

RESOLUTION NO. 2024-092

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, TAKING THE FOLLOWING ACTIONS: (1) CONSIDERING WHETHER TO DECREASE THE MAXIMUM NUMBER OF COMMERCIAL CANNABIS PERMITS AVAILABLE FOR STOREFRONT RETAILERS AND/OR STOREFRONT RETAIL MICROBUSINESS; (2) APPROVING RULES AND REGULATIONS FOR PERMITTING COMMERCIAL CANNABIS BUSINESSES; AND (3) REPEALING RESOLUTION NO. 2021-022.

WHEREAS, Article XI, § 7 of the California Constitution authorizes cities to make and enforce within their jurisdictional limits ordinances and regulations not in conflict with general laws to protect and promote the public health, safety, and welfare of its citizens; and

WHEREAS, on November 8, 2016, California voters approved Proposition 64, titled the Adult Use of Marijuana Act (the "AUMA") and enacted a state statutory scheme legalizing, controlling, and regulating the cultivation, processing, manufacturing, distribution, testing, and sale of nonmedical ("adult- use" or "recreational") cannabis, including cannabis, products, for use by adults twenty- one (21) years of age and older; and

WHEREAS, on June 27, 2017, the Medical and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA") was signed into law, which provides a comprehensive regulatory framework for licensing, control, and taxation of medical and adult-use cannabis-related businesses in California; and

WHEREAS, the City Council of the City of Corona ("City Council") desires to establish a strong and effective regulatory system with regard to cannabis businesses that protects the public health, safety and environmental resources, provides a consistent regulatory pathway for the cannabis industry consistent with state regulations, fosters a healthy, diverse and economically viable cannabis industry that contributes to the local economy, and ensures that environmental, public health, safety and nuisance factors related to the cannabis industry are adequately addressed; and

WHEREAS, the City Council further desires to implement reasonable regulations that are intended to address the secondary negative impacts to the City and its resources, including, nuisance impacts and criminal impacts that may result from the operation of commercial cannabis businesses in the City and to ensure that the effects such impacts may have on the health, safety and welfare of businesses and residents within the City, especially residents of particularly vulnerable populations, including children and senior citizens, are mitigated to the greatest extent possible; and

WHEREAS, the City Council is aware that both community benefits and potential adverse impacts may result from the operation of commercial cannabis businesses in the City, and therefore desires to: (1) help ensure that all such adverse impacts are adequately mitigated and offset by the potential community benefits those businesses can provide to the City and its residents and; to help provide sufficient code enforcement and law enforcement resources to address such adverse impacts and to ensure compliance with all applicable laws and regulations; and

WHEREAS, the City Council is also aware that storefront retailers and storefront retail microbusinesses are particularly prone to result in potential adverse impacts to the community, and thus such businesses will be asked to specifically commit to providing particular community benefits of their choosing to help ensure that their impacts are adequately mitigated and offset; and

WHEREAS, in furtherance of these goals, the City Council adopted Chapters 5.36 (Commercial Cannabis) and 9.19 (Cannabis Businesses and Activities) of the Corona Municipal Code (“CMC”) to establish development standards and permitting requirements to allow certain types of commercial cannabis businesses (storefront retail, non-storefront retail, manufacturing, distribution, testing laboratories, and microbusinesses) within the City’s industrial zones (M-1, M-2, M-3 and M-4 zones); and

WHEREAS, pursuant to CMC §5.36.040(A)(1), the City Council is required to adopt, by resolution, rules and regulations for permitting commercial cannabis businesses; and

WHEREAS, on October 7, 2020, the City Council adopted Resolution No. 2020-126 establishing rules and regulations to govern the permitting of commercial cannabis businesses; and

WHEREAS, on March 17, 2021, the City Council adopted Resolution No. 2021-015 amending the rules and regulations for the permitting of commercial cannabis businesses and repealing Resolution No. 2020-126; and

WHEREAS, on April 1, 2021, the City Council adopted Resolution No. 2021-022 to amend the rules and regulations adopted pursuant to Resolution No. 2021-015 to clarify the process for scoring and ranking applications for storefront retailers and storefront retail microbusinesses during the merit-based evaluation process; and

WHEREAS, pursuant to Section IV(B)(4) of the adopted rules and regulations, the merit-based “final ranking” of the storefront retailers and storefront retail microbusinesses expired twenty-four (24) months from the date it was posted on the City’s website (i.e. March 17, 2022), thus the final ranking expired on or about March 17, 2024 (“Final Ranking Expiration Date”); and

WHEREAS, prior to the Final Ranking Expiration Date, the City had issued eight (8) commercial cannabis permits for storefront retailers and/or storefront retail microbusiness; and

