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CHAPTER 12A
MARIJUANA BUSINESSES

(Ord. No. 574-AC; 576-AC; 588-AC; 594-AC; 598-AC; 606-AC, 608-AC, 629-AC)

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Section 12A-1. Purpose and Intent. The purpose of this Chapter is to enact new City legislation to regulate Cannabis Businesses operating within the City in accordance with State law, in order to protect the health, safety and general welfare of the residents and businesses within the City. (Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 629-AC)

Section 12A-2. Definitions.

For purposes of this Chapter, the words outlined in this subsection shall have the following definitions:

- (A) “**Act**” shall mean the Compassionate Use Act, known commonly as Proposition 215, codified as Health & Safety (“**H&S**”) Code § 11362.5, *et seq.*
- (B) “**Bureau**” means the Bureau of Cannabis Control, previously named the Bureau of Marijuana Control, Bureau of Medical Cannabis Regulation, and Bureau of Medical Marijuana Regulation.

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- (C) **“Business day”** is a day Monday through Friday from 8:00 a.m. to 5.00 p.m. Pacific Time, excluding state holidays.

- (D) **“Cannabis”** shall mean all parts of the plant *Cannabis sativa Linnaeus*, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from Cannabis. “Cannabis” also means Cannabis as defined by Section 11018 of the Health and Safety Code.

“Cannabis” does not include “industrial hemp” as defined by Section 81000 of the Food and Agriculture Code or Section 11018.5 of the Health and Safety Code; or the weight of any other ingredient combined with Cannabis to prepare topical or oral administrations, food, drink, or other product.

- (E) **“Cannabis Business”** means any Cannabis related activity, including but not limited to, planting, possessing, cultivating, harvesting, transporting, manufacturing, compounding, converting, processing, preparing, storing, packaging, testing, labeling, distributing, delivering, wholesale, and/or retail sales of Cannabis or any Cannabis goods or product, whether or not carried on for gain or profit.

- (F) **“Cannabis Business Tax”** shall mean any tax(es) established by the City Council and approved by the voters, as may be amended from time to time, for the purpose of taxing any Cannabis/Marijuana Business, including any activities related thereto, within the City.

- (G) **“Cannabis Cultivation License”** shall mean a license issued by the City Manager or his/her designee required by this Chapter to own, operate and/or manage a Cultivation Facility.

- (H) **“Cannabis Distribution/Transportation Facility License”** shall mean a license issued by the City Manager or his/her designee required by this Chapter to own, operate and/or manage a Distribution/Transportation Facility.

- (I) **“Cannabis goods”** and/or **“Cannabis products”** means Cannabis, including dried flower, and products containing Cannabis/THC.

- (J) **“Cannabis Manufacturing License”** shall mean a license issued by the City Manager or his/her designee required by this Chapter to own, operate and/or manage a Manufacturing Site.

- (K) **“Cannabis Testing License”** shall mean a license issued by the City Manager or his/her designee required by this Chapter to own, operate and/or manage a Testing Laboratory.

- (L) **“Cannabis Retail License”** shall mean a license issued by the City Manager or his/her designee required by this Chapter to own, operate and/or manage a Retail Cannabis Business.

- (M) **“Cannabis waste”** means waste that contains cannabis and that has been made unusable and unrecognizable in the manner prescribed in section 5054 of the Bureau Regulations, as may be amended from time to time.

- (N) **“Canopy”** means the designated area(s) at a licensed premises that will contain mature plants at any point in time.

- (O) **“CEQA”** shall mean the California Environmental Quality Act (Public Resources Code § 21000, *et seq.*) and the CEQA Guidelines (California Code of Regulations, Title 14, Division 6, Chapter 3, § 15000, *et seq.*)

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- (P) “**City**” shall mean the City of Needles.
- (Q) “**Code**” shall mean the City of Needles Municipal Code.
- (R) “**Cultivation**” means the planting, growing, harvesting, drying, curing, grading, trimming, and/or processing of one or more Cannabis plants or any part thereof, in any location, indoor or outdoor, including within a Fully Enclosed Structure, as defined.
- (S) “**Cultivation Facility**” shall mean a non-residential fixed and stationary building where Cannabis Cultivation occurs.

Cultivation Facility does not include Personal Use Cultivation, as defined.

- (T) “**Deliver**” or “**Delivery**” shall mean the transfer of Cannabis or Cannabis products from a Retail Cannabis Business to a customer, Qualified Patient or their Primary Caregiver in strict accordance with State law. “Delivery” also includes any technology platform owned and controlled by the Retail Cannabis Business, or independently licensed under State law that enables customers, Qualified Patients or their Primary Caregivers to arrange for or facilitate the delivery of Cannabis and/or Cannabis products from a Retail Cannabis Business to customers, Qualified Patients and/or their Primary Caregivers.
- (U) “**Delivery employee**” means an individual employed by a licensed retailer or licensed microbusiness authorized to engage in retail sales who delivers Cannabis goods from the licensed retailer or licensed microbusiness premises to a customer at a physical address.
- (V) “**Distribution**” shall mean the procurement, sale, transfer or transport of Cannabis or Cannabis products between Cannabis Businesses licensed in compliance with this Chapter and/or State law.
- (W) “**Distribution/Transportation Facility**” means a non-residential fixed or stationary building used for the business of Distribution of Cannabis and/or Cannabis products.
- (X) “**Distributor**” means a person licensed under State law (or, prior to the issuance of any State license/permit, is otherwise operating in compliance with State law) to engage in the business of Distribution.
- (Y) “**Financial Interest**” means an agreement to receive a portion of the profits of a commercial Cannabis Business, an investment into a commercial Cannabis Business, a loan provided to a commercial Cannabis Business, or any other equity interest in a commercial Cannabis Business except as provided below. For the purpose of this subsection, an agreement to receive a portion of the profits includes, but is not limited to, the following individuals:
 - (1) An employee who has entered into a profit share plan with the commercial Cannabis Business.
 - (2) A landlord who has entered into a lease agreement with the commercial Cannabis Business for a share of the profits.
 - (3) A consultant who is providing services to the commercial Cannabis Business for a share of the profits.
 - (4) A person acting as an agent, such as an accountant or attorney, for the commercial Cannabis Business for a share of the profits.
 - (5) A broker who is engaging in activities for the commercial Cannabis Business for a share of the profits.
 - (6) A salesperson who earns a commission.

When an entity has a Financial Interest in a commercial Cannabis Business, then all

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individuals who are Owners of that entity shall be considered Financial Interest holders of the commercial Cannabis Business. For example, this includes all entities in a multi-layer business structure, as well as the chief executive officer, members of the board of directors, partners, trustees and all persons who have control of a trust, and managing members or non-member managers of the entity. Each entity disclosed as having a Financial Interest must disclose the identities of persons holding Financial Interests until only individuals remain.

Notwithstanding the above, the following persons are not considered as having a “Financial Interest” for purposes of this Chapter.

- (1) A bank or financial institution whose interest constitutes a loan;
 - (2) Persons whose only financial interest in the commercial Cannabis Business is through an interest in a diversified mutual fund, blind trust, or similar instrument;
 - (3) Persons whose only financial interest is a security interest, lien, or encumbrance on property that will be used by the commercial Cannabis Business; and
 - (4) Persons who hold a share of stock that is less than 5 percent of the total shares in a publicly traded company.
- (Z) “**Free cannabis goods**” means any amount of Cannabis goods provided to any person without cost or payment or exchange of any other thing of value.
- (AA) “**Fully Enclosed Structure**” shall mean an enclosed space within a properly permitted building, greenhouse, or other structure which has a complete roof enclosure supported by connecting walls extending from the ground to the roof, which is secure against unauthorized entry, provides complete visual screening, and which is accessible only through doors and inaccessible to minors.
- (BB) “**Guidelines**” shall mean the Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use issued by the California Attorney General in August 2008, as may be amended from time to time.
- (CC) “**Immature Cannabis Plant**” or “**Immature Plant**” means a plant that is nonflowering and is shorter and narrower than 18 inches. For purposes of this division, this definition is applicable to retail activities.
- (DD) “**Kief**” means the resinous trichomes of Cannabis that have been separated from the Cannabis plant.
- (EE) “**Limited-access Area**” means an area in which Cannabis goods are stored or held and is only accessible to a licensee and its employees and authorized individuals.
- (FF) “**Manufacturing**” means the production, preparation, propagation, or compounding of manufactured Cannabis or Cannabis product, either directly or indirectly, or by extraction methods, or independently by means of chemical synthesis or by a combination of extraction methods and chemical synthesis, at a fixed location that packages or repackages Cannabis or Cannabis products, or labels or relabels its container.
- (GG) “**Manufacturing Site**” means a location that produces, prepares, propagates, or compounds manufactured Cannabis or Cannabis products, including edibles, directly or indirectly, by extraction methods, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis.
- (HH) “**MAUCRSA**” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified at Business and Professions Code §§ 26000, *et seq.*, as may be amended from time to time.

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- (II) **“Medicinal Cannabis patient”** includes both a Qualified Patient and a person in possession of a valid identification card issued under Health and Safety Code section 11362.71.
- (JJ) **“Nursery”** means all activities associated with producing clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of Cannabis.
- (KK) **“Operator”** shall mean any and all persons who are responsible for and/or involved in the operation and/or day to day management of the Cannabis Business, including, but not limited to, employees, volunteers, managers, supervisors, contractors, subcontractors, agents, etc.
- (LL) **“Owner”** shall mean any of the following: (1) A person with an aggregate ownership interest of 20 percent or more of the Cannabis Business, unless the interest is solely a security, lien, or encumbrance. (2) The chief executive officer of a nonprofit or other entity. (3) A member of the board of directors of a nonprofit. (4) The trustee(s) and all persons who have control of the trust and/or the commercial Cannabis Business that is held in trust. (5) An individual entitled to a share of at least 20 percent of the profits of the commercial Cannabis Business. (6) An individual who will be participating in the direction, control, or management of the Cannabis Business, including (A) A general partner of a commercial Cannabis Business that is organized as a partnership; (B) A non-member manager or managing member of a commercial Cannabis Business that is organized as a limited liability company; (C) An officer or director of a commercial Cannabis Business that is organized as a corporation.
- (MM) **“Package”** and **“Packaging”** means any container or wrapper that may be used for enclosing or containing any Cannabis goods for final retail sale. “Package” and “packaging” does not include a shipping container or outer wrapping used solely for the transport of Cannabis goods in bulk quantity to a licensee.
- (NN) **“Personal Use Cultivation”** shall mean cultivation by either:
 - (1) An individual Qualified Patient cultivating Cannabis pursuant to H&S Code section 11362.5, *et seq.*, if he/she cultivates Cannabis for his/her personal medical use and does not sell, distribute, donate, transfer, or provide Cannabis to any other person or entity; or
 - (2) A Primary Caregiver cultivating Cannabis pursuant to H&S Code section 11362.5, *et seq.*, if he/she cultivates Cannabis exclusively for the medical use of no more than five (5) specified Qualified Patients for whom he/she is the Primary Caregiver within the meaning of H&S Code section 11362.7, and does not receive remuneration for these activities, except for compensation provided in full compliance with subdivision (c) of H&S Code section 11362.765; or
 - (3) A person 21 years of age or older who, in strict accordance with the City Code, State law and/or regulations, as may be amended from time to time, possesses, plants, cultivates, harvests, dries, or processes not more than six living Cannabis plants and possess the Cannabis produced by those plants and those living plants are planted, cultivated, harvested, dried or processed within a single private residence, or upon the grounds of a private residence within a Fully Enclosed Structure, are in a locked space, and are not visible by normal unaided vision from a public place.
- (OO) **“Pre-roll”** means any combination of the following rolled in paper: flower, shake, leaf, or kief that is obtained from accumulation in containers or sifted from loose, dry Cannabis flower or leaf with a mesh screen or sieve.

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- (PP) “**Primary Caregiver**” shall mean the individual designated by a Qualified Patient, who has consistently assumed responsibility for the housing, health, or safety of that Qualified Patient.
- (QQ) “**Program**” shall mean the Medical Marijuana Program Act, known commonly as Senate Bill 420, codified as H&S Code §11362.7, *et seq.*, as may be amended from time to time.
- (RR) “**Qualified Patient**” shall mean any seriously ill patient where medical use of Cannabis is deemed appropriate and it has been recommended by a physician who has determined that the person’s health would benefit from the use of Cannabis in the treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which Cannabis provides relief.
- (SS) “**Regulatory License**” or “**Regulatory Licenses**” or “**Cannabis Business License(s)**” shall mean and refer collectively to any license issued hereunder for the operation of a Cannabis Business.
- (TT) “**Retail area**” means a building, room, or other area that is open to the public, upon the Retail Cannabis Business’ premises, authorized to engage in retail sales in which Cannabis goods are sold or displayed.
- (UU) “**Retail Cannabis Business**” means a location where retail sale and delivery of Cannabis and/or Cannabis products to customers, Qualified Patients and/or Primary Caregivers occurs.
- (VV) “**Tamper-evident**” means that the Cannabis goods packaging is sealed in a manner that prevents the packaging from being opened without obvious destruction of the seal.
- (WW) “**Testing Laboratory**” means a facility, entity, or site in the City that offers or performs tests of Cannabis or Cannabis products and that is both of the following:
- (1) Accredited by an accrediting body that is independent from all other persons involved in the Cannabis industry in the State.
 - (2) Licensed by the Bureau.
- (XX) “**Transport**” means the physical movement of Cannabis goods from one licensed premises to another licensed premises.
- (YY) “**Wholesale cost**” has the same meaning as in regulations adopted by the California Department of Tax and Fee Administration for Cannabis taxes.
(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 594-AC; Ord. No. 598-AC; Ord. No. 629-AC)

Section 12A-3. Operation of Cannabis Businesses.

- (A) It shall be unlawful for any person or persons to own, operate and/or manage a Cannabis Business within the City without first obtaining the applicable Regulatory License to operate from the City Manager pursuant to the provisions of this Chapter, as well as a zoning permit or conditional use permit, as applicable, and a City Business License.
- (B) It shall be unlawful for any person or person(s) to own, operate and/or manage, or cause another to operate and/or manage, a Cannabis Business within the City without having applied for and obtained a State permit/license for that purpose. Notwithstanding anything in this Chapter to the contrary, a Cannabis Business that is existing, open and operating in compliance with this Chapter, the City Code, and State law, may continue operations until its State permit/license has been approved or denied by the applicable State licensing authority.

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(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 629-AC)

Section 12A-4. Retail Cannabis Businesses.

It is unlawful for any person(s) to own, operate or manage a Retail Cannabis Business within the City, except as expressly provided herein:

- (A) Cannabis Retail License. Any Retail Cannabis Business that was existing, open and operating within the City as of December 25, 2014, may file an application with the City for a Cannabis Retail License. The Cannabis Retail License constitutes a revocable privilege, which shall be subject to revocation/suspension in the event that the Retail Cannabis Business or its Owner(s), Operator(s), managers, employees, agents, members or volunteers violate any provision of this Chapter, State law or regulations, or fail to pay any City Cannabis Business Tax, or other fees when due.

For purposes of this Chapter, the terms “open and operating” shall mean those Retail Cannabis Businesses which were engaged in the sale and/or delivery of Cannabis and/or Cannabis products in compliance with California state law, including the Act, Guidelines, and the Program, and have paid any and all Cannabis Business Taxes when due as of December 25, 2014.

