Planning Commission - Special Meeting Agenda

Wednesday, July 08, 2026 at 6:00 PM

33 Church Street, Sutter Creek, CA 95685

The Agenda can be found on the City's Website: www.cityofsuttercreek.org

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The City of Sutter Creek City Planning Commission meeting will be available in person and LIVE on YouTube at https://www.youtube.com/@CityofSutterCreek**.**

You can also watch the meeting on Zoom (please note Zoom participation is only available for viewing.

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Unless stated otherwise on the agenda, every item on the agenda is exempt from review under the California Environmental Quality Act ("CEQA") per CEQA Guidelines Sections 15060(c), 15061(b)(3), 15273, 15378, 15301, 15323 and/or Public Resources Code Section 21065.

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1. **Call to Order, Roll Call, and Establish a Quorum for Regular Meeting**
2. **Pledge of Allegiance to the Flag**
3. **Public Forum**

   Discussion items only, no action to be taken. Any person may address the Commission at this time upon any subject within the jurisdiction of the Planning Commission; however, any matter that requires action may be referred to staff and/or Committee for a report and recommendation for possible action at a subsequent meeting. Please note – there is a five (5) minute limit per topic.

4. **Consent Agenda**

   Items listed on the consent agenda are considered routine and may be enacted in one motion. Any item may be removed for discussion at the request of the Commission or the Public.

   A. Planning Commission Minutes of May 11, 2026

   Recommendation: Approval of Minutes

5. Public Hearings

A. Sutter Creek Responsible and Compliant Retail LLC DBA Embarc

Consideration of a Zoning Ordinance Amendment, Development Agreement, Site Plan, Sign Permit, Conditional Use Permit at 11 RIDGE ROAD (APN: 044-020-063)

Zoning Ordinance Amendment and Development Agreement Recommendations:

Conduct a public hearing and receive public input, and

Find, that the Zoning Ordinance Amendment and Development Agreement are Categorically Exempt under Section 15301 Class 1, Existing Facilities, from CEQA and instruct staff to file a Notice of Exemption after council action;

Recommend that the City Council:

Adopt a Zoning Ordinance Amendment to allow exactly one (1) retail cannabis business within the City, subject to conditions of a development agreement and CUP;

Approve the Development Agreement with Sutter Creek Responsible and Compliant Retail, LLC DBA Embarc.

Site Plan Permit, Conditional Use Permit, Sign Permit Approvals:

Conduct a public hearing and receive public input, and

Find, that the project is Categorically Exempt under Section 15301 Class 1, Existing Facilities, from CEQA and instruct staff to file a Notice of Exemption after council action on zoning ordinance and development agreement;

Adopt resolution to approve, with conditions, a Site Plan Permit, Conditional Use Permit, and Sign Permit for Sutter Creek Responsible and Compliant Retail LLC DBA Embarc, at 11 Ridge Road, for one retail and delivery cannabis business. These approvals are contingent on Council action.

6. Adjournment

Planning Commission Meeting Minutes

Monday, May 11, 2026 at 6:00 PM

33 Church Street, Sutter Creek, CA 95685

The Agenda can be found on the City's Website: www.cityofsuttercreek.org

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1. Call to Order, Roll Call, and Establish a Quorum for Regular Meeting

Chair Lucy Mulvey called the meeting to order at 6:00 PM.

PRESENT:	Chair Lucy Mulvey, Vice Chair Thomas Baggett, and Commissioners Meredith Hansen (arrived at 6:02 PM), Michael Kirkley, and Robert Trudgen
ABSENT:	None
STAFF:	City Manager DuBois, Contract City Planner Erin Ventura and City Clerk Pam Caronongan

2. Pledge of Allegiance to the Flag

Chair Mulvey led the Pledge of Allegiance.

3. Public Forum

Zero (0) public comment was received.

4. Consent Agenda

A. Planning Commission Minutes of March 9, 2026.

Recommendation: Approval of Minutes

Motion made by Commissioner Kirkley, seconded by Vice Chair Baggett. **Motion passed 5-0 to approve all Consent Agenda items.**

AYES:	Chair Mulvey, Vice Chair Baggett, and Commissioners Hansen, Kirkley, and Trudgen
NOES:	None
ABSENT:	None
ABSTAIN:	None

5. Public Hearings

A. Short Term Rental Ordinance Discussion

Recommendation: Review the attached draft Short Term Rental Ordinance, direction from Council and provide recommendations back to the City Council.

Contract City Planner Ventura provided a background on the City's short-term rental tracking since 2019. The city currently has 12 active STR permits, some inactive, and 2 properties for sale. She noted that Conditional Use Permits are non-transferable to new owners.

Contract City Planner Ventura stated that the City Council requested the Planning Commission evaluate and provide recommendations on several key areas of a draft ordinance, with her providing a summary of the City Council discussion:

- Permit Cap: A proposed cap of 35 units, which represents roughly 2.5% of the city's total 1,404 residential dwelling units (including multi-family and mobile homes).
- Geographic Distribution: Whether to split the permits 50/50 between the Historic District and areas outside of it.
- Waitlist Management: How to handle applicants once the cap is met (e.g., First-In, First-Out vs. a merit/competitive review process).
- Review and Renewal: Shifting away from a standard CUP to a specific annual file review (checking Transient Occupancy Tax (TOT) compliance and complaints) and a more in-depth renewal review every three years.

One public comment was received - Byron Damiani noted that the 1,404 total units figure includes apartments and mobile home parks unlikely to become STRs. Factoring only single-family residences (808 units), a 35-unit cap actually represents 4.3%, meaning the City is close to maxing out its absorption capacity. He urged the Commission to prohibit STRs within the Main Street Historic District entirely, point to past contention (he provided 23 Main Street as an example), and cap the remainder outside the historic zone to preserve neighborhood character. He reminded the Commission that the projected revenue is only about $10,000 annually.

The Commission resumed discussion and brought up the following key points:

- Permit Cap & Percentages: The Commission widely agreed that a fixed cap number is easier to manage than a fluctuating percentage. Multiple commissioners expressed that 35 units is too high for a small town over the next 5 to 10 years, suggesting 20 or 25 units would be more reasonable to prevent a rapid waitlist backlog. It was noted that accessory dwelling units (ADUs) are entirely prohibited from being used as STRs by local code.
- Density & Distribution: The proposed 50/50 split between historic and non-historic districts lacked strong support. However, commissioners expressed serious concerns about neighborhood density (e.g., instances where 3 out of 4 homes on a single block became STRs). Staff noted that South Lake Tahoe abandoned strict radial buffers because they were a logistical nightmare to enforce, leading to neighbor disputes over inches.
- Historic Main Street Zone: The Commission was divided on restricting Historic Main Street. Some argued that location-based bans are unfair to property investors who follow the rules, noting that public hearings allow neighbors to voice concerns case-by-case. Others favored strict

density caps or outright exclusions for the narrow residential strip of Main Street to protect the district's aesthetic and minimize parking issues.

- Waitlist & Activity Requirements: The Commission favored a simple First-Come, First-Served waitlist over a highly prescriptive criteria system. To free up permits for active users, there was strong consensus that the ordinance should include language allowing the city to revoke permits for inactivity or a lack of minimum rental days (e.g., fewer than 20 days per year).

- Enforcement: Staff confirmed that future rules will require hosts to include their permit numbers in online advertisements (e.g., Airbnb) to streamline code enforcement.

No motion was made regarding this agenda item. No formal vote or final consensus was reached on the specific mechanics of the ordinance. The Planning Commission agreed to "table" the item to a future meeting to allow Commissioners time to conduct independent research on neighboring city ordinances and brainstorm finer-grained density solutions.

B. Amend Safety Element of the City of Sutter Creek's General Plan

Recommendation: For the Commission to review the amended Safety Element, hold a public hearing, and do the following:

1. Recommend the City Council find the Project is exempt from CEQA per Section 15061(b)(3); and

2. Recommend the City Council approve the proposed General Plan Amendment to incorporate the new Local Hazard Mitigation Plan into the Safety Element as presented.

Contract City Planner Ventura presented the report and responded to inquiries and requests for clarification regarding the proposed amendment to the General Plan to formally incorporate the countywide Local Hazard Mitigation Plan, which contains specific annexes for individual cities. The City Council adopted the plan last month to qualify for emergency funding, but Municipal Code requires a formal recommendation from the Planning Commission to officially amend the General Plan's Safety Element. The change adds three specific italicized paragraphs referencing the hazard plan to the element.

Motion made by Commissioner Kirkley, seconded by Commissioner Hansen. **Motion passed 5-0 to approve Resolution to amend the Safety Element of the City of Sutter Creek's General Plan.**

AYES: Chair Mulvey, Vice Chair Baggett, and Commissioners Hansen, Kirkley, and Trudgen
NOES: None
ABSENT: None
ABSTAIN: None

C. Approve Site Plan Permit for 11821 Sweet Pea Way (APN: 040-020-107)

Recommendation: Approve Site Plan as presented.

Consensus from the Commission was to hear this item first, since Agenda Items A and B would be lengthy discussions and in consideration of the applicants who were present for this Agenda Item.

Contract City Planner Ventura provided the report. Contract City Planner Ventura and Mr. Robin Peters with Delta Engineering and representing the applicant responded to inquiries and requests for clarification from the Commission.

The Commission asked for clarification regarding the following:

1. Since the project is an industrial facility, aside from CUPA regulations, the Commission wishes to add another condition for permitting; namely compliance with California State Water Resources Control Board regulations.

One (1) public comment was received: after thanking staff for the report, the project applicant noted a necessary correction that needs to be reflected in the draft resolution - the third "WHEREAS" Planning Commission resolution paragraph should indicate Class 32, Section 15332.

The Commission continued discussing the project
Motion made by Vice Chair Baggett, seconded by Commissioner Trudgen. **Motion passed 5-0 to adopt the Resolution as amended approving the Site Plan Permit for 11821 Sweet Pea Way.**

AYES:	Chair Mulvey, Vice Chair Baggett, and Commissioners Hansen, Kirkley, and Trudgen
NOES:	None
ABSENT:	None
ABSTAIN:	None

6. Adjournment

Chair Mulvey adjourned the meeting at 7:12 PM.

SUTTER CREEK
JEWEL OF THE MOTHER LODE

TO: CITY OF SUTTER CREEK PLANNING COMMISSION

MEETING DATE: JULY 8, 2026

FROM: ERIN VENTURA, PLANNING CONSULTANT, TOM DUBOIS, CITY MANAGER

SUBJECT: Sutter Creek Responsible and Compliant Retail LLC DBA Embarc- Zoning Ordinance Amendment, Development Agreement, Site Plan, Sign Permit, Conditional Use Permit- 11 RIDGE ROAD (APN: 044-020-063)

RECOMMENDATION:

Staff recommends the Planning Commission take the following actions:

Zoning Ordinance Amendment and Development Agreement Recommendations:

1. Conduct a public hearing and receive public input, and
2. Find, that the Zoning Ordinance Amendment and Development Agreement are Categorically Exempt under Section 15301 Class 1, Existing Facilities, from CEQA and instruct staff to file a Notice of Exemption after council action;
3. Recommend that the City Council:
    a. Adopt a Zoning Ordinance Amendment to allow exactly one (1) retail cannabis business within the City, subject to conditions of a development agreement and CUP;
    b. Approve the Development Agreement with Sutter Creek Responsible and Compliant Retail, LLC DBA Embarc.

Site Plan Permit, Conditional Use Permit, Sign Permit Approvals:

4. Conduct a public hearing and receive public input, and
5. Find, that the project is Categorically Exempt under Section 15301 Class 1, Existing Facilities, from CEQA and instruct staff to file a Notice of Exemption after council action on zoning ordinance and development agreement;
6. Adopt resolution to approve, with conditions, a Site Plan Permit, Conditional Use Permit, and Sign Permit for Sutter Creek Responsible and Compliant Retail LLC DBA Embarc, at 11 Ridge Road, for one retail and delivery cannabis business. These approvals are contingent on Council action.

BACKGROUND:

On May 11, 2026, the City received an application from Sutter Creek Responsible and Compliant Retail, LLC DBA Embarc ("Embarc") to develop and operate a commercial cannabis retail and delivery business at 11 Ridge Road in the Sutter Hill area. They are forecasting generating direct fees and sales tax to the City plus community benefit payments totaling $680,000 a year in exchange for vested rights to operate a single dispensary for renewable five year terms, subject to

an initial one-year pilot program and compliance with all City requirements. They wi generate tax and excise fees for the County, the Fire District, and the State.

State of California Legal Cannabis Background: In 2016, California voters approved Proposition 64, the "Adult Use of Marijuana Act" (AUMA), legalizing and regulating the sale of nonmedical cannabis for adults 21 and over. In 2017, the state passed Senate Bill 94 (MAUCRSA), creating a unified regulatory structure for both medicinal and adult-use cannabis. While the state enforces rigorous licensing, strict age restrictions, security mandates, and a mandatory "track-and-trace" system (METRC), MAUCRSA preserves local authority, mandating that state licenses cannot be issued if a business violates local ordinances. The City of Sutter Creek currently prohibits retail cannabis, but this application proposes a carefully regulated exception for a single facility. Attachments 16 and 17 summarize and list cannabis related state laws.

The Development Agreement Approach: To maximize local control and public benefit, the City is utilizing a Development Agreement (DA) pursuant to California Government Code sections 65864 et seq.. A DA is a voluntary, bilateral contract between the City and the developer. The DA approach ensures that the City receives negotiated benefits—such as a 8% retail fee on gross receipts, including a 1% Community Investment Fund—that are legally exempt from being classified as a general tax requiring voter approval under Article XIII C of the California Constitution. In exchange, the developer receives vested property rights and reduced economic risk.

Business Environment & Project Description: Embarc is an experienced cannabis operator with 17 legally permitted retail storefronts across California, founded by Lauren Carpenter and Dustin Moore. Their business model focuses on integrating into the community, partnering with local law enforcement, and providing robust employee benefits, including $18/hour starting wages and union representation via the United Food and Commercial Workers (UFCW).

The company is forecasting generating revenue that would provide $625,000 in fees and taxes to the City of Sutter Creek in the first full year of operation. In addition, it would donate $60,000 as a community benefit, and generate significant tax revenue for the County, the State and the Fire district.

