CITY OF PACIFIC GROVE

Operational Regulations
For Cannabis Retail Establishments

(Revised 9/21/2020)
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Section 1 – Right to Occupy and to Use Property.

Prior to issuance of a retail cannabis license pursuant to Pacific Grove Municipal Code (PGMC) Chapter 11.100, each applicant shall first provide sufficient evidence of the legal right to occupy and use the proposed property. If the proposed property will be leased from the property owner, the applicant shall provide a signed and notarized statement from the owner of the property consenting to the operation of the Cannabis Retail Establishment on the property.

For purposes of these regulations, the term “Establishment” shall mean the specific physical building leased or occupied or operating under the Cannabis Retail License to conduct cannabis business activities. The term “Property” shall mean all land used for access or otherwise subject to control (e.g. parking, sidewalk access, common areas, landscaping areas) in support of the Cannabis Retail License or used to conduct cannabis business activities.

Section 2 – Limitations on City Liability.

As a condition to approval of any Cannabis Retail License, each applicant, owner, principal, or manager shall meet each of the following conditions before the final Cannabis Retail License shall be issued:

A. An agreement, in a form approved by the City Attorney, shall be executed whereby the applicant, owner, principal, and manager shall, jointly and severally agree to indemnify, defend (at their sole cost and expense), and hold the City of Pacific Grove (City), and its officers, officials, employees, representatives, and agents, harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to, City issuance of the Cannabis Retail License, the City’s decision to approve operation of the retail cannabis activity, the process used by the City in making its decision, or any alleged violation of federal, state or local laws by Cannabis Retail Establishment or any of its owners, officers, employees or agents.

B. Maintain insurance at coverage limits and with conditions thereon determined necessary and appropriate from time to time by the City Manager, as set forth in Attachment A.

C. Reimburse the City for its costs and expenses, including but not limited to any and all legal fees and costs and court costs, the City may incur as a result of any legal challenge related to the City’s approval of the applicant’s Cannabis Retail License, or related to the City’s approval of retail cannabis activity. The City may, at its sole discretion, participate in defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

Section 3 – Security Measures.

A. The licensed Cannabis Retail Establishment shall implement sufficient security measures to deter and prevent unauthorized entrance into areas containing cannabis or cannabis products, and to deter and prevent the theft of cannabis or cannabis products at the retail cannabis business.

B. The Cannabis Retail Establishment shall have only that quantity of cannabis and cannabis products anticipated to meet daily demand available and readily accessible in the retail sales area of the retailer. Additional product may be stored in a secured, locked area to which customers, vendors, and visitors or other unauthorized persons shall not have access.

C. Except as may otherwise be determined by the Chief of Police or designee, these security measures shall include, but shall not be limited to, each of the following:
(1) **Lighting.** Perimeter fencing and exterior lighting systems (including motion sensors) for after-hours security, as approved by the City Chief of Police. Exterior lighting at the Premises and on the property shall be balanced and not result in glare or adversely impact adjoining properties, shall complement all security systems to ensure all areas of the Property are visible, and shall provide effective lighting at all entrances to the Premises. Lighting required in this Subsection shall operate from dusk to dawn. Inoperable lighting shall be repaired or replaced within 48 hours.

(2) **Access.** Exterior doors to the Premises shall remain locked from the outside at all times to prevent unauthorized ingress to the Premises. Ingress shall be allowed solely by means of a remote release operated from within the Premises. All doors shall remain openable from the inside to allow egress without the use of a key or special knowledge. Access-controlled egress doors shall comply with all requirements of PGMC Chapters 11 and 18.

Entrainces shall be locked at all times and under the control of a designated responsible party that is either; (a) an employee of the Cannabis Retail Establishment; or (b) a licensed security professional.

(3) **Restricted Access.** Individuals shall be prevented from remaining on the Premises if they are not actively engaged in an activity directly related to permitted operations of the business. All restroom facilities shall remain locked and under the control of management.

All persons who are not owners, employees or managers of the Cannabis Retail Establishment (excluding City or State of California employees on official business) entering a Restricted Area shall

a) Have their identity entered into a visitor’s log with the date, time, name of whom the person represents (if applicable), and the purpose of the visit;

b) Display a “visitor” badge issued by the cannabis business at all times during the visit;

c) Always be accompanied by a badged cannabis business employee; and

d) Comply with any such other information as may be required by the Chief of Police.