- (B) License Application. An application for a Cannabis Retail License shall be filed only by the Owner(s) of the Retail Cannabis Business with the City Manager or his/her designee, along with any applicable fee to be set by the City Council by resolution, as may be amended from time to time. The application shall include the following information:

- (1) The name, address, and telephone number of the Retail Cannabis Business. Applicants and licensees shall use their legal business name on all documents related to commercial Cannabis Business.
- (2) The name, address and telephone number of the Owner(s) applying for the Cannabis Retail License, along with a copy of an official, valid and unexpired government issued photo ID;
- (3) The name, address and telephone number and a copy of an official, valid and unexpired government issued photo ID for all individuals who have a Financial Interest in a commercial Cannabis Business, but are not Owners/Operators, as defined. These individuals shall not be required to submit the other information required of Owners/Operators under the Chapter.
- (4) The name and address of the owner(s) of the real property upon, in, or from which the Retail Cannabis Business is to be operated. In the event the Owner(s) are not the legal owner(s) of the real property, the application shall be accompanied by a copy of a written and signed lease between the Owner(s) and the property owner authorizing use of the premises as a Retail Cannabis Business, or, if no written lease exists, a written, notarized acknowledgement from the property owner(s) that he/she/they have been advised and agree that a Retail Cannabis Business will be operated upon, in, or from the property;
- (5) Certification that the applicant, and any of the officers, directors, Owners or Operators of the Retail Cannabis Business do not have:
 - a. A conviction for homicide.
 - b. A conviction for racketeering, including but not limited to, a conviction under the Racketeer Influenced and Corrupt Organizations Act, the Organized Crime

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- Control Act of 1970, or any other state or federal law prohibiting organized crime.
- c. A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
 - d. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
 - e. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.
 - f. A felony conviction involving fraud, deceit, or embezzlement.
 - g. Within the preceding two (2) years, any felony conviction for burglary, including first- and/or second-degree burglary.
 - h. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 - i. A felony conviction for drug trafficking with enhancements pursuant to H&S Code Sections 11370.4 or 11379.8.
 - j. Any conviction involving a gang enhancement pursuant to Penal Code Section 186.22.
 - k. Within the preceding five (5) years, any violation of the Compassionate Use Act, the Medical Marijuana Program Act, the MAUCRSA, or any other State law or Constitutional provisions regulating Cannabis, as may be amended from time to time;
 - l. Within the preceding ten (10) years, any violations of subdivision (c) or (d) of H&S Code Section 11357, or Section 11361, or any other provision involving sale to minors, and/or Articles 1, 3, 5, 6 or 7 of Chapter 6 of Division 10 of the H&S Code;
 - m. Within the preceding five (5) years, any conviction for possession, sale, use, distribution, and/or manufacturing of any Schedule I or Schedule II controlled substance as defined or described in the federal Controlled Substances Act;
 - n. Within the preceding three (3) years, any administrative orders or civil judgments for violations of labor standards.
- (6) Whether Delivery service of Cannabis to any location outside the Retail Cannabis Business will be provided and the extent of such service (e.g. estimated amount of deliveries per month);
- (7) Whether the Retail Cannabis Business intends to allow ingestion, smoking, or consumption on the premises, in strict compliance with Section 12A-31;
- (8) Certification that the applicant, and any of its officers, directors, or Owners, Operators, employees, or agents is not a licensed physician making patient recommendations for Cannabis;

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- (9) Authorization for the City Manager or his/her designee to seek verification of the information contained in the application;
 - (10) Evidence that the Retail Cannabis Business is operating in strict accordance with State law, including the Act, the Program and the Guidelines, as well as the MAUCRSA, as may be amended from time to time;
 - (11) Certification that, within the past three (3) years, the applicant, and/or any of its officers, directors, Owners or Operators have not had a license for any Cannabis Business suspended and/or revoked by the City, the State of California, or any other city or local agency;
 - (12) One (1) set of fingerprints for each applicant in a form satisfactory to the City Manager or his/her designee. The fingerprints shall be taken at a place designated by the City Manager or his/her designee, and any required fee for such fingerprinting shall be paid by the applicant. Notwithstanding anything to the contrary in the Code, Owners and shareholders of publicly traded companies shall be exempt from the requirement to submit livescan fingerprints;
 - (13) A waiver and release of the City, its officers, officials, employees, and agents from any and all legal liability related to or arising from the application for a Cannabis Retail License, the issuance of the Cannabis Retail License, or the enforcement of the conditions of the Cannabis Retail License, and/or the operation of the Retail Cannabis Business;
 - (14) A warning that Owners, Operators, managers, agents, volunteers, employees, and members of Retail Cannabis Business may be subject to prosecution under federal laws;
 - (15) A statement in writing by the applicant that he/she certifies under penalty of perjury that all information contained in the application is true and correct;
 - (16) Such other information as may be required by the City Manager or his/her designee to determine compliance with any other eligibility requirements for issuance of the license as specified by state or local law.
- (C) Issuance of a Cannabis Retail License. Within sixty (60) days following receipt of a completed license application, the City Manager or his/her designee shall grant a Cannabis Retail License if the Owner(s) of the Retail Cannabis Business have satisfied the requirements of this Chapter and all other applicable laws, including, but not limited to, the City's building, zoning, business, and health regulations, unless the City Manager or his/her designee determines any or more of the following to be true:
- (1) The applicant(s) have failed to provide information required by the license application or the application is otherwise deemed incomplete; or
 - (2) The applicant(s) have knowingly made a false statement or omission of fact in the application for the license; or
 - (3) The Retail Cannabis Business is not properly operating in strict compliance with State law and regulations, including the Act, the Program, and the Guidelines, and the MAUCRSA, as may be amended from time to time; or
 - (4) The applicant, and/or any of the officers, directors, Owners or Operators of the Retail Cannabis Business have:

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- a. A conviction for homicide.
 - b. A conviction for racketeering, including but not limited to, a conviction under the Racketeer Influenced and Corrupt Organizations Act, the Organized Crime Control Act of 1970, or any other state or federal law prohibiting organized crime.
 - c. A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
 - d. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
 - e. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.
 - f. A felony conviction involving fraud, deceit, or embezzlement.
 - g. Within the preceding two (2) years, any felony conviction for burglary, including first- and/or second-degree burglary.
 - h. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 - i. A felony conviction for drug trafficking with enhancements pursuant to H&S Code Sections 11370.4 or 11379.8.
 - j. Any conviction involving a gang enhancement pursuant to Penal Code Section 186.22.
 - k. Within the preceding five (5) years, any violation of the Compassionate Use Act, the Medical Marijuana Program Act, the MAUCRSA, or any other State law or Constitutional provisions regulating Cannabis, as may be amended from time to time.
 - l. Within the preceding ten (10) years, any violations of subdivision (c) or (d) of H&S Code Section 11357, or Section 11361, or any other provision involving sale to minors, and/or Articles 1, 3, 5, 6 or 7 of Chapter 6 of Division 10 of the H&S Code.
 - m. Within the preceding five (5) years, any conviction for possession, sale, use, distribution, and/or manufacturing of any Schedule I or Schedule II controlled substance as defined or described in the federal Controlled Substances Act;
 - n. Within the preceding three (3) years, any administrative orders or civil judgments for violations of labor standards.
- (5) The applicant, and/or any of its officers, directors, Owners, Operators, employees or agents is a licensed physician making patient recommendations for Cannabis; or
- (6) The Owner(s) and/or Operator(s), if individuals, have not attained the minimum age as required by State law, as may be amended from time to time, but under no circumstances under eighteen (18) years of age; or

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- (7) Within the past three (3) years, the applicant, and/or any of its officers, directors, Owners or Operators have had a license for any Cannabis Business suspended and/or revoked by the City, the State of California, or any other city or local agency; or
 - (8) The Owner(s) and/or Operators have engaged in conduct that constitutes grounds for denial of licensure pursuant to Chapter 2 (commencing with Section 480) of Division 1.5 of the Business and Professions Code.
- (D) Denial of License Application.
- (1) If a Cannabis Retail License is denied, the City Manager or his/her designee shall serve on the Owner(s) a written notice of denial within thirty (30) days of rendering the decision specifying the grounds for the denial and of the right to request a hearing in regard thereto.
 - (2) The Owner(s) shall have the right to appeal from a decision by the City Manager or his/her designee to deny a Cannabis Retail License by filing with the City Clerk a written notice of appeal, specifying the grounds for such appeal, within ten (10) days after the decision has been served on the Owner(s). Such appeal shall be heard by the City Council within 120 days after the notice of appeal is received by the City Clerk. The Owner(s) shall be given not less than thirty (30) days written notice of the date, time and location of the appeal hearing. The City Council shall consider all relevant evidence at the hearing, may continue the hearing, and may require evidence and legal briefing as the Council determines may be helpful in addressing issues raised by the appeal. Not more than ninety (90) days following the conclusion of the hearing, the City Council shall issue a written decision as to whether the application shall be granted or denied. The written decision shall be served on the Owner(s) of the Retail Cannabis Business, with a copy served on the City Manager or his/her designee. The written decision of the City Council shall be final.

(E) Legal Non-Conforming Uses. Those Retail Cannabis Businesses that were in existence, open and operating on or before December 25, 2014 are permitted uses within the zones identified in the Permissible Use Table at section 96.01 of the City Code. Notwithstanding that Retail Cannabis Businesses were not permitted uses, any Retail Cannabis Business that was existing, open, and operating on or before December 25, 2014, shall constitute a legal non-conforming use under Part III, Article XV "Non-conforming Situations," and shall be subject to all provisions related to Non-Conforming Situations, and shall be permitted to continue operating, provided it complies with all regulations applicable to the operation of Retail Cannabis Businesses, including obtaining a Cannabis Retail License from the City as provided for herein.

(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 598-AC; Ord. No. 629-AC)

Section 12A-5. Regulations Applicable to the Operation of Retail Cannabis Businesses.

Except as otherwise specifically provided in this Chapter, the following regulations shall be applicable to all Retail Cannabis Businesses operating within the City:

- (A) No Retail Cannabis Business shall dispense Cannabis from more than one (1) location within the City.
- (B) The Retail Cannabis Business shall comply with the U.S. Department of Justice guidelines/priorities, including those prohibiting:
 - (1) Distribution of Cannabis to minors;

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- (2) Providing revenue from the sale of Cannabis to criminal enterprises, gangs and/or cartels;
 - (3) Diverting Cannabis from a state where it is legal under state law to a state where it is illegal;
 - (4) Using Cannabis activity as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
 - (5) Using or engaging in violence or use of firearms in the cultivation and/or distribution of Cannabis;
 - (6) Contributing to drugged driving and/or the exacerbation of other adverse public health consequences associated with Cannabis use;
 - (7) Growing Cannabis on public lands and the attendant public safety and environmental dangers posed by Cannabis production on public lands; and/or
 - (8) Possessing or use of Cannabis on federal property;
- (C) The Retail Cannabis Business shall comply with this Chapter, the Code and any applicable City resolutions, the Act, the Program and the Guidelines, as well as the MAUCRSA, and any amendments thereto, as well as any other State law or Constitutional provision regulating Cannabis;
- (D) The Retail Cannabis Business shall pay all legally required taxes and fees, including but not limited to, any Cannabis Business Tax, and sales tax pursuant to state and local law, as well as all other City and state imposed taxes and fees;
- (E) The Retail Cannabis Business does not have any unpaid financial, fee, or tax obligation to the City that is not paid in full when due, including any assessed fines, penalties, taxes, business tax, fee, interest or other costs (collectively "unpaid tax obligations"). A Retail Cannabis Business shall not be in breach of this subsection if it enters into and fully performs per the terms of a written offer and compromise or other written settlement agreement with the City that satisfies any unpaid tax obligations. This subsection shall not deprive any Retail Cannabis Business of rights, if any, to appeal or seek judicial determination of the propriety of any amounts alleged by the City as unpaid tax obligations, and a Retail Cannabis Business shall not lose its Cannabis Retail License hereunder due to the pendency of any such appeal or judicial determination;
- (F) The Retail Cannabis Business shall only be open between the hours of 6:00 a.m. and 10:00 p.m., including delivery service;
- (G) The Retail Cannabis Business shall maintain sales, inventory and patient records in a secure location within the City of Needles, available to the City Manager or Designee to review upon request.
- In the event said records are provided to the City Manager or Designee, it shall be the Retail Cannabis Business' responsibility to ensure patient identities are redacted sufficiently to meet any requirements of HIPPA and any other applicable State or federal laws or regulations. Such records shall include, without limitation, records of all inventory received and/or sold, revenue and monies received, cost of inventory, patient records, physician's referral and, if using a Primary Caregiver, a notarized written authorization from the Qualified Patient to be represented by such Primary Caregiver;
- (H) Cannabis shall be kept in a secured manner during business and non-business hours;

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- (I) All Cannabis shall be properly labeled and kept in a tamper-evident package in accordance with State law, as may be amended from time to time;
- (J) The Retail Cannabis Business shall develop a security plan including the following measures:
 - (1) The Retail Cannabis Business shall prevent individuals from remaining on the premises of the Retail Cannabis Business if they are loitering or otherwise not engaging in activity expressly related to the operations of the Retail Cannabis Business;
 - (2) The Retail Cannabis Business shall establish limited access areas accessible only to authorized personnel;
 - (3) The Retail Cannabis Business shall store all finished Cannabis and Cannabis products in a secured and locked room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of Cannabis used for display purposes, samples, or immediate sale; or as used in compliance with Section 12A-31;
 - (4) Digital security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 240 concurrent hours of digitally recorded documentation in a format approved by the City Manager or Designee.

The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.

Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed under this section.

Areas that shall be recorded on the video surveillance system include the following:

- (a) Areas where Cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;
- (b) Limited-access Areas;
- (c) Security rooms;
- (d) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and
- (e) Entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points.

A Retail Cannabis Business authorized to engage in retail sales shall also record point-of-sale areas and areas where Cannabis goods are displayed for sale on the video surveillance system. At each point-of-sale location, camera placement must allow for the recording of the facial features of any person purchasing or selling Cannabis goods, or any person in the retail area, with sufficient clarity to determine identity.

Recordings made by the security cameras shall be made available to the City Manager or Designee upon request.

Nothing in this section shall compel a Retail Cannabis Business or require the City to voluntarily disclose or deliver said recording to any Federal government entity or

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agency absent a court order or subpoena;

- (5) Retail Cannabis Business premises shall be alarmed with an alarm system that is operated and monitored by a properly licensed security company.
 - (6) All retail activity shall occur within a separate Cannabis dispensing area. No customers, Qualified Patients and/or Primary Caregivers shall be permitted to enter the dispensing area until proper identification is presented to the Retail Cannabis Business staff. The entrance to the Cannabis dispensing area and any storage areas shall be secured at all times, and under the control of Retail Cannabis Business staff;
 - (7) The Cannabis Business shall hire or contract for security personnel who are at least 21 years of age to provide on-site security services during hours of operation. Security personnel must be in uniform and readily identifiable. No security personnel shall be operating in an "undercover" capacity without prior notification to law enforcement. All security personnel shall be in possession of a state-mandated guard card and relevant endorsements as well as acquire a City of Needles Live Scan Identification;
 - (8) The business entrance(s) and all window areas shall be illuminated during evening hours. The Retail Cannabis Business shall comply with the City's lighting standards regarding fixture type, wattage, illumination levels, shielding, etc., and secure the necessary approvals and permits as needed;
 - (9) All windows on the building that houses the Retail Cannabis Business shall be appropriately secured and all Cannabis securely stored; and
 - (10) Tending scales shall be used for the sale or trade of any and all Cannabis. All tending scales are to be in a digital (LED) display, character size a minimum of 1 inch. A separate surveillance camera shall monitor each LED scale display so that the LED scale readout can be read remotely;
- (K) The Retail Cannabis Business shall prohibit on-site smoking, ingestion, or consumption of Cannabis on the Premises of the Retail Cannabis Business, except in strict accordance with Section 12A-31, below.

The term "Premises" as used in this section includes the actual building of the Retail Cannabis Business, as well as any accessory structures, parking areas and the entire real property on which the Retail Cannabis Business is situated;

- (L) Signage for the Retail Cannabis Business shall comply with the City sign ordinance, as well as any State requirements, and any amendments thereto;
- (M) Alcoholic beverages shall not be provided, sold, stored, kept, located, dispensed, distributed, or consumed on the Premises. The Retail Cannabis Business shall not hold or maintain a license from the State Department of Alcohol Beverage Control to sell alcoholic beverages, or operate a business that sells alcoholic beverages;
- (N) A Retail Cannabis Business shall not sell or transport Cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage as defined in Division 9 of the Business and Professions Code.
- (O) A Retail Cannabis Business may sell Immature Cannabis Plants, as defined, only in strict accordance with State law and Bureau regulations, as may be amended from time to time;

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- (P) Windows and/or entrances of Retail Cannabis Businesses shall not be obstructed and shall maintain a clear view into the Premises during business hours;
- (Q) Access to the Premises of a Retail Cannabis Business engaged in adult-use shall be limited to individuals who are at least 21 years of age. Access to the Premises of a Retail Cannabis Business engaged solely in medical use shall be limited to individuals who are at least 18 years of age and have a valid physician's recommendation.
- (R) Physician services shall not be provided on the Premises.

