4: Race

Answered: 126 Skipped: 0

ANSWER CHOICES	RESPONSES	
White or Caucasian	27.78%	35
Black or African American	4.76%	6
Hispanic or Latino	50.79%	64
Asian or Asian American	6.35%	8
American Indian or Alaska Native	1.59%	2
Native Hawaiian or other Pacific Islander	1.59%	2
Another race	7.14%	9
TOTAL		126

Q5: Please select one category that best describes your relationship to National City.

Answered: 125 Skipped: 1

ANSWER CHOICES	PERCENTAGE	RESPONSES
National City Resident	64.80%	81
National City Business	14.40%	18
Neither	12.80%	16
Both	8.00%	10
TOTAL		125

Q6: As part of a local/social equity plan should the City allow National City residents with local ownership in a cannabis business to apply first and be processed until at least 1 of 6 available licenses are filled?

Answered: 125 Skipped: 1

ANSWER CHOICES	RESPONSES	
Yes	72.80%	91
No	27.20%	34
Total Respondents: 125		

Q7: Are there additional local/social equity elements not listed below that you believe should be included in the evaluation of a labor, equity, diversity & inclusion plan?

Answered: 117 Skipped: 9

ANSWER CHOICES	RESPONSES	
Yes this is sufficient	74.36%	87
No this is insufficient	25.64%	30
TOTAL		117

Q8: Are there additional local/social equity elements not listed below that you believe should be included in the evaluation of qualification of owners?

Answered: 116 Skipped: 10

ANSWER CHOICES	RESPONSES	
Yes this is sufficient	65.52%	76
No this is insufficient	34.48%	40
TOTAL		116

Q9: Are there additional local/social equity elements not listed below that you believe should be included in the evaluation of neighborhood compatibility plan?

Answered: 116 Skipped: 10

ANSWER CHOICES	RESPONSES	
Yes this is sufficient	71.55%	83
No this is insufficient	28.45%	33
TOTAL		116



Q10: Are there additional local/social equity elements not listed below that you believe should be included in the evaluation of a community benefits and investments Plan?

Answered: 117 Skipped: 9

ANSWER CHOICES	RESPONSES	
Yes this is sufficient	72.65%	85
No this is insufficient	27.35%	32
TOTAL		117

Q11: Applications will be evaluated, scored, and ranked based on the following 7 criteria listed below. Please rate the different criteria sections based on their order of importance. 1 being the most important and 7 being the least important.

Answered: 116 Skipped: 10

	1	2	3	4	5	6	7	TOTAL	SCORE
Business Plan	34.86% 38	13.76% 15	9.17% 10	8.26% 9	5.50% 6	11.01% 12	17.43% 19	109	4.61
Safety Plan	10.91% 12	15.45% 17	28.18% 31	11.82% 13	17.27% 19	12.73% 14	3.64% 4	110	4.38
Security Plan	6.31% 7	20.72% 23	18.02% 20	21.62% 24	10.81% 12	11.71% 13	10.81% 12	111	4.12
Qualifications of Owners	16.36% 18	10.91% 12	14.55% 16	12.73% 14	27.27% 30	7.27% 8	10.91% 12	110	4.11
Neighborhood Compatibility Plan	16.22% 18	12.61% 14	9.01% 10	18.92% 21	15.32% 17	22.52% 25	5.41% 6	111	4.06
Labor, Equity, Diversity & Inclusion Plan	7.34% 8	22.02% 24	10.09% 11	11.93% 13	11.93% 13	16.51% 18	20.18% 22	109	3.71
Community Benefits & Investment Plan	12.73% 14	6.36% 7	10.91% 12	12.73% 14	10.00% 11	17.27% 19	30.00% 33	110	3.27

Analysis of Social Equity Programs

FOR THE PURPOSES OF THIS TABLE, "SOCIAL EQUITY PROGRAM" REFERS TO PROGRAMS THAT PROVIDE A COMMUNITY BENEFIT TO THE CITY. THE STATE ALSO PROVIDES FOR CANNABIS/SOCIAL EQUITY GRANTS. THESE GRANTS FUND PROGRAMS THAT ARE MORE TARGETED. CITIES MAY PROVIDE THESE PROGRAMS TO PRIORITIZE THE ESTABLISHMENT OF COMMERCIAL CANNABIS BY MEMBERS OF UNDER-SERVED COMMUNITIES, ESPECIALLY THOSE COMMUNITIES WHICH PREVIOUSLY SUFFERED NEGATIVE OUTCOMES DUE TO STATE AND LOCAL CANNABIS POLICIES. 3844120.2

- CITY OF CARSON
- CITY OF CERES
- CITY OF COMMRCE
- CITY OF GREENFIELD



City of Carson

Community/Public Benefit Fund	Public Safety/Infrastructure	Social Justice Program	Community Outreach	Local Hiring
<p>The developer shall pay \$27,114 in development impact fees in addition to the fees as specified in the next column.</p>	<p>Developer shall join one or more community facilities district ("CFDs") to fund public safety services and infrastructure necessary to serve the project. Developer shall cooperate and pay for the formation of such CFDs and shall agree to annex into such CFDs when requested by the City. The CFDs will levy a special tax on the site property, and the amount will increase each year based on the percentage change in the Consumer Price Index with a maximum annual increase of 5% and a minimum annual increase of 2% per fiscal year.</p>	<p>The developer and the commercial cannabis operations at the site shall engage in proactive efforts to hire partners and employees from marginalized communities and/or rehabilitated persons; seek to establish commercial cannabis operations that are diverse and inclusive; and seek the hiring of otherwise qualified employees who have been arrested for or convicted of minor cannabis-related crimes that would not be considered crimes following the passage of the California Proposition 64.</p>	<p>N/A</p>	<p>All employment relating to the construction, operation, and maintenance of the project should be advertised in a manner as to target local city residents. The developer should also make reasonable efforts at local employment outreach, and notify the city of jobs available.</p>

City of Ceres

Community/Public Benefit Fund	Public Safety/Infrastructure	Social Justice Program	Community Outreach	Local Hiring
<p>The Developer would remit to City "Public Benefit" to offset the impacts upon the City's infrastructure, services, and neighborhoods:</p> <ol style="list-style-type: none"> 1) Initial payment of \$80,000 within 30 days of the contract effective date. 1) By the 15th of each month, the Developer shall pay \$80,000 per month, if Developers earn \$1,000,000.00 or less in gross receipts for the operation of the project for the previous calendar month; \$100,000 per month if Developers earn between \$1,000,000.01 and \$1,250,000.00 in gross receipts for the previous calendar month and \$120,000 per month if Developers earn more than \$1,250,000.00 in gross receipts for the previous calendar month 	N/A	N/A	N/AN/A	N/A

City of Commerce

Community/Public Benefit Fund	Public Safety/Infrastructure	Social Justice Program
<p>The business owner would agree to pay the city an annual amount of fund that will be deposited in full into a dedicated account set up by the City in order to create, fund, and implement a city-approved community benefits program.</p>	<p>The owner of the business shall coordinate and cooperate with the city and other owners of commercial cannabis facilities located within the City of Commerce in the establishment, implementation, and funding of a community benefits program which could include such items as senior citizen programs, City beautification efforts, funding for enforcement against illegal cannabis operations, public safety, housing programs, economic development, infrastructure, capital improvements, including expansion and/or improvement to existing facilities or other physical improvements that provide a benefit to the community, support of holiday and special community events, and support of local public service, public safety, litigation defense, and special social and community organizations. This community benefits program may be implemented by the City. The City may invite public participation in the decision-making process for identifying and prioritizing community needs and benefits, and identifying appropriate projects to be funded by the entity implementing this community benefits program. All projects under the community benefits program must be approved by the City.</p>	<p>N/A</p>

City of Commerce

Community Outreach

The owners of the business should coordinate and cooperate with the City and other owners of commercial cannabis facilities located within the city in the establishment and implementation of appropriate public outreach and education programs.

The business also needs to designate a Community Relations Liaison who will be responsible for community inquiries and complaints and on-site management during normal business hours.

This Liaison should also interface with L.A. County Sheriff Department to ensure the business's operation complies with state and local laws and regulations.

Local Hiring

The business shall be committed to making a good-faith effort to recruit, hire, and train City residents for employment by taking the following or similar actions to recruit and employ City residents: 1) Contact local recruitment sources to identify qualified individuals who are City residents, 2) Advertise for qualified City residents in trade papers and newspapers of general circulation in the area, and 3) Develop a written plan to recruit and employ City residents as a part of the its workforce.

The business should also commit to a local annual hiring of percentage in the Agreement.

Employees should be paid "living wage."

The business should make best effort to fill every position with a full-time employees. The minimum percentage of full-time employees should be at 50%, and 75% of full-time employees should be maintained.

The applicant will enter into "labor peace agreement" with the employees.

City of Green Field

Community/Public Benefit Fund	Public Safety/Infrastructure	Social Justice Program	Community Outreach	Local Hiring
<p>A "Community Public Health, Safety, Welfare, and Quality of Life Fee" will be assessed to each medical marijuana dispensary, cultivation, and manufacturing facility. The assessed community benefits/per square foot fee is \$15 to \$20 per square foot for each type of facility.</p>	<p>N/A</p>	<p>N/A</p>	<p>All operators issued medical marijuana regulatory permits would join together to form a "Greenfield Medical Marijuana Association" that will develop and implement a comprehensive public outreach and education program on behalf of all operators.</p>	<p>The business is committed to making a good-faith effort to recruit, hire, and train local residents for employment. The facility will employ 15-20 employees. Employment opportunities will be full-time, year round positions. Wages will be \$15 to \$75 per hour plus benefits.</p>

Local/ Social Equity Components of National City Ordinance

THE NUMBER OF EACH TYPE OF COMMERCIAL CANNABIS BUSINESS THAT SHALL BE PERMITTED TO OPERATE IN THE CITY OF NATIONAL CITY SHALL BE ESTABLISHED BY RESOLUTION BY THE CITY COUNCIL. (SECTION 9.60.080 (A))

USE OF DEVELOPMENT AGREEMENTS TO NEGOTIATE COMMUNITY BENEFITS (SECTION 9.60.100)

BACKGROUND CHECKS NOT REQUIRED FOR EMPLOYEES (SECTION 9.60.110)

THE EXCLUSION OF PERSONAL TAX DELINQUENCIES FROM PROHIBITING SOMEONE FROM HOLDING A CANNABIS LICENSES (ONLY APPLIES TO COMMERCIAL TAXES) (SECTION 9.60.20 (A.2))

INDIVIDUALS WITH CANNABIS RELATED OFFENSES WHICH OCCURRED AFTER THE STATE APPROVED CANNABIS BUT NC DID NOT APPROVE CANNABIS WILL NOT BE EXCLUDED FROM HOLDING A LICENSE (SECTION 9.60.120 (A.3))

CANNABIS LEASES: ANY SUCH LEASE, SUBLEASE OR AGREEMENT SHALL NOT CONTAIN TERMS OR CONDITIONS REQUIRING THE CANNABIS PERMIT LICENSEE 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 OF NATIONAL CITY. IN ADDITION, ALL LEASES, SUBLEASES, OR OTHER AGREEMENTS MUST BE BASED ON A MONTHLY RATE. (SECTION 9.60.120 (A.4))

EMPLOYEE TRAINING AND CUSTOMER EDUCATION. EACH COMMERCIAL CANNABIS OPERATOR SHALL ESTABLISH MINIMUM TRAINING STANDARDS FOR ALL EMPLOYEES, INCLUDING BUT NOT LIMITED TO THE VARIETY OF PRODUCTS OFFERED FOR SALE, THEIR POTENCY, ABSORPTION TIME IF KNOWN, AND EFFECTS OF THE PRODUCTS. (SECTION 9.60.230 (L))

CANNABIS BUSINESSES MUST ASSIGN A COMMUNITY RELATIONS REPRESENTATIVE AND FOR THE FIRST YEAR OF OPERATION SAID COMMUNITY RELATIONS REPRESENTATIVE WILL AGREE TO MEET MONTHLY WITH CITY MANAGER OF THEIR DESIGNEE TO DISCUSS COSTS, BENEFITS AND OTHER COMMUNITY ISSUES ARISING AS A RESULT OF IMPLEMENTATION (SECTION 9.60.450 (A+B))

Local/ Social Equity Components in proposed Application

LOCAL/SOCIAL EQUITY APPLICATION EVALUATION

LABOR, EQUITY, DIVERSITY AND INCLUSION PLAN

QUALIFICATION OF OWNERS

ALLOCATING POINTS SPECIFICALLY FOR LOCAL OWNERS (AS DEFINED IN THE ATTACHED DOCUMENT)

NEIGHBORHOOD COMPATIBILITY PLAN

LIST ANY NEARBY WELL-TRAVELED PATHS TO SCHOOLS AND DESCRIBE HOW THE CANNABIS BUSINESS WILL PROACTIVELY PROTECT THE YOUTH ON THESE PATHS FROM EXPOSURE TO THE CANNABIS BUSINESS.

DESCRIBE HOW THE BUSINESS WILL PROACTIVELY TAKE STEPS ABOUT COMMUNITY CONCERNS TO PROTECT THE YOUTH GENERALLY FROM THE IMPACTS OF THE CANNABIS BUSINESS.

COMMUNITY BENEFIT AND ASSESSMENT PLAN

APPLICATION RESPONSES ARE GRADED ON A PASS FAIL SCALE

ANY BENEFIT OR PROGRAM AN APPLICATION SUBMITS AS PART OF THEIR APPLICATION IS GROUNDS FOR NEGOTIATION IN THE DEVELOPMENT AGREEMENT.



Cannabis Equity Grants Program for Local Jurisdictions

APPLICATIONS MUST BE SUBMITTED ELECTRONICALLY VIA THE ONLINE
APPLICATION PORTAL BY DECEMBER 13, 2021

NATIONAL CITY CAN APPLY FOR UP TO \$75,000 TO DO AN EQUITY
ASSESSMENT OF THE COMMUNITY



Draft Application

PHASE 1

Determination of Eligibility

PHASE 2

Application Evaluation and Review

PHASE 3

Lottery

PHASE 4

Final Review By City Manager and Recommendation to City Council (Negotiation of a Development Agreement)



Phase 2: Application Evaluation and Review

SECTION A. BUSINESS PLAN

SECTION B. LABOR, EQUITY, DIVERSITY & INCLUSION PLAN

SECTION C. SAFETY PLAN

SECTION D. SECURITY PLAN

SECTION E. QUALIFICATIONS OF OWNERS

SECTION F. NEIGHBORHOOD COMPATIBILITY PLAN

SECTION G. COMMUNITY BENEFITS & INVESTMENT PLAN

SECTION H. PROPOSED LOCATION

Survey Results

#1: BUSINESS PLAN

#2: LABOR, EQUITY, DIVERSITY PLAN

#3: SAFETY PLAN

#4: SECURITY PLAN

#5: QUALIFICATION OF OWNERS

#6: NEIGHBORHOOD COMPATIBILITY

#7: COMMUNITY BENEFIT & INVESTMENT PLAN

	1	2	3	4	5	6	7	TOTAL	SCORE
Business Plan	34.86% 38	13.76% 15	9.17% 10	8.26% 9	5.50% 6	11.01% 12	17.43% 19	109	4.61
Safety Plan	10.91% 12	15.45% 17	28.18% 31	11.82% 13	17.27% 19	12.73% 14	3.64% 4	110	4.38
Security Plan	6.31% 7	20.72% 23	18.02% 20	21.62% 24	10.81% 12	11.71% 13	10.81% 12	111	4.12
Qualifications of Owners	16.36% 18	10.91% 12	14.55% 16	12.73% 14	27.27% 30	7.27% 8	10.91% 12	110	4.11
Neighborhood Compatibility Plan	16.22% 18	12.61% 14	9.01% 10	18.92% 21	15.32% 17	22.52% 25	5.41% 6	111	4.06
Labor, Equity, Diversity & Inclusion Plan	7.34% 8	22.02% 24	10.09% 11	11.93% 13	11.93% 13	16.51% 18	20.18% 22	109	3.71
Community Benefits & Investment Plan	12.73% 14	6.36% 7	10.91% 12	12.73% 14	10.00% 11	17.27% 19	30.00% 33	110	3.27



Staff Recommendations

DIRECT STAFF TO ESTABLISH A POINT SYSTEM FOR THE VARIOUS APPLICATION PLAN REQUIREMENTS BASED OFF COMMUNITY FEED BACK.



