

# CITY OF EL MONTE



**CANNABIS REGULATIONS**

**MARCH 9, 2023**

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# CITY OF EL MONTE CANNABIS REGULATIONS

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***March 9, 2023***

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# CITY OF EL MONTE CANNABIS REGULATIONS

## PREAMBLE

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Pursuant to the authority granted under §5.18.300 of the El Monte Municipal Code (EMMC) and under state law, the City Manager and designee hereby promulgates these Regulations necessary to carry out the purposes of Chapter 5.18 of EMMC and which shall apply in addition to the requirements set forth in Chapter 5.18 and applicable local and state law. These Regulations may be cited as the “El Monte Cannabis Regulations” or EMCR.

EMMC and these Regulations shall be read consistent with state law and the State of California’s regulation of medicinal and/or adult use cannabis. In addition to, and in the absence of, specific provisions in EMMC or these Regulations, the relevant laws and regulations of the State of California shall apply.

The provisions of these Regulations are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional or unapplicable to any persons or circumstances by any final action of a court of competent jurisdiction, such illegality, invalidity, unconstitutionality, or inapplicability, shall not affect or impair the remaining provisions, clauses, sections, words, or parts thereof of these Regulations or their applicability to other persons or circumstances.

In interpreting these Regulations, absent definitions contained herein, the definitions in EMMC §5.18.030 or state law shall apply. In the event that the definitions of §5.18.030 of the El Monte Municipal Code or definitions contained herein conflict with state law, the City’s definition shall control.

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# CITY OF EL MONTE CANNABIS REGULATIONS

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## CHAPTER 1 – APPLICATION AND APPROVAL PROCEDURES

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### **Sections.**

- 1.1 – Application Procedure
- 1.2 – Application Processing
- 1.3 – Fees
- 1.4 – Phase 1: Application Submittal
- 1.5 – Phase 2: City Completeness Review
- 1.6 – Phase 3: Third-Party Review and Non-Operational License Issuance
- 1.7 – Phase 4: City Permits to Operate Commercial Cannabis Business
- 1.8 – Phase 5: License and Operation
- 1.9 – Revision and Expansion Applications
- 1.10 – Notification in Change of Ownership
- 1.11 – Responsiveness to City Requests

### **1.1 – Application Procedure**

Notwithstanding the mandatory retail application process described in EMMC §5.18.070 (*Cannabis retailer application procedure*), all commercial cannabis business license applications shall be processed under the following procedure.

### **1.2 – Application Processing**

To provide an orderly, transparent, and fair licensing procedure, the City shall process all Commercial Cannabis Business License applications in five separate phases designated as follows:

- Phase 1: Application Submittal;
- Phase 2: Completeness Review;
- Phase 3: Third-Party Scoring Review and Non-Operational License Issuance;
- Phase 4: City Permits for Cannabis Business; and
- Phase 5: License and Operation.

### **1.3 – Fees**

- A. All fees, whether listed herein or otherwise, are subject to increase, including but not limited to annual cost of living adjustments per City Council Resolution No. 8663 and No. 9293.
- B. Unless otherwise stated, all fees are non-refundable.

### **1.4 – Phase 1: Application Submittal**

- A. Applicant or Licensee shall not have a vested interest in the Application, Letter of Zoning Compliance, Business License or Commercial Cannabis Business License issued under EMMC and these Regulations.
- B. Determination of license availability and notice. Upon the successful revocation of a commercial cannabis business license(s), or in the event the City Council increases the number of non-retail

commercial cannabis business license(s), the City Manager or designee shall publish a notice determining the availability of commercial cannabis business license(s). The notice shall describe: (i) how many and which type of commercial cannabis business license(s) are available; (ii) when the application period will open and close; and (iii) where prospective applicants can find additional information as it becomes available.

- C. Application Period: Upon the determination of the availability of cannabis license(s), the application process shall open on or before the following 30<sup>th</sup> calendar day and remain open until 5:00 pm on the 30<sup>th</sup> calendar day thereafter. If either the opening or closing of the application period falls on a Friday, Saturday, Sunday or City-observed Holiday, the application period shall be opened or closed the next regular City business day.
- D. Available Licenses: Subject to the License Caps established by EMMC Subsections 5.18.050(A) & (D), the License types and amounts available for issuance shall be those described in the determination of license availability.
- E. Complete applications shall include:

- 1. Payment of application fee for Phases 1-3 for all licensed activities requested, as follows:

One activity	\$22,537.25
Two activities	\$33,805.88
Three activities	\$45,074.50
Four activities	\$55,800.13

- 2. Pass/Fail Required Documents: The following items shall be provided, or the application shall receive a failing score and be automatically rejected:
  - i. El Monte Commercial Cannabis Business Application (“CCBA”);
  - ii. Proof of property ownership. This may include:
    - (1) Property Deed;
    - (2) Purchase Agreement;
    - (3) Executed Lease; or
    - (4) Notarized letter of property owner’s willingness to lease or sell the property.
  - iii. Organizational structure documents, including but not limited to, Articles of Incorporation/Organization, Bylaws, Operating Agreements, Partnership Agreements, Resolutions, etc.;
  - iv. Notarized Limitation on City’s Liability Waiver;
  - v. Owner information, including color copy of government issued identification and proof of current address, which may include a utility bill, bank statement or letter sent by any government agency to the owner’s current residential address;
  - vi. Background check by third party company for all owners and managers, including the background check fee for each reported owner and manager.
  - vii. Proof of submitting a Live Scan (which can be a receipt). A Live Scan and criminal history check for each owner/manager demonstrating they do not provide “good cause” for denial per EMMC Chapter 5.18;

- viii. Proof of Capitalization demonstrating the Applicant has access and control of over \$400,000.00 in liquid assets dated within the past six months. Applicants may demonstrate feasibility with proof of funds showing the Applicant has access and control of over \$400,000.00 in liquid assets, by submitting any of the documents listed in EMCR §2.9(A)-(E);
- ix. *Retail applicants only*: Confirmation required under EMMC §5.18.070(C)(5) the Applicant either:
  - (1) Was issued a Commercial Medicinal Cannabis Business (“CMCB”) Permit, Conditional Use Permit (“CUP”) or Development Agreement (“DA”) under Ordinance No. 2924 prior to September 13, 2019, regardless of whether it was rescinded or not; or
  - (2) Submitted an application for a CMCB under Ordinance 2924 prior to September 13, 2019 and paid an application fee set by Resolution of the City Council;
- x. Proof of a fully executed Labor Peace Agreement (LPA) as described in EMMC §§5.18.070(C)(7) and (12);
- xi. Approved Letter of Zoning Compliance (“LZC”) from the El Monte Planning Division;
- xii. Radius map confirming sensitive use buffer compliance as described in EMMC §5.18.070(C)(3);
- xiii. A complete plan set, including site development plan, floor plans and building elevations;
- xiv. Colored interior renderings and exterior elevation renderings; and
- xv. Proof demonstrating an individual with an ownership interest of at least 20% in the Applicant has served as an owner or manager of one or more other commercial cannabis business(es) licensed by a city, county or state since at least December 1, 2022.

3. Qualitative third-party review items to be scored at a maximum of 1,000 points:

- i. Qualifications of Owners and Managers;
- ii. Plans, renderings, location and other diagrams;
- iii. Business plan;
- iv. Operations plan;
- v. Safety plan;
- vi. Security plan;
- vii. Neighborhood compatibility plan;
- viii. Community benefits plan; and
- ix. Collective bargaining agreement.

- F. The City expressly reserves the right to reject any and/or all applications with or without cause or reason and may modify, postpone or cancel any and/or all applications without liability, obligation or commitment to any party, firm or organization.
- G. Late or incomplete applications shall be rejected by the City. Non-responsive applications may be rejected by the City.
- H. Incomplete Applications: Incomplete applications will not be further processed by the City.
- I. Except as for the application requirements specifically exempted in these Regulations, including all pass/fail requirements listed in EMCR §1.4(C)(2), applications shall not exceed 150 pages.

### **1.5 – Phase 2: City Completeness Review**

- A. The City staff, including the City Manager and City Attorney’s Offices, the Police Department and Community and Economic Development Department shall review all application submittals for completeness to confirm:
  - 1. All items required under EMCR §1.4 have been provided;
  - 2. All fees have been paid;
  - 3. All necessary wet signatures and notarizations have been provided; and
  - 4. The proofs or verifications provided have been confirmed.
- B. Applicants with complete submittals shall be notified in writing and proceed to Phase 3.
- C. Applicants with incomplete submittals shall be notified they are ineligible for further processing.