"Physician services" does not include social services, including counseling, help with housing and meals, hospice and other care referrals which may be provided on site with additional permitting;
- (S) The Premises and building in which the Retail Cannabis Business is located, as well as the operations conducted therein, shall fully comply with all applicable building codes, all applicable State and Federal environmental laws, the Americans with Disabilities Act, the Act, Program and Guidelines; and the MAUCRSA, as may be amended from time to time;
- (T) A Retail Cannabis Business shall maintain a record of all authorized individuals who are not employees of the licensee who enter the Limited-access Areas. The record shall include the name of the individual, the company the individual works for, the reason the individual entered the Limited-access Area, the date, and the times the individual entered and exited the Limited-access Area. These records shall be made available to the City Manager or designee immediately upon request.
- (U) A Retail Cannabis Business shall ensure that the Limited-access Areas can be securely locked using commercial-grade, nonresidential door locks. A licensee shall also use commercial-grade, nonresidential door locks on all points of entry and exit to the licensed premises.
- (V) The Retail Cannabis Business shall keep adequate records of any Cannabis related activity, including conducting an inventory on the first business day of each week and recording the total quantity of each form of Cannabis on the Premises. Records expressly include, but are not limited to, video recordings maintained pursuant to subsection (J), above. All records shall be maintained for seven (7) years from the date created or longer if required by State or Federal law;
- (W) On the fifth day of each month, the Retail Cannabis Business shall provide the City Manager with a written report containing the following information:
 - (1) Bills of lading and a description of all inventory shipments received (including those received by the Retail Cannabis Business, weight of any Cannabis flowers, edibles and concentrates) since prior report;
 - (2) The description and weight of inventory in the possession or control of the Retail Cannabis Business;
 - (3) The total gross revenue received from prior month's sales; and
 - (4) A copy of any sales tax reports provided to the State Board of Equalization and any other taxing agencies;
- (X) The Retail Cannabis Business shall not be operated within: a residence; within a six hundred (600) foot radius of a school, recreation center or youth center; or within two hundred (200) feet of a public playground, park (meaning a children's park where there is playground

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equipment or other youth athletic or sports facilities, but not including a “way-side” park or rest stop), child care or day care facility, or church. All distances shall be the horizontal distance measured in a straight line, without regard to intervening structures or topography, from the property line of the uses described in this Subsection to the closest property line of the lot on which the Retail Cannabis Business is located;

(Y) Operations of the Retail Cannabis Business shall not cease for more than ninety (90) calendar days;

(Z) The Retail Cannabis Business shall provide the City, or allow the City inspection of, the security recordings, the activity logs, sales and revenue records, documents and any other required reports, and financial and sales data requested by the City;

(AA) The Retail Cannabis Business shall comply with the State’s track and trace system and other requirements, as may be amended from time to time.

(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 594-AC; Ord. No. 598-AC; Ord. No. 629-AC)

Section 12A-6. Cultivation of Cannabis.

Other than Personal Use Cultivation as defined in Subsection 12A-2 above, it is unlawful for any person(s) to cultivate and/or grow Cannabis, except as expressly provided herein:

(A) Cannabis Cultivation License. The operation of a Cultivation Facility shall only be considered upon application and approval of a Cannabis Cultivation License. The Cannabis Cultivation License constitutes a revocable privilege, which shall be subject to revocation/suspension in the event that the Cultivation Facility, or any its Owners, Operators, managers, employees, agents, members or volunteers violate any provision of this Chapter, State law or regulations, or fail to pay any City Cannabis Business Tax, or other fees when due.

(B) License Application. An application for a Cannabis Cultivation License shall be filed only by the Owner(s) of the Cultivation Facility with the City Manager or his/her designee, along with any applicable fee to be set by the City Council by resolution, as may be amended from time to time. The application shall include the following information:

(1) The name, address, and telephone number of the Cultivation Facility. Applicants and licensees shall use their legal business name on all documents related to commercial Cannabis Business;

(2) The name, address and telephone number of the Owner(s) applying for the Cannabis Cultivation License, along with a copy of an official, valid and unexpired government issued photo ID;

(3) The name, address and telephone number and a copy of an official, valid and unexpired government issued photo ID for all individuals who have a Financial Interest in a commercial Cannabis Business but are not Owners/Operators, as defined. These individuals shall not be required to submit the other information required of Owners/Operators under the Chapter.

(4) The name and address of the owner(s) of the real property upon, in, or from which the Cultivation Facility is to be operated. In the event the Owner(s) are not the legal owner(s) of the real property, the application shall be accompanied by a copy of a written and signed lease between the Owner(s) and the property owner(s) authorizing use of the premises as a Cultivation Facility, or, if no written lease exists, a written, notarized acknowledgement from the property owner(s) that he/she/they have been advised and agree that a Cultivation Facility will be operated upon, in, or from the property;

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- (5) Certification that the applicant, and any of the officers, directors, Owners or Operators of the Cultivation Facility does not have:
 - a. A conviction for homicide.
 - b. A conviction for racketeering, including but not limited to, a conviction under the Racketeer Influenced and Corrupt Organizations Act, the Organized Crime Control Act of 1970, or any other state or federal law prohibiting organized crime.
 - c. A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
 - d. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
 - e. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.
 - f. A felony conviction involving fraud, deceit, or embezzlement.
 - g. Within the preceding two (2) years, any felony conviction for burglary, including first- and/or second-degree burglary.
 - h. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 - i. A felony conviction for drug trafficking with enhancements pursuant to H&S Code Sections 11370.4 or 11379.8.
 - j. Any conviction involving a gang enhancement pursuant to Penal Code Section 186.22.
 - k. Within the preceding five (5) years, any violation of the Compassionate Use Act, the Medical Marijuana Program Act, the MAUCRSA, or any other State law or Constitutional provisions regulating Cannabis, as may be amended from time to time.
 - l. Within the preceding ten (10) years, any violations of subdivision (c) or (d) of H&S Code Section 11357, or Section 11361, or any other provision involving sale to minors, and/or Articles 1, 3, 5, 6 or 7 of Chapter 6 of Division 10 of the H&S Code.
 - m. Within the preceding five (5) years, any conviction for possession, sale, use, distribution, and/or manufacturing of any Schedule I or Schedule II controlled substance as defined or described in the federal Controlled Substances Act;
 - n. Within the preceding three (3) years, any administrative orders or civil judgments for violations of labor standards.
- (6) Certification that the applicant, and any of its officers, directors, Owners, Operators, employees or agents is not a licensed physician making patient recommendations for Medical Cannabis;
- (7) An estimate of the size of the Cultivation Facility;

- (8) A site plan and floor plan of the premises denoting all areas on the premises, including storage, cultivation areas, lighting, signage, etc.
- (9) A security plan including the following measures:

- a. Digital security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 240 concurrent hours of digitally recorded documentation in a format approved by the City Manager or Designee.

The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.

Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed under this section.

Areas that shall be recorded on the video surveillance system include the following:

- (1) Areas where Cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;
- (2) Limited-access Areas;
- (3) Security rooms;
- (4) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and
- (5) Entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points.

- b. The Cultivation Facility premises shall be alarmed with an alarm system that is operated and monitored by a properly licensed security company.
- c. The Cannabis Business shall hire or contract for security personnel who are at least 21 years of age to provide on-site security services during hours of operation. Security personnel must be in uniform and readily identifiable. No security personnel shall be operating in an “undercover” capacity without prior notification to law enforcement. All security personnel shall be in possession of a state-mandated guard card and relevant endorsements as well as acquire a City of Needles Live Scan Identification;
- d. Entrance to the Cultivation area and any storage areas shall be locked at all times, and under the control of the staff of the Cultivation Facility;
- e. The entrance(s) and all window areas shall be illuminated during evening hours. The applicant shall comply with the City’s lighting standards regarding the fixture type, wattage, illumination levels, shielding, etc., and secure the necessary approvals and permits as needed;
- f. All windows on the building that houses the Cultivation Facility shall be appropriately secured and all Cannabis securely stored;

- (10) A detailed description of the Cultivation Facility’s operating procedures with regard to

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the following, as applicable:

- a. Cultivation;
 - b. The distribution/transportation process;
 - c. Inventory procedures;
 - d. Quality control procedures;
- (11) Authorization for the City Manager or his/her designee to seek verification of the information contained in the application;
 - (12) Evidence that the Cultivation Facility is or will be operating in strict accordance with State law, including the Act, the Program and the Guidelines, as well as the MAUCRSA, as may be amended from time to time;
 - (13) Certification that, within the past three (3) years, the applicant, and/or any of its officers, directors, Owners or Operators have not had a license for any Cannabis Business suspended and/or revoked by the City, the State of California, or any other city or local agency;
 - (14) One (1) set of fingerprints for each applicant in a form satisfactory to the City Manager or his/her designee. The fingerprints shall be taken at a place designated by the City Manager or his/her designee, and any required fee for such fingerprinting shall be paid by the applicant. Notwithstanding anything to the contrary in the Code, Owners and shareholders of publicly traded companies shall be exempt from the requirement to submit livescan fingerprints;
 - (15) A waiver and release of the City, its officers, officials, employees, and agents from any and all legal liability related to or arising from the application for a Cannabis Cultivation License, the issuance of the Cannabis Cultivation License, or the enforcement of the conditions of the Cannabis Cultivation License, and/or the operation of the Cultivation Facility;
 - (16) A warning that Owners, Operators, managers, agents, volunteers, employees, and members of Cultivation Facility may be subject to prosecution under federal laws;
 - (17) A statement in writing by the applicant that he/she certifies under penalty of perjury that all information contained in the application is true and correct;
 - (18) Such other information as may be required by the City Manager or his/her designee to determine compliance with any other eligibility requirements for issuance of the license as specified by state or local law.
- (C) Issuance of a Cannabis Cultivation License. Within sixty (60) days following receipt of a completed license application, the City Manager or his/her designee shall grant a Cannabis Cultivation License if the Owner(s) of the Cultivation Facility have satisfied the requirements of this Chapter and all other applicable laws, including, but not limited to, the City's building, zoning, business, and health regulations, unless the City Manager or his/her designee determines any or more of the following to be true:
- (1) The applicant(s) have failed to provide information required by the license application or the application is otherwise deemed incomplete; or
 - (2) The applicant(s) have knowingly made a false statement or omission of fact in the

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application for the license; or

- (3) The Cultivation Facility is not properly operating in strict compliance with State law and regulations, including the Act, the Program, and the Guidelines, and the MAUCRSA, as may be amended from time to time; or
- (4) The applicant, and/or any of the officers, directors, Owner(s) or Operator(s) of the Cultivation Facility have:
 - a. A conviction for homicide.
 - b. A conviction for racketeering, including but not limited to, a conviction under the Racketeer Influenced and Corrupt Organizations Act, the Organized Crime Control Act of 1970, or any other state or federal law prohibiting organized crime.
 - c. A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
 - d. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
 - e. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.
 - f. A felony conviction involving fraud, deceit, or embezzlement.
 - g. Within the preceding two (2) years, any felony conviction for burglary, including first- and/or second-degree burglary.
 - h. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 - i. A felony conviction for drug trafficking with enhancements pursuant to H&S Code Sections 11370.4 or 11379.8.
 - j. Any conviction involving a gang enhancement pursuant to Penal Code Section 186.22.
 - k. Within the preceding five (5) years, any violation of the Compassionate Use Act, the Medical Marijuana Program Act, the MAUCRSA, or any other State law or Constitutional provisions regulating Cannabis, as may be amended from time to time.
 - l. Within the preceding ten (10) years, any violations of subdivision (c) or (d) of H&S Code Section 11357, or Section 11361, or any other provision involving sale to minors, and/or Articles 1, 3, 5, 6 or 7 of Chapter 6 of Division 10 of the H&S Code.
 - m. Within the preceding five (5) years, any conviction for possession, sale, use, distribution, and/or manufacturing of any Schedule I or Schedule II controlled substance as defined or described in the federal Controlled Substances Act; or

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- n. Within the preceding three (3) years, any administrative orders or civil judgments for violations of labor standards.
 - (5) The applicant, and/or any of its officers, directors, Owner(s), or Operator(s) is a licensed physician making patient recommendations for Medical Cannabis; or
 - (6) The Owner(s) and/or Operator(s), if individuals, have not attained the minimum age as required by State law, as may be amended from time to time, but under no circumstances under eighteen (18) years of age; or
 - (7) Within the past three (3) years, the applicant, and/or any of its officers, directors, Owners or Operators have had a Cannabis Business License suspended and/or revoked by the City, the State of California, or any other city or local agency; or
 - (8) The Owner(s) and/or Operator(s) have engaged in conduct that constitutes grounds for denial of licensure pursuant to Chapter 2 (commencing with Section 480) of Division 1.5 of the Business and Professions Code.
- (D) Denial of License Application.
- (1) If a Cannabis Cultivation License is denied, the City Manager or his/her designee shall serve on the Owner(s) a written notice of denial within thirty (30) days of rendering the decision specifying the grounds for the denial and of the right to request a hearing in regard thereto.
 - (2) The Owner(s) shall have the right to appeal from a decision by the City Manager or his/her designee to deny a Cannabis Cultivation License by filing with the City Clerk a written notice of appeal, specifying the grounds for such appeal, within ten (10) days after the decision has been served on the Owner(s). Such appeal shall be heard by the City Council within 120 days after the notice of appeal is received by the City Clerk. The Owner(s) shall be given not less than thirty (30) days written notice of the date, time and location of the appeal hearing. The City Council shall consider all relevant evidence at the hearing, may continue the hearing, and may require evidence and legal briefing as the Council determines may be helpful in addressing issues raised by the appeal. Not more than ninety (90) days following the conclusion of the hearing, the City Council shall issue a written decision as to whether the application shall be granted or denied. The written decision shall be served on the Owner(s) of the Cultivation Facility, with a copy served on the City Manager or his/her designee. The written decision of the City Council shall be final.
- (E) Inspections. The City may inspect the intended Cultivation Facility site and/or premises for suitability prior to issuing a Cannabis Cultivation License.
(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 598-AC; Ord. No. 629-AC)

Section 12A-7. Regulations Applicable to Cultivation Facilities.

Except as otherwise specifically provided in this Chapter, the following regulations shall be applicable to all Cultivation Facilities operating within the City:

- (A) The Cultivation Facility shall not distribute, sell, dispense, or administer Cannabis out of its facility to the public. A Cultivation Facility shall not be operated or maintained as a Retail Cannabis Business;
- (B) The Cultivation Facility shall operate in compliance with this Chapter, the Code and applicable resolutions, all State laws, including, but not limited to, the Act, the Program and the Guidelines, the MAUCRSA, as may be amended from time to time, as well as any other

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State law or Constitutional provision regulating Cannabis, including, but not limited to, any standards, whether now or later adopted, related to:

- (1) The use of pesticides;
 - (2) The identification of permitted Cannabis plants at the Cultivation Facility, including those for “unique identifiers”, if any;
- (C) The Cultivation Facility shall not violate any of the U.S. Department of Justice guidelines/priorities, including those prohibiting:
- (1) Distribution of Cannabis to minors;
 - (2) Providing revenue from the sale of Cannabis to criminal enterprises, gangs and/or cartels;
 - (3) Diverting Cannabis from a state where it is legal under state law to a state where it is illegal;
 - (4) Using Cannabis activity as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
 - (5) Using or engaging in violence or use of firearms in the cultivation and/or distribution of Cannabis;
 - (6) Contributing to drugged driving and/or the exacerbation of other adverse public health consequences associated with Cannabis use;
 - (7) Growing Cannabis on public lands and the attendant public safety and environmental dangers posed by Cannabis production on public lands; and/or
 - (8) Possessing or use of Cannabis on federal property;
- (D) The Cultivation Facility shall pay all legally required taxes and fees, including but not limited to, any Cannabis Business Tax, and sales tax pursuant to state and local law, as well as all other City and state-imposed taxes and fees;
- (E) The Cultivation Facility shall not have any unpaid financial, fee, or tax obligation to the City that is not paid in full when due, including any assessed fines, penalties, taxes, business tax, fee, interest or other costs (collectively “unpaid tax obligations”). A Cultivation Facility shall not be in breach of this subsection if it enters into and fully performs per the terms of a written offer and compromise or other written settlement agreement with the City that satisfies any unpaid tax obligations. This subsection shall not deprive any Cultivation Facility of rights, if any, to appeal or seek judicial determination of the propriety of any amounts alleged by the City as unpaid tax obligations, and a Cultivation Facility shall not lose its Cannabis Cultivation License hereunder due to the pendency of any such appeal or judicial determination;
- (F) A Cultivation Facility shall implement a security plan including the following measures:
- (1) Digital security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 240 concurrent hours of digitally recorded documentation in a format approved by the City Manager or Designee.

