



CITY OF PETALUMA
INVITATION TO APPLY FOR
RETAIL CANNABIS SALES ANNUAL LICENSE
SEPTEMBER 20, 2024

The City of Petaluma invites applications from experienced cannabis retailers to operate a safe, secure, and viable retail store front business selling cannabis in Petaluma. To apply, please submit all required, completed application materials by email to Ingrid Alverde, Director of Economic Development & Open Government, on or before **November 7, 2024**, at econdev@cityofpetaluma.org. Written questions regarding this invitation must be submitted to econdev@cityofpetaluma.org by 5:00 p.m., October 10, 2024, in order to receive a response from the City. The City will share all questions received and answers provided publicly for anyone to review.

Applications in response to this invitation are the first step of a two-step process to become licensed to open and operate a store front cannabis retail establishment in Petaluma. Once up to three (3) eligible applicants are selected in accordance with the criteria and procedures specified in this invitation and attachments, each selected eligible applicant will have up to six (6) months for applicant interviews, submission of site plan and security information, and site plan and site review to secure a Retail Cannabis Sales Annual License issued by the City's Community Development Department.

Responses to this invitation must include a completed Acknowledgement Form (**Attachment 1**), complete responses to all of the invitation questions (**Attachment 2**), and payment of the applicable administrative fees. Additional attachments for applicant information and review include:

Attachment 3 – Scoring Criteria

Attachment 4 – Petaluma Municipal Code Cannabis Regulations

Attachment 5 - Petaluma Commercial Cannabis Business Administrative Regulations

Attachment 6 - Petaluma Commercial Cannabis Security Standards

Applicants must pay the following administrative fees to reimburse the City's costs of application review and license issuance:

- Application initial review fee - \$2,563.
- Selected eligible applicants must pay a license review fee by depositing \$2,563 with the City to reimburse the City for its time and material costs of reviewing site and security plans of selected eligible applicants. If site plan review costs exceed \$2,563, eligible applicants must deposit additional funds to reimburse the City's additional costs. Any deposited funds remaining after the City completes site plan review will be returned to the applicant.
- Retail Cannabis Sales Annual Licenses must be annually renewed. Renewals are subject to a License Renewal Administrative Fee of \$2,500.



CITY OF PETALUMA
RETAIL CANNABIS SALES ANNUAL LICENSE APPLICATION
ATTACHMENT 1 – INVITATION TERMS AND ACCEPTANCE AND
ACKNOWLEDGEMENT FORM

- 1. All Information True** – By submitting an application in response to this invitation, applicants represent and warrant under penalty of perjury in accordance with California law that all information included in the application is true, correct, and complete. Applicants who provide false, misleading or incomplete information, whether intentionally or not, in any application materials submitted to the City in response to this invitation may, in the City’s sole discretion, be deemed ineligible for further consideration and/or issuance of a license. Application information determined to be false, misleading, or incomplete after an applicant is determined to be eligible for a license or after a license is issued will in and of itself be sufficient grounds for that applicant becoming ineligible for a license or for the denial or cancellation of a license.
- 2. Non-Conforming Application** – Applications must be prepared and submitted in accordance with all applicable provisions of these application instructions and specifications. Any alteration, omission, addition, variance, condition or limitations included in an application is sufficient grounds for rejection of the application without further review or consideration, in the sole discretion of the City.
- 3. Interviews** – After the initial evaluation of written applications, applicants will be notified of their license eligibility. Applicants should expect and anticipate subsequent interviews which will typically focus not only on the applicant’s business plan but also on the qualifications of the owners, managers, and other employees who would be directly involved in the operation of the business.
- 4. Inquiries** – Written questions regarding this invitation must be submitted by 5:00 p.m., October 10, 2024, in order to receive a response from the City. To help ensure a fair and transparent process, no oral questions or inquiries will receive a response, and all written inquiries and the City’s responses will be made available to all interested persons. The City may publish a subsequent invitation amendment or addendum. Applicants may be required to acknowledge receipt of any invitation amendments or addenda in their applications.
- 5. Cost of Applications** – Applicants will be solely responsible for any and all costs of responding to this invitation, and the City will have no responsibility whatsoever for costs or liability incurred by anyone in the preparation or submission of an application in response to this invitation.

6. **No Offer to Contract; No City Obligation** – This invitation is not and may not be construed as an offer to contract, or as creating any entitlement in any applicant whatsoever, or as creating in the City an obligation of any kind, including, but not limited to, an obligation to issue a license to any applicant. The City reserves the right, but not the obligation, in its sole discretion, to: (1) evaluate the applications submitted; (2) waive any irregularities therein; (3) select applicants for submission of more detailed or alternate applications; (4) accept any application or portion of an application; (5) reject any or all applications; or (6) cancel or modify the invitation for applications process in whole or in part.

7. **Background Check Authorization and Waiver** – By submitting an application each applicant authorizes the City to obtain and review a criminal background check for each of the principals or owners involved with the application, and each manager and other employee of the applicant that will be involved with the proposed Petaluma retail sales location, and to take the results of such background check into account in determining eligibility of applicants to apply for and be awarded a license as a storefront cannabis retailer in Petaluma, to the full extent permitted by applicable law. By submitting an application applicants waive on behalf of the applicant, applicant principals and employees, and anyone who may claim by or through them any and all claims based on or arising from background checks and their lawful use in consideration of applications submitted in response to this invitation.

8. **Final Decision** – The City’s decision regarding the selection or non-selection of any or all applicants is final and will be made in the City’s sole discretion.

The undersigned, by submitting this application, acknowledges on behalf of the applicant organization receipt of the City’s Invitation for Retail Cannabis Sales Annual License Applications, dated September 20, 2024, and any amendments or addenda thereto that are listed below, and represents under penalty of perjury in accordance with California law that the undersigned has thoroughly reviewed all invitation materials and has submitted an application subject to and in accordance with the invitation materials. In addition, by submitting this application, the undersigned acknowledges on behalf of the applicant organization that no applicant submitting an application is entitled to be granted a retail Cannabis Sales License, and that the City, in its sole discretion, may reject any and all such applications in whole or in part.

Name Signature

Date Title Applicant Organization

AMENDMENTS OR ADDENDA RECEIVED:

Amendment or addendum number

Date issued:



**CITY OF PETALUMA
RETAIL CANNABIS SALES ANNUAL LICENSE
ATTACHMENT 2 - QUESTIONS**

APPLICANT BACKGROUND AND EXPERIENCE

1. Business Name, Address, Phone Number
2. Business Structure (i.e., Sole Proprietorship, Partnership, etc.)
3. Number of years in business
4. Names of all principals (owners or anyone with an equity interest) in business
5. Primary Contact
6. Secretary of State Corporate Entity Type and Registration Number

ORGANIZATIONAL DESCRIPTION

1. Describe the business's philosophy and experience.
2. Describe the experience of the business's current principals and the management team that will be assigned to the Petaluma location if granted a license regarding owning / operating a retail cannabis storefront. Include:
 - a. a brief history and description of your company
 - b. an organizational chart that explains team member responsibilities
 - c. résumés for each member of the management team. If there is a change in the business principals or management team following submission of an application, applicants must promptly update the business principal and management team information accordingly and submit the updated information to the City. Failure to do so will render an application inaccurate and ineligible for award of a license.
3. Provide three (3) references, including at least one (1) from a government agency.

TRACK RECORD

1. Describe your company's track record running a cannabis or similar business.
 - a. How long have you been in business and in what locations?
 - b. Describe your business successes and or failures.
 - c. Have you received any notices of violation from a government agency? When and for what businesses or locations? If so, how have you addressed them?
 - d. Have any of your cannabis businesses failed or closed? If so, please explain.
2. Do the business, its principals, or managers give back to the community, such as by participating in or contributing to community organizations, or through other philanthropic activities? If so, please explain.

CRIMINAL BACKGROUND

As part of the initial application process, the City will conduct a criminal background check for each principal (owners or anyone with an equity interest). Prior to submitting your application, please visit the Police Department to sign a live scan service form and background application and acknowledgement form. The criminal background

investigation will include a search of both California and national criminal record databases. Fingerprints shall be required from each as part of this process.

