



ADMINISTRATIVE REGULATIONS Commercial Cannabis Business (Retail and Non-Store Front Retail Business)

Implementing Ordinance No. 03-2019

Approved by the City Council on December 16, 2019

Introduction: On June 24, 2019, Sonoma’s City Council adopted Ordinance No. 03-2019 (the “Ordinance”) which permitted retail commercial cannabis businesses to operate in the City and set out rules and procedures governing such operations. The Ordinance granted the City Manager the authority to establish rules and regulations implementing the Ordinance, subject to the approval of the City Council. These “Administrative Regulations” constitute the rules and regulations envisioned by the Ordinance. Capitalized terms used herein shall have the same meaning assigned to those terms in the Ordinance. These Administrative Regulations outline the City’s approach for the selection and operation of commercial cannabis businesses for retail and non-store front business.

The City has also created “Application Procedures and Guidelines” for a Commercial Cannabis Business (-Retail and Non-Store Front) with additional information, procedures and guidelines. Applicants will want to follow both the Administrative Regulations and the Application Procedures and Guidelines documents and to review Ordinance No. 03-2019 (Permitting and Regulating Commercial Cannabis Businesses) and Ordinance No. 04-2019 (Commercial Cannabis and Zoning Regulations).

SECTION 1. COMMERCIAL CANNABIS BUSINESS SELECTION PROCESS

- A. Overview of Process and Request for Proposal (RFP)** -- In order to operate a retail or a non-storefront retail commercial cannabis business, Proposer(s) shall successfully complete a rigorous review process. The process is generally described as follows (and as shown on Exhibit 1).

The City shall prepare and disseminate (by posting on the City’s website and using other means determined effective by the City Manager) requests for proposals (“RFP”), soliciting Proposals to establish and operate one retail and one non-storefront retail cannabis business under the Ordinance. Subject to Section 2 below, the form and content of the RFP shall be determined by the City Manager. The RFP shall include a deadline by which Proposals must be submitted to the City Clerk. Proposals delivered after the deadline will not be reviewed or considered.

If an Applicant is interested in both a retail and non-store front site, only one application is required, but specific requirements for the non-store front site must be responded to as well.

Each Proposer who qualifies to move forward in the process must successfully complete a review of the paper application, interview, background investigation, site review and vetting process.

To apply for a Commercial Cannabis Business Permit (CCBP), the selected Proposer must be awarded a Conditional Certificate (CC) at the end of Phase 2 by the City Council and provide evidence if applicable of a final lease agreement.

B. Phase One – RFP, Preliminary Qualifications and Selection of Finalists

- 1) Each Proposer must timely submit a complete Proposal for consideration by the City. Each Proposal must address and respond to the matters identified in the RFP. See "Application Procedures and Guidelines" document for further direction.

STEP 1: INITIAL RANKING (1,000 POINTS)

Submitted complete Applications will be evaluated based on the following criteria. See APPENDIX A of the "Application Procedures & Guidelines" for a description of the evaluation criteria.

- A. Owner Qualifications and Experience (200 Points)
- B. Business Plan (400 Points)
- C. Safety Plan (150 Points)
- D. Security Plan (150)
- E. Labor and Employment Plan (100 Points)

Those applications which score a minimum of 80% (800 points) in Step 1 will move on to Step 2.

STEP 2: INTERVIEW RANKING (Proposal Review Committee) (1,500 POINTS)

The interview by the Proposal Review Committee will be evaluated based on the following criteria. See APPENDIX A of the "Application Procedures & Guidelines" for a description of the evaluation criteria. [Note – The Proposal Review Committee shall consist of the Planning Director, the City's cannabis consultant, a representative from the County of Sonoma or the Economic Development Board, and the Executive Director of the Chamber of Commerce).