The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.

Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed under this section.

Areas that shall be recorded on the video surveillance system include the following:

- (a) Areas where Cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;
- (b) Limited-access Areas;
- (c) Security rooms;
- (d) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and
- (e) Entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points.

Recordings made by the security cameras shall be made available to the City Manager or Designee upon request..

Nothing in this section shall compel a Cultivation Facility or require the City to voluntarily disclose or deliver said recording to any Federal government entity or agency absent a court order or subpoena;

- (2) The Cultivation Facility premises shall be alarmed with an alarm system that is operated and monitored by a properly licensed security company.
 - (3) The Cannabis Business shall hire or contract for security personnel who are at least 21 years of age to provide on-site security services during hours of operation. Security personnel must be in uniform and readily identifiable. No security personnel shall be operating in an “undercover” capacity without prior notification to law enforcement. All security personnel shall be in possession of a state-mandated guard card and relevant endorsements as well as acquire a City of Needles Live Scan Identification;
 - (4) Entrance to the Cultivation area and any storage areas shall be locked at all times, and under the control of the staff of the Cultivation Facility;
 - (5) The entrance(s) and all window areas shall be illuminated during evening hours. The applicant shall comply with the City’s lighting standards regarding the fixture type, wattage, illumination levels, shielding, etc., and secure the necessary approvals and permits as needed;
- (G) Indoor grow lighting systems shall:
- (1) Be shielded to confine light and glare to the interior of the allowable structure; and
 - (2) Comply with the City Code, including the Building Code and the Fire Code;
- (H) The Cultivation Facility shall have ventilation and filtration systems installed that prevent Cannabis plant odors from exiting the interior of the structure or portion of the structure where Cannabis is cultivated. The ventilation and filtration system shall be approved by the building official and installed prior to commencing Cultivation within the allowable structure;

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- (I) Cultivation shall be concealed from public view at all stages of growth and there shall be no exterior evidence of Cultivation occurring at the premises from a public right-of-way or from an adjacent parcel;
- (J) Cultivation shall not create offensive odors; create excessive dust, heat, noise, smoke, traffic, or other impacts that are disturbing to people of normal sensitivity residing or present on adjacent or nearby property or areas open to the public; or be hazardous due to use or storage of materials, processes, products, or wastes;
- (K) The Cultivation Facility shall comply with the State's track and trace system and requirements, as may be amended from time to time;
- (L) The Cultivation Facility shall keep adequate records of any Cannabis related activity, including conducting an inventory on the first business day of each week and recording the total quantity of each type of Cannabis on the Premises. Records expressly include, but are not limited to, video recordings maintained pursuant to subsection (F), above. All records shall be maintained for seven (7) years from the date created or longer if required by State or Federal law;
- (M) The Cultivation Facility shall not be operated within: a residence; within six hundred (600) feet of a school, recreation center or youth center; or within two hundred (200) feet of a public playground, park (meaning a children's park where there is playground equipment or other youth athletic or sports facilities, but not including a "way-side" park or rest stop), child care or day care facility, or church. All distances shall be the horizontal distance measured in a straight line, without regard to intervening structures or topography, from the property line of the uses described in this Subsection to the closest property line of the lot on which the Cultivation Facility is located.

(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 594-AC; Ord. No. 598-AC; Ord. No. 629-AC)

Section 12A-8. Outdoor Cultivation Prohibited. No outdoor Cultivation or outdoor growing of Cannabis, including Personal Use Cultivation, as defined, shall be permitted within the City of Needles. Any Cultivation not inconsistent with State law, or this Chapter, as such laws may be amended from time to time, shall at all times occur indoors, in a secure, locked and Fully Enclosed Structure that includes solid walls and a ceiling, roof or top, as consistent with all applicable State, County and City laws, regulations, ordinances and building codes.

(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 629-AC)

Section 12A-9. Manufacturing.

It is unlawful for any person(s) to operate a Manufacturing Site within the City, except as expressly provided herein:

- (A) Cannabis Manufacturing License. The operation of a Manufacturing Site shall only be considered upon application and approval of a Cannabis Manufacturing License. The Cannabis Manufacturing License constitutes a revocable privilege, which shall be subject to revocation/suspension in the event that the Manufacturing Site, or any of its Owners, Operators, managers, employees, agents, members or volunteers violate any provision of this Chapter, State law or regulations, or fail to pay any City Cannabis Business Tax, or other fees when due.
- (B) License Application. An application for a Cannabis Manufacturing License shall be filed only by the Owner(s) of the Manufacturing Site with the City Manager or his/her designee, along with any applicable fee to be set by the City Council by resolution, as may be amended from time to time. The application shall include the following information:

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- (1) The name, address, and telephone number of the Manufacturing Site. Applicants and licensees shall use their legal business name on all documents related to commercial Cannabis Business;
- (2) The name, resident address and telephone number of the Owner(s) applying for the License, along with a copy of an official, valid and unexpired government issued photo ID;
- (3) The name, address and telephone number and a copy of an official, valid and unexpired government issued photo ID for all individuals who have a Financial Interest in a commercial Cannabis Business but are not Owners/Operators, as defined. These individuals shall not be required to submit the other information required of Owners/Operators under the Chapter.
- (4) The name and address of the owner(s) of the real property upon, in, or from which the Manufacturing Site is to be operated. In the event the Owner(s) are not the legal owner(s) of the property, the application shall be accompanied by a copy of a written and signed lease between the Owner(s) and the property owner authorizing use of the premises as a Manufacturing Site, or, if no written lease exists, a written, notarized acknowledgement from the property owner(s) that he/she/they have been advised that a Manufacturing Site will be operated upon, in, or from the property;
- (5) Certification that the applicant, and any of the officers, directors, Owners or Operators of the Manufacturing Site does not have:
 - a. A conviction for homicide.
 - b. A conviction for racketeering, including but not limited to, a conviction under the Racketeer Influenced and Corrupt Organizations Act, the Organized Crime Control Act of 1970, or any other state or federal law prohibiting organized crime.
 - c. A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
 - d. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
 - e. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.
 - f. A felony conviction involving fraud, deceit, or embezzlement.
 - g. Within the preceding two (2) years, any felony conviction for burglary, including first- and/or second-degree burglary.
 - h. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 - i. A felony conviction for drug trafficking with enhancements pursuant to H&S Code Sections 11370.4 or 11379.8.
 - j. Any conviction involving a gang enhancement pursuant to Penal Code Section

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186.22.

- k. Within the preceding five (5) years, any violation of the Compassionate Use Act, the Medical Marijuana Program Act, the MAUCRSA, or any other State law or Constitutional provisions regulating Cannabis, as may be amended from time to time.
 - l. Within the preceding ten (10) years, any violations of subdivision (c) or (d) of H&S Code Section 11357, or Section 11361, or any other provision involving sale to minors, and/or Articles 1, 3, 5, 6 or 7 of Chapter 6 of Division 10 of the H&S Code.
 - m. Within the preceding five (5) years, any conviction for possession, sale, use, distribution, and/or manufacturing of any Schedule I or Schedule II controlled substance as defined or described in the federal Controlled Substances Act;
 - n. Within the preceding three (3) years, any administrative orders or civil judgments for violations of labor standards.
- (6) Certification that the applicant, and any of its officers, directors, or Owners, Operators, employees, or agents is not a licensed physician making patient recommendations for Medical Cannabis;
- (7) An estimate of the size of the Manufacturing Site;
- (8) A site plan and floor plan of the premises denoting all areas on the premises, including storage, Manufacturing areas, lighting, signage, etc.;
- (9) A security plan including the following measures:
- a. Digital security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 240 concurrent hours of digitally recorded documentation in a format approved by the City Manager or Designee.

The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.

Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed under this section.

Areas that shall be recorded on the video surveillance system include the following:

- (1) Areas where Cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;
- (2) Limited-access Areas;
- (3) Security rooms;
- (4) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and
- (5) Entrances and exits to the licensed premises, which shall be recorded

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from both indoor and outdoor vantage points.

- b. The Manufacturing Site premises shall be alarmed with an alarm system that is operated and monitored by a properly licensed security company.
 - c. The Cannabis Business shall hire or contract for security personnel who are at least 21 years of age to provide on-site security services during hours of operation. Security personnel must be in uniform and readily identifiable. No security personnel shall be operating in an “undercover” capacity without prior notification to law enforcement. All security personnel shall be in possession of a state-mandated guard card and relevant endorsements as well as acquire a City of Needles Live Scan Identification;
 - d. Entrance to the Manufacturing area and any storage areas shall be locked at all times, and under the control of the staff of the Manufacturing Site;
 - e. The entrance(s) and all window areas shall be illuminated during evening hours. The applicant shall comply with the City’s lighting standards regarding the fixture type, wattage, illumination levels, shielding, etc., and secure the necessary approvals and permits as needed;
 - f. All windows on the building that houses the Manufacturing Site shall be appropriately secured and all Cannabis securely stored;
- (10) A detailed description of the Manufacturing Sites’ operating procedures with regard to the following, as applicable:
- a. Extraction and infusion;
 - b. The distribution/transportation process;
 - c. Inventory procedures;
 - d. Quality control procedures;
- (11) Whether the Manufacturing Site intends to produce Cannabis and/or Cannabis products using volatile solvents, and if so, a detailed description of the Manufacturing extraction process;
- (12) Authorization for the City Manager or his/her designee to seek verification of the information contained in the application;
- (13) Evidence that the Manufacturing Site is or will be operating in strict accordance with State law, including the Act, the Program and the Guidelines, as well as the MAUCRSA as may be amended from time to time;
- (14) Certification that, within the past three (3) years, the applicant, and/or any of its officers, directors, Owners or Operators have not had a license for any Cannabis Business suspended and/or revoked by the City, the State of California, or any other city or local agency;
- (15) One (1) set of fingerprints for each applicant in a form satisfactory to the City Manager or his/her designee. The fingerprints shall be taken at a place designated by the City Manager or his/her designee, and any required fee for such fingerprinting shall be paid by the applicant. Notwithstanding anything to the contrary in the Code, Owners

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and shareholders of publicly traded companies shall be exempt from the requirement to submit livescan fingerprints;

- (16) A waiver and release of the City, its officers, officials, employees, and agents from any and all legal liability related to or arising from the application for a Cannabis Manufacturing License, the issuance of the Cannabis Manufacturing License, or the enforcement of the conditions of the Cannabis Manufacturing License, and/or the operation of the Manufacturing Site;
 - (17) A warning that Owners, Operators, managers, agents, volunteers, employees, and members of Manufacturing Site may be subject to prosecution under federal laws;
 - (18) A statement in writing by the applicant that he/she certifies under penalty of perjury that all information contained in the application is true and correct;
 - (19) Such other information as may be required by the City Manager or his/her designee to determine compliance with any other eligibility requirements for issuance of the license as specified by federal, state, or local law.
- (C) Issuance of a Cannabis Manufacturing License. Within sixty (60) days following receipt of a completed license application, the City Manager or his/her designee shall grant a Cannabis Manufacturing License if the Owner(s) of the Manufacturing Site have satisfied the requirements of this Chapter and all other applicable laws, including, but not limited to, the City's building, zoning, business, and health regulations, unless the City Manager or his/her designee determines any or more of the following to be true:
- (1) The applicant(s) have failed to provide information required by the license application or the application is otherwise deemed incomplete; or
 - (2) The applicant(s) have knowingly made a false statement or omission of fact in the application for the license; or
 - (3) The Manufacturing Site is not properly operating in strict compliance with State law and regulations, including the Act, the Program, and the Guidelines, and the MAUCRSA, as may be amended from time to time; or
 - (4) The applicant, and/or any of the officers, directors, Owners or Operators of the Manufacturing Site have:
 - a. A conviction for homicide.
 - b. A conviction for racketeering, including but not limited to, a conviction under the Racketeer Influenced and Corrupt Organizations Act, the Organized Crime Control Act of 1970, or any other state or federal law prohibiting organized crime.
 - c. A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
 - d. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
 - e. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.

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- f. A felony conviction involving fraud, deceit, or embezzlement.
 - g. Within the preceding two (2) years, any felony conviction for burglary, including first- and/or second-degree burglary.
 - h. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 - i. A felony conviction for drug trafficking with enhancements pursuant to H&S Code Sections 11370.4 or 11379.8.
 - j. Any conviction involving a gang enhancement pursuant to Penal Code Section 186.22.
 - k. Within the preceding five (5) years, any violation of the Compassionate Use Act, the Medical Marijuana Program Act, the MAUCRSA, or any other State law or Constitutional provisions regulating Cannabis, as may be amended from time to time.
 - l. Within the preceding ten (10) years, any violations of subdivision (c) or (d) of H&S Code Section 11357, or Section 11361, or any other provision involving sale to minors, and/or Articles 1, 3, 5, 6 or 7 of Chapter 6 of Division 10 of the H&S Code.
 - m. Within the preceding five (5) years, any conviction for possession, sale, use, distribution, and/or manufacturing of any Schedule I or Schedule II controlled substance as defined or described in the federal Controlled Substances Act; or
 - n. Within the preceding three (3) years, any administrative orders or civil judgments for violations of labor standards.
- (5) The applicant, and/or any of its officers, directors, Owners, Operators, employees or agents is a licensed physician making patient recommendations for Medical Cannabis; or
- (6) The Owner(s) and/or Operator(s) if individuals, have not attained the minimum age as required by State law, as may be amended from time to time, but under no circumstances under eighteen (18) years of age.
- (7) Within the past three (3) years, the applicant, and/or any of its officers, directors, Owners or Operators have had a Cannabis Business License suspended and/or revoked by the City, the State of California, or any other city or local agency; or
- (8) The Owner(s) and/or Operator(s) have engaged in conduct that constitutes grounds for denial of licensure pursuant to Chapter 2 (commencing with Section 480) of Division 1.5 of the Business and Professions Code.
- (D) Denial of License Application.
- (1) If a Cannabis Manufacturing License is denied, the City Manager or his/her designee shall serve on the Owner(s) a written notice of denial within thirty (30) days of rendering the decision specifying the grounds for the denial and of the right to request a hearing in regard thereto.

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- (2) The Owner(s) shall have the right to appeal from a decision by the City Manager or his/her designee to deny a Cannabis Manufacturing License by filing with the City Clerk a written notice of appeal, specifying the grounds for such appeal, within ten (10) days after the decision has been served on the Owner(s). Such appeal shall be heard by the City Council within 120 days after the notice of appeal is received by the City Clerk. The Owner(s) shall be given not less than thirty (30) days written notice of the date, time and location of appeal hearing. The City Council shall consider all relevant evidence at the hearing, may continue the hearing, and may require evidence and legal briefing as the Council determines may be helpful in addressing issues raised by the appeal. Not more than ninety (90) days following the conclusion of the hearing, the City Council shall issue a written decision as to whether the application shall be granted or denied. The written decision shall be served on the Owner(s) of the Manufacturing Site, with a copy served on the City Manager or his/her designee. The written decision of the City Council shall be final.
- (E) Inspections. The City may inspect the intended Manufacturing Site and/or premises for suitability prior to issuing a Cannabis Manufacturing License.
(Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 594-AC; Ord. No. 598-AC; Ord. No. 629-AC)

Section 12A-10. Regulations Applicable to Manufacturing Sites.

