

CITY OF EL MONTE
CANNABIS REGULATIONS

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

The Code 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 the Code or these Regulations, the relevant laws and regulations of the State of California shall apply.

In interpreting these Regulations, the definitions in section 5.18.030 of El Monte Municipal Code or State law shall apply. In the event that the definitions of Section 5.18.030 of the El Monte Municipal Code or state are in conflict, the City’s definition shall control.

Section 1.—Application and Approval Procedures

- 1.1 **Application Procedure:** The City shall process all retail and non-retail applications under the same procedure. All non-retail applications required under Section 5.18.080 shall be processed in accordance with the application procedures required for retail applications in Sections 5.18.050(D) and 5.18.070 and pursuant to these Regulations.
- 1.2 **Application Processing:** To provide an orderly, transparent, and fair licensing procedure, the City shall process all Commercial Cannabis Business License permits in five separate phases designated as follows:
 - A. Phase 1: Application Submittal;
 - B. Phase 2: Completeness Review;
 - C. Phase 3: Third-Party Scoring Review;
 - D. Phase 4: City Permits for Cannabis Business; and
 - E. Phase 5: License to Operate.
- 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 the Code and these Regulations.

B. Application Period: The initial application process opened on March 2, 2020 and remained open until 5:00 pm on Monday, June 15, 2020. Any additional application periods shall be scheduled at the discretion of the City Manager.

C. Complete applications shall include:

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

a. One activity	\$20,941.58
b. Two activities	\$31,412.38
c. Three activities	\$41,883.18
d. Four activities	\$52,353.95

2. Pass/Fail Required Documents: The following items shall be provided or the application shall receive a failing score and be automatically rejected:

a. El Monte Commercial Cannabis Business Application (“CCBA”);

b. Proof of property ownership under Section 5.18.070(C)(2): This may include:

- (1) Purchase Agreement;
- (2) Executed Lease; or
- (3) Notarized letter of property owner’s willingness to lease or sell the property.

c. Organizational structure documents, including but not limited to, Articles of Incorporation/Organization, Bylaws, Operating Agreements, Partnership Agreements, Resolutions, etc.;

d. Notarized Limitation on City’s Liability Waiver;

e. 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;

- f. Background check by third party company for all owners and managers, including the background check fee for each reported owner and manager.
- g. 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 Ordinance No. 2960.
- h. Proof of Capitalization demonstrating the Applicant has access and control of over \$400,000.00 in liquid assets dated within the past six months under Section 5.18.070(C)(6). 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 regulation 2.9(A)-(D);
- i. Confirmation required under Section 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;
- j. Proof of a fully executed Labor Peace Agreement (LPA) required under Sections 5.18.070(C)(7) and (12);
- k. Approved Letter of Zoning Compliance (“LZC”) from the El Monte Planning Division;
- l. Radius map confirming sensitive use buffer compliance under Section 5.18.070(C)(3);
- m. Plan set required under Section 5.18.070(C)(8), including site development plan, floor plans, building elevations, preliminary grading plan and conceptual landscaping plan;
- n. Colored interior renderings and exterior elevation renderings under Section 5.18.070(C)(9); and
- o. For retail Applicants only: 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 cannabis retailers (or microbusiness with retail sales authorized) licensed by a city, county or state since at least December 1, 2018 under Section 5.18.070(C)(4); and

3. Qualitative third party review items to be scored at a maximum of 1,000 points pursuant to Section 5.18.070(D):
 - a. Qualifications of Owners and Managers;
 - b. Plans, renderings, location and other diagrams;
 - c. Business plan;
 - d. Operations plan;
 - e. Safety plan;
 - f. Security plan;
 - g. Neighborhood compatibility plan;
 - h. Community benefits plan; and
 - i. Collective bargaining agreement.
- D. 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.
- E. Late or incomplete applications shall be rejected by the City. Non-responsive applications may be rejected by the City.
- F. Incomplete Applications: Incomplete applications will not be further processed by the City.
- G. Except as for the application requirements specifically exempted in these Regulations, including all pass/fail requirements listed in Regulation 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 Regulation 1.3 have been provided;

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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

- A. The third party consultant shall qualitatively review each application deemed complete by the City and assign points as provided herein and under EMMC Section 5.18.070(D).
- 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. Proposed retailers with the six highest scores shall be notified in writing by the City they are eligible to proceed to Phase 4. In the event of a tie in scoring, applicants that score higher in the areas of: 1) Community Benefits; followed by: 2) Neighborhood Compatibility; and finally by: 3) Security Plan will proceed to Phase 4. The remaining retail Applicants shall be notified in writing they are not among the top six scores and are ineligible to proceed to Phase 4.
- D. Non-retail Applicants with a passing score of 800 or greater shall be notified in writing they are eligible to proceed to Phase 4. The remaining non-retail Applicants shall be notified in writing they did not receive a passing score and are ineligible to proceed to Phase 4.