PROJECT DESCRIPTION:
The proposed project involves the adaptive reuse of a vacant, 2,662-square-foot former Umpqua Bank building located at 11 Ridge Road. No new construction or expansion of the building footprint is proposed. The site will feature 17 on-site parking spaces, utilize the bank's existing security infrastructure (like the vault), and undergo minor interior and exterior cosmetic improvements.

OVERVIEW OF ENTITLEMENTS & HOW THE DOCUMENTS RELATE
The Planning Commission is asked to review the project as a complete, interconnected package. Because Sutter Creek does not currently permit cannabis sales, this project relies on multiple layers of municipal approvals working together:

1. **Zoning Ordinance Amendment (Titles 10 & 18):** This is the foundational step. It amends the City's Municipal Code to create a narrow exception allowing *up to one* storefront retail cannabis dispensary in the City. Without this amendment, the project cannot exist.

2. **The Development Agreement (DA):** This is the governing contract. It binds Embarc to specific operational and financial commitments that go far beyond standard zoning

requirements. It mandates the payment of the 8% retail fee to the City, the 1% Community Investment Fund, 100% local hiring priorities, youth drug education funding, on-site security guards and 24 hour live monitoring, and providing real-time camera access to the Sutter Creek Police Department.

3. **Conditional Use Permit (CUP):** The CUP applies the new Zoning Amendment to this specific site at 11 Ridge Road. It ensures the use is compatible with the surrounding C-2 Commercial corridor and explicitly incorporates the operating conditions laid out in the DA.
4. **Site Plan & Sign Permits:** These documents dictate the physical reality of the site. The Site Plan Permit confirms that the minor tenant improvements adhere to City standards. The Sign Permit regulates the aesthetic branding, allowing Embarc to replace the existing illuminated box and monument signs with new faces that conform to local design guidelines.

The Planning Commission is asked to review the project as a complete package and render both decisions and recommendations to Council.

D**ISCUSSION:**

Zoning Ordinance Amendment
The following changes are proposed:

Chapter 17.160- General Plan, Land Use Designation Map, and Development Code Amendments, provides procedures for the amendment of the General Plan, Zoning Map, and this Development Code, whenever required by public necessity and general welfare. A zoning ordinance amendment was initiated by the applicant, Embarc.

The City of Sutter Creek currently prohibits retail cannabis business within the City. SCMC 10.42 The applicant has requested a Zoning Ordinance Amendment to amend the code to allow for an exception for a single retail cannabis business to be a permitted use within the City. The proposal limits it to one (1) establishment which must obtain a Conditional Use Permit and to enter into a Development Agreement with the City in order to operate.

The applicant requests amendments to Title 10- Public Peace, Safety, and Morals and Title 18- Zoning Ordinance.

Title 10- Public Peace, Safety, and Morals

The specific amendments to Title 10 are the following:

10.42.050 - Sales, transfers, and deliveries prohibited.

Except when a conditional use permit has been approved under Chapter 18.60 of this Code, sales, transfers, or deliveries of marijuana for any purpose, whether medical or non-medical, to any person at any residence or public place within city limits are prohibited.

10.42.060 - Commercial activity prohibited.

Except when a conditional use permit has been approved under Chapter 18.60 of this Code, no commercial, office, industrial, or other non-residential building or structure within city limits may

be used to allow, transact, or facilitate the cultivation, sale, processing, storage, or tran marijuana for any purpose, whether medical or non-medical.

Title 18- Zoning Ordinance

18.60.020 - Uses permitted in any zone.

The following uses may be permitted in any zone unless limited to specific zones, and upon the granting of a conditional use permit:

A. Bed and breakfast inns;

…(removed for brevity)

Q. Golf courses, driving ranges and country clubs.:

R. Special events.; and

S. A storefront retail cannabis dispensary, provided only one such dispensary may operate within city limits at one time, and further provided the operator of the conditionally permitted dispensary enters into a development agreement for the same term as any approved conditional use permit.

18.60.030 - Conditions.

In approving a use permit, the commission may include such conditions as the commission deems reasonable and necessary under the circumstances to preserve the integrity and character of the district and to secure the general purposes of this title and the general plan. Such conditions, without limiting the discretion and authority of the commission in this regard, may include time limitations, architectural and site approval, street dedication, and street and drainage improvements. For any application to conditionally permit a retail storefront cannabis dispensary, the commission may incorporate by reference into the conditional use permit any conditions that are separately included in any development agreement to be approved for the cannabis use.

18.60.040 - Findings and decisions**.**

The commission, on the basis of the evidence submitted at the hearing, may grant use permits required by the provisions of this title when it finds that:

A. The proposed uses of the property are desirable to the public convenience or welfare;

B. The proposed uses will not impair the integrity and character of the area in which it is located or the zoning district;

C. The proposed uses would not be detrimental to public health, safety, or general welfare;

D. There are adequate public utilities and services available for the proposed uses; and

E. The proposed uses of the property are in harmony with the various elements or objectives of the general plan and the purposes of this title.; and

F. For any storefront retail cannabis dispensary, the proposed use will be subje separately approved development agreement for the same term as the approved conditional use permit and:

1. The development agreement will provide for appropriate community benefit as consideration for the City's execution of the agreement;

2. The operator has a demonstrated record of successfully operating storefront retail cannabis dispensaries at least three jurisdictions for a period of at least three years preceding the date of its application;

3. The operator demonstrates it will have adequate capitalization, access to a stable workforce, and a business location conducive to sustaining long-term operations; and

4. The operator, including its principals, shareholders, partners, and officers, has not been convicted of, found civilly liable for, or administratively ordered to fines or penalties for having sold or distributed cannabis or cannabis products in violation of any state statute, state regulation, or local ordinance.

Zoning Amendment Ordinance Findings

An amendment to the General Plan, the Zoning Map, or this Development Code may be approved only if all of the following findings are made, as applicable to the type of amendment.

A. Findings for all amendments.

1. The proposed amendment ensures and maintains internal consistency with all of the goals, policies, and actions of all elements of the General Plan and any applicable specific plan; and

2. The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare of the City.

C. Additional finding for Development Code amendments. The proposed amendment ensures and maintains internal consistency with other applicable provisions of this Development Code.

Recommended Findings

A. Findings for all amendments.

1. The proposed amendment ensures and maintains internal consistency with all of the goals, policies, and actions of all elements of the General Plan and any applicable specific plan; and

Amending the zoning ordinance to allow one retail cannabis business does not create inconsistencies with the City's adopted General Plan. Retail is an allowed use in both the Commercial land use designation and the C-2 zone.

2. The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare of the City.

By adding the requirements of a Development Agreement and Conditional Use Permit, public interest, health, safety, convenience and welfare will all be protected and may be enhanced in some areas.

C. Additional finding for Development Code amendments. The proposed amendment ensures and maintains internal consistency with other applicable provisions of this Development Code.

In amending both Title 10 and Title 18, internal consistency is maintained.

Development Agreement (DA)

Embarc can operate a one year Pilot program subject to an extensive compliance review required to continue operation. The DA sets an initial term of five (5) years, with potential five-year extensions at the City's discretion based on good-faith compliance. The City can terminate the agreement at any time for failure to comply with the terms of the agreements and permits.

- **Financial Benefits:** Embarc will pay an **8% retail fee** to the City on gross receipts, remitted quarterly. This fee includes a protective offset clause: if the City enacts or increases a voter-approved cannabis excise or business tax during the term, the 8% retail fee will be reduced by the amount of that tax paid (though it will not be reduced below zero).
- **Community Benefits:** Embarc will dedicate **1% of gross receipts** into a Community Fund. This fund will be governed and administered by a Community Advisory Board (CAB) consisting of at least two (2) members who reside in Sutter Creek and one(1) who either works or lives in Sutter Creek.
- **Youth Drug Education:** Within six months of opening to the public, Embarc will fund and implement a youth drug education and prevention program using a recognized curriculum.
- **Local Hiring & Staffing:** Embarc commits to using commercially reasonable best efforts to recruit and **hire 100% of its employees** from within the City of Sutter Creek and Amador County, prioritizing those within a 5-mile radius. Additionally, the Sutter Creek Police Department (SCPD) will require a Livescan background check for all employees.
- **Security & Law Enforcement Access:** Embarc will provide the SCPD with secure, real-time, remote access to its video surveillance cameras. Furthermore, management must immediately notify the SCPD of any criminal activity, suspected criminal activity, or internal security breaches (such as faulty alarms or damaged cameras/locks) as soon as practicable. There is a detailed, confidential security plan that has been reviewed by Sutter Creek PD. Sutter Creek PD will have the ability to access the property at any time.
- **Community Camera Fund:** From the Community Fund, Embarc will contribute the lesser of (i) 20% of the Community Fund or (ii) $25,000 toward a community camera fund available to the Sutter Creek Police Department for installation and annual service fees of cameras throughout the City.
- **Good Neighbor Obligations:** Embarc will maintain a 24/7 Community Hotline and a written complaint response protocol. New provisions also mandate that any graffiti on the property must be removed within 48 hours of discovery or notification, and Embarc must submit a monthly Good Neighbor Report to the City detailing hotline calls, complaint resolutions, and a banned individual list.
- **State Cannabis Law:** The DA requires Permittee to operate in compliance with all "State Cannabis Law", defined to include the Compassionate Use Act, The Medical Marijuana Program Act, AUMA, MAUCRSA, and DCC regulations promulgated thereunder, as amended. Attachments are included which summarize state law, and provide a longer more detailed listing. The Attachment "Embarc_Sutter Creek DA Conditions Summary" summarizes state law requirements and Permittees agreement to meet or exceed those requirements.
- **Regular Communications and Meetings:** In addition to notification and reports, the agreement requires ongoing meetings to review the operation of the dispensary, address community complaints and any impacts on the community.

Attachments #8-13 are detailed plans which are incorporated by reference into the Development Agreement.

Business Plan

1. Hours. 8 a.m. to 10 p.m, seven days a week.
2. Employees. Will employ 15 - 18 employees, in year 3 anticipate plus one delivery driver. Expect to have an average of 6 - 7 employees on-site on a typical day.
3. Customers. Walk-in visitations without appointment during approved business hours
4. Parking. Exceeds requirements, 17 parking spaces.
5. Delivery service. In year 3, may start delivery according to state law with a single vehicle - one or two outbound deliveries daily during approved operating hours.
6. Ventilation. Carbon filter system installed per code to prevent potential off-site odors.
7. Security Plan. The confidential security plan is on file with Sutter Creek PD.
8. Admittance. The proposed operating plan requires that dispensary staff verify proof of valid identification at check-in of each walk-in customer visitation.

Community Benefits Plan

1. 1% of gross receipts will be put into a community benefit fund to be used to support local organizations, schools, and City sponsored programs.
2. Community Advisory Board:
    a. Develop and implement a community relations plan.
    b. Allocation of community funding.
    c. Oversight and accountability of Embarc operations.
    d. Assist in establishing and building community trust.
    e. Ensure appropriate and thoughtful community education.
3. Youth Education and Prevention.
4. Employee Volunteerism.
5. Community Partnerships:
    a. Community Education
    b. Senior Outreach
    c. Discount program for seniors and veterans.
    d. Local business partnerships
    e. Compassionate use- reduce or no cost
    f. Addiction resources

The Applicant has demonstrated to City staff, by its application documentation and reference checks with multiple cities, that it is qualified to operate a Commercial Cannabis business and has pledged in this Development Agreement that it will operate its business in accordance with state and local law and in a responsible manner to contribute positively to the community and the local economy.

The terms and conditions of the Development Agreement have undergone extensive review by City staff and have been found to be fair, just and reasonable. The pursuit of the Project will best serve the interests of its citizens and the public health, safety, and welfare by entering into this Development Agreement. By conducting this public hearing and the Planning Commission rendering a recommendation to the City Council will satisfy the required findings in Municipal Code Section 17.150.

Development Agreement Findings

17.150.040 The City Council may approve a Development Agreement, with or without conditions, only if all of the following findings can be made:

A. The approval of a Development Agreement for a project that is merely developed in compliance with this Development Code would not be considered in the best interests of the City.

B. Examples of project elements and components that may be considered in the best interests of the City and promote the public interest and welfare including, but are not limited to, the following:
    a. An enhanced/expanded open space network that ties into existing neighboring open space areas;
    b. A well designed mixed-use project that further implements the goals, objectives, and policies of the General Plan;
    c. The dedication of lands for public uses above and beyond those necessary for the project; and
    d. Off-site improvements in the public right-of-way that would generally be above and beyond those required by the City's standard requirements for a project of the scale and intensity desired in the proposed project.

Providing a recommendation to the City Council to approve and execute the Development Agreement with the Applicant will further implement the Council's following Goals and be in the best interest of the CIty in the following ways:

- To promote economic development by concentrating on job creation.
  Company will hire 15 - 18 people locally in union jobs with benefits
- To promote economic development by pursuing business retention, expansion and attraction.
  Storefronts in this part of the city have been empty and somewhat blighted for some time. A professional tenant may attract other businesses to open in the adjacent empty store fronts.
- To promote economic development by striving to constantly improve the city's competitiveness.
  Currently millions of dollars of Cannabis products are purchased annually by Amador County residents who drive to other dispensaries or have it delivered. A local dispensary would shift the resulting sales tax plus community benefit fees into the Sutter Creek economy, enabling the City to improve infrastructure and fund city services.

Conditional Use Permit

The property is zoned C-2 (Commercial) and surrounded by compatible multi-tenant commercial uses, including a gas station, retail stores, food truck, a septic treatment company, and a concrete plant. There are several empty storefronts nearby.

A Conditional Use Permit works with the Development Agreement to give the city more direct control. Several of the CUP conditions, reference commitments with the DA.