Draft Development Agreement

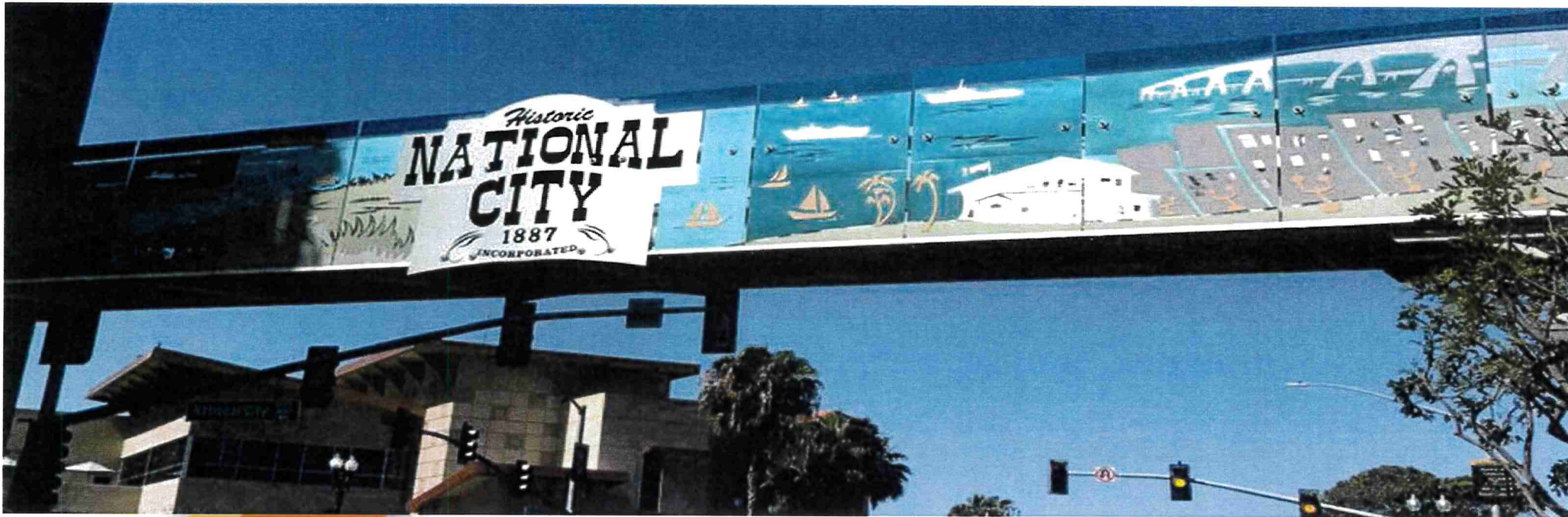
- DEVELOPMENT AGREEMENT WILL BE NEGOTIATED BETWEEN CITY AND SELECTED APPLICANTS
- TOPICS OF NEGOTIATION INCLUDE THE AREAS IDENTIFIED IN APPLICATION PROCESS, INCLUDING:
 - Labor, Equity, Diversity & Inclusion
 - Neighborhood Compatibility
 - Community Benefits & Investment
 - Security
- DEVELOPMENT AGREEMENT WILL INCLUDE THE 5% COMMUNITY BENEFIT FEE IDENTIFIED IN THE APPLICATION PROCESS



Public Comment



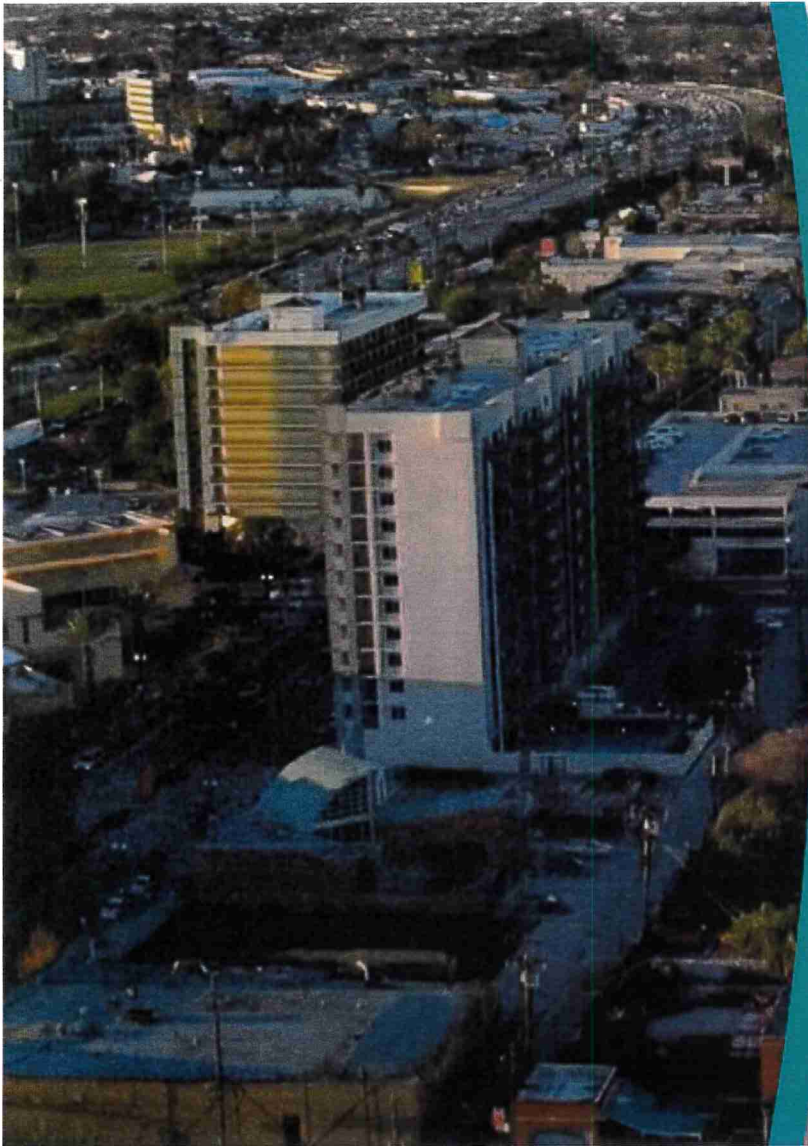
City Council Comments and Direction



RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY SETTING THE NUMBER OF COMMERCIAL CANNABIS LICENSES AUTHORIZED TO OPERATE IN NATIONAL CITY.

November 9, 2021





Background

- September 17, 2019 City Council Meeting
- February 18, 2020 City Council Meeting
- Section 9.60.080 of the National City Municipal Code creates a process in determining the maximum number of commercial cannabis businesses that may be issued permits to operate in the City of National City under each category.





Staff Recommendation

STAFF RECOMMENDS ADOPTING A RESOLUTION SETTING THE NUMBER OF COMMERCIAL CANNABIS LICENSES AUTHORIZED TO OPERATE IN NATIONAL CITY TO SIX.




Public Comment



City Council Comments and Direction

National City Survey on Local/Social Equity in Cannabis Businesses

Wednesday, October 27, 2021

Powered by  SurveyMonkey®

126

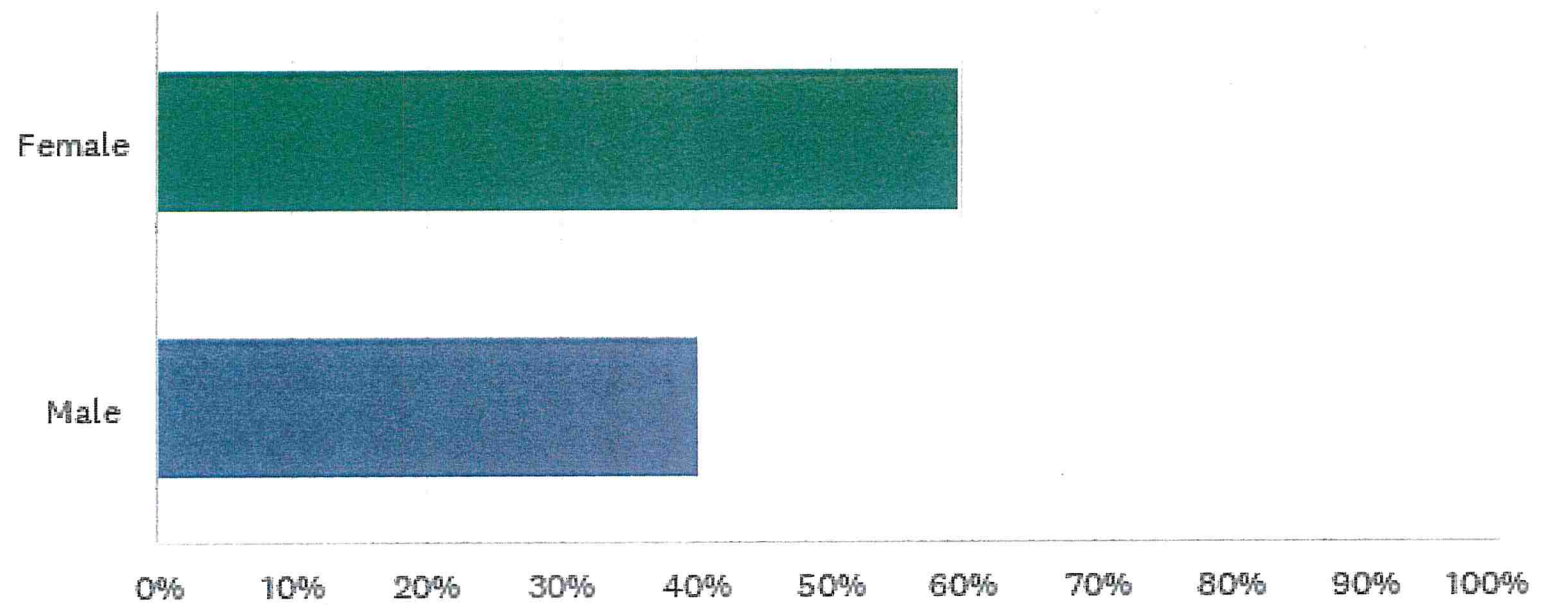
Total Responses

Date Created: Monday, October 18, 2021

Complete Responses: 126

Q2: Sex

Answered: 124 Skipped: 2



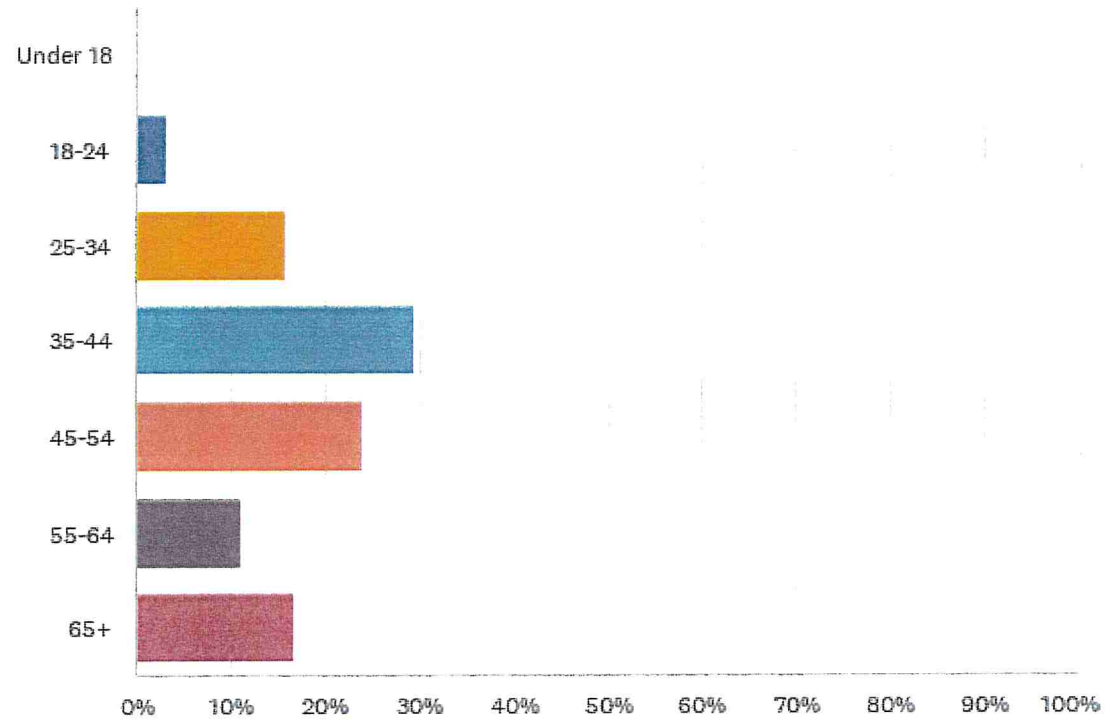
Q2: Sex

Answered: 124 Skipped: 2

ANSWER CHOICES	RESPONSES
Female	59.68% 74
Male	40.32% 50
TOTAL	124

Q3: Age

Answered: 126 Skipped: 0



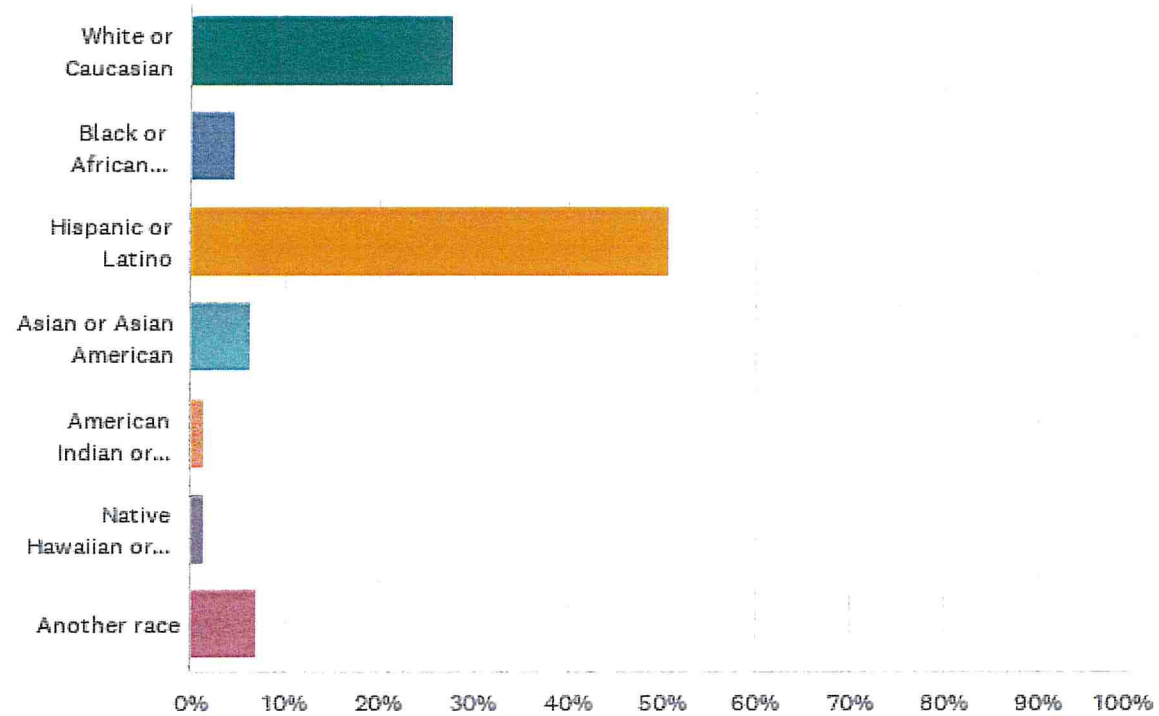
Q3: Age

Answered: 126 Skipped: 0

ANSWER CHOICES	RESPONSES	
Under 18	0.00%	0
18-24	3.17%	4
25-34	15.87%	20
35-44	29.37%	37
45-54	23.81%	30
55-64	11.11%	14
65+	16.67%	21
TOTAL		126

Q4: Race

Answered: 126 Skipped: 0



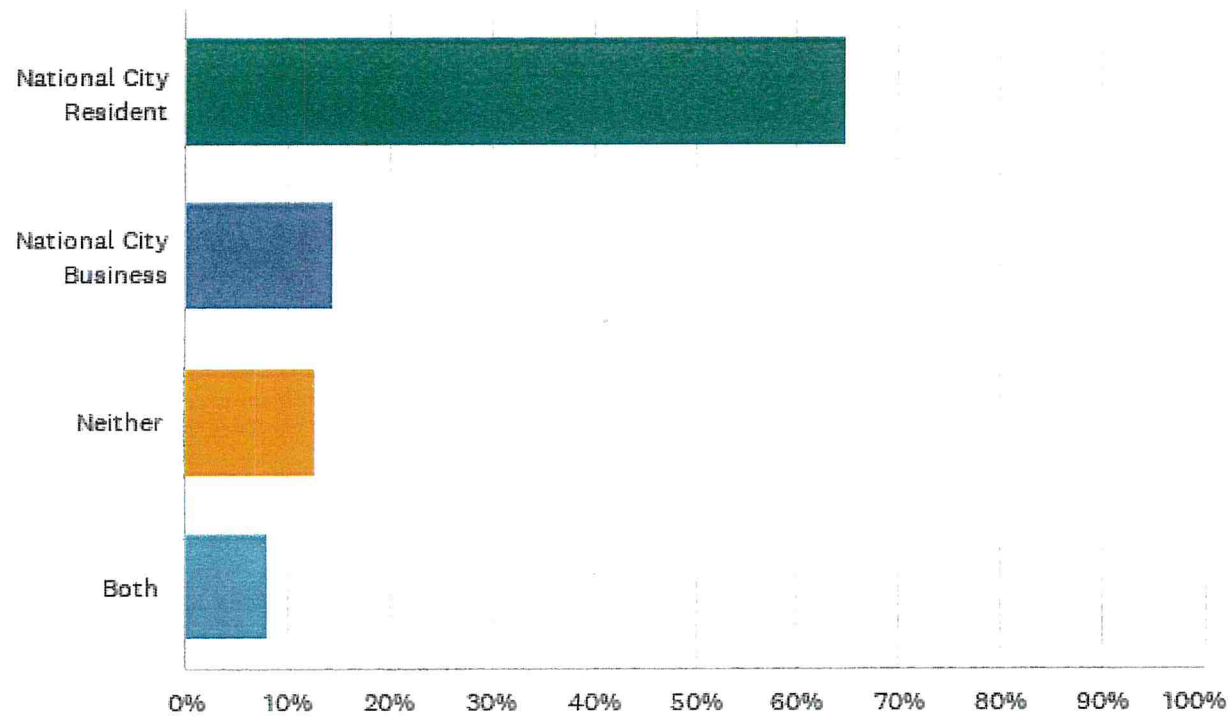
Q4: Race

Answered: 126 Skipped: 0

ANSWER CHOICES	RESPONSES	
White or Caucasian	27.78%	35
Black or African American	4.76%	6
Hispanic or Latino	50.79%	64
Asian or Asian American	6.35%	8
American Indian or Alaska Native	1.59%	2
Native Hawaiian or other Pacific Islander	1.59%	2
Another race	7.14%	9
TOTAL		126

Q5: Please select one category that best describes your relationship to National City.

Answered: 125 Skipped: 1



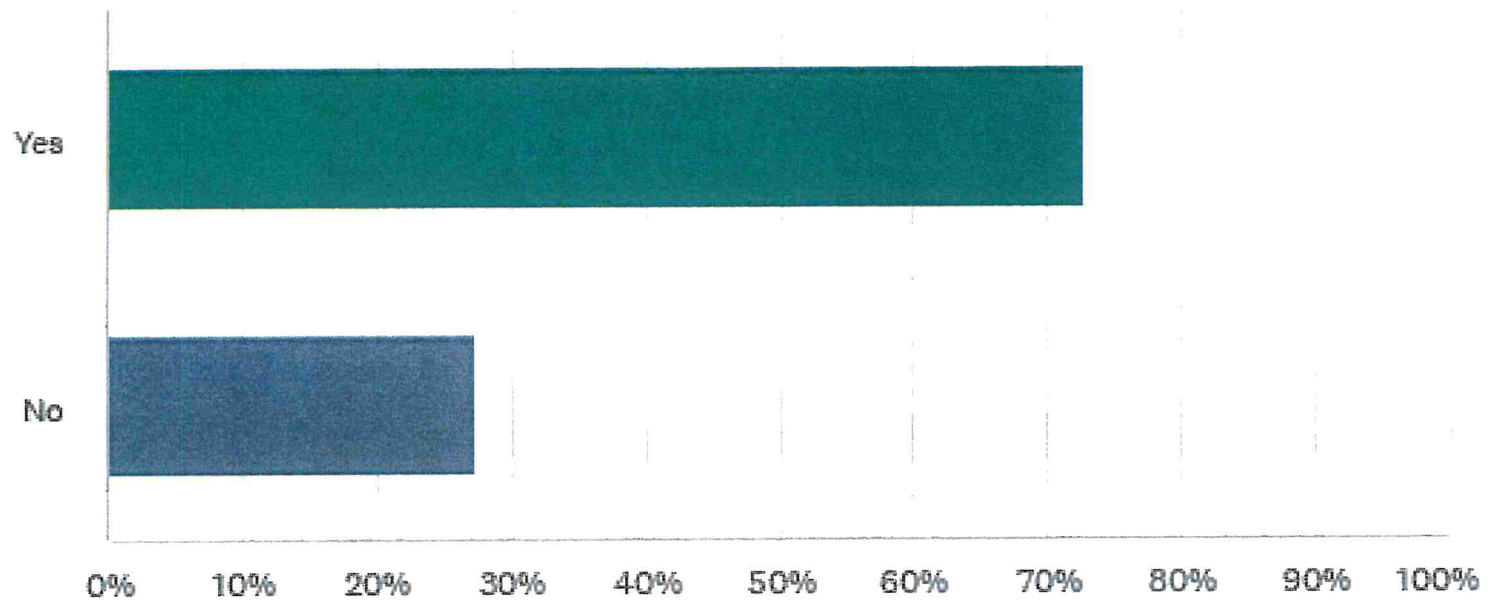
Q5: Please select one category that best describes your relationship to National City.