Except as otherwise specifically provided in this Chapter, the following regulations shall be applicable to all Manufacturing Sites operating within the City, and unless otherwise specified, the requirements of this Chapter apply to all licensed manufacturers and to the manufacture of Cannabis products for both the medicinal-use market and the adult-use market:

- (A) The Manufacturing Site shall not distribute, sell, dispense, or administer Cannabis out of its facility to the public. A Manufacturing Site shall not be operated or maintained as a Retail Cannabis Business;
- (B) The Manufacturing Site shall operate in compliance with this Chapter, the Code and applicable resolutions, all State laws, including, but not limited to, the Act, the Program and the Guidelines, the MAUCRSA as may be amended from time to time, as well as any other State law or Constitutional provision regulating Cannabis, including, but not limited to any standards, whether now or later adopted, related to the production and labeling of edible Cannabis products, as well as all applicable State and Federal environmental laws;
- (C) The Manufacturing Site shall comply with the U.S. Department of Justice guidelines/priorities, including those prohibiting:
 - (1) Distribution of Cannabis to minors;
 - (2) Providing revenue from the sale of Cannabis to criminal enterprises, gangs and/or cartels;
 - (3) Diverting Cannabis from a state where it is legal under state law to a state where it is illegal;
 - (4) Using Cannabis activity as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
 - (5) Using or engaging in violence or use of firearms in the cultivation and/or distribution of Cannabis;
 - (6) Contributing to drugged driving and/or the exacerbation of other adverse public health

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consequences associated with Cannabis use;

- (7) Growing Cannabis on public lands and the attendant public safety and environmental dangers posed by Cannabis production on public lands; and/or
- (8) Possessing or use of Cannabis on federal property;
- (D) The Manufacturing Site shall pay all legally required taxes and fees, including but not limited to, any Cannabis Business Tax, and sales tax pursuant to state and local law, as well as all other City and state imposed taxes and fees;
- (E) The Manufacturing Site shall not have any unpaid financial, fee, or tax obligation to the City that is not paid in full when due, including any assessed fines, penalties, taxes, business tax, fee, interest or other costs (collectively "unpaid tax obligations"). A Manufacturing Site shall not be in breach of this subsection if it enters into and fully performs per the terms of a written offer and compromise or other written settlement agreement with the City that satisfies any unpaid tax obligations. This subsection shall not deprive any Manufacturing Site of rights, if any, to appeal or seek judicial determination of the propriety of any amounts alleged by the City as unpaid tax obligations, and a Manufacturing Site shall not lose its Cannabis Manufacturing License hereunder due to the pendency of any such appeal or judicial determination;
- (F) A Manufacturing Site shall implement a security plan including the following measures:

- (1) Digital security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 240 concurrent hours of digitally recorded documentation in a format approved by the City Manager or Designee.

The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.

Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed under this section.

Areas that shall be recorded on the video surveillance system include the following:

- (a) Areas where Cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;
- (b) Limited-access Areas;
- (c) Security rooms;
- (d) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and
- (e) Entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points.

Recordings made by the security cameras shall be made available to the City Manager or Designee upon request.

Nothing in this section shall compel a Manufacturing Site or require the City to voluntarily disclose or deliver said recording to any Federal government entity or agency absent a court order or subpoena;

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- (2) The Manufacturing Site premises shall be alarmed with an alarm system that is operated and monitored by a properly licensed security company.
 - (3) The Cannabis Business shall hire or contract for security personnel who are at least 21 years of age to provide on-site security services during hours of operation. Security personnel must be in uniform and readily identifiable. No security personnel shall be operating in an “undercover” capacity without prior notification to law enforcement. All security personnel shall be in possession of a state-mandated guard card and relevant endorsements as well as acquire a City of Needles Live Scan Identification;
 - (4) Entrance to the Manufacturing area and any storage areas shall be locked at all times, and under the control of the staff of the Manufacturing Site;
 - (5) The entrance(s) and all window areas shall be illuminated during evening hours. The applicant shall comply with the City’s lighting standards regarding the fixture type, wattage, illumination levels, shielding, etc., and secure the necessary approvals and permits as needed;
- (G) Manufacturing shall be concealed from public view at all stages of processing and there shall be no exterior evidence of Manufacturing occurring at the premises from a public right-of-way or from an adjacent parcel;
- (H) Manufacturing shall not create offensive odors; create excessive dust, heat, noise, smoke, traffic, or other impacts that are disturbing to people of normal sensitivity residing or present on adjacent or nearby property or areas open to the public; or be hazardous due to use or storage of materials, processes, products, or wastes;
- (I) The Manufacturing Site shall keep adequate records of any Cannabis related activity, including conducting an inventory on the first business day of each week and recording the total quantity of each type of Cannabis on the Premises. Records expressly include, but are not limited to, video recordings maintained pursuant to subsection (F), above. All records shall be maintained for seven (7) years from the date created or longer if required by State or Federal law;
- (J) The Manufacturing Site shall not be operated within: a residence; within six hundred (600) feet of a school, recreation center or youth center; or within two hundred (200) feet of a public playground, park (meaning a children’s park where there is playground equipment or other youth athletic or sports facilities, but not including a “way-side” park or rest stop), child care or day care facility, or church. All distances shall be the horizontal distance measured in a straight line, without regard to intervening structures or topography, from the property line of the uses described in this Subsection to the closest property line of the lot on which the Manufacturing Site is located;
- (K) The Manufacturing Site shall comply with the State’s track and trace system and other requirements, as may be amended from time to time;
- (L) Unless specifically licensed to operate a Manufacturing Site using volatile solvents, the Manufacturing Site shall produce Cannabis and/or Cannabis products using only nonvolatile solvents;
- (M) If licensed to operate a Manufacturing Site using volatile solvents, the Manufacturing Site shall use solvents exclusively within a closed-loop system that complies with State law and the California Department of Public Health regulations, as may be amended from time to time.

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- (N) The Manufacturing Site shall receive and maintain approval from the local fire official for the closed-loop system, other equipment, the extraction operation, and the facility;
- (O) The Manufacturing Site shall meet required fire, safety, and building code requirements in one or more of the following:
 - (1) The California Fire Code;
 - (2) The National Fire Protection Association (NFPA) standards;
 - (3) International Building Code (IBC);
 - (4) The International Fire Code (IFC);
 - (5) Other applicable standards, including complying with all applicable fire, safety, and building codes in processing, handling, and storage of solvents or gasses;
- (P) The Manufacturing Site shall be in possession of a valid seller's permit issued by the California Department of Tax and Fee Administration or a notification issued by the California Department of Tax and Fee Administration that the Manufacturing Site is not required to have a seller's permit.
- (Q) The Manufacturing Site shall not manufacture, prepare, package or label any products other than Cannabis products at the licensed premises. For purposes of this section, the term "Cannabis products" also includes packaged Cannabis, pre-rolls, and products that do not contain Cannabis, but are otherwise identical to the Cannabis containing product, and are intended for use as samples.
- (R) A Manufacturing Site that produces edible Cannabis products shall ensure that all personnel who prepare, handle, or package edible products successfully complete a California food handler certificate course from an entity accredited by the American National Standards Institute (ANSI) within 90 days of commencing employment at the premises and again every three (3) years during employment. The licensee shall obtain documentation evidencing the fulfillment of this requirement;
- (S) The Manufacturing Site is in compliance with any additional conditions imposed by the City, the county of San Bernardino, or the State regarding issuing a local license, permit, or other authorization.

(Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 594-AC; Ord. No. 598-AC; Ord. No. 629-AC)

Section 12A-11. Testing Laboratory.

It is unlawful for any person(s) to operate a Testing Laboratory within the City, except as expressly provided herein:

- (A) Cannabis Testing License. The operation of a Testing Laboratory shall only be considered upon application and approval of a Cannabis Testing License. The Cannabis Testing License constitutes a revocable privilege, which shall be subject to revocation/suspension in the event that the Testing Laboratory violates any provision of this Chapter, State law or regulations, or fails to pay any City Cannabis Business Tax, or other fees when due.
- (B) License Application. An application for a Cannabis Testing License shall be filed only by the Owner(s) of the Testing Laboratory, with the City Manager or his/her designee, along with any applicable fee to be set by the City Council by resolution, as may be amended from time to time. The application shall include the following information:

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- (1) The name, address, and telephone number of the Testing Laboratory. Applicants and licensees shall use their legal business name on all documents related to commercial Cannabis Business;
- (2) The name, address and telephone number of the Owner(s) applying for the license, along with a copy of an official, valid and unexpired government issued photo ID;
- (3) The name, address and telephone number and a copy of an official, valid and unexpired government issued photo ID for all individuals who have a Financial Interest in a commercial Cannabis Business but are not Owners/Operators, as defined. These individuals shall not be required to submit the other information required of Owners/Operators under the Chapter.
- (4) The name and address of the owner(s) of the real property upon, in, or from which the Testing Laboratory is to be operated. In the event the Owner(s) are not the legal owner(s) of the property, the application shall be accompanied by a copy of a written and signed lease between the Owner(s) and the property owner authorizing use of the premises as a Testing Laboratory, or, if no written lease exists, a written, notarized acknowledgement from the property owner(s) that he/she/they have been advised that a Testing Laboratory will be operated upon, in, or from the property;
- (5) Certification that the applicant, and any of the officers, directors, Owners or Operators of the Testing Laboratory does not have:
 - a. A conviction for homicide.
 - b. A conviction for racketeering, including but not limited to, a conviction under the Racketeer Influenced and Corrupt Organizations Act, the Organized Crime Control Act of 1970, or any other state or federal law prohibiting organized crime.
 - c. A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
 - d. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
 - e. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.
 - f. A felony conviction involving fraud, deceit, or embezzlement.
 - g. Within the preceding two (2) years, any felony conviction for burglary, including first- and/or second-degree burglary.
 - h. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 - i. A felony conviction for drug trafficking with enhancements pursuant to H&S Code Sections 11370.4 or 11379.8.
 - j. Any conviction involving a gang enhancement pursuant to Penal Code Section 186.22.

- k. Within the preceding five (5) years, any violation of the Compassionate Use Act, the Medical Marijuana Program Act, the MAUCRSA, or any other State law or Constitutional provisions regulating Cannabis, as may be amended from time to time;
 - l. Within the preceding ten (10) years, any violations of subdivision (c) or (d) of H&S Code Section 11357, or Section 11361, or any other provision involving sale to minors, and/or Articles 1, 3, 5, 6 or 7 of Chapter 6 of Division 10 of the H&S Code;
 - m. Within the preceding five (5) years, any conviction for possession, sale, use, distribution, and/or manufacturing of any Schedule I or Schedule II controlled substance as defined or described in the federal Controlled Substances Act;
 - n. Within the preceding three (3) years, any administrative orders or civil judgments for violations of labor standards.
- (6) Certification that the applicant, and any of its officers, directors, or Owners, Operators, employees, or agents is not a licensed physician making patient recommendations for Medical Cannabis;
- (7) An estimate of the size of the Testing Laboratory;
- (8) A security plan including the following measures:
- a. Digital security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 240 concurrent hours of digitally recorded documentation in a format approved by the City Manager or Designee.

The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.

Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed under this section.

Areas that shall be recorded on the video surveillance system include the following:

- (1) Areas where Cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;
- (2) Limited-access Areas;
- (3) Security rooms;
- (4) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area;
- (5) Entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points;
- (6) Testing areas.

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- b. The Testing Laboratory premises shall be alarmed with an alarm system that is operated and monitored by a properly licensed security company.
 - c. The Cannabis Business shall hire or contract for security personnel who are at least 21 years of age to provide on-site security services during hours of operation. Security personnel must be in uniform and readily identifiable. No security personnel shall be operating in an “undercover” capacity without prior notification to law enforcement. All security personnel shall be in possession of a state-mandated guard card and relevant endorsements as well as acquire a City of Needles Live Scan Identification;
 - d. Entrance to the testing area and any storage areas shall be locked at all times, and under the control of the staff of the Testing Laboratory;
 - e. The entrance(s) and all window areas shall be illuminated during evening hours. The applicant shall comply with the City’s lighting standards regarding the fixture type, wattage, illumination levels, shielding, etc., and secure the necessary approvals and permits as needed;
 - f. All windows on the building that houses the Testing Laboratory shall be appropriately secured and all Cannabis securely stored;
- (9) A detailed description of the operating procedures;
 - (10) Authorization for the City Manager or his/her designee to seek verification of the information contained in the application;
 - (11) Proof that the Testing Laboratory is or will be licensed by the Bureau.
 - (12) Evidence that the Testing Laboratory is or will be operating in strict accordance with State law, including the Act, the Program and the Guidelines, as well as the MAUCRSA, as may be amended from time to time;
 - (13) Certification that, within the past three (3) years, the applicant, and/or any of its officers, directors, Owners or Operators have not had a license for any Cannabis Business suspended and/or revoked by the City, the State of California, or any other city or local agency;
 - (14) One (1) set of fingerprints for each applicant in a form satisfactory to the City Manager or his/her designee. The fingerprints shall be taken at a place designated by the City Manager or his/her designee, and any required fee for such fingerprinting shall be paid by the applicant. Notwithstanding anything to the contrary in the Code, Owners and shareholders of publicly traded companies shall be exempt from the requirement to submit livescan fingerprints;
 - (15) A waiver and release of the City, its officers, officials, employees, and agents from any and all legal liability related to or arising from the Cannabis Testing License, the issuance of the Cannabis Testing License, or the enforcement of the conditions of the Cannabis Testing License, and/or the operation of the Testing Laboratory;
 - (16) A warning that Owners, Operators, managers, agents, volunteers, employees, and members of the Testing Laboratory may be subject to prosecution under federal laws;
 - (17) A statement in writing by the applicant that he/she certifies under penalty of perjury that all information contained in the application is true and correct;

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- (18) Such other information as may be required by the City Manager or his/her designee to determine compliance with any other eligibility requirements for issuance of the permit as specified by federal, state, or local law.
- (C) Issuance of a Cannabis Testing License. Within sixty (60) days following receipt of a completed license application, the City Manager or his/her designee shall grant a Cannabis Testing License if the Owner(s) of the Testing Laboratory have satisfied the requirements of this Chapter and all other applicable laws, including, but not limited to, the City's building, zoning, business, and health regulations, unless the City Manager or his/her designee determines any or more of the following to be true:
- (1) The applicant(s) have failed to provide information required by the license application or the application is otherwise deemed incomplete; or
 - (2) The applicant(s) have knowingly made a false statement or omission of fact in the application for the license; or
 - (3) The Testing Laboratory is not properly operating in strict compliance with State law and regulations, including the Act, the Program, and the Guidelines, and the MAUCRSA; or
 - (4) The applicant, and/or any of the officers, directors, Owners or Operators of the Testing Laboratory have:
 - a. A conviction for homicide.
 - b. A conviction for racketeering, including but not limited to, a conviction under the Racketeer Influenced and Corrupt Organizations Act, the Organized Crime Control Act of 1970, or any other state or federal law prohibiting organized crime.
 - c. A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
 - d. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
 - e. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.
 - f. A felony conviction involving fraud, deceit, or embezzlement.
 - g. Within the preceding two (2) years, any felony conviction for burglary, including first- and/or second-degree burglary.
 - h. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 - i. A felony conviction for drug trafficking with enhancements pursuant to H&S Code Sections 11370.4 or 11379.8.
 - j. Any conviction involving a gang enhancement pursuant to Penal Code Section 186.22.