WHEREAS, since the maximum permitted number of commercial cannabis permits had not yet been issued before the Final Ranking Expiration Date, a new application period was to be set and a new merit-based selection process was to begin for storefront retailers and storefront retail microbusinesses; and

WHEREAS, the City Council now desires to amend the rules and regulations adopted pursuant to Resolution No. 2021-022 to eliminate the merit-based evaluation process for storefront retailers and storefront retail microbusinesses; and

WHEREAS, Subsection (A) (Maximum Number) of CMC 5.36.060 (City Permit - Maximum Number and Types) set the maximum number of permits for storefront retailers and/or storefront retail microbusinesses at one (1) per 15,000 city residents, rounded-up to the next whole number; and

WHEREAS, accordingly, the maximum number of commercial cannabis permits for storefront retailers and/or storefront retail microbusiness is currently twelve (12); and

WHEREAS, Subsections (D) (Increase or Decrease of Maximum Number) and (E) (Resolution Required) of CMC 5.36.060 (City Permit - Maximum Number and Types) provide that the City Council may at any time, by Resolution, consider whether to decrease the maximum number of commercial cannabis permits available for issuance within the city for any or all types of commercial cannabis activities; and

WHEREAS, the City Council now desires to consider whether to decrease the maximum number of commercial cannabis permits available for storefront retailers and/or storefront retail microbusiness; and

WHEREAS, the City Council intends for this Resolution to supersede and replace Resolution No. 2021-022; and

WHEREAS, in connection with the adoption of Ordinance No. 3321, the City Council approved a Negative Declaration (“Neg Dec”), which was prepared pursuant to California Environmental Quality Act (Public Resources Code Section 21000 et seq.) (“CEQA”), the State CEQA Guidelines and the City of Corona Local CEQA Guidelines and which included an analysis of the environmental impacts of the rules and regulations set forth in this Resolution. The Negative Declaration indicated that all potential environmental impacts from the adoption of such rules and regulations were less than significant.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, AS FOLLOWS:

SECTION 1. CEQA Findings. As the decision-making body for this Resolution, the City Council has reviewed and considered the information contained in the Neg Dec, the initial study and the administrative record for this Resolution, including all written and oral evidence

provided to the City Council. Based upon the facts and information contained in the Neg Dec, the initial study and the administrative record, including all written and oral evidence presented to the City Council, the City Council finds that the approval of this Resolution is consistent with and in furtherance of the Neg Dec because this Resolution implements the requirements of Chapter 5.36 and makes minor amendments to the application and permitting process. The City Council further finds, on the basis of substantial evidence in the light of the whole record, that the approval of this Resolution would not have a significant effect on the environment and none of the conditions described in State CEQA Guidelines Section 15162 exist. Therefore, the prior analysis is adequate and no further environmental review is required.

SECTION 2. Maximum Number of Storefront Retail Permits. The Storefront Retailer and/or Storefront Retail Microbusiness Maximum Number of Permits (CMC 5.36.060), attached hereto as Exhibit “A” and incorporated herein by reference, is hereby adopted.

SECTION 3. Adoption of Rules and Regulations. The Rules and Regulations for Permitting Commercial Cannabis Business (CMC Chapter 5.36), attached hereto as Exhibit “B” and incorporated herein by reference, is hereby adopted.

SECTION 4. Repeal of Resolution No. 2021-021. Resolution No. 2021-021 is hereby repealed and of no further force or effect.

SECTION 5. Custodian of Records. The documents and materials that constitute the record of proceedings on which the findings set forth in this Ordinance have been based are located at City of Corona City Hall, 400 S. Vicentia Avenue, Corona, California 92882. The custodian for these records is Joanne Coletta, Community Development Director.

SECTION 6. Effective Date. The Mayor shall sign this Resolution and the City Clerk shall attest thereto, and this Resolution shall take effect immediately.

PASSED, APPROVED AND ADOPTED this 21st day of August 2024.

Mayor of the City of Corona, California

ATTEST:

City Clerk of the City of Corona, California

CERTIFICATION

I, Sylvia Edwards, Clerk of the City of Corona, California, do hereby certify that the foregoing Resolution was regularly passed and adopted by the City Council of the City of Corona, California, at a regular meeting thereof held on the 21st day of August 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 21st day of August 2024.

City Clerk of the City of Corona, California

(SEAL)

**EXHIBIT “A”
TO
RESOLUTION NO. 2024-092**

**STOREFRONT RETAILER AND/OR STOREFRONT RETAIL MICROBUSINESS
MAXIMUM NUMBER OF PERMITS
(CMC 5.36.060)**

1. Current Maximum Number of Permits. Pursuant to Subsection (A) (Maximum Number) of CMC 5.36.060 (City Permit - Maximum Number and Types), the maximum number of permits for storefront retailers and/or storefront retail microbusinesses is set by the formula of one (1) per 15,000 city residents, rounded-up to the next whole number (currently 12).