Answered: 125 Skipped: 1

ANSWER CHOICES	RESPONSES	
National City Resident	64.80%	81
National City Business	14.40%	18
Neither	12.80%	16
Both	8.00%	10
TOTAL		125

Q6: As part of a local/social equity plan should the City allow National City residents with local ownership in a cannabis business to apply first and be processed until at least 1 of 6 available licenses are filled?

Answered: 125 Skipped: 1



Q6: As part of a local/social equity plan should the City allow National City residents with local ownership in a cannabis business to apply first and be processed until at least 1 of 6 available licenses are filled?

Answered: 125 Skipped: 1

ANSWER CHOICES	RESPONSES	
Yes	72.80%	91
No	27.20%	34
Total Respondents: 125		

Q7: Are there additional local/social equity elements not listed below that you believe should be included in the evaluation of a labor, equity, diversity & inclusion plan?

The application should describe to what extent the cannabis business will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees.

Describe any diversity and inclusion programs that will be developed as part of the business model which embraces a rich and diverse work force with a diverse set of perspectives, work and life experiences, as well as religious and cultural differences that provide equal opportunities for employee development.

Describe compensation to and opportunities for continuing education and training for employees.

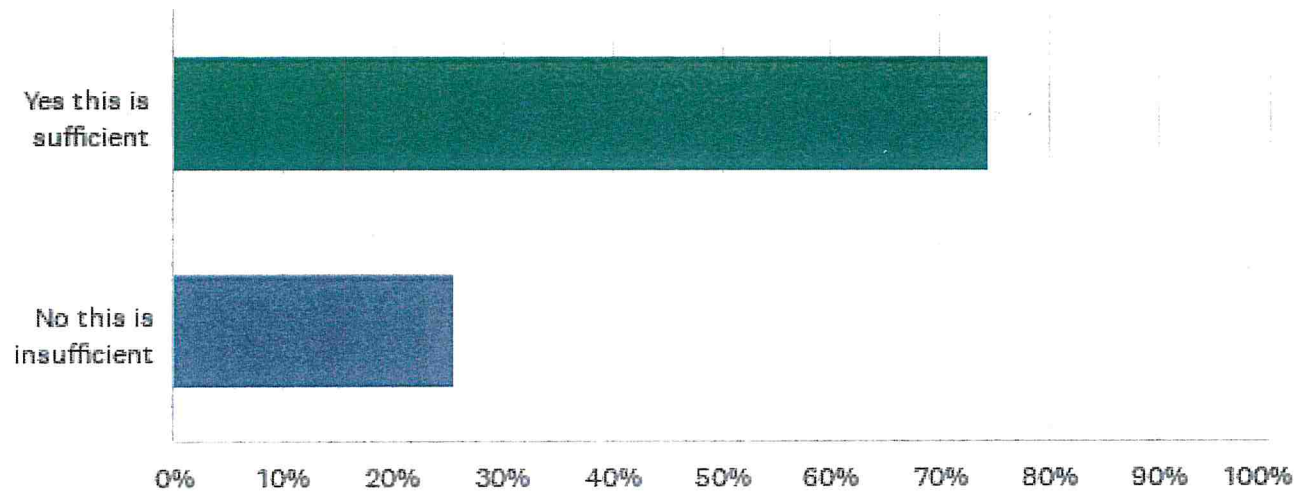
Describe whether the cannabis business is committed to offering employees a Living Wage.

Briefly describe benefits provided to employees such as health care, vacation, and medical leave, to the degree they are offered as part of employment.

Describe to the extent to which the cannabis business will be a locally owned enterprise and the owner(s) reside within the City of National City. In order to qualify for this criteria, an owner must have lived in the City of National City for at least one year prior to November 9, 2021.

Describe plans to encourage local hiring of National City residents.

Answered: 117 Skipped: 9



Q7: Are there additional local/social equity elements not listed below that you believe should be included in the evaluation of a labor, equity, diversity & inclusion plan?

The application should describe to what extent the cannabis business will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees.

Describe any diversity and inclusion programs that will be developed as part of the business model which embraces a rich and diverse work force with a diverse set of perspectives, work and life experiences, as well as religious and cultural differences that provide equal opportunities for employee development.

Describe compensation to and opportunities for continuing education and training for employees.

Describe whether the cannabis business is committed to offering employees a Living Wage.

Briefly describe benefits provided to employees such as health care, vacation, and medical leave, to the degree they are offered as part of employment.

Describe to the extent to which the cannabis business will be a locally owned enterprise and the owner(s) reside within the City of National City. In order to qualify for this criteria, an owner must have lived in the City of National City for at least one year prior to November 9, 2021.

Describe plans to encourage local hiring of National City residents.

Answered: 117 Skipped: 9

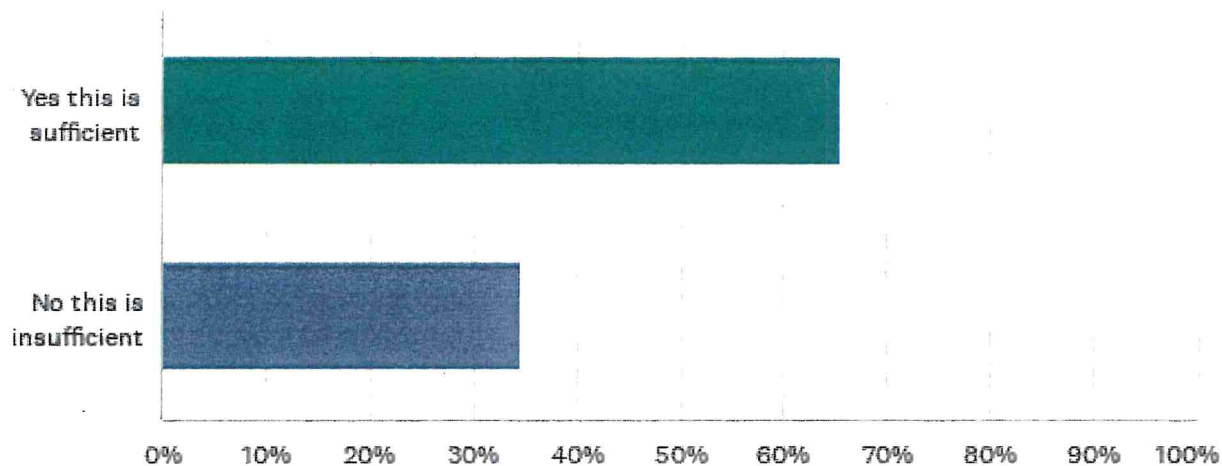
ANSWER CHOICES	RESPONSES	
Yes this is sufficient	74.36%	87
No this is insufficient	25.64%	30
TOTAL		117

Q8: Are there additional local/social equity elements not listed below that you believe should be included in the evaluation of qualification of owners?

Experience – Demonstrate the business owner’s experience in owning, managing, and operating a cannabis business. For purposes of this section, owner shall mean the State definition of owner in the State Business and Professions Code Section 26001 and all persons, companies, and entities that will be directing, controlling, and/or managing the day-to-day operations of the business. Evidence that prior experience was from legally permitted activities.

Have you owned or do you currently own a business in National City? Business ownership must have occurred for at least 1yr prior to November 9, 2021.

Answered: 116 Skipped: 10



Q8: Are there additional local/social equity elements not listed below that you believe should be included in the evaluation of qualification of owners?

Experience – Demonstrate the business owner’s experience in owning, managing, and operating a cannabis business. For purposes of this section, owner shall mean the State definition of owner in the State Business and Professions Code Section 26001 and all persons, companies, and entities that will be directing, controlling, and/or managing the day-to-day operations of the business. Evidence that prior experience was from legally permitted activities.

Have you owned or do you currently own a business in National City? Business ownership must have occurred for at least 1yr prior to November 9, 2021.

Answered: 116 Skipped: 10

ANSWER CHOICES	RESPONSES	
Yes this is sufficient	65.52%	76
No this is insufficient	34.48%	40
TOTAL		116

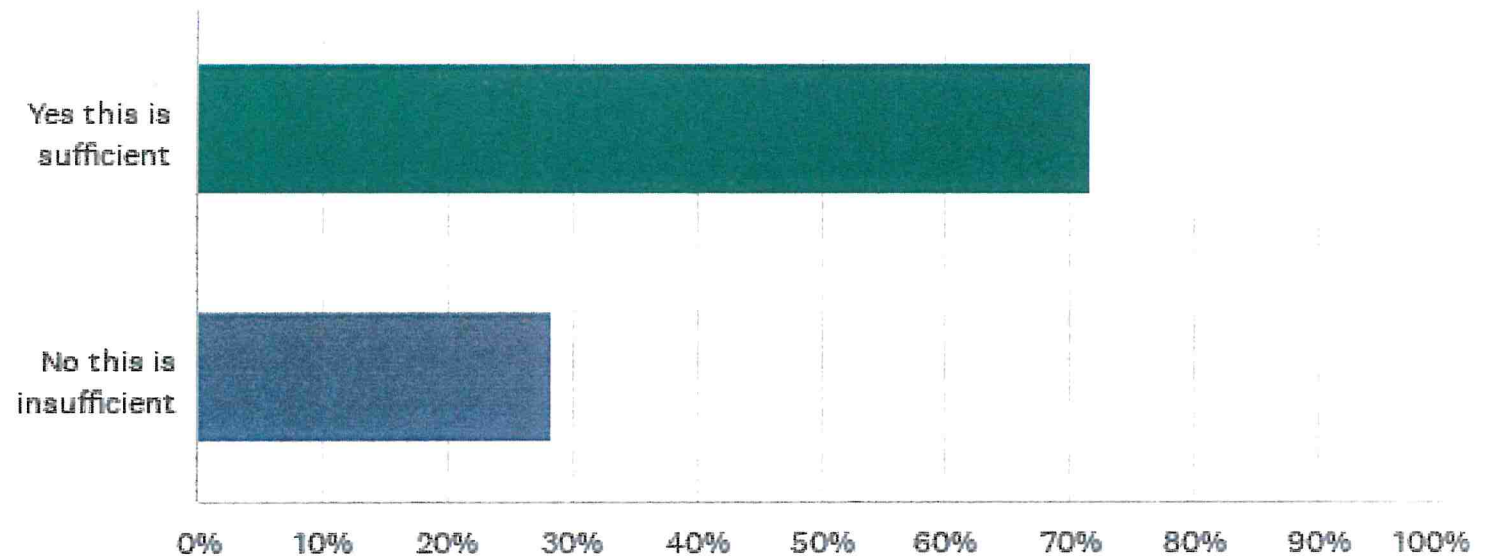
Q9: Are there additional local/social equity elements not listed below that you believe should be included in the evaluation of neighborhood compatibility plan?

Describe how the business will proactively address and respond to complaints related to noise, light, odor, and vehicle and pedestrian traffic.
Describe how the business will be managed to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community.
Describe odor mitigation practices.

The application should include the following information about the proposed location:

List any nearby well-traveled paths to schools and describe how the cannabis business will proactively protect the youth on these paths from exposure to the cannabis business.
Describe how the business will proactively take steps about community concerns to protect the youth generally from the impacts of the cannabis business.
Evidence that the location has access to public transportation for employees or customers.

Answered: 116 Skipped: 10



Q9: Are there additional local/social equity elements not listed below that you believe should be included in the evaluation of neighborhood compatibility plan?

Describe how the business will proactively address and respond to complaints related to noise, light, odor, and vehicle and pedestrian traffic.
Describe how the business will be managed to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community.
Describe odor mitigation practices.

The application should include the following information about the proposed location:

List any nearby well-traveled paths to schools and describe how the cannabis business will proactively protect the youth on these paths from exposure to the cannabis business.

Describe how the business will proactively take steps about community concerns to protect the youth generally from the impacts of the cannabis business.

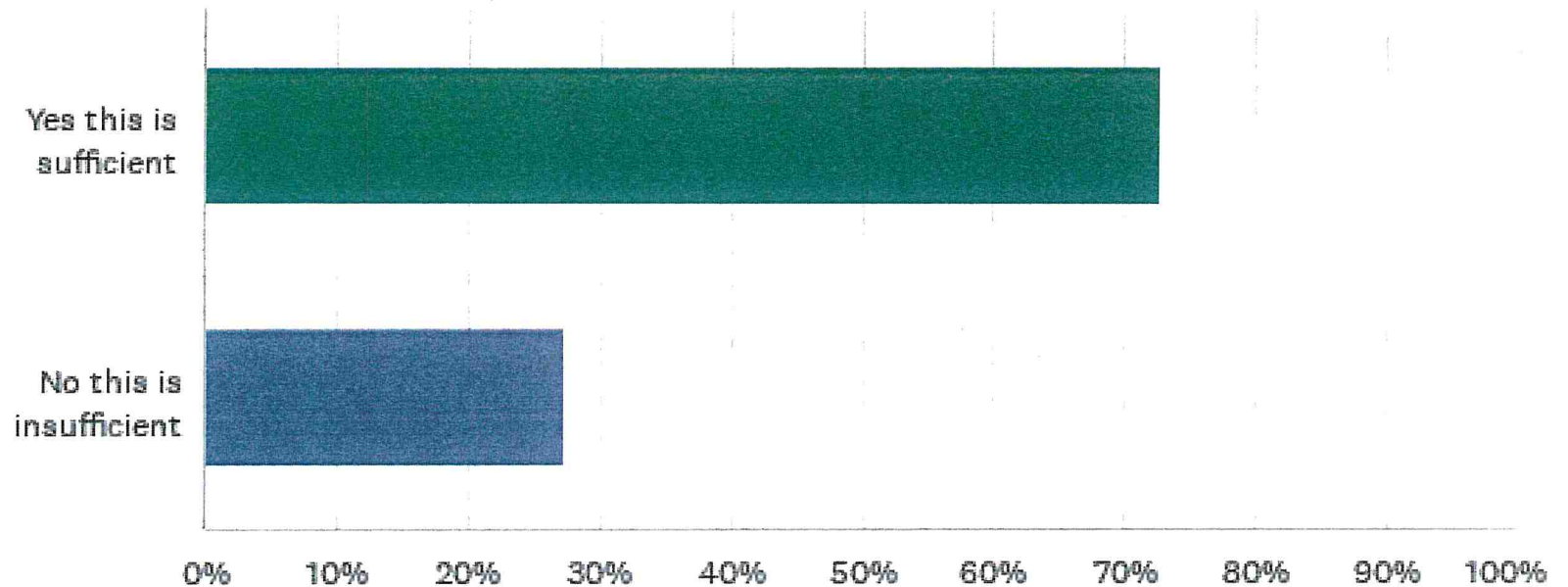
Evidence that the location has access to public transportation for employees or customers.

Answered: 116 Skipped: 10

ANSWER CHOICES	RESPONSES	
Yes this is sufficient	71.55%	83
No this is insufficient	28.45%	33
TOTAL		116

Q10: Are there additional local/social equity elements not listed below that you believe should be included in the evaluation of a community benefits and investments plan? The cannabis business should describe the benefits 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. Benefits may be in the form of volunteer services, monetary donations, financial support of City-sponsored activities or organizations, in-kind donations to the City or other charitable organizations and/or any other economic incentives to the City.

Answered: 117 Skipped: 9



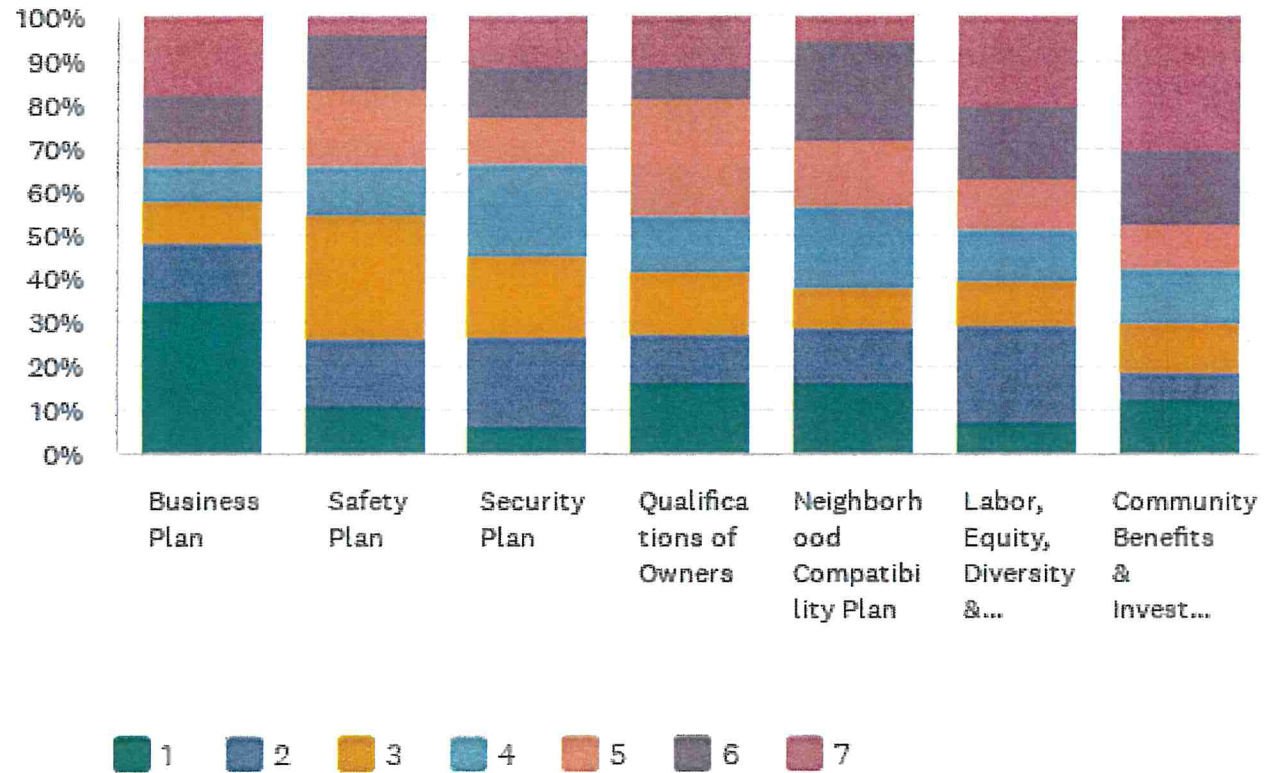
Q10: Are there additional local/social equity elements not listed below that you believe should be included in the evaluation of a community benefits and investments plan?The cannabis business should describe the benefits the business will provide to the local community, for example by directly aiding, participating in, or funding the work of local non-profits, community-based organizations, civic organizations, or social services organizations. Benefits may be in the form of volunteer services, monetary donations, financial support of City-sponsored activities or organizations, in-kind donations to the City or other charitable organizations and/or any other economic incentives to the City.