- k. Within the preceding five (5) years, any violation of the Compassionate Use Act, the Medical Marijuana Program Act, the MAUCRSA, or any other State law or Constitutional provisions regulating Cannabis, as may be amended from time to time.
 - l. Within the preceding ten (10) years, any violations of subdivision (c) or (d) of H&S Code Section 11357, or Section 11361, or any other provision involving sale to minors, and/or Articles 1, 3, 5, 6 or 7 of Chapter 6 of Division 10 of the H&S Code.
 - m. Within the preceding five (5) years, any conviction for possession, sale, use, distribution, and/or manufacturing of any Schedule I or Schedule II controlled substance as defined or described in the federal Controlled Substances Act; or
 - n. Within the preceding three (3) years, any administrative orders or civil judgments for violations of labor standards.
- (5) The applicant, and/or any of its officers, directors, Owners, Operators, employees or agents is a licensed physician making patient recommendations for Medical Cannabis; or
 - (6) The Owner(s) and/or Operator(s), if individuals, have not attained the minimum age as required by State law, as may be amended from time to time, but under no circumstances under eighteen (18) years of age; or
 - (7) Within the past three (3) years, the applicant, and/or any of its officers, directors, Owners or Operators have had a Cannabis Business License suspended and/or revoked by the City, the State of California, or any other city or local agency; or
 - (8) The Owner(s) and/or Operator(s) have engaged in conduct that constitutes grounds for denial of licensure pursuant to Chapter 2 (commencing with Section 480) of Division 1.5 of the Business and Professions Code.
- (D) Denial of License Application.
- (1) If a Cannabis Testing License is denied, the City Manager or his/her designee shall serve on the Owner(s) a written notice of denial within thirty (30) days of rendering the decision specifying the grounds for the denial and of the right to request a hearing in regard thereto.
 - (2) The Owner(s) shall have the right to appeal from a decision by the City Manager or his/her designee to deny a Cannabis Testing License by filing with the City Clerk a written notice of appeal, specifying the grounds for such appeal, within ten (10) days after the decision has been served on the Owner(s). Such appeal shall be heard by the City Council within 120 days after the notice of appeal is received by the City Clerk. The Owner(s) shall be given not less than thirty (30) days written notice of the date, time and location of appeal hearing. The City Council shall consider all relevant evidence at the hearing, may continue the hearing, and may require evidence and legal briefing as the Council determines may be helpful in addressing issues raised by the appeal. Not more than ninety (90) days following the conclusion of the hearing, the City Council shall issue a written decision as to whether the application shall be granted or denied. The written decision shall be served on the Owner(s) of the Testing Laboratory, with a copy served on the City Manager or his/her designee. The written decision of the City Council shall be final.

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- (E) Inspections. The City may inspect the intended Testing Laboratory site and/or premises for suitability prior to issuing a Cannabis Testing License.
(Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 598-AC; Ord. No. 629-AC)

Section 12A-12. Regulations Applicable to Testing Laboratories.

Except as otherwise specifically provided in this Chapter, the following regulations shall be applicable to all Testing Laboratories operating within the City:

- (A) The Testing Laboratory shall not distribute, sell, dispense, or administer Cannabis out of its facility to the public. A Testing Laboratory shall not be operated or maintained as a Retail Cannabis Business;
- (B) The Testing Laboratory shall operate in compliance with this Chapter, the Code and any applicable resolutions, all State laws, including, but not limited to, the Act, the Program and the Guidelines, as well as the MAUCRSA, as may be amended from time to time, as well as any other State law or Constitutional provision regulating Cannabis, including, but not limited to any standards, whether now or later adopted;
- (C) The Testing Laboratory shall comply the U.S. Department of Justice guidelines/priorities, including those prohibiting:
- (1) Distribution of Cannabis to minors;
 - (2) Providing revenue from the sale of Cannabis to criminal enterprises, gangs and/or cartels;
 - (3) Diverting Cannabis from a state where it is legal under state law to a state where it is illegal;
 - (4) Using Cannabis activity as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
 - (5) Using or engaging in violence or use of firearms in the cultivation and/or distribution of Cannabis;
 - (6) Contributing to drugged driving and/or the exacerbation of other adverse public health consequences associated with Cannabis use;
 - (7) Growing Cannabis on public lands and the attendant public safety and environmental dangers posed by Cannabis production on public lands; and/or
 - (8) Possessing or use of Cannabis on federal property.
- (D) The Testing Laboratory shall pay all legally required taxes and fees, including but not limited to, any Cannabis Business Tax, and sales tax pursuant to state and local law, as well as all other City and state imposed taxes and fees;
- (E) The Testing Laboratory shall not have any unpaid financial, fee, or tax obligation to the City that is not paid in full when due, including any assessed fines, penalties, taxes, business tax, fee, interest or other costs (collectively “unpaid tax obligations”). A Testing Laboratory shall not be in breach of this subsection if it enters into and fully performs per the terms of a written offer and compromise or other written settlement agreement with the City that satisfies any unpaid tax obligations. This subsection shall not deprive any Testing Laboratory of rights, if

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any, to appeal or seek judicial determination of the propriety of any amounts alleged by the City as unpaid tax obligations, and a Testing Laboratory shall not lose its Cannabis Testing License hereunder due to the pendency of any such appeal or judicial determination;

(F) A Testing Laboratory shall implement a security plan including the following measures:

- (1) Digital security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 240 concurrent hours of digitally recorded documentation in a format approved by the City Manager or Designee.

The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.

Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed under this section.

Areas that shall be recorded on the video surveillance system include the following:

- (a) Areas where Cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;
- (b) Limited-access Areas;
- (c) Security rooms;
- (d) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and
- (e) Entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points;
- (f) Testing areas.

Recordings made by the security cameras shall be made available to the City Manager or Designee upon request.

Nothing in this section shall compel a Testing Laboratory or require the City to voluntarily disclose or deliver said recording to any Federal government entity or agency absent a court order or subpoena;

- (2) The Testing Laboratory premises shall be alarmed with an alarm system that is operated and monitored by a properly licensed security company.
- (3) The Cannabis Business shall hire or contract for security personnel who are at least 21 years of age to provide on-site security services during hours of operation. Security personnel must be in uniform and readily identifiable. No security personnel shall be operating in an “undercover” capacity without prior notification to law enforcement. All security personnel shall be in possession of a state-mandated guard card and relevant endorsements as well as acquire a City of Needles Live Scan Identification;
- (4) Entrance to the testing area and any storage areas shall be locked at all times, and under the control of the staff of the Testing Laboratory;
- (5) The entrance(s) and all window areas shall be illuminated during evening hours. The applicant shall comply with the City’s lighting standards regarding the fixture type, wattage, illumination levels, shielding, etc., and secure the necessary approvals and

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permits as needed;

- (G) The Testing Laboratory shall comply the City Code, including the Building Code and the Fire Code;
- (H) The Testing Laboratory shall keep adequate records of any Cannabis related activity, including conducting an inventory on the first business day of each week and recording the total quantity of each type of Cannabis on the Premises. Records expressly include, but are not limited to, video recordings maintained pursuant to subsection (F), above. All records shall be maintained for seven (7) years from the date created or longer if required by State or Federal law;
- (I) The Testing Laboratory shall not be operated within: a residence; within six hundred (600) feet of a school, recreation center or youth center; or within two hundred (200) feet of a public playground, park (meaning a children's park where there is playground equipment or other youth athletic or sports facilities, but not including a "way-side" park or rest stop), child care or day care facility, or church. All distances shall be the horizontal distance measured in a straight line, without regard to intervening structures or topography, from the property line of the uses described in this Subsection to the closest property line of the lot on which the Testing Laboratory is located;
- (J) The Testing Laboratory shall comply with the State's track and trace system and other requirements, as may be amended from time to time.
(Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 594-AC; Ord. No. 598-AC; Ord. No. 629-AC)

Section 12A-13. Distribution/Transportation.

It is unlawful for any person(s) to operate a Distribution/Transportation Facility within the City, except as expressly provided herein:

- (A) Cannabis Distribution/Transportation Facility License. The operation of a Distribution/Transportation Facility shall only be considered upon application and approval of a Cannabis Distribution/Transportation Facility License. The Cannabis Distribution/Transportation Facility License constitutes a revocable privilege, which shall be subject to revocation/suspension in the event that the Distribution/Transportation Facility violates any provision of this Chapter, State law or regulations, or fails to pay any City Cannabis Business Tax, or other fees when due.
- (B) License Application. An application for a Cannabis Distribution/Transportation Facility License shall be filed only by the Owner(s) of the Distribution/Transportation Facility, with the City Manager or his/her designee, along with any applicable fee to be set by the City Council by resolution, as may be amended from time to time. The application shall include the following information:
 - (1) The name, address, and telephone number of the Distribution/Transportation Facility. Applicants and licensees shall use their legal business name on all documents related to commercial Cannabis Business;
 - (2) The name, address and telephone number of the Owner(s) applying for the license, along with a copy of an official, valid and unexpired government issued photo ID;
 - (3) The name, address and telephone number and a copy of an official, valid and unexpired government issued photo ID for all individuals who have a Financial Interest in a commercial Cannabis Business but are not Owners/Operators, as defined. These individuals shall not be required to submit the other information required of Owners/Operators under the Chapter.

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- (4) The name and address of the owner(s) of the real property upon, in, or from which the Distribution/Transportation Facility is to be operated. In the event the Owner(s) are not the legal owner(s) of the property, the application shall be accompanied by a copy of a written and signed lease between the Owner(s) and the property owner authorizing use of the premises as a Distribution/Transportation Facility, or, if no written lease exists, a written, notarized acknowledgement from the property owner(s) that he/she/they have been advised that a Distribution/Transportation Facility will be operated upon, in, or from the property;
- (5) Certification that the applicant, and any of the officers, directors, Owners or Operators of the Distribution/Transportation Facility does not have:
 - a. A conviction for homicide.
 - b. A conviction for racketeering, including but not limited to, a conviction under the Racketeer Influenced and Corrupt Organizations Act, the Organized Crime Control Act of 1970, or any other state or federal law prohibiting organized crime.
 - c. A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
 - d. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
 - e. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.
 - f. A felony conviction involving fraud, deceit, or embezzlement.
 - g. Within the preceding two (2) years, any felony conviction for burglary, including first- and/or second-degree burglary.
 - h. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 - i. A felony conviction for drug trafficking with enhancements pursuant to H&S Code Sections 11370.4 or 11379.8.
 - j. Any conviction involving a gang enhancement pursuant to Penal Code Section 186.22.
 - k. Within the preceding five (5) years, any violation of the Compassionate Use Act, the Medical Marijuana Program Act, the MAUCRSA, or any other State law or Constitutional provisions regulating Cannabis, as may be amended from time to time.
 - l. Within the preceding ten (10) years, any violations of subdivision (c) or (d) of H&S Code Section 11357, or Section 11361, or any other provision involving sale to minors, and/or Articles 1, 3, 5, 6 or 7 of Chapter 6 of Division 10 of the H&S Code.
 - m. Within the preceding five (5) years, any conviction for possession, sale, use, distribution, and/or manufacturing of any Schedule I or Schedule II controlled

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substance as defined or described in the federal Controlled Substances Act;

- n. Within the preceding three (3) years, any administrative orders or civil judgments for violations of labor standards.
- (6) Certification that the applicant, and any of its officers, directors, or Owners, Operators, employees, or agents is not a licensed physician making patient recommendations for Medical Cannabis;
 - (7) An estimate of the size of the Distribution/Transportation Facility;
 - (8) A security plan including the following measures:
 - a. Digital security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 240 concurrent hours of digitally recorded documentation in a format approved by the City Manager or Designee.

The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.

Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed under this section.

Areas that shall be recorded on the video surveillance system include the following:

- (1) Areas where Cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;
 - (2) Limited-access Areas;
 - (3) Security rooms;
 - (4) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and
 - (5) Entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points.
- b. The Distribution/Transportation Facility premises shall be alarmed with an alarm system that is operated and monitored by a properly licensed security company.
 - c. The Cannabis Business shall hire or contract for security personnel who are at least 21 years of age to provide on-site security services during hours of operation. Security personnel must be in uniform and readily identifiable. No security personnel shall be operating in an “undercover” capacity without prior notification to law enforcement. All security personnel shall be in possession of a state-mandated guard card and relevant endorsements as well as acquire a City of Needles Live Scan Identification;
 - d. Entrance to the quality control area and any storage areas shall be locked at all times, and under the control of the staff of the Distribution/Transportation

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Facility;

- e. The entrance(s) and all window areas shall be illuminated during evening hours. The applicant shall comply with the City's lighting standards regarding the fixture type, wattage, illumination levels, shielding, etc., and secure the necessary approvals and permits as needed;
 - f. All windows on the building that houses the Distribution/Transportation Facility shall be appropriately secured and all Cannabis securely stored;
- (9) A detailed description of the operating procedures, including:
- a. The Distribution/transportation process;
 - b. Inventory procedures;
 - c. Quality control procedures;
 - d. Security protocols;
- (10) Authorization for the City Manager or his/her designee to seek verification of the information contained in the application;
- (11) Evidence that the Distribution/Transportation Facility is or will be operating in strict accordance with State law, including the Act, the Program and the Guidelines, as well as the MAUCRSA, as may be amended from time to time;
- (12) Certification that, within the past three (3) years, the applicant, and/or any of its officers, directors, Owners or Operators have not had a license for any Cannabis Business suspended and/or revoked by the City, the State of California, or any other city or local agency;
- (13) One (1) set of fingerprints for each applicant in a form satisfactory to the City Manager or his/her designee. The fingerprints shall be taken at a place designated by the City Manager or his/her designee, and any required fee for such fingerprinting shall be paid by the applicant. Notwithstanding anything to the contrary in the Code, Owners and shareholders of publicly traded companies shall be exempt from the requirement to submit livescan fingerprints;
- (14) A waiver and release of the City, its officers, officials, employees, and agents from any and all legal liability related to or arising from the Cannabis Distribution/Transportation Facility License, the issuance of the Cannabis Distribution/Transportation Facility License, or the enforcement of the conditions of the Cannabis Distribution/Transportation Facility License, and/or the operation of the Distribution/Transportation Facility;
- (15) A warning that Owners, Operators, managers, agents, volunteers, employees, and members of the Distribution/Transportation Facility may be subject to prosecution under federal laws;
- (16) A statement in writing by the applicant that he/she certifies under penalty of perjury that all information contained in the application is true and correct;
- (17) Such other information as may be required by the City Manager or his/her designee to determine compliance with any other eligibility requirements for issuance of the

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permit as specified by federal, state, or local law.

(C) Issuance of a Cannabis Distribution/Transportation Facility License. Within sixty (60) days following receipt of a completed license application, the City Manager or his/her designee shall grant a Cannabis Distribution/Transportation Facility License if the Owner(s) of the Distribution/Transportation Facility have satisfied the requirements of this Chapter and all other applicable laws, including, but not limited to, the City's building, zoning, business, and health regulations, unless the City Manager or his/her designee determines any or more of the following to be true:

- (1) The applicant(s) have failed to provide information required by the license application or the application is otherwise deemed incomplete; or
- (2) The applicant(s) have knowingly made a false statement or omission of fact in the application for the license; or
- (3) The Distribution/Transportation Facility is not properly operating in strict compliance with State law and regulations, including the Act, the Program, and the Guidelines, and the MAUCRSA, as may be amended from time to time; or
- (4) The applicant, and/or any of the officers, directors, Owners or Operators of the Distribution/Transportation Facility have:
 - a. A conviction for homicide.
 - b. A conviction for racketeering, including but not limited to, a conviction under the Racketeer Influenced and Corrupt Organizations Act, the Organized Crime Control Act of 1970, or any other state or federal law prohibiting organized crime.
 - c. A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
 - d. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
 - e. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.
 - f. A felony conviction involving fraud, deceit, or embezzlement.
 - g. Within the preceding two (2) years, any felony conviction for burglary, including first- and/or second-degree burglary.
 - h. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 - i. A felony conviction for drug trafficking with enhancements pursuant to H&S Code Sections 11370.4 or 11379.8.
 - j. Any conviction involving a gang enhancement pursuant to Penal Code Section 186.22.
 - k. Within the preceding five (5) years, any violation of the Compassionate Use

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(E) **Inspections.** The City may inspect the intended Distribution/Transportation Facility site and/or premises for suitability prior to issuing a Cannabis Distribution/Transportation Facility License.

(Ord. No. 588-AC; Ord. No. 598-AC; Ord. No. 629-AC)

Section 12A-14. Regulations Applicable to Distribution/Transportation Facilities.