- A. Owner Qualifications and Experience (400)
- B. Business Plan (500)
- C. Safety Plan (100)
- D. Security Plan (200)
- E. Labor & Employment Plan (200)
- F. Community Benefits (100)

STEP 3: QUALIFIED FINALIST PRESENTED TO CITY COUNCIL

Upon the completion of Step 2, the Proposal Review Committee will tabulate final scores of all applicants from Step 1 and Step 2. The City Manager will review the Selection Committee's final evaluation and present the top five finalists to the City Council for the next step in the process.

The City Council will confirm the final eligible list from Step 3 and the top Applicants will be given forty-five days to secure an eligible location as part of Phase 2.

Prior to review by the City Council at Step 3, any Applicants who were not recommended to move forward in the process will be given ten days to appeal the decision in accordance SMC Sections 5.36.200 and 5.36.210. All appeals will be heard by the City Council within forty-five days.

C. Phase Two - Site Review, Final Applicant Selection Process, Use Permit, Confirmation

- 1) Once the top Applicants are determined, they shall have forty-five days in order to secure a location which is properly zoned for a retail or non-storefront retail cannabis business and to submit further information to the City.

- 2) Information and Description of the Proposed Site(s). The site address, description of the premises, name and address of the property owner(s) where the commercial cannabis business is proposed to be located, as well as a site plan and floor plan(s) of the proposed commercial cannabis business and evidence that the Applicant has the right to use the premises for a retail or non-storefront retail establishment which shall be submitted to the City in the time requested. This Site Packet will not exceed 25 pages per site.
- 3) Rental Lease Agreement or Letter of Intention to Lease. If the applicant is not the landowner of the real property upon which the premise is located, the applicant shall provide to the City a copy of the rental agreement lease or Letter of Intent to Lease from the landowner evidencing that they will be permitted to conduct commercial cannabis activity on the property. As part of Phase Two, it shall be permissible for more than one Applicant to sign a Letter of Intention to Lease with a property owner for the same property. However, once the City Council has selected their final candidates for each retail and non-storefront retail operator there shall only be one cannabis business operation permitted at any one location.
- 4) Zoning Verification Letter. In order to ensure that the property meets all the required sensitive buffer distances required in S.M.C. Title 19, the Applicant will be required to obtain a Zoning Verification Letter from the Planning Department in this phase of the process. See "Application Procedures and Guidelines" for additional information.
- 5) Site Visit / Council Presentation. Prior to the final vendor selection, the City Council individually or collectively may conduct a site visit to gather additional information or to evaluate each of the final Applicants' proposed location(s).

Furthermore, as part of Phase Two, each final Applicant may be requested to conduct a presentation to the City Council at a public meeting in order to show that the location selected is best suited for a retail or non-storefront retail establishment in the community. The presentation shall demonstrate neighborhood compatibility with other surrounding businesses, general operations, security, address traffic congestion issues, demonstrate adequate patron and employee parking and the location does not create serious public safety concerns.

- 6) Award of Conditional Certificate. Upon the completion of Phase 2, the City Council may select the most suitable Applicant(s) to be awarded a Conditional Certificate.
- 7) Use Permit / Building Permit -- To obtain a Commercial Cannabis Business Permit (CCBP), a Final Proposer must apply for and secure all required land use permits, other agency licenses or authorizations and building permits and complete any required environmental review pursuant to the California Environmental Quality Act. The Finalist will be required to demonstrate reasonable progress of securing all the proper permits and licenses and must be open for business no later than one year from being awarded the Conditional Certificate. Should the Business fail to meet this deadline, they must show "just cause" for not being able to meet this deadline otherwise the City Manager at his/her discretion may disqualify the business and seek authorization from the City Council to award one of the other finalists the Conditional Certificate.
- 8) After all land use and building permits are approved, a Finalist Proposer must apply for and secure the ministerial CCBP to establish, open and operate a commercial cannabis business in the City of Sonoma.