Answered: 117 Skipped: 9

ANSWER CHOICES	RESPONSES	
Yes this is sufficient	72.65%	85
No this is insufficient	27.35%	32
TOTAL		117

Q11: Applications will be evaluated, scored, and ranked based on the following 7 criteria listed below. Please rate the different criteria sections based on their order of importance. 1 being the most important and 7 being the least important.

Answered: 116 Skipped: 10



Q11: Applications will be evaluated, scored, and ranked based on the following 7 criteria listed below. Please rate the different criteria sections based on their order of importance. 1 being the most important and 7 being the least important.

Answered: 116 Skipped: 10

	1	2	3	4	5	6	7	TOTAL	SCORE
Business Plan	34.86% 38	13.76% 15	9.17% 10	8.26% 9	5.50% 6	11.01% 12	17.43% 19	109	4.61
Safety Plan	10.91% 12	15.45% 17	28.18% 31	11.82% 13	17.27% 19	12.73% 14	3.64% 4	110	4.38
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Qualifications of Owners	16.36% 18	10.91% 12	14.55% 16	12.73% 14	27.27% 30	7.27% 8	10.91% 12	110	4.11
Neighborhood Compatibility Plan	16.22% 18	12.61% 14	9.01% 10	18.92% 21	15.32% 17	22.52% 25	5.41% 6	111	4.06
Labor, Equity, Diversity & Inclusion Plan	7.34% 8	22.02% 24	10.09% 11	11.93% 13	11.93% 13	16.51% 18	20.18% 22	109	3.71
Community Benefits & Investment Plan	12.73% 14	6.36% 7	10.91% 12	12.73% 14	10.00% 11	17.27% 19	30.00% 33	110	3.27



APPLICATION PROCEDURES & GUIDELINES FOR A COMMERCIAL CANNABIS BUSINESS PERMIT

Application Period

OPENS – [REDACTED]
CLOSES – [REDACTED]

Information regarding the Commercial Cannabis Business (CCB) Application process can be found on the City's website at <https://www.nationalcityca.gov/government/city-manager/economic-development/commercial-cannabis> and includes the following:

- Application Procedures & Guidelines
- National City Municipal Code (NCMC) Chapter 9.60
- Commercial Cannabis Business (CCB) Permit Application
- Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement
- Background Check Portal Link
- Owner Acknowledgement Agreement

The application period to apply for a Cannabis Business Permit to operate a CCB in National City will open on [REDACTED] and will remain open until [REDACTED]. Applications will be available on the City's website listed on these procedures. Applications must be submitted to the Finance Department in their entirety and prior to the deadline. Incomplete application will be returned.

Applicants should monitor the City's web page for any additional information, FAQs, or updates. It is the responsibility of the Applicant to stay informed of this information.

LIMITATIONS Any Applicant wishing to conduct cannabis retail sales either storefront or nonstorefront will be required to conduct at a minimum one other cannabis activity in conjunction with the retail license such as cultivation, manufacturing, or distribution or as part of a microbusiness. In addition, the retail portion of the operations cannot be the primary function of the business and will be limited to utilizing no more than 40% of the total square feet of any cannabis operation conducted on the property. Please note the retail application must be under the same ownership as one of the other cannabis licenses on the same property in order to qualify for a cannabis retail permit. Furthermore, any cannabis businesses providing retail ancillary/accessory use to the primary activity of the business shall be no closer than two hundred fifty (250) feet of any residential parcel in the City in accordance with Section 9.60.070(a)(2). The distance between the cannabis business and the residential parcel shall be measured from the outer boundaries of the residential parcel to the first structure on the property seeking the commercial cannabis permit.

AMENDMENTS TO THE APPLICATION

After **[INSERT DEADLINE DATE]**, Applicants will not be allowed to make amendments to their application or to supplement their application, except as otherwise specifically permitted in these procedures or as authorized in writing by the City.

CITY'S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all applications, with or without cause or reason. The City may modify, postpone, or cancel the request for a CCB license without liability, obligation, or commitment to any party, firm, or organization. In addition, the City reserves the right to request and obtain additional information from any Applicant submitting an application 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 and it is not fully responsive to this request for a CCB application.

APPLICATION PROCESS

This application process is adopted pursuant to National City Municipal Code Chapter 9.60.160. Review the information regarding the application process and which documents you will need. Before submitting your application, review your application in its entirety to ensure that it is complete and accurate. Review the information regarding the Cannabis Business Permit application process for a CCB on the City webpage provided on page one.

The following procedures outline the application evaluation and selection process, required materials, and other information necessary to apply for a Cannabis Business Permit to operate a cannabis business in National City. Information provided by the applicant in Phase II of the application process will be used in the negotiation of a Development Agreement in Phase IV.

APPLICATION SUBMITTAL REQUIREMENTS

Applications must respond to all requirements outlined in the "Application Procedures & Guidelines for a Cannabis Business Permit." Applicants must submit all required application materials together in one complete comprehensive application package. This must be done in person. The application package must include all the following documents with original signatures for each document.

- (a) Cannabis Business Permit Application;
- (b) Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement;
- (c) Agreement on Limitations of City's Liability and Indemnification to City;
- (d) Application fee and Background Check fee(s); and
- (e) Owner Acknowledgment Agreement
- (f) Zoning Verification Letter

FLASH DRIVE CONTENT

In addition, all Applicants must submit a USB flash drive containing one complete copy of the application submittal requirements as outlined in the below format. The application package and application fees must be received by the City Finance Department Responses to the Evaluation Criteria (Sections A-H found in Appendix A of the Application Procedures & Guidelines) shall be limited to 200 pages. Responses pertaining to Backgrounds, Proof of Capitalization, Zoning Verification Letter, and Property Owner Consent/Lease Agreements, Property Owner/Landlord Affidavit, Owner Acknowledgement Agreement shall not be included in the 200-page limitation. Those responses should be saved in PDF files that are separate from the Evaluation Criteria (see below).

All materials must be submitted on a USB flash drive in a PDF format in the following files. You must submit the files in the correct format and organized correctly or your application may be rejected.

- PDF File #1 – Cannabis Business Permit Application (pages 1-3), Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement (pages F1-F3), Agreement on Limitations of City Liability, and Certification, Assurances, Warranties, and Indemnification to City (pages F4-F6), proof of insurance or a letter of insurability; and Owners Acknowledgement Agreement. All copied documents shall display required signatures to be deemed complete.
- PDF File #2 – Evaluation Criteria (Responses to Sections A-H of Appendix A limited to 200 pages)
- PDF File #3 – Background Check documentation (All required documents for each owner). Upon submission of the online background application, Applicants will receive an email confirmation. This confirmation needs to be printed, scanned, and included within PDF File #3.
- PDF File #4 – Proof of Capitalization (Appropriate bank statements, loan documents, promissory notes, financial and commitment letters)
- PDF File #5 – Zoning Verification Letter (ZVL) which shows the correct location and units in the building being used. Proof of Insurance or a letter showing proof of insurability by a qualified insurance company which shows the location being insured in National City, the type of activity being insured, and the name of the business being insured. Copies from another business location in another city owned by the Applicant will not be accepted.

CRIMINAL BACKGROUND CHECK

Each Owner must undergo a criminal history background check to demonstrate they do not provide “good cause” for denial per NCMC Sections 9.60.110 and 9.60.230(j). Owners who do not meet the criminal history eligibility requirements of Section 9.60.230(j) will be disqualified. The background form can be found online at <https://www.nationalcityca.gov/government/city-manager/economic-development/commercial-cannabis>.

In addition, each successful applicant will be asked to submit to a Live Scan as part of the background check as determined by the Chief of Police. Prior to being issued a permit the Applicant’s primary contact will be notified by email with the instructions on how to schedule the Live Scan appointment.

The initial background check fee for each owner shall be \$300.00. This process will be required to meet the minimum threshold qualifications pursuant to NCMC Section 9.60.230(j). The results of the background check along with the city-issued Zoning Verification Letter must be included with the CCB Application (Phase I).

ZONING VERIFICATION LETTER (ZVL)

Prior to submitting a CCB application (Phase I), an Applicant must obtain a Zoning Verification Letter from the Community Development Department as mentioned in Section 9.60.140 of the NCMC. To secure this letter, an Applicant must make a written request which should specify the intended use of the building (cultivation, manufacturing, distribution, retail, Microbusiness or Consumption Lounge), and the proposed building location. Please advise the City if you currently occupy the premises or if there is a tenant currently occupying the premises.

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 on which the cannabis business is established. Please note that the cannabis business will require a discretionary permit. This is a separate application that will be made only after the awarding of the permit at the conclusion of Phase III.

In the event 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 consents to the operation of the commercial cannabis business on the owner's property as outlined in MCMC section 9.60.150.

FEES

All applicants will be required to submit a fee of \$X,XXX.00. This amount will be charged against time spent by City staff and the Consultant in reviewing applications and administrating the application process. Applicants are advised that they may be required to pay additional amounts as required for the sole purpose of the City's completion of the application review process. However, there will also be a separate fee for the Zoning Verification Letter (ZVL) of \$XXX.00 per site and the Background Check Fee of \$300. For the successful Applicants there will also be a Live Scan Fee of \$XX.00 prior to obtaining the Cannabis Business Permit.

Payment must be made by a certified check, cashier's check or money order made payable to the City of National City. Please note the City will not accept cash or credit cards and application fees are non-refundable once the City has begun reviewing the application.

APPLICATION REVIEW, SCORING AND APPROVAL PROCESS

PHASE I: DETERMINATION OF ELIGIBILITY

Applications must be submitted in their entirety in order to move forward in the review process. Late applications will not be considered. Upon receiving a completed application, the City staff will review the application in its entirety using the Application Submittal checklist on Page 1 of the CCB Application. Applications that meet the minimum eligibility requirements will be forwarded to the Consultant for Phase II (Application Evaluation and Review). If the City Manager determines in the initial screening that an application does not meet minimum eligibility requirements, the applicant shall be notified in writing that the application has been denied. Within five (5) business days of the date of the decision, an applicant may file a request for immediate reconsideration.

PHASE II: APPLICATION EVALUATION AND REVIEW (100 points)

Applications will be evaluated, scored, and ranked based on the criteria listed below. As instructed above, responses to the Review Criteria must be saved in PDF File #2 and shall not exceed 200 pages. See APPENDIX A for a description of the evaluation criteria:

- Section A. Business Plan (10 points)
- Section B. Labor, Equity, Diversity & Inclusion Plan (10 points)
- Section C. Safety Plan (10 points)
- Section D. Security Plan (10 points)
- Section E. Qualifications of Owners (10 points)
- Section F. Neighborhood Compatibility Plan (10 points)
- Section G. Community Benefits & Investment Plan (10 points)
- Section H. Proposed Location (10 points)

Applicants will not be allowed to resubmit information that is determined to be missing or deficient during the Phase II review. Those applications which score a minimum of 80% (80 points) in Phase II will move on to Phase III (Lottery) of the application process.

PHASE III: LOTTERY

Those CCB Applications that receive a passing score as part of Phase II will be entered into a lottery drawing process to identify the initial six applicants that will advance to Phase IV of the application process. After the initial six applicants have been identified, the drawing will continue with the remaining applicants to create a list of sequential alternates for Phase IV of the application process. Specific rules and procedures for the lottery shall be established by the City Manager.

PHASE IV: FINAL REVIEW BY CITY MANAGER AND RECOMMENDATION TO CITY COUNCIL

Upon the completion of Phase III Lottery and selection of the six applicants, the City Manager will award the permit(s) in accordance with NCMC Section 9.60.100 and 9.60.160. However, prior to doing so issuance of the Commercial Cannabis Permit shall require the Applicant to certify that all information in the application remains accurate and that the Applicant agrees to abide by all laws, rules, ordinances, resolutions, and codes applicable to the business.

Prior to operating in the City and as a condition of issuance of a regulatory permit, the operator of each cannabis facility shall enter into a Development 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 Chapter 9.60, including, but not limited to community benefits such as 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. It shall be very important for each applicant to strategically understand the Council Policy direction on reaching its economic incentive goals related to the community benefit when negotiating with the City Manager.

In addition, any community benefits that a commercial cannabis business agrees to provide shall be incorporated into the terms and conditions under which the commercial cannabis business will operate with the City of National City's approval, if and when a Development Agreement is issued. Upon successful negotiations in this phase of the process the Applicant will then be presented to the City Council for final approval. Upon the approval of the City Council the issuance of a permit shall allow the applicant to proceed to apply for both a land use permit and a business license and related approvals.

In the event that negotiations with an Applicant in this phase are not successful, the Applicant will be denied by the City Manager. The City Manager will then notify the first alternate from the lottery that they have been awarded the opportunity to proceed to Phase IV of the application process. In the event the City attempts to contact an alternate on the list to proceed to Phase IV and is not able to get a response within 30 days, that alternate will be removed from the list and the next alternate will be contacted.

Any Applicant wishing to appeal the City Manager's final decision may appeal to the appointed hearing officer within ten (10) days of the Applicant receiving a notice that they will not move forward in the application process or be issued a permit. Such appeals shall comply with the requirements of NCMC Sections 9.60.390 and 9.60.400.

Note: Being awarded a CCB 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, Community Development 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 guarantee that the plans submitted via the CCB application process meet the standards or requirements in Title 18 and any other permit requirements from other City departments or agencies.

CONTACT

If you have any questions or would like an update on the status of your application, please contact Megan Gamwell, at 619.336.4216 or by email at MGamwell@NationalCityCA.gov.

APPENDIX A: EVALUATION CRITERIA

The City is a public agency subject to the California Public Records Act ("CPRA"). In the event a request for information under the CPRA seeks disclosure of application materials marked by Applicant as "Confidential information," the City will make reasonable efforts to provide notice to Applicant prior to such disclosure to allow Applicant to seek a protective order, injunctive relief, or other appropriate remedy. If Applicant contends any designated application materials are exempt from the CPRA and wishes to prevent disclosure, it is required, at its own cost, liability, and expense to obtain a protective order, injunctive relief or other appropriate remedy from a court having jurisdiction over the matter at least two (2) days before City's deadline to respond to the CPRA request. If Applicant fails to obtain such a remedy before the deadline for the City's response to the CPRA request, the City will disclose the requested information and shall not be liable or responsible for such disclosure.

SECTION A: BUSINESS PLAN (20 points)

1. Finances* – 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 funds.
 - A. Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets which can be verified by the City on a verifiable letter head.
 - 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.
2. Daily Operations - The Business Plan should describe the day-to-day operations which meet industry best practices for the type of cannabis business you are applying.
 - 2.1 Describe the day-to-day operations if you are applying for a RETAIL permit. This should include at a minimum the following criteria:
 - A. Describe customer check-in procedures.
 - B. Identify location and procedures for receiving deliveries during business hours.
 - C. Identify the name of the Point-of-sale system to be used and the number of Point-of-Sale locations.
 - D. Estimate the number of customers to be served per hour/day.
 - E. Describe the proposed product line to be sold and estimate the percentage of sales of flower and manufactured products.
 - F. If proposed, describe delivery service procedures, number of vehicles and product security during transportation.
 - G. How the Cannabis Business will conform to local and state laws. See NCMC Sections 9.60.250 and Title 18 as they pertain to retail establishments in the City of National City.

- H. How cannabis and cannabis products will be tracked and monitored to prevent diversion. Describe the Point-of-Sale system to be used and how it will interact with the state's mandated track and trace system.
- 2.2 Describe the day-to-day operations if you are applying for a CONSUMPTION LOUNGE permit. This should include at a minimum, the following criteria:
- A. How the Consumption Lounge will be contained within the premises of a state-licensed retail business or microbusiness.
 - B. Identify how the consumption areas shall be well ventilated in private areas of the retail establishment and are designed to prevent the flow of smoke to any other area of the facility.
 - C. Describe how the retail store shall adopt procedures to ensure that its customers may only gain access to the lounge once they have purchased cannabis products from the retail store.
 - D. Describe how the business will use a state licensed security guard on duty during operating hours of the lounge.
 - E. Identify how the business will establish a parking plan, ventilation plan, anti-drugged driving plan, employee and customer education training, design plan and set hours of operation.
 - F. Identify how the lounge will take the appropriate steps to ensure they will only provide cannabis to an individual in an amount consistent with personal possession and use limits allowed by the state.
- 2.3 Describe the day-to-day operations if you are applying for a DISTRIBUTION permit. This should include at a minimum the following criteria:
- A. Identify the number of delivery drivers, hours of delivery and vehicles to be used.
 - B. Describe the transportation security procedures.
 - C. Describe how inventory will be received, processed, stored, and secured in the permitted premises.
 - D. Describe the quality control procedures designed to ensure all cannabis is properly packaged, labeled, and tested.
 - E. How the Cannabis Business will conform to local and state laws. See NCMC 9.60.290 and Title 18 as they pertain to Distribution.
- 2.4 Describe the day-to-day operations if you are applying for a MANUFACTURING permit. This should include at a minimum the following criteria:
- A. Identify all cannabis products manufactured within the permitted premises.
 - B. Describe quality control procedures.
 - C. Describe inventory control procedures.
 - D. Describe the extraction process, equipment and room in which extractions will be conducted.
 - E. Provide detail as to whether the extraction equipment has been reviewed and certified by a Professional Engineer or Certified Industrial Hygienist.
 - F. Describe the sanitation procedures.
 - G. How the Cannabis Business will conform to local and state laws. See NCMC 9.60.310 and Title 18, as they pertain to Manufacturing.
- 2.5 Describe the day-to-day operations if you are applying for a TESTING permit. This should include at a minimum the following criteria:
- A. Describe the sampling standard operating procedures.
 - B. Describe procedures for transporting cannabis field samples.
 - C. Describe the chain of custody for field samples.
 - D. Describe the quality control procedures.
 - E. Describe the Laboratory Supervisor/Manager responsibilities and qualifications.
 - F. Identify location and procedures for storing cannabis products.
 - G. Describe how the cannabis business will conform to local and State laws. See NCMC 9.60.300 and Title 18 as they pertain to testing labs in the City of National City.