Except as otherwise specifically provided in this Chapter, the following regulations shall be applicable to all Distribution/Transportation Facilities operating within the City:

- (A) The Distribution/Transportation Facility shall not sell, dispense, cultivate, or manufacture Cannabis out of its facility. A Distribution/Transportation Facility shall not be operated or maintained as a Retail Cannabis Business, Cultivation Facility, Manufacturing Site, or Testing Laboratory;
- (B) The Distribution/Transportation Facility shall operate in compliance with this Chapter, the Code and any applicable resolutions, all State laws, including, but not limited to, the Act, the Program and the Guidelines, as well as the MAUCRSA, as may be amended from time to time, as well as any other State law or Constitutional provision regulating Cannabis, including, but not limited to any standards, whether now or later adopted;
- (C) The Distribution/Transportation Facility shall comply the U.S. Department of Justice guidelines/priorities, including those prohibiting:
 - (1) Distribution of Cannabis to minors;
 - (2) Providing revenue from the sale of Cannabis to criminal enterprises, gangs and/or cartels;
 - (3) Diverting Cannabis from a state where it is legal under state law to a state where it is illegal;
 - (4) Using Cannabis activity as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
 - (5) Using or engaging in violence or use of firearms in the cultivation and/or distribution of Cannabis;
 - (6) Contributing to drugged driving and/or the exacerbation of other adverse public health consequences associated with Cannabis use;
 - (7) Growing Cannabis on public lands and the attendant public safety and environmental dangers posed by Cannabis production on public lands; and/or
 - (8) Possessing or use of Cannabis on federal property;
- (D) The Distribution/Transportation Facility shall pay all legally required taxes and fees, including but not limited to, any Cannabis Business Tax, and sales tax pursuant to state and local law, as well as all other City and state-imposed taxes and fees;
- (E) The Distribution/Transportation Facility shall not have any unpaid financial, fee, or tax obligation to the City that is not paid in full when due, including any assessed fines, penalties, taxes, business tax, fee, interest or other costs (collectively “unpaid tax obligations”). A Distribution/Transportation Facility shall not be in breach of this subsection if it enters into and fully performs per the terms of a written offer and compromise or other written settlement

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agreement with the City that satisfies any unpaid tax obligations. This subsection shall not deprive any Distribution/Transportation Facility of rights, if any, to appeal or seek judicial determination of the propriety of any amounts alleged by the City as unpaid tax obligations, and a Distribution/Transportation Facility shall not lose its Cannabis Distribution/Transportation Facility License hereunder due to the pendency of any such appeal or judicial determination;

(F) A Distribution/Transportation Facility shall implement a security plan including the following measures:

(1) Digital security cameras shall be installed and maintained in good condition, and used in an on-going manner with at least 240 concurrent hours of digitally recorded documentation in a format approved by the City Manager or Designee.

The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.

Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed under this section.

Areas that shall be recorded on the video surveillance system include the following:

- (a) Areas where Cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;
- (b) Limited-access Areas;
- (c) Security rooms;
- (d) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and
- (e) Entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points.

Recordings made by the security cameras shall be made available to the City Manager or Designee upon request..

Nothing in this section shall compel a Distribution/Transportation Facility or require the City to voluntarily disclose or deliver said recording to any Federal government entity or agency absent a court order or subpoena;

- (2) The Distribution/Transportation Facility premises shall be alarmed with an alarm system that is operated and monitored by a properly licensed security company.
- (3) The Cannabis Business shall hire or contract for security personnel who are at least 21 years of age to provide on-site security services during hours of operation. Security personnel must be in uniform and readily identifiable. No security personnel shall be operating in an "undercover" capacity without prior notification to law enforcement. All security personnel shall be in possession of a state-mandated guard card and relevant endorsements as well as acquire a City of Needles Live Scan Identification;
- (4) Entrance to the quality control area and any storage areas shall be locked at all times, and under the control of the staff of the Distribution/Transportation Facility;
- (5) The entrance(s) and all window areas shall be illuminated during evening hours. The

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applicant shall comply with the City's lighting standards regarding the fixture type, wattage, illumination levels, shielding, etc., and secure the necessary approvals and permits as needed;

- (G) The Distribution/Transportation Facility shall comply the City Code, including the Building Code and the Fire Code;
 - (H) The Distribution/Transportation Facility shall keep adequate records of any Cannabis related activity, including conducting an inventory on the first business day of each week and recording the total quantity of each type of Cannabis or Cannabis products on the Premises. Records expressly include, but are not limited to, video recordings maintained pursuant to subsection (F), above. All records shall be maintained for seven (7) years from the date created or longer if required by State or Federal law;
 - (I) The Distribution/Transportation Facility shall not be operated within: a residence; within six hundred (600) feet of a school, recreation center or youth center; or within two hundred (200) feet of a public playground, park (meaning a children's park where there is playground equipment or other youth athletic or sports facilities, but not including a "way-side" park or rest stop), child care or day care facility, or church. All distances shall be the horizontal distance measured in a straight line, without regard to intervening structures or topography, from the property line of the uses described in this Subsection to the closest property line of the lot on which the Distribution/Transportation Facility is located;
 - (J) The Distribution/Transportation Facility shall not store live plants, except seeds, on the licensed premises.
 - (K) A Distribution/Transportation Facility shall ensure that all Cannabis goods batches for testing are stored separately and distinctly from other Cannabis goods batches on the licensed premises.
 - (L) Transportation by means of aircraft, watercraft, drone, rail, human powered vehicle, or unmanned vehicle is prohibited.
 - (M) A licensed Distribution/Transportation Facility shall not leave a vehicle or trailer containing Cannabis goods unattended in a residential area or parked overnight in a residential area.
 - (N) The Distribution/Transportation Facility shall comply with the State's track and trace system and other requirements, as may be amended from time to time.
- (Ord. No. 588-AC; Ord. No. 594-AC; Ord. No. 598-AC; Ord. No. 629-AC)

Section 12A-17. Delivery.

A Retail Cannabis Business that holds a valid Cannabis Retail License, and which complies with all regulations related to the operation of a Retail Cannabis Business, may Deliver Cannabis to its customers, Qualified Patients and/or Primary Caregivers within the City if:

- (A) All employees of a Retail Cannabis Business delivering Cannabis or Cannabis products carry a copy of the Retail Cannabis Business' current Cannabis Retail License (as well as any State issued permit or license, when issued) authorizing those services with them during deliveries, and the employee's government-issued identification. The employee shall present the Cannabis Retail License (as well as any State issued permit or license, when issued), upon request, to State and local law enforcement, employees of regulatory authorities, and other State and local agencies.
- (B) During Delivery, the Retail Cannabis Business shall maintain a physical copy of the Delivery request and shall make it available upon request to the City and law enforcement officers.

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The Delivery request documentation shall comply with State and federal law regarding the protection of confidential information.

- (C) While making deliveries, a Retail Cannabis Business' delivery employee shall not carry Cannabis goods in the delivery vehicle with a value in excess of \$5,000 at any time. Any delivery order must be received and processed by the Retail Cannabis Business prior to the delivery employee departing from the licensed premises. No Cannabis goods may be present in the delivery vehicle unless they are part of a received and processed order. The value shall be determined using the current retail price of all Cannabis and/or Cannabis products carried by the employee.
- (D) A Delivery Employee shall not deliver Cannabis goods to an address located on publicly owned land or any address on land or in a building leased by a public agency. This prohibition applies to land held in trust by the United States for a tribe or an individual tribal member unless the delivery is authorized by and consistent with applicable tribal law.
- (E) A vehicle used for the Delivery of Cannabis goods shall be outfitted with a dedicated Global Positioning System (GPS) device for identifying the geographic location of the delivery vehicle and recording a history of all locations traveled to by the Delivery Employee while engaged in Delivery. A dedicated GPS device must be owned by the licensee and used for Delivery only. The device shall be either permanently or temporarily affixed to the Delivery vehicle and shall remain active and inside of the Delivery vehicle at all times during Delivery. At all times, the licensed Retail Cannabis Business shall be able to identify the geographic location of all Delivery vehicles that are making Deliveries for the licensed Retail Cannabis Business and document the history of all locations traveled to by a Delivery Employee while engaged in Delivery. A licensed Retail Cannabis Business shall provide this information to the City Manager or Designee upon request. The history of all locations traveled to by a Delivery Employee while engaging in delivery shall be maintained by the licensee for a minimum of 90 days.
- (F) Before leaving the licensed premises, the licensed Retail Cannabis Business' Delivery driver must have a delivery inventory ledger of all Cannabis goods provided to the licensed Retail Cannabis Business' delivery driver. For each Cannabis good, the delivery inventory ledger shall include the type of good, the brand, the retail value, the track and trace identifier, and the weight, volume or other accurate measure of the Cannabis good. All Cannabis goods prepared for an order that was received and processed by the licensed Retail Cannabis Business prior to the Delivery driver's departure from the licensed premises must be clearly identified on the inventory ledger. After each customer Delivery, the delivery inventory ledger must be updated to reflect the current inventory in possession of the licensed Retail Cannabis Business' delivery driver. Delivery inventory ledgers may be maintained electronically.
- (G) The licensed Retail Cannabis Business delivery driver shall maintain a log that includes all stops from the time the Delivery driver leaves the licensed premises to the time that the Delivery driver returns to the licensed premises, and the reason for each stop. The log shall be turned in to the licensed Retail Cannabis Business when the Delivery driver returns to the licensed premises. The licensed Retail Cannabis Business must maintain the log as a commercial Cannabis Business record as required by this Chapter. The log may be maintained electronically.

To the fullest extent permitted by law, this Chapter does not permit a retail cannabis business, cooperative, collective, dispensary, or other Cannabis Business that is located outside the City from delivering Cannabis within the City, nor does it permit any stand-alone mobile delivery service not otherwise attached to a Retail Cannabis Business; such delivery is expressly prohibited.

(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 629-AC)

Section 12A-18. Licenses Non-Transferrable/No Subletting of Premises.

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Any licenses issued under this Chapter are non-transferable. Upon a sale or transfer of any Cannabis Business, or upon the sale or transfer of some or all of the interest of an Owner or Operator of any Cannabis Business to a person who is not already an Owner or Operator of the Cannabis Business, an amendment to the Regulatory License shall be required.

A licensee shall not sublet any area designated as the licensed premises for the licensee's commercial Cannabis Business.

(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 629-AC)

Section 12A-18.5 License Posting Requirement.

Upon issuance of any license, a Cannabis Business shall prominently display the license on the licensed premises where it can be viewed by state and local agencies. If the licensed premises is open to the public, the license shall be displayed in an area that is within plain sight of the public.

(Ord. No. 629-AC)

Section 12A-19. Alteration and Modification of Premises.

A licensee under this Chapter shall not make any physical change, alteration, or modification of the premises of a Cannabis Business that materially or substantially alters the licensed Premises from the plans approved, without obtaining a Conditional Use Permit, or processing an amendment to the Cannabis Business' Conditional Use Permit, as applicable. Material changes include, but are not limited to, an increase or decrease in the total square footage of the licensed Premises or the addition, sealing of, or relocation of a wall, common entryway, doorway, or other means of public ingress and/or egress to the licensed Premises.

(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 629-AC)

Section 12A-21. Revocation and Suspension of Licenses.

In addition to any other remedy available to the City under this Code or state law, a license issued pursuant to this Chapter may be suspended or revoked by the City Manager or his/her designee. Upon suspension or revocation of a license issued hereunder, the Cannabis Business shall immediately cease operation. If the Owner is not also the legal owner(s) of the real property on which the Cannabis Business is situated, notice of such suspension or revocation shall be provided by the City Manager or his/her designee to the owner(s) of record of the property as shown on the latest county recorder's official records.

(A) Grounds for Revocation and Suspension.

All Cannabis Business Owners and Operators shall be deemed to know and understand the requirements and prohibitions of this Chapter. The Cannabis Business Owner(s) and/or Operator(s) shall be responsible for the conduct of all of its employees, agents, independent contractors, and other representatives, while on the premises of the Cannabis Business.

Any license issued pursuant to this Chapter may be suspended or revoked by the City Manager or his/her designee after a hearing, where it is found by a preponderance of the evidence that any of the following have occurred, on even a single occasion:

- (1) The person(s) to whom the license was issued, or any person employed or retained by the Cannabis Business has been found to have violated any provision of this Chapter, the Act, the Program, the MAUCRSA, or any other applicable State law; or
- (2) The licensee, and/or any of its officers, directors, Owners, Operators, employees or agents is a licensed physician making patient recommendations for Medical Cannabis; or

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- (3) The licensee, and/or any of its officers, directors, or Owners has engaged in fraud or misrepresentation or has knowingly made a misstatement of fact in seeking or obtaining a City permit or license for the Cannabis Business; or
- (4) The licensee has continued to operate the Cannabis Business after the license issued therefore has been suspended or expired; or
- (5) The licensee, and/or any of the officers, directors, Owner(s) or Operator(s) of the Cannabis Business have or receive:
 - a. A conviction for homicide.
 - b. A conviction for racketeering, including but not limited to, a conviction under the Racketeer Influenced and Corrupt Organizations Act, the Organized Crime Control Act of 1970, or any other state or federal law prohibiting organized crime.
 - c. A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
 - d. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
 - e. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.
 - f. A felony conviction involving fraud, deceit, or embezzlement.
 - g. Within the preceding two (2) years, any felony conviction for burglary, including first- and/or second-degree burglary.
 - h. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
 - i. A felony conviction for drug trafficking with enhancements pursuant to H&S Code Sections 11370.4 or 11379.8.
 - j. Any conviction involving a gang enhancement pursuant to Penal Code Section 186.22.
 - k. Within the preceding five (5) years, any violation of the Compassionate Use Act, the Medical Marijuana Program Act, the MAUCRSA or any other State law or Constitutional provisions regulating Cannabis, as may be amended from time to time.
 - l. Within the preceding ten (10) years, any violations of subdivision (c) or (d) of H&S Code Section 11357, or Section 11361, or any other provision involving sale to minors, and/or Articles 1, 3, 5, 6 or 7 of Chapter 6 of Division 10 of the H&S Code.
 - m. Within the preceding five (5) years, any conviction for possession, sale, use, distribution, and/or manufacturing of any Schedule I or Schedule II controlled substance as defined or described in the federal Controlled Substances Act.

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n. Within the preceding three (3) years, any administrative orders or civil judgments for violations of labor standards.

(6) The licensee, or any Owner(s) and/or Operators have engaged in conduct that constitutes grounds for denial of licensure pursuant to Chapter 2 (commencing with Section 480) of Division 1.5 of the Business and Professions Code.

(B) Notice of Revocation or Suspension.

The City Manager or his/her designee, before revoking or suspending any license issued hereunder, shall provide the Owner(s) with written notice of the alleged grounds for suspension or revocation and of a right to request a hearing in regards thereto.

(C) Hearing and Appeal.

The Owner(s) shall have the right to appeal from a decision by the City Manager or his/her designee to suspend or revoke a license issued hereunder by filing with the City Clerk a written notice of appeal, specifying the grounds for such appeal, within ten (10) days after the decision has been served on the Owner(s). Such appeal shall be heard by the City Council within 120 days and with not less than thirty (30) days written notice to the Owner(s) of the date, time and location of the hearing. The City Council shall consider all relevant evidence at the hearing, may continue the hearing, and may require such evidence and legal briefing as may be helpful in addressing issues raised by the appeal.

(D) Notice of Decision.

Within a reasonable time, but not more than ninety (90) days following the conclusion of the hearing, the City Council shall issue a written decision as to whether the license shall be revoked or suspended. The written decision shall be served on the license holder.
(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 629-AC)

Section 12A-22. Inspection.

The City Manager or his/her designee shall have the right to enter the Cannabis Business from time to time for the purpose of making reasonable inspections to observe and enforce compliance with this Chapter and all laws of the City and State of California.
(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 629-AC)

Section 12A-23. CEQA Compliance.

Any applicant for a Cannabis Business License, and/or zoning or conditional use permit, as applicable, shall be responsible for all costs associated with the preparation of all initial studies, negative declarations, environmental impact reports and/or other environmental documents or studies, if any, including administrative costs, necessary for the approval of such Cannabis Business License, zoning or conditional use permit, as applicable, or the establishment or operation of a Cannabis Business, as well as the costs associated with the City's use of a third party reviewer to ensure application completeness.
(Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 629-AC)

Section.12A-24. Limitation on City Liability.