Petaluma commercial cannabis applicants may be disqualified as a result of criminal convictions that substantially relate to the qualifications, functions, or duties of the business or profession including, but not limited, to felony convictions involving fraud, deceit, or embezzlement or a criminal conviction for the sale or provision of illegal controlled substances to a minor. Applicants are responsible for paying the cost of background checks.

Please note that if selected, other members of your team, including managers and employees, will also be subject to criminal background checks.

BUSINESS PLAN AND OPERATIONS APPLICATION

1. Provide a Business Plan that includes (at minimum):
 - a. The types of products you plan to sell and to whom you plan to sell them;
 - b. A description of your target customers, your marketing plan, and how the business will be successful.
2. Describe how you will source the products that you will sell.
3. Describe your hiring and training plan for staff.

OPERATIONS APPLICATION

1. Describe how your business will function daily.
2. Who will staff / manage the retail business?
3. How will you implement the required security measures? Include a written security policy that describes how cannabis will be procured, transported, handled, and tracked to prevent diversion.
4. Describe any community outreach you propose, including any plans to provide community education about safe cannabis use.
5. Describe the number of new jobs that will be created by your proposed business, including the proposed pay scale. Also describe any other community benefits your proposed business will provide.

RETAIL LOCATION

1. Provide proposed address and landlord approval for the proposed retail location.
2. Provide total square footage of location.

FINANCIAL INFORMATION

1. Provide a financial pro forma demonstrating how your business will be profitable. Please estimate how much sales tax will be generated from sales.
2. Provide an outline of investment needed to open and maintain the proposed business successfully.
3. Provide operating capital estimates for the first 2 years of operations.
4. How will your team finance the start-up costs of the business?
5. Describe your team's cash management system.
6. Provide a financial statement indicating your team's access to sufficient funds to open the proposed business.



CITY OF PETALUMA
 RETAIL CANNABIS SALES ANNUAL LICENSE APPLICATION
 ATTACHMENT 3 – SCORING CRITERIA

CATEGORY	DESCRIPTION AND CRITERIA	POINT VALUE
<p>OPERATOR BACKGROUND <i>This category is a threshold category that is pass / fail. If an applicant meets these minimum requirements, their application will undergo the review and scoring described below. If not, the applicant will be so informed the application will be returned and receive no further review.</i></p>	<p>Applicant principals (owners), managers, and employees meet criminal background requirements and have experience successfully operating a cannabis business.</p> <p>The proposed retail cannabis sales location is located on property where on-site retail cannabis sales are a permitted use.</p> <p>Satisfactory proof of property owner or landlord approval (e.g., letter of intent) regarding the proposed location of the retail cannabis sales establishment is included with the application.</p>	<p>PASS / FAIL</p>
<p>PROPOSED BUSINESS MODEL / PLAN</p>	<p>Proposed business model is complete and viable, meets all requirements specified in the Petaluma Commercial Cannabis Regulations, and provides for quality employment including benefits for employees.</p>	<p>Up to 25 points</p>
<p>FINANCIAL STRENGTH</p>	<p>Business is sufficiently funded to support the proposed business model / plan. Applicant has track record of operating successful business (es).</p>	<p>Up to 25 points</p>
<p>SECURITY PLAN</p>	<p>Application establishes ability, willingness, and adequate plans and preparation to adhere to all Security Requirements.</p>	<p>Up to 25 points</p>
<p>REFERENCES</p>	<p>Applicant references are favorable regarding factors listed above and also the history of regulatory compliance, safety, and general impact of the applicant’s cannabis establishment(s) in other communities.</p>	<p>Up to 25 points</p>
<p>TOTAL</p>	<p>Total possible points</p>	<p>100 points</p>



CITY OF PETALUMA
RETAIL CANNABIS SALES ANNUAL LICENSE APPLICATION
ATTACHMENT 4 – PETALUMA MUNICIPAL CODE
CANNABIS REGULATIONS

City Ordinance 2891 establishes the requirements for operating a cannabis establishment, including a cannabis retail sales establishment, within the Petaluma city limits.

The following seven (7) pages are a copy of Ordinance 2891, which was adopted by City Council on June 17, 2024.

This Ordinance is codified in Chapter 6.10 – Cannabis of the City’s municipal code, which can be viewed online at <https://petaluma.municipal.codes/Code/6.10.030>.



CITY OF PETALUMA
RETAIL CANNABIS SALES ANNUAL LICENSE APPLICATION
ATTACHMENT 5 – PETALUMA COMMERCIAL CANNABIS
BUSINESS ADMINISTRATIVE REGULATIONS

The following seven (7) pages list the regulations for operating a cannabis business within the Petaluma city limits.



CITY OF PETALUMA
RETAIL CANNABIS SALES ANNUAL LICENSE APPLICATION
ATTACHMENT 6 –
PETALUMA COMMERCIAL CANNABIS SECURITY STANDARDS

Retail and Commercial Cannabis Establishment Permit holders shall comply with the following security measures, in accordance with California cannabis regulations:

SAFETY AND SECURITY PLAN

A safety and security plan shall be required prior to permit issuance and shall be subject to review and approval by the City Manager or their designee. All safety and security plans shall be held in a confidential file exempt from disclosure as a public record pursuant to Government Code Section 7922.000. Such plans shall include, at a minimum, information regarding implementation of these requirements. The City Manager or their designee may require that additional information be included in the plan. Commercial cannabis permittees must adhere to the requirements of the approved safety and security plan at all times the commercial cannabis permit is active

SECURITY CAMERAS AND ALARM SYSTEMS, RECORDS AND MONITORING

Security cameras shall be installed with capability to record activity on the property, including parking lots, entry points to the property, and within all buildings and structures on the property, including all entrances, exits, perimeter windows and all areas where customers and employees may have access, apart from any restroom area. Security cameras shall record 24 hours a day, seven days a week. (California Code of Regulations, Title 4, Section 15044). Additionally:

Areas where cannabis is tested, cured, manufactured, or stored shall have camera placement in the room facing the primary entry door at a height which will provide a clear unobstructed view of activity without sight blockage from lighting hoods, fixtures, or other equipment.

Cameras shall also be placed at each location where weighing, packaging, transport preparation, processing, or labeling activities occur.

At least one camera must be dedicated to record the access points to the secured surveillance recording area.

At each entrance and exit to the facility, camera coverage must enable recording of customer facial features with sufficient clarity to determine identity.

Security video shall be kept for a minimum of 90 days in a format that can be easily accessed for viewing. Video must use standard industry format to support criminal investigations. Permit holders shall be required to cooperate with all law enforcement investigations and provide video footage related to any such investigation upon request. Failure to do so could result in revocation of a cannabis permit.

Motion-sensor lighting and alarms shall be required and shall be professionally installed and monitored to ensure the safety of persons and to protect the premises from theft. (California Code of Regulations, Title 4, Section 15042).

The premises shall be equipped with an active alarm system monitored by a licensed security company (California Code of Regulations, Title 4, Section 15042).

Alarm and security video systems shall be equipped with a failure notification system that provides prompt notification to the permit holder of any prolonged security video interruption and/or failure of the system.

The permit holder shall notify the Petaluma Police Department within twenty-four hours of a failure of the security video system. The permit holder shall restore the security video system within a time period as determined by the Police Chief or their designee.

All security video equipment, records, and recordings must be stored in a secured area that is only accessible to management staff. Permittees must keep a current list of all authorized employees who have access to the security video system and/or alarm system. (California Code of Regulations, Title 4, Section 15044).

A permittee shall maintain up-to-date and current records and existing contracts on the premises that describe the location and operation of each security alarm system, a schematic of security zones, the name of the alarm installation company, and the name of any monitoring company. Off-site monitoring and video recording storage of the premises by the licensee or an independent third party is authorized if standards exercised at the remote location meet or exceed all standards for on-site monitoring. (California Code of Regulations, Title 4, Section 15044).

Upon City authorization and direction and in accordance with applicable City standards permittees shall integrate their video security systems with city video systems to provide real-time access to law enforcement agencies for monitoring and response.

All security measures installed on site shall have the capability to remain fully operational during a sustained power outage.

PHYSICAL SECURITY MEASURES

All entry points, including doors and windows, shall be equipped with commercial-grade non-residential locks to prevent unauthorized access (California Code of Regulations, Title 4, Section 15042).

Exterior doors must be reinforced and have a reinforced frame to prevent forced entry.