2. City Council Authority to Decrease. Subsections (D) (Increase or Decrease of Maximum Number) and (E) (Resolution Required) of CMC 5.36.060 (City Permit - Maximum Number and Types) provide that the City Council may at any time, by Resolution, consider whether to decrease the maximum number of commercial cannabis permits available for storefront retailers and/or storefront retail microbusiness.

3. City Council Determination as of August 21, 2024. As of August 21, 2024, the City Council hereby determines to take the following action with respect to the maximum number of commercial cannabis permits available for storefront retailers and/or storefront retail microbusiness:

*****CITY COUNCIL TO SELECT AT MEETING*****

Maintain the Maximum Number Provided for in CMC 5.36.060(A) (Currently 12)

OR

Set the Maximum Number at **[INSERT NUMBER]**

**EXHIBIT “B”
TO
RESOLUTION NO. 2024-092
RULES AND REGULATIONS
FOR
PERMITTING COMMERCIAL CANNABIS BUSINESSES
(CMC § 5.36)**

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I. PURPOSE.

The purpose of these Rules and Regulations is to establish the procedures and requirements for the submittal of applications for, and the issuance of, commercial cannabis permits authorized by Chapter 5.36 of the Corona Municipal Code (“CMC”).

II. AUTHORITY AND SCOPE; DEFINITIONS.

These Rules and Regulations are authorized to be adopted pursuant to CMC § 5.36.040, and are intended to clarify and facilitate implementation of CMC Chapter 5.36. These Rules and Regulations shall apply to all applications for commercial cannabis permits submitted for commercial cannabis activities pursuant to CMC Chapter 5.36. To the extent of any conflict between these Rules and Regulations and CMC Chapter 5.36, the terms of CMC Chapter 5.36 shall govern. Unless the context otherwise clearly indicates, the terms used herein shall have the same meaning as defined in CMC § 5.36.020. For clarification, the use of the term “application” in these Rules and Regulations shall not be construed in a technical sense to mean the paper application required pursuant to Section III(E) of these Rules and Regulations, but rather is intended to include any and all documentation, information, or submittals provided by an applicant for a commercial cannabis permit, including, without limitation, statements or presentations made during the interview, if applicable.

III. COMMERCIAL CANNABIS PERMIT APPLICATION FOR ALL COMMERCIAL CANNABIS BUSINESSES.

A. Application Period.

1. Storefront Retailers and Storefront Retail Microbusinesses. Applications for commercial cannabis permits for storefront retailers and storefront retail microbusinesses may be submitted at any time, so long as the maximum number of commercial cannabis permits established pursuant to CMC 5.36.060 has not been met.

2. Non-Storefront Retailers, Manufacturers, Distributors, Testing Laboratories and Microbusinesses Other than Storefront Retail Microbusinesses. Applications for commercial cannabis permits for non-storefront retailers, manufacturing, distribution, testing laboratories and microbusiness other than storefront retail microbusinesses may be submitted at any time, so long as the City has not provided written notice on the City’s website that it will no longer be accepting applications.

B. Application Packet.

As further described in Sections III(C) and III(E) below, the following are the submittal items that an applicant seeking to obtain a commercial cannabis permit to operate a commercial cannabis business within the City is required to submit. In order for an application packet to be deemed

complete, all items listed below must be submitted to the City Manager. Application packets shall be no greater than 75 pages of text (single-sided) and 25 pages of images for a total of 100 pages.

1. Application Form. Section III(E)(1) below.
2. Premises Information. Section III(E)(2) below.
3. Business Plan. Section III(E)(3) below.
4. Operations Plan. Section III(E)(4) below.
5. Security Plan. Section III(E)(5) below.
6. Site/Floor Plan. Section III(E)(6) below.
7. Information and Requirements for Storefront Retailers and Storefront Retail Microbusinesses. Section III(E)(7) below.
8. Live Scan/Background Checks. Section III(E)(8) below.
9. Additional Information. Section III(E)(9) below.
10. Application Fees. See Section III(C) below.

C. Application Fees.

All City fees related to an application for a commercial cannabis permit shall be as established by resolution of the City Council.

D. Number of Applications.

There is no limit to the number of applications an applicant may submit for a commercial cannabis permit. However, except as otherwise provided in CMC § 5.36.060, no more than one (1) commercial cannabis permit will be issued to any person who is the owner of or has a financial interest in a retail commercial cannabis business or storefront retail microbusiness commercial cannabis business within the City.