The following Conditions of Approval are in addition to what is required in the DA:

1. The Conditional Use Permit shall not be operational unless or until a Zoning Ordinance Amendment has been adopted by the City Council.
2. The Conditional Use Permit shall not be operational unless or until a Development Agreement is fully executed by the City and the Development Agreement remains valid
3. Applicant's operations must comply with all applicable laws and regulations. Failure to comply with applicable laws or regulations is a violation of this CUP and constitutes grounds for revocation of the CUP.
4. Applicant's operations must comply with the Development Agreement.
5. Applicant's operations must comply with the Business plan submitted to the City.
6. Applicant's operations must comply with the Safety Plan submitted to the City and approved by the Police Chief.
7. Applicant's operations must comply with the Labor and Employment plan submitted to the City.
8. Applicant's operations must comply with the Neighborhood Compatibility plan submitted to the City.
9. Applicant's operations must comply with the Community Benefits Plan submitted to the City.
10. Applicant's operations must comply with the Location Plan submitted to the City.
11. Applicant shall notify the City in writing within 10 days of any change in licensure status with the California Bureau of Cannabis Control.
12. There shall be no consumption of cannabis products or alcoholic beverages on the subject site.
13. Indoor or Outdoor Live music and entertainment, or use of amplified speakers for advertising, entertainment or promotions is not permitted by this CUP. Events of this type would require separate application, review, and approval from the City prior to each and every event.
14. Applicant shall pay the $50.00 CEQA Notice of Exemption (NOE) filing fee to the Amador County Recorder.
15. Applicant shall comply with Section 18.06.090 and 18.06.100 of the Zoning Code regarding the 12-month period to implement the Project and/or Extension of time.
16. Applicant must obtain a Business License.
17. Applicant must comply with their approved Site Plan Permit.
18. Applicant shall upgrade existing parking and path of travel to meet current ADA standards.
19. Applicant shall provide building plans and obtain building permits for interior improvements including necessary ADA upgrades.
20. Any building or parking area illumination including security lighting, shall be arranged to direct light and glare away from adjoining properties.
21. Any new signage added must be reviewed and approved by the Planning Commission.
22. The site shall be kept clean of all debris (boxes, junk, garbage, etc.) at all times. All scrap materials shall be stored in a container and shall be removed regularly.

23. Hours of operation. Cannabis retail businesses shall not be open to the public and s not conduct retail sales or deliveries before eight a.m. or after ten p.m. on Monday-Sunday.
24. Odor control. Odors shall be contained on the property on which the cannabis retail business is located.
25. No business operations or retail merchandise shall be visible from the exterior of a building where a cannabis retail business is located.
26. Cannabis retail businesses shall ensure that advertising and marketing of cannabis and cannabis products are not targeted to individuals less than twenty-one years of age.
27. If and when delivery becomes available, a plan must be submitted to the City for review. No more than two delivery trips will be permitted per day.
28. Any Conditional Use Permit granted in accordance with the terms of the City of Sutter Creek Municipal Code may be revoked if any of the conditions or terms of such permit are violated, the use is discontinued, or if any law or ordinance is violated in connection therewith.

Conditional Use Permit Findings

In order for the Planning Commission to grant approval of the Conditional Use Permit, they must make the following findings:

1. The proposed uses of the property are desirable to the public convenience or welfare;
2. The proposed uses will not impair the integrity and character of the area in which it is located or the zoning district;
3. The proposed uses would not be detrimental to public health, safety, or general welfare
4. There are adequate public utilities and services available for the proposed uses; and
5. The proposed uses of the property are in harmony with the various elements or objectives of the general plan and the purposes of this title.

Recommended Findings

1. The proposed uses of the property are desirable to the public convenience or welfare;

   Currently residents of Amador County are leaving the county to purchase cannabis. Allowing one retail cannabis business within the County will provide a public convenience.

2. The proposed uses will not impair the integrity and character of the area in which it is located or the zoning district;

   With the required conditions and Development Agreement, the integrity and character of the area will not be impaired. The area in which the proposed project is located is a commercial corridor with a mix of uses, including gas stations, convenience stores, a concrete plant, a septic service company, and retail stores.

3. The proposed uses would not be detrimental to public health, safety, or general welfare

   With the required conditions and Development Agreement, public health, safety, and general welfare will not be detrimentally impacted. Must comply with extensive state laws.

4. There are adequate public utilities and services available for the proposed uses; and

The proposed project is located in an existing retail/commercial building with existing utilities and services. The previous use as a bank has extremely similar usage profile in terms of trip generation and parking

5. The proposed uses of the property are in harmony with the various elements or objectives of the general plan and the purposes of this title.

   The use of the property will be in harmony with the general plan and C2 zoning. The applicant will improve the property, including landscaping and revitalize the area

The Applicant is proposing to make minor improvements to the site, including interior and exterior tenant improvements to the existing building and new landscaping. The existing building, which once operated as a bank, will be used as a retail cannabis business which will operate consistent with State Cannabis Law, all other applicable California law, and the project approvals.

Table 1. Relevant Summary of Proposed Site

Description	Proposed	Meets Requirements?
Site	11 Ridge Road	-
Building Plan	2,662 sf	Yes- existing
Lot Size	.25 acres/10,890 sf	Yes
Zoning	C-2	Yes
General Plan Land Use Description	C-Commercial	Yes
Is this in the Main Street Historic District?	No	-
Historic District?	No	-
Parking	17 parking spaces	Per SC Code 9 spaces are required.
Access	Ridge Road/Highway 49	Yes
Fencing	None proposed	–
Trees and Landscaping per 13.24.120	Planters in front of the building	Yes

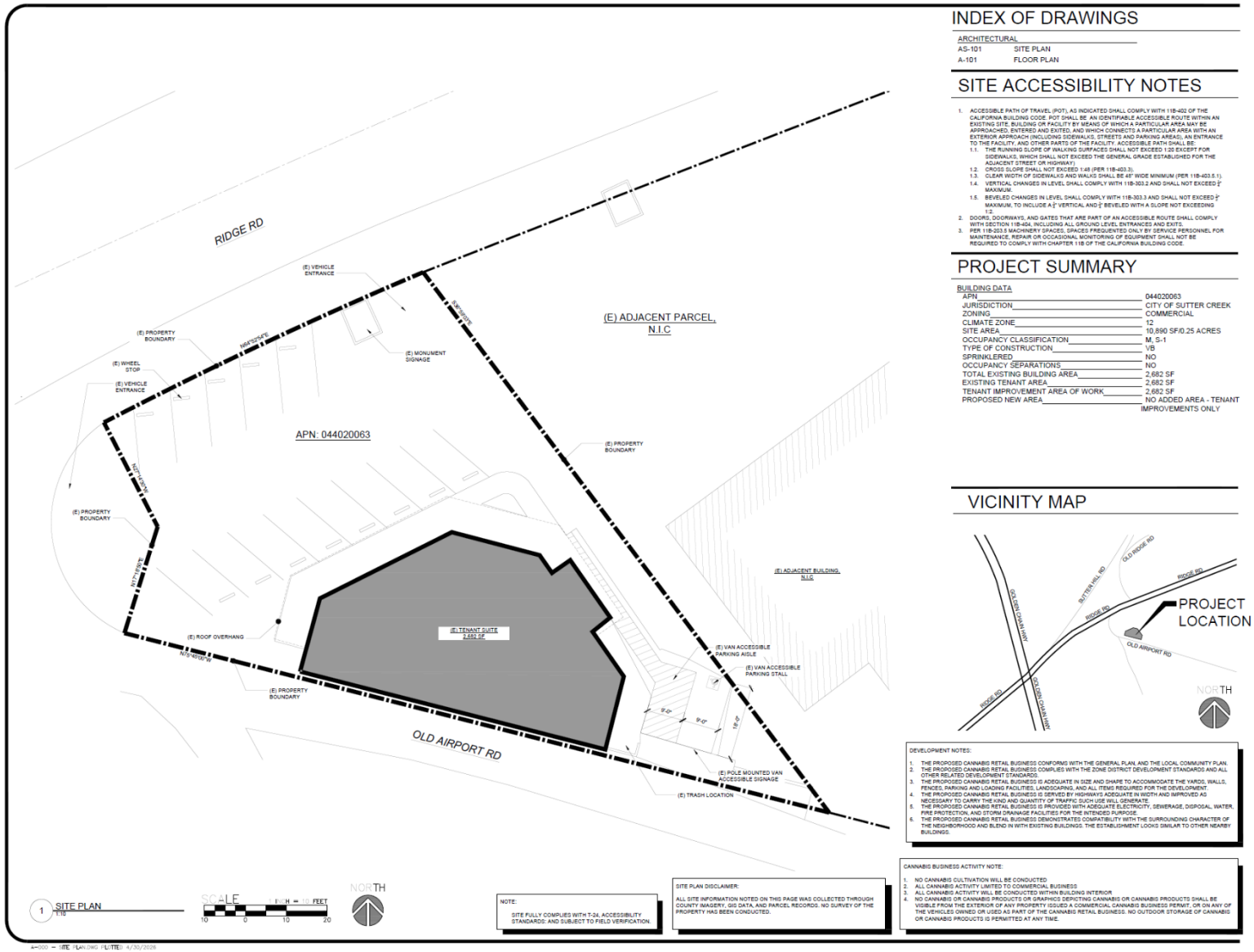
Map 1. Aerial Photo





EXISTING VIEW

PROPOSED VIEW



1 SITE PLAN

A-000 – SITE PLAN.DWG PLOTTED: 4/30/2026

INDEX OF DRAWINGS

ARCHITECTURAL

AS-101	SITE PLAN
A-101	FLOOR PLAN

SITE ACCESSIBILITY NOTES

1. ACCESSIBLE PATH OF TRAVEL (POT), AS INDICATED SHALL COMPLY WITH 11B-402 OF THE CALIFORNIA BUILDING CODE. POT SHALL BE AN IDENTIFIABLE ACCESSIBLE ROUTE WITHIN AN EXISTING SITE, BUILDING OR FACILITY BY MEANS OF WHICH A PARTICULAR AREA MAY BE APPROACHED, ENTERED AND EXITED, AND WHICH CONNECTS A PARTICULAR AREA WITH AN EXTERIOR APPROACH (INCLUDING SIDEWALKS, STREETS AND PARKING AREAS), AN ENTRANCE TO THE FACILITY, AND OTHER PARTS OF THE FACILITY. ACCESSIBLE PATH SHALL BE:
   - 1.1. THE RUNNING SLOPE OF WALKING SURFACES SHALL NOT EXCEED 1:20 EXCEPT FOR SIDEWALKS, WHICH SHALL NOT EXCEED THE GENERAL GRADE ESTABLISHED FOR THE ADJACENT STREET OR HIGHWAY)
   - 1.2. CROSS SLOPE SHALL NOT EXCEED 1:48 (PER 11B-403.3).
   - 1.3. CLEAR WIDTH OF SIDEWALKS AND WALKS SHALL BE 48" WIDE MINIMUM (PER 11B-403.5.1).
   - 1.4. VERTICAL CHANGES IN LEVEL SHALL COMPLY WITH 11B-303.2 AND SHALL NOT EXCEED ¼" MAXIMUM.
   - 1.5. BEVELED CHANGES IN LEVEL SHALL COMPLY WITH 11B-303.3 AND SHALL NOT EXCEED ½" MAXIMUM, TO INCLUDE A ¼" VERTICAL AND ¼" BEVELED WITH A SLOPE NOT EXCEEDING 1:2.
2. DOORS, DOORWAYS, AND GATES THAT ARE PART OF AN ACCESSIBLE ROUTE SHALL COMPLY WITH SECTION 11B-404, INCLUDING ALL GROUND LEVEL ENTRANCES AND EXITS.
3. PER 11B-203.5 MACHINERY SPACES, SPACES FREQUENTED ONLY BY SERVICE PERSONNEL FOR MAINTENANCE, REPAIR OR OCCASIONAL MONITORING OF EQUIPMENT SHALL NOT BE REQUIRED TO COMPLY WITH CHAPTER 11B OF THE CALIFORNIA BUILDING CODE.

PROJECT SUMMARY

BUILDING DATA

APN	044020063
JURISDICTION	CITY OF SUTTER CREEK
ZONING	COMMERCIAL
CLIMATE ZONE	12
SITE AREA	10,890 SF/0.25 ACRES
OCCUPANCY CLASSIFICATION	M, S-1
TYPE OF CONSTRUCTION	VB
SPRINKLERED	NO
OCCUPANCY SEPARATIONS	NO
TOTAL EXISTING BUILDING AREA	2,682 SF
EXISTING TENANT AREA	2,682 SF
TENANT IMPROVEMENT AREA OF WORK	2,682 SF
PROPOSED NEW AREA	NO ADDED AREA - TENANT IMPROVEMENTS ONLY

VICINITY MAP

DEVELOPMENT NOTES:

1. THE PROPOSED CANNABIS RETAIL BUSINESS CONFORMS WITH THE GENERAL PLAN, AND THE LOCAL COMMUNITY PLAN.
2. THE PROPOSED CANNABIS RETAIL BUSINESS COMPLIES WITH THE ZONE DISTRICT DEVELOPMENT STANDARDS AND ALL OTHER RELATED DEVELOPMENT STANDARDS.
3. THE PROPOSED CANNABIS RETAIL BUSINESS IS ADEQUATE IN SIZE AND SHAPE TO ACCOMMODATE THE YARDS, WALLS, FENCES, PARKING AND LOADING FACILITIES, LANDSCAPING, AND ALL ITEMS REQUIRED FOR THE DEVELOPMENT.
4. THE PROPOSED CANNABIS RETAIL BUSINESS IS SERVED BY HIGHWAYS ADEQUATE IN WIDTH AND IMPROVED AS NECESSARY TO CARRY THE KIND AND QUANTITY OF TRAFFIC SUCH USE WILL GENERATE.
5. THE PROPOSED CANNABIS RETAIL BUSINESS IS PROVIDED WITH ADEQUATE ELECTRICITY, SEWERAGE, DISPOSAL, WATER, FIRE PROTECTION, AND STORM DRAINAGE FACILITIES FOR THE INTENDED PURPOSE.
6. THE PROPOSED CANNABIS RETAIL BUSINESS DEMONSTRATES COMPATIBILITY WITH THE SURROUNDING CHARACTER OF THE NEIGHBORHOOD AND BLEND IN WITH EXISTING BUILDINGS. THE ESTABLISHMENT LOOKS SIMILAR TO OTHER NEARBY BUILDINGS.