SECTION 2. REQUIRED PROPOSAL CONTENT

The content of each Proposal shall include the following minimum information and documents:

- A. Ownership Information.** Identifying information for ownership and management, including the respective percentages of ownership the aggregate of the ownership must equal one hundred percent. Per Ordinance No. 03-2019, "Owner" is defined as the following:
 - 1) A person with aggregate ownership interest of 5% or more in the business applying for or holding a CCBP;
 - 2) The manager of a nonprofit or other entity applying for or holding a CCBP;
 - 3) A member of the board of directors of a for-profit or nonprofit entity applying for or holding a CCBP; and/or
 - 4) An individual who will be or is participating in the direction, control, or management of the business applying for and/or holding a CCBP.

- B. Legal Ownership Information.** The name and address of each commercial cannabis business owner and an explanation of the legal form of business ownership.

- C. Description of Proposed Operations.** A description of the nature of the proposed commercial cannabis use and its day-to-day operations, including product types, average or expected sales amounts by product type, and average or expected amount of cannabis storage. It should also include how the overall business plan will comply with the local regulatory ordinance and how the Proposer(s) intends to facilitate communication with the City.

- D. Proof of State License Compliance.** A description of the specific State License(s) or permits that the Proposer(s) plans to obtain. The Proposer(s) shall describe how the business will meet the State Licensing requirements.

- E. Background Checks / Information for Owners and all Employees.**
 - 1) The Proposer(s) shall submit for each commercial cannabis business Owner, as well as for each employee, specific personal information including names, birth dates, addresses, social security numbers, complete criminal history, relevant work history, and the names, addresses, telephone numbers and email addresses of businesses owned or operated within the last ten (10) years, investor or partner information of those businesses, and electronic fingerprint images and related information as required by the Chief of Police for the purpose of obtaining information as to the existence and content of a record of State or Federal convictions and arrests.

 - 2) Mandatory criminal background checks will be conducted using this information. All confidential information shall be held in a confidential file, and except as may be otherwise ordered by a court of competent jurisdiction, shall be treated as exempt from disclosure as a public record pursuant to Government Code Section 6255(a). Employee information will only be required prior to commencing operations, but in no case will any employee be permitted to work until a background check has been completed and approved.

- F. Disclosure of Litigation and Legal Proceedings.** A description of any litigation in which the Proposer(s) and/or its principals have been involved within the ten (10) years immediately preceding the date of the Proposal and a statement of whether any authorization allowing any business currently operated by the Proposer(s) or the State License authorizing the operation of such business has been revoked or suspended within the ten (10) years immediately preceding the date of the Proposal.

- G. Security Plan. A description and documentation of how the Proposer(s) will secure the business and premises at all times as is required under section 5.36.270 of the Ordinance and as otherwise required under these Regulations. All security plans shall be held in a confidential file, and except as may be otherwise ordered by a court of competent jurisdiction, shall be treated as exempt from disclosure as a public record pursuant to Government Code Section 6255(a).
- H. Odor Control. A description (with plans if available) of how the facility will provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the facility is not detected outside the facility, anywhere on adjacent property or in public rights-of-way, or within any other unit located within the same building as the cannabis facility may be located.
- I. Certificate of Insurance / Insurance Coverage. Certificates of insurance demonstrating ability to comply with the insurance requirements set forth in the Ordinance, these Regulations or in the RFP. Commercial cannabis businesses shall maintain at all times commercial general liability providing coverage at least as broad as ISO CGL Form 00 01 on an occurrence basis for bodily injury, including death, of one (1) or more persons, property damage and personal injury with limits of not less than five million dollars (\$5,000,000.00) per occurrence, combined single limit and comprehensive automobile liability (owns, non-owned, hired) providing coverage at least as broad as ISO CGL Form 00 01 on an occurrence, combined single limit basis for bodily injury, including death, of one (1) or more persons, property damage and personal injury with limits of not less than five million dollars (\$5,000,000.00). The commercial general liability policy shall provide contractual liability, shall include a severability of interest or equivalent wording, shall specify that insurance coverage afforded to the City shall be primary, and shall name the City, its officers, and employees as additional insured.
- J. Pro Forma. Three years of pro forma estimates for operations, including a discussion of the business assumptions used to develop the estimates. Example assumptions include revenue, customer volume, visits, and product costs, debt service, reserves, compensation of employees, net income and profit, equipment costs, utility costs, and other operation and maintenance costs. The Applicant must denote the submitted Pro Forma plans as confidential/proprietary in order to be treated as exempt from disclosure as a public record pursuant to Government Code Section 6255(a).
- K. Startup Cost and Evidence of Sufficient Capitalization. An estimate of startup cost sufficient to, at a minimum, fund the business through the first three months of its operations. Startup cost shall include rents; insurance; fees; escrow costs if acquiring property; construction; tenant improvements; equipment and software purchases. Evidence of sufficient capital to pay for all processing costs, site acquisition costs, improvement costs and at least three months of operational expenses must be submitted. Evidence of said capital may be provided in the form of bank statements, letters of credit, and proof of loan agreements which can be validated by the City.
- L. Community Benefits. A description of the benefits that the commercial cannabis business will provide to the local community, such as employment for residents of the City, community contributions, and/or economic incentives to the City. 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's approval, if and when the Conditional Certificate is awarded. Said agreement may take the form of a written agreement and/or conditions of approval, at the City's option. The form of such an agreement may or may not be included in RFP, at the City Manager's discretion. Such terms and conditions shall be in addition to the requirements of the Ordinance and will