### **1.6 – Phase 3: Third-Party Review and Non-Operational License Issuance**

- A. The third-party consultant shall qualitatively review each application deemed complete by the City and assign points as provided by City scoring rubric.
- B. Final points shall be tabulated to establish a final score for each Applicant, which shall be sent to the City upon completion of the review of all applications.
- C. License Apportionment. Applicants shall be assigned a priority number determined by their final score, from most points awarded to the least. The Applicant with the highest priority, and each Applicant thereafter in descending order of priority, shall be apportioned those commercial cannabis license(s) for which they applied, until those certain available commercial cannabis licenses have been exhausted. The remaining Applicants shall be notified in writing they did not receive a sufficient score and are ineligible to proceed to Phase 4.
- D. Applicants selected to move forward in the process shall be issued a Non-Operational Commercial Cannabis Business License, subject to the conditions therein.
  - 1. The issuance of a Non-Operational Commercial Cannabis Business License does not provide a business the right to operate a Commercial Cannabis Business in the City.

### **1.7 – Phase 4: City Permits to Operate a Commercial Cannabis Business**

- A. Licensees shall have one calendar year from the date of license issuance to obtain the necessary permits listed in §1.7(C) to operate a Commercial Cannabis Business in the City, unless an extension is approved pursuant to subsection B, below.

1. Licensees may request a singular extension of up to one year by submitting a Time Extension Application for an approved project to the Director of Community and Economic Development and pay the required processing fee. If an extension is approved, the Phase 4 approval shall expire according to the terms of the extension.
- B. During Phase 4, Licensees shall obtain the following permits prior to operating a Commercial Cannabis Business in the City:
1. City Zoning Permit, if applicable (Zoning Clearance, Minor Design Review Approval, etc.);
  2. City Building Permit;
  3. City Business License;
  4. Los Angeles County Fire Department Permit;
  5. Los Angeles County Public Health Permit;
  6. California Department of Tax and Fee Administration Seller's Permit;
  7. State Licenses for each licensed activity as applicable; and
  8. City Commercial Cannabis Business License.
- C. The building permit requirements will vary depending on the specific requirements of each approved Premises, including but not limited to the following types of City review:
1. Zoning Clearance from the Planning Division and a Building Permit from the Building Division may be required for Premises requiring tenant improvements and minor exterior modifications.
  2. Pursuant to EMMC §17.122.020(C)(6) a Minor Design Review will be required for any new or remodeled structures regardless of square footage, that will be occupied by a Licensee.
- D. Licensees shall pay the Phase 4 application fees at the building plan submittal check, as follows:
- |                  |             |
|------------------|-------------|
| One activity     | \$7,543.88  |
| Two activities   | \$11,315.82 |
| Three activities | \$15,087.76 |
| Four activities  | \$18,859.70 |
- E. Prior to commencement of operations of a Licensee, the following agencies must review the project, inspect the property and confirm all requirements are satisfied:
1. Planning Division;
  2. Building Division;
  3. Code Enforcement;

4. Police Department;
  5. Los Angeles County Department of Public Health (*if applicable*);
  6. Los Angeles County Fire Department (*if applicable*);
  7. Third-party Compliance Review.
- F. The City's denial of the issuance of any license or permit required under Phase 4 is not appealable.
- G. Pursuant to EMMC §5.18.090(B), all Licensees shall maintain in full force and effect a policy of liability insurance which meets or exceeds the limits described below.
1. Minimum coverage limits. Licensees shall maintain a minimum coverage limit not less than one million dollars (\$1,000,000.00) for each incident of damage to property or incident of injury to death of a person, with a general aggregate limit of not less than two million dollars (\$2,000,000.00) at all times, including but not limited to demolition and all phases of construction. All policies of insurance shall meet the following requirements:
    - i. Is executed by a licensed insurance broker or agent.
    - ii. Names the City and any of its officers, employees, or assigns as additional insured.
    - iii. Contains an endorsement providing that said policy shall not be cancelled until notice in writing has been given to the City Clerk at least thirty (30) days prior to the time the cancellation becomes effective.
  2. Retail dispensaries without delivery and limited manufacturing. The minimum liability insurance coverage limits for retail dispensaries without delivery and manufacturers with a DCC Type-6, Type-N, Type-P or Type-S license, shall not be less than one million dollars (\$1,000,000.00) for each incident of damage to property or incident of injury to death of a person, with a general aggregate limit of not less than two million dollars (\$2,000,000.00).
  3. Retail dispensaries with delivery, microbusinesses, distribution and testing. The minimum liability insurance coverage limits for retail dispensaries with delivery, microbusinesses with a DCC Type-12 license, distributors with a DCC Type-11 or Type-13 license, and testing laboratories with a DCC Type-8 license, shall not be less than two million dollars (\$2,000,000.00) for each incident of damage to property or incident of injury to death of a person, with a general aggregate limit of not less than four million dollars (\$4,000,000.00).
  4. Cultivation and general manufacturing. The minimum liability insurance coverage limits for cultivation (all DCC license types) and manufacturing (excluding 'limited manufacturing' as enumerated in §1.7(G)(2) above) shall not be less than five million dollars (\$5,000,000.00) for each incident of damage to property or incident of injury to death of a person, with a general aggregate limit of not less than ten million dollars (\$10,000,000.00).

5. Notwithstanding §1.7(G)(1) above, Licensees may request a deferment of insurance coverage, in writing, for those uses or activities which are non-operational. Licensees may not engage in any commercial cannabis business activity for which they have not provided the necessary and appropriate proof of insurance coverage.
  6. Licensees shall furnish proof of acceptable insurance coverage to the City before the issuance of a City Building Permit, or thereafter from time to time as determined by the City.
  7. Violation of this Regulation shall constitute grounds for suspension and/or revocation of a commercial cannabis business license, per EMMC §5.18.110.
- H. Prior to operation of any Commercial Cannabis Business, the final application fee must be paid to the City, as follows:
- |                        |                                     |
|------------------------|-------------------------------------|
| One Activity           | \$18,255.25                         |
| Two or More Activities | \$24,282.55 (for a maximum of four) |
- I. All owners, employees, volunteers, agents or other persons acting for the Licensee shall obtain identification badges from the City's third-party compliance review consultant. Badges must include the Licensee's name, state license numbers, the individual's name, employee number and color photograph. Those individuals that did not submit applications for LiveScan service as part of the Licensing process shall do so upon or before the issuance of identification badges.

**1.8 – Phase 5: License and Operation**

- A. Licensees may not commence any commercial cannabis activities in accordance with EMMC §5.18.040, or these Regulations, until:
1. Licensee's satisfaction of all conditions listed in their Commercial Cannabis Business License;
  2. Payment of all applicable fees;
  3. Issuance of all applicable permits from the City, County and State;
  4. City issuance of a confirming letter that all conditions of licensure have been satisfied; and
  5. City issuance of a Certificate of Occupancy, and Business License.
- B. Failure to comply with any of the conditions of licensure, any provision of EMMC Chapter 5.18, State law, or these Regulations shall constitute grounds for revocation of a Commercial Cannabis Business License, as specified in EMMC §5.18.110.
- C. While the term of each Commercial Cannabis Business License is indefinite after it obtains all necessary permits and approvals as stated in EMCR §1.7(C), subject to suspension and/or revocation

under EMMC §§5.18.100 and 5.18.110, Licensees shall pay the annual renewal permit fee of \$14,398.85 for one (1) licensed activity and \$18,498.50 for two (2) or more licensed activities (for a maximum of four) on the second anniversary of operations. Additionally, formal performance reviews shall be conducted on the one year anniversary of the date the City Business License was issued to the Applicant by the City and each year thereafter.

- D. Licensee shall enter into a Community Benefits Agreement with the City that substantially conforms to all commitments made in the Licensee’s Application, inclusive of the Business Plan, Community Benefits Plan, and Neighborhood Compatibility Plan. City will provide template.