- H. Describe how the cannabis and cannabis products will be tracked and monitored to prevent diversion.
 - I. Describe the Point-of-Sale system to be used and how it will interact with the State's mandated track and trace system.
- 2.6 Describe the day-to-day operations if you are applying for a MICROBUSINESS permit. This should include at a minimum the following criteria:
- A. A microbusiness license engaged in retail shall describe all the requirements in subsection 2.1 of Appendix A, Section A in accordance with CCR §5500 and applicable requirements in NCMC Chapter 9.60.250.
 - B. A microbusiness license engaged in distribution shall describe all the requirements in subsection 2.3 of Appendix A Section A in accordance with CCR §5500 and applicable requirements in NCMC Chapter 9.60.290.
 - C. A microbusiness license engaged in manufacturing shall describe all the requirements in subsection 2.4 of Appendix A, Section A in accordance with CCR §5500 and applicable requirements in SBMC Chapter 9.60.310.
 - D. Describe how the cannabis business will conform to local and State laws. See NCMC 9.60.320 and Title 18 as they pertain to Microbusinesses in the City of National City.

SECTION B: LABOR, EQUITY, DIVERSITY & INCLUSION PLAN (5 points)

1. The application should describe to what extent the cannabis business will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees.
2. Identify number of employees at initial opening and the maximum number of employees when the business is at full capacity.
3. Describe any diversity and inclusion programs that will be developed as part of the business model which embraces a rich and diverse work force with a diverse set of perspectives, work and life experiences, as well as religious and cultural differences that provide equal opportunities for employee development.
4. Identify all positions and their responsibilities.
5. Describe compensation to and opportunities for continuing education and training for employees.
6. Describe whether the cannabis business is committed to offering employees a Living Wage.
7. Briefly describe benefits provided to employees such as health care, vacation, and medical leave, to the degree they are offered as part of employment.
8. Describe to the extent to which the cannabis business will be a locally owned enterprise and the owner(s) reside within the City of National City. In order to qualify for this criteria, an owner must have lived in the City of National City for at least one year prior to November 9, 2021.
9. Describe plans to encourage local hiring of National City residents.

SECTION C: SAFETY PLAN (5 points)

1. The detailed Safety Plan shall be prepared by a California professional fire prevention and suppression consultant.
2. This plan will describe all fire prevention and suppression measures, fire extinguisher locations, evacuation routes and alarm systems the facility will have in place.
3. Describe all accident and incident reporting procedures.
4. Describe the waste management locations and procedures.

SECTION D: SECURITY PLAN (5 points)

1. The security plan shall be prepared by a professional security consultant. This can be done with in-house staff or a consultant, but it must clearly demonstrate that it meets the professional standards requested to receive the appropriate points for each criterion in this section.
 - A. The plan should demonstrate how the cannabis business wishes to develop the floor plan and address other security issues on the property.
2. Premises Diagram: In addition to the site plans submitted for the Proposed Location (in Section H of Appendix A), a separate Premises Diagram must be included in this Security Plan section (Section D) of the application. The diagram must meet the requirements of the Bureau of Cannabis Control CCR Title 16, Division 42, §5006 Premises Diagram.
 - A. The diagram shall show the boundaries of the property and the proposed location to be licensed, showing all boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways, and shall include a brief statement or description of the principal activity to be conducted therein.
 - B. The diagram shall show and identify commercial cannabis activities that will take place in each area of the premises and identify all limited-access areas.
 - C. The diagram shall show where all cameras are located and assign a number to each camera for identification purposes.
 - D. The diagram should be accurate, dimensioned and to-scale (minimum scale of 1/4").
 - E. If the proposed location consists of only a portion of a property, the diagram must be 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. Description of operational security, including but not limited to general security for access/visitor control, inventory control and cash handling procedures.
4. Description of perimeter security, on-site security guards, lighting, and parking.
5. Identify transportation techniques and security procedures.
6. Description of employee training and general security policies.

SECTION E: QUALIFICATION OF OWNERS (points)

1. Experience – Demonstrate the business owner's experience in owning, managing, and operating a retail cannabis business. For purposes of this section, owner shall mean the State definition of owner in the State Business and Professions Code Section 26001 and all persons, companies, and entities that will be directing, controlling, and/or managing the day-to-day operations of the business. Evidence that prior experience was from legally permitted activities.
2. Cannabis Industry Knowledge – Demonstrate overall knowledge of the cannabis industry (as demonstrated throughout the screening application), including identification of how industry best practices and State regulations have been incorporated in existing/prior legal businesses outside the City of National City.
3. Ownership Team – Describe the involvement of the ownership team in day-to-day operation of the business. Owner is defined based upon the State definition of owner, see Business and Professions Code Section 26001.
4. Have you owned or do you currently own a business in National? Business ownership must have occurred for at least 1yr prior to November 9, 2021.

SECTION F: NEIGHBORHOOD COMPATIBILITY PLAN (points)

1. Describe how the business will proactively address and respond to complaints related to noise, light, odor, and vehicle and pedestrian traffic.
2. Describe how the business will be managed to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community.
3. Describe odor mitigation practices:
 - A. Identify potential sources of odor.

- B. Describe odor control devices and techniques employed to ensure that odors from cannabis are not detectable beyond the licensed premises.
 - C. Describe all proposed staff training and system maintenance plans.
4. Describe the waste management plan. The plan shall include waste disposal locations, security measures, methods of rendering all waste unusable and unrecognizable, and the vendor in charge of disposal.
 5. The application should include the following information about the proposed location:
 - A. Physical address and a detailed description of the proposed location, including the overall property, building, and interior floor plan.
 - B. Description of all known nearby State and local sensitive use areas. The cannabis business must have the appropriate zoning and meet all the locational requirements as described in NCMC sections 9.60.070 and Title 18.
 - C. List any nearby well-traveled paths to schools and describe how the cannabis business will proactively protect the youth on these paths from exposure to the cannabis business.
 - D. Describe how the business will proactively take steps about community concerns to protect the youth generally from the impacts of the cannabis business.
 - E. Proof of ownership, lease agreement, or a Letter of Intent to Lease as outlined in section 9.60.150 of the NCMC
 - F. Vicinity map.
 - G. Photographs of existing site and buildings.
 - H. Evidence that the location has access to public transportation for employees or customers.

SECTION G: COMMUNITY BENEFITS AND INVESTMENTS PLAN (5 points)

The cannabis business should describe the benefits 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. Benefits may be in the form of volunteer services, monetary donations, financial support of City-sponsored activities or organizations, in-kind donations to the City or other charitable organizations and/or any other economic incentives to the City.

SECTION H: PROPOSED LOCATION (5 points)

In addition to the location related details required in the Security Plan section of this application, the application shall include a thorough narrative description of the proposed location, including but not limited to the overall site, existing and/or proposed building(s), parking spaces, driveways, pedestrian sidewalks/rights-of-way, and neighboring businesses on the parcel. Description of floor plans and interior design are not a requirement of this section. In addition to the narrative description of the proposed locations, Applicants shall also include the following items.

1. The CBP applicant must have the appropriate zoning and meet all the locational requirements as described in NCMC sections 9.60.070 and Title 18.
2. The application shall include photographs of the front (street facing) side of the building. In the event the proposed location is undeveloped land, photographs shall depict the property from all vantage points of the property.
3. The application must include a (Site) diagram depicting all details described in the narrative description of the proposed location. The diagram required for this section need not include a description of any building interior, floor plan or security detail.



**OWNERSHIP ACKNOWLEDGEMENT FORM
FOR COMMERCIAL CANNABIS BUSINESS
PERMIT APPLICATION**

It is the intent of the City of National City to promote equitable ownership and employment opportunities in the cannabis industry to decrease the disparities in life outcomes for marginalized communities and to provide opportunities for local residents to compete for cannabis business permits. Therefore, this notice is to clarify the eligibility requirements in order to receive qualification for Local Ownership by establishing this acknowledgement to provide additional protections to mitigate against potential predatory practices.

In order to qualify for the full points relating to the local ownership criteria, the business entity must have ownership that meets the respective eligibility factors and hold at least 51% ownership interest. The local ownership criteria are identified in the Application Procedures & Guidelines for a Cannabis Business Permit in Appendix A, Section B (8). This majority interest can be made up of a single individual that meets this criteria, or any combination of individuals that hold at least 20% interest individually and meets the definition of an owner which is required to be background in National City Municipal Code section 9.60.110.

The local preference criteria is intended for the benefit of Local Owner Applicants related to business profits, proceeds of the sale of business assets, voting rights and additional protections. This also requires the Local Owner to receive the Equity Share percent of the retained earnings and 100% of the unencumbered value of each share of stock, member interest or partnership interest owned in the event of the dissolution of the entity to their equity share, or 100% of the value of each of stock, member interest or partnership interest in the event that the stock, member interest or partnership interest is sold. Chief among the concepts of equity share, is unconditional ownership which means such individual(s) will receive equal profits, and distributions or other payments proportionate to their ownership interests.

This is intended to ensure true ownership by the Local Preference Individual Applicants and as such, prohibits the divestment or relinquishment of any part of their ownership under any circumstance. In addition, the Equity Share is also expanded to address voting rights on fundamental decisions relating to the business and control of at least the equity share percent of the voting rights on all decisions involving the operation of the business. Furthermore, it requires the Local Owner Preference be the highest officer position of the business or that another individual is appointed to that position by mutual agreement of the parties. This requirement is also subject to being audited to assess compliance and the Local Owner Preference can initiate legal action due to a breach of contract agreement, and the City may suspend and/or revoke a license if any provision in an operating agreement violates any of the Equity Share or Local Owner Preference requirements.

Lastly, all applicants will be required to incorporate an addendum into their operating agreements that makes any provision ineffective, unenforceable, null and void, if it is inconsistent with, or in violation of, the Equity Share requirements. As proposed, Local Owner Preference Applicants will be required to verify under Section 9.60.110 and Section B (8) of Appendix A that they meet the definition of a Local Owner Preference at the time of applying for a permit or permit renewal. The City shall have the sole and absolute discretion to determine whether the Applicant qualifies as a Local Owner to determine if they should be awarded the number of points awarded for it.

The undersigned acknowledges that he/she has read and fully understands the content of this Agreement and is the Applicant or his/her/its authorized signatory.

Applicant Signature

Date Signed

Print Name

Title

Company Name

Address/Telephone

DRAFT

ORDINANCE NO. 2021 -

NATIONAL CITY ORDINANCE ADDING CHAPTER 9.60 TO THE NATIONAL CITY MUNICIPAL CODE REGULATION OF COMMERCIAL CANNABIS ACTIVITY

Section 9.60.010. 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 twenty-one (21) and over as authorized by the Control, Tax & Regulate the Adult Use Cannabis Act (“AUMA” or “Proposition 64” approved by California voters in 2016), while imposing sensible regulations on the use of land to protect the City of National City’s residents, neighborhoods, and businesses from disproportionately negative impacts. As such, it is the purpose and intent of this Chapter to regulate the cultivation, processing, manufacturing testing, sale, delivery, distribution and transportation of cannabis and cannabis products in a responsible manner to protect the health, safety, and welfare of the residents of the City of National City and to enforce rules and regulations consistent with state and local law. It is the further purpose of intent of this Chapter to require all commercial cannabis operators to obtain and renew annually a commercial cannabis business permit to operate within the City of National City. Nothing in this Chapter is intended to authorize the possession, use, or provision of cannabis for purposes that violate state or local law. The provisions of this Chapter are in addition to any other permits, licenses and approvals which may be required to conduct business in the City of National City, and are in addition to any permits, licenses and approval required under state, City, or other law.

Section 9.60.020. Legal Authority.

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

Section 9.60.030. Cannabis Cultivation and Commercial Cannabis Activities Prohibited Unless Specifically Authorized by this Chapter.

Except as specifically authorized in this Chapter, the commercial cultivation, manufacture, processing, storing, laboratory testing, labeling, sale, delivery, distribution or transportation (other than as provided under Bus. & Prof. Code Section 26090(e), of cannabis or cannabis product is expressly prohibited in the City of National City.

Section 9.60.040. Compliance with State and Local Laws.

It is the responsibility of the owners and operators of the commercial cannabis business, or any other responsible person(s), to ensure that it is, always, operating in a manner compliant with all applicable state and local laws, and any regulations promulgated thereunder. Nothing in this Chapter shall be construed as authorizing any actions that violate state law or local law with respect to the operation of a commercial cannabis business. It shall be the responsibility of the owners and the operators of the commercial cannabis business, or any other responsible person(s), to ensure that the commercial cannabis business is, at all times, operating in a manner compliant with all applicable state and local laws, including the MAUCRSA, and any subsequently enacted state or local law or regulatory, licensing, or certification requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of the commercial cannabis business permit.

Section 9.60.050. Definitions.

All definitions pertaining to cannabis regulation that appear in Business and Professions Code Section 26001, as codified by Senate Bill 94, MAUCRSA, are hereby incorporated by reference. Definitions appearing in this ordinance are either those that are not covered by state law, pre-date Proposition 64 and the MAUCRSA, or are outside the scope of Section 26001.

(a) "Adult Use" means the use of cannabis for recreational purposes by persons twenty-one (21) years of age or older.

(b) "Canopy" shall have the same meaning as that appearing in Title 3, Section 8000(f) of the California Code of Regulations.

(c) "Caregiver" or "primary caregiver" has the same meaning as that term is defined in Section 11362.7 of the California Health and Safety Code.

(d) "Distributor" shall have the same meaning as that appearing in Section 26070 of the Business and Professions Code.

(e) "Commercial cannabis business" means any business or operation which

engages in medicinal or adult-use commercial cannabis activity.

(f) “Commercial cannabis business permit” means a regulatory permit issued by the City of National City pursuant to this Chapter, to a commercial cannabis business and is required before any commercial cannabis activity may be conducted in the City of National City. The initial permit and annual renewal of a commercial cannabis business is made expressly contingent upon the business’ ongoing compliance with all of the requirements of this Chapter, any regulations adopted by the City of National City governing the commercial cannabis activity at issue, and any other state and local laws and regulations.

(g) “Consumption lounge” means an area that is part of the premises of a state-licensed, locally permitted commercial cannabis retail business, and that is designated for consumption of cannabis or cannabis products.

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

(i) “Electronic Smoking Device” means an electronic device that can be used to deliver an inhaled dose of nicotine, or other substances, including any component, part, or accessory of such a device, whether or not sold separately. “Electronic Smoking Device” includes any such device, whether manufactured, distributed, marketed, or sold as an electronic cigarette, an electronic cigar, an electronic cigarillo, an electronic pipe, an electronic hookah, or any other product name or descriptor. “Electronic Smoking Device” also includes cartridges, cartomizers, e-liquid, smoke juice, tips, atomizers, Electronic Smoking Device batteries, Electronic Smoking Device charges, and any other item specifically designed for the preparation, charging, or use of Electronic Smoking Devices.

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

(k) “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.

(l) “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 commercial cannabis business permit for manufacturing from the City of National City and, a valid state license as required for manufacturing of cannabis products.

(m) "Microbusiness" shall have the same meaning as that contained in Section 26070(a)(3) of the Business and Professions Code.

(n) "Non-volatile 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, a nonvolatile solvent includes carbon dioxide (CO₂) used for extraction and ethanol used for extraction or post-extraction processing.

(o) "Package" means any container or receptacle used for holding cannabis or cannabis products.

(p) "Patient" or "qualified patient" shall have the same definition as California Health and Safety Code Section 11362.7 et seq., as it may be amended, and which means a person who is entitled to the protections of California Health & Safety Code Section 11362.22.

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

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

(s) "Retail Ancillary/Accessory Use" Shall be determined when less than forty percent of a business's gross floor area is devoted to the use, display, and/or sales of cannabis products and/or paraphernalia and no approved Retail Ancillary/Accessory Use shall be permitted without a licensed and operational primary use.

(t) "Responsible person(s)" shall include but not be limited to a property owner, tenant, manager, permit holder, or any other person with a legal interest in the affected real property and any person in possession of the affected real property.

(u) "Retailer" shall have the same meaning as the definition appearing in Section 26070(a)(1) of the Business and Professions Code.

(v) "State license" means a permit or license issued by the State of California, or one of its departments or divisions, under MAUCRSA and any subsequent State of California legislation regarding the same to engage in commercial 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.

(w) "THC" means Tetrahydrocannabinol, the primary active ingredient in cannabis. It is a psychotropic intoxicant causing euphoria and capable of altering human perception and motor skills.

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

(y) "Transport" means the transfer of cannabis products from the permitted business location of one licensee to the permitted business location of another licensee, for the purposes of conducting commercial cannabis activity authorized by MAUCRSA which may be amended or repealed by any subsequent State of California legislation regarding the same. Transport can only be performed by licensed distributors and does not include deliveries of cannabis or cannabis products.

(z) "Vape cartridge" means a small attachment to a cannabis e-cigarette or vape pen that is a pre-filled container of cannabis oil. Vape cartridges are sold pre-filled with cannabis concentrates which contain cannabis' active ingredients. The liquid in such products usually contains a propylene glycol or vegetable glycerin-based liquid with flavoring and other chemicals and metals. Many vape cartridges are high in THC, but some contain cannabidiol (CBD, a non-psychoactive cannabinoid used as an analgesic), or terpenes (the chemicals that give cannabis its flavorful tastes and aromas).

(aa) "Vaping" means the action or practice of inhaling and exhaling the vapor produced by an electronic cigarette or similar device.

(bb) "Volatile solvent" means a solvent as defined by Health and Safety Code Section 11362.3(b)(3) as of the effective date of this article and as subsequently amended.

(cc) "Youth center" means any public or private facility that is primarily used to host recreation or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, 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 similar amusement park facilities. It 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. This definition shall not include

any private martial arts, yoga, ballet, 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 facility for youth programs or organizations.

Section 9.60.060. Authorization to Engage in Commercial Cannabis Business.

- (a) No person may engage in any authorized commercial cannabis business or in any commercial cannabis activity within the City of National City including cultivation, manufacturing, processing, laboratory testing, transporting, dispensing, distribution, or sale of cannabis or a cannabis product unless the person has the following:
 - (1) a valid commercial cannabis business permit issued by the City of National City;
 - (2) a valid business license issued by the City of National City;
 - (3) a mandatory building inspection and 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), the National City Fire Department approvals, Health Department approvals and other zoning and land use permit(s) and approvals.
 - (4) a valid state license for the commercial cannabis activity corresponding to the business permit issued by the City of National City;
 - (5) requisite approvals from the Planning Division of the National City Community Development Department;
 - (6) a valid development agreement jointly negotiated with the City of National City;
 - (7) a valid State of California Seller's Permit.
- (b) Development agreement
- (c) No permit shall be issued pursuant to this Chapter for outdoor commercial cannabis cultivation, which is prohibited. It is a violation of this Chapter for any person or entity to engage in any outdoor commercial cannabis cultivation of any kind.

Section 9.60.070. Location and Design of Cannabis Businesses.