(4) **Identification Display Requirements.**

a) While at the Cannabis Retail establishment's Premises or Location, each Owner, Manager, and individual person engaged in the processing, manufacturing, distributing, testing, transporting, delivery, handling or dispensing of cannabis shall, at all times while engaged in the duties of his or her position for the Cannabis Business, wear in plain sight, on his or her person and above the waist, a valid identification badge, issued by the Chief of Police and containing such information, including a suitable photograph, as the Chief of Police may require.

b) Identification badges shall remain at the Cannabis Business's Premises when not in use. Owners, Managers, and individual persons participating in the processing, manufacturing, distribution, testing, transporting, delivery, handling
or dispensing of cannabis shall not take identification badges home or off-Premises, except in the case of traveling off-Premises on official business of the Cannabis Business, including delivery or transport of cannabis.

c) Identification badges shall expire one (1) year after the date of issuance.

d) Identification badges are the property of the City of PG and shall be immediately collected by the Cannabis Business within twenty-four (24) hours of their expiration, or within twenty-four (24) hours of the termination of the Cannabis Business's relationship with the Owner, Manager, or individual person participating in the processing, manufacturing, distribution, testing, transporting, delivery, handling or dispensing of cannabis.

e) Identification badges collected by the Cannabis Business shall be provided to the Chief of Police within forty-eight (48) hours of collection, expiration, or termination of the Cannabis Business's relationship with the Owner, Manager, or individual person participating in the processing, manufacturing, distribution, testing, transporting, delivery, handling or dispensing of cannabis.

(5) Returning Identification Badges.

a) Identification badges shall be returned to the Chief of Police or designee

b) To arrange for the return of an identification badge or badges, call the PGPD at (831)-648-3143 or email pgpdrecords@cityofpacificgrove.org.

(6) Replacement of a Lost or Stolen Badge.

a) In order to replace a lost or stolen badge, a police report documenting how the loss or theft occurred shall be filed within 24 hours of the badge being discovered as lost or stolen.

b) In addition, the loss or theft of the badge shall be reported to a cannabis business manager immediately and to the Chief of Police

(7) Replacement of a Damaged Badge.

a) In order to replace a damaged badge, the business shall return any and all parts of the badge able to be recovered.

b) To arrange for the return of an identification badge or badges, call the PGPD at (831) 648-3143 or email pgpdrecords@cityofpacificgrove.org

(8) Unauthorized Zones. All areas of the Cannabis Business not open to the public shall be secured from unauthorized entry.

(9) Storage. All cannabis and cannabis products shall be stored in a secured and locked vault or vault equivalent. All safes and vaults shall be compliant with Underwriter Laboratories (UL) burglary-resistant and fire-resistant standards. All cannabis and cannabis products, including live clone plants available for sale, shall be kept in a manner to prevent diversion, theft, or loss.

(10) Video Surveillance. 24-hour security surveillance cameras of at least 1280 x 720 pixels, with 1080p HD-quality, shall be installed and able to record at a minimum of 15
frames per second, and shall monitor each entrance and each exit to and from the Premises, all interior spaces within the Cannabis Retail Establishment that are open and accessible to the public, all interior spaces where cannabis, cash or currency, is stored for any period of time on a regular basis and all interior spaces where diversion of cannabis could reasonably occur. Each camera shall record in color. All exterior cameras shall be housed in weather-proof enclosures, shall be located to minimize the possibility of vandalism, and shall have the capability to automatically switch to black and white in low light conditions. A diagram showing locations of all video surveillance equipment shall be submitted and approved by the Chief of Police or designee.

The Cannabis Retail Establishment shall ensure security surveillance camera footage is remotely accessible by the City Manager or designee, and that the surveillance footage is compatible with City software and hardware, as it may exist or be modified by the City from time to time. In addition, remote and real-time, live access, including previously recorded video playback from the cameras shall be provided to the Chief of Police or designee upon request in accord with permission as may be granted pursuant to the Community Benefits Agreement. The Chief or designee shall be allowed to inspect the security surveillance system at any time.

Video recordings shall be in an unalterable format with a documented system for regular information backup. The recordings shall not be altered or deleted by any person. A physical media storage device on which surveillance recordings are stored shall be secured in a manner to protect the recording and the recording device from tampering or theft.

Camera views or camera operations shall not be blocked by any object or material.

Video recordings shall clearly and accurately display the PST time and date and measured in accord with standards set by the US National Institute of Standards and Technology.

(11) **Surveillance Maintenance.** Video recordings shall be maintained for a minimum of ninety (90) days and shall be made available and accessible to the Chief of Police or designee immediately upon request for review or copying in accord with permission granted by the Community Benefits Agreement. Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the property and shall be capable of enlargement via projection or other means. Internet Protocol address information shall be provided to the Pacific Grove Police Department (PGPD) by the Cannabis Retail Establishment, to facilitate remote monitoring of security cameras by the Department or its designee. Each Cannabis Retail Establishment shall have network security protocols that are certified by UL.