All exterior windows and glass doors must be equipped with shatter-resistant film or laminated glass to prevent easy breakage and unauthorized entry.

Windows that are accessible from the outside (e.g., ground-level windows) must be protected with security bars or grilles. Bars and grilles must be constructed of materials that are resistant to cutting and tampering, typically heavy-duty steel. Any security bars or

grilles installed on the windows or the doors shall be installed only on the interior of the building.

Install bollards, retractable, or fixed security gates on all exterior entrances, doors and windows. These measures should be designed to withstand forced entry attempts.

CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN (CPTED)

Implement CPTED strategies such as maintaining clear lines of sight for natural surveillance, controlling access points with barriers like bollards at points of entry, and maintaining well-lit exteriors to deter criminal activities.

Landscaping should be managed to ensure clear visibility around the premises, and entry points should be reinforced with physical security measures such as bollards to prevent unauthorized vehicle access (California Code of Regulations, Title 4, Section 15042).

EMERGENCY AND ACCESS CONTROL

Security measures shall be designed to ensure emergency access and egress in compliance with fire safety standards (California Code of Regulations, Title 4, Section 15042).

All structures used for retail or commercial cannabis activities shall have locking doors, with commercial-grade non-residential locks, to prevent free access (California Code of Regulations, Title 4, Section 15042).

Security measures shall prevent individuals from remaining on the premises of the retail or commercial cannabis business if they are not engaging in activities expressly related to the operations of the business (California Code of Regulations, Title 4, Section 15042).

DURESS ALARM BUTTONS

Duress alarm buttons shall be installed in all commercial cannabis use facilities with easy access by employees and all employees shall be properly trained in their use. (California Code of Regulations, Title 4, Section 15042).

TRANSPORTATION AND STORAGE

Security measures shall include a transportation plan that details the procedures established for the safe and secure transport of cannabis, cannabis products, and currency to and from the business (California Code of Regulations, Title 4, Section 15044).

Except for products on display for sale at retail dispensaries during hours when the business is open to the public, all cannabis and cannabis products shall be stored in a secured and locked room, safe, or vault that meets approval of the Petaluma Police Department. To the fullest extent possible, all cannabis and cannabis products shall be kept in a manner that prevents theft and loss, except for limited amounts used for the purposes of display or immediate sales. (California Code of Regulations, Title 4, Section 15041).

All currency shall be stored in a secure area with restricted access, such as a vault or safe, meeting the specifications required by state regulations (California Code of Regulations, Title 4, Section 15041).

POINT OF SALE SECURITY

The point of sale (POS) system shall be equipped with security measures to prevent unauthorized access and ensure the integrity of transactions. This includes the use of secure login credentials, encryption of transaction data, and regular audits of POS activity (California Code of Regulations, Title 4, Section 15044).

At each point-of-sale location, camera coverage must enable recording of the customer(s) and employee(s) facial features with sufficient clarity to determine identity (California Code of Regulations, Title 4, Section 15044).

ON-SITE SECURITY PERSONNEL

On-site security personnel shall be present during business hours to ensure the safety and security of the premises. Security personnel must be licensed and trained in accordance with state regulations and must maintain a visible presence at all entry and exit points (California Code of Regulations, Title 4, Section 15042).

Security personnel hired by the permittee shall be subject to prior review and approval of the chief of police or their designee.

EMPLOYEES

All employees of a commercial cannabis use must be twenty-one years of age or older.

Each commercial cannabis use shall maintain on site a current register of all the employees currently employed by the commercial cannabis use and shall produce such register to the chief of police, designee, or any other City official authorized to enforce the Petaluma Municipal Code for purposes of determining compliance with these requirements.

IDENTIFICATION CHECKS

All customers must present valid government-issued identification before entering the retail area to verify age and identity. Adult-use customers must be 21 years of age or older, and medicinal patients must be 18 years of age or older with a valid physician's recommendation (California Code of Regulations, Title 4, Section 15042).

Acceptable forms of identification include a driver's license, state identification card, passport, or military ID.

PRODUCT AND PRODUCTION TRACKING

Permittees shall comply with any track and trace program established by the City or by County or State agencies. Permittees must maintain records tracking all cannabis production and products and shall make all records related to the commercial cannabis use available to the City upon request. The City Manager or their designee may require permittees to comply with a County track and trace system if appropriate.

PROHIBITED ITEMS

Weapons, firearms, or replica firearms are prohibited on the property (except weapons and firearms possessed by on-duty law enforcement officers.)

LIAISON WITH POLICE DEPARTMENT AND POLICE NOTIFICATIONS

Each retail and commercial cannabis business shall identify a liaison and their contact information to the local police department who shall be reasonably available to meet with the Chief of Police or designee(s) regarding security measures and operational issues (California Code of Regulations, Title 4, Section 15044).

Permittees shall notify the Petaluma Police Department within twenty-four hours of discovering any of the following:

Significant discrepancies identified during inventory. The level of significance shall be two percent of inventory or per state regulations, whichever is stricter.

Diversion, theft, or loss, or any criminal activity involving the commercial cannabis use or any agent or employee of the permittee.

Any other breach of security.



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RETAIL CANNABIS SALES ANNUAL LICENSE APPLICATION
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Name Signature

Date Title Applicant Organization

AMENDMENTS OR ADDENDA RECEIVED:

Amendment or addendum number

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**CITY OF PETALUMA
RETAIL CANNABIS SALES ANNUAL LICENSE
ATTACHMENT 2 - QUESTIONS**

APPLICANT BACKGROUND AND EXPERIENCE

1. Business Name, Address, Phone Number
2. Business Structure (i.e., Sole Proprietorship, Partnership, etc.)
3. Number of years in business
4. Names of all principals (owners or anyone with an equity interest) in business
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ORGANIZATIONAL DESCRIPTION

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1. Provide a Business Plan that includes (at minimum):
 - a. The types of products you plan to sell and to whom you plan to sell them;
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OPERATIONS APPLICATION

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RETAIL LOCATION

1. Provide proposed address and landlord approval for the proposed retail location.
2. Provide total square footage of location.

FINANCIAL INFORMATION

1. Provide a financial pro forma demonstrating how your business will be profitable. Please estimate how much sales tax will be generated from sales.
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CITY OF PETALUMA
RETAIL CANNABIS SALES ANNUAL LICENSE APPLICATION
ATTACHMENT 3 – SCORING CRITERIA

CATEGORY	DESCRIPTION AND CRITERIA	POINT VALUE
<p>OPERATOR BACKGROUND <i>This category is a threshold category that is pass / fail. If an applicant meets these minimum requirements, their application will undergo the review and scoring described below. If not, the applicant will be so informed the application will be returned and receive no further review.</i></p>	<p>Applicant principals (owners), managers, and employees meet criminal background requirements and have experience successfully operating a cannabis business.</p> <p>The proposed retail cannabis sales location is located on property where on-site retail cannabis sales are a permitted use.</p> <p>Satisfactory proof of property owner or landlord approval (e.g., letter of intent) regarding the proposed location of the retail cannabis sales establishment is included with the application.</p>	<p>PASS / FAIL</p>
<p>PROPOSED BUSINESS MODEL / PLAN</p>	<p>Proposed business model is complete and viable, meets all requirements specified in the Petaluma Commercial Cannabis Regulations, and provides for quality employment including benefits for employees.</p>	<p>Up to 25 points</p>
<p>FINANCIAL STRENGTH</p>	<p>Business is sufficiently funded to support the proposed business model / plan. Applicant has track record of operating successful business (es).</p>	<p>Up to 25 points</p>
<p>SECURITY PLAN</p>	<p>Application establishes ability, willingness, and adequate plans and preparation to adhere to all Security Requirements.</p>	<p>Up to 25 points</p>
<p>REFERENCES</p>	<p>Applicant references are favorable regarding factors listed above and also the history of regulatory compliance, safety, and general impact of the applicant’s cannabis establishment(s) in other communities.</p>	<p>Up to 25 points</p>
<p>TOTAL</p>	<p>Total possible points</p>	<p>100 points</p>



CITY OF PETALUMA
RETAIL CANNABIS SALES ANNUAL LICENSE APPLICATION
ATTACHMENT 4 – PETALUMA MUNICIPAL CODE
CANNABIS REGULATIONS

City Ordinance 2891 establishes the requirements for operating a cannabis establishment, including a cannabis retail sales establishment, within the Petaluma city limits.