### **1.9 – Revision and Expansion Applications**

- A. In order to maintain consistency with City of El Monte cannabis guidelines, regulations as well as State and local law, the City Manager shall approve or deny all modification and expansion applications. A Licensee may revise and expand the Premises as submitted in the original application with the written approval of the City Manager, subject to providing another sensitive use radius map including the expanded area for the following expansions:

- 1. Contiguous and/or adjacent to the original Premises; and
- 2. Does not exceed 3,500 square feet for retail licenses; or 15% of the original proposed square footage for non-retail licenses.

- B. If the expansion request is denied by the City Manager or designee, the City shall allow the Licensee to continue the licensing process under the terms of the already approved application submitted by that Licensee.

- C. If a Licensee desires to modify and expand the Premises to a separate business location or exceeds the modification square footage limits, above, the Applicant must submit a Change in Location Application and the Change in Location Application fee to the City Manager or designee pursuant to EMMC §5.18.130 at the risk of not being approved to relocate.

- D. In the event a Licensee notifies the City Manager or designee of any other material change in information provided in the application under EMMC §5.18.130, the City may provide written approval to make the change or deny any change request. However, the City shall allow the Licensee to continue the licensing process under the terms of the already approved application submitted by that Licensee. Minor and Major Material changes shall be subject to applicable application fees, shall not result in non-compliance with mandatory applicant qualifications, and shall be distinguished to include, but not be limited to, the following:

- 1. Minor Material Changes:
  - i. Change in over 50.1% of ownership structure, subject to background check(s), payment of applicable fees, and compliance with EMMC Chapter 5.18;

- ii. Expansion of Premises areas in compliance with EMCR §1.9(A);
  - iii. Reporting of new criminal convictions which would not disqualify the individual from working at, owning or being considered a manager of a cannabis license under City or State law;
  - iv. Third-party security personnel, including guards and alarm monitoring companies;
  - v. Reporting of license denials and/or revocations; and
  - vi. Doing business as filings.
2. Major Material Changes:
- i. Expansion of Premises areas in exceedance of EMCR §1.9(A);
  - ii. Change or Removal of use type;
  - iii. Change in premises layout;
  - iv. Sale or Transfer of a Business or any portion of a Business;
  - v. Relocation of a Business; and
  - vi. Removal or change in Odor control equipment.
3. Determinations whether changes are minor or major shall be made at the sole discretion of the Community and Economic Development Director, or their designee.

#### **1.10 – Notification of Change in Ownership**

If the ownership of the licensee is substantially similar after transfer or change form of business entity in that at least 50.1% of the ownership of the licensee as provided in the original commercial cannabis business license application for the license remains identical after transfer or change form of business entity, the Licensee shall submit a formal letter addressed to the City Manager specifying the change in ownership structure. Ownership change shall not result in non-compliance with mandatory applicant qualifications. Including, but not limited to those requirements pursuant to EMMC §§5.18.070(C)(4) and 5.18.210(M).

#### **1.11 – Responsiveness to City Requests**

- A. Applicants and Licensees are required to respond in compliance with official requests from the City. All requests and their respective deadlines are subject to change at the discretion of the City.
- B. Applicants and Licensees that fail to comply or respond to official requests made by the City will be found in violation of these Regulations and may be subject to application disqualification or suspension and/or revocation of their commercial cannabis business license in accordance with EMMC §5.18.110.

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## CHAPTER 2 – APPLICATION REQUIREMENTS

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### **Sections.**

- 2.1 – Letter of Zoning Compliance
- 2.2 – Sensitive Use Radius Map
- 2.3 – Non-Sensitive Use Radius Map
- 2.4 – Premises Diagrams
- 2.5 – Site Development Plan
- 2.6 – Other Property Application Requirements
- 2.7 – Qualifications of Owners and Managers
- 2.8 – Business Plan
- 2.9 – Proof of Capitalization
- 2.10 – Operations Plan
- 2.11 – Safety Plan
- 2.12 – Security Plan
- 2.13 – Neighborhood Compatibility Plan
- 2.14 – Community benefits Plan
- 2.15 – Collective Bargaining Agreement

### **2.1 – Letter of Zoning Compliance**

Applicants shall obtain a Letter of Zoning Compliance (“LZC”) from the Planning Division as follows:

- A. Applicants shall submit a request in writing with the required fee to the Planning Division.
- B. The Planning Division shall provide the LZC within three business days of the written request if the Applicant’s proposed Premises is located in a qualifying zone under EMMC §5.18.060.
- C. The issuance of an LZC shall not create an entitlement, establish a permit within the meaning of the Permit Streamlining Act, or any other law or regulation, nor constitute written evidence of the Applicant’s eligibility for any commercial cannabis license or authorization to operate a commercial cannabis business in the City.

### **2.2 – Sensitive Use Radius Map**

- A. To demonstrate compliance with sensitive use restrictions, Applicants shall provide a radius map with the required buffer that:
  - 1. Is prepared and wet-stamped by a licensed surveyor; and
  - 2. Identifies all sensitive uses as defined in EMMC §5.18.060 within a 1,000-foot radius of the proposed location.

- B. If the proposed location includes more than one lot, including but not limited to parking on a separate parcel, the radius shall be measured from all lots.
- C. If the proposed location is within a multi-tenant center, the radius shall be measured from the entire center of the boundary.

### **2.3 – Non-Sensitive Use Radius Map**

- A. Applicants shall also provide a separate radius map labeling the following non-sensitive uses within a 300-foot radius of the proposed location:
  - 1. Churches and other houses of worship;
  - 2. Off-site alcohol or tobacco sales; and
  - 3. Single and multi-family residential housing.
- B. The separate 300-foot radius map must:
  - 1. Be drawn to scale;
  - 2. Clearly label any river washes, freeways or railroads directly adjacent to the proposed location; and
  - 3. Describe proposed mitigation for potential impacts from a commercial cannabis business if the location is directly adjacent to residential housing.

### **2.4 – Premises Diagrams**

- A. All premises diagrams shall be scaled at a minimum of  $\frac{1}{8}$  inch = 1 foot and include the following information:
  - 1. Scale, north arrow, date and name of preparer;
  - 2. Property and Premises boundaries;
  - 3. Dimensions;
  - 4. Exits and entrances;
  - 5. Interior partitions, walls, rooms, windows, and doorways;
  - 6. Common spaces;

7. Restrooms;
  8. Square footage of all interior spaces with proposed uses with a brief statement or description of the principal activity to be conducted therein;
  9. The diagram shall show and identify commercial cannabis activities that will take place in each area of the premises, and identify limited-access areas. Commercial cannabis activities that shall be identified on the diagram include the following, if applicable to the business operations: storage, secure waste storage, batch sampling, testing, loading/unloading of shipments, packaging and labeling, processing, customer sales lobby, delivery area, manufacturing, extraction, infusion, cultivation, flower rooms, vegetation rooms, research and development;
  10. Location of all security video surveillance cameras with assigned number to each camera for identification purposes, all safes, vaults, panic button equipment, access control equipment, intrusion alarms, limited access areas, lockboxes, keypads, security lighting and any other security equipment;
  11. If the proposed premises consists of only a portion of a property, the diagram must be labeled indicating which part of the property is the proposed premises and what the remaining property is used for;
  12. If the proposed premises consists of only a portion of a property that will contain two or more licensed premises, the diagram shall clearly show the designated entrances and walls under the exclusive control of the applicant for the premises, as well as the designated entrances and walls for each additional premises. The diagram shall also show all proposed common or shared areas of the property. Such areas may include lobbies, bathrooms, hallways, and break rooms;
  13. If the proposed premises will be a microbusiness that includes cultivation activities, in addition to the requirements of this section, the premises diagram shall also include all the required information for a premises diagram; and
  14. If a proposed premises is located on only a portion of a property that also includes a residence, the diagram shall clearly show the designated buildings for the premises and the residence.
- B. If proposing interior alterations or new construction, including demolition, is proposed, Applicants shall provide two diagrams, one with “existing conditions” and the other with “proposed conditions.” Both such diagrams shall meet all the requirements of this Regulation.
- C. Cultivation Applicants must also include the following information on the Premises diagrams:
1. Lighting diagrams with the location and maximum wattage of each light;
  2. Location of water supply sources;

3. Square footage of all canopy space, both aggregate and individual if there are separate cultivation areas; and
  4. All roads and water crossings on the property.
- D. If both retail and non-retail licenses are proposed for the same property, Applicants shall provide two (2) sets of plans, including a retail and non-retail combined option and non-retail only option in the event the retail license is not granted before the six (6) license limit is reached. Both such diagrams must include all the required information in this Regulation.
- E. The Premises diagrams shall not count toward the application's 150 page limit.