Video cameras shall not be repositioned, removed or otherwise rendered inoperative without first notifying the Chief of Police or designee at least 72 hours prior to repositioning, removal or rendering inoperative.

Video surveillance systems shall not be intentionally powered down (e.g., performing maintenance) without first notifying the Chief of Police or designee at least 72 hours prior to powering down.

a) Notification shall include the date and time of the scheduled shut-down, the expected duration of the shutdown, and identify security measures to be taken during the scheduled shutdown to ensure safety and security of the business and people on the Premises.
b) Video surveillance shutdowns and maintenance shall not occur during operating hours.

c) During video surveillance shutdowns, only badged employees or managers of the Cannabis Retail Establishment and persons working on the restoration of the video surveillance system may be on the Premises.

d) During video surveillance shutdowns, an “on-site designated representative” shall be present during the entire time of the video surveillance shutdown.

At any time the video surveillance system may be inoperable, all cannabis business activity shall be prohibited and shall cease.

The video surveillance system shall be equipped with, and at all times utilize, a failure notification system to provide real-time notice to the business/licensee, and to the Chief of Police or designee. This notice shall report any interruption or failure of the video surveillance system or video surveillance-system storage device.

Video surveillance systems may utilize an uninterruptible power supply to continue operations so long as the video surveillance system remains fully functional.

(12) **Surveillance Interruption.** In the event of an unexpected interruption, failure, or shutdown (e.g., an unexpected power outage to the premises) of the video surveillance recording system, the licensee shall do the following:

a) Immediately notify the Chief of Police or designee of the following:

   i. The name of the responsible “on-site designated representative” of the business during the interruption and that on-site designated representative shall immediately inspect the video surveillance system for full functionality upon restoration of the system;

   ii. The nature of the event that caused the unexpected interruption, failure, or shutdown;

   iii. The date and time of the interruption, failure, or shutdown;

   iv. The expected duration of the interruption, failure, or shutdown if known; and

   v. The date and time of restoration of power and video recording.

b) Immediately stop conducting all cannabis business and remove all non-badged personnel from the premises, except for persons working on the restoration of the video surveillance system.

For employee safety, monitors displaying each employee exit and each parking lot shall be mounted in a visible location near the door(s) from which employees arrive and depart so that employees may monitor the outside environment prior to departing the facility.

(13) **Sensors.** Key card access shall be installed on all entry doors. Sensors shall be installed to detect entry and exit from all secure areas and shall be monitored in real
time by a security company licensed by the State of California Bureau of Security and Investigative Services.

(14) **Emergency Button.** Panic buttons shall be installed in the Cannabis Retail Establishment with direct notification to the PGPD dispatch and shall be configured to immediately alert dispatch for the PGPD.

(15) **Alarms.** The Premises shall have a professionally installed, maintained, and monitored real-time alarm system by a security company licensed by the State of California Bureau of Security and Investigative Services. There shall be a separate fire and burglar alarm systems. Both systems shall be fully functional at all times and installed prior to engaging in any Cannabis Activity at the Premises. At a minimum, these systems shall cover the perimeter of the Premises. Both systems shall comply with all requirements of Chapters 11 and 18 of the PGMC.

a) **Burglar Alarm:** The burglar alarm system shall be installed and programmed to be a functionally complete burglar alarm system per the manufacturer's guidelines. The system shall be provided with secondary power, glass breakage sensors and motion detectors. The system shall be monitored by a UL listed central station service for the life of the system.

Burglar alarm activations shall cause a) notification of any on-site security officer and b) notification to an On-Site Designated Representative of the business.

An On-Site Designated Representative shall respond to alarm activation within 30 minutes if evidence of criminal activity is discovered.

If evidence of criminal activity is discovered by the On-Site Designated Representative, they shall:

i. Immediately notify the PGPD - Dispatch Center;

ii. Maintain a position of safety and observation; and

iii. Assist law enforcement with all necessary access (including access to the video surveillance recording system) as needed to investigate.

The burglar alarm system “secondary power” shall provide at least 24 hours of continued operation time in case of power failure.

A log shall be maintained that shows when the alarm system was armed and disarmed, and by whom. This log shall be made available to any City official charged with enforcing the provisions of this Code, or any state official charged with enforcing state law regarding Cannabis Businesses, in accordance with PGMC.

A holdup alarm system shall be employed near the following locations:

i. Lobby/waiting area(s);

ii. Cannabis secure storage area(s);

iii. Cash handling/storage area(s);

iv. Secure loading and transportation area;
v. Manager’s office(s); and

vi. Security office.