ultimately be made a condition of any land use entitlements obtained by the Proposer and of the CCBP also.

- M. Signature of Proposer(s).** The Proposal shall be signed by all Proposer(s), certifying, under penalty of perjury, that all information submitted as part of the Proposal process is, to the best of their knowledge, true, accurate and complete.
- N. Fees.** The Proposers will be responsible for paying fees associated with this process and evaluation of their application as outlined in the items below.
 - 1) An Application Review Fee Deposit as adopted by Council resolution shall be submitted to the City along with the Proposal to be used to cover the cost of all needed staff time, consultant and legal costs and other resources utilized in vetting the Proposal and preparing for the development of commercial cannabis businesses in the City.
 - 2) The Proposer(s) shall also be responsible for reimbursing the City for the cost of any staff time and City resources, in excess of the deposit, if needed. If any monies are not expended, they shall be refunded. Proposer(s) shall be required to execute a cost recovery agreement with the City as a condition to submitting a Proposal.
 - 3) Proposers that receive a Conditional Certificate will be required to seek a Use Permit and pay the associated fees.
- O. Additional information:** The Proposal may also be required to include additional information and/or documents as directed by the City Manager or the Proposal Review Committee (PRC) which may include but not limited to the names of all individuals which have a financial interest in the cannabis business but are not considered owners as defined by state law.

SECTION 3 PROPOSAL REVIEW COMMITTEE PROCESS

- A.** The Proposal Review Committee (“PRC”) shall consider each Proposal and shall give particular consideration to the capacity, capitalization, qualifications, general operations, and history of the Proposer, the community benefits proposed to be provided by the proposed commercial cannabis business and any other factors that the City, in its discretion, deems necessary to maintain and/or promote the health, safety, and general welfare of the public. An administrative rating system shall be created by the City Manager that reflects these priorities. Said rating system shall be explained in the RFP. The City reserves the right to reject any or all Proposals if it is determined to be in the best interest of the City, taking into account any aspect of the health, safety and/or welfare of the community.
- B.** The purpose of the PRC is to develop a list of qualified finalists (“Finalists”) to be recommended to the City Council for the retail and non-storefront retail cannabis businesses the Ordinance allows to be established in the City.
- C.** The Proposal Review Committee reserves the right to:
 - 1) Contact any Proposer if the PRC has any additional questions after reviewing the Proposals.
 - 2) Interview any or all Proposers as the PRC finds necessary which meet the specified criteria in order to provide each Proposal an overall score.
- D.** The top five proposals in Phase One (with an aggregate score from Step One and Step Two) shall be referred to the City Council as Finalists.