The following seven (7) pages are a copy of Ordinance 2891, which was adopted by City Council on June 17, 2024.

This Ordinance is codified in Chapter 6.10 – Cannabis of the City’s municipal code, which can be viewed online at <https://petaluma.municipal.codes/Code/6.10.030>.

**EFFECTIVE DATE
OF ORDINANCE**

ORDINANCE NO. _____ N.C.S.

Introduced by: _____

Seconded by: _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PETALUMA AMENDING THE PETALUMA MUNICIPAL CODE TO RELOCATE THE CITY'S CANNABIS REGULATIONS TO A NEW CHAPTER 6.10 ENTITLED "CANNABIS" AND TO PERMIT ON-SITE RETAIL CANNABIS SALES IN UP TO THREE LOCATIONS IN BUSINESS PARK AND INDUSTRIAL ZONES SUBJECT TO A VALID, ANNUAL COMMERCIAL CANNABIS BUSINESS PERMIT GRANTED BY THE CITY IN ACCORDANCE WITH THE PETALUMA MUNICIPAL CODE AND REGULATIONS PROMULGATED BY THE CITY

WHEREAS, in November, 2016, California voters approved the Control, Regulate and Tax Adult Use of Marijuana Act, referred to in ballot materials as the Adult Use of Marijuana Act ("AUMA"), which established a regulatory scheme for nonmedical marijuana similar to that established for medical marijuana under the MMRSA; and

WHEREAS, following its adoption by California voters, the AUMA was codified in various provisions of state law, including in Article 2 entitled "Cannabis" in the Uniform Controlled Substances Act within the California Health and Safety Code, and in Division 10 entitled the "Medicinal and Adult-Use Cannabis Regulation and Safety Act" of the California Business and Professions Code; and

WHEREAS, as codified in the California Health and Safety Code and the California Business and Professions Code, the AUMA decriminalized for purposes of state law specified nonmedical cannabis uses pursuant to California Health and Safety Code section 11362.1, including: possession, processing, transporting, purchasing, obtaining and given away to persons 21 years old or older, without compensation, not more than 28.5 grams of non-concentrated cannabis or not more than 8 grams of concentrated cannabis, including cannabis contained in cannabis products; possessing, planting, cultivating, harvesting, drying or processing not more than six living cannabis plants and possessing the cannabis produced by the plants; smoking or ingesting cannabis or cannabis products; and possessing, transporting, purchasing, obtaining, using, manufacturing, or giving away to persons 21 years of age or older without compensation cannabis accessories; and

WHEREAS, effective January 1, 2018, California's laws regulating cannabis were substantially revised by comprehensive legislation known as the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) which established a uniform licensing regime for both medical and adult-use cannabis; and

WHEREAS, in response to enactment of the AUMA and MAUCRSA, the City Council introduced on November 13, 2017 and subsequently adopted on December 4, 2017, Ordinance No. 2634 N.C.S. repealing and replacing former Chapter 10.15 of the Petaluma Municipal Code entitled "Medical Marijuana" with a new chapter 10.15 entitled "Cannabis" extending the City's cannabis regulations to non-medical cannabis uses in the City; and

WHEREAS, as specified in section 10.15.010, the purpose of Chapter 15 is to recognize and respect the will of the California voters in approving the AUMA through adoption of less restrictive local cannabis regulations, while at the same time promoting the public health, safety and welfare of the Petaluma community

by protecting citizens from the secondary impacts associated with cannabis dispensaries and commercial activity and cannabis delivery, preventing increased demand for police response, and maintaining access of qualified patients and primary caregivers to medical cannabis and medical cannabis products; and

WHEREAS, the City’s commercial cannabis regulations impose requirements for retail and wholesale cannabis businesses, including issuance by the City of an annual commercial cannabis permit, and requirements intended to protect the health, safety and welfare of the public and to avoid significant impacts from cannabis commercial activity by: limiting the location and number of permitted commercial cannabis establishments; establishing cannabis business employee age requirements, background check requirements, requiring compliance with the City’s cannabis business application process, and requiring compliance with the City’s cannabis commercial regulations and with applicable state cannabis laws and regulations; and

WHEREAS, adoption of updated retail cannabis regulations, including permitting storefront cannabis retail sales, is identified as one of the City Council’s top priorities; and

WHEREAS, the City Council held a workshop on March 11, 2024 to discuss the timing and scope of cannabis regulation amendments, and at the workshop, the Council supported staff’s recommendation on the number and location of storefront cannabis retail uses, and directed staff to move forward with the amendments utilizing a hybrid approach, with limited amendments occurring in the near term, and comprehensive amendments to follow; and

WHEREAS, on April 15, 2024, staff updated the City Council on the estimated milestones and timelines for each City Council goal, and the Council provided direction on an updated goals and priorities workplan, including updates to the City’s commercial cannabis regulations; and

WHEREAS, direction provided at the April 15, 2024 City Council meeting reiterated prior Council direction to prepare limited amendments to the City’s cannabis regulations, both in the City’s Municipal Code and the City’s Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S. (“IZO”), to allow storefront retail cannabis sales at up to 3 locations in areas zoned Business Park and Industrial, where retail and wholesale commercial cannabis activities are permitted under the City’s existing cannabis regulations; and

WHEREAS, Section 25.010 of the IZO provides that no amendment that regulates matters listed in Government Code Section 65850 shall be made to the IZO unless the Planning Commission and City Council find the amendment to be in conformity with the City’s General Plan; and

WHEREAS, pursuant to Chapter 25 of the IZO, the City of Petaluma Planning Director may initiate an IZO amendment, and the City Council may adopt the amendment upon the recommendation of the Planning Commission; and

WHEREAS, pursuant to IZO Sections 25.010 and 25.050.B, if the Planning Commission finds proposed IZO amendments to be in conformance with the Petaluma General Plan, and consistent with the public necessity, convenience, and general welfare, it may recommend amendment of the IZO to the City Council; and

WHEREAS, on April 25, 2024, a Notice of Public Hearing to be held on May 14, 2024 was published regarding consideration by the Petaluma Planning Commission of proposed amendments to the IZO to permit on-site retail sales of cannabis and cannabis products at a maximum of up to three locations in Business Park and Industrial zones, where similar retail and service commercial uses are already permitted; and

WHEREAS, on May 14, 2024, the Planning Commission held a duly noticed public hearing to receive and consider a staff report and comments from staff and the public on proposed amendments to the City’s

zoning ordinance to permit on-site retail cannabis sales, and proposed findings in accordance with the California Environmental Quality Act (“CEQA”) concerning the proposed zoning amendments, and at the hearing all interested parties had the opportunity to be heard; and

WHEREAS, at the conclusion of the May 14, 2024 Planning Commission meeting, the Commission adopted a resolution recommending that the City Council adopt the text amendments contained in Exhibit A to the resolution to modify the IZO, Chapter 4, Section 4.030 – Allowable Land Uses and Permit Requirements and Chapter 28 – Glossary, and find the zoning amendments to be exempt from CEQA; and

WHEREAS, the proposed IZO amendments contained in Exhibit A to resolution adopted by the Planning Commission, if adopted by the City Council, would permit on-site commercial cannabis retail sales businesses in Business Park and Industrial zones only, where similar retail and service commercial uses are already permitted, and limit the number of storefront cannabis retail uses that can operate within the City to a maximum of three different locations subject to the development standards and all other applicable requirements set forth in the base zoning districts; and

WHEREAS, the Environmental Impact Report (“EIR”) for the City’s General Plan 2025 (“General Plan”), State Clearinghouse No. 2004082065, was certified in May, 2008, and evaluated possible environmental impacts associated with the implementation of the General Plan pursuant to CEQA and the CEQA Guidelines through 2025 to land use, transportation, parks and recreation, public services, public utilities and energy, hydrology, geology, seismicity and soils, biological resources, noise, air quality, visual resources, cultural resources, and hazardous material, and proposed feasible mitigation measures to reduce or eliminate potentially significant impacts or effects; and