Holdup or burglary alarm system activations shall immediately be reported to the PGPD Communications - Dispatch Center. Holdup alarm wireless personal panic transmitters are optional.

b) **Fire Alarm:** The fire alarm system shall be automatic that provides both fire department and occupant notification. Where an approved automatic sprinkler system is installed and the notification devices/appliances activate via sprinkler water flow, the sprinkler system may be used as fire detection for the alarm system. A minimum of one (1) manual fire alarm box shall be provided in an approved location to initiate a fire alarm signal. The system shall be provided with secondary power and monitoring by a UL listed central station service.

If the Cannabis Business maintains records in a printed format, then the Premises shall contain at least one (1) fire-proof safe and all records required by this Chapter shall be stored in one (1) or more fire-proof safes.

(16) **Protective Coverings.** Any bars installed on windows or doors or roof hatches of the Cannabis Retail Establishment shall be installed only on the interior of the building so as to prevent unauthorized entry, and shall be equipped with latches or a similar mechanism that may be released quickly from the inside to allow exit in the event of emergency and approved in advance by the Fire Marshall.

(13) **Security Personnel.** Licensee shall provide Security Personnel to provide security inside the Premises, along the outside perimeter of the Premises, at sidewalks adjacent to the Property, in all Property locations including at parking sites immediately adjacent to the Premises and at other parking sites regularly used by customers of the Cannabis Retail Establishment.

While on duty, all Security Personnel shall wear a nameplate containing the Security Personnel's full name and the word "SECURITY" printed in bold, capital letters. The nameplate shall be exhibited prominently on the clothing, at chest level, and shall be visible and easily read at all times. As an alternative to a nameplate, the Security Personnel may wear clothing with his or her name and the word "SECURITY" embroidered on the Security Personnel's outermost garment meeting the above specifications and located at chest level.

Security Personnel shall be on-site during all business hours. If Security Personnel cannot be present 24 hours a day, alternative security shall be authorized by the City Manager or designee and must have a verified response security patrol when closed. Security personnel must be licensed by the State of California Bureau of Security and Investigative Services personnel and shall be subject to the prior review and approval of the City Manager or designee, with such approval not to be unreasonably withheld.

(14) **Access During Power Outage.** The Cannabis Retail Establishment shall have the capability to remain secure during a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage.

(15) **Audit.** The Cannabis Retail Establishment shall have an accounting software system in place to provide point of sale data as well as audit trails or both product and cash, where applicable. The Cannabis Retail Establishment shall demonstrate to the Chief of
Police, City Manager or their designees, compliance with the state’s track and trace system for cannabis and cannabis products, as soon as it is operational.

(16) **Exterior Grounds.** Exterior vegetation shall be planted, altered and maintained in a fashion that precludes its use as a hiding place for persons on the premises. All mature landscaping shall meet the following requirements:

a) Ground cover shall be no higher than two feet;

b) Lower tree canopies of mature trees shall be above six feet; and

c) Tree canopies shall not interfere with or block lighting.

All solid core exterior doors shall be equipped with a 180-degree viewing device for screening people before admitting, or for screening the area before exiting.

(17) **Emergency Access.** Emergency access and emergency evacuation plans shall be maintained and comply with state and local fire safety standards. A Knox box to enable emergency access shall be installed on the exterior of the building.

(a) Each Cannabis Retail Establishment shall identify a designated security representative/liaison to the City of Pacific Grove, who shall be reasonably available to meet with the Chief of Police or designee regarding any security related measures or and operational issues. The designated security representative/liaison shall, on behalf of the retail cannabis business, annually maintain a copy of the current security plan on the premises of the business, to present to the Chief of Police or designee upon request that meets the following requirements:

i. Confirms that a designated Manager will be on duty during business hours and will be responsible for monitoring the behavior of employees;

ii. Identifies all Managers of the Cannabis Retail Establishment and their 24 hour contact phone numbers;

iii. Confirms that first aid supplies and operational fire extinguishers are located in the service areas and the Manager’s office;

iv. Confirms that burglar, fire, and panic alarms are operational and monitored by a licensed security company 24 hours a day, seven days a week, and provides contact information for each licensed security company; and

v. Identify a sufficient number of licensed, interior and exterior security personnel who will monitor individuals inside and outside the Cannabis Retail Establishment, the parking lot, any adjacent property under the business’ control, and ensure that the parking lot is cleared of employees and their vehicles one-half hour after closing.

(b) The Cannabis Retail Establishment shall have a storage and transportation plan to provide detailed procedures for safely and securely storing and transporting all cannabis, cannabis products, any hazardous materials that may
be used by the business, and any currency which shall be approved by the Chief of Police or designee.