- E. Prior to review by the City Council at Step 3, any Applicants who were not recommended to move forward in the process will be given ten days to appeal the decision pursuant to SMC Sections 5.36.200 and 5.36.210 of the Ordinance. All appeals will be heard by the City Council within forty-five days.

SECTION 4 SECURITY MEASURES

- A. Each Cannabis retail location shall comply with the Security Measures in the California Code of Regulations Division 42, Article 5, which includes Sections 5042 through 5047. The following security measures shall also be included in each and every commercial cannabis business allowed under the Ordinance, but shall not be limited to, all of the following:

- 1) Alarm system (perimeter, fire, and panic buttons).
- 2) Remote monitoring of alarm systems by licensed security professionals.
- 3) Perimeter lighting systems (including motion sensors) for afterhours security.
- 4) Perimeter security and lighting as approved by the Police Chief and Director of the Planning and Community Services Department or his/her designee.
- 5) Preventing individuals from remaining on the premises of the commercial cannabis business if they are not engaging in an activity directly related to the permitted operations of the commercial cannabis business.
- 6) Establishing limited access areas accessible only to authorized commercial cannabis business personnel.
- 7) 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 shall be kept in a manner as to prevent diversion, theft, and loss.
- 8) Any bars installed on the windows or the doors of the commercial cannabis business shall be installed only on the interior of the building.
- 9) 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.
- 10) Each commercial cannabis business shall have an accounting software system in place to provide point of sale data as well as audit trails or both product and cash, where applicable.
- 11) Exterior vegetation shall be planted, altered and maintained in a fashion that precludes its use as a hiding place for persons on the premises.
- 12) Emergency access and emergency evacuation plans that are in compliance with state and local fire safety standards.

- B.** Each commercial cannabis business shall identify a designated security representative/liaison to the City of Sonoma, who shall be reasonably available to meet with the City Manager or his/her designee(s) 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 his/her designee upon request that meets the following requirements:
- a. Confirms that a designated Manager will be on duty during business hours and will be responsible for monitoring the behavior of employees.
 - b. Identifies all Managers of the commercial cannabis business and their contact phone numbers.
 - c. Confirms that first aid supplies and operational fire extinguishers are located in the service areas and the Manager's office.
 - d. Confirms that burglar, fire, and panic alarms are operational and monitored by a licensed security company 24 hours a day, seven days a week, and provides contact information for each licensed security company.
 - e. Identifies a sufficient number of licensed, interior and exterior security personnel who will monitor individuals inside and outside the commercial cannabis business, the parking lot, and any adjacent property under the business' control. This requirement may be waived for non-storefront retailers as determined by the City Manager or his/her designee.
 - f. Confirms that the licensed security personnel shall regularly monitor the parking lot and any adjacent property to ensure that these areas are: (i) free of individuals bothering patrons or causing a disturbance; (ii) are cleared of employees and their vehicles one-half hour after closing.
- C.** 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. This plan shall be submitted and reviewed by the City upon request.
- D.** The commercial cannabis business shall cooperate with the City whenever the City Manager or his/her designee(s) makes a request, with or without prior notice, to inspect or audit the effectiveness of any security plan or of any other requirement of the Ordinance or Administrative Regulations.
- E.** A commercial cannabis business shall notify the City Manager or his/her designee(s) within twenty-four (24) hours after discovering any of the following:
- 1) Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the City Manager or his/her designee(s).
 - 2) Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business.
 - 3) The loss or unauthorized alteration of records related to cannabis, customers or employees or agents of the commercial cannabis business.
 - 4) Any other breach of security.
- F.** Compliance with the foregoing requirements shall be verified by the City Manager or his/her designee prior to commencing business operations. The City Manager or his/her designee may supplement these security requirements once operations begin, subject to review by the City Manager.

SECTION 5 GENERAL OPERATING REQUIREMENTS.