CANNABIS BUSINESS ACTIVITY NOTE:

1. NO CANNABIS CULTIVATION WILL BE CONDUCTED
2. ALL CANNABIS ACTIVITY LIMITED TO COMMERCIAL BUSINESS
3. ALL CANNABIS ACTIVITY WILL BE CONDUCTED WITHIN BUILDING INTERIOR.
4. NO CANNABIS OR CANNABIS PRODUCTS OR GRAPHICS DEPICTING CANNABIS OR CANNABIS PRODUCTS SHALL BE VISIBLE FROM THE EXTERIOR OF ANY PROPERTY ISSUED A COMMERCIAL CANNABIS BUSINESS PERMIT, OR ON ANY OF THE VEHICLES OWNED OR USED AS PART OF THE CANNABIS RETAIL BUSINESS. NO OUTDOOR STORAGE OF CANNABIS OR CANNABIS PRODUCTS IS PERMITTED AT ANY TIME.

NOTE:
SITE FULLY COMPLIES WITH T-24, ACCESSIBILITY STANDARDS; AND SUBJECT TO FIELD VERIFICATION.

SITE PLAN DISCLAIMER:
ALL SITE INFORMATION NOTED ON THIS PAGE WAS COLLECTED THROUGH COUNTY IMAGERY, GIS DATA, AND PARCEL RECORDS. NO SURVEY OF THE PROPERTY HAS BEEN CONDUCTED.

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(530) 344-4073

EMBARC SUTTER CREEK

11 RIDGE RD
SUTTER CREEK, CA
95685

CONDITIONAL USE PERMIT

APN:
044020063

Drawn By: A. KOMAT
Project Architect: MIKE MILLER
Scale: AS NOTED
Date: 04/29/2026
Project Number: 20112.42

This drawing is not final, or to be used for construction until the Architect's or Engineer's seal and signature appear above.

SHEET TITLE
OVERALL SITE PLAN

MARK	DESCRIPTION	DATE
	DLP SUBMISSION	

SHEET NO.
AS-101

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FINISH SCHEDULE

NOTE: INTERIOR FINISH MATERIALS APPLIED TO WALL AND CEILINGS SHALL BE TESTED AS SPECIFIED IN SECTION 803.1.1., CLASS A

OFFICE, IT, RECEPTION, & AREAS NOT INDICATED BELOW:
1. GWB WALLS TO BE PRIMED AND PAINTED SEE PAINT SCHEDULE, THIS NOTE
2. EXISTING CEILING GRID TO REMAIN, REPLACE MISSING OR DAMAGED CEILING TILES
3. 4" BLACK RUBBER BASE
4. EXISTING FLOOR FINISH TO REMAIN @ OWNERS DISCRETION, REMOVE (E) FLOOR FINISH AND BROOM CLEAN (E) SLAB
5. OPTION 1: PROVIDE OPTION AT OFFICE FOR LOW MAINTENANCE COMMERCIAL CARPET TILE BY ARMSTRONG FLOORING, OR EQUAL

SECURE STORAGE ROOM:
1. GWB WALLS TO BE PRIMED AND PAINTED TO BE PRIMED AND PAINTED SEE PAINT SCHEDULE, THIS NOTE,
2. EXISTING CEILING GRID TO REMAIN, REPLACE MISSING OR DAMAGED CEILING TILES
3. 4" BLACK RUBBER BASE
4. EXISTING FLOOR FINISH TO REMAIN @ OWNERS DISCRETION, REMOVE (E) FLOOR FINISH AND BROOM CLEAN (E) SLAB

BREAK ROOM:
1. GWB WALLS TO BE PRIMED AND PAINTED TO BE PRIMED AND PAINTED SEE PAINT SCHEDULE, THIS NOTE
2. EXISTING CEILING GRID TO REMAIN, REPLACE MISSING OR DAMAGED CEILING TILES
3. 4" BLACK RUBBER BASE
4. EXISTING FLOOR FINISH TO REMAIN @ OWNERS DISCRETION, REMOVE (E) FLOOR FINISH AND BROOM CLEAN (E) SLAB
7. OPTION 1: PROVIDE OPTION TO EPOXY FINISH (E) CONCRETE FLOORING

RETAIL AREA, LOBBY, INTAKE AND RECEPTION:
1. PROVIDE LEVEL 4 FINISH AT ALL NEW SALES FLOOR WALLS, PATCH AND PAINT (E) WALLS WHERE REQUIRED
2. GWB WALLS TO BE PRIMED AND PAINTED TO BE PRIMED AND PAINTED SEE PAINT SCHEDULE, THIS NOTE
3. COORDINATE WITH OWNER ON THE USE OF WALL DECALS/ MURALS/ WALLPAPER - WHERE REQUIRED, PROVIDE SUITABLE SUBSTRATE FOR MOUNTING
4. EXISTING CEILING GRID TO REMAIN, REPLACE MISSING OR DAMAGED CEILING TILES, PRIME & PAINT FULL CEILING (GRID AND TILES) TO BE PRIMED AND PAINTED SEE PAINT SCHEDULE, THIS NOTE
5. 4" BLACK VINYL COVE BASE
6. EXISTING FLOOR FINISH TO REMAIN @ OWNERS DISCRETION, REMOVE (E) FLOOR FINISH AND BROOM CLEAN (E) SLAB
7. OPTION 1: PROVIDE OPTION TO EPOXY FINISH (E) CONCRETE FLOORING

RESTROOM / JANITOR:
1. WALLS TO BE PRIMED AND PAINTED TO BE PRIMED AND PAINTED SEE PAINT SCHEDULE, THIS NOTE. PROVIDE SMOOTH FINISH FRP TO 48" AFF ON WALLS, COLOR AS SELECTED BY OWNER
2. EXISTING RESILIENT FLOOR AND COVE BASE TO REMAIN

GENERAL:
1. PRIME & PAINT ALL SIDES OF EXPOSED WOOD FINISHES
2. UNLESS OTHERWISE NOTED, BROOM CLEAN (E) EXPOSED CONCRETE SLAB
3. UNLESS OTHERWISE NOTED, PROVIDE 4" BLACK VINYL COVE BASE AT ALL WALLS TO RECEIVE GWB FINISH
4. ALL HM DOOR TRIM TO BE PAINTED BLACK SEMI-GLOSS
5. PROVIDE SCHLUTER SCHIENE TRANSITION STRIPS, 304 STAINLESS STEEL FINISH, AT ALL SAME-HEIGHT MATERIAL TRANSITIONS AND TERMINATIONS, PROVIDE SLOPED TRANSITIONS, 304 STAINLESS STEEL FINISH, WHERE CHANGE IN LEVEL IS REQUIRED (REFER TO SHEET G-003 FOR THRESHOLD & CHANGE IN LEVEL REQUIREMENTS).

PAINT SCHEDULE:
1. DOORS AND FRAMES: CHANTILLY LACE DOORS, EBONY KING FRAMES
2. ALL INTERIOR WALLS: BENJAMIN MOORE CHANTILLY LACE OC-65 EGGSHELL
3. RESTROOM / JANITOR: BENJAMIN MOORE CHANTILLY LACE OC-65 SEMI GLOSS
4. EXTERIOR TRIM: BENJAMIN MOORE EBONY KING
5. EXTERIOR BUILDING: BENJAMIN MOORE ICE MIST

LEGEND

(E) WALL

(N) WALL

PARTITION TYPE, SEE SHEET A-501

NOTES:
1. SALES AREA COUNTERS TO BE A DEFERRED SUBMITTAL BY OWNER/CONTRACTOR
2. SALES AREA COUNTERS (SERVICE COUNTERS) SHALL COMPLY WITH CBC 11B-904 AND SHALL BE LOCATED ADJACENT A WALKING SURFACE COMPLYING WITH 11B-403
3. SALES AREA COUNTERS SHALL BE PROVIDED WITH AN ACCESSIBLE COUNTER WITH A 30"x48" CLEAR FLOOR AREA ARRANGED FOR PARALLEL APPROACH PER CBC 11B-305.5(B)
4. MAXIMUM HEIGHT OF THE ACCESSIBLE COUNTER IS 34" AFF
5. THE ACCESSIBLE COUNTER SHALL EXTEND THE FULL DEPTH OF THE SERVICE COUNTER AND SHALL BE A MINIMUM LENGTH OF 36" WITH 30"x48" CLEAR FLOOR AREA PER CBC 11B-305.5(B)
6. THE MEANS OF EGRESS SERVING A ROOM OR SPACE, SHALL BE ILLUMINATED AT ALL TIMES THAT THE ROOM OR SPACE SERVED BY THE MEANS OF EGRESS IS OCCUPIED. THIS APPLIES TO LIGHTING OTHER THAN THE EXIT SIGNS. 2022 CFC, SECTION 1008.2.
7. PROVIDE EMERGENCY LIGHTING ON EXTERIOR LANDINGS AS REQUIRED BY 2022 CFC, SECTION 1010.1.6 FOR EXIT DOORWAYS THAT LEAD DIRECTLY TO THE EXIT DISCHARGE. 2022 CFC, SECTION 1008.3.2
8. PROVIDE ILLUMINATED EMERGENCY POWER PER CFC, SECTION 1008.3.2
9. A SMOKE DETECTOR SHALL BE PROVIDED IN THE MAIN SUPPLY AIR DUCT OF EACH HVAC UNIT TO SHUT OFF THE POWER SOURCE OF THE UNIT UPON THE DETECTION OF SMOKE WHEN THE TOTAL CFM IN EXCESS OF 2000. 2022 CMC 606, 606.1
10. INCLUDE NOTE ON STORE FRONT WITH EMPLOYEE NAME AND 24 HOUR PHONE NUMBER

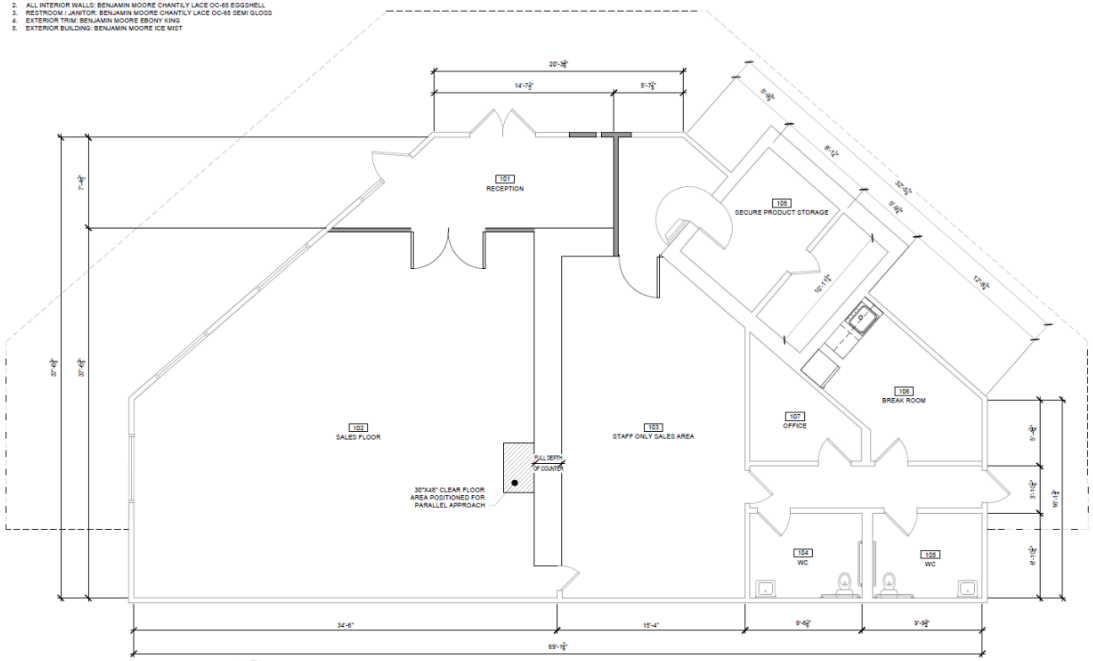
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FIRE EXTINGUISHER NOTE:

CONTRACTOR SHALL PROVIDE & LOCATE FIRE EXTINGUISHERS PER EXIT PLAN, SHEET LS-101.

EGRESS DOOR NOTE:

REFER TO NOTES 6-8 ON THIS SHEET FOR EGRESS DOOR REQUIREMENTS.



1 FLOOR PLAN
1/4"=1'-0"

NORTH

A-101 — FLOOR PLAN.DWG PLOTTED: 4/30/2026

KM architecture

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EMBARC SUTTER CREEK

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CONDITIONAL USE PERMIT

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MARK MILLER
Scale
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SHEET TITLE

FLOOR PLAN

MARK	DESCRIPTION	DATE
	CUP SUBMISSION	

SHEET NO.

A-101

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The project site is situated in an area with other commercial uses.

Direction	Zoning	Use
North	C-2	Commercial, Residential
East	C-2	Multitenant Commercial
South	R1A (County)	Vacant
West	C-2	Multitenant Commercial, gas station

General Plan: The Project site is designated "C" Commercial on the Land Use Diagram. The "C," Commercial, land use designation is applied to those areas of the City where retail, commercial, and professional business services are preferred.

- Minimum parcel or lot size is 7,000 square feet.
  - The Project parcel is approximately 10,890 square feet (.25 acres) in compliance with the land use standard.
- Maximum lot coverage of 85%.
  - The Project coverage is below the maximum coverage standard with about 24% coverage.
- Maximum building height is 50 feet.
  - The existing building is well below the allowable height..

Zoning: The Project site is designated "C-2" (Commercial) on the Zoning Map. The C-2 Zone is designated for retail commercial uses to insure the economic vitality of the community. The project complies with all development standards of the C-2 zones and, with the adoption of the Zoning Ordinance Amendment, is an allowed use, with CUP.

Design Standards: The application is not with the Historic District and therefore was not reviewed by the Design Review Committee. The exterior changes they are proposing are very minor and will not change the existing character of the building.

Parking: The Sutter Creek Municipal code does not explicitly have retail cannabis as a listed use. Retail commercial and professional offices require 1 space for every 300 sf of floor area. Staff categorizes this site as retail commercial, therefore 7 parking spaces are required.
The applicant is proposing 17 parking spaces. The site can accommodate additional parking as needed.