Cannabis businesses permitted by the City of National City to engage in Cultivation, Distribution, Manufacturing, Microbusiness, Testing Labs, or Retail ancillary/Accessory use to the primary activity of the business, for cannabis and cannabis products are subject to the following zoning and locational requirements:

- (a) Cultivation, Distribution, Manufacturing, Microbusiness, Testing Labs, or Retail ancillary/ accessory use must be located in the following zones: IL (Light Industrial), IM (Medium Industrial), IH (Heavy Industrial) and must meet all of the requirements for development in these zones (see Section 18.20.020, National City Municipal Code). The cannabis businesses must also meet all of the following distance requirements:
 - (1) It shall be no closer than six hundred (600) feet from any zoned parcel in the City of National City designated by state law as a sensitive use, and pursuant to Section 9.60.070 (a) (3). The distance measured shall be the horizontal distance measured in a straight line from the property line of those parcels in Section 9.60.070 (a) (3) to the closest property line of the lot on which the cannabis business is located.
 - (2) Cannabis businesses providing Retail ancillary/accessory use to the primary activity of the business shall be no closer than two hundred fifty (250) feet of any residential parcel in the City of National City as of the date the cannabis business permit is issued. The distance between the cannabis business and the residential parcel shall be measured from the outer boundaries of the residential parcel to the first structure on the property seeking the commercial cannabis permit.
 - (3) It shall be no closer than six hundred (600) feet from any parcel containing any of the following:
 - A. A school providing instruction in kindergarten or any grades 1 through 12, (whether public or private, or charter, including pre-school, transitional kindergarten, and K-12);
 - B. A commercial daycare center licensed by the State, County or City or that is in existence at the time the license is issued, unless the State licensing authority or the City of National City specifies a different radius.
 - C. A youth center that is in existence at the time the license is issued, unless the State licensing authority or the City of National City specifies a different radius.

- (b) Consumption lounges must be located in the following: CT (Tourist Commercial) West of Interstate 5 and must meet all of the requirements for development in these zones (see Section 18.20.020, National City Municipal Code). They must also comply with the buffer zone requirements contained in 9.60.070(a).
- (c) Each proposed cannabis business project shall:
 - (1) Conform with the City of National City's general plan, any applicable specific plans, master plans, 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 highways 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.

Section 9.60.080. Maximum Number and Type of Authorized Commercial Cannabis Businesses Permitted.

- (a) The number of each type of commercial cannabis business that shall be permitted to operate in the City of National City shall be established by resolution by the City Council.
- (b) Section 9.60.080 is only intended to create a process in determining the maximum number of commercial cannabis businesses that may be issued permits to operate in the City of National City under each category. Nothing in this Chapter creates a mandate that the City Council must issue any or all of the commercial cannabis business permits if it is determined that the applicants do not meet the standards which are established in the application requirements, or by further amendments to the application process, or if the City Council upon further deliberation determines that the issuance of any or

all commercial cannabis business permits will negatively impact the public safety, welfare or other public policy concerns.

- (c) Each year following the City Council's initial award of permits, if any, or at any time in the City Council's discretion, the City Council may reassess the number of commercial cannabis business permits which are authorized for issuance. The City Council at its discretion, may determine that the number of commercial cannabis permits should stay the same, be expanded, or reduced.

Section 9.60.090. Fees and Charges.

- (a) No person may commence or continue any commercial cannabis activity in the City of National City, without timely paying in full all fees and charges required for the operation of a commercial cannabis activity. Fees and charges associated with the operation of a commercial cannabis activity shall be established by resolution of the City Council which may be amended from time to time.
- (b) All commercial 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 commercial cannabis business shall cooperate with the City of National City with respect to any reasonable request to audit the commercial cannabis business' books and records for the purpose of verifying compliance with this section, including but not limited to a verification of the amount of taxes required to be paid during any period.

Section 9.60.100. Development Agreement.

Prior to operating in the City of National City and as a condition of issuance of a regulatory permit, the operator of each cannabis facility shall enter into a Development Agreement with the City of National 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 community benefits such as 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.

Section 9.60.110. Evidence of Cannabis Owner(s), and Representative(s) Background Check Required.

- (a) Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which authorize city authorities to access state and local criminal history information for employment, licensing, or certification purposes, and authorize access to federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation, every applicant for a Certificate of Approval (including owners, managers, supervisors and any individual who will be participating in the direction, control, or management of the cannabis business_must submit fingerprints and other information deemed necessary by the City Manager or their designee-for a background check by the National City Police Department_or a third party. A fee for the cost of the background investigation, which shall be the actual cost to the City of National City to conduct the background investigation as it deems necessary and appropriate, including City of National City staff time and costs, shall be paid at the time the person submits for the background check.
- (b) The criminal background check must at a minimum identify the following:
- 1) Whether the owners, managers, supervisors and any individual who will be participating in the direction, control, or management has ever been convicted of a violent felony as defined by California Penal Code 667.5, or equivalent offenses in other states;
 - 2) Whether the owners, managers, supervisors and any individual who will be participating in the direction, control, or management has ever been convicted of a crime involving dishonesty, fraud or deceit, including but not limited to fraud, forgery, theft, or embezzlement as those offenses are defined in California Penal Code Sections 186.11, 470, 484, and 504a, respectively; or equivalent offenses in other states; or
 - 3) Whether the owners, managers, supervisors and any individual who will be participating in the direction, control, or management has ever been convicted of the illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substances Act, not including cannabis-related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996.

- (c) Evidence of a conviction of any the offenses enumerated in Section 9.60.110(b) may be grounds for denial of employment.
- (d) Violation of this section may be grounds for immediate suspension of the business' operating permit. The business operator shall have the right to an appeal pursuant to section 9.60.380.

Section 9.60.120. Persons Prohibited from Holding a Commercial Cannabis License.

- (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 ("applicant"), in which any of the following actions or notices have been issued for non-compliance or if they have been engaging or have engaged in the following activity, shall be prohibited from holding a cannabis commercial license or a cannabis business permit in the City of National City:
 - (1) The applicant has had a license suspended or revoked by any City, county, City and county or any other state cannabis licensing authority;
 - (2) Evidence that the applicant is delinquent in payment of federal, state or local commercial taxes and/or fees;
 - (3) Applicant was conducting (or has conducted) commercial cannabis activity in the City of National City in violation of local and/or state law, not including commercial cannabis-related offenses for which the conviction occurred after the City banned cannabis in 2012.
 - (4) If any person enters into either a verbal or written agreement to lease, sublease, or any other agreement for any terms of use of the premises granted by a property owner, commercial broker or any third party, that is in violation of Section 9.60.060 and Section 9.60.150. Any such lease, sublease or agreement shall not contain terms or conditions requiring the cannabis permit licensee 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 of National City. In addition, all leases, subleases, or other agreements must be based on a monthly rate.

Section 9.60.130. Persons Prohibited from Employment by a Commercial Cannabis Business.

- (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 non-compliance or if they have been engaging or have engaged in the following activity, shall be prohibited from employment with a cannabis business permittee in the City of National City:
 - (1) The person has had a license suspended or revoked by any City, County, or City and County, or any other state cannabis licensing authority;
 - (2) Evidence that the person is delinquent in payment of federal, state or local commercial taxes and/or fees.
 - (3) The person was conducting commercial cannabis activity in the City of National City in violation of local and/or state, not including commercial cannabis-related offenses for which the conviction occurred after the city banned cannabis in 2012.

Section 9.60.140. Certification from the Community Development Department.

Prior to submitting any applications for a commercial cannabis business, applicant must first obtain a certification from the City of National City Community Development Department or its designee(s) certifying that the business is located on a site that meets all of the requirements of Sections 9.60.070 and 9.60.230 of this Chapter.

Section 9.60.150. Right to Occupy and to Use Property.

Prior to submitting any applications for a commercial cannabis business, applicant must obtain approval from the owner of the real property where the proposed commercial cannabis business will be located (if approved). Applicants are not required to have a signed lease, but a letter from the property owner indicating that:

- (a) The property owner is aware of and approves of the use being proposed.
- (b) The property owner will lease the property to the cannabis related use upon approval of the application.

- (c) The property owner understands that licenses for cannabis related uses are for one year and can be revoked at the City of National City's sole discretion with or without reason.

Property owners are permitted to issue letters detailing such contingent lease agreements for a maximum of two (2) independent applicants.

In the event 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 commercial cannabis business on the owner's property.

Section 9.60.160. Application Procedure for a Cannabis Business Permit.

- (a) The City of National City will establish by administrative policies and procedures promulgated by the City Manager or their designee the procedures to prepare the necessary forms, adopt any necessary rules related to the application process, solicit applications, and conduct initial evaluations of the applicants.
- (b) 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 of National City in the application process.
- (c) The application procedure process shall include a component on community benefits. Any community benefits that a commercial cannabis business agrees to provide shall be incorporated into the terms and conditions under which the commercial cannabis business will operate with the City of National City's approval, if and when a Development Agreement is issued. Such terms and conditions shall be in addition to the requirements of this Chapter. The City of National City may establish the procedures for determining community benefits by Resolution and/or by the implementation of administrative policies and procedures promulgated by the City Manager or their designee.
- (d) The City of National City's Reservation of Rights.

The City of National City reserves the right to reject any or all applications. Prior to permit issuance, the City of National City may also modify, postpone, or cancel any request for applications, or the entire program under this Chapter, at any time without liability, obligation, or commitment to any party, firm, or organization, to the extent permitted under California state law. Persons submitting applications assume the risk that all or any part of the program, or any particular category of permit potentially

authorized under this Chapter, may be cancelled at any time prior to permit issuance. The City of National City further reserves the right to request and obtain additional information from any candidate submitting an application.

(e) Grounds for Rejection of Application.

In addition to a failure to comply with other requirements in this Chapter, an application risks being rejected for any of the following reasons:

- (1) The application was received after the designated time and date of the deadline.
- (2) The application did not contain the required elements, exhibits, or was not organized in the required format.
- (3) The application was considered not fully responsive to the request for a permit application, i.e. was substantially incomplete.

Section 9.60.180. Operations Plan and Standards.

A Certificate of Approval issued by the Planning Division of the National City Community Development Department for a facility must include, as conditions of approval, the operating standards set forth below. In addition, the Certificate of Approval must incorporate by reference an Operations Plan approved by the City Manager or their designee, that implements not only the operating standards set forth in this Chapter, but such additional conditions that the City Manager or their designee finds reasonably necessary to implement this Chapter when considering the location, size and other characteristics of the proposed facility.

Section 9.60.190. Limitations on City's Liability.

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

- (a) Execute an agreement, in a form approved by the City Attorney or their designee, agreeing to indemnify, defend (at applicant's sole cost and expense), and hold the City of National 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 of National City's issuance of the commercial cannabis business permit, the City of National City's decision to approve the operation of the commercial cannabis business or activity, the process used by the City of National City in making its decision, or the alleged violation of any federal, state or local laws by the commercial cannabis business or any of its officers, employees or agents.

- (b) Maintain insurance at coverage limits, and with conditions thereon determined necessary and appropriate from time to time by the City Manager, City Attorney, and the City's Risk Manager or their designee.
- (c) Reimburse the City of National City for all costs and expenses, including but not limited to legal fees and costs and court costs, which the City of National City may be required to pay as a result of any legal challenge related to the City of National City's approval of the applicant's commercial cannabis business permit, or related to the City of National City's approval of a commercial cannabis activity. The City of National City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

Section 9.60.200. Restriction on Alcohol & Tobacco Sales.

- (a) No person shall cause or permit the sale, dispensing, or consumption of alcoholic beverages on or about the premises of the commercial cannabis business.
- (b) No person shall cause or permit the sale of tobacco products on or about the premises of the commercial cannabis business.

Section 9.60.225. Restriction on Consumption of Cannabis or other Substances.

No person shall consume cannabis, cannabis products, tobacco or alcohol on the premises of any commercial cannabis business. The sole exception shall be authorized cannabis consumption lounges of which tobacco and alcohol shall also be prohibited.

Section 9.60.230. General Operating Requirements for all Commercial Cannabis Businesses.

- (a) Commercial cannabis businesses may operate only during the hours specified in the commercial cannabis business permit issued by the City. No person under the age of twenty-one (21) shall operate, maintain, be

employed at, or be issued a permit for, a commercial cannabis business of any kind.

- (b) No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall be visible from the exterior of any property issued a commercial cannabis business permit, or on any of the vehicles owned or used as part of the commercial cannabis business. No outdoor storage of cannabis or cannabis products is permitted at any time.
- (c) Reporting and Tracking of Product and of Gross Sales with an accounting software system capable of providing point of sale data as well as audit trails or both product and cash, where applicable. Each commercial cannabis business shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City of National City. The commercial cannabis business shall ensure that such information is compatible with the City of National City's record-keeping systems. In addition, the system must have the capability to produce historical transactional data for review. Furthermore, any system selected must be approved and authorized by the City Manager or their designee prior to being used by the permittee.
- (d) 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.
- (e) Emergency Contact. Each commercial cannabis business shall provide the City Manager or their designee 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.
- (f) Signage and Notices.
 - (1) In addition to the requirements otherwise set forth in this section, business identification signage for a commercial cannabis business shall conform to the requirements of the City of National City ordinance, Chapter 18.47, including, but not limited to, seeking the issuance of a City of National City sign permit.
 - (2) No signs placed on the premises of a commercial cannabis business shall obstruct any entrance or exit to the building or any window.

- (3) Each entrance to a commercial cannabis business shall be visibly posted with a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the commercial cannabis business is prohibited. This provision shall not apply to consumption lounges (see Section 9.60.265).
 - (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 commercial 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 commercial 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 banners, flags, billboards or other prohibited signs may be used at any time.
 - (6) In accordance with state law and regulations or as stipulated in the City of National City regulatory permit, holders of a commercial cannabis business permit shall agree that, as an express and ongoing condition of permit issuance and subsequent renewal, the holder of the permit shall be prohibited from advertising any commercial cannabis business located in the City of National City utilizing a billboard (fixed or mobile), bus shelter, placard, aircraft, or other similar forms of advertising. This paragraph is not intended to place limitations on the ability of a commercial cannabis business to advertise in other legally authorized forms, including on the internet, in magazines, or in other similar ways.
- (g) Minors.
- (1) Persons under the age of twenty-one (21) years shall not be allowed on the premises of a commercial cannabis business and shall not be allowed to serve as a driver for a mobile delivery service. It shall be unlawful and a violation of this Chapter for any person to employ any person at a commercial cannabis business who is not at least twenty-one (21) years of age.
 - (2) Notwithstanding Section 9.60.230(g)(1), persons aged eighteen (18) to twenty (20) years shall be allowed on the premises of a commercial cannabis business if they can produce a physician's recommendation. In that event, such persons can lawfully purchase

cannabis for the sole purpose of addressing the medical need that is the subject of the physician's recommendation. This provision shall not apply to consumption lounges. Only persons twenty-one (21) and older shall be granted admittance to consumption lounges. Access to persons under twenty-one (21) is prohibited.

- (3) The entrance to the commercial cannabis business shall be clearly and legibly posted with a notice that no person under the age of twenty-one (21) years of age is permitted to enter upon the premises of the commercial cannabis business.
- (h) Odor Control. Odor control devices and techniques shall be incorporated in all commercial cannabis businesses to ensure that odors from cannabis are not detectable off-site. Commercial cannabis businesses shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the commercial cannabis business that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the commercial cannabis business. As such, commercial cannabis businesses must install and maintain the following equipment, or any other equipment which the City Manager or their designee determine 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 commercial cannabis business's interior and exterior, so that the odors generated inside the commercial cannabis business are not detectable on the outside of the commercial cannabis business.
- (i) Display of Permit and City Business License. The original copy of the commercial cannabis business permit and the business license issued by the City of National City pursuant to this Chapter shall be posted inside the commercial cannabis business in a location readily visible to the public.
- (j) Background Check. Pursuant to California Penal Code Sections 11105(b)(11) and 13300(b)(11), which authorizes City of National City authorities to access state and local summary criminal history information for employment, licensing, or certification purposes; and authorizes access to federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be

transmitted to the Federal Bureau of Investigation, every person listed as an owner, manager, supervisor, and any individual who will be participating in the direction, control, or management in a commercial cannabis business must submit fingerprints and other information deemed necessary by the City Manager or their designee for a background check by the City of National City Police Department. Pursuant to California Penal Sections 11105(b)(11) and 13300(b)(11), which requires that there be a requirement or exclusion from 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 commercial cannabis business unless they have first cleared the background check, as determined by the City Manager or their designee, as required by this section. A fee for the cost of the background investigation, which shall be the actual cost to the City of National City to conduct the background investigation as it deems necessary and appropriate, shall be paid at the time the application for a commercial 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.

- (k) Loitering. The owner and/or operator of a commercial cannabis business shall prohibit loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises. The cannabis business shall notify the National City Police Department if anyone continues to loiter around the building or premises after all reasonable action has been taken to remove the individual(s) and the action has failed to do so in a timely manner.
- (l) Employee Training and Customer Education. Each commercial cannabis operator shall establish minimum training standards for all employees, including but not limited to the variety of products offered for sale, their potency, absorption time if known, and effects of the products. Employees shall educate all customers on these items in an effort to ensure responsible consumption. The retailer shall provide with each purchase educational brochures containing this information. The City Manager, or their designee shall have the discretion to require other training for the business operations as they find necessary under any circumstances.
- (m) Security Requirements. A permitted commercial cannabis business shall implement sufficient security measures to deter and prevent the unauthorized entrance into areas containing cannabis or cannabis products, and to deter and prevent the theft of cannabis or cannabis products at the commercial cannabis business. Except as may otherwise be determined by the City Manager, or their designee, these security measures shall include, but may not be limited to, all of the following:

- (1) Alarm system (perimeter, fire, and panic buttons).
- (2) Remote monitoring of alarm systems by a security company licensed by the State of California Bureau of Security and Investigative Services.
- (3) Perimeter lighting systems (including motion sensors) for after-hours security.
- (4) Perimeter security and lightning as approved by the City Manager or their designee.
- (5) Preventing individuals from remaining on the premises of the commercial cannabis business if they are not engaged in an activity directly related to the permitted operations of the commercial cannabis business.
- (6) Establishing limited access areas accessible only to authorized commercial cannabis business personnel.
- (7) Except for live growing plants which are being cultivated at a cultivation operation, all cannabis and cannabis products shall be stored in a secured and locked vault or vault equivalent. All safes and vaults shall be compliant with Underwriter Laboratories burglary-resistant and fire-resistant standards. All cannabis and cannabis products, including live plants that are being cultivated, shall be kept in a manner as to prevent diversion, theft, and loss.
- (8) Installing 24-hour security surveillance cameras of at least HD-quality to monitor all entrances and exits to and from the premises, all interior spaces within the commercial cannabis business which are open and accessible to the public, all interior spaces where cannabis, cash or currency, is being stored for any period of time on a regular basis and all interior spaces where diversion of cannabis could reasonably occur. All cameras shall record in color. All exterior cameras shall be in weather-proof enclosures, shall be located so as to minimize the possibility of vandalism, and shall have the capability to automatically switch to black and white in low light conditions. Video recordings shall be maintained for a minimum of ninety (90) days and shall be made available to the City Manager or their designee upon request. Video shall be of sufficient quality for effective prosecution of any crime

found to have occurred on the site of the commercial cannabis business and shall be capable of enlargement via projection or other means.