To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to approving any Cannabis Business License, or any zoning permit or conditional use permit, as applicable, or the operation of a Cannabis Business. As a condition of approval under this Chapter, any applicant or its legal representative shall:

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- (A) Execute an agreement to defend (with legal counsel of the City's choice), indemnify and hold the City harmless from any and all claims, damages, legal or enforcement actions, including, but not limited to, any actions or claims associated with violation of federal law associated with the permitting, licensing, approval and/or operation of a Cannabis Business; and
 - (B) Maintain insurance in the minimum amount of \$1 million per claim and \$2 million in the aggregate; and
 - (C) Name the City as an additional insured on all City required insurance policies; and
 - (D) Agree to defend, at its sole expense, any action against the City, its agents, officers, and employees related to the approval of a Cannabis Business License or the operation of a Cannabis Business.
 - (E) Agree to reimburse the City for any court costs and attorneys' fees that the City may be required to pay as a result of any legal challenge (or federal enforcement action) related to the City's approval or regulation of a Cannabis Business License, or the operation of a Cannabis Business. The City may, at its sole discretion, choose its own legal counsel and/or participate at its own expense in the defense of any such action, but such participation shall not relieve the operator of its obligations hereunder.
- (Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 629-AC)

Section 12A-25. Enforcement.

- (A) Failure to comply with the provisions of the Chapter, the City Code, or any other State or City law, shall result in the license issued hereunder being suspended or revoked pursuant to this Chapter.
- (B) Any operation of the Cannabis Business in non-compliance with this Chapter shall constitute a public nuisance and violation of the Municipal Code and may be enforced through any lawful remedy, including, but not limited to, the provisions of this Chapter and the City of Needles Municipal Code. Any non-compliance with this Chapter, the City Code or ordinances, State law, the Act, the Program or the Guidelines, or the MAUCRSA, as may be amended from time to time, shall constitute a public nuisance and may be enforced through any lawful civil and/or criminal remedy, including but not limited to a restraining order, temporary and permanent injunctive relief, and other relief set forth in this Chapter, the City Code and/or State law.
- (C) Any person violating any of the provisions of this Chapter or any provisions or part hereof, shall be guilty of a misdemeanor, and upon conviction thereof shall be punishable by a fine of up to one thousand dollars (\$1,000.00) per day per violation or by imprisonment for a period of not more than six (6) months, or by both such fine and imprisonment. The conviction and punishment of any person for failure to pay a required tax shall not excuse or exempt such person from any civil action for violation of this Chapter or other City law. No civil action shall prevent criminal prosecution for any violation of the provisions of this Chapter or any State or City law.
- (D) In lieu of issuing a misdemeanor citation, the City may reduce the penalty to an infraction or issue an administrative citation, and/or assess an administrative fine. Notwithstanding any provision in the Municipal Code to the contrary, including, but not limited to Chapter 2A, administrative citations and administrative fines for violations of this Chapter 12A be issued and/or assessed as follows:
 - a. Every violation determined to be an infraction is punishable by a fine up to the maximum amount permitted by State law, as may be amended from time to time, or

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(1) a fine of \$100 for a first violation; (2) a fine of \$200 for a second violation; (3) a fine of \$500 for each additional violation of Chapter 12A within one year, whichever is greater.

- b. For non-emergency violations of Chapter 12A that do not create an immediate danger to public health, the City Enforcement Officer shall have the authority to issue an Administrative Citation that provides for a reasonable period of time, not to exceed three (3) calendar days, to correct or otherwise remedy the violation. If the violation is corrected within the period of time provided, no additional administrative fines shall be assessed. If the violation is not corrected within the period of time provided, the City Enforcement Officer shall have authority to issue a second administrative citation and impose an administrative fine. Any violations that create a danger to health and/or safety, as determined in the sole and absolute discretion of the City, shall be corrected immediately.
 - c. The amount of an administrative penalty to be imposed for a violation of section 12A-6 is an aggregate amount calculated at \$500 per plant that is in excess of the number of plants allowed.
- (E) Any person violating any provisions of this Chapter or any provisions or part hereof, shall be liable for civil penalties of not less than \$250 or more than \$2,500 for each day the violation continues.
 - (F) All remedies prescribed by this chapter are cumulative and the election of one or more remedy does not bar the City from the pursuit of any other remedy to enforce this Chapter.
 - (G) Each violation of this Chapter shall constitute a separate violation and each violation may be charged as a separate count in the event of administrative or criminal enforcement action.
 - (H) In any order in resolution of a disciplinary proceeding for suspension or revocation of a license, the City may request the hearing officer to direct a licensee found to have committed a violation or violations of this Chapter, or any regulation adopted pursuant to the Act, to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.
 - (I) A certified copy of the actual costs, or a good faith estimate of costs where actual costs are not available, signed by the City's designated representative shall be prima facie evidence of reasonable costs of investigation and prosecution of the case. The costs shall include the amount of investigative and enforcement costs up to the date of the hearing, including, but not limited to, charges imposed by the City Attorney.
 - (J) The City may issue an emergency decision and order for temporary, interim relief to prevent or avoid immediate danger to the public health, safety, or welfare.
 - (K) The emergency decision and order issued by the City shall include a brief explanation of the factual and legal basis of the emergency decision that justify the City's determination that emergency action is necessary, and the specific actions ordered. The emergency decision and order shall be effective when issued or as otherwise provided by the decision and order.
- (Ord. No. 574-AC; Ord. No. 576-AC; Ord. No. 588-AC; Ord. No. 629-AC)

Section 12A-26. Recordkeeping.

- (A) In addition to records identified to be maintained throughout this Chapter, each Cannabis Business shall keep and maintain the following records related to commercial Cannabis Business for at least seven years:
 - (1) Financial records including, but not limited to, bank statements, sales invoices,

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receipts, tax records, and all records required by the California Department of Tax and Fee Administration (formerly Board of Equalization) under title 18, California Code of Regulations, sections 1698 and 4901.

- (2) Personnel records, including each employee's full name, social security or individual tax-payer identification number, date employment begins, and date of termination of employment, if applicable.
 - (3) Training records including, but not limited to, the content of the training provided and the names of the employees that received the training.
 - (4) Contracts with other licensees regarding commercial Cannabis activity.
 - (5) Permits, licenses, and other local authorizations to conduct the licensee's commercial Cannabis activity.
 - (6) Security records.
 - (7) Records relating to the composting or destruction of Cannabis goods.
 - (8) Documentation for data or information entered into the track and trace system.
 - (9) All other documents prepared or executed by an Owner, Operator, and/or their employees or assignees in connection with the licensed commercial Cannabis Business.
- (B) All required records shall be prepared and retained in accordance with the following conditions:
- (1) Records shall be legible; and
 - (2) Records shall be stored in a secured area where the records are protected from debris, moisture, contamination, hazardous waste, fire, and theft.
- (C) The City Manager or Designee may make any examination of the books and records of any licensee as it deems necessary to perform its duties under this Chapter.
- (D) All records are subject to review by the City Manager or Designee any time the licensee is exercising the privileges of the license or at any other time as mutually agreed to by the City Manager and the licensee. Prior notice by the City to review records is not necessary. The City Manager or Designee may review records outside of the licensee's standard daily business hours.
- (E) Records shall be kept in a manner that allows records to be produced for the City Manager or Designee immediately upon request at the licensed premises in either hard copy or electronic form, whichever the City Manager or Designee requests.
- (Ord. No. 629-AC)

Section 12A-27. Owner/Operator Identification Card.

- (A) Any person who is an Owner and/or Operator of a Cannabis Business within the City shall apply for and obtain a City issued photo identification card, which shall be approved only after a fingerprint and background check. The fingerprints shall be taken at a place designated by the City Manager or his/her designee, and any required fee for such fingerprinting shall be

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paid by the applicant. All Owners/Operators shall wear on their person and have visible to the public the City issued photo identification card at all times while on the Premises of the Cannabis Business. The photo identification card shall be issued only after satisfactory evidence that the Owner and/or Operator does not have:

- a. A conviction for homicide.
- b. A conviction for racketeering, including but not limited to, a conviction under the Racketeer Influenced and Corrupt Organizations Act, the Organized Crime Control Act of 1970, or any other state or federal law prohibiting organized crime.
- c. A felony conviction for the illegal possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance.
- d. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.
- e. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.
- f. A felony conviction involving fraud, deceit, or embezzlement.
- g. Within the preceding two (2) years, any felony conviction for burglary, including first- and/or second-degree burglary.
- h. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.
- i. A felony conviction for drug trafficking with enhancements pursuant to H&S Code Sections 11370.4 or 11379.8.
- j. Any conviction involving a gang enhancement pursuant to Penal Code Section 186.22.
- k. Within the preceding five (5) years, any violation of the Compassionate Use Act, the Medical Marijuana Program Act, the MAUCRSA, or any other State law or Constitutional provisions regulating Cannabis, as may be amended from time to time.
- l. Within the preceding ten (10) years, any violations of subdivision (c) or (d) of H&S Code Section 11357, or Section 11361, or any other provision involving sale to minors, and/or Articles 1, 3, 5, 6 or 7 of Chapter 6 of Division 10 of the H&S Code.
- m. Within the preceding five (5) years, any conviction for possession, sale, use, distribution, and/or manufacturing of any Schedule I or Schedule II controlled substance as defined or described in the federal Controlled Substances Act.
- n. Within the preceding three (3) years, any administrative orders or civil judgments for violations of labor standards.

(B) Owners and shareholders of publicly traded companies shall be exempt from the requirements of this Section.

(Ord. No. 588-AC; Ord. No. 629-AC)

Section 12A-28. Disposal of Cannabis Waste.

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Unless otherwise provided by State law and/or regulations, a Cannabis Business shall dispose of Cannabis Waste as follows:

- (A) For purposes of this Chapter, “Cannabis Waste” is waste that is not hazardous waste as defined in Public Resources Code section 40191 and is solid waste, as defined in Section 40191 of the Public Resources Code, that contains Cannabis and that has been made unusable and unrecognizable in the manner prescribed below. A licensee may not sell distribute, donate, transfer, or provide Cannabis Waste except as expressly provided herein.
- (B) A licensee shall manage all waste that is hazardous waste, as defined in Public Resources Code section 40141, in compliance with all applicable hazardous-waste statutes and regulations.
- (C) A licensee shall make Cannabis and/or Cannabis products into Cannabis Waste by rendering the Cannabis and/or Cannabis products unusable and unrecognizable. The licensee shall render the Cannabis and/or Cannabis products into Cannabis Waste before removing the Cannabis Waste from the licensed premises. A licensee shall render the Cannabis and/or Cannabis product into Cannabis Waste by grinding and incorporating the Cannabis and or Cannabis product with other ground material so that the resulting mixture is at least 50 percent non-Cannabis material by volume. A licensee shall render Cannabis and/or Cannabis products into Cannabis Waste and track that waste one batch at a time and shall not commingle different batches into Cannabis Waste.
- (D) The licensee shall render the Cannabis and/or Cannabis product into Cannabis Waste on camera or in the presence of City staff, as requested.
- (E) Cannabis goods and Cannabis waste shall be stored, managed and disposed of in compliance with State law, including the MAURCSA and any regulations adopted thereto, as may be amended from time to time.
- (F) Notwithstanding that State law may permit the same, on-site composting of Cannabis, Cannabis goods/product or Cannabis Waste is expressly prohibited.

(Ord. No. 594-AC; Ord. No. 629-AC)

Section 12A-29. Personal Use Cultivation.

The following regulations shall be applicable to any person engaged in Personal Use Cultivation, as defined, within the City:

- (A) Any person, Qualified Patient and/or Primary Caregiver engaging in Personal Use Cultivation shall do so in compliance with this Chapter, the Code and any applicable resolutions, all State laws, including, but not limited to, the Act, the Program and the Guidelines, as well as the MAUCRSA, as may be amended from time to time, as well as any other State law or Constitutional provision regulating Cannabis, including, but not limited to any standards, whether now or later adopted;
- (B) Personal Use Cultivation must take place at the person’s, Qualified Patient’s or Primary Caregiver’s full time primary residence (as evidenced by proof of ownership, lease, or other written authorization from the owner), or any enclosed accessory structure, greenhouse or garage thereon. “Residence” shall mean a house, apartment unit, mobile home, or other

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similar dwelling unit;

- (C) Personal Use Cultivation must be conducted at all times indoors, in a secure, locked and Fully Enclosed Structure;
- (D) All structures (including greenhouses) used for Cultivation must be legally constructed with all applicable permits, such as grading, building, electrical, mechanical and plumbing;
- (E) Cultivation shall be limited to no more than 100 square feet per residence;
- (F) There shall be no exterior evidence of Cannabis Cultivation. Cultivation shall not be visible from any public right-of way, private drive, or fire lane;
- (G) All Cultivation structures shall be equipped with odor control filtration and ventilation systems adequate to prevent odor, humidity, or mold;
- (H) Light systems shall be fully shielded, including adequate coverings on windows, so as to confine light and glare to the interior of the structure;
- (I) The use of generators is prohibited, except as emergency back-up systems;
- (J) The use of volatile solvents to manufacture Cannabis Products is prohibited.
(Ord. No. 598-AC; Ord. No. 629-AC)

Section 12A-30. Cannabis Goods After Termination of License.

In the event a license is terminated for any reason while Cannabis goods remain on the premises, the following actions may be taken:

- (1) The Cannabis goods may be destroyed by the former licensee; or
- (2) A licensed distributor or licensed microbusiness authorized to engage in distribution may be authorized by the City Manager to purchase and distribute the former licensee's entire inventory stock in accordance with the following:
 - (a) A licensed distributor or licensed microbusiness authorized to engage in distribution shall, within 14 calendar days of the termination of the former licensee's license, submit a written request to the City Manager, for authorization to purchase the Cannabis goods from the former licensee; and
 - (b) Upon approval from the City Manager, the licensed distributor or licensed microbusiness authorized to engage in distribution shall transport the cannabis goods to their premises, arrange for laboratory testing, and perform quality assurance in accordance with State law. If the Cannabis goods have already been tested in accordance with State law and have a valid certificate of analysis for regulatory compliance testing that is less than 12 months old, the Cannabis goods are not required to undergo additional testing.

(Ord. No. 629-AC)

Section 12A-31. Cannabis Consumption.

Cannabis and/or Cannabis products may be smoked, ingested or consumed on the premises of a properly licensed and fully compliant Retail Cannabis Business, subject to the following regulations:

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- (A) The Retail Cannabis Business obtains a Conditional Use Permit (or amended Conditional Use Permit), permitting smoking, ingestion or consumption of Cannabis and/or Cannabis product on the premises.
- (B) Smoking, ingestion or consumption of Cannabis and/or Cannabis product is at all times done in strict conformance with State law, including the MAUCRSA, or any applicable State regulations, as may be amended from time to time.
- (C) Access to the area where Cannabis smoking, ingestion or consumption is allowed must be restricted to persons 21 years of age and older.
- (D) Cannabis smoking, ingestion and consumption shall not be visible from any place where persons under the age of 21 are permitted.
- (E) Cannabis smoking, ingestion and consumption must occur indoors. Smoking, ingestion and consumption may not occur on patios, in parking areas, or in any other space that is not fully enclosed.
- (F) The Retail Cannabis Business must install and maintain in good working order an odor control system. Odors cause by smoking, ingestion or consumption of Cannabis and/or Cannabis products must not be detectible from any public place.
- (G) Cannabis smoking, ingestion and/or consumption shall at all times occur in a space that is separate from the space used to sell Cannabis and/or Cannabis product.
- (H) Only Cannabis and/or Cannabis products purchased from the Retail Cannabis Business during the same visit by the customer may be smoked, ingested, or consumed within the Retail Cannabis Business. Individuals may not bring Cannabis and/or Cannabis product into a Retail Cannabis Business.
- (I) All Cannabis and Cannabis products purchased for onsite consumption must be consumed on the premises prior to leaving the Retail Cannabis Business. Opened and/or partially consumed Cannabis and/or Cannabis product is not permitted to be repackaged or removed from the premises.

(Ord. No. 629-AC)

Section 12A-32. Additional Retail Cannabis Business.

Notwithstanding the provisions of Section 12A-4, above, requiring Retail Cannabis Businesses to have been existing, open and operating within the City within a fixed stationary building on or before December 25, 2014 prior to issuance of a Cannabis Retail License, the City Council may, but is not obligated to, license additional Retail Cannabis Businesses to operate within the City which were not otherwise in existence, open and operating on or before December 25, 2014.

Any additional Retail Cannabis Business licensed under this Section shall comply with all applicable application requirements and regulations provided by this Chapter or the Municipal Code, and all State and/or local laws or regulations regulating Retail Cannabis Business, as may be amended from time to time.

(Ord. No. 629-AC)