E. Application Requirements.

1. Application Form. The City Manager shall provide an application form for commercial cannabis permits. The application shall be completed and signed by the owner(s) of the commercial cannabis business. The completed application must include at least the following:

a. Applicant Information. The applicant's name, address, telephone number and e-mail address. For applicants who are individuals, the applicant shall provide both the first and last name of the individual. For applicants that are business entities, the applicant shall provide the legal name of the business entity and, if applicable, the business trade name (i.e., DBA) of the applicant.

b. Owner, Officer and Manager Information. The name, address, telephone number, e-mail address and age of all owners, officers and managers and the percentage of ownership interest or other financial interest, if any, held by each owner, officer or manager. The applicant shall include documentation validating the identity and age of all owners, officers and managers. If the ownership is a publicly traded company then the applicant shall provide the names of any person who is an executive board member and any person who holds an ownership interest or other financial interest of at least ten percent (10%).

c. Contact Information. Contact information for the applicant's designated primary contact person including the name, title, address, phone number, and email address of the individual.

d. Business Entity Status. If any applicant or owner is a business entity or any other form of entity, the entity's legal status, formation documents (articles of incorporation, operating agreements, partnership agreements, and fictitious business name statements), and proof of registration with, or a certificate of good standing from, the California Secretary of State, as applicable.

e. Cannabis Activity. The type of commercial cannabis permit the applicant is applying for and whether the proposed commercial cannabis business will involve medicinal cannabis requiring a M-License and/or adult use requiring an A-License.

f. Cannabis Activity Experience. A description of any and all commercial cannabis activity that the applicant and all owners, officers, and managers of the commercial cannabis business have engaged in as an owner, manager, lender, employee, or agent over the previous five (5) years, including, but not limited to, the location of such activity and a copy of any permits, licenses, or other written forms of permission for such activity by a local or state government entity. The applicant shall include a list of the license types and the license numbers issued from the State of California and all other out-of-state or local licensing authorities that the applicant holds, including the date the license was issued and the licensing authority that issued the license, permit or other authorization.

g. Cannabis Activity Denials, Suspensions or Revocations. Whether the applicant or any owner, officer, or manager of the commercial cannabis business has, within the previous five (5) years, been denied the right to conduct any commercial cannabis activity in any jurisdiction and/or whether such person's authorization to conduct any commercial cannabis activity in any jurisdiction has been suspended or revoked. The applicant shall provide the type of license or permit applied for, the name of the licensing/permitting authority that denied,

suspended or revoked the application, the date of denial, suspension, or revocation, the length of suspension, if applicable, and the basis of the denial, suspension, or revocation.

h. Criminal Convictions. Whether the applicant or any owner, officer, or manager of the commercial cannabis business has been convicted of any of the following charges:

- (i) Any felony offense within the previous 10 years.
- (ii) A crime involving the use of money to engage in criminal activity within the previous 10 years.
- (iii) Unlawful possession or use of a firearm within the previous 10 years.
- (iv) Drug-related misdemeanor (other than cannabis) within the previous 3 years.

i. State Law Compliance. As much as possible, a detailed description of how the applicant will meet the requirements of the state cannabis laws, including, but not limited to, track-and-trace, inventory, returns, destruction of products, waste management, environmental sustainability, records retention, and operational requirements.

j. Insurance Compliance. Evidence that applicant has or will be able to obtain and maintain the following amounts and types of insurance, as required by CMC § 5.36.170:

- (i) Commercial General Liability with a limit of \$1,000,000 per occurrence/aggregate. Such insurance policy shall name the City and its directors, officials, officers, employees, agents, and volunteers as additional insureds by endorsement with respect to the operation of the commercial cannabis business and compliance with Chapter 5.36, the state cannabis laws or any other applicable law.
- (ii) Commercial/Business Automobile Liability with coverage for “any auto” and a limit of \$1,000,000 per accident for bodily and property damage.
- (iii) Workers’ Compensation with limits as required by the Labor Code of the State of California.

k. Labor Peace Agreement. An applicant shall attest that it has entered into a labor peace agreement and will abide by the terms of the agreement. For applicants who have not yet entered into a labor peace agreement, the applicant shall provide a notarized statement indicating the applicant will enter into and abide by the terms of a labor peace agreement as soon as reasonably practicable after issuance of a commercial cannabis permit. Once the applicant has entered into the labor peace agreement, the applicant shall provide the City Manager with a copy of the page of the labor peace agreement that contains the signatures of the union representative and the applicant.