- A. Hours of Operation.** Commercial cannabis businesses may operate only during the hours specified in the Conditional Certificate, Use Permit and/or CCBP issued by the City. No person under the age of 21 shall operate, or be issued a permit for, a commercial cannabis business of any kind.
- B. Reporting and Tracking of Product and of Gross Sales.** 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.
- C. Legal/Licensed Facilities.** All cannabis and cannabis products sold, shall be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with the State and local regulations.
- D. Emergency Contact.** Each commercial cannabis business shall provide the City Manager or his/her designee(s) 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.
- E. 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 Sonoma ordinance (Title 18 – Signs and Display Advertising), including, but not limited to, seeking the issuance of a 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.
 - 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 Sonoma 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 Sonoma 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.

F. Minors. The following parameters apply to minors.

- 1) 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, unless they are age 18-20 with a physician's recommendation and/or Medicinal Cannabis Card.
- 2) Persons under the age of twenty-one (21) years and shall not be allowed to serve as a driver for a mobile delivery service.

G. 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.

H. Display of Permit and City Business License. The original copy of the commercial cannabis business permit issued by the City pursuant to the Ordinance and the City issued business license shall be posted inside the commercial cannabis business in a location readily-visible to the public.

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

J. Training Standards for Employees. Each commercial cannabis operator shall establish minimum training standards for all employees. Prior to commencing operations, the operator/owner shall provide the City Manager a copy of said training standards. The City Manager shall have the discretion to require other training for the business operations should the City identify deficiencies or non-compliance issues with City or state requirements.

K. Public Consumption / City's No Smoking/Vaping Regulations. State law does not allow for the public consumption of cannabis products. In addition, the City of Sonoma has a strict "no smoking / no vaping" municipal ordinance that prohibits smoking of all products including cannabis in public places (sidewalks, parks and the Plaza) and many private locations as well. All commercial cannabis businesses shall ensure each paying customer is informed of these regulations upon their exiting of the business. Notice may be in the form of signage, handout, or educational brochure approved by the City and/or information included with the exit package. Specific notice requirements will be reviewed with and determined by the City Manager (or designee) and may change over time.

SECTION 6 OPERATING REQUIREMENTS FOR RETAIL FACILITIES.

- A.** No more than the number of cannabis retailers specified in Section 5.36.090 of the Ordinance may operate within the City of Sonoma at any one time and shall be issued a commercial cannabis business permit by the City of Sonoma.
 - a. At this time, the City has approved 1 retail business and 1 non-store front retail business.
- B.** Retailers shall verify the age and all necessary documentation of each customer to ensure the customer is not under the age of eighteen (18) years. If the potential customer is 18 to 20 years old, retailers shall confirm the customer's is in possession of a valid doctor's recommendation or Medicinal Cannabis Card. For adult-use purchases, retailers shall verify that all customers are 21 years of age or older for the purchase of cannabis or cannabis products.
- C.** Prior to being granted entrance individuals must show their government-issued identification, and, in the case of medical cannabis facilities, their physician's recommendation, or a Medicinal Cannabis Card in order to gain access into the retailer. The Medicinal Cannabis Card or doctor's recommendation must also be shown at the point of sale station at the time of purchase. Doctor recommendations are not to be obtained or provided at the retail location.
- D.** A retail licensee shall hire or contract for security personnel who are at least 21 years of age to provide security services for the retail premises to serve as a visual deterrent to unlawful activities. The security personnel shall dress in attire that distinctly identifies them as being a security guard by wearing apparel with the word security on a shirt, jacket or uniform. 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.
- E.** Retailers shall only serve customers who are within the licensed premises, or at a delivery address that meets the requirements of the Ordinance and these Regulations.
 - 1) The sale and delivery of cannabis goods shall not occur through a pass-through window or a slide-out tray to the exterior of the premises.
 - 2) Retailers shall not operate as or with a drive-in or drive-through at which cannabis goods are sold to persons within or about a motor vehicle.
 - 3) No cannabis goods shall be sold and/or delivered by any means or method to any person within a motor vehicle.
 - 4) All cannabis goods sold by a retailer 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.
- F.** 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 areas.

