



City of Petaluma

Commercial Cannabis Permit Regulations

Dated:
June 17, 2024

Commercial Cannabis Businesses

These regulations apply to the establishment and operation of cannabis businesses within the City of Petaluma in accordance with and subject to Chapter 6.10 entitled “Cannabis” of the Petaluma Municipal Code.

- A. Purpose.** To recognize the will of the voters in approving Proposition 64 while promoting the public health, safety, and welfare through regulating specified commercial cannabis activity in the City in accordance with Petaluma Municipal Code Section 6.10.010.
- B. Permit Eligibility.** The following commercial cannabis activities are eligible for issuance of a City permit, so long as the activity is conducted in areas of the City where the use is permitted in accordance with the City’s zoning regulations, as required by Section 6.10.040(A)(2) of the Petaluma Municipal Code:
 - 1. Manufacturing.** In accordance with Petaluma Municipal Code section 6.10.040(B), commercial cannabis permits may be issued to businesses that manufacture and sell topical or edible cannabis products using cannabis infusions, infusion processes, or cannabis concentrates only business to business (non-retail). Manufacture of cannabis products involving volatile solvents, and repackaging cannabis or cannabis products or re-labeling cannabis or cannabis product containers are not authorized commercial cannabis activities under Chapter 6.10 of the Petaluma Municipal Code and are not eligible for issuance of a City permit.
 - 2. Testing.** In accordance with Petaluma Municipal Code section 6.10.040(C), commercial cannabis permits may be issued to laboratories, facilities or entities that offer or perform testing of cannabis or cannabis products. To be eligible for issuance of a City permit, testing businesses must be:
 - a)** Accredited by an accrediting body that is independent from all other persons involved in commercial cannabis activity in the state; and
 - b)** Licensed by the state Bureau of Cannabis Control.
 - 3. Delivery-Only Dispensary / Retailer.**

In accordance with Section 6.10.040(D) of the Petaluma Municipal Code, the following retail cannabis sales activity is eligible for issuance of a City permit:

 - a)** A total of up to two (2) delivery-only cannabis dispensary permits may be issued to businesses in the City that sell cannabis and cannabis products using a delivery-only method in accordance with section 6.10.060 of the Petaluma Municipal Code

- b)** The City delivery only dispensary / retailer permits will be issued using a request for proposal process.

In accordance with Petaluma Municipal Code Section 6.10.040(D), the following are not authorized commercial cannabis activities under Chapter 6.10 of the Petaluma Code and are not eligible for issuance of a City permit:

- c)** Customers, primary caregivers or qualified patients at the business location at any time; and
- d)** Signage at the business location or on the delivery vehicles indicating the presence of cannabis or cannabis products or that the seller sells cannabis or cannabis products.

However, in accordance with Petaluma Municipal Code section 6.10.040(D), the prohibition against customers, primary caregivers and qualified patients at the business location and signage at the business location shall not apply to business locations where on-site retail sales of cannabis and cannabis products is also permitted in accordance with Petaluma Municipal Code Section 6.10.040(E).

4. On-site Retail Sale of Cannabis

In accordance with Petaluma Municipal Code Section 6.10.040(E), the following cannabis sales activity is eligible for issuance of a City permit:

- a.** A total of up to three (3) cannabis dispensary permits may be issued to businesses in the City that sell cannabis and cannabis products onsite at the business location to customers, primary care givers or qualified patients;
- b.** The City on-site dispensary / retailer permits will be issued using a request for proposal process.

C. Commercial Cannabis Business Owner and Employee Requirements.

- 1.** All commercial cannabis business owners and employees must be 21 years of age or older.
- 2.** Commercial cannabis business owners and/or employees applying for and/or operating under a City permit are subject to background check. Commercial cannabis permit applications may be denied, and issued commercial cannabis permits may be revoked, if the business owner and/or the business owner's employees have been convicted of an offense that substantially relates to the qualifications, functions or duties of the business that is the subject of the permit application or an issued permit. Such offenses that may disqualify an applicant or result in revocation of an issued permit include, but are not limited to, a felony conviction involving fraud, deceit, or embezzlement, and a criminal conviction for the sale or provision of illegal controlled substances to a minor.

D. Location limitations.

In accordance with Petaluma Municipal Code section 6.10.040, commercial cannabis businesses are only permitted to operate in areas of the City where commercial cannabis business uses are expressly listed as permitted uses in accordance with the City's zoning regulations.