WHEREAS, pursuant to CEQA Guidelines Sections 15061(b)(3) (General Rule), CEQA applies only to projects which have the potential to result in a significant effect on the environment, and where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA review, and there is no possibility that the proposed amendments to the City’s cannabis regulations pursuant to this ordinance will result in a significant effect on the environment, because this ordinance merely establishes regulations governing storefront retail cannabis uses, and no cannabis businesses will be approved to operate as part of this action, and as a result, there is no possibility that the adoption of this ordinance may have a significant effect on the environment as future storefront retail cannabis businesses will be limited to a maximum of three for the entire city, and will be located on developed properties where similar retail and service commercial uses are already operating or permitted to operate, and accordingly, this ordinance is eligible for exemption pursuant to CEQA Guidelines Section 15061(b)(3); and

WHEREAS, pursuant to 15183 (Projects Consistent with a Community Plan or Zoning) of the CEQA Guidelines, projects that are consistent with the development density established by existing zoning, community plan, or general plan policies for which an EIR was certified shall not require additional environmental review, except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site, and the proposed amendments to the city’s cannabis regulations pursuant to this ordinance will allow operation of storefront retail cannabis uses which are similar to retail and service commercial uses that are already permitted to operate within areas designated as Business Park and Industrial in the City’s General Plan, and because this ordinance will permit operation of a limited number of storefront cannabis retail establishments that are of a similar nature to retail and service commercial uses that are already permitted to operate, adoption and implementation of the this ordinance will not result in new or more severe impacts previously analyzed and disclosed in the General Plan EIR; and

WHEREAS, pursuant to Sections 15301, 15302, and 15303 of the CEQA Guidelines, this ordinance is categorically exempt from CEQA because the amendments to the City’s cannabis regulations pursuant to this ordinance will allow commercial cannabis businesses with a City of Petaluma issued Commercial Cannabis Permit to: 1) re-tenant existing commercial and industrial facilities designed to support such uses; 2) replace, modify or otherwise reconstruct existing commercial and industrial facilities with a new structure of substantially the same size, purpose and capacity; and/or 3) construct new small structures including fences, gates, greenhouses, and small scale commercial and industrial facilities, and none of the exceptions to the use of categorical exemptions apply because (a) the locations in the City where commercial cannabis activity is permitted are not areas where it may impact an environmental resource of hazardous or critical concern; (b) and the amendments pursuant to this ordinance will not result in cumulative impacts; (c) and do not involve an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances; (d) and will not result in damage to scenic resources within a highway officially designated as a state scenic highway; (e) the locations in the City where commercial cannabis activity is permitted are not hazardous waste sites pursuant to Section 65962.5 of the Government Code, and (f) the amendments pursuant to this ordinance will not result in a substantial adverse change in the significance of a historical resource; and therefore, because none of the exceptions to the exemptions in CEQA Guidelines sections 15301, 15302 and 15303 apply, this ordinance qualifies for application of the Class 1, 2, and 3 categorical exemptions; and

WHEREAS, on June 7, 2024, and again on June 14, 2024, a Notice of Public Hearing to be held on June 17, 2024, was published regarding consideration by the City Council of proposed amendments to provisions in the City’s Implementing Zoning Ordinance, Ordinance 2300 N.C.S., to permit on-site retail sales of cannabis and cannabis products at a maximum of up to three locations in Business Park and Industrial zones, where similar retail and service commercial uses are already permitted; and

WHEREAS, on June 17, 2024, the City Council held a duly noticed public hearing to receive and consider proposed amendments to provisions in the IZO, Ordinance 2300 N.C.S., to permit on-site retail sales of cannabis and cannabis products at a maximum of up to three locations in Business Park and Industrial zones, where similar retail and service commercial uses are already permitted, and this ordinance to adopt corresponding amendments to the City’s cannabis regulations in the Petaluma Municipal Code to relocate the City’s cannabis regulations to a new Chapter 6.10 entitled “Cannabis,” and to permit on-site retail cannabis sales in up to three locations in zones specified in the IZO, subject to a valid, annual commercial cannabis business permit granted by the City, and to consider as well the accompanying staff report and comments from staff and the public.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Petaluma, as follows:

Section 1. Findings. The City Council of the City of Petaluma hereby finds as follows:

- A. The above recitals are hereby declared to be true and correct and are incorporated into this ordinance as findings of the City Council.
- B. California Environmental Quality Act Findings: This ordinance is statutorily and categorically exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Sections 15061(b)(3), 15183, 15301, 15302, and 15303, and based on the findings contained in the above recitals concerning CEQA. Therefore, this ordinance is not subject to further environmental review.

Section 2. Chapter 10.15 Relocated and Renumbered. Chapter 10.15 entitled “Cannabis” in the Petaluma Municipal Code is hereby relocated and renumbered as a new Chapter 6.10 in Title 6 entitled “Business Regulations and License” of the Petaluma Municipal Code. The sections of former Chapter 10.15 are hereby renumbered as follows:

Former Chapter 10.15 “Cannabis”		Relocated Chapter 6.10 “Cannabis”	
Section 10.15.010	Purpose	6.10.010	Purpose
Section 10.15.020	Definitions	6.10.020	Definitions
Section 10.15.030	Prohibition of Dispensaries	6.10.030	Prohibition of Dispensaries
Section 10.15.040	Commercial Cannabis Activity	6.10.040	Commercial Cannabis Activity
Section 10.15.050	Cannabis Cultivation	6.10.050	Cannabis Cultivation
Section 10.15.060	Cannabis Delivery	6.10.060	Cannabis Delivery
Section 10.15.070	Cannabis Entitlements	6.10.070	Cannabis Entitlements
Section 10.15.080	Medical Cannabis	6.10.080	Medical Cannabis
Section 10.15.090	Regulations	6.10.090	Regulations
Section 10.15.100	Prohibited Cannabis Activities A Public Nuisance	6.10.100	Prohibited Cannabis Activities A Public Nuisance

Section references within the relocated Chapter 6.10 to that same chapter are hereby amended and renumbered accordingly.

Section 3. Renumbered Chapter 6.10 entitled “Cannabis” Amended. Former Chapter 10.15 of the Petaluma Municipal Code entitled “Cannabis” relocated and renumbered as Chapter 6.10 of the Petaluma Municipal Code pursuant to this ordinance is hereby amended in accordance with the following:

A. Renumbered Section 6.10.010. The first paragraph in renumbered Section 6.10.010 is hereby amended to read as follows:

The purpose of this chapter is to recognize and respect the will of the California voters in approving, in November 2016, Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act, referred to as the Adult Use of Marijuana Act ("AUMA"), which legalized, subject to certain restrictions, specified nonmedical cannabis uses for purposes of state law, through adoption of less restrictive local cannabis regulations, including regulations permitting: manufacturing and wholesale sale of topical and edible cannabis products; cannabis testing laboratories; retail delivery of cannabis and cannabis products; and on-site retail sale of cannabis and cannabis products, subject to and in accordance with a valid permit issued by an authorized city official and all applicable state and local laws and regulations, including regulations promulgated pursuant to this chapter. It is also the purpose of this chapter to promote the public health, safety and welfare of the Petaluma community by:

B. Renumbered Section 6.10 040.

Paragraph A of renumbered Section 6.10.040 is hereby amended to read as follows:

A. It is unlawful for any person to engage in, conduct, or carry on, or to permit to be engaged in, conducted or carried on, in the city of Petaluma, commercial cannabis activity, other than the commercial cannabis activity specified in subsections B through E of this section. The exceptions in subsections B through E of this section shall only apply: (1)

while and to the extent the activity is conducted pursuant to and in accordance with a current, valid, unexpired, unrevoked, fully paid license, permit, or other authorization or notice issued by an authorized city official, and pursuant to and in accordance with all other applicable state and local laws and regulations, including, but not limited to, the regulations adopted or promulgated pursuant to Section [6.10.090](#); and (2) to commercial cannabis activity conducted in areas of the city where such uses are permitted in accordance with the city's zoning regulations;

Paragraph D of renumbered Section 6.10.040 is hereby amended to read as follows:

D. Retail sale of cannabis and cannabis products using a delivery-only method in accordance with Section [6.10.060](#), at a maximum of two different locations in the city, with no sale of cannabis or cannabis products to customers, primary caregivers or qualified patients occurring at the business location, no customers, primary caregivers or qualified patients permitted at the business location at any time, and no signage at the business location or on the delivery vehicles indicating the presence of cannabis or cannabis products or that the seller sells cannabis or cannabis products. Retail sale of cannabis and cannabis products by delivery may also occur at a location where on-site retail sales of cannabis and cannabis products is permitted in accordance with paragraph E of this section. The prohibition in this paragraph against signage at cannabis retail delivery business locations shall not apply to such business locations where on-site retail sales of cannabis and cannabis products is permitted in accordance with paragraph E of this section. Any business locations where retail sale of cannabis and cannabis products by delivery and also by on-site sales are permitted in accordance with this paragraph and paragraph E of this section shall count toward the maximum number of permitted cannabis retail delivery sales locations and the maximum number of permitted cannabis retail on-site sales locations.