(c) The Cannabis Retail Establishment shall endeavor to cooperate and timely respond to any request of the City Manager, the Chief of Police or their designee(s).

(d) The Cannabis Retail Establishment shall notify the City Manager and the Chief of Police, or their designee(s), within twenty-four (24) hours after discovering any of the following:

i. Significant discrepancies identified during product inventory. The level of significance shall be determined by the regulations promulgated by the City Manager or designee;

ii. Diversion, theft, loss, or any criminal activity involving the Cannabis Retail Establishment or any agent or employee of the retail cannabis business;

iii. The loss or unauthorized alteration of records related to cannabis, customers or employees or agents of the Cannabis Retail Establishment;

iv. Any other breach of security; and

v. Any notice to comply, citation, suspension or revocation of any license or permit the owner, operator or manager receives from the State of California. The notification shall include a copy of the notice to comply, citation, suspension or revocation order;

(e) Compliance with required Security and Surveillance Measures shall be verified by the Chief of Police or designee prior to commencing any cannabis business operations.

Section 4 – Fees and Charges.

A. No person may commence or continue any retail cannabis activity without timely and full payment of any fee, charge or tax that may be required for operation of a Cannabis Retail Establishment. Fees and charges associated with the operation of the retail cannabis activity shall include but shall not be limited to those established by state or federal law, resolution of the City Council, or terms of the Community Benefit Agreement defined in Chapter 11.100.

B. Any Cannabis Retail Establishment authorized under Chapter 11.100 shall pay all sales, use, business and other applicable taxes, and all license, registration, and other fees required under federal, state, and local law. Each Cannabis Retail Establishment shall cooperate with City with respect to any reasonable request to audit the retail cannabis business’ books and records for the purpose of verifying compliance with this section, including but not limited to verification of the amount of taxes or fees required to be paid during any period.

C. Any retail cannabis business authorized under Chapter 11.100 shall provide credible evidence to verify its Gross Receipts from all cannabis-related and other activities. The Cannabis Retail Establishment shall cooperate with any request of the City for information or records to
verifying compliance with this section, including accounting for goods sold on and off premises, and any other activity for which cash, credit or other consideration was exchanged.

D. Prior to operating in the City and as a condition of issuance of the regulatory License, the owner/operator of the Cannabis Retail Establishment shall execute and comply with the binding community benefit agreement as a contract with the City that sets terms and conditions under which the Cannabis Retail Establishment shall be required to operate as referenced in PGMC Chapter 11.100. Breach of this requirement shall provide cause for suspension and revocation of the Cannabis Retail License.

Section 5 – General Operating Requirements.

A. The Cannabis Retail Establishment may operate only during the hours specified in the Cannabis Retail License issued by the City.

B. Cannabis shall not be accessible to customers without the assistance and monitoring of a badged cannabis business employee or manager. Cannabis products must be transferred to a customer by a cannabis business employee or manager.

C. Vending machines, self-service kiosks or similarly operated equipment are prohibited.

D. Restriction on Sales and Consumption. Cannabis shall not be consumed by any person on the premises or property of the Cannabis Retail Establishment. No person shall cause or permit the sale, dispensing, or consumption of alcoholic beverages or tobacco on the premises or at Cannabis Retail Establishment.

E. No cannabis or cannabis products or graphics depicting cannabis or cannabis products shall be visible from the exterior of the Cannabis Retail Establishment, or its property, or on any vehicle owned or used as part of the retail cannabis business. Outdoor storage of cannabis or cannabis products is prohibited.

F. Reporting and Tracking of Product and of Gross Sales. Each Cannabis Retail Establishment shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the retail cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City. The Cannabis Retail Establishment shall ensure that such information is compatible with the City’s record-keeping systems. In addition, the system must have the capability to produce historical transactional data for review. Furthermore, any system selected must be approved and authorized by the City Manager or his/her designee(s) prior to being used by the permittee.

G. All cannabis and cannabis products sold, distributed or manufactured shall be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with the State and local regulations.

H. Emergency Contact. Each Cannabis Retail Establishment shall provide the City Manager or his/her designee(s) with the name, telephone number (both land line and mobile, if available) of an on-site employee or owner to whom emergency notice can be provided at any hour of the day.

I. **Signage and Notices.**
(1) In addition to requirements set forth in this section, business identification signage for the Cannabis Retail Establishment shall conform to the requirements of the Pacific Grove Municipal Code, including, but not limited to, those applicable for any sign permit.

(2) Signs placed on the premises of the Cannabis Retail Establishment shall not obstruct any entrance or exit to the building or any window.

(3) Each entrance to a Cannabis Retail Establishment shall be visibly posted with a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in any public area is prohibited.