E. Permit Application Process

- 1. Application.** Applications for a City cannabis business permit shall be submitted to the City on a form provided by the City. Applications that are not complete, including a completed City form, and any required supporting information, may be returned. Applicants should allow approximately 60 days for City permit application review.
- 2. Fee.** The fee that applies to process applications for cannabis business permits shall be set by City Council resolution. No fee payments will be prorated or refunded in the event of a permit denial or revocation. Applications that are submitted without the required fee may be returned.
- 3. Applicable Regulations.** Cannabis business permit applications are subject to the laws and regulations in effect at the time an application is submitted.
- 4. No Entitlement.** The City has no duty or obligation to issue any cannabis business permits. Issuance of cannabis business permits is not ministerial and is subject to exercise of the City's discretion. Neither Chapter 6.10 of the Petaluma Municipal Code nor these regulations create in any person or entity any entitlement or vested right to receive a cannabis business permit.
- 5. City Review.** Permit applications will be subject to the City's discretionary review. The City will determine in its sole discretion whether to issue a permit taking into account the factors listed under the Permit Denial and Revocation section, below, and any other factors deemed relevant. The City may issue cannabis business permits subject to conditions the City deems necessary or appropriate to protect the public health, safety and welfare.

- F. Permit Term.** Unless revoked or suspended, cannabis business permits and permit renewals shall be valid through the end of the calendar year in which they are issued and unless timely renewed will expire without further action of the City January 1 of the immediately following year.

G. Permit Renewal Process.

- 1. Application.** Cannabis business permit renewal applications shall be submitted to the City on a form provided by the City. Renewal applications that are not complete, including a completed City form, and any required supporting information, may be returned.

2. **Fee.** The fee that applies to process applications for renewing cannabis business permits shall be set by City Council resolution. Permit renewal applications that are submitted without the required fee may be returned.
3. **Renewal Application Deadline.** Renewal applications and any applicable fees and required supporting information must be submitted at least sixty (60) days before the expiration of the permit. Permits of eligible renewal applicants that do not submit timely, complete renewal applications may expire prior to issuance of a renewal permit, if a renewal permit is issued, requiring cessation of commercial cannabis business operations until the renewal permit takes effect.
4. **Failure to Apply for Renewal.** Failure to submit a completed cannabis business permit renewal application prior to the expiration date of a permit will result in the automatic expiration of the permit effective January 1 of the year immediately following the year in which the permit was issued.
5. **Applicable Regulations.** Permit renewal is subject to the laws and regulations in effect at the time a renewal application is submitted. Such laws and regulations may be substantially different from the laws and regulations in effect when a permit was issued. Renewal applications may require submittal of additional information, and compliance with updated fee and other requirements as required by the laws and regulations then in effect.
6. **No Entitlement.** The City has no obligation or duty to renew any cannabis business permits. Issuance cannabis business permits is not ministerial and is subject to exercise of the City's discretion. Neither Chapter 6.10 of the Petaluma Municipal Code nor these regulations create in any person or entity any entitlement or vested right to receive a cannabis business permit renewal.
7. **City Review.** Permit renewal requests will be subject to the City's discretionary review. The City will determine in the City's sole discretion whether to issue a renewal permit taking into account the factors listed under the Permit Denial and Revocation section, below, and any other factors the City deems relevant. The City may renew cannabis business permits subject to conditions the City deems necessary or appropriate to protect the public health, safety and welfare.

H. Permit denial and revocation.

Applications to issue or renew a cannabis business permit may be denied and existing permits may be revoked based on violations by the permit applicant or permit holder of any provision of these regulations or of the Petaluma Municipal Code, including, but not limited to, violations of Petaluma Municipal Code Chapters 1.10 and 6.10. In addition, applications to issue or renew a cannabis business permit may be denied and issued permits may be revoked based on a determination that:

1. Continuation of a cannabis business's operations presents a threat to the health, safety or welfare of the public.

2. Information contained in a cannabis business's permit application is found to be incorrect or misleading.
3. A cannabis business has failed to operate in accordance with all local and state laws or any requirements of these regulations.
4. A cannabis business owner and/or the business owner's employees have failed to comply with the commercial cannabis security requirements which are attached to and made a part of these regulations as Exhibit A.
5. A cannabis business's state license for commercial cannabis operations has been revoked, terminated, or not renewed.
6. A commercial cannabis business has not been in regular and continuous operation for three (3) consecutive months.
7. State law permitting the use for which a cannabis business's permit was issued is amended or repealed resulting in such use becoming unlawful under state law.
8. The City receives credible information that the federal government will commence enforcement measures against cannabis businesses and/or local governments that permit them.
9. The circumstances under which a cannabis business permit was issued have changed such that the public health, safety, and welfare require the suspension, revocation, or modification of the permit.
10. A cannabis business is delinquent in timely remitting applicable City taxes or fees.