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

(10) Panic buttons shall be installed in all commercial cannabis businesses with direct notification to the National City Police Department dispatch and shall be configured to immediately alert dispatch for the National City Police Department.

(11) Any bars installed on the windows or the doors of the commercial cannabis business shall be installed only on the interior of the building in compliance with all federal, state and local laws.

(12) Security personnel shall be on-site 24 hours a day or alternative security as authorized by the City Manager or their designee 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, or their designee, with such approval not to be unreasonably withheld. Firearms may be carried by security personnel while they are on duty, if permitted by the San Diego County Sheriff's Department and authorized by the Chief of Police.

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

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

(15) Each commercial cannabis business shall demonstrate to the City Manager or their designee, compliance with the

state's track and trace system for cannabis and cannabis products, as soon as it is operational.

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

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

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

(19) Each commercial cannabis business shall identify a designated security representative/liaison to the City of National City, who shall be reasonably available to meet with the City Manager or their designee regarding any security related measures or and operational issues. The designated security representative/liaison shall, on behalf of the commercial cannabis business, annually maintain a copy of the current security plan on the premises of the business, to present to the City Manager or their designee upon request that meets the requirements of Section 9.60.230(m).

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

(21) The commercial cannabis business shall cooperate with the City of National City whenever the City Manager or their designee 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.

(22) A commercial cannabis business shall notify the City Manager or their designee within twenty-four (24) hours of discovering any of the following:

- (a) Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the City Manager or their designee.
- (b) Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business.
- (c) The loss or unauthorized alteration of records related to cannabis, customers or employees or agents of the commercial cannabis business.
- (d) Any other breach of security.

(23) Compliance with the foregoing requirements shall be verified by the City Manager or their designee prior to commencing business operations. The City Manager or their designee may supplement these security requirements once operations begin, subject to review by the City Manager or their designee if requested by the business owner.

(24) Retailers and microbusinesses 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 division.

- (1) The sale and delivery of cannabis goods shall not occur through a pass-through window or a slide-out tray to the exterior of the premises.
- (2) Retailers or microbusinesses 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. A retail licensee or microbusiness licensee who is engaged in retail sale shall hire or contract for security personnel who are at least twenty-one (21) years of age to provide security services for the licensed retail premises. All security personnel hired or contracted for by the licensee shall be licensed by the Bureau of Security and Investigative Services and shall comply with Chapters 11.4 and 11.5 of Division 3 of the Business and Professions Code.

(n) Records and Recordkeeping.

- (1) Each owner and operator of a commercial cannabis business shall maintain accurate books and records in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis (at or before the time of the renewal of a commercial cannabis business permit issued pursuant to this Chapter), or at any time upon reasonable request of the City of National City, each commercial cannabis business shall file a sworn statement detailing the number of sales by the commercial cannabis business during the previous twelve (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 financial audit as determined by the City Manager or their designee(s).
- (2) Each owner and operator of a commercial cannabis business shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the commercial cannabis business, and separately of all the officers, managers, employees, agents and

volunteers currently employed or otherwise engaged by the commercial cannabis business. The register required by this paragraph shall be provided to the City Manager or their designee(s) upon a reasonable request.

- (3) If an applicant operated a cannabis collective, cooperative, or other business prior to the enactment of MAUCRSA, then once a state license is obtained, the commercial cannabis business must maintain such records only to the extent permitted or required by MAUCRSA.
- (4) All commercial cannabis businesses shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the growing and production or manufacturing, laboratory testing and distribution processes until purchase as set forth MAUCRSA.
- (5) Each commercial cannabis business shall allow the City of National City officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted commercial cannabis activities, for the purpose of conducting an audit or examination at any time during the business's business hours. If not otherwise available, books, records, accounts, and any and all relevant data or documents will be produced no later than twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated by the City. The City may require the materials to be submitted in an electronic format that is compatible with the City's software and hardware.

Section 9.60.240. Amendments to General Operating Requirements.

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

Section 9.60.250. Additional Operating Requirements for Store Front Retail Facilities.

- (a) Retailers shall verify the age and all necessary documentation of each individual to ensure the customer is not under the age of eighteen (18) years. If the potential customer is eighteen (18) to twenty (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 Cannabis Card). For adult use or recreational purchases, retailers shall verify that all customers are twenty-one (21)

years of age or older for the purchase of cannabis or cannabis products.

- (1) Access to the premises of a retail licensee/permittee shall be limited to individuals who are at least twenty-one (21) years of age.
 - (2) Notwithstanding Section 9.60.250 (a)(1), individuals who are at least eighteen (18) years of age and in possession of a valid physician's recommendation shall be granted access to the premises of a retail licensee/permittee for the sole purpose of purchasing medicinal cannabis consistent with the physician's recommendation.
 - (3) All individuals seeking access to the commercial cannabis retail business must show their government-issued identification, and, if appropriate, doctor's recommendation of Medical Cannabis card, in order to gain access into the retailer. These documents 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.
- (b) Entrances into the retailer shall be locked at all times with entry strictly controlled. A "buzz-in" electronic/mechanical entry system shall be utilized to limit access to and entry to the retailer to separate it from the reception/lobby area.
 - (c) 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.
 - (d) All restroom facilities shall remain locked and under the control of management.
 - (e) 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 twenty-one (21) years of age, and if not employed by the retailer, shall be escorted at all times by an employee of the licensee/permittee. A retailer shall maintain a log of all individuals who are not employees who are granted access to the limited access area. These logs shall be made available to the City Manager or their designee upon request.
 - (f) Microbusiness – Commercial Activity. All cultivation, manufacturing, distribution, and retail activities performed by a licensee under a Type 12-Microbusiness permit shall occur on the same licensed premises. Areas of the

premises for manufacturing and cultivation shall be separated from the distribution and retail areas by a wall and all doors between the areas shall remain closed when not in use.

- (g) Operating hours of the Store Front Retailer License shall be limited to the hours of 9:00 a.m. through 9:00 p.m., seven days a week.
- (h) Store Front/Retail Security Requirements. All provisions incorporated within Section 9.60.230(m) of this Chapter (Security Requirements), are directly applicable to and binding on all commercial cannabis businesses, including all Store Front/Retail businesses. 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. Security personnel may be allowed to carry firearms if permitted by San Diego County Sheriff's Department and authorized by the Chief of Police.

Section 9.60.260. Additional Operating Requirements for Non-Store Front Retail Facilities.

All Store Front Retailers, Non-Store Front Retailers (delivery) and Microbusinesses which conduct deliveries into or within the City of National City shall be required to obtain a delivery permit from the City of National City in order to conduct retail sales regardless if they are located in the City or another local jurisdiction.

- (a) Operating hours of the Non-Store Front Retailer License shall be limited to the hours of 9:00 a.m. through 9:00 p.m., seven days a week.
- (b) The commercial Non-Store Front Retailer shall only sell cannabis or cannabis products to a natural person twenty-one (21) years of age or older, or a natural person eighteen (18) years of age or older who possesses a physician's recommendation for cannabis medical use only. The age and/or any necessary documentation including a valid doctor's recommendation of each medical customer shall be verified. Doctor recommendations are not to be obtained or provided at the retail location.
- (c) The commercial cannabis Non-Store Front Retailer may only have on-site that quantity of cannabis and cannabis products reasonably anticipated to meet the weekly demand for which they may need to be readily available for sale.

Section 9.60.265. Operating Requirements for Consumption Lounges.

- (a) Any consumption lounge operating within the City of National City must be contained within the premises of a state-licensed retail business or microbusiness, must be locally permitted pursuant to Section 9.60.140,

must meet the other requirements of this Chapter, and must be compliant with the following additional requirements:

- (1) Access to the area where cannabis consumption is allowed is restricted to persons twenty-one (21) years of age or older.
 - (2) Cannabis consumption is not visible from any public place or non-age-restricted area.
 - (3) Sale or consumption of alcohol or tobacco is not allowed on the premises.
 - (4) Patrons cannot bring cannabis, tobacco or alcohol or other substances into the consumption lounge – they can only consume whatever cannabis they purchase on site.
- (b) An applicant must obtain a secondary on-site consumption permit in order for cannabis to be consumed on the premises of an adult-use retail business and shall comply with the following
- (1) Cannabis consumption areas shall be well ventilated private areas of the retail establishment and are designed to prevent the flow of smoke to any other area of the establishment.
- (c) A commercial cannabis retail business with a retail lounge on its premises shall adopt procedures ensuring that its customers may only gain access to the lounge once they have purchased a product or products from the retail business.
- (d) The on-site sale of food is permitted. A Permittee shall comply with laws governing Cannabis Businesses and retail food establishments, including but not limited to the California Retail Food Code.
- (e) The owner/operator of the consumption lounge shall be responsible for maintaining dedicated and sufficient staff during operating hours to verify the identity and age of all patrons seeking admittance to the lounge. Persons under twenty-one (21) shall be denied entry without exception.
- (f) The owner/operator of the consumption lounge shall be responsible for ensuring that a state-licensed security guard is on duty during operating hours.
- (g) The City Manager or his/or designee shall establish conditions for approval for each onsite consumption permit including but not limited to a parking plan, ventilation plan, anti-drugged driving plan, design plan, and set hours

of operation. Set hours of operation may only be adjusted by submitting a written request to and obtaining approval from city.

- (h) Cannabis consumption areas shall only provide cannabis to an individual in an amount consistent with personal possession and use limits allowed by the state.

Section 9.60.270. In-City Delivery Vehicle Requirements.

Prior to commencing delivery operations, any locally permitted cannabis retail operation shall provide the following information to the City of National City:

- (a) Proof of ownership of the vehicle or a valid lease for 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 all vehicles that will be used to deliver cannabis goods.
- (c) Proof of insurance as required in Section 9.60.210(b) for any and all vehicles being used to deliver cannabis goods.
- (d) The licensee shall provide the City with any changes to the information required by this section in writing within thirty (30) calendar days.

Section 9.60.275. Out-of-City Delivery Vehicle Requirements.

Prior to commencing operations, a cannabis out of City of National 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 or their designee, with evidence of a valid state license for a commercial 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 or their designee, 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.

Section 9.60.280. Additional Operating Requirements for a Cultivation Facility Operation.

- (a) Outdoor Commercial Cultivation is prohibited.
- (b) In no case, shall cannabis plants be visible from a public or private road, sidewalk, park or any common public viewing area.
- (c) Cannabis cultivation shall be conducted in accordance with state and local laws related to land conversion, grading, electricity, water usage, water quality, woodland and riparian habitat protection, agricultural discharges, and similar matters.
- (d) Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage or inadvertent damage from pests, rodents or other wildlife.
- (e) The cultivation of cannabis shall at all times be operated in such a way as to ensure the health, safety, and welfare of the public, the employees working at the commercial cannabis business, visitors to the area, neighboring properties, and the end users of the cannabis being cultivated, to protect the environment from harm to streams, fish, and wildlife; to ensure the security of the cannabis being cultivated; and to safeguard against the diversion of cannabis.
- (f) All applicants for a cannabis cultivation permit shall submit to the following in addition to the information generally otherwise required for a commercial cannabis business:
 - (1) A cultivation and operations plan that meets or exceeds minimum legal standards for water usage, conservation and use; drainage, runoff, and erosion control; watershed and habitat protection; and proper storage of fertilizers, pesticides, and other regulated products to be used on the parcel, and a description of the cultivation activities and schedule of activities during each month of growing and harvesting, or explanation of growth cycles and anticipated harvesting schedules for all-season harvesting.
 - (2) A description of a legal water source, irrigation plan, and projected water use.
 - (3) Identification of the source of electrical power and plan for compliance with applicable Building Codes and related codes.

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

Section 9.60.290. Additional Operating Requirements for Distributors.

- (a) A distributor shall not store non-cannabis goods or non-cannabis accessories that are to be sold to another party on any licensed premises. Additionally, a distributor shall not distribute non-cannabis goods or non-cannabis accessories at a licensed premise. For the purposes of this section, non-cannabis goods are any goods that do not meet the definition of cannabis goods as defined in Title 16, Section 5000(c) of the California Code of Regulations.
- (b) After taking physical possession of a cannabis goods batch, the distributor shall contact a testing laboratory and arrange for a laboratory employee to come to the distributor's licensed premises to select a representative sample for laboratory testing.
- (c) A distributor shall ensure that all cannabis goods are stored separately and distinctly from other cannabis goods on the distributor's premises.
- (d) The distributor shall ensure that the batch size from which the sample is taken meets the requirements of state law, specifically the testing provisions within the California Code of Regulations.
- (e) A distributor or an employee of the distributor shall be physically present to observe the laboratory employee obtain the sample of cannabis goods for testing and shall ensure that the increments are taken from throughout the batch. The sampling shall be video-recorded, and the recording kept available to state and local authorities for a minimum of one hundred eighty (180) days, pursuant to Title 16, Section 5305 of the California Code of Regulations.
- (f) A distributor shall not transport cannabis or cannabis products to a licensed retail facility until and unless it has verified that the cannabis or cannabis products have been tested and certified by a testing lab as being in compliance with state health and safety requirements pursuant to Title 16, Sections 5705, 5710 and 5714 of the California Code of Regulations.

Section 9.60.300. Additional 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.

Section 9.60.310. Additional Operating Requirements for Cannabis Manufacturing: Edibles and Other Cannabis Products; Sale or Distribution of Edible and Other Cannabis Products.

Cannabis manufacturing shall only be permitted pursuant to state law, this chapter and or any subsequently created manufacturing state license as defined in MAUCRSA, and may be permitted to operate only within those zone districts as defined in Section 9.60.070 of this Chapter and Section 18.20.020 of the City of National City Municipal Code.

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

- (a) 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.
- (b) If an extraction process uses a professional grade closed loop CO₂ gas extraction system every vessel must be certified by the manufacturer for its safe use as referenced in Section 9.60.310 (f). The CO₂ must be of at least ninety-nine percent purity.
- (c) Closed loop systems for compressed gas extraction systems must be commercially manufactured and bear a permanently affixed and visible serial number.
- (d) Certification from an engineer licensed by the State of California, or by a certified industrial hygienist, must be provided to the Community Development Department for a professional grade closed loop system used by any commercial cannabis manufacturing manufacturer to certify that the system was commercially manufactured, is safe for its intended use, and was built to codes of recognized and generally accepted good engineering practices, including but not limited to:
 - (1) The American Society of Mechanical Engineers (ASME);
 - (2) American National Standards Institute (ANSI);
 - (3) Underwriters Laboratories (UL); or
 - (4) The American Society for Testing and Materials (ASTM)

- (e) 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.
- (f) 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.
- (g) Cannabis Manufacturing Facilities may use food grade glycerin, ethanol, and propylene glycol solvents to create or refine extracts. Ethanol should be removed from the extract in a manner to recapture the solvent and ensure that it is not vented into the atmosphere.
- (h) 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.
- (i) Any person using solvents or gases in a closed looped system to create cannabis extracts must be fully trained on how to use the system, have direct access to applicable material safety data sheets and handle and store the solvents and gases safely.
- (j) Parts per million for one gram of finished extract cannot exceed state standards for any residual solvent or gas when quality assurance tested.

Section 9.60.320. Additional Operating Requirements for a Microbusiness-Cultivation Facility.

Microbusinesses shall comply with all local operating requirements under this Chapter and all requirements imposed by state law that apply to the specific activities operating under the umbrella of the individual microbusiness.

- (a) Outdoor Commercial Cultivation is prohibited.
- (b) In no case, shall cannabis plants be visible from a public or private road, sidewalk, park or any common public viewing area.
- (c) Commercial cannabis cultivation which is permitted in the City of National City shall not exceed 10,000 square feet of canopy space permitted by state law as part of a microbusiness license.
- (d) Cannabis cultivation shall be conducted in accordance with state and local laws related to land conversion, grading, electricity, water usage, water

quality, woodland and riparian habitat protection, agricultural discharges, and similar matters.

- (e) Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage or inadvertent damage from pests, rodents or other wildlife.
- (f) The cultivation of cannabis shall at all times be operated in such a way as to ensure the health, safety, and welfare of the public, the employees working at the commercial cannabis business, visitors to the area, neighboring properties, and the end users of the cannabis being cultivated, to protect the environment from harm to streams, fish, and wildlife; to ensure the security of the cannabis being cultivated; and to safeguard against the diversion of cannabis.
- (g) All applicants for a microbusiness permit which includes cannabis cultivation shall submit to the following in addition to the information generally otherwise required for a commercial cannabis business:
 - (1) A cultivation and operations plan that meets or exceeds minimum legal standards for water usage, conservation and use; drainage, runoff, and erosion control; watershed and habitat protection; and proper storage of fertilizers, pesticides, and other regulated products to be used on the parcel, and a description of the cultivation activities and schedule of activities during each month of growing and harvesting, or explanation of growth cycles and anticipated harvesting schedules for all-season harvesting.
 - (2) A description of a legal water source, irrigation plan, and projected water use.
 - (3) Identification of the source of electrical power and plan for compliance with applicable Building Codes and related codes.
 - (4) Plan for addressing odor and other public nuisances that may derive from the cultivation site.

Section 9.60.330. Permissible Delivery Locations and Customers.

All retail businesses conducting cannabis delivery operations within the City of National 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 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, i-Pad, tablet, smartphone, 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.

Section 9.60.340. Expiration of Commercial Cannabis Business Permits.

Each commercial cannabis business permit issued pursuant to this Chapter shall expire twelve (12) months after the date of its issuance. Commercial cannabis permits may be renewed as provided in Section 9.60.350.

Section 9.60.350. Renewal of Cannabis Business Permits.

- (a) An application for renewal of a commercial cannabis business permit shall be filed at least sixty (60) calendar days prior to the expiration date of the current permit.
- (b) The renewal application shall contain all the information required for new applications.
- (c) 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 of National City to administer the program created under this Chapter.
- (d) An application for renewal of a commercial cannabis business permit shall be rejected if any of the following exists:
 - (1) The application is filed less than sixty (60) days before its expiration.
 - (2) The commercial cannabis business permit is suspended or revoked at the time of the application.
 - (3) The commercial cannabis business has not been in regular and continuous operation in the four (4) months prior to the renewal application.

- (4) The commercial cannabis business has failed to conform to the requirements of this Chapter, or of any regulations adopted pursuant to this Chapter, or is in violation of any other state or local laws and regulations.
 - (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 commercial cannabis business permit.
- (e) The City Manager or their designee is authorized to make all decisions concerning the issuance of a renewal permit. In making the decision, the City Manager or their designee 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 or their designee shall be handled pursuant to Sections 9.60.380 through 9.60.400.
- (f) If a renewal application is rejected, a person may file a new application pursuant to this Chapter no sooner than one (1) year from the date of the rejection.

Section 9.60.360. Revocation or Suspension of Permits.