Fencing: The applicant is not proposing any fencing at this time.

Access: Main access to the project is off of Ridge Road, with secondary access located off Old Airport Road.

Landscaping: The applicant is proposing minimal landscaping at the front of the buildings. They will be installing planters.

Environmental:This project qualifies for a Categorical Exemption under Section 15301, Class 1 (Existing Facilities), of the California Environmental Quality Act (CEQA) Guidelines.

Pursuant to Section 18.50 (Site Plan Review), all development within the C-2 zoning district is required to obtain Site Plan approval. The applicant has submitted the necessary materials and plans to satisfy the submittal requirements for Site Plan review.

Site Plan Findings

In order for the Planning Commission to grant approval of the Site Plan permit, they must make the following findings:

1. The proposed site development is essential or desirable to the public convenience or welfare;
2. The proposed site development will not impair the integrity and character of the area in which it is located, or the zoning district;
3. The proposed site development will insure that adequate public utilities and services are provided so that the project would not be detrimental to public health, safety, or general welfare;

Recommended Findings

1. The proposed site development is essential or desirable to the public convenience or welfare;

   It revitalizes a vacant building within the city and can potentially attract additional new businesses. It will be a public convenience, eliminating long drives by current residents to cannabis stores in adjacent counties.

2. The proposed site development will not impair the integrity and character of the area in which it is located, or the zoning district;

   The project will not impair the integrity of the zoning district. It utilizes an existing commercial retail space, requires only minor cosmetic tenant improvements, and provides 17 on-site parking spaces, which exceeds the requirement of 9 spaces for retail commercial.

3. The proposed site development will insure that adequate public utilities and services are provided so that the project would not be detrimental to public health, safety, or general welfare;

   The business is proposing to use an existing commercial building that has adequate public utilities to serve that operation.

Sign Permit

The applicant has requested a Sign Permit to update the existing signs. They are proposing to update a monument sign and wall mounted sign.

The monument size is currently existing and was originally approved along with the building. There are two signs on the existing monument sign. The top sign measures 96” by 73” and is double sided (97.33 sf). The smaller sign is 22” by 30” and is also double sided (9.2 sf).

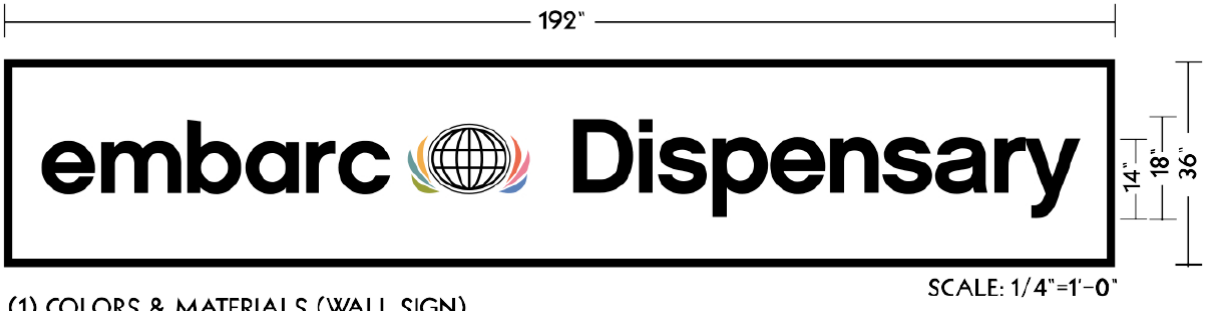


EXISTING VIEW



PROPOSED VIEW

The applicant is also proposing to replace the existing wall sign. The new sign is 192” by 36” (48 sf).



(1) COLORS & MATERIALS (WALL SIGN)



Based on Table 15.1 Allowable Sign Area, the applicant is allowed up to a total of 116 ft of signage, with no individual signs exceeding two-thirds of the area permitted.

Recommended Findings

While the existing signs slightly exceed the allowable square footage under current code, they are legally existing structures. Staff recommends allowing the applicant to replace the faces of the existing signs, as this avoids the need to demolish and rebuild the structures and complies with the visual standards of the commercial corridor.

CEQA REVIEW:

CEQA Analysis

As part of the review process for this application, the City is required to analyze the potential impacts under CEQA for the Project, the Zoning Amendment, and the Development Agreement.. Staff has determined that the project is categorically exempt from CEQA review.

Class 1 (Existing Facilities): Under CEQA Guidelines § 15301, this exemption applies to the operation, permitting, or minor alteration of existing private structures involving negligible or no expansion of use. The project involves a 2,598 square-foot building with 1300 sq ft of retail floor space. There will be tenant improvements in an existing commercial building (formerly a bank) with no expansion to the building footprint.

Traffic Impact Analysis

A potential impact of the proposed use is the potential for increased traffic compared to the former bank use, specifically during the p.m. peak hour on weekdays. Data from traffic reports prepared for other dispensaries throughout California and from the Institute of Traffic Engineers (ITE) suggest that the trip generation for a dispensary will be higher than for a bank, including the p.m. peak traffic hour on weekdays. Trip generation for banks is approximately 100 trips per 1,000 square feet of floor area and trip generation for retail cannabis dispensaries have been analyzed at rates of 70 to 250 trips per 1,000 square feet of floor area. However, because of the small size of the building's publicly accessible retail floor space (approximately 1,300 square feet), the potential increase to daily trip generation (up to 195 trips when multiplying 1.3 ksf by a potential increase of 150 daily trips compared to the former bank land use) will have a less than significant transportation impact under CEQA.

Vehicle Miles Travelled (VMT) Analysis

Past changes in State environmental legislation require that public agencies use a metric known as vehicle miles traveled (VMT) rather than the LOS (Level of Service) analysis for determining transportation impacts under CEQA. The finding that the project will have a less than significant transportation impact is supported by VMT recommendations published by the California Governor's Office of Planning and Research (OPR). The OPR data indicates that a project may be presumed to have a less than significant VMT impact because the addition of new locally-serving retail uses (e.g., under 50,000 square feet) typically reduces travel miles by redistributing vehicle trips to within a closer proximity of where customers generally work or reside. If approved, residents from the City and greater Amador County area will have a local option for cannabis dispensary purchases that currently require an approximately 22 (San Andreas) to 32 mile (Shingle Springs) trip to existing dispensaries located in Calaveras or El Dorado counties.



Therefore, as provided by OPR's guidance on locally-serving retail uses, the traffic increase proposed by the dispensary retail operation may be presumed to have a less than significant VMT impact because adding new smaller-scale retail uses to the local transportation framework is typically shown to reduce travel miles by improving destination accessibility and creating more opportunity for customers to travel shorter distances than previously available.

Referrals to other Agencies

The initial application package was referred to City staff and affected agencies. The City received comments back from the following departments or agencies:

- ACTCCity Engineering/Building Department
- City's Sewer Engineer
- PG&E
- Amador County

The comments received have either been included as Conditions of Approval, incorporated into the proposal or been addressed in this staff report.

Response to Amador County General Services Administration: Amador County submi letter opposing the project, arguing that the City must prepare an Environmental Impact Report (EIR) because the project presents an "unusual circumstance" under CEQA and raises public health and safety concerns. The City respectfully disagrees with the County's legal and factual assertions:

- **"Unusual Circumstances" Do Not Apply:** The County claims that being the "first" dispensary in the county constitutes an "unusual circumstance" that defeats the categorical exemptions. Under the California Supreme Court standard (*Berkeley Hillside Preservation v. City of Berkeley*), a challenger must show the project is physically unusual for its class *and* has a reasonable possibility of creating a significant environmental effect. Political or cultural novelty does not legally constitute an "unusual circumstance". A 2,598 square foot retail use in an existing commercial structure is standard, not unusual.
- **Social Concerns Are Not CEQA Impacts:** The County extensively cites public health studies regarding youth cannabis use, DUID rates, and social behaviors. CEQA strictly governs *physical changes to the environment*, not the secondary social or public health consequences of a legal business activity. Furthermore, the project complies with all state buffer zones; it is not located within 600 feet of any school, and some of the schools referenced by the County are located in Jackson, not Sutter Creek.
    - **Regulated Market vs. Illicit Market:** Cannabis is legal in the State of California. Prohibiting retail access locally does not eliminate consumption; it merely drives residents to the unregulated illicit market or neighboring jurisdictions. A legally permitted dispensary ensures that products are state-tested for safety, accurately dosed, and strictly kept out of the hands of minors.
    - **Strict Operational Safeguards:** To address the concerns regarding youth access to high-potency products and edibles, the pilot program will mandate stringent operational protocols. This includes mandatory 21+ age verification at the door, robust on-site security, and strict adherence to state packaging laws that expressly prohibit marketing to minors.
    - **State Funding for Local Impacts:** The County notes that the impacts of legalization fall heavily on County services, including the Sheriff's Office, the District Attorney, and emergency responders. It is important to note that a significant portion of state cannabis excise tax revenues is legally mandated to fund the California Highway Patrol to develop DUID enforcement protocols, as well as to fund youth education, intervention, and public health programs specifically designed to mitigate the externalities the County has cited.
    - **Local Funding for Local Impacts:** The County notes that the impacts of legalization fall heavily on County services, including the Sheriff's Office, the District Attorney, and emergency responders. It is important to note that the County will receive increased sales tax from the business.

The City of Sutter Creek is committed to a safe, highly regulated pilot program that provides legal access for adults while strictly protecting our community. We value our partnership with Amador County and will ensure that the operator adheres to the highest standards of safety and legal compliance.

No Illegal "Piecemealing": The County incorrectly argues that utilizing a Development Agreement, CUP, and Zoning Amendment together means the City is illegally "piecemealing" the project to avoid an EIR. CEQA's anti-piecemealing rule prevents

agencies from artificially dividing a single project into smaller pieces. Approving a complete, integrated project entitlement as categorically exempt in its entirety is standard and lawful practice.

- **Constitution Concerns - Voluntary Contract vs General Tax:** A Development Agreement is a voluntary, bilateral contract entered into by the City and the developer. Any community benefit fees negotiated within this agreement are contractual obligations voluntarily accepted by the business in exchange for vested development rights. These fees are assessed on the business's gross receipts—not levied legislatively upon the public or the consumer as a sales tax. Because the fee is a mutually agreed-upon contractual condition of property development between the City and the applicant, it is exempt from the constitutional definition of a tax. Therefore, it does not require a ballot measure or voter approval.

Response to ACTC:

ACTC submitted a comment letter requesting formal traffic impact analyses, parking studies, and regional cumulative impact studies, framing these as CEQA requirements. The City finds these requests inapplicable and adequately resolved by current data and law:

- **Shift from LOS to VMT (SB 743):** ACTC's demands rely on a Level of Service (LOS) framework that measures intersection congestion. However, under California Senate Bill 743, LOS was abolished as a CEQA significance standard for land use projects on July 1, 2020, and was replaced by Vehicle Miles Traveled (VMT).
- **Net Regional VMT Reduction:** The Governor's Office of Planning and Research (OPR) guidelines dictate that local-serving retail projects typically redistribute trips and are presumed to have a less-than-significant VMT impact. Because there are currently no licensed dispensaries in Amador County, consumers are traveling to Sacramento, Calaveras County, or other distant jurisdictions. This project will capture existing regional trips and convert them to short local trips, acting as a net regional VMT reducer.
- **Comparable Trip Generation:** According to the authoritative Institute of Transportation Engineers (ITE) Trip Generation Manual (11th Edition), the proposed 2,662 sq. ft. dispensary with approximately 1,300 sq.ft of retail floor space is estimated to generate up to 195 daily vehicle trips. The incremental increase from the prior walk-in bank is a potential increase of 150 daily trips and will have a less than significant transportation impact under CEQA.
- **Parking Sufficiency & Operations:** The site provides 17 existing parking spaces (including 2 ADA spots), nearly doubling the local code requirement of 9 spaces. Modern cannabis dispensaries feature rapid transaction times (5-7 minutes) via online pre-ordering, which ensures high parking turnover. Finally, operational logistics like delivery dispatch and armored transport scheduling are not CEQA issues; they are tightly regulated through the binding operational conditions of the CUP and the Development Agreement.
- **Delivery and Dispatch Operations:** These logistical concerns are standard operational issues mitigated through the development agreement and conditions of approval. Prior to starting a delivery service Permittee must submit a formalized Delivery and Security Management Plan as a condition of operating. This plan will mandate that:
    - Cannabis delivery dispatch vehicles must utilize standard, low-profile passenger vehicles rather than oversized commercial freight trucks.
    - Employee parking and delivery staging will be restricted to designated, off-peak zones on-site to maintain clear ingress/egress.

- Armored transport arrivals will be restricted to scheduled, non-peak commu hours to eliminate on-site circulation friction.

CEQA CONCLUSION:

The proposed project involves the reuse of an existing commercial building with operational impacts strictly governed by state law and an enforceable Development Agreement. The arguments presented by the County and ACTC rely on inapplicable legal standards (LOS instead of VMT) and policy objections rather than evidence of physical environmental impacts. Therefore, the project is properly determined to be Categorically Exempt under CEQA Guidelines Section 15301.

BUDGET IMPACT:

The applicant is paying for all costs to process the application.

According to their submitted pro-forma forecast, they anticipate the following Gross Revenue, and we calculate the following benefits to the City and City non-profit organizations.

Year	Gross Revenue	City Retail Fee (8%)	City Sales Tax (2%)	% of FY25-26 General ($3.2M)	Community Benefit Fee(1%)
Year 1	$6,228,954	$498,316	$124,579	19.5%	$62,290
Year 2	$6,914,139	$553,131	$138,283	21.6%	$69,141
Year 3	$8,918,086	$713,447	$178,362	27.9%	$89,181
Year 4	$9,720,714	$777,657	$194,414	30.4%	$97,207
Year 5	$10,595,579	$847,646	$211,912	33.1%	$100,596

The general fund would receive the City Retail Fee and Sales Tax. To put in context, the City's general fund is currently $3.2M a year. City revenues are generally growing at about 2 - 3% a year (Sales tax, hotel tax, property tax), while expenses are growing at 5 - 10 % a year including inflation.