A new paragraph E is hereby added to renumbered Section 6.10.040 to read as follows:

E. Retail sale of cannabis and cannabis products at a maximum of three different locations in the city to customers, primary caregivers and qualified patients occurring on site at the business location.

C. Renumbered Section 6.10.080.

Renumbered Section 6.10.080 is hereby amended to read as follows:

6.10.080 Medical cannabis.

No provision of this chapter is to be construed as prohibiting qualified patients and primary caregivers in the city of Petaluma from cultivating medical cannabis, or as prohibiting sale or delivery of medical cannabis or medical cannabis products to qualified patients or primary caregivers in the city of Petaluma, in accordance with all applicable state laws and regulations, and in accordance with all local laws and regulations, including the requirements of this chapter and any regulations promulgated hereunder that are not in conflict with applicable state laws or regulations.

Section 4. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance is for any reason held to be unconstitutional, unlawful or otherwise invalid by a court of competent jurisdiction or preempted by state legislation, such decision or legislation shall not affect the validity of the remaining portions

f this ordinance. The City Council of the City of Petaluma hereby declares that it would have passed and adopted this ordinance and each and all provisions thereof irrespective of the fact that any one or more of said provisions be declared unconstitutional, unlawful, or otherwise invalid.

Section 5. Effective Date. This ordinance shall become effective thirty (30) days after the date of its adoption by the Petaluma City Council.

Section 6 . Posting/Publishing of Notice. The City Clerk is hereby directed to publish or post this ordinance or a synopsis for the period and in a manner provided by the City Charter and other applicable law.

INTRODUCED and ordered published and posted this 17th day of June, 2024.

Ayes:
Noes:
Abstain:
Absent:

ADOPTED this _____ day of _____ by the following vote:

Ayes:
Noes:
Abstain:
Absent:

Kevin McDonnel, Mayor

ATTEST:

APPROVED AS TO FORM:

Caitlin Corley, CMC, City Clerk

Eric Danly, City Attorney



CITY OF PETALUMA
RETAIL CANNABIS SALES ANNUAL LICENSE APPLICATION
ATTACHMENT 5 – PETALUMA COMMERCIAL CANNABIS
BUSINESS ADMINISTRATIVE REGULATIONS

The following seven (7) pages list the regulations for operating a cannabis business within the Petaluma city limits.



City of Petaluma

Commercial Cannabis Permit Regulations

Dated:
June 17, 2024

Commercial Cannabis Businesses

These regulations apply to the establishment and operation of cannabis businesses within the City of Petaluma in accordance with and subject to Chapter 6.10 entitled “Cannabis” of the Petaluma Municipal Code.

- A. Purpose.** To recognize the will of the voters in approving Proposition 64 while promoting the public health, safety, and welfare through regulating specified commercial cannabis activity in the City in accordance with Petaluma Municipal Code Section 6.10.010.
- B. Permit Eligibility.** The following commercial cannabis activities are eligible for issuance of a City permit, so long as the activity is conducted in areas of the City where the use is permitted in accordance with the City’s zoning regulations, as required by Section 6.10.040(A)(2) of the Petaluma Municipal Code:
 - 1. Manufacturing.** In accordance with Petaluma Municipal Code section 6.10.040(B), commercial cannabis permits may be issued to businesses that manufacture and sell topical or edible cannabis products using cannabis infusions, infusion processes, or cannabis concentrates only business to business (non-retail). Manufacture of cannabis products involving volatile solvents, and repackaging cannabis or cannabis products or re-labeling cannabis or cannabis product containers are not authorized commercial cannabis activities under Chapter 6.10 of the Petaluma Municipal Code and are not eligible for issuance of a City permit.
 - 2. Testing.** In accordance with Petaluma Municipal Code section 6.10.040(C), commercial cannabis permits may be issued to laboratories, facilities or entities that offer or perform testing of cannabis or cannabis products. To be eligible for issuance of a City permit, testing businesses must be:
 - a)** Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state; and
 - b)** Licensed by the state Bureau of Cannabis Control.
 - 3. Delivery-Only Dispensary / Retailer.**

In accordance with Section 6.10.040(D) of the Petaluma Municipal Code, the following retail cannabis sales activity is eligible for issuance of a City permit:

 - a)** A total of up to two (2) delivery-only cannabis dispensary permits may be issued to businesses in the City that sell cannabis and cannabis products using a delivery-only method in accordance with section 6.10.060 of the Petaluma Municipal Code

- b) The City delivery only dispensary / retailer permits will be issued using a request for proposal process.

In accordance with Petaluma Municipal Code Section 6.10.040(D), the following are not authorized commercial cannabis activities under Chapter 6.10 of the Petaluma Code and are not eligible for issuance of a City permit:

- c) Customers, primary caregivers or qualified patients at the business location at any time; and
- d) Signage at the business location or on the delivery vehicles indicating the presence of cannabis or cannabis products or that the seller sells cannabis or cannabis products.

However, in accordance with Petaluma Municipal Code section 6.10.040(D), the prohibition against customers, primary caregivers and qualified patients at the business location and signage at the business location shall not apply to business locations where on-site retail sales of cannabis and cannabis products is also permitted in accordance with Petaluma Municipal Code Section 6.10.040(E).

4. On-site Retail Sale of Cannabis

In accordance with Petaluma Municipal Code Section 6.10.040(E), the following cannabis sales activity is eligible for issuance of a City permit:

- a. A total of up to three (3) cannabis dispensary permits may be issued to businesses in the City that sell cannabis and cannabis products onsite at the business location to customers, primary care givers or qualified patients;
- b. The City on-site dispensary / retailer permits will be issued using a request for proposal process.

C. Commercial Cannabis Business Owner and Employee Requirements.

1. All commercial cannabis business owners and employees must be 21 years of age or older.
2. Commercial cannabis business owners and/or employees applying for and/or operating under a City permit are subject to background check. Commercial cannabis permit applications may be denied, and issued commercial cannabis permits may be revoked, if the business owner and/or the business owner's employees have been convicted of an offense that substantially relates to the qualifications, functions or duties of the business that is the subject of the permit application or an issued permit. Such offenses that may disqualify an applicant or result in revocation of an issued permit include, but are not limited to, a felony conviction involving fraud, deceit, or embezzlement, and a criminal conviction for the sale or provision of illegal controlled substances to a minor.

D. Location limitations.

In accordance with Petaluma Municipal Code section 6.10.040, commercial cannabis businesses are only permitted to operate in areas of the City where commercial cannabis business uses are expressly listed as permitted uses in accordance with the City's zoning regulations.

E. Permit Application Process

- 1. Application.** Applications for a City cannabis business permit shall be submitted to the City on a form provided by the City. Applications that are not complete, including a completed City form, and any required supporting information, may be returned. Applicants should allow approximately 60 days for City permit application review.
- 2. Fee.** The fee that applies to process applications for cannabis business permits shall be set by City Council resolution. No fee payments will be prorated or refunded in the event of a permit denial or revocation. Applications that are submitted without the required fee may be returned.
- 3. Applicable Regulations.** Cannabis business permit applications are subject to the laws and regulations in effect at the time an application is submitted.
- 4. No Entitlement.** The City has no duty or obligation to issue any cannabis business permits. Issuance of cannabis business permits is not ministerial and is subject to exercise of the City's discretion. Neither Chapter 6.10 of the Petaluma Municipal Code nor these regulations create in any person or entity any entitlement or vested right to receive a cannabis business permit.
- 5. City Review.** Permit applications will be subject to the City's discretionary review. The City will determine in its sole discretion whether to issue a permit taking into account the factors listed under the Permit Denial and Revocation section, below, and any other factors deemed relevant. The City may issue cannabis business permits subject to conditions the City deems necessary or appropriate to protect the public health, safety and welfare.