### **2.5 – Site Development Plan**

- A. Applicants shall submit a Site Development Plan scaled at a minimum of  $\frac{1}{8}$  inch = 1 foot to demonstrate how the property meets, or will meet, development standards under the Zoning Code, which shall include the following information:
1. Scale, north arrow, date and name of preparer;
  2. Property lines with any existing easements;
  3. Dimensions of site with square footage;
  4. Dimensions and names of adjacent streets and public rights-of-way;
  5. Dimension, location, setbacks, square footage and use description for all buildings and structures, including third party tenant spaces, measured from the future street dedication line;
  6. Location of loading docks and spaces, equipment and trash enclosures;
  7. Location and number of all parking areas, spaces, driveways and means of ingress and egress;
  8. Location and dimensions of all disabled parking spaces, ramps, curb ramps, signs and all disability accessibility "Paths of Travel" to the building entrance, sidewalks and interior walks; and
  9. Landscaping plan information, including tree sizes and species, setback areas, percentage of landscaped area in parking lot(s) and any proposed new or replacement landscaping.
- B. If construction, including demolition, is proposed, Applicants must provide two separate Site Development Plans, one with "existing conditions" and the other with "proposed conditions." Both such diagrams must include all the required information in this Regulation.

C. The Site Development Plan shall not count toward the 150 application page limit.

## **2.6 – Other Property Application Requirements**

In addition to the requirements under EMCR §§1.4(C)(2)(j)-(m), 1.4(C)(3)(b) and 2.1-2.4 above, Applicants must also provide the following information:

- A. Floor Plan: The floor plan must provide information regarding the existing and proposed layouts of the building and be scaled at a minimum of ¼ inch = 1 foot minimum.
- B. Elevations: The elevations must provide information on existing and proposed improvements to building elevations and be scaled at a minimum of ¼ inch = 1 foot minimum scale and meet the following requirements:
  - 1. Show all four sides of the existing elevations;
  - 2. If modifications are proposed to existing buildings or structures, Applicant must provide “existing elevations” and “proposed elevations,” with labels for all colors and materials; and
  - 3. If new buildings or structures are proposed, Applicants must provide full colored elevations with labels for all colors, materials and building dimensions.
- C. Preliminary Grading Plan: If modification of site topography or site drainage is proposed, Applicants shall submit a preliminary grading plan for the property.
- D. Colored Renderings: Applicants shall submit interior and exterior colored renderings for both existing conditions and proposed improvements or construction. Color photograph(s) may alternatively be provided to depict existing conditions.
- E. The application requirements in this Regulation shall not count toward the 150 application page limit.

## **2.7 – Qualifications of Owners and Managers**

Applicants shall provide the following additional information about owners and managers:

- A. Owner Resume(s): Resumes not exceeding one page shall be provided for each owner describing any special business and professional qualifications which add value to the quality of services the cannabis business will provide, including but not limited to licenses held, relevant education, experience in the scientific or healthcare industries in any jurisdiction where medical and/or adult use cannabis are permitted.
- B. Proof of manager and owner experience operating a commercial cannabis business in any jurisdiction where medical and adult use cannabis are permitted, including but not limited other cannabis licenses held by the owner or manager, proof of being reported as a financial interest holder on another cannabis license, proof of a management agreement with or pay stub from another licensed cannabis

business, proof the individual is registered as an account user in Metrc or personal tax filing demonstrating a licensed cannabis business as an owner.

C. Documents submitted under this Regulation shall not count toward the application's 150 page limit.

## **2.8 – Business Plan**

Applicants must submit a Business Plan to be scored by the third-party reviewer, which shall include the following information:

- A. Description of total square footage of the facility with estimated square footage of proposed uses;
- B. Staffing organizational chart, including owners, managers and employees;
- C. Owners' roles in day-to-day operations and decisions;
- D. Employee information, including number, position, compensation, continuing education, training and duties;
- E. Procedure for hiring local workers residing in the City to at least 30% of the Applicant's employee workforce;
- F. Schedule for beginning operations, including any proposed construction with estimated completion dates;
- G. Types, estimated quantity and value of products to be sold, distributed, manufactured or cultivated;
- H. Description of marketing procedures and proposed marketing strategies;
- I. Budget for construction and all facets of operation, including equipment, utilities, employees, benefits, permit and license fees, third-party professionals and any other relevant operational expenses demonstrating sufficient capital to pay start-up costs and a minimum of three months of operating costs, which shall not count toward the 150 application page limit;
- J. Pro Forma for a minimum of three years of operation, which shall not count toward the application's 150 page limit;
- K. Source(s) of capital; and
- L. Proof of Capitalization feasibility showing liquid assets in the amount of \$400,000.00 in accordance with §2.9, below.

## **2.9 – Proof of Capitalization**

- A. Applicants and Licensees may demonstrate Proof of Capitalization feasibility by showing the Applicant or Licensee has access and control of at least \$400,000.00 in liquid assets, as required under EMMC §5.18.070, by submitting any of the following documents:
1. A bank account statement issued by a financial institution in the name of the Applicant or Licensee showing a balance of \$400,000.00 or more in liquid assets within past six months as defined in EMMC Section 5.18.030; or
  2. Proof from a third-party escrow company that at least \$400,000.00 is being held in escrow in the applicant's name to be used exclusively towards Applicant's or Licensee's establishment and operation; or
  3. Proof of a surety bond in the applicant's name in the amount of \$400,000.00 to assure the completion of the Applicant's or Licensee's establishment and operation; or
  4. Proof of a letter of credit in the Applicant's or Licensee's name in the amount of \$400,000.00 to be used exclusively towards the Applicant's or Licensee's establishment and operation.
- B. A legally binding agreement in the Applicant's or Licensee's name, if accompanied by (1), (2), (3), or (4) above, in the name of the third party to the agreement. The agreement shall state that the Applicant or Licensee agrees to maintain the balance or risk forfeiture of their license and must have the applicant, third party, and the City as signatories.
- C. Any document which seeks to demonstrate Proof of Capitalization feasibility provided by an Applicant or Licensee must be dated no more than thirty days prior to the date of final execution of the agreement.
- D. Proof of capitalization shall not count toward the 150 application page limit.

## **2.10 – Operations Plan**

Applicants must submit an Operations Plan to be scored by the third-party reviewer, which shall include the following information:

- A. Acknowledgement of applicable state and municipal laws;
- B. Hours of operation;
- C. Opening and closing procedures;
- D. Cash handling procedures;
- E. Quality control procedures;

- F. Inventory control procedures;
- G. Track and trace system information;
- H. Waste management and cleaning procedures; and
- I. Delivery and/or transportation procedures.

### **2.11 – Safety Plan**

- A. Applicants shall submit a Safety Plan prepared or evaluated by an accredited, licensed or certified fire prevention and suppression consultant which describes fire prevention, suppression, alarms systems, all possible hazardous material potentially onsite, storage and handling of flammable gases and liquids, inhalation threats and written and physical mechanisms and procedures for handling each specific situation, including, but not limited to:
  - 1. Identifying gases, chemicals and pesticides to be used onsite and their storage areas;
  - 2. Identifying all possible hazardous material, inhalation issues and fire threats and specific procedure for responding to each, including locations of Material Safety Data
  - 3. Sheets, warning signs, proper labeling and storage;
  - 4. Description and location of fire extinguishers, sprinklers and other fire suppression equipment;
  - 5. Fire alarm monitoring and panic button system information, including name and contact information of the third-party alarm company;
  - 6. Evacuation routes;
  - 7. Procedures and training for emergency situations, including emergencies involving hazardous materials on the property;
  - 8. Compliance with International Building Code Section 407;
  - 9. Description and location of all gas monitoring equipment (for manufacturers and cultivators) only; and
  - 10. Identify the brand, type and model of any volatile extraction equipment used to extract, distill or concentrate cannabis (for manufacturers only).
- B. All Safety Plans must be reviewed and approved by the Los Angeles County Fire Department prior to the operation of a Commercial Cannabis Business.