If the applicant generates sales as they forecast, this would become the single largest source of income to the city, increasing the general fund by 20% in the first full year of operation. These funds will be used for public safety, roads, infrastructure, and all of the things that the City needs. We anticipate being able to fund an additional law enforcement officer if the revenue materializes and it is approved by the Council.

The Community Benefit fund will be used partially to fund Youth education about drugs and alcohol, and if the Council approves, Cameras that will enable better law enforcement throughout Sutter Creek with Cameras around Main street and the major entrances into the City. A Community Benefit board will determine how to allocate additional funds.

Sensitivity Analysis

The above numbers are based on the applicants pro-forma numbers. The applicant is invest nearly $2M to open a dispensary, and an additional $3M in working capital, so they appear to have faith in their forecast. It is also clear that Amador county residents are purchasing multi-million dollar amounts of cannabis products annually today either via delivery into the county or by driving to one of the ten dispensaries close by. If we reduce their forecast by 50%, to $3.1M in gross revenue, the amount of funds to the city is still significant, representing a 10% increase in the general fund.

Revenue Generation Outside the City
The County would receive 1.25% of the Sales Tax, The Fire District would receive 0.5% of the sales tax and the State would receive 6% of the sales tax. In addition, the State collects a 15% Cannabis Excise Tax and State Income Tax. After the state pays the fixed cost of operating the State's Cannabis regulating agencies, 60% of those taxes go to Youth education and prevention, 20% goes to environmental protection and 20% goes to State and Local Law Enforcement, including the California Highway Patrol.

California law dictates that 60% of the state's available cannabis tax revenue goes into a single fund: the Youth Education, Prevention, Early Intervention and Treatment Account (YEPEITA).

Instead of cutting checks directly to the 58 counties, the state divides that account among various state agencies. Those agencies then create specific grant programs that local entities must apply for. Local bans on dispensaries have no impact on eligibility for these state grants though counties must actively apply for grants.

Because it is a competitive process, a county whose agencies and local non-profits actively submit strong proposals will secure more youth funding than a county that does not engage with the grant system.Staff is not aware of Amador County itself applying for a grant but organizations operating within Amador County have successfully applied for and won competitive state funds.

For example, through the Elevate Youth California program (the largest grant funded by the state's cannabis tax revenue), Amador County has received direct investment. The Buena Vista Rancheria of Me-Wuk Indians, located in Amador County, was awarded a $600,000 grant. The funding is specifically earmarked to improve behavioral health outcomes for Native American youth leaders in the county through youth-led civic engagement, increasing cultural awareness, and building protective factors against substance use.

PUBLIC NOTICING:

Public notice of this public hearing and the Planning Commission's consideration of the proposed Development Agreement, Zoning Ordinance Amendment, Site Plan Permit,and Conditional Use Permit was provided in accordance with California Government Code Section 65867 and Sutter Creek Municipal Code Section 18.06.050. Notice was published and distributed in the manner prescribed by law to inform interested parties of the date, time, place, and purpose of the hearing.

RECOMMENDATION:

Staff recommends the Planning Commission do the following:
Zoning Ordinance Amendment and Development Agreement <u>Recommendations</u>:

1. Conduct a public hearing and receive public input, and
2. Find, that the Zoning Ordinance Amendment and Development Agreement are Categorically Exempt under Section 15301 Class 1, Existing Facilities, from CEQA and instruct staff to file a Notice of Exemption after council action;

3. Recommend that the City Council:
    c. Adopt a Zoning Ordinance Amendment to allow exactly one (1) retail cannabis business within the City, subject to conditions of a development agreement and CUP;
    d. Approve the Development Agreement with Sutter Creek Responsible and Compliant Retail, LLC DBA Embarc.

Site Plan Permit, Conditional Use Permit, Sign Permit Approvals:

4. Conduct a public hearing and receive public input, and
5. Find, that the project is Categorically Exempt under Section 15301 Class 1, Existing Facilities, from CEQA and instruct staff to file a Notice of Exemption after council action on zoning ordinance and development agreement;
6. Adopt resolution to Aapprove, with conditions, a Site Plan Permit, Conditional Use Permit, and Sign Permit for Sutter Creek Responsible and Compliant Retail LLC DBA Embarc, 11 Ridge Road, for one retail and delivery cannabis business. These approvals are contingent on Council action.

Attachments:

1. Resolution
    a. Resolution of the Planning Commission, recommending the City Council amend Title 10 and Title 18 of the Sutter Creek Municipal Code and enter into a Development Agreement with Embarc
    b. Resolution of the Planning Commission approving a CUP, Site Plan, and Sign Permit for 11 Ridge Road
2. Notice of Exemption
3. Public Hearing Notice
4. Development Agreement
5. Conditional Use Permit Application
6. Site Permit Application
7. Sign Permit Application
8. Applicant Cover letter, exec summary and qualifications
9. Business plan and Pro Forma
10. Labor and Employment plan
11. Neighborhood Compatibility plan
12. Community Benefits Plan
13. Location Plan
14. California Cannabis Health and Safety Code
15. California Cannabis Regulations
16. County Letter (with links)
17. ACTC Letter
18. Owner Authorization

RESOLUTION 25-26-*

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SUTTER CREEK, RECOMMENDING THAT THE CITY COUNCIL AMEND TITLE 10 AND TITLE 18 OF THE CITY OF SUTTER CREEK MUNICIPAL CODE AND ENTER INTO A DEVELOPMENT AGREEMENT WITH SUTTER CREEK RESPONSIBLE AND COMPLIANT RETAIL LLC DBA EMBARC TO OPERATE A STOREFRONT RETAIL CANNABIS DISPENSARY ON THE REAL PROPERTY LOCATED AT 11 RIDGE ROAD, SUTTER CREEK, CALIFORNIA

WHEREAS, Sutter Creek Responsible and Compliant Retail LLC dba Embarc ("Applicant") has submitted applications requesting amendments to Title 10 and Title 18 of the City of Sutter Creek Municipal Code and approval of a Development Agreement to allow the operation of a storefront retail cannabis dispensary at the property located at 11 Ridge Road, Sutter Creek, California ("Project"); and

WHEREAS, the proposed Municipal Code amendments would modify the City's regulations governing cannabis businesses and related land use provisions; and

WHEREAS, the proposed Development Agreement establishes the terms and conditions under which the Applicant may operate a storefront retail cannabis dispensary at the Project site; and

WHEREAS, the Planning Commission conducted a duly noticed public hearing on Wednesday July 8, 2026, at which time all interested persons were given an opportunity to be heard and present evidence regarding the Project; and

WHEREAS, the Planning Commission reviewed and considered the staff report, the proposed Municipal Code amendments, the proposed Development Agreement, all public testimony, and all other information presented in connection with the Project; and

WHEREAS, the Planning Commission finds that the proposed Municipal Code amendments and Development Agreement are exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15301 (Class 1 – Existing Facilities), as the Project involves the operation of a retail use within an existing commercial building with negligible or no expansion of existing use; and

WHEREAS, the Planning Commission has determined that the proposed Municipal Code amendments and Development Agreement are consistent with the goals and policies of the City's General Plan and are in the public interest.

NOW, THEREFORE, BE IT RESOLVED by the Planning Commission of the City of Sutter Creek as follows:

SECTION 1. Findings

1. The foregoing recitals are true and correct and are incorporated herein by this reference.

SECTION 2. CEQA Determination

2. The Planning Commission finds that the Project is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15301 (Class 1 – Existing Facilities) and recommends that the City Council make the same finding and direct staff to file a Notice of Exemption.

SECTION 3. Recommendation Regarding Municipal Code Amendments

3. The Planning Commission recommends that the City Council approve and adopt the proposed amendments to Title 10 and Title 18 of the Sutter Creek Municipal Code, as presented to the Planning Commission and incorporated into the record of proceedings.

SECTION 4. Recommendation Regarding Development Agreement

4. The Planning Commission recommends that the City Council approve and authorize the execution of the Development Agreement between the City of Sutter Creek and Sutter Creek Responsible and Compliant Retail LLC dba Embarc for the operation of a storefront retail cannabis dispensary at 11 Ridge Road, Sutter Creek, California, substantially in the form presented to the Planning Commission.

SECTION 5. Transmittal

5. The Planning Commission directs staff to forward this Resolution and its recommendation to the City Council for consideration.

PASSED AND ADOPTED by the Planning Commission of the City of Sutter Creek on Wednesday the 8th day of July, 2026 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

THE CITY OF SUTTER CREEK

_____

Lucy Mulvey, Chair - Planning Commission

ATTEST:

_____

Pam Caronongan, City Clerk

RESOLUTION 25-26-*

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SUTTER CREEK APPROVING THE SITE PLAN, CONDITIONAL USE PERMIT, AND SIGN PERMIT FOR SUTTER CREEK RESPONSIBLE AND COMPLIANT RETAIL LLC DBA EMBARC TO OPERATE A STOREFRONT RETAIL CANNABIS DISPENSARY ON THE REAL PROPERTY LOCATED AT 11 RIDGE ROAD, SUTTER CREEK, CALIFORNIA

WHEREAS, on the Planning Commission of the City of Sutter Creek did on Wednesday July 8, 2026, hold a public hearing for a Site Plan, Conditional Use Permit, and Sign Permit application for improvements to an existing building located within the C-2 zoning district, the establishment of a retail cannabis dispensary, with delivery, and the replacement of signs located at 11 Ridge Road, ; and

WHEREAS, the Planning Commission did at the public hearing receive a report from the planning staff, receive input from the Applicant and members of the public in attendance, and at the close of the public hearing did deliberate; and

WHEREAS, the Planning Commission does find the proposal is exempt from environmental review as a Class 15301 (Existing Facilities) Categorical Exemption under CEQA.

NOW, THEREFORE BE IT RESOLVED that the Planning Commission of the City of Sutter Creek hereby approves a Site Plan Permit for 11 Ridge Road based on the following Findings:

1. The proposed site development is essential or desirable to the public convenience or welfare;
2. The proposed site development will not impair the integrity and character of the area in which it is located, or the zoning district;
3. The proposed site development will insure that adequate public utilities and services are provided so that the project would not be detrimental to public health, safety, or general welfare;

BE IT FURTHER RESOLVED that the Planning Commission of the City of Sutter Creek hereby approves a Conditional Use Permit for Embarc at 11 Ridge Road based on the following Findings:

1. The proposed uses of the property are desirable to the public convenience or welfare;
2. The proposed uses will not impair the integrity and character of the area in which it is located or the zoning district;
3. The proposed uses would not be detrimental to public health, safety, or general welfare
4. There are adequate public utilities and services available for the proposed uses; and
5. The proposed uses of the property are in harmony with the various elements or objectives of the general plan and the purposes of this title.

BE IT FURTHER RESOLVED the Planning Commission hereby approves the Site Plan, COnditional Use, and Sign Permit, subject to the following Conditions of Approval:

1. The Conditional Use Permit shall not be operational unless or until a Zoning Ordinance Amendment has been adopted by the City Council.
2. The Conditional Use Permit shall not be operational unless or until a Development Agreement is fully executed by the City and the Development Agreement remains valid

3. Applicant's operations must comply with all applicable laws and regulations. Failu comply with applicable laws or regulations is a violation of this CUP and constitutes grounds for revocation of the CUP.
4. Applicant's operations must comply with the Development Agreement.
5. Applicant's operations must comply with the Business plan submitted to the City.
6. Applicant's operations must comply with the Safety Plan submitted to the City and approved by the Police Chief.
7. Applicant's operations must comply with the Labor and Employment plan submitted to the City.
8. Applicant's operations must comply with the Neighborhood Compatibility plan submitted to the City.
9. Applicant's operations must comply with the Community Benefits Plan submitted to the City.
10. Applicant's operations must comply with the Location Plan submitted to the City.
11. Applicant shall notify the City in writing within 10 days of any change in licensure status with the California Bureau of Cannabis Control.
12. There shall be no consumption of cannabis products or alcoholic beverages on the subject site.
13. Indoor or Outdoor Live music and entertainment, or use of amplified speakers for advertising, entertainment or promotions is not permitted by this CUP. Events of this type would require separate application, review, and approval from the City prior to each and every event.
14. Applicant shall pay the $50.00 CEQA Notice of Exemption (NOE) filing fee to the Amador County Recorder.
15. Applicant shall comply with Section 18.06.090 and 18.06.100 of the Zoning Code regarding the 12-month period to implement the Project and/or Extension of time.
16. Applicant must obtain a Business License.
17. Applicant must comply with their approved Site Plan Permit.
18. Applicant shall upgrade existing parking and path of travel to meet current ADA standards.
19. Applicant shall provide building plans and obtain building permits for interior improvements including necessary ADA upgrades.
20. Any building or parking area illumination including security lighting, shall be arranged to direct light and glare away from adjoining properties.
21. Any new signage added must be reviewed and approved by the Planning Commission.
22. The site shall be kept clean of all debris (boxes, junk, garbage, etc.) at all times. All scrap materials shall be stored in a container and shall be removed regularly.
23. Hours of operation. Cannabis retail businesses shall not be open to the public and shall not conduct retail sales or deliveries before eight a.m. or after ten p.m. on Monday-Sunday.
24. Odor control. Odors shall be contained on the property on which the cannabis retail business is located.
25. No business operations or retail merchandise shall be visible from the exterior of a building where a cannabis retail business is located.
26. Cannabis retail businesses shall ensure that advertising and marketing of cannabis and cannabis products are not targeted to individuals less than twenty-one years of age.
27. If and when delivery becomes available, a plan must be submitted to the City for review. No more than two delivery trips will be permitted per day.
28. Any Conditional Use Permit granted in accordance with the terms of the City of Sutter Creek Municipal Code may be revoked if any of the conditions or terms of such permit

are violated, the use is discontinued, or if any law or ordinance is violated in connec therewith.