1.7 Phase 4: City Permits to Operate Commercial Cannabis Business

- A. Applicants selected to move forward in the process shall be issued a Commercial Cannabis Business License and have one year to obtain the necessary permits listed in section 1.7(C) to operate a Commercial Cannabis Business in the City, unless an extension is approved pursuant to Regulation B, below.
1. The issuance of a Commercial Cannabis Business License does not provide a business the right to operate a Commercial Cannabis Business in the City.
- B. Applicants may request one time 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.
- C. During Phase 4, Applicants shall obtain the following permits prior to operating a Commercial Cannabis Business in the City:
1. City Zoning Permit, if applicable (Zoning Clearance, 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.
- D. 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 and Building Permit from the Planning Division and Building Division may be required for Premises requiring tenant improvements and minor exterior modifications.
 2. A Director Level Design Review will be required for any construction of a new, primary non-accessory industrial structure in any M-zone within 150 feet of residentially zoned property.
 3. Director Level Design Review will be required for the following:
 - a. Expanding an existing non-residential structure by 25% or more;
 - b. Physically modifying a major portion of a structure or its surroundings visible from the street; or
 - c. Construction of new non-residential structures of 5,000 feet or more.

E. Applicants shall pay the Phase 4 application fees at the building plan submittal check, as follows:

- | | |
|---------------------|-------------|
| 1. One activity | \$7,079.25 |
| 2. Two activities | \$10,618.87 |
| 3. Three activities | \$14,158.49 |
| 4. Four activities | \$17,698.12 |

F. Prior to issuance of the City Business License to operate, 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; and
6. Los Angeles County Fire Department.

G. The City's denial of the issuance of any license or permit required under Phase 4 is not appealable.

1.8 Phase 5: Operation

A. Prior to operation of any Commercial Cannabis Business, the final application fee must be paid to the City, as follows:

- | | |
|------------------------|-------------------------------------|
| One Activity | \$13,051.76 |
| Two or More Activities | \$26,103.52 (for a maximum of four) |

B. Upon a Commercial Cannabis Business paying all necessary fees and receiving all necessary permits, approvals and licenses required herein, the Commercial Cannabis Business will be issued a City Business License and may commence operations, subject to all applicable local and state laws and regulations.

C. While the term of each Commercial Cannabis Business License is indefinite after it obtains all necessary permits and approvals as stated in Regulation 1.7(C) above, subject to suspension and/or revocation under EMMC Sections 5.18.100 and 5.18.110, Licensees shall pay the annual renewal permit fee of \$13,812.57 for one (1) licensed activity and

\$17,000.15 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 provide insurance at coverage limits determined necessary and appropriate by the City's Risk Management Director.
- E. 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. An applicant who has received notification of a passing score and eligibility for Phase 4 by the City Manager or designee 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 Applicant to continue the licensing process under the terms of the already approved application submitted by that Applicant.
- C. If an Applicant who has received notification of a passing score and eligibility for Phase 4 by the City Manager or designee modifies and expands 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 an Applicant which has received notification of a passing score and eligibility for Phase 4 by the City Manager or designee notifies the City Manager or designee of any other material change in information provided in the application under EMMC Section 5.18.130, the City may provide written approval to make the change or deny any change request. However, the City shall allow the Applicant to continue the licensing process under the terms of the already approved application

submitted by that Applicant. Minor and Major Material changes shall be subject to respective fees and shall be distinguished to include, but not be limited to, the following:

1. Minor Material Changes:

- (a) Change in over 50.1% of ownership structure, subject to background check(s) and applicable fees, and compliance with EMMC Chapter 5.18;
- (b) Expansion of Premises areas in compliance with Section 1.19(A) above;
- (c) 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;
- (d) Third-party security personnel, including guards and alarm monitoring companies;
- (e) Reporting of license denials and/or revocations; and
- (f) Doing business as filings.

2. Major Material Changes:

- (a) Expansion of Premises areas in exceedance of Section 1.19(A) above;
- (b) Change or Removal of use type;
- (c) Change in premises layout;
- (d) Sale or Transfer of a Business or any portion of a Business;
- (e) Relocation of a Business; and
- (f) Removal or change in Odor control equipment.

1.10 Notification of Change in Ownership:

- A. 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. A background check and applicable fee will be required for new owners.

1.11 **Responsiveness to City Requests:**

- A. Applicants and Licensees shall comply with official requests from the City related to the City’s facilitation of application and license due diligence review, processing, and the like. 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 penalties, including, but not limited to, application disqualification or commercial cannabis business license suspension or revocation pursuant to the process mandated by EMMC Section 5.18.110.

Section 2.—Application Requirements

2.1 **Letter of Zoning Compliance (“LZC”):** Applicants shall obtain an 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 Section 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 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;
 - 5. Restrooms;

7. Square footage of all interior spaces with proposed uses with a brief statement or description of the principal activity to be conducted therein;
 8. 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.
 9. 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.
 10. 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.
 11. 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.
 12. 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.
 13. 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 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 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 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 Regulations 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 1/8 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.
 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: 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.
- 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 150page 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.
 - a. Proof of Capitalization shall not count toward the 150-application page limit.