### **2.12 – Security Plan**

- A. Applicants must submit a Security Plan to be scored by the third-party reviewer, which shall be prepared or evaluated and approved by a third-party professional security consultant with a valid Private Patrol Operator’s license and shall contain the following information:
1. Evaluation of the security related aspects of the Premises diagram submitted under EMCR §1.6;
  2. Premises security, including but not limited to, perimeter security, 24-hour product and Premises security and internal access measures specific to each area, including written descriptions of alarms, panic buttons, cameras (with live-feed accessible by the El Monte Police Department) and other equipment;
  3. Operational security, such as general security policies for the Premises, employee security policies, diversion/loss prevention and security training, cash handling policies, transactional, delivery, visitor, product and perimeter security;
  4. Intrusion alarm and monitoring system, including the name and contact information for the monitoring company; and
  5. Security personnel used onsite, including but not limited to, number of guards, hours, locations and duties.
- B. All Security Plans must be reviewed and approved by the El Monte Police Department prior to the issuance of a Commercial Cannabis Business License.

### **2.13 – Neighborhood Compatibility Plan**

Applicants must submit a Neighborhood Compatibility Plan to be scored by the third-party reviewer, which shall include an environmental impact mitigation plan, an odor control plan with the following information:

- A. “Good Neighbor Policy” including policies and procedures to protect adjacent properties from nuisance and any potential impacts, such as noise, light, odor and traffic, describing how the cannabis business’s operation will be proactively managed to avoid detriment to the public health, safety, convenience or welfare of persons in the area, the community and the City;
- B. Odor control mitigation identifying potential sources of odors, odor control system design, operational processes under EMMC §5.18.210(K), staff training and maintenance plan. Printed information and specifications from third party equipment manufacturers shall not be included here;
- C. Waste management plan, identifying disposal locations, waste security measures and disposal methods including rendering cannabis waste as unrecognizable and unusable;

- D. Sustainability efforts, including a pledge to use locally sourced, low volatile organic compound, energy efficient and sustainable materials and methods, such as solar panels, recycling and other renewable energy techniques;
- E. Description of adequate utilities at the Premises, including electricity, sewage disposal, storm drainage facilities and waste disposal per license type; and
- F. Existing conditions onsite, including:
  - 1. Exterior photographs of existing conditions showing all sides of any existing buildings and structures (if any), parking areas, landscaping, waste enclosures, signage and adjacent properties (for context);
  - 2. If there are multiple uses on the site, a description of all uses on the site, including addresses and square footages; and
  - 3. The application requirements in this Subsection (F) shall not count toward the 150 application page limit.

#### **2.14 – Community Benefits Plan**

Applicants must submit a Community Benefits Plan with a labor and employment plan to be scored by the third-party reviewer, which shall include the following information:

- A. Description of all quantifiable benefits the commercial cannabis business will provide to the El Monte community, listed in descending order of preference, including:
  - 1. Monetary contributions to the City to be used for (if a percentage amount is proposed, it should also include an estimated dollar amount):
    - i. General Municipal purposes;
    - ii. New parks and/or park improvements;
    - iii. Recreational programs;
    - iv. After school programs;
    - v. Public safety, including:
    - vi. Youth diversion programs;
    - vii. Explorer programs and Volunteers Caring and Patrolling (“VCAP”);

- viii. Teaching, Obedience, Respect, Courage and Honor (“TORCH”);
  - 2. Monetary contribution to local non-profit organization (if a percentage amount is proposed, it should also include an estimated dollar amount);
  - 3. In-kind contributions to local non-profit organizations, provided that no cannabis or branded merchandise is donated in violation of local and state law;
  - 4. Use of local businesses and contractors for construction, consulting, professional services and ongoing operational needs; and
  - 5. Other quantifiable measures that may benefit the community.
- B. The Community Benefits Plan shall include a one (1) page summary of all the benefits. The summary shall include the program or organization, contribution dollar amount or other measures of contribution, and duration and/or frequency of contribution (monthly, quarterly, annually, etc.). If the list of non-profit organizations under Subsection (A)(2) above is too great to fit in the summary, only the final monetary amount needs to be included. If the list of non-profit organizations under Subsection (A)(3) above is too great to fit in the summary, a general reference can be included, with the details in the body of the Community Benefits Plan.
- C. The Community Benefits Plan shall provide information for a minimum of three (3) years after commencing operations.

### **2.15 – Collective Bargaining Agreement**

An Applicant meeting the following requirements may receive an extra 25 points on the scores determined by the third-party reviewer:

- A. An individual with at least a 20% ownership interest in the Applicant currently is, and was (i) disclosed as prior to September 13, 2019, an owner, manager or employee to a city or county and state of an existing licensed cannabis retailer (or microbusiness with retail sales authorized) for Retail Applicants; and (ii) disclosed as prior to December 1, 2022, an owner, manager or employee to a city or county and state of an existing licensed cannabis business for Non-Retail Applicants.;
- B. The existing licensed cannabis retailer (or microbusiness with retail sales authorized) has had a collective bargaining agreement with a labor organization currently representing cannabis workers in the United States since at least December 1, 2018 through March 2, 2020.
- C. The collective bargaining agreement shall not count toward the 150 application page limit.

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## CHAPTER 3 – PREMISES REQUIREMENTS

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### **Sections.**

- 3.1 – Condition to Occupancy
- 3.2 – Lighting
- 3.3 – Access Points
- 3.4 – Maintenance
- 3.5 – Subletting Prohibited
- 3.6 – Maintenance Agreement
- 3.7 – Loading, Unloading, and Receiving Activities
- 3.8 – Window Requirements
- 3.9 – Signage and Advertising
- 3.10 – Emergency Power Supply

### **3.1 – Condition to Occupancy**

If the Premises are in poor condition, improvements shall be required as a condition of occupancy.

### **3.2 – Lighting**

The interior and exterior of the Premises shall be well lit at all times, with preference given to natural over artificial light sources. All exterior lighting must be faced downward. Exterior lighting shall be shielded and directed onto the site, such that the light source cannot be seen by persons on adjacent properties or from the public right-of-way. In cases where the Premises immediately adjoins a public sidewalk or alley, a light source that is visible from the portion of the sidewalk or alley immediately adjoining the Premises shall not be deemed in violation of this provision.

### **3.3 – Access Points**

Exterior window/door security bars and gates are always prohibited. Main entrance doors of retail storefront licensees shall provide an unobstructed view into the interior of the building.

### **3.4 – Maintenance**

The interior and exterior of the Premises shall always be kept clean and well maintained. All graffiti must be removed or painted over in the same color as the surface so that the graffiti and new paint are undetectable, within 24 hours of its occurrence. All areas under the control of the Licensee, including surrounding the exterior of the building, parking, alleys and sidewalks, shall be kept free of clutter, debris, trash, obstruction and litter at all times.

### **3.5 – Subletting Prohibited**

A Licensee shall not sublet any portion of the licensed premises.

### **3.6 – Maintenance Agreement**

All commercial cannabis businesses must record a Maintenance Agreement (approved by the City) with the Los Angeles County Registrar-Recorder/Clerk.

### **3.7 – Loading, Unloading and Receiving Activities**

- A. These activities shall only be conducted between the hours of 6:00 am – 8:00 pm, Monday through Friday, and 8:00 am to 8:00 pm Saturday and Sunday.
- B. A licensed retailer shall receive a shipment of cannabis goods only from a licensed distributor or licensed microbusiness authorized to engage in distribution.
- C. During business hours, shipments of cannabis goods shall not enter the licensed premises through an entrance or exit that is available for use by the public.
- D. A licensed retailer whose licensed premises only has one entryway may be exempt from the requirements of subsection (C) of this section by obtaining written authorization from the Director of Community and Economic Development.

### **3.8 – Window Requirements**

All windows of the retail sales floor which are visible from the public right of way shall be obscured by an opaque window treatment or pattern which obscures or blocks the view into the sales floor beginning at a point starting from the base of the building to a point measured five (5) feet from the ground of the exterior of the building. Any remaining window above that point shall provide an unobstructed view into the interior. The use of reflective glass surfaces, black tint and black window treatments are strictly prohibited.

### **3.9 – Signage and Advertising**

In addition to the requirements otherwise set forth in these Regulations, business identification signage for a commercial cannabis business shall conform to the requirements of EMMC §5.18.210(I), Chapter 17.80; and California Business and Professions Code (BPC) §26152.