(4) Business identification signage shall be limited to that needed for identification only and shall not contain any logo or information that identifies, advertises, or lists services or products offered. The Cannabis Retail Establishment shall not advertise by having a person holding a sign or otherwise advertising the business to any passersby, whether such person is on the premises of the cannabis business or at any other location, including but not limited to public rights-of-way.

(5) Signage shall not depict any image of cannabis or cannabis products. No banner, flag, billboard or other prohibited sign may be used at any time.

(6) The Cannabis Retail Establishment holder shall agree, as an express and ongoing condition of permit issuance and subsequent renewal, that the holder of the license shall be prohibited from advertising any retail cannabis business located in city limits via billboard (fixed or mobile), bus shelter, placard, aircraft, or other similar form of outdoor advertising. This provision shall not limit the ability of the retail cannabis business to advertise in other legally authorized forums, including the internet, newspapers, magazines, or by mail.

J. Minors.

(1) Persons under the age of twenty-one (21) years shall not be allowed on the premises of the retail cannabis business. It shall be unlawful and a violation of Chapter 11.100 or these regulations for any person to employ any person at a retail cannabis business who is not at least twenty-one (21) years of age.

(2) As an exception to Section 5 (J)(1), persons aged 18 to 20 years shall be allowed on the premises of the retail cannabis business if they possess a physician’s recommendation. In that event, such persons can lawfully purchase cannabis for the sole purpose of addressing the medical need in accord with the physician’s recommendation.

(3) Entrance to the Cannabis Retail Establishment shall be clearly and legibly posted with a notice that no person under the age of twenty-one (21) years of age is permitted to enter upon the premises of the retail cannabis business.

K. Odor Control. Odor control devices and techniques shall be incorporated in the Cannabis Retail Establishment to ensure odors from cannabis are not detectable off-site. The Cannabis Retail Establishment shall provide sufficient odor absorbing ventilation and exhaust systems so that odor generated inside the Cannabis Retail Establishment that is distinctive to its operation is not detectable outside of the premises, anywhere on the property or on the public rights-of-way, on or about exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or other areas available for use by common tenants or the visiting public,
or within any other unit located inside the same building as the Cannabis Retail Establishment. The Cannabis Retail Establishment shall install and maintain the following equipment, or any other equipment which the City Manager or his/her designee(s) determine is a more effective method or technology:

1. An exhaust air filtration system with odor control that prevents internal odors from being emitted externally;

2. An air system that creates negative air pressure between the retail cannabis business’s interior and exterior, so that the odors generated inside the retail cannabis business are not detectable on the outside of the retail cannabis business; and

3. The cannabis retail licensee shall provide proof of maintenance or repair of odor control devises upon the request of the City Manager or designee.

L. **Display of Permit and City Business License.** The original copy of the cannabis retail license issued by the City pursuant to Chapter 11.100 and the City issued business license shall be posted inside the Cannabis Retail Establishment in a location readily visible to the public.

M. **Background Check.** California Penal Code Sections 11105(b)(11) and 13300(b)(11), as may be amended from time, authorizes City access to state and local summary criminal history information for cannabis employment, licensing, or certification purposes; and authorizes access to federal level criminal history information by transmitting fingerprint images and related information to the Department of Justice to be transmitted to the Federal Bureau of Investigation. Every person listed as an owner, manager, supervisor, employee, contract employee or who otherwise works in the Cannabis Retail Establishment shall submit fingerprints and other information deemed necessary by the Chief of Police or designee(s) for a background check by PGPD. California Penal Sections 11105(b)(11) and 13300(b)(11), requires exclusion from cannabis employment, licensing or certification due to criminal conduct by the subject. No person shall be issued a permit to operate a Cannabis Retail Establishment or a related work permit unless they first clear a background check, determined by the Chief of Police or designee(s). Fees to pay costs of the background investigation shall be paid in full. Evidence of any conviction of an offense referenced in Business and Professions Code Section 26057(b)(4), absent a Certificate of Rehabilitation, shall be grounds for immediate disqualification of the applicant.

N. **Loitering.** The owner and/or operator of the Cannabis Retail Establishment shall prohibit loitering by persons outside the facility both on the premises and property and within fifty (50) feet of the premises. The cannabis business shall notify the Pacific Grove Police Department if anyone continues to loiter around the building or premises after all reasonable action has been taken to remove the individual(s) and the action has failed to do so in a timely manner.

O. **Permits and other Approvals.** Prior to the establishment of the Cannabis Retail Establishment or any business operation, the person owner/manager shall first obtain all applicable planning, zoning, building, and other permits from the City related to the site to be occupied by the retail cannabis business.