- G. Operating Hours. Operating hours of a Retailer shall be limited to the hours of 9:00 a.m. through 9:00 p.m., seven days a week.
- H. Retailer Security Requirements. All provisions incorporated within Section 5.36.270 of the Ordinance and Section 5 of these Regulations are directly applicable to and binding on all commercial cannabis businesses, including all Retailers unless expressly noted in these regulations or on the permit issued.

SECTION 7 OPERATING REQUIREMENTS FOR NON-STORE FRONT RETAIL BUSINESS

- A. Owners and operators of Non-Store Front Retail Businesses are required to verify the age and the necessary documentation of each medicinal customer to ensure the customer is not under the age of eighteen (18) years, and to verify that the potential customer has a valid doctor's recommendation or Medicinal Cannabis Card. Doctor recommendations are not to be obtained or provided at the Non-Store Front Retail Business location.
- B. All Retailers, Non-Store Front Retail Businesses, and any other business licensed by the State to do so which conduct deliveries into or within the City of Sonoma shall be required to obtain a delivery permit from the City of Sonoma pursuant to Section 5.36.310 of the Ordinance in order to conduct retail sales regardless if they are located in the City of Sonoma or another local jurisdiction.
- C. Delivery hours for Retail Businesses and Non-Store Front Retail Business shall be limited to the hours of 8:00 a.m. through 8:00 p.m., seven days a week.
- D. The Non-Store Front Retail Business may only have on-site that quantity of cannabis and cannabis products reasonably anticipated to meet the weekly demand for which it may need to be readily available for sale.

SECTION 8 DELIVERY VEHICLE REQUIREMENTS

- A. Proof of ownership of the vehicle or a valid lease for any and all vehicles that will be used to deliver cannabis or cannabis products.
- B. The year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for any and all vehicles that will be used to deliver cannabis goods.
- C. Proof of insurance as required in Section 5.36.250(b) of the Ordinance for any and all vehicles being used to deliver cannabis goods.
- D. The Licensee shall provide the City with the information required by this section in writing for any new vehicle that will be used to deliver cannabis goods prior to using the vehicle to deliver cannabis goods.
- E. Subject to subsection (D), above, the Licensee shall provide the City with any changes to the information required by this section in writing within thirty (30) calendar days of the change taking place.

SECTION 9 COMMUNITY RELATIONS

- A.** Each commercial cannabis business shall provide the name, telephone number, and email address of a community relations contact to whom notice of problems associated with the commercial cannabis business can be provided. Each commercial cannabis business shall also provide the above information to all businesses and residences located within one hundred (100) feet of the commercial cannabis business.
- B.** The business' Owner, manager, and community relations representative shall attend meetings with the City Manager or his/her designee(s), and other interested parties as deemed appropriate by the City Manager or his/her designee(s), to discuss costs, benefits, and other community issues arising as a result of the implementation of the Ordinance and the operations of the commercial cannabis businesses permitted under the Ordinance.
- C.** Commercial cannabis businesses to which a CCBP is issued shall develop public outreach and educational information (subject to the City Manager's approval) for youth organizations and educational institutions including providing as part of their exit packaging for all retail products information approved by the City that outlines the risks of cannabis use by youth, and that identifies resources available regarding youth drug use.