PASSED AND ADOPTED by the Planning Commission of the City of Sutter Creek on Wednesday the 8th day of July, 2026 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

THE CITY OF SUTTER CREEK

_____

Lucy Mulvey, Chair - Planning Commission

ATTEST:

_____

Pam Caronongan, City Clerk

Notice of Exemption

To: ☐ Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

☒ County Clerk
County of Amador
810 Court Street
Jackson, CA 95642

From: City of Sutter Creek
18 Main Street
Sutter Creek, CA 95685

Project Title: Sutter Creek Responsible and Compliant Retail LLC DBA Embarc Dispensary

Project Location – City: Sutter Creek – Commercial C-2 Zoning District

Project Location – Specific: 11 Ridge Road, APN 044-020-063 **Project Location – County:** Amador

Description of Nature, Purpose, and Beneficiaries of Project:

The City received an application from Sutter Creek Responsible and Compliant Retail, LLC DBA Embarc, (the "Applicant") on May 11, 2026, for the rights and entitlements to develop and operate a commercial cannabis retail sales and delivery business at 11 Ridge Road in the Sutter Hill area of the City. The application includes a Zoning Ordinance amendment, a Development Agreement, a Conditional Use Permit, a Sign Permit and Site Plan Permit. Business will occur in a former bank building

Name of Public Agency Approving Project: City of Sutter Creek

Name of Person or Agency Carrying Out Project: Tom DuBois, City Manager

Exempt Status: (*check one*)

- ☐ Ministerial (Sec. 21080(b)(1);15268);
- ☐ Declared Emergency (Sec. 21080(b)(3);15269(a));
- ☐ Emergency Project (Sec. 21080(b)(4);15269(b)(c));
- ☒ Categorical Exemption. Section 15301 (Existing Facilities)
- ☐ Statutory Exemptions. State code number:

Reasons why project is exempt: The City has determined that the project application falls within a Class 1 Section 15301 Categorical Exemption under CEQA. Section 15301 allows operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use. The project is consistent with the Class 1 example 15301.a as it proposes interior and exterior building alterations that are negligible and includes no expansion of the former bank land use. The project is also consistent with the Class 1 example 15301.g as it proposes new copy on existing on-premises signs. Therefore, the project qualifies for this exemption.

Lead Agency Contact Person: Tom DuBois Phone: (209) 215-4890

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? ☐ Yes ☐ No

Signature: _____ Date: _____ Title: City Manager, City of Sutter Creek

Notice of Exemption

☒ Signed by Lead Agency Date received for filing at OPR:

☐ Signed by Applicant POSTED:_____

City of Sutter Creek
Planning Commission

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Planning Commission of the City of Sutter Creek will conduct a public hearing, at special meeting, to consider the following applications for property located at **11 Ridge Road, Sutter Creek, California**, submitted by **Sutter Creek Responsible and Compliant Retail, LLC, DBA Embarc**.

The Planning Commission will consider a recommendation to the City Council regarding:

1. A Zoning Ordinance Amendment to allow exactly one (1) retail cannabis business within the City of Sutter Creek, subject to approval of a Conditional Use Permit and Development Agreement; and
2. An Ordinance approving a Development Agreement, and a Development Agreement, between the City of Sutter Creek and Sutter Creek Responsible and Compliant Retail, LLC, DBA Embarc, establishing terms and conditions for operation of the City's sole retail cannabis business.
3. The Planning Commission will consider finding that the proposed Zoning Ordinance Amendment and Development Agreement are categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301 (Class 1 – Existing Facilities) and recommending that the City Council adopt the Zoning Ordinance Amendment and approve the Development Agreement.

The Planning Commission will also consider approval of a Site Plan Permit, Conditional Use Permit, and Sign Permit to allow the establishment and operation of one retail cannabis business with delivery services within an existing commercial building located at 11 Ridge Road.

The Planning Commission will consider finding that the project is categorically exempt from CEQA pursuant to CEQA Guidelines Section 15301 (Class 1 – Existing Facilities) and approving the Site Plan Permit, Conditional Use Permit, and Sign Permit, subject to conditions of approval.

Public Hearing Information

All interested persons are invited to attend the public hearing and provide testimony regarding the proposed applications. Written comments may be submitted to the City prior to the hearing and will be made part of the administrative record.

Information regarding the project is available at www.cityofsuttercreek.org/

If you challenge any of the above actions in court, you may be limited to raising only those issues that you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City prior to the close of the public hearing.

DATE :	Tuesday, July 8, 2026
TIME:	6:00 P.M. or as soon thereafter as the matter may be heard
PLACE:	Community Building, 33 Church St., Sutter Creek

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

City of Sutter Creek

Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE
Recording Fee Exempt per Government Code § 6103

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into as of_____ 2026 (the "Execution Date"), by and between the CITY OF SUTTER CREEK, a California municipal corporation ("City") and Sutter Creek Responsible and Compliant Retail LLC ("Permittee"). City and Permittee are sometimes referenced together herein as the "Parties." In instances when a provision hereof applies to each of the Parties individually, either may be referenced as a "Party." The Parties hereby jointly render the following statement as to the background facts and circumstances underlying this Agreement.

RECITALS

A. The State of California enacted California Government Code sections 65864 et seq. ("Development Agreement Statutes") to authorize municipalities to enter into development agreements with those having a legal or equitable interest in real property to strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic risk of development in connection with the development of real property within their jurisdiction.

B. The purpose of the Development Agreement Statutes is to authorize municipalities, in their discretion, to establish certain development rights in real property for a period of years regardless of intervening changes in land use regulations, to vest certain rights, and to meet certain public purposes of the local government.

C. As authorized by the Development Agreement Statutes, the City has adopted Section 17.40, *et seq*., of the City's municipal code (the "Municipal Code") establishing the procedures and requirements for the consideration of development agreements with the City.

D. Permittee currently owns legal or equitable interest in real property considered in this Agreement, located at 11 Ridge Rd., Sutter Creek, CA 95685, in the City of Sutter Creek, County of Amador, State of California (the "Site"). The Site includes Assessor's Parcel Numbers: [_____] as is more fully described in **Exhibit A** and shown on the map in **Exhibit B**, both exhibits being attached hereto and incorporated herein by this reference.

E. On September 18, 2017, the City Council adopted Ordinance No. 365 §2, 2017 prohibiting all marijuana uses in the City to the extent allowed under California law, with an exception for an individual who desires to grow up to six (6) marijuana plants at their private residence (the "Cannabis Ordinance").

F. 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.

G. On June 27, 2017, Governor Brown signed Senate Bill 94, the "Medicinal and Adult- Use Cannabis Regulation and Safety Act" ("SB 94" or the "MAUCRSA"). SB 94 creates one state regulatory structure for medical and adult-use cannabis use and commercial cannabis activities, reconciling AUMA, with Proposition 215 and MAUCRSA. SB 94 continues to provide that a state license will not be approved for a business to engage in Commercial Cannabis Activity if the business activity violates any local ordinance or regulation.

H. The City Council adopted Municipal Code Section [_____], on _____, 2026, modifying the Cannabis Ordinance to allow a single commercial cannabis retail business in the City, such that any proposed commercial cannabis retail business must have an Agreement and a business permit prior to operation.

I. Presently, Permittee intends to utilize the Site for the sale of cannabis. Permittee is an authorized corporation as allowed by law duly formed under California law for the purpose of commercial cannabis sales ("Commercial Cannabis Activity"). Such Commercial Cannabis Activity facilities shall operate in accordance with the California State Compassionate Use Act (Health & Saf.Code, § 11362.5) ("CUA"), the Medical Marijuana Program Act (Health & Saf. Code, §§ 11362.7 et seq.) ("MMP"), the Control, Regulate and Tax Adult Use of Marijuana Act of 2016 ("AUMA"), and the Medicinal and Adult Use Regulation and Safety Act ("MAUCRSA"), Ordinance No. 365 §2, 2017 and regulations promulgated thereunder, and any additional California state law related to Commercial Cannabis Activity (collectively "State Cannabis Law"). Prior to operating a Commercial Cannabis Activity facility, Permittee shall be required to obtain a business permit from City pursuant to City ordinance.

J. Permittee shall obtain all required state licenses issued under State Cannabis Law.

K. Pursuant to the California Environmental Quality Act ("CEQA") (Public Resources Code §21000 et seq.) and the State CEQA Guidelines (Cal. Code Regs ,tit. 14, §15000 et seq.), the whole of the Project, including the Development Agreement, has been reviewed and found to be exempt from CEQA pursuant to State CEQA Guidelines Section 15301 Existing Facilities and a Notice of Exemption will be filed upon adoption of this Resolution.

L. Permittee presently intends to develop and open a commercial cannabis facility on the Site consistent with State Cannabis Law, all other applicable California law, and Project approvals (known as the "Project").

M. The Project will include commercial retail cannabis sales to individuals under State Cannabis Law at the Project Site.

N. Project Description. The Project will consist of a total planning area of approximately [_____] square feet. The Project is designed to integrate seamlessly into the City's General Plan, and any applicable master plan, public financing plan, specific plan, and special purpose plan for Project Site.

O. City and Permittee have agreed that, as a condition of allowing the Project, as defined herein, and due to the unique circumstances of the proposed Project, Permittee shall pay to the City a retail fee of eight percent (8%) based on the gross receipts of Permittee's commercial cannabis retail sales, as hereinafter defined.

P. City has given public notice of its intention to adopt this Agreement and has conducted public hearings thereon pursuant to California Government Code section 65867 and Municipal Code Section 17.40.040. City has found that the provisions of this Agreement and its purposes are consistent with the objectives, policies, general land uses and programs specified in City's General Plan, zoning code, and municipal ordinances.

Q. City, in entering into this Agreement, acknowledges that certain City obligations hereby assumed shall survive beyond the terms of the present City Council members, that this Agreement will serve to bind City and future City Councils to the obligations hereby undertaken, and that this Agreement shall limit the future exercise of certain governmental and proprietary powers of City. By approving this Agreement, the City Council has elected to exercise certain governmental powers at the time of entering into this Agreement rather than defer its actions to some undetermined future date. The terms and conditions of this Agreement have undergone extensive review by City staff, the Planning Commission, and the City Council and have been found to be fair, just and reasonable. City has concluded that the pursuit of the Project will serve the best interests of its citizens and that the public health, safety, and welfare are best served by entering into this Agreement. Permittee has represented to City that it would not consider or engage in the Project absent City approving this Agreement; *i.e.*, assuring Permittee that it will enjoy the development rights given in this Agreement. The City Council specifically finds that this Agreement satisfies each and every

one of the required findings in Municipal Code Section 17.40.050.

R. The City agrees that Permittee's land use entitlements for the Project shall vest for the term of this Agreement as described below, including, but not limited to, the right to commercial cannabis retail sales and related development in compliance with State Cannabis Law and local ordinances.

S. After conducting a duly noticed hearing on _____2026, in conjunction with Section 17.40.040 of the City's Municipal Code, the Planning Commission of the City reviewed, considered, and approved Resolution No._____ recommending approval of the Project to City Council. The Planning Commission found the Project consistent with the objectives, policies, general land uses and programs specified in the general plan; compatible with the uses authorized in the Commercial zone; is in conformity with the public necessity, public convenience, general welfare and good land use practices; will not be detrimental to the health, safety and general welfare of the city; will not adversely affect the orderly development of property or the preservation of property values; and will have a positive fiscal impact on the City.

T. After conducting a duly noticed hearing on._____ 2026, in conjunction with Section 17.40.040 of the City's Municipal Code, and after independent review and consideration, the City Council approved the execution of this Agreement. The City Council found the Project consistent with the objectives, policies, general land uses and programs specified in the general plan; compatible with the uses authorized in the Commercial zone; is in conformity with good land use practices; will not be detrimental to the health, safety and general welfare of the City; and is in the best interest of the City of Sutter Creek and its residents.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

1. Binding Effect of Agreement. The Parties agree that the Recitals above are true and correct and intend to be bound by same; the Parties further agree to the incorporation by reference herein of said Recitals, together with all definitions provided and exhibits referenced therein. This Agreement pertains to the Site as described in **Exhibit A** and shown in **Exhibit B**. Except as otherwise provided in Section 14 of this Agreement, the burdens of this Agreement are binding upon the Permittee. In order to provide continued notice thereof, the Parties will record this Agreement with the Amador County Recorder. Should the size or orientation of any Site component specified above be changed in minor respects, e.g., changed by a lot line adjustment, this Agreement shall not thereby be deemed to have been affected or invalidated, but the rights and obligations of the Parties shall remain as provided herein.

2. Relationship of the Parties. It is hereby specifically understood and acknowledged

that the Project is a private project and that neither City nor Permittee will be deemed to be the agent of the other for any purpose whatsoever. City and Permittee hereby renounce the existence of any form of joint venture or partnership between or among them and agree that nothing contained herein or in any document executed in connection herewith shall be construed as making City and Permittee joint venturers or partners.

3. Term. Except as otherwise specified herein, the initial term of this Agreement (the "Term") shall be for five (5) years from the Execution Date. The Term shall generally be subject to earlier termination or extension as hereinafter provided.

3.1 Term Extension. This Agreement shall be subject to any number of five (5) year extensions as provided in this Agreement. The City Manager is authorized to enter into the term extensions after conducting a periodic review in accordance with Government Code section 65865.1. If, on the basis of substantial evidence, the Permittee demonstrates to have complied in good faith with the terms and conditions of this Agreement, the Parties shall enter into a written extension signed by both Parties.

3.1.1 Litigation. Any third party-initiated litigation that arises from or is related to any City action or omission with respect to this Agreement or any subsequent City approval required in connection with the Project's development, or third party initiated litigation having the actual effect of delaying the Project's development. This extension period related hereto shall include any time during which appeals may be filed or are pending.

3.1.2 Government Agencies. Any delay arising from or related to the act(s) or omission(s) of any third party governmental agency, quasi-public entity or public utility, and beyond the reasonable control of Permittee.

3.1.3 Force Majeure. Any delay resulting from riot, war, acts of terrorism, an event during the Term creating radioactive or toxic/hazardous contamination, a catastrophic earthquake, flood, fire or other physical natural disaster, excluding weather conditions regardless of severity, strikes or industrial disputes at national level affecting development involved personnel not employed by Permittee, its subcontractors or suppliers and effecting an essential portion of the Project's development, excluding any industrial dispute that is specific to development taking place as a part of the Project.