I. Permit Transfer.

1. Cannabis business permits are not transferable to a location different from the location for which a permit has been issued, or to another cannabis business owner.
2. Cannabis business owners wishing to relocate to a new location in the City and prospective cannabis business owners wishing to acquire an existing, permitted cannabis business must submit new permit applications for such transfer or acquisition. New cannabis business locations and owner(s) must meet all requirements for new cannabis business permit applications.

J. Revocation Proceedings and Appeals. Cannabis business permit revocation proceedings, appeals of cannabis business permit revocations, appeals of cannabis business permit application denials, and judicial review of permit revocation and denial appeals, will be subject to and conducted in accordance with the requirements for administrative enforcement of violations of the Petaluma Municipal Code pursuant to Chapter 1.14 of the Petaluma Municipal Code.

K. Cannabis Business Operating Requirements.

- 1. State License.** In addition to complying with these regulations, all activities under City cannabis business permits that are subject to State license requirements must be conducted subject to and in accordance with all applicable state licenses. Cannabis business permit holders must also hold valid, unrevoked state licenses for all activities of the cannabis business permit holder that are subject to state license.
- 2. City Business License.** All cannabis business permits holders must also hold a valid, unrevoked City of Petaluma business license.
- 3. Hours of Operation.** Cannabis business permit holders may operate their cannabis business only between the hours of 8:00 a.m. and 8:00 p.m.
- 4. Cannabis Signage.** Except for cannabis on-site retail sales locations permitted in accordance with Petaluma Municipal Code Section 6.10.040(E), cannabis businesses may not display exterior signage or symbols that advertise the availability of cannabis or cannabis products, nor shall any such signage or symbols be displayed on the interior of the facility in such a way as to be visible from the exterior.
- 5. No Onsite Consumption.** No cannabis or cannabis products may be smoked or ingested on the premises of any cannabis business, including by owners, employees, vendors or customers. The term “premises” includes the entire cannabis business premises, including buildings, as well as any accessory structures, parking areas, or other immediate surroundings.
- 6. Cannabis Deliveries.** Cannabis deliveries may only be made by an owner or employee of the cannabis delivery business, and such owners and employee must carry with them at all times while conducting deliveries, either on their person or in their delivery vehicle, a physical copy of the City commercial cannabis business permit under which they are operating, the City business license under which they are operating, and all state cannabis licenses under which they are operating.
- 7. Employees.** All employees of commercial cannabis businesses must be at least 21 years of age and are subject to background check by local law enforcement. The City may implement a registration system whereby all commercial cannabis business owners and employees must register with the City to permit background checks as a condition of issuance or renewal of commercial cannabis business permits.
- 8. Onsite Security.** Commercial cannabis businesses must comply with the Commercial Cannabis Security Requirements attached as Exhibit A to these regulations. Commercial cannabis business permits of cannabis businesses that fail to comply with the Commercial Cannabis Security Requirements are subject to non-renewal and revocation.

L. Enforcement.

- 1. Public Nuisance.** In accordance with Petaluma Municipal Code Section 6.10.100, any violation of these regulations or of Chapter 6.10 of the Petaluma Municipal Code is a public nuisance.
- 2. Remedies.** The City may seek remedies for any violations of these regulations and/or Chapter 6.10 of the Petaluma Municipal Code pursuant to any applicable authorities, including, but not limited to those contained in Chapter 26 of the City's Implementing Zoning Ordinance and those contained in Title 1 of the Petaluma Municipal code.

3. Right to Access and Audit.

As a condition of issuance of a commercial cannabis business permit and continued operations under a commercial cannabis business permit, commercial cannabis permit holders must:

- a)** Provide the City, its employees and / or agents full access to enter permitted premises to inspect business operations and cannabis and cannabis products at the business premises to ensure compliance with these regulations and Chapter 6.10 of the Petaluma Municipal Code.
- b)** Permit the City, its employees and/or agents to review and copy any materials, books, or records in the permit holder's possession to ensure compliance with these regulations and Chapter 6.10 of the Petaluma Municipal Code.

Failure or refusal to cooperate with the City inspections and audits in accordance with this section is, in the absence of any other violations of Chapter 6.10 of the Petaluma Municipal Code or of these regulations, sufficient grounds for revoking cannabis business permits.