F. Permit Term. Unless revoked or suspended, cannabis business permits and permit renewals shall be valid through the end of the calendar year in which they are issued and unless timely renewed will expire without further action of the City January 1 of the immediately following year.

G. Permit Renewal Process.

- 1. Application.** Cannabis business permit renewal applications shall be submitted to the City on a form provided by the City. Renewal applications that are not complete, including a completed City form, and any required supporting information, may be returned.

2. **Fee.** The fee that applies to process applications for renewing cannabis business permits shall be set by City Council resolution. Permit renewal applications that are submitted without the required fee may be returned.
3. **Renewal Application Deadline.** Renewal applications and any applicable fees and required supporting information must be submitted at least sixty (60) days before the expiration of the permit. Permits of eligible renewal applicants that do not submit timely, complete renewal applications may expire prior to issuance of a renewal permit, if a renewal permit is issued, requiring cessation of commercial cannabis business operations until the renewal permit takes effect.
4. **Failure to Apply for Renewal.** Failure to submit a completed cannabis business permit renewal application prior to the expiration date of a permit will result in the automatic expiration of the permit effective January 1 of the year immediately following the year in which the permit was issued.
5. **Applicable Regulations.** Permit renewal is subject to the laws and regulations in effect at the time a renewal application is submitted. Such laws and regulations may be substantially different from the laws and regulations in effect when a permit was issued. Renewal applications may require submittal of additional information, and compliance with updated fee and other requirements as required by the laws and regulations then in effect.
6. **No Entitlement.** The City has no obligation or duty to renew any cannabis business permits. Issuance cannabis business permits is not ministerial and is subject to exercise of the City's discretion. Neither Chapter 6.10 of the Petaluma Municipal Code nor these regulations create in any person or entity any entitlement or vested right to receive a cannabis business permit renewal.
7. **City Review.** Permit renewal requests will be subject to the City's discretionary review. The City will determine in the City's sole discretion whether to issue a renewal permit taking into account the factors listed under the Permit Denial and Revocation section, below, and any other factors the City deems relevant. The City may renew cannabis business permits subject to conditions the City deems necessary or appropriate to protect the public health, safety and welfare.

H. Permit denial and revocation.

Applications to issue or renew a cannabis business permit may be denied and existing permits may be revoked based on violations by the permit applicant or permit holder of any provision of these regulations or of the Petaluma Municipal Code, including, but not limited to, violations of Petaluma Municipal Code Chapters 1.10 and 6.10. In addition, applications to issue or renew a cannabis business permit may be denied and issued permits may be revoked based on a determination that:

1. Continuation of a cannabis business's operations presents a threat to the health, safety or welfare of the public.

2. Information contained in a cannabis business's permit application is found to be incorrect or misleading.
3. A cannabis business has failed to operate in accordance with all local and state laws or any requirements of these regulations.
4. A cannabis business owner and/or the business owner's employees have failed to comply with the commercial cannabis security requirements which are attached to and made a part of these regulations as Exhibit A.
5. A cannabis business's state license for commercial cannabis operations has been revoked, terminated, or not renewed.
6. A commercial cannabis business has not been in regular and continuous operation for three (3) consecutive months.
7. State law permitting the use for which a cannabis business's permit was issued is amended or repealed resulting in such use becoming unlawful under state law.
8. The City receives credible information that the federal government will commence enforcement measures against cannabis businesses and/or local governments that permit them.
9. The circumstances under which a cannabis business permit was issued have changed such that the public health, safety, and welfare require the suspension, revocation, or modification of the permit.
10. A cannabis business is delinquent in timely remitting applicable City taxes or fees.

I. Permit Transfer.

1. Cannabis business permits are not transferable to a location different from the location for which a permit has been issued, or to another cannabis business owner.
2. Cannabis business owners wishing to relocate to a new location in the City and prospective cannabis business owners wishing to acquire an existing, permitted cannabis business must submit new permit applications for such transfer or acquisition. New cannabis business locations and owner(s) must meet all requirements for new cannabis business permit applications.

J. Revocation Proceedings and Appeals. Cannabis business permit revocation proceedings, appeals of cannabis business permit revocations, appeals of cannabis business permit application denials, and judicial review of permit revocation and denial appeals, will be subject to and conducted in accordance with the requirements for administrative enforcement of violations of the Petaluma Municipal Code pursuant to Chapter 1.14 of the Petaluma Municipal Code.

K. Cannabis Business Operating Requirements.

- 1. State License.** In addition to complying with these regulations, all activities under City cannabis business permits that are subject to State license requirements must be conducted subject to and in accordance with all applicable state licenses. Cannabis business permit holders must also hold valid, unrevoked state licenses for all activities of the cannabis business permit holder that are subject to state license.
- 2. City Business License.** All cannabis business permits holders must also hold a valid, unrevoked City of Petaluma business license.
- 3. Hours of Operation.** Cannabis business permit holders may operate their cannabis business only between the hours of 8:00 a.m. and 8:00 p.m.
- 4. Cannabis Signage.** Except for cannabis on-site retail sales locations permitted in accordance with Petaluma Municipal Code Section 6.10.040(E), cannabis businesses may not display exterior signage or symbols that advertise the availability of cannabis or cannabis products, nor shall any such signage or symbols be displayed on the interior of the facility in such a way as to be visible from the exterior.
- 5. No Onsite Consumption.** No cannabis or cannabis products may be smoked or ingested on the premises of any cannabis business, including by owners, employees, vendors or customers. The term “premises” includes the entire cannabis business premises, including buildings, as well as any accessory structures, parking areas, or other immediate surroundings.
- 6. Cannabis Deliveries.** Cannabis deliveries may only be made by an owner or employee of the cannabis delivery business, and such owners and employee must carry with them at all times while conducting deliveries, either on their person or in their delivery vehicle, a physical copy of the City commercial cannabis business permit under which they are operating, the City business license under which they are operating, and all state cannabis licenses under which they are operating.
- 7. Employees.** All employees of commercial cannabis businesses must be at least 21 years of age and are subject to background check by local law enforcement. The City may implement a registration system whereby all commercial cannabis business owners and employees must register with the City to permit background checks as a condition of issuance or renewal of commercial cannabis business permits.
- 8. Onsite Security.** Commercial cannabis businesses must comply with the Commercial Cannabis Security Requirements attached as Exhibit A to these regulations. Commercial cannabis business permits of cannabis businesses that fail to comply with the Commercial Cannabis Security Requirements are subject to non-renewal and revocation.

L. Enforcement.

- 1. Public Nuisance.** In accordance with Petaluma Municipal Code Section 6.10.100, any violation of these regulations or of Chapter 6.10 of the Petaluma Municipal Code is a public nuisance.
- 2. Remedies.** The City may seek remedies for any violations of these regulations and/or Chapter 6.10 of the Petaluma Municipal Code pursuant to any applicable authorities, including, but not limited to those contained in Chapter 26 of the City's Implementing Zoning Ordinance and those contained in Title 1 of the Petaluma Municipal code.
- 3. Right to Access and Audit.**

As a condition of issuance of a commercial cannabis business permit and continued operations under a commercial cannabis business permit, commercial cannabis permit holders must:

- a)** Provide the City, its employees and / or agents full access to enter permitted premises to inspect business operations and cannabis and cannabis products at the business premises to ensure compliance with these regulations and Chapter 6.10 of the Petaluma Municipal Code.
- b)** Permit the City, its employees and/or agents to review and copy any materials, books, or records in the permit holder's possession to ensure compliance with these regulations and Chapter 6.10 of the Petaluma Municipal Code.

Failure or refusal to cooperate with the City inspections and audits in accordance with this section is, in the absence of any other violations of Chapter 6.10 of the Petaluma Municipal Code or of these regulations, sufficient grounds for revoking cannabis business permits.