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

- B. 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 premises, is prohibited.
- C. The entrance to the commercial cannabis business shall be clearly and legibly posted with a clear and legible 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.
- D. Business identification signage shall be limited to that needed for identification only, and shall not contain any generally recognizable symbols associated with cannabis (including, but not limited to cannabis leaves, the green cross or the caduceus) or any other 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.
- E. No banners, flags, billboards, balloons/inflatables, or other prohibited signs may be used at any time. Banners, flags, and inflatables may be allowed on a temporary basis, subject to an approved City Temporary Sign Permit (EMMC §17.80.110) or Special Event Permit.
- F. Commercial Cannabis Business Licensees agree that, as an express and ongoing condition of license issuance and subsequent renewal, the Licensee shall be prohibited from advertising any commercial cannabis business located in the City utilizing a billboard (fixed or mobile), bus shelter, placard, aircraft, or other similar forms of advertising anywhere in the state. 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.

### **3.10 – Emergency Power Supply**

- A. All Licensees. All Commercial Cannabis Business Licensees shall install an emergency power supply (standby generator or battery back-up system) which shall have the capability to ensure that the facility remains secure and security cameras remain operational for a period of at least four (4) hours during a power outage. Such emergency power supply shall also ensure that in the event of a power outage, all access doors are NOT automatically released and remain secure.
- B. Non-Retailers. All cultivation, manufacturing, distribution, microbusinesses conducting non-retail activities, and testing facilities shall install an emergency power supply (standby generator or battery back-up system) which shall have the capability to maintain facility operations for a period of at least four hours (4) during a power outage.

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## CHAPTER 4 – GENERAL OPERATING REQUIREMENTS

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### **Sections.**

- 4.1 – Obedience of Applicable Laws
- 4.2 – Adherence to these Regulations
- 4.3 – State Restriction
- 4.4 – Free Cannabis Prohibited
- 4.5 – Badges
- 4.6 – Track and Trace
- 4.7 – City Access to Security Cameras
- 4.8 – Notifications of License Denials and/or Revocations
- 4.9 – Display of Licenses, Permits and the Like
- 4.10 – Special Events

### **4.1 – Obedience of Applicable Laws**

A Licensee, its owners, employees, officers and agents must obey all applicable laws of the City of El Monte and State of California at all times pursuant to EMMC §§5.18.020 and 5.18.060(F).

### **4.2 – Adherence to these Regulations**

- A. Applicants found to be in default of these Regulations shall risk disqualification of their application.
- B. Licensees found to be in default of these Regulations shall risk administrative penalties including but not limited to citations and/or fines pursuant to EMMC Chapter 1.18 (Administrative Citations); or suspension and/or revocation of their Commercial Cannabis Business License pursuant to EMMC §5.18.110.
- C. Nothing in the foregoing shall be construed to limit the City’s discretion or ability to utilize any administrative, civil, criminal, or other remedy available at law or equity, or any combination thereof, to address violations of local law or these Regulations.

### **4.3 – State Restriction**

The purchase, sale, and distribution of cannabis or cannabis products grown or manufactured outside the State of California is prohibited.

#### **4.4 – Free Cannabis Prohibited**

A Licensee shall not provide free cannabis of any kind to any other Licensee or consumer, including but not limited to samples, except as authorized as a medical donation pursuant to state law.

#### **4.5 – Badges**

All owners, employees, volunteers, agents or other persons acting for the Licensee shall be issued and display a laminated identification badge, including the Licensee’s name, state license numbers, the individual’s name, employee number and color photograph so that all information is clearly and legibly identified.

#### **4.6 – Track and Trace**

- A. **Duty:** All commercial cannabis Licensees, including Retail, Distribution, Delivery, Manufacturing, Cultivation, Testing, and Microbusiness Licensees, must create and maintain an active and functional account within the track and trace system approved by the City prior to engaging in any commercial cannabis activity, including but not limited to, the purchase, sale, testing, packaging, transfer, transport, return, destruction, or disposal, of any cannabis goods. The track and trace system shall be available to the City for compliance and auditing purposes.
- B. **System Requirements:** All Licensees shall use the track and trace system as required by the State of California at all times. A Licensee may only use a third-party point of sales system approved by, and which syncs automatically to, the State of California’s approved track and trace system, and is accessible to the City upon request.

#### **4.7 – City Access to Security Cameras**

All licensees shall provide 24-hour live-stream access of security camera feeds to the El Monte Police Department.

#### **4.8 – Notifications of License Denials and/or Revocations**

All licensees shall notify the City within ten (10) business days if the licensee and/or its owners have been denied the issuance of a state commercial cannabis business license or have had their state commercial cannabis business license revoked.

#### **4.9 – Display of Licenses, Permits and the Like**

All licensees shall conspicuously display an original copy of the following documents at their point of entry or lobby:

- A. City of El Monte Business License;
- B. Los Angeles County Department of Public Health Emblem Placard for an Authorized Cannabis Store (if applicable); and
- C. State of California Commercial Cannabis Business License.

#### **4.10 – Special Events**

Temporary cannabis events and special events at licensed premises are permitted within the City subject to the following requirements:

- A. Special Event Permit Required. Event organizers or Licensees shall submit an application for a City Special Event Permit to the Planning Division with the appropriate fee. Applications for temporary cannabis events shall include a valid Cannabis Event Organizer License issued by the DCC, and a copy of the filed Temporary Cannabis Event License Application with the DCC for the proposed location.
- B. Temporary Cannabis Events. Temporary cannabis events shall comply with the provisions of Title 4 of California Code of Regulations (CCR) §15600 *et seq.* In addition to all applicable requirements, temporary cannabis events shall: (i) be fully screened from any non-age-restricted area and/or the public right-of-way; and (ii) verify customers have purchased cannabis products at the point of exit.
- C. Location Restrictions. All events described under this §4.10 shall comply with “Sensitive-Use” setback requirements in accordance with EMMC §5.18.060. Applicants shall demonstrate compliance with “Sensitive-Use” setback requirements by preparing and submitting a map that satisfies the provisions of §§2.2 & 2.3 of these Regulations. Venues expressly approved for the purpose of holding a temporary cannabis event are limited to the following:
  - 1. Banquet halls;
  - 2. Assembly or meeting facility;
  - 3. Licensed cannabis premises;
  - 4. Public or private recreation facility;
  - 5. Indoor or outdoor commercial recreation facility;
  - 6. Community center;
  - 7. Distribution, fulfillment or warehouse center;
  - 8. Fully enclosed parking lot; or
  - 9. Such other similar use as determined by the Community Development Director.

- D. In addition to any imposed conditions of approval, event organizers shall comply with the following:
1. Organizers must follow all applicable rules and regulations for on-site sales. Cannabis consumption is not allowed.
  2. Organizers shall not sell cannabis goods from mobile carts.
  3. Cannabis shall not be visible from the public right of way and/or any areas that are not age-restricted.
  4. Sale and use of tobacco and/or alcohol is prohibited.
  5. Cannabis goods must comply with inventory storage requirements.
  6. Events may not be located less than one thousand feet (1,000 ft.) from a “Sensitive-Use” as defined in EMMC §5.18.060

## CHAPTER 5 – RECORDS AND REPORTING

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### Sections.

- 5.1 – Record Keeping and Maintenance
- 5.2 – Secure Maintenance
- 5.3 – Incident Reporting

### 5.1 – Record Keeping and Maintenance

Each Licensee shall keep and maintain the following records related to commercial cannabis activity for at least seven years:

- A. Financial records required to be maintained electronically under EMMC §5.18.170(A), including but not limited to profit and loss statements, bank statements, sales invoices, receipts, tax records, and all records required by the California Department of Tax and Fee Administration;
- B. A list of all ownership information required under EMMC §5.18.170(B);
- C. Personnel records, including but not limited to each employee's full name, social security or individual taxpayer identification number, start and end date (if applicable) and employee identification number;
- D. Training records including, but not limited to, the content of the training provided and the names of the employees that received the training;
- E. The retail delivery information required under EMMC §5.18.280;
- F. Batch Production Records (for manufacturers);
- G. Master Manufacturing Protocols (for manufacturers);
- H. Product Quality Plans (for manufacturers);
- I. Testing information;
- J. Contracts with other Licensees regarding commercial cannabis activity;
- K. Permits, licenses, local authorizations and any other government issued authorizations to conduct each specific commercial cannabis activity;
- L. Security records;
- M. Vehicle information (for distributors, retailers and testing laboratories);

- N. Records relating to the waste disposal, composting or destruction of cannabis goods;
- O. Records relating to every transfer of cannabis, between Licensees or customers pursuant to EMMC §5.18.170(C);
- P. Cultivation logs, with all required information including but not limited to plantings, weights, growing cycle, yields and water use (for cultivators);
- Q. Quality assurance records;
- R. Weights and Measures information and seals;
- S. Cannabis tax permits (for distributors);
- T. Shipping manifests;
- U. Transportation bills;
- V. Inventory logs;
- W. Warehouse receipts;
- X. Customer information required under EMMC §§5.18.270(B)-(C) and 5.18.280(I), these Regulations and state law; and
- Y. Records relating to any information entered into the required track and trace system.