1. Required State Financial Information. To the extent the City Manager deems such information necessary and requests such information as part of the application process, the applicant shall provide all financial information required by the State of California on the State's application form.

m. Defense and Indemnification. The applicant shall agree, to the fullest extent permitted by law, to defend (with counsel of City's choosing), indemnify and hold the City, its directors, officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of, pertaining to, or incident to the process used by the City in making its decision to issue a commercial cannabis permit or approve the operation of the commercial cannabis business, the operation of the commercial cannabis business or the prosecution of the applicant, permittee, or any permittee representative for violation of federal law or the state cannabis laws, including without limitation the payment of all settlement amounts, expert witness fees and attorney's fees and other related costs and expenses, as required by CMC § 5.36.220.

2. Premises Information. An application for a commercial cannabis business may be submitted without having secured the legal right to occupy the premises identified in the application (e.g., lease agreement with the premises owner or fee title to the premises); however, the applicant will be required to provide evidence that the applicant has the legal right to occupy and use the premises to operate a commercial cannabis business prior to issuance of a commercial cannabis permit. At a minimum, the applicant shall provide the following information concerning the proposed premises at the time of submittal of an application for a commercial cannabis permit:

a. Address(es). The physical address of the premises where the commercial cannabis activity is proposed to be conducted.

b. Zoning Compliance. Evidence that the premises are located in a zoning district where commercial cannabis businesses are permitted pursuant to Title 17 of the CMC and that the premises satisfy the separation requirements set forth in CMC § 5.36.070.

c. Property Owner Information. The name, address, telephone number and e-mail address of the record owner of the premises where the commercial cannabis activity is proposed to be conducted if different than the applicant. If the applicant is the record owner of the premises where the commercial cannabis activity is proposed to be conducted, the applicant shall provide a copy of the title or deed to the premises.

d. Property Owner Affidavit. If the applicant is not the record owner of the premises where the commercial cannabis activity is proposed to be conducted, an affidavit from the record owner of the premises acknowledging that the premises are available for operation by the applicant of the type of commercial cannabis activity described in the applicant's application.

3. Business Plan. The applicant shall submit a business plan that contains, at a minimum, the following information:

a. Scope of Work. A defined scope of work which describes the planning, construction and implementation efforts needed to conduct all aspects of the proposed commercial cannabis activity at the identified premises.

b. Revenue and Expenses. Estimated revenues and expenses for the first three (3) years of operation.

c. Operation Ability. A demonstrated ability to commence operations within one (1) year of final City approval. The City Manager may grant an extension if the applicant or operator can demonstrate that they were unable to open due to circumstances beyond their control.

d. Financial Plan/Budget. A budget for construction, operation, maintenance, compensation for employees, equipment costs, utility costs, and other operational costs. The budget should demonstrate sufficient capital in place to pay startup costs and at least 3 months of operating costs, as well as a description of the sources and uses of funds.

e. Funding/Proof of Capitalization. Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, letters of credit or other equivalent assets.

f. Supply Agreements. Proof of ability to obtain products necessary to conduct the proposed commercial cannabis activity at the identified premises.

4. Operations Plan. The applicant shall submit an operations plan that contains, at a minimum, the following information:

a. Schedule for Opening. A schedule for beginning operations, including planning and completion of any proposed construction and improvements.

b. Staffing, Training & Education. A description of staffing levels, employee training, and consumer education.

c. Standard Operating Procedures. A description of standard operating procedures for daily operations, including, but not limited to, mechanisms for ensuring compliance with state and local laws.

d. Air Quality/Odor Control. A description of the ventilation and air purification (odor) control system proposed to be used at the premises.

5. Security Plan. The applicant shall submit a security plan that contains, at a minimum, the following information:

a. Employees. A description of employee roles and responsibilities, including, but not limited to, safety education and theft reduction.

b. Security Guards. A description of security guard coverage, duties, protocols and daily procedures and operations.

c. Security Procedures. A detailed description of the proposed security measures for the premises, including, but not limited to, ingress and egress access, perimeter security, product access protocols, product security (at all hours, including during deliveries) and internal security measures.

d. Cash Management. A description of cash handling processes and procedures.

e. Video Camera Surveillance. A description of the video surveillance system proposed for the premises, including camera placement, quality and practices for the maintenance of video surveillance equipment, live feed capability and storage of video footage.

f. Alarm System. A description of the alarm system proposed for the premises.

6. Site/Floor Plan. The applicant shall submit a complete and detailed diagram of the proposed premises. The diagram must be to scale. If the proposed premises consist of only a portion of a parcel of property or structure, the diagram must be labeled indicating on which part of the property/structure the proposed premises will be located and how the remaining property/structure is used. The diagram shall include the following:

a. Details. All boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways.

b. Activity Locations. Identification of the principal activity to be conducted in each area of the premises.

c. Limited Access Area. Identification of all limited-access areas.