P. The retail cannabis operator shall establish minimum training standards for all employees. The City Manager or designee shall have discretion to require other or additional training for business operations should the City identify deficiencies or non-compliance issues that need to be addressed.
Section 6 – Delivery Requirements.

A. Prior to engaging in cannabis deliveries, the Cannabis Retail Establishment shall obtain approval of the City Manager. The business shall first complete the following:

(1) Submit all applications and forms required by the City Manager or designee identifying how the delivery business shall operate;

(2) Submit relevant forms or plans related to delivery operations deemed necessary by the Chief of Police;

(3) Insure each driver for the cannabis delivery business submit a Delivery Driver Supplemental;

(4) Receive a Delivery Driver badge (based upon a submitted Employee Application and having completed a background investigation):
   a) Have each delivery vehicle pass an inspection conducted by the Chief of Police;
   b) Pay all fees related to review and inspection of the business's delivery plans, drivers, vehicles and operations; and
   c) Cannabis deliveries shall only be made to persons age 21 or older.

(5) Deliveries by the Cannabis Retail Establishment may be made for orders received for delivery via any technology platform owned and controlled by the cannabis business, or approved by the Chief of Police, that enables customers to arrange for or facilitate the delivery;

(6) The delivery vehicle shall not carry or transport at any one time more than a total of $5,000 worth of cannabis, in any combination;

(7) While delivering cannabis, the delivery driver shall not engage in delivering other non-cannabis products (e.g., working for DoorDash or UberEats) and/or transporting people (e.g., working for Uber or Lyft);

(8) Cannabis shall not be delivered to or within 600 lineal feet of the grounds of a public or private preschool, elementary school, or secondary school, a child day care center, a community or recreation center, a park, or a library unless the delivery occurs at a private residence.

(9) Orders for cannabis delivery shall solely be made with the Cannabis Retail Establishment, and cannot be made directly with the delivery driver;

(10) The Cannabis Retail Establishment shall verify the identity, age, when the order is placed;

(11) Cannabis transferred via delivery is subject to all other restrictions and requirements of State and local law, including payment of any taxes, fee or other required payment;
(12) Cannabis shall not be removed from the vehicle until it is ready for transfer or being transferred to the intended customer, or when it may be returned to the Cannabis Retail Establishment;

(13) Cannabis shall not be visible from outside the vehicle;

(14) Deliveries shall be made only during times after the Retail Cannabis Premises is open; and the delivery vehicle shall return before the Retail Cannabis Premises closes.

(15) The delivery driver shall transfer cannabis only to the person who placed the order;

(16) The delivery driver shall not deliver cannabis to an individual who is visibly intoxicated or otherwise under the influence at the time of delivery;

(17) The delivery driver shall not deliver cannabis to an individual if there is reason to believe the cannabis will be unlawfully diverted to a person under 21 years of age;

(18) Prior to transfer of cannabis to the customer who placed the order, the delivery driver shall verify the receiving person’s identity, age (via an approved electronic age verification device) and, for medical cannabis, the person’s doctor’s recommendation;

(19) Prior to transfer of cannabis to the customer, all cannabis orders shall meet all state and local packaging and labeling requirements;

(20) The person receiving cannabis shall sign a receipt, delivery log, or other document confirming that he or she is age 21 or older and received the order. This can be accomplished electronically or via hard copy. The data shall be retained as part of the delivery record and kept in accord with all other record keeping requirements;

(21) All money received by the delivery driver shall be promptly stored in the delivery vehicle’s secure container;

(22) Upon returning to the cannabis business’s dispensing location, the delivery driver and a cannabis business manager shall reconcile the delivery manifest, delivery log, remaining inventory, and all money received;

(23) Within 24 hours of the close of business for the day, the cannabis business manager shall ensure all delivery information is entered into the cannabis business’s records; and

(24) Each delivery driver who drives in an unsafe manner shall be suspended from approval as a delivery driver for a period of 180 days.

B. Delivery Vehicle Requirements.

(1) Prior to the vehicle delivery service, the Chief of Police shall issue and ensure compliance with regulations related to the following:

   a) Vehicle inspection;

   b) Vehicle identification & license compliance;

   c) Vehicle location, security and monitoring systems;
d) Driver identification and license compliance; and  
e) Adequate requirements and protocols have been adopted to address reporting of (a) any incident or accident resulting in personal injury or property damage, (b) any crime involving the delivery vehicle or driver, or (c) any attempted or actual loss or theft of cannabis or money.

Section 7 – Violations Declared a Public Nuisance.