CITY OF PETALUMA
RETAIL CANNABIS SALES ANNUAL LICENSE APPLICATION
ATTACHMENT 6 –
PETALUMA COMMERCIAL CANNABIS SECURITY STANDARDS

Retail and Commercial Cannabis Establishment Permit holders shall comply with the following security measures, in accordance with California cannabis regulations:

SAFETY AND SECURITY PLAN

A safety and security plan shall be required prior to permit issuance and shall be subject to review and approval by the City Manager or their designee. All safety and security plans shall be held in a confidential file exempt from disclosure as a public record pursuant to Government Code Section 7922.000. Such plans shall include, at a minimum, information regarding implementation of these requirements. The City Manager or their designee may require that additional information be included in the plan. Commercial cannabis permittees must adhere to the requirements of the approved safety and security plan at all times the commercial cannabis permit is active

SECURITY CAMERAS AND ALARM SYSTEMS, RECORDS AND MONITORING

Security cameras shall be installed with capability to record activity on the property, including parking lots, entry points to the property, and within all buildings and structures on the property, including all entrances, exits, perimeter windows and all areas where customers and employees may have access, apart from any restroom area. Security cameras shall record 24 hours a day, seven days a week. (California Code of Regulations, Title 4, Section 15044). Additionally:

Areas where cannabis is tested, cured, manufactured, or stored shall have camera placement in the room facing the primary entry door at a height which will provide a clear unobstructed view of activity without sight blockage from lighting hoods, fixtures, or other equipment.

Cameras shall also be placed at each location where weighing, packaging, transport preparation, processing, or labeling activities occur.

At least one camera must be dedicated to record the access points to the secured surveillance recording area.

At each entrance and exit to the facility, camera coverage must enable recording of customer facial features with sufficient clarity to determine identity.

Security video shall be kept for a minimum of 90 days in a format that can be easily accessed for viewing. Video must use standard industry format to support criminal investigations. Permit holders shall be required to cooperate with all law enforcement investigations and provide video footage related to any such investigation upon request. Failure to do so could result in revocation of a cannabis permit.

Motion-sensor lighting and alarms shall be required and shall be professionally installed and monitored to ensure the safety of persons and to protect the premises from theft. (California Code of Regulations, Title 4, Section 15042).

The premises shall be equipped with an active alarm system monitored by a licensed security company (California Code of Regulations, Title 4, Section 15042).

Alarm and security video systems shall be equipped with a failure notification system that provides prompt notification to the permit holder of any prolonged security video interruption and/or failure of the system.

The permit holder shall notify the Petaluma Police Department within twenty-four hours of a failure of the security video system. The permit holder shall restore the security video system within a time period as determined by the Police Chief or their designee.

All security video equipment, records, and recordings must be stored in a secured area that is only accessible to management staff. Permittees must keep a current list of all authorized employees who have access to the security video system and/or alarm system. (California Code of Regulations, Title 4, Section 15044).

A permittee shall maintain up-to-date and current records and existing contracts on the premises that describe the location and operation of each security alarm system, a schematic of security zones, the name of the alarm installation company, and the name of any monitoring company. Off-site monitoring and video recording storage of the premises by the licensee or an independent third party is authorized if standards exercised at the remote location meet or exceed all standards for on-site monitoring. (California Code of Regulations, Title 4, Section 15044).

Upon City authorization and direction and in accordance with applicable City standards permittees shall integrate their video security systems with city video systems to provide real-time access to law enforcement agencies for monitoring and response.

All security measures installed on site shall have the capability to remain fully operational during a sustained power outage.

PHYSICAL SECURITY MEASURES

All entry points, including doors and windows, shall be equipped with commercial-grade non-residential locks to prevent unauthorized access (California Code of Regulations, Title 4, Section 15042).

Exterior doors must be reinforced and have a reinforced frame to prevent forced entry.

All exterior windows and glass doors must be equipped with shatter-resistant film or laminated glass to prevent easy breakage and unauthorized entry.

Windows that are accessible from the outside (e.g., ground-level windows) must be protected with security bars or grilles. Bars and grilles must be constructed of materials that are resistant to cutting and tampering, typically heavy-duty steel. Any security bars or

grilles installed on the windows or the doors shall be installed only on the interior of the building.

Install bollards, retractable, or fixed security gates on all exterior entrances, doors and windows. These measures should be designed to withstand forced entry attempts.

CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN (CPTED)

Implement CPTED strategies such as maintaining clear lines of sight for natural surveillance, controlling access points with barriers like bollards at points of entry, and maintaining well-lit exteriors to deter criminal activities.

Landscaping should be managed to ensure clear visibility around the premises, and entry points should be reinforced with physical security measures such as bollards to prevent unauthorized vehicle access (California Code of Regulations, Title 4, Section 15042).

EMERGENCY AND ACCESS CONTROL

Security measures shall be designed to ensure emergency access and egress in compliance with fire safety standards (California Code of Regulations, Title 4, Section 15042).

All structures used for retail or commercial cannabis activities shall have locking doors, with commercial-grade non-residential locks, to prevent free access (California Code of Regulations, Title 4, Section 15042).

Security measures shall prevent individuals from remaining on the premises of the retail or commercial cannabis business if they are not engaging in activities expressly related to the operations of the business (California Code of Regulations, Title 4, Section 15042).

DURESS ALARM BUTTONS

Duress alarm buttons shall be installed in all commercial cannabis use facilities with easy access by employees and all employees shall be properly trained in their use. (California Code of Regulations, Title 4, Section 15042).

TRANSPORTATION AND STORAGE

Security measures shall include a transportation plan that details the procedures established for the safe and secure transport of cannabis, cannabis products, and currency to and from the business (California Code of Regulations, Title 4, Section 15044).

Except for products on display for sale at retail dispensaries during hours when the business is open to the public, all cannabis and cannabis products shall be stored in a secured and locked room, safe, or vault that meets approval of the Petaluma Police Department. To the fullest extent possible, all cannabis and cannabis products shall be kept in a manner that prevents theft and loss, except for limited amounts used for the purposes of display or immediate sales. (California Code of Regulations, Title 4, Section 15041).

All currency shall be stored in a secure area with restricted access, such as a vault or safe, meeting the specifications required by state regulations (California Code of Regulations, Title 4, Section 15041).

POINT OF SALE SECURITY

The point of sale (POS) system shall be equipped with security measures to prevent unauthorized access and ensure the integrity of transactions. This includes the use of secure login credentials, encryption of transaction data, and regular audits of POS activity (California Code of Regulations, Title 4, Section 15044).

At each point-of-sale location, camera coverage must enable recording of the customer(s) and employee(s) facial features with sufficient clarity to determine identity (California Code of Regulations, Title 4, Section 15044).

ON-SITE SECURITY PERSONNEL

On-site security personnel shall be present during business hours to ensure the safety and security of the premises. Security personnel must be licensed and trained in accordance with state regulations and must maintain a visible presence at all entry and exit points (California Code of Regulations, Title 4, Section 15042).

Security personnel hired by the permittee shall be subject to prior review and approval of the chief of police or their designee.

EMPLOYEES

All employees of a commercial cannabis use must be twenty-one years of age or older.

Each commercial cannabis use shall maintain on site a current register of all the employees currently employed by the commercial cannabis use and shall produce such register to the chief of police, designee, or any other City official authorized to enforce the Petaluma Municipal Code for purposes of determining compliance with these requirements.

IDENTIFICATION CHECKS

All customers must present valid government-issued identification before entering the retail area to verify age and identity. Adult-use customers must be 21 years of age or older, and medicinal patients must be 18 years of age or older with a valid physician's recommendation (California Code of Regulations, Title 4, Section 15042).

Acceptable forms of identification include a driver's license, state identification card, passport, or military ID.

PRODUCT AND PRODUCTION TRACKING

Permittees shall comply with any track and trace program established by the City or by County or State agencies. Permittees must maintain records tracking all cannabis production and products and shall make all records related to the commercial cannabis use available to the City upon request. The City Manager or their designee may require permittees to comply with a County track and trace system if appropriate.

PROHIBITED ITEMS

Weapons, firearms, or replica firearms are prohibited on the property (except weapons and firearms possessed by on-duty law enforcement officers.)

LIAISON WITH POLICE DEPARTMENT AND POLICE NOTIFICATIONS

Each retail and commercial cannabis business shall identify a liaison and their contact information to the local police department who shall be reasonably available to meet with the Chief of Police or designee(s) regarding security measures and operational issues (California Code of Regulations, Title 4, Section 15044).

Permittees shall notify the Petaluma Police Department within twenty-four hours of discovering any of the following:

Significant discrepancies identified during inventory. The level of significance shall be two percent of inventory or per state regulations, whichever is stricter.

Diversion, theft, or loss, or any criminal activity involving the commercial cannabis use or any agent or employee of the permittee.

Any other breach of security.