Commercial cannabis business permits may be revoked or suspended for any violation of any relevant law and/or any rule, regulation and/or standard adopted pursuant to this Chapter, including any amendments to those standards, or pursuant to any policy, procedure or regulation in this Chapter or in the National City Municipal Code.

Section 9.60.370. Effect of State License Suspension, Revocation, or Termination.

Suspension of a license issued by the State of California, or by any of its departments or divisions, shall immediately suspend the ability of a commercial cannabis business to operate within the City of National City, until the State of California, or its respective department or division, reinstates or reissues the State license. Should the State of California, or any of its departments or divisions, revoke or terminate the license of a commercial cannabis business, such revocation or termination shall also revoke or terminate the ability of a commercial cannabis business to operate within the City of National City. A cannabis business owner wishing to recommence operations shall re-

apply for a local 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.

Section 9.60.380. Appeals.

Unless specifically provided elsewhere to the contrary, whenever an appeal is provided for in this Chapter from a decision of the City Manager or their designee, the appeal shall be conducted as prescribed in this Chapter.

Section 9.60.390. Written Request for Appeal.

- (a) Within ten (10) calendar days after the date of a decision of the City Manager or their designee(s) to revoke, suspend or deny a permit, or to add conditions to a permit, an applicant may appeal such action by filing a written appeal with the City Clerk setting forth the reasons why the decision was not proper. Reasons shall be stated with specificity.
- (b) At the time of filing the appellant shall pay the designated appeal fee, established by resolution of the City Council.

Section 9.60.400. Appeal Hearing Process.

- (a) Upon receipt of the written appeal, the City Clerk shall schedule the matter for a hearing before a hearing officer.
- (b) The appeal shall be set within a reasonable time after the date of receipt of the written appeal, but in no event shall be set later than thirty (30) City of National City working days from the date of the receipt of the written appeal. The hearing shall be held no later than ninety (90) City of National City working days from the date of the receipt of the written appeal. The City shall notify the appellant of the time and location at least ten (10) days prior to the date of the hearing. The appellant can waive the right to have their appeal set no later than thirty (30) City of National City working days and/or held no later than ninety (90) City of National City working days from the date of the receipt of the written appeal.
- (c) At the hearing, the appellant may present any information they deem relevant to the decision appealed. The formal rules of evidence and procedure applicable in a court of law shall not apply to the hearing. The applicant may have the assistance of counsel or may appear by counsel.

- (d) After the City Manager or their designee has presented the statement of facts upon which the determination was made, the burden to show that the action taken by the City Manager or their designee was not based on substantial evidence, or was arbitrary, capricious, or unjustified shall be upon the appealing party.
- (e) If the applicant, or counsel representing the applicant, fails to appear at the hearing, the appeal is abandoned and the action of the City Manager or their designee is final.
- (f) The hearing officer may uphold the denial, suspension, or revocation, may allow that which has been denied, reinstate that which has been suspended or revoked, reverse or modify any other decision of the City Manager or their designee that is the subject of the appeal.
- (g) If the decision of the hearing officer is to deny the appeal, then that decision shall be final and conclusive and shall constitute the exhaustion of the administrative remedy.
- (h) A copy of the written decision of the hearing officer specifying findings of fact and the reasons for the decision shall be given to the applicant or the designated representative and the City Manager or their designee within thirty (30) calendar days of the hearing. If the hearing officer determines the complexity of the case required additional time in which to render a decision, the time in which to render the decision is automatically extended another thirty (30) calendar days. Service of the decision shall govern the commencement of any period of limitation for judicial review under Code of Civil Procedure Section 1094.6 or 1084.8, whichever is applicable.

Section 9.60.420. Transfer of Cannabis Business Permit.

- (a) The owner of a cannabis business permit shall not transfer ownership or control of the permit, within the first year of obtaining said permit, to another person or entity unless and until the transferee obtains an amendment to the permit from the City Manager or their designee stating that the transferee is now the permittee. Such an amendment may be obtained only if the transferee files an application with the City Manager or their designee 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) and an acknowledgment that any labor agreements in existence at the time of transfer will be upheld by transferee.

- (b) The City Manager or their designee shall conduct a hearing to determine whether the transferee passed the background check required for permittees and meets all other requirements of this Chapter.
- (c) Commercial cannabis business permits issued through the grant of a transfer by the City Manager or their designee shall be valid for a period of one year beginning on the day the City Manager or their designee approves the transfer of the permit. Before the transferee's permit expires, the transferee shall apply for a renewal permit in the manner required by this Chapter.
- (d) Changes in ownership of a permittee's business structure or a substantial change in the ownership of a permittee business entity (changes that result in a change of more than 25% of the original ownership), must be approved by the City Manager or their designee through the transfer process contained in this subsection (a). Failure to comply with this provision is grounds for permit revocation.
- (e) A permittee may change the form of business entity without applying to the City Manager or their designee for a transfer of permit, provided that either:
 1. The membership of the new business entity is substantially similar to original permit holder business entity (at least 25% of the membership is identical), or

Although a transfer is not required in this circumstance, the permit holder is required to notify the City Manager or their designee in writing of the change within ten (10) days of the change. Failure to comply with this provision is grounds for permit revocation.
- (f) No commercial cannabis business permit may be transferred when the City Manager or their designee has notified the permittee that the permit has been or may be suspended or revoked.
- (g) Any attempt to transfer a commercial cannabis business permit either directly or indirectly in violation of this section is hereby declared void, and such a purported transfer shall be deemed a ground for revocation of the permit.

Section 9.60.430. Change in Location; Updated Permit Application.

- (a) Any time the dispensing, cultivation, manufacturing, transportation and distribution location specified in the regulatory permit is changed, the applicant shall re-file a permit application with the City Manager or their

designee(s) containing the updated information. The process and the fees for this re-registration shall be the same as the process and fees set forth for registration in Sections 9.60.420(c) and 9.60.160.

- (b) Within fifteen (15) calendar days of any other change in the information provided in the permit application form or any change in status of compliance with the provisions of this Chapter, including any change in the commercial cannabis business ownership or management members, the applicant shall file an updated permit application form with the City Manager or their designee(s) for review along with a application amendment fee, as set forth in Sections 9.60.420(c) and 9.60.160).

Section 9.60.440. Promulgation of Regulations, Standards and Other Legal Duties.

- (a) In addition to any regulations adopted by the City Council, the City Manager or their designee is authorized to establish any additional rules, regulations and standards governing the issuance, denial or renewal of commercial cannabis business permits, the ongoing operation of commercial 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 will be published on the City's website.
- (c) Regulations promulgated by the City Manager shall become effective upon date of publication. Commercial cannabis businesses shall be required to comply with all state and local laws and regulations, including but not limited to any rules, regulations or standards adopted by the City Manager or their designee.
- (d) Testing Labs, Distribution facilities, Out of City Delivery Services and Special Events shall be subject to state law and shall be subject to additional City regulations as determined from time to time as more regulations are developed under Section 9.60.020 of this Chapter and any subsequent State of California legislation regarding the same.

Section 9.60.450. Community Relations.

- (a) Each facility must provide the City Manager or designee with the name, telephone number, and email address of an on-site community relations or staff person or other representative to whom the city can provide notice if there are operating problems associated with the facility or refer members of the public who may have any concerns or complaints regarding the operation of the facility. Each facility must also provide the above information to all businesses and residences located within 100 feet of the facility.

- (b) During the first year of operation of a facility authorized under this Chapter, the owner, manager, and community relations representative from each such facility must attend a monthly meeting with the City Manager or their designee to discuss costs, benefits and other community issues arising as a result of implementation of the Certificate of Approval authorized by this Chapter. After the first year of operation, the owner, manager, and community relations representative from each such facility must meet with the City Manager or their designee when and as requested by the City Manager or their designee, with reasonable notice.

Section 9.60.460. Fees Deemed Debt to the City of National City.

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

Section 9.60.470. Responsibility for Violations.

All Responsible persons 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 of National City, whether committed by the property owner, permittee or any employee or agent of the property owner or permittee, which violations occur in or about the premises of the commercial cannabis business whether or not said violations occur within the permit holder's presence.

Section 9.60.480. Inspection and Enforcement.

- (a) The City Manager, or their designee charged with enforcing the provisions of the City of National City Municipal Code, or any provision thereof, may enter the location of a commercial cannabis business at any time, without notice, to check for compliance with all state and local laws and inspect the location of any commercial cannabis business as well as any recordings and records required to be maintained pursuant to this Chapter or under applicable provisions of State law.
- (b) It is unlawful for any responsible persons, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by a commercial cannabis business under this Chapter or under state or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by a commercial cannabis business under this Chapter or under state or local law.

- (c) The City Manager, or their designee charged with enforcing the provisions of this Chapter may enter the location of a commercial cannabis business at any time during the hours of operation and without notice to obtain samples of the cannabis to test for public safety purposes. Any samples obtained by the City of National City shall be logged, recorded, and maintained in accordance with established procedures by the City of National City's City Manager or their designee or these regulations.

Section 9.60.490. Compliance with State Regulations.

It is the stated intent of this Chapter to regulate commercial cannabis activity in the City of National City in compliance with all provisions MAUCRSA and any subsequent state legislation.

Section 9.60.500. Violations Declared a Public Nuisance.

Each and every violation of the provisions of this Chapter is hereby deemed unlawful and a public nuisance and may be enjoined civilly or administratively. In addition, and to the extent not expressly provided elsewhere in this code, it is unlawful and a misdemeanor to maintain a public nuisance.

Section 9.60.510. Each Violation a Separate Offense.

Each and every violation of this Chapter shall constitute a separate violation and shall be subject to all remedies and enforcement measures authorized by the City of National City. Additionally, as a nuisance per se, any violation of this Chapter shall be subject to injunctive relief, any permit issued pursuant to this Chapter being deemed null and void, disgorgement and payment to the City for any monies unlawfully obtained, costs of abatement, costs of investigation, attorney fees, and any other relief or remedy available at law or in equity. The City of National City may also pursue any and all remedies and actions available and applicable under state and local laws for any violations committed by the commercial cannabis business or persons related to, or associated with, the commercial cannabis activity.

Section 9.60.520. Serious Violations Grounds for Immediate Suspension of License or Permit.

The City shall retain the authority, pursuant to Chapter 1.12, to address serious violations that rise to the level of posing an imminent threat to the public health, safety or welfare of the City, by immediately suspending the commercial cannabis license or permit issued by the City with a stop order. Such action by the City may be appealed pursuant to Sections 9.60.380 to 9.60.400 of this Chapter.

Section 9.60.530. Criminal Penalties.

Each and every violation of the provisions of this Chapter may in the discretion of the District Attorney or City Attorney be prosecuted as a misdemeanor and upon conviction be subject to a fine not to exceed one thousand dollars (\$1,000) or imprisonment in the County jail for a period of not more than twelve (12) months, or by both such fine and imprisonment. Each day a violation is committed or permitted to continue shall constitute a separate offense.

Section 9.60.540. Remedies Cumulative and Not Exclusive.

- (a) The remedies provided herein are not to be construed as exclusive remedies. The City of National City is authorized to pursue any proceedings or remedies provided by law.
- (b) The City Attorney may, in addition to, or in lieu of prosecuting a criminal action hereunder, commence an action or actions, proceeding or proceedings for the abatement, removal, or enjoinder thereof, in any manner provided by law,

PASSED and ADOPTED this 4TH day of May, 2021.

Alejandra Sotelo-Solis, Mayor

ATTEST:

Luz Molina, City Clerk

APPROVED AS TO FORM:

Charles E. Bell Jr., City Attorney

CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT

MEETING DATE: November 9, 2021

AGENDA ITEM NO. 2

ITEM TITLE:

Resolution of the City Council of the City of National City setting the number of commercial cannabis licenses authorized to operate in National City. (City Manager)

PREPARED BY:

Megan Gamwell, Economic Development Specialist

PHONE: 619-336-4216

DEPARTMENT: City Manager's Office

APPROVED BY: 

EXPLANATION:

See Attachment No. 1 Staff Report.

FINANCIAL STATEMENT:

ACCOUNT NO.

APPROVED: _____ Finance

APPROVED: _____ MIS

ENVIRONMENTAL REVIEW:

n/a

ORDINANCE: INTRODUCTION: FINAL ADOPTION:

STAFF RECOMMENDATION:

Staff recommends adopting the resolution setting the number of authorized commercial cannabis licenses allowed to operate in the city to six.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

1. Staff Report
2. Resolution

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY SETTING THE NUMBER OF COMMERCIAL CANNABIS LICENES AUTHORIZED TO OPERATE IN NATIONAL CITY (CITY MANAGER)**STAFF RECOMMENDED CITY COUNCIL ACTIONS:**

1. Adopt the Resolution

NEXT STEPS IF APPROVED

- Creation and adoption of a full cost recovery of application process.
- Process applications until deemed complete.
- Negotiate development agreements and bring to City Council for approval. The development agreement will include community benefits and social equity programs.

BACKGROUND/ANALYSIS

Consistent with direction given by the City Council on September 17, 2019 and on February 18, 2020 staff recommends adopting a resolution setting the number of commercial cannabis licenses authorized to operate in National City to six. Section 9.60.080 of the National City Municipal Code creates a process in determining the maximum number of commercial cannabis businesses that may be issued permits to operate in the City of National City under each category. The number of each type of commercial cannabis business that shall be permitted to operate in the City of National City shall be established by resolution by the City Council. Each year following the City Council's initial award of permits, if any, or at any time in the City Council's discretion, the City Council may reassess the number of commercial cannabis business permits which are authorized for issuance. The City Council at its discretion, may determine that the number of commercial cannabis permits should stay the same, be expanded, or reduced.

- 2012 City Council initially prohibited cannabis as part of a land-use update.
- January 19, 2016- City Council passed a ban on cannabis cultivation.
- November 2016- Proposition 64 (Control, Regulate and Tax Adult Use of Marijuana Act) was approved by 57% of voters in California. Voting results in National City were 7,551 (50.04%) against and 7,540 (49.96%) in favor.
- June 18, 2019- City Council authorized staff to retain the services of HdL to assist with community outreach and the development of a draft cannabis ordinance, an application review process and cost recovery fees.
- September 17, 2019- HdL presented its initial findings to the City Council, after which direction was provided to staff to develop an ordinance that would allow up to three cannabis businesses through development agreements to be located in National City's Industrial Zones.
- October 16, 2019- through November 5, 2019- The City developed a survey to gather input from the community to help guide the development of its cannabis regulatory program, including community impacts to be addressed through regulations and programs to be funded through a community benefits fee.
- October 22, 2019- City staff hosted a community workshop on cannabis in the Library Community Room.
- February 18, 2020- City Council directs staff to establish a set community benefits fee rate of 5% of gross receipts for all cannabis businesses; expand the proposed number of cannabis business operations from 3 to 6 (3 remaining in the originally proposed Industrial Zones and 3 being added to the areas zoned Tourist Commercial (CT) in the Marina District west of I-5); and to include consumption lounges as an allowable business type in the ordinance.

- March 17, 2020- Cannabis ordinance scheduled for first hearing of the ordinance at City Council. Due to COVID-19 the item was pulled from the agenda.
- March 2, 2021- Cannabis ordinance is reintroduced with changes based on City Council direction and public input.
- March 15, 2021- National City Planning Commission voted to deny an amendment to sections 18.30.340 (Medical Marijuana Dispensaries) and 18.30.345 (Medical Marijuana Cultivation) of Title 18 (Zoning) of the National City Municipal Code.
- April 6, 2021 – Cannabis ordinance is brought back to City Council for adoption with amendments based off City Council direction on March 2, 2021.
- May 4, 2021 – Cannabis ordinance brought back for the third reading of the ordinance based of City Council direction given on March 2, 2021 and April 6, 2021.
- June 15, 2021- City Staff hosts a workshop on local/social equity benefits to be included in the application and a boiler plate development agreement.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (“CEQA”)

An initial review of the proposed ordinance has been conducted pursuant to the California Environmental Quality Act (California Public Resources Code §§21000, et seq., “CEQA”) and CEQA regulations (14 California Code of Regulation 15000, et seq.). The proposed ordinance and resolution would delete the existing prohibition on cannabis uses in the Municipal Code and add provisions to regulate commercial cannabis activity that: (i) will not adversely affect adjoining property as to value or precedent and will not be detrimental to the area; (ii) does not authorize any new construction or use but rather describes a process that will require vetting of environmental, land use and operational issues in connection with each application for a Certificate of Approval and is therefore not a “project” under CEQA because it establishes “general policy and procedure making” (CEQA Guidelines Sec.15378(b)(2)), and constitutes “organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment” (CEQA Guidelines 15378(b)(5)); (iii) the implementing resolution is self-mitigating insofar as it provides the means for avoiding environmental impacts, if any are identified, as part of each discretionary application and as provided in NCMC Section 18.12.040 (C) each application is subject to separate environmental review under CEQA; and (iv) issuance of ministerial permits for personal, noncommercial cultivation is categorically exempt as a Class 1 or Class 5 project insofar as, at best, the activities that are authorized would constitute a minor alteration of existing public structures involving no expansion of use, or a minor Page 8 of 146 alteration in land use limitations (see 14 CCR Sections 15031, 15305). Based on the foregoing staff has determined that this ordinance is exempt from further environmental review.

Local Coastal Program

The proposed ordinance and implementing resolution do not amend the City’s certified Local Coastal Program (LCP). The ordinance provides licensing and health and safety regulations for cannabis uses under Title 9 of the NCMC. Zoning and development standards of NCMC Title 18 are not changed except for partial repeal of the prohibition on cannabis uses under Chapter 18.30 of Division 3, which chapter is not part of the LCP. Similarly, the proposed implementing resolution is declarative of existing zoning and does not alter the City’s zoning map, development standards or the LCP. Accordingly, no LCP amendment or other Coastal Commission approval is required for the ordinance and resolution

RESOLUTION NO. 2021 -

**RESOLUTION OF CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA,
SETTING THE NUMBER OF COMMERCIAL CANNABIS LICENSES AUTHORIZED TO
OPERATE IN THE CITY OF NATIONAL CITY**

WHEREAS, Section 9.60.080 of the National City Municipal Code creates a process in determining the maximum number of commercial cannabis businesses that may be issued permits to operate in the City of National City ("City") under each category; and

WHEREAS, the number of each type of commercial cannabis business that shall be permitted to operate in the City shall be established by Resolution by the City Council; and

WHEREAS, consistent with the direction given by the City Council on September 17, 2019, and on February 18, 2020, City staff recommends adopting a resolution setting the number of commercial cannabis licenses authorized to operate in the City to six (6).

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1: Sets the number of authorized commercial cannabis licenses allowed to operate in the City of National City to six (6).

Section 2. The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED and ADOPTED this 9th day of November, 2021.

Alejandra Sotelo-Solis, Mayor

ATTEST:

Luz Molina, City Clerk

APPROVED AS TO FORM:

Charles E. Bell Jr., City Attorney