7. Information and Requirements for Storefront Retailers & Storefront Retail Microbusinesses. Applications for storefront retailers and storefront retail microbusinesses shall include the following:

a. Community Benefits Requirement. A description of those community benefit actions or measures the applicant will commit to implement. To this end, each applicant shall commit to implementing a sufficient amount of community benefit actions or measures to properly mitigate the potential adverse impacts to the community resulting from the applicant's business, as determined by the City in its sole but reasonable discretion.

b. Local Hiring Practices. A description of the way in which the applicant will promote local hiring or implement incentives for local residents to work with the commercial cannabis business. To this end, the City encourages, but does not require, each applicant to commit to implementing local hiring promotions and/or incentives.

c. Local Sourcing Practices. A description of the way in which the applicant will commit to local sourcing practices. To this end, the City encourages, but does not require, each applicant to commit to implementing local supply and equipment sourcing practices.

d. Employee Relations. A description of the way in which the applicant will commit to providing employee health benefits for all employees. To this end, the City encourages, but does not require, each applicant to commit to providing employee health benefits for all employees.

e. Local Ownership. A description of the length of time any of its owners have resided in the City of Corona and/or the County of Riverside. To this end, the City encourages, but does not require, each applicant to commit to having one or more owners who have lived in the City of Corona and/or the County of Riverside for at least 5 years.

8. Live Scan/Background Checks. Applicants shall submit proof that they have submitted a Request for Live Scan Service form (or similar authorized form), have had fingerprints rolled, and have paid all required fees for live scan/background checks for all owners, officers, managers and any proposed employees of the commercial cannabis business. Applicants shall not begin the live scan/background check process earlier than thirty (30) calendar days prior to and no later than fourteen (14) calendar days following submittal of their application form for a commercial cannabis permit; provided, however, that the application shall not be considered complete and subject to review for application clearance until all live scan/background check results have also been received by the City Manager.

9. Additional Information. As provided for in CMC § 5.36.040 and § 5.36.080, applicants shall follow any other rules, regulations, standards, policies and other requirements determined by the City Manager to be necessary to carry out the purposes of this chapter or any rules and regulations adopted by the City Council.

IV. PHASE I OF APPLICATION REVIEW – PRELIMINARY APPROVAL.

A. Review Standard & Period.

1. Standard for Review. Upon receipt of an application packet for a commercial cannabis permit, the City Manager shall review the application packet and conduct an investigation to ascertain whether such application should be granted application clearance, as provided for herein, in accordance with CMC § 5.36, these rules and regulations, and any rules, regulations, standards, policies and other requirements adopted by the City Manager.

2. Review Period. The City Manager shall grant application clearance or reject the application within twenty (20) business days of the City's receipt of the results of the live scan/background check for all owners, officers, managers and proposed employees of the commercial cannabis business. The twenty (20) business day period may be extended by the City Manager for up to ten (10) additional business days, if necessary, to complete the review and investigation.

B. Preliminary Approval.

1. Condition of Preliminary Approval. The City Manager shall preliminarily approve an application for a commercial cannabis permit if the applicant obtains application clearance pursuant to Section IV(C)(2) below.

2. Application Clearance. The City Manager shall grant application clearance, unless he or she makes any of the following findings:

a. Unpaid Fees. The applicant has not paid all fees required pursuant to CMC Chapter 5.36 or other applicable laws, rules or regulations.

b. Application Disqualification. The application is incomplete, submitted late, or is otherwise not responsive to the requirements of CMC Chapter 5.36 or these Rules and Regulations. By way of example and not limitation, an application shall be deemed to be non-responsive if it does not include a description of how the applicant will commit to implementing a sufficient amount of community benefit actions or measures to properly mitigate the potential adverse impacts to the community resulting from the applicant's business, as determined by the City in its sole but reasonable discretion (see section III(E)(7)).

c. False or Misleading Statement; Material Fact Omission. The application contains a false or misleading statement or omission of a material fact.

d. Age Disqualification. The applicant or any owner, officer or manager is not at least twenty-one (21) years old.

e. Unpaid Administrative Fines or Penalties. The applicant or any owner, officer or manager has unpaid and overdue administrative fines or penalties imposed for violations of the CMC.

f. Unpaid Civil Judgment. The applicant or any owner, officer or manager has an unpaid civil judgment imposed for violation(s) of the CMC.

g. Live Scan/Background Checks. The City has not received the live scan/background check results for all owners, officers, managers and any proposed employees of the commercial cannabis business.

h. Criminal Convictions. The applicant or any owner, officer or manager has been convicted of any of the following charges:

- (i) Any felony offense within the past ten (10) years;
- (ii) A crime involving use of money to engage in criminal activity within the past ten (10) years;
- (iii) Unlawful possession or use of a firearm within the past ten (10) years; or
- (iv) Drug-related misdemeanor (other than cannabis) within the past three (3) years.

i. Drug Probation or Parole. The applicant or any owner, officer or manager is on probation or parole for the sale of drugs (other than cannabis).

j. Cannabis Activity Denials or Revocations. The applicant or any owner, officer, or manager of the commercial cannabis business has, within the previous five (5) years, been denied the right to conduct any commercial cannabis activity in any jurisdiction for any reason substantially similar to the reasons described in CMC § 5.36.130(A) and/or whether such person's authorization to conduct any commercial cannabis activity in any jurisdiction has been revoked for any reason or suspended for a period of thirty (30) days or more for any reason substantially similar to the reasons described in CMC § 5.36.130(A). Notwithstanding the foregoing, this subsection (j) does not apply to an applicant or any owner, officer, or manager of the commercial cannabis business who was not issued a permit to conduct a commercial cannabis activity solely as a result of not being selected during a lottery or competitive process.

k. Zoning Non-Compliance. The premises are located in a zoning district where commercial cannabis businesses are not permitted, pursuant to Title 17 of the CMC, or that do not satisfy the separation requirements set forth in CMC § 5.36.070.

l. Non-Compliance with Any Law or Other Legal Requirement. The premises or the operation of the applicant's commercial cannabis business, as described in its application, would fail to comply with any provision of the CMC, these rules and regulations, any rules, regulations, standards, policies and other requirements adopted by the City Manager, or any state law or regulation.

3. Preliminary Approval. An application for a commercial cannabis permit shall receive preliminary approval once it has been granted application clearance.

4. Notice of Decision. The City Manager shall serve the applicant, either personally or by first class mail sent to the applicant's address as listed on the application, with dated written notice of the decision to grant or deny application clearance. The notice shall state the reasons for

the decision, the effective date of the decision, the right of the applicant to appeal the decision pursuant to CMC Chapter 1.09, and that the decision will be final if an appeal is not filed within the time permitted.

5. Advancement to Phase II – Provisional Approval. An application which receives preliminary approval pursuant to this Section IV(C) shall advance to Phase II of Application Review (Provisional Approval) set forth in Section V.

V. PHASE II OF APPLICATION REVIEW – PROVISIONAL APPROVAL.

A. Provisional Approval.

1. Conditions of Provisional Approval. The City Manager shall provisionally approve an application for a commercial cannabis permit if each of the following conditions are satisfactorily met: (1) pursuant to Section V(B)(2) below, the applicant provides satisfactory proof of premises control for that site; and (2) pursuant to Section V(C) below, the applicant satisfactorily executes and delivers to the City Manager an operational agreement with the City.

2. Proof of Premises Control. Within three (3) business days of the date of the City Manager's notice to an applicant that their application has been preliminarily approved as provided for in Section IV(C)(4) above, the applicant shall submit to the City Manager documentary evidence, such as a lease agreement or deed, demonstrating to the satisfaction of the City Manager that the applicant has the legal right to occupy and use such premises to operate the commercial cannabis business described in the applicant's application. The three (3) business day period may be extended by the City Manager for up to three (3) additional business days, if the City Manager determines that the applicant needs additional time to identify the applicant's preferred premises location. If any applicant fails to submit documentary evidence demonstrating that the applicant has the legal right to occupy and use such premises to operate the commercial cannabis business described in the application by the end of this three (3) business day period or such extended period of time permitted by the City Manager pursuant to this Section, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

3. Provisional Approval. An application for a commercial cannabis permit shall receive provisional approval once it has submitted satisfactory evidence of premises control pursuant to Section V(B)(2) above and the applicant has executed, in a manner deemed acceptable by the City Manager and City Attorney in their sole and absolute discretion, a commercial cannabis operational agreement with the City pursuant to Section V(C) below.

4. Notice of Decision. The City Manager shall serve the applicant, either personally or by first class mail sent to the applicant's address listed on the application, with dated written notice of the decision to grant or deny provisional approval. The notice shall state the reasons for the decision, the effective date of the decision, the right of the applicant to appeal the decision

pursuant to CMC Chapter 1.09, and that the decision will be final if an appeal is not filed within the time permitted.

5. Advancement to Phase III – Final Approval. An application which receives provisional approval pursuant to this Section (V)(B) shall advance to Phase III of Application Review (Final Approval) set forth in Section VI.