## **5.2 – Secure Maintenance**

All required records shall be stored and maintained in a secured area where the records, including electronic devices storing the records, are protected from debris, moisture, contamination, hazardous waste, fire and theft.

### **5.3 – Incident Reporting**

Pursuant to EMMC §5.18.180(E), Licensees shall provide notice including relevant information to the Chief of Police within twenty-four (24) hours of discovering:

- A. Significant discrepancies in inventory in excess of two hundred dollars (\$200) of value;
- B. Diversion, theft, loss or any criminal activity involving the cannabis business or any agent or employee of the cannabis business;
- C. The loss or unauthorized alteration of records related to cannabis or cannabis products or registering customers or employees and/or agents of the cannabis business; and
- D. Any breach of security.

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## CHAPTER 6 – RETAILER OPERATING REQUIREMENTS

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### **Sections.**

- 6.1 – Hours of Operation
- 6.2 – Good Requirements
- 6.3 – Inventory Storage
- 6.4 – Cash Handling
- 6.5 – Transportation of Cash
- 6.6 – Access to Premises
- 6.7 – Collection and Retention of Personal Information
- 6.8 – Display and Exit Packaging
- 6.9 – Onsite Security

### **6.1 – Hours of Operation**

Retailers are only authorized to sell products to customers between the hours of 6:00 am and 10:00 pm.

### **6.2 – Goods Requirements**

- A. A licensed retailer shall only sell cannabis goods, cannabis accessories and Licensees' branded merchandise or promotional materials.
- B. A licensed retailer must follow the State laws pertaining to the respective daily cannabis limits for adult use and medicinal retail customers.

### **6.3 – Inventory Storage**

Retail products/inventory, at the close of each business day, shall be stored in a City-approved vault, welded steel cage (made of not thinner than 10 gage 2" x 1" welded steel wire mesh on all sides; or with a 14 gage sheet steel bottom and door, a 14 gage frame and a locking device consisting of a commercial Grade 1 deadbolt or laminated stainless steel bolt lock) bolted to the floor or Burglary "B" rated safe bolted to the floor.

- A. Retailers may be exempt from removing product from the retail sales floor at the close of each business day, provided the Licensee:
  - 1. Meets the requirements of §6.9, below;
  - 2. Stores no cannabis product within a glass display case or on an open shelf; and
  - 3. Interior security doors are installed over access points.

#### **6.4 – Cash Handling**

Cash received shall be directly deposited into a safe listed by the Underwriter Laboratories (UL) and securely anchored to the floor. Gun safes are not acceptable for secure storage. The money will be removed from the safe and counted daily in a locked room. The facility shall not store more than forty thousand dollars (\$40,000) in cash reserves overnight on the premises. The cash will then proceed to the appropriate offsite secured vaulting facility in a locked container, subject to the requirements of §6.5 below. Access to the container will require both an electronic keypad password and a pass code.

#### **6.5 – Transportation of Cash**

The Licensee shall contract with a duly licensed, bonded and insured armored cash courier/security company for cash-in-transit transactions greater than ten thousand dollars (>\$10,000.) The contract shall provide for the deposit of cash received in either a federally insured financial institution or offsite secured vaulting facility.

#### **6.6 – Access to Premises**

Prior to granting any customer access to the Premises, a Licensee shall verify the individual is at least 21 years of age for adult use sales and 18 years of age for medicinal sales by inspecting a valid form of government issued identification to confirm the customer's age and identity and physician's recommendation, if applicable, to confirm patient or primary caregiver status. Licensees shall ensure an owner and/or employee is present in the retail area at all times when any non-employee individual is present.

#### **6.7 – Collection and Retention of Personal Information**

- A. Retailers may only collect the above valid forms of identification for purposes of age-verification. Once age has been verified, only the following personal information from Adult-Use and Medicinal Cannabis customers may be retained by the Retailer:
1. First and Last name;
  2. Date of birth;
  3. Email address (when provided by customer with permission); and
  4. Doctor's Recommendation (if applicable).
- B. Retailers may not retain scans or duplicates of any customer's valid form of identification.

### **6.8 – Display and Exiting Packaging**

- A. Cannabis removed from its original packaging shall be destroyed and may not be sold or consumed.
- B. All cannabis sold at a licensed retail business must be placed in opaque exit-packaging such that the contents of the package cannot be visually detected.

### **6.9 – Onsite Security**

Security personnel shall be on-site twenty-four (24) hours a day. Security personnel must be licensed by the State Bureau of Security and Investigative Services (BSIS) and shall be subject to the prior review and approval of the Chief of Police or designee(s), which shall not be unreasonably withheld. Licensees shall be responsible for the conduct of their security personnel. Licensee shall further indemnify, hold harmless and defend the City. On-site uniformed security guards may be unarmed or armed at Licensee's discretion. Licensees must provide proof of a valid Firearm Permit issued by the BSIS to the City for any armed guards. Licensees shall ensure all alarm systems are functioning and the premises is secured. Video surveillance of sufficient coverage shall be installed, functioning and accessible by the Police Department in accordance with §4.7. Alternative security methods may be employed, provided the following requirements are met:

- A. After-hours talk-down system. Licensees may employ the use of an afterhours remote-security surveillance system, provided City-approved interior security gates are installed over access points. Talk-down systems must have adequate annunciator, and siren coverage across the premises. Licensees shall provide the City with the name and contact information of the remote-security company. The remote-security operator shall be reasonably able to timely respond to potential and actual breaches of the premises by sounding alarms, issuing commands and alerting the authorities.

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## CHAPTER 7 – RETAIL DELIVERY OPERATING REQUIREMENTS

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### **Sections.**

- 7.1 – Applicable Law
- 7.2 – Employees
- 7.3 – Third-Party Technology Platform
- 7.4 – Route
- 7.5 – Vehicle Information
- 7.6 – Outside Delivery

### **7.1 – Applicable Law**

A Licensee engaging in retail delivery operations shall comply with all conditions and requirements applicable to retailer licenses under local and state law, in addition to these Regulations governing retail delivery, and except for the provisions related to access to licensed Premises and the retail area.

### **7.2 – Employees**

All delivery employees shall carry a copy of their identification badges during deliveries. Delivery employees shall not consume cannabis or be under the influence of any substance that may impair the ability to drive while acting as a delivery employee.

### **7.3 – Third-Party Technology Platform**

If using a third-party technology platform to facilitate the sale and delivery of cannabis goods, the Licensee:

- A. Shall conduct the deliveries itself, with its own employee(s); and
- B. Is prohibited from sharing a portion of the profits with the third-party technology platform.

### **7.4 – Route**

A Licensed retailer's delivery employee shall:

- A. Only travel from:
  - 1. The retailer's licensed Premises to the delivery address;
  - 2. One delivery address to another delivery address; or
  - 3. Delivery address back to the retailer's licensed Premises.

- B. Not deviate from the delivery path, except for:
  - 1. Necessary rest, fuel, or vehicle repair stops, or
  - 2. Road conditions make continued use of the route unsafe, impossible, or impracticable.

### **7.5 – Vehicle Information**

Within the first month of every calendar year, and any time there is a change in the information, Licensees shall provide the City Manager or designee the following information:

- A. Related to vehicles:
  - 1. Copy of vehicle registration with the State of California; and
  - 2. Proof of insurance.
- B. Related to delivery employees:
  - 1. Copy of California Issued Driver’s License;
  - 2. Employee identification number; and
  - 3. Social security number.