SECTION 10 RENEWAL OF COMMERCIAL CANNABIS BUSINESS PERMITS

- A.** An application for renewal of a CCBP shall be filed at least sixty (60) calendar days prior to its expiration date.
- B.** The renewal application shall contain all the information required for new applications for a CCBP which will be determined by the City Manager at that time.
- 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 to administer the program created under the Ordinance.
- D.** An application for renewal of a CCBP shall be denied if any of the following exists:
 - 1) The application is filed less than sixty (60) days before the CCBP's expiration.
 - 2) The CCBP is suspended or revoked at any the time between the date of the submittal of the application and the date of the decision to grant or deny the application.
 - 3) The commercial cannabis business has not been in regular and continuous operation during the four (4) months prior to the date the renewal application is submitted.
 - 4) The commercial cannabis business has failed to conform to the requirements of this the Ordinance, or of any regulations adopted pursuant to the Ordinance, or of any conditions of approval of any of the permits granted to the business by the City, or of any terms and/or conditions of any agreement entered into by and between the City and the owner of the business.
 - 5) The permittee's State license has been revoked or suspended or the permittee fails or is unable to renew its State license.

- 6) If the City or State determines or has determined, based on substantial evidence, that the permittee or applicant is in violation of the requirements of the Ordinance, state laws, or the state rules and regulations, and the City or State has determined that the violation is grounds for termination or revocation of the CCBP.
- E. The City Manager or his/her designee(s) is authorized to make and shall make all decisions concerning the renewal of a CCBP. In making the decision, the City Manager or his/her designee(s) is authorized to impose additional conditions on the CCBP or to modify the CCBP's existing conditions, if it is determined to be necessary to ensure compliance with state or local laws and regulations in effect at the time of the City Manager's decision or to preserve the public health, safety or welfare. The City Manager's decision shall be in writing and is subject to appeal to the City Council pursuant to Section 5.36.190 through Section 5.36.210 of the Ordinance.
 - F. If a renewal application is denied, the person whose renewal application is denied may file a new application pursuant to these Regulations the Ordinance no sooner than one (1) year from the date of the final decision denying the renewal.

SECTION 11 NOTICE OF HEARINGS

Whenever the Ordinance or these Regulations requires or provides for a hearing before the City Council, that hearing shall be noticed pursuant to this Section 11.

- A. First, the notice of the hearing shall include the date, time, and place of the hearing, the identity of the hearing body, a general explanation of the matter to be considered, and a general description, in text or by diagram, of the location of the real property, if any, that is the subject of the hearing.
- B. Second, the notice shall be posted on the City's website, posted on the bulletin board at City Hall, published in at least one newspaper of general circulation within the City and mailed to the addresses of all real properties located within 300 feet of the subject property at least 10 days prior to the hearing.

SECTION 12 CITY'S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all proposals, with or without any cause or reason. The City may modify, postpone, or cancel the request for a CCB application 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 candidate submitting a proposal. Late proposals WILL BE REJECTED. Furthermore, a proposal RISKS BEING REJECTED for the following reasons:

1. It is not responsive to this request for a Commercial Cannabis Business.
2. The issuance of the CCB permit for the proposed location is inconsistent with the State law, Chapter 5.36, or Title 19 and other applicable City of Sonoma Municipal Codes.

City Council also reserves the right to award a lesser number of Conditional Certificates, or to award no Certificates at all. Only those applicants on the final list will be eligible to be issued a Conditional Certificate from the initial permit process.

The City also reserves the right to include additional steps or criteria or modify the process subject to City Council approval.

The City has also created “Application Procedures and Guidelines” for a Commercial Cannabis Business (-Retail and Non-Store Front) with additional information, procedures and guidelines. The City Council has reviewed the “Application Procedures and Guidelines” and authorizes the City Manager to finalize this document as needed to initiate the Request for Proposal (RFP) process within the approved Administrative Regulations. The City Manager is authorized to make administrative and non-policy related changes to the “Guidelines” in order to ensure clarity and necessary information for the RFP.

ATTACHMENTS

Exhibit 1 – Process Chart

Exhibit 2 - Application Procedures and Guidelines

FOR ADDITIONAL INFORMATION REFER TO:

Ordinance No. 03-2019 (Permitting and Regulating Commercial Cannabis Businesses)

Ordinance No. 04-2019 (Commercial Cannabis and Zoning Regulations).