2.9 **Proof of Capitalization:** Applicants may demonstrate Proof of Capitalization feasibility by showing the Applicant has access and control of at least \$400,000.00 in liquid assets, as required under EMMC Section 5.18.070, by submitting any of the following documents:

- A. A corporate bank account statement issued by a financial institution in the name of the applicant showing a balance of \$400,000.00 or more in liquid assets within past six months as defined in EMMC Section 5.18.030;
- B. 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 towards applicant's establishment and operation; or
- C. 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 establishment and operation.
- D. A legally binding agreement in the applicant's name, if accompanied by (A), (B), or (C), above, in the name of the third party to the agreement. The agreement shall state that the applicant agrees to maintain the balance or risk forfeiture of their license and must have the applicant, third party, and the City as signatories.
- E. 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 Regulation 1.6, above;
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 Section 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.
 - 3. The application requirements in this Regulation 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 City Staff, 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):
 - a. General Municipal purposes;
 - b. New parks and/or park improvements;
 - c. Recreational programs;
 - 2. After school programs;
 - 3. Public safety, including:

- a. Youth diversion programs;
 - b. Explorer programs and Volunteers Caring and Patrolling (“VCAP”);
 - c. Teaching, Obedience, Respect, Courage and Honor (“TORCH”);
4. Monetary contribution to local non-profit organization (if a percentage amount is proposed, it should also include an estimated dollar amount);
 5. In-kind contributions to local non-profit organizations, provided that no cannabis or branded merchandise is donated in violation of local and state law;
 6. Use of local businesses and contractors for construction, consulting, professional services and ongoing operational needs; and
 7. Other quantifiable measures that may benefit the community.
- B. The Community Benefits Plan shall include a one (1) page summary of all the benefits. If the list of non-profit organizations under Number 4 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 Number 5 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 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);
 - 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.

Section 3.—Premises Requirements

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- 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 security bars and gates are prohibited, especially when visible from the public right of way. Doors 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 with the Los Angeles County Registrar-Recorder/County Clerk.
- 3.7 **Loading, unloading, and receiving activities:** These activities shall only be conducted between the hours of 6:00 am – 7:00 am – 6:00 pm, Monday through Friday, and 8:00 am to 7:00 pm Saturday and Sunday.
- 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.

Section 4.—General Operating Requirements

- 4.1 **Obeyance 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 Sections 5.18.020 and 5.18.060(F).

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- 4.2 **Adherence to these Regulations:** An applicant, or licensee found to be in default of these regulations shall risk disqualification of their application; or suspension and/or revocation of their Commercial Cannabis Business License pursuant to the process prescribed in EMMC Section 5.18.110.
- 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 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 commercial cannabis business license or have had their commercial cannabis business license revoked.

Section 5.—Records

- 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:

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- A. Financial records required to be maintained electronically under Section 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 Section 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 Section 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 Section 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 Sections 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.

Section 6—Retailer Operating Requirements

- 6.1 **Hours of Operation:** Retailers are only authorized to sell products to customers between the hours of 9:00am and 9:00pm.
- 6.2 **Goods Requirements:** A licensed retailer shall only sell cannabis goods, cannabis accessories and Licensees’ branded merchandise or promotional materials.
- 6.3 **Inventory Storage:** Retail products/inventory shall be stored in a City-approved vault or safe at the close of each business day.
- 6.4 **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.
- 6.5 **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:

- a. First and Last name;
 - b. Date of birth;
 - c. Email address (when provided by customer with permission); and
 - d. Doctor’s Recommendation (if applicable).
- B. Retailers may not retain scans or duplicates of any customer’s valid form of identification.
- C. A licensed retailer must follow the State laws pertaining to daily cannabis limits for retail customers.

6.5 **Display**

- 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.

Section 7—Non-Storefront Retailer Operating Requirements

- 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 provided by the Licensee 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:** On the first day of every quarter, 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.

Section 8—Distributor Operating Requirements

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; licensed distributors may engage in the following activities:**

- A. Transportation of cannabis between Licensees;
 - B. Testing services;
 - C. Packaging and labelling;
 - D. Storage only services to other Licensees; and
 - E. Pre-rolls consisting exclusively of flower, shake, leaf and/or kief and rolled prior to regulatory testing.
- 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 regulations 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.
 - 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:** On the first day of every quarter, 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.

Section 9. —Manufacturer Operating Requirements

- 9.1 **Authorized Activities:** Subject to Section 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 CO2 prior to submitting proof of a closed-loop certification from a State-licensed engineer to the City Manager or Designee pursuant to Section 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, the Code and state law and:
- A. Individually wrapped at the original point of preparation by the licensed manufacturer;
 - B. 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 and cannabinoid content in the package.
 - C. 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.

Section 10. —Cultivator Operating Requirements

- 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; and
 - 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.
- 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 and State of California.
- 10.4 **Nursery Licenses:**
 - A. Licensees must obtain a Nursery License from the CDFA 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 has 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.