### **7.6 – Outside Delivery**

Retailers not based within the City but delivering within City boundaries shall be required to obtain a City Business License; a City Commercial Cannabis Business License is not required. Retailers based outside City boundaries shall comply with State and local law generally applicable to Delivery, including but not limited to Sections 150, 170, 200, 210, 280, 300 and 320 of EMMC Chapter 5.18. The City shall not issue a Business License to a Delivery Retailer based outside the City boundaries without first obtaining copies of a valid State license issued by the DCC and a valid commercial cannabis license issued by their respective local jurisdiction.

## CHAPTER 8 – DISTRIBUTOR OPERATING REQUIREMENTS

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### **Sections.**

- 8.1 – Distributor Requirements
- 8.2 – Permitted Distribution Activities
- 8.3 – Goods Requirements
- 8.4 – Storage Only Services
- 8.5 – Transportation of Cannabis Goods
- 8.6 – Distribution Vehicles
- 8.7 – Vehicle Information

### **8.1 – Distributor Requirements**

Licensed distributors shall:

- A. Obtain a Cannabis Tax Permit from the CDTFA; and
- B. Maintain a commercial general liability policy in the amounts established by the State of California.

### **8.2 – Permitted Distribution Activities**

Subject to the rules and regulations described therein, licensed distributors may only engage in those activities expressly authorized by 4 CCR §15300 *et seq.* Packaging, labeling, and rolling activities shall meet the requirements of 4 CCR §15303 and §§9.6 – 9.7 of these Regulations.

### **8.3 – Goods Requirements**

A licensed distributor shall distribute only cannabis goods, cannabis accessories and Licensees' branded merchandise or promotional materials.

### **8.4 – Storage Only Services**

Licensed distributors may provide storage services to other Licensees if:

- A. No live plants are stored on the licensed Premises, except for seeds; and
- B. Unique goods batches are stored separately and distinctly from each other.

### **8.5 – Transportation of Cannabis Goods**

The following section shall apply to the transportation cannabis goods, accessories and branded merchandise between Licensees by a licensed distributor:

- A. Only employees and security personnel of the Licensee may be in the distribution vehicle; and
- B. Cannabis goods must be locked in a separate fully enclosed container secured to the inside of the vehicle.

### **8.6 – Distribution Vehicles**

Distribution vehicles are limited to enclosed motor vehicles or trailers and shall:

- A. Be owned or leased by the Licensee;
- B. Have an alarm system; and
- C. Have a motor carrier permit.

### **8.7 – Vehicle Information**

Within the first month of every calendar year, and any time there is a change in the information, Licensees shall provide the City Manager or designee the following information:

- A. Related to vehicles:
  - 1. Copy of vehicle registration with the State of California;
  - 2. Copy of Motor Carrier Permit; and
  - 3. Proof of insurance.
- B. Related to delivery employees:
  - 1. Copy of California Issued Driver's License;
  - 2. Employee identification number; and
  - 3. Social security number.

## CHAPTER 9 – MANUFACTURER OPERATING REQUIREMENTS

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### **Sections.**

- 9.1 – Authorized Activities
- 9.2 – Closed-Loop Certification
- 9.3 – Procedures
- 9.4 – Trade Secret Protection
- 9.5 – Storage
- 9.6 – Packaging
- 9.7 – Packaging and Labeling

### **9.1 – Authorized Activities**

Subject to EMMC §5.18.250, volatile and nonvolatile extractions are permitted in the City by licensed manufacturers using only the methods authorized by the State of California. Manufacturers may also manufacture edibles, infused products, vape cartridges and roll and package pre-rolls, including infused pre-rolls or pre-rolls only consisting of flower.

### **9.2 – Closed Loop Certification**

Licensees shall not engage in volatile extractions, or non-volatile extractions involving CO<sub>2</sub> prior to submitting proof of a closed-loop certification from a State-licensed engineer to the City Manager or Designee pursuant to EMMC §5.18.250(F).

### **9.3 – Procedures**

Licensees shall establish, implement and provide to the City upon request written procedures for:

- A. Quality Control;
- B. Batch Production Records;
- C. Product Quality Plans;
- D. Cleaning and building maintenance;
- E. Employee training;
- F. Waste Management;
- G. Master Manufacturing Protocols;

H. Inventory Control; and

I. Recalls.

#### **9.4 – Trade Secret Protection**

The Licensee may consider the Product Quality Plans and Master Manufacturing Protocols subject to trade secret protection by clearly identifying such information as “confidential” on the document at the time of submission to the City, if applicable.

#### **9.5 – Storage**

Cannabis must be stored within designated and secured areas within the facility. All flower, trim, oil and finished product shall be stored in a temperature-controlled room with adequate air circulation.

#### **9.6 – Packaging**

Licensed manufacturers shall ensure all packaging containing cannabis:

- A. Protects the product from contamination;
- B. Is tamper-evident and sealed so the contents cannot be opened without obvious destruction of the seal;
- C. Does not appeal to children nor imitate any package used for products typically marketed to children; and
- D. Is opaque (if edible).

#### **9.7 – Packaging and Labeling**

All items to be sold or distributed shall be labeled and packaged in accordance with these Regulations, EMMC and state law and:

- A. Individually wrapped at the original point of preparation by the licensed manufacturer;
- B. Meet the “Track and Trace” requirements of 4 CCR §15047.1 *et seq.*
- C. Packaged with a label specifying:
  - 1. Licensee’s name, license numbers, address and phone number, date of manufacture and that the product contains cannabis;

2. A warning the product is to be kept away from children; and
3. The weight of the product, cannabinoid content in the package by weight and percentage, and a list of all dominant terpenes by weight and percentage.

D. In addition to the above requirements, labeling for edible cannabis products must:

1. Clearly and legibly print that the product is not food on the front of the package;
2. Provide a warning indicating the product must be kept away from children; and
3. Provide a warning if the manufactured edible product contains nuts or other known allergens.

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## **CHAPTER 10 – CULTIVATOR OPERATING REQUIREMENTS**

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### **Sections.**

- 10.1 – Environmental Permits
- 10.2 – Returns Prohibited
- 10.3 – Compliance with State and Local Electrical and Water Requirements
- 10.4 – Nursery Licenses
- 10.5 – Best Efforts Towards Sustainability
- 10.6 – Cleanliness

### **10.1 – Environmental Permits**

Prior to beginning operation, licensed cultivators must provide a copy of the following documents to the City Manager or designee:

- A. A Notice of Applicability from the California State Resources Water Control Board;
- B. Written verification from the California Department of Fish and Wildlife that a lake and streambed alteration agreement is not required for the property or proposed use; and
- C. Approval of a Los Angeles County Department of Public Health Cross Connection Plan Review.

### **10.2 – Returns Prohibited**

Licensed cultivators are prohibited from accepting returns of any cannabis product after transferring the plants or flower to another Licensee.

### **10.3 – Compliance with State and Local Electrical and Water Requirements**

Licensed cultivators shall ensure compliance with requirements for electrical power and water usage in the City, County of Los Angeles, and State of California.

### **10.4 – Nursery Licenses**

- A. Licensees must obtain a Nursery License from the DCC prior to distributing immature plants or seeds or producing clones for the propagation and/or commercial cultivation of cannabis.
- B. Applicable Law: A nursery Licensee shall comply with all conditions and requirements applicable to licensed cultivators under local and state law, in addition to these Regulations governing nursery licenses.

- C. Nursery Licensees may designate a research and development area for the cultivation of mature plants if research and development activities require a plant to flower. However, cannabis derived from mature plants in the research and development area shall not enter the commercial distribution chain, unless the Licensee also as a cultivation license and/or manufacturing license, as applicable.
- D. Nursery Licensees producing seeds for distribution must enter all mature plants into the track and trace system. All cannabis, except for seed, derived from these mature plants, shall not enter the commercial distribution chain, unless the Licensee also has a cultivation license and/or manufacturing license, as applicable.

#### **10.5 – Best Efforts Towards Sustainability**

Licensed cultivators shall use best efforts to engage in sustainable businesses practices, including but not limited to using recycled materials, energy and water efficient equipment and appointing an environmental monitor to ensure proper maintenance of equipment and conservation efforts.

#### **10.6 – Cleanliness**

Cultivation and nursery sites shall be kept clean and well maintained at all times to prevent rodents, pests and vermin from coming onto or inhabiting the property.