Each and every violation of Chapter 11.100 or these regulations is deemed to be unlawful and a public nuisance and may be summarily abated by the city pursuant to Code of Civil Procedure Section 731 or by any other remedy available to the city. Violations are declared to be a public nuisance per se, contrary to the public interest and will, at the discretion of the city, be subject to a cause of action for injunctive relief.

Any violation of Chapter 11.100 constitutes a misdemeanor and a separate offense for each and every day during any portion of which any person commits, continues, permits, or causes a violation thereof, and shall be enforced pursuant to PGMC Chapters 1.16 and 1.19.

Section 8 – Crime and Incident Reporting.

A. Each Cannabis Retail establishment owner, manager, or individual member or employee of the cannabis retail business shall make a report to the Pacific Grove Police Department, immediately upon discovery of any conduct which raises a reasonable suspicion that a misdemeanor or felony crime has been committed on the cannabis business’s premises or location.

B. Each Cannabis Retail establishment owner, manager, or individual member or employee of the cannabis retail business shall report any conduct which raises a reasonable suspicion of a violation of the Pacific Grove Municipal Code within 24 hours of its discovery.

C. Each Cannabis Retail establishment owner, manager, or individual member or employee of the cannabis business shall report within 24 hours of discovery any significant discrepancies of inventory, unauthorized destruction of cannabis, any unlawful transfer of cannabis to persons under 21 years of age, or any violation of the integrity of cannabis business operations.

D. Each Cannabis Retail establishment shall maintain a log of any public nuisance activity on the premises and location or within 600 feet of the premises and location. The log shall include any information required by the Chief of Police, including but not limited to the date and time of the occurrence; the type of activity; the circumstances surrounding the activity; the identity of any persons involved in the activity, if known; the corrective action taken by cannabis business; and the police case number, if applicable. The log shall be made available for inspection by the Chief of Police or designee. The log shall not be modified or destroyed without the advance written approval of the Chief of Police.

E. Cannabis Retail establishment shall notify the Chief of Police in writing within 48 hours of receiving any notice to comply, citation, suspension or revocation from the State. The notification shall include the following:

(1) The name of the State agency initiating the action;

(2) A copy of the notice to comply, citation, suspension or revocation order;
(3) A written explanation of circumstances which lead to the disciplinary action;

(4) A written explanation of how the cannabis business will respond to the action;

(5) The cannabis business shall notify the Chief of Police within 48 hours of any subsequent hearing or informal conference, and the final disposition of the disciplinary action; and

(6) Notifications may be made via email Chief of Police or designee. In addition, a copy of the notice shall also be deposited in the mail, postage pre-paid.

Section 9 – Disposal of Waste or Cannabis Related Products.

A. To prevent unauthorized access to cannabis, including cannabis waste, the Cannabis Retail establishment shall properly dispose of all cannabis waste generated from the premises and location. Cannabis waste includes cannabis plants, flowers, trim, leaves, stems, seeds, any cannabis concentrate, and any product containing cannabis intended to be destroyed.

B. The Cannabis Retail establishment shall keep a detailed record of the amount of cannabis waste rendered unusable along with the final destination of all cannabis waste.

C. Prior to leaving the cannabis retail premises or location, all cannabis waste shall be rendered unusable and unrecognizable through mixing the waste with a non-consumable medium, including but not limited to one or more of those listed below, so that the resulting mixture is at least 50 percent non-cannabis waste. The resulting mixture may then be composted onsite, placed in the facility’s waste bin for pickup or transferred to a waste disposal facility.

D. The following inert mediums may be used in the mixture:
   (1) Paper waste;
   (2) Plastic waste;
   (3) Cardboard waste;
   (4) Food waste;
   (5) Grease or other compostable oil waste;
   (6) Bokashi or other compost activators;
   (7) Soil; or
   (8) Other medium approved by the Chief of Police that will render medical cannabis or non-medical cannabis waste unusable and unrecognizable.

Section 10 – Retail Cannabis Regulations Subject to Change.

These operational guidelines are subject to change at the City’s sole discretion.
ATTACHMENT A

INSURANCE REQUIREMENTS

This attachment shall list all forms of insurance and coverage limits required under the Retail Cannabis License.

Without limiting Vendor’s indemnification of the City, and prior to commencement of Work, Vendor shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form that is satisfactory to Agency.

General liability insurance. Vendor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than $1,000,000 per occurrence, $2,000,000 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO “insured contract” language will not be accepted.

Other provisions or requirements

Proof of insurance. Vendor shall provide certificates of insurance to the City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers’ compensation. Insurance certificates and endorsements must be approved by the City’s Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with the City at all times during the term of this contract. The City reserves the right to require complete, certified copies of all required insurance policies, at any time.

Additional insurance. Vendor shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the Work.