C. Commercial Cannabis Operational Agreement.

1. Requirement. Within fourteen (14) calendar days of the date of the City Manager's notice to an applicant that their application has been preliminarily approved as provided for in Section IV(C)(4) above, the applicant shall execute, in a manner deemed acceptable by the City Manager and City Attorney in their sole and absolute discretion, a commercial cannabis operational agreement with the City. The fourteen (14) business day period may be extended by the City Manager for up to fourteen (14) additional business days, if the City Manager determines that the applicant needs additional time to identify the applicant's preferred premises location. Since the commercial cannabis operational agreement will confer substantial private benefit on a permittee and the permittee representatives, it will also provide for consideration to the public to balance the private benefits.

2. Form and Content. In addition to the requirements of Section V(C)(4) below, the commercial cannabis operational agreement shall be in a form and include any other provisions approved by the City Manager and City Attorney in their sole and absolute discretion.

3. Failure to Execute Agreement. If any applicant has not satisfactorily executed a commercial cannabis operational agreement with the City by the end of this fourteen (14) calendar day period or such extended period of time permitted by the City Manager pursuant to this Section, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

4. Minimum Provisions of Agreement. The commercial cannabis operational agreement, at a minimum, shall include provisions substantially consistent with the following requirements:

a. Insurance. A requirement to obtain and maintain insurance in the amounts and types acceptable to the City Attorney and to name the City, its directors, officials, officers, employees, agents and volunteers as additional insureds by endorsement.

b. Indemnification. A requirement to defend (with counsel of City's choosing), indemnify and hold the City, its directors, officials, officers, employees, agents and volunteers free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of, pertaining to, or incident to the City's issuance of the commercial cannabis permit, the process used by the City in making its decision to issue a

commercial cannabis permit or approve the operation of the commercial cannabis business, the operation of the commercial cannabis business or the prosecution of the applicant, permittee, or any permittee representative for violation of federal law or the state cannabis laws, including without limitation the payment of all settlement amounts, expert witness fees and attorney's fees and other related costs and expenses.

c. Cannabis Tax. The commercial cannabis operational agreement shall include a requirement to pay the commercial cannabis business tax required by CMC Chapter 3.38.

d. Community Benefit. For storefront retailers and storefront retail microbusinesses, a commitment to implement any community benefit actions or measures described in the applicant's application packet.

e. Local Hiring Practices. For storefront retailers and storefront retail microbusinesses, a commitment to promote local hiring or implement incentives for local residents to work with the commercial cannabis business, if such practices are described in the applicant's application packet.

f. Local Sourcing Practices. For storefront retailers and storefront retail microbusinesses, a commitment to secure supplies and equipment from local sources, if such practices are described in the applicant's application packet.

g. Employee Relations. For storefront retailers and storefront retail microbusinesses, a commitment to provide employee health benefits to all employees, if such practices are described in the applicant's application packet.

VI. PHASE III OF APPLICATION REVIEW – FINAL APPROVAL.

A. Conditions of Final Approval.

The City Manager shall grant final permit approval to an application for a commercial cannabis permit if each of the following conditions are satisfactorily met:

1. State License. Within twelve (12) months of the date of the City's provisional approval of a commercial cannabis permit pursuant to Section (V), the applicant shall obtain all State licenses required by the state cannabis laws to authorize the applicant to operate the commercial cannabis business permitted by the commercial cannabis permit. The twelve (12) month period may be extended by the City Manager for up to one hundred eighty (180) additional calendar days, if necessary, for the applicant to obtain all required State licenses provided that the applicant has proceeded with due diligence to obtain such licenses. If the applicant has not obtained all required State licenses by the end of this twelve (12) month period, as may be extended, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

2. City Business License. Within five (5) business days of the date that the applicant obtains all required State licenses, the applicant shall obtain a City business license to conduct the commercial cannabis business permitted by the commercial cannabis permit and pay the license tax, as required by CMC Chapter 5.02. The five (5) business day period may be extended by the City Manager for up to five (5) additional business days, if the City Manager determines that the applicant needs additional time to identify the applicant's preferred premises location. If the applicant has not obtained a City business by the end of this five (5) business day period or such extended time period permitted by the City Manager pursuant to this Section, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

3. Building, Fire and Occupancy Permits. Within one hundred eighty (180) calendar days of the date the applicant obtains all required State licenses, the applicant shall take all necessary actions to open its commercial cannabis business, including, but not limited to, completing all construction and tenant improvements and obtaining all building, fire and occupancy permits that will permit the applicant to open the commercial cannabis business to the public. The one hundred eighty (180) calendar day period may be extended by the City Manager for up to sixty (60) additional calendar days, if necessary, for the applicant to obtain the required building, fire and occupancy permits provided that the applicant has proceeded with due diligence to obtain such permits. If the commercial cannabis business is not fully permitted and operating by the end of this one hundred eighty (180) calendar day period, as may be extended, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.