3.2 Term Extensions. The Term of this Agreement may be extended in either of the following ways:

3.2.1 Request of Permittee. This Agreement's Term shall be extended for additional five (5) year periods following the expiration of the initial Term upon the occurrence of all of the following:

3.2.1.1 Written Notice. Permittee shall give written notice to City of a request for the Term Extension no later than one hundred twenty (120) calendar days before the expiration of the Term; and

3.2.1.2 No Default by Permittee. Permittee shall not be in default with respect to any material provision of this Agreement or any subsequent agreement or understanding between the Parties arising from or related to this Agreement, having received notice from City of said default per this Agreement, or if Permittee did in fact default as to this Agreement, upon notice from City, that Permittee did cure said default during the period to cure provided herein to City's reasonable satisfaction.

3.3 Default and Termination for Cause. Without prejudice to its other remedies at law or in equity, the City may terminate this Agreement for cause within thirty (30) days' written notice to Permittee. Cause as used in this section is defined as:

3.3.1 Failure to materially comply with the terms of the City of Sutter Creek Permits issued to Permittee by City;

3.3.2 Failure of Permittee to maintain a valid active City of Sutter Creek Business License;

3.3.3 Failure by Permittee to accurately report gross receipts information or other data necessary for City to calculate/confirm operating or development agreement fees (e.g., retail fee);

3.3.4 Failure by Permittee to pay operating agreement fees and related reimbursement costs within thirty (30) days of the date those fees are due;

3.3.5 Failure by Permittee to cooperate with City or City's authorized agents in any inspection, examination and audit of Permittee's commercial cannabis business books and records (including tax filings and returns).

3.3.6 This Agreement will automatically terminate if:

3.3.6.1 Permittee's Permit is revoked by City or is not renewed by City, or

3.3.6.2 Permittee transfers its Permit in violation of Paragraph 43 of this agreement. .

3.3.7 Cure Period. Permittee shall cure the default resulting from the cause for termination within thirty (30) days of the date of the notice of termination. If Permittee fails to cure the default within thirty (30) days of the date of the notice of termination for cause, this Agreement will be terminated. If the default is of a nature that cannot reasonably be cured within thirty (30) days, Permittee shall not be in default if Permittee: (i) commences cure within the initial thirty (30) day period; (ii) diligently pursues cure to completion; and (iii) completes cure within ninety (90) days of the original notice of default. A default that is timely cured within the Cure Period shall be deemed fully cured and shall not constitute grounds for termination. This Agreement shall continue in full force and effect as if the default had not

occurred.

3.3.8 If Permittee disputes in good faith that a default has occurred under Section 3.3 of this Agreement, Permittee shall provide written notice of such dispute to City within fifteen (15) days of receipt of the notice of default. The Cure Period shall be tolled during the pendency of any dispute resolution process, and City shall not terminate this Agreement while such dispute is pending.

3.4 License Compliance Review. No later than ninety (90) days following the first anniversary of the date Permittee opens the Project to the public, the City Manager shall conduct a License Compliance Review ("Compliance Review") to assess Permittee's compliance with the terms and conditions of this Agreement and all applicable City of Sutter Creek Permits. If, on the basis of substantial evidence, Permittee demonstrates to the City Manager that it has complied in good faith with the material terms and conditions of this Agreement, including but not limited to: (i) timely payment of Retail Fees; (ii) accurate submission of Certified Reports; (iii) maintenance of required state and local licenses and permits; (iv) compliance with the Security Plan and Good Neighbor obligations; and (v) satisfaction of Community Benefit obligations under Sections 8.4 and 8.5 of this Agreement; then the City Manager shall issue a written finding of compliance ("Compliance Finding") within thirty (30) days of the conclusion of the Compliance Review. If the City Manager determines, on the basis of substantial evidence, that Permittee has not complied in good faith with a material term or condition of this Agreement, the City Manager shall issue a written finding of non-compliance identifying: the specific provision(s) with which Permittee has failed to comply. A finding of non-compliance pursuant to this Section shall constitute a notice of default under Section 3.3 of this Agreement, subject to any applicable cure periods.

3.5 Termination of Agreement. Upon the termination of this Agreement, either by expiration or otherwise, Permittee shall have no right to engage in Commercial Cannabis Activity at the Project Site, except as may otherwise be allowed by City ordinance or law. Any such termination shall not relieve Permittee of any outstanding or previously incurred liability, payment or obligation to the City. All fees due between the Parties shall immediately be due and payable.

4. Defined Terms. As used in this Agreement, the following terms shall have the meanings hereinafter set forth:

4.1 Certified Report. "Certified Report" shall mean a detailed document prepared by Permittee on a form acceptable to the City's Finance Supervisor to report to City of the sales by Permittee, as defined herein, in the Project during each Operational Quarter, as defined herein. Each Certified Report shall be certified as true and correct by a duly-authorized officer of Permittee. City may also require certification by Permittee.

4.2 Certification of Non-Income Tax Exemption. Permittee certifies that Permittee is not income tax exempt under State or Federal Law and that Permittee will not file

for such an exemption from the Internal Revenue Service or the Franchise Tax Board. Permittee will also require all tenant(s) to certify that tenant(s) are not income tax exempt under State or Federal Law and will not file for such an exemption.

4.3 Gross Receipts. Except as otherwise specifically provided, means the total amount actually received or receivable from all sales and transfers; the total amount of compensation actually received or receivable for the performance of any act or service, of whatever nature it may be, for which a charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale of. materials, goods, wares or merchandise; and discounts, gifts, rents, royalties, fees, commissions, dividends, and gains realized from trading in stocks 'or bonds, however designated. Included in "gross receipts" shall be all receipts, cash, credits and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever, except that the following shall be excluded therefrom.

4.3.1 Cash discounts where allowed and taken on sales;

4.3.2 Credit allowed on property accepted as part of the purchase price and which property may later be sold, at which time the sales price shall be included as gross receipts;

4.3.3 Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;

4.3.4 Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts;

4.3.5 Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the taxpayer in the regular course of the taxpayer's business;

4.3.6 Receipts derived from convenience fees charged for ATM or cashless ATM services;

4.3.7 Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar; and

4.3.8 Retail sales of non-cannabis products, such as t-shirts, sweaters, hats, stickers, key chains, bags, books, posters, rolling papers, cannabis accessories such as pipes, pipe screens, vape pen batteries (without cannabis) or other personal tangible property

4.4 Operational Quarter. "Operational Quarter" shall mean any calendar quarter, or portion of a calendar quarter, during which any Gross Receipts of the Project is produced, as defined herein. The calendar quarters shall begin and end as follows: January 1 through March 31; April 1 through June 30; July 1 through September 30; and
October 1 through December 31.

4.5 Land Use Regulations. "Land Use Regulations" shall mean all ordinances, resolutions, codes, rules, regulations and official policies of the City governing the development and use of land, including, without limitation, the permitted use of land, the density or intensity of use, subdivision requirements, timing and phasing of development, the maximum height and size of buildings, the provisions for reservation or dedication of land for public purposes, and the design, improvement and construction and initial occupancy standards and specifications applicable to the Project. "Land Use Regulations" do not include any City ordinance, resolution, code, rule, regulation or official policy governing:

4.5.1 The conduct or taxation of businesses, professions, and occupations applicable to all businesses, professions, and occupations in the City;

4.5.2 Other than as provided in this Agreement, taxes and assessments of general application upon all residents of the City, provided that the taxes and assessments are not imposed for the purpose of taxing the right, power or privilege of developing or improving land (e.g., excise tax) or to directly finance the acquisition or dedication of open space or any other public improvement in respect of which the Developer is paying any fee or providing any improvement pursuant to this Agreement;

4.5.3 The control and abatement of nuisances;

4.5.4 The granting of encroachment permits and the conveyance of rights and interests which provides for the use of, access to or the entry upon public property, as may be approved by mutual agreement between Developer and City; and

4.5.5 The exercise of the power of eminent domain.

4.6 Existing Land Use Regulations. "Existing Land Use Regulations" means all Land Use Regulations in effect as of the approval date of this Agreement, including the Project approvals.

4.7 Retail Fee. Shall mean eight percent (8%) of Gross Receipts due to the City at the end of each Operational Quarter. In the event the City enacts or increases a voter-approved cannabis excise or business tax applicable to Permittee's operations at the Project Site during the Term, the Retail Fee due under this Agreement for each applicable Operational Quarter shall be reduced by the amount of such voter-approved tax paid by Permittee for that quarter, provided that the Retail Fee shall not be reduced below zero. The Parties shall execute a written amendment memorializing any such reduction within thirty (30)

days of the effective date of the applicable voter-approved tax.

5. Annual State Retail License; Background Checks.

5.1 Permittee shall be required to receive and maintain in good standing its state cannabis retail license issued by the Department of Cannabis Control (or successor agency) as a condition to operating, and any lapse or failure by Permittee to do so shall be deemed to be a default under this Agreement.

5.2 All of Permittee's "owners" (as defined under Cal. Code Regs. Tit. 4, § 15003), "financial interest holders" (as defined under Cal. Code Regs. Tit. 4, § 15004), and employees shall be disclosed to the City. All such owners, financial interest holders, and employees shall be subject to all applicable requirements and qualifications under State Cannabis Laws.

6. Fee Payments.

6.1 Fee Payments. . In consideration of City's entering into this Agreement and, as a condition of the City's approval of the Project and the land use entitlements granted herein, including: (i) the vested rights to develop and operate the Project during the Term; (ii) City's ongoing cannabis permitting review and administration; (iii) annual compliance monitoring and periodic review pursuant to Government Code § 65865.1; (iv) law enforcement coordination and surveillance access administration; (v) community benefits program oversight; (vi) ALPR program administration; and (vii) all other City regulatory services and oversight required under this Agreement, State Cannabis Laws, and the City's municipal ordinances throughout the Term of this Agreement, the following payments shall be made to City:

6.1.1 Eight percent (8%) of Gross Receipts for operations from the Commercial Cannabis Activity of the storefront retail operations to be paid quarterly. Retail Fees shall be due to the City by the 15th of each month succeeding Operational Quarter. Failure to pay the Retail Fee within ten (10) days of Permittee's receipt of notice from the City that any such Retail Fee is delinquent, shall result in an additional penalty for nonpayment in a sum equal to twenty-five (25%) of the total amount due.

7. Payment Procedures. The following procedures shall apply during the operation of the Project:

7.1 Remittance of Retail Fees/Certified Reports. Within thirty (30) calendar days following the end of each Operational Quarter during the Term of this Agreement commencing with the first Operational Quarter in which the Project has commenced, Permittee shall submit the Certified Report to the City's Finance Director and a payment for the Retail Fees for that Operational Quarter as identified in the Certified Report. Permittee shall pay Retail Fees to City on a quarterly basis without exception. Any material misstatement or misrepresentation

in the Certified Report and any failure to pay Retail Fees when due shall constitute events of default by Permittee subject to the default provisions of this Agreement.

7.2 Maintenance of Records. Permittee shall maintain complete records of its operations to substantiate and document the content of each Certified Report. Such records shall include, without limitation, invoices and payments taken by Permittee and/or any operator of the commercial cannabis facility. Permittee shall maintain such records in a form and location reasonably accessible to City, following reasonable notice to Permittee, for a period of at least five (5) calendar years following Permittee's submission of the Certified Report to which the records apply.

7.3 Audit. The City may conduct an audit or arrange for a third-party independent audit, at Permittee's expense, of Permittee records regarding Certified Reports and the Gross Receipts, at the sole discretion of the City. Such audit would not occur more than once in one calendar year. The City's Finance Director shall provide at least seven (7) business days written notice of the commencement of such audit to Permittee and shall reasonably attempt to schedule the audit so as to reduce the impact on Permittee operations as much as is feasible. Permittee shall cooperate with the City in completing the audit. If the audit reveals that Permittee has underpaid the payment due at the end of any Operational Quarter, Permittee shall pay such underpaid amounts to the City within thirty (30) calendar days of receipt of written notice from the City's Director of Finance. If the underpaid amount is more than five percent (5%) of the amount due, Permittee shall pay a penalty of an additional five percent (5%) of Gross Receipts for first time underpayment and an additional fifteen percent (15%) of Gross Receipts for any subsequent violations of the payment due at the end of the Operational Quarter. If the audit reveals that the Permittee has overpaid any amount of the Gross Receipts, City shall provide written notification to Permittee and shall credit such amount against Permittee's subsequent quarterly payments of Gross Receipts until the overpaid amount has been resolved.

7.4 Site Inspection. From time to time, the City has the right to inspect the Facility for the purpose of monitoring operations, checking quantities and verifying volumes of product during operating hours or any time deemed appropriate to insure accurate reporting. The City must give notice at least forty-eight (48) hours in advance of any inspection.

8. Covenants of Permittee. During the Term of this Agreement, Permittee hereby covenants and agrees with the City as follows:

8.1 Implementation. Permittee shall use commercial reasonable efforts to pursue the implementation of the Project as expeditiously as feasible, in the form approved by the City, subject to all applicable laws, this Agreement, the business permit, and the Municipal Code.

8.2 Maintain & Operate Project. Permittee shall maintain and operate the Project on the Site, throughout the Term of this Agreement, in accordance with the Project approvals and all City, State and Federal laws.

8.3 Operating Hours. Permittee shall operate the Project only during the hours agreed to within the business plan plan attached to this agreement, and in no case will exceed hours permitted under State Cannabis Law,.

8.4 Community Benefits. Permittee shall pay one percent (1%) of Gross Receipts into a community benefits fund (the "Community Fund"), for the benefit of the City and its residents. The Community Fund shall be governed and administered by a Community Advisory Board ("CAB") established and maintained by Permittee in accordance with Section 8.5 of this Agreement.

8.5 Community Advisory Board. Permittee shall establish and maintain a three person Community Advisory Board ("CAB") consisting of at least two (2) members who reside within the City of Sutter Creek and one (1) member who resides or works within the City of Sutter Creek. The CAB shall meet no fewer than four (4) times per calendar year. The CAB shall have authority to direct all allocations from the Community Fund required under Section 8.4 of this Agreement. Permittee shall provide the City Manager with a written list of current CAB members by January 31 of each calendar year and shall invite City representatives to participate in each CAB meeting in a non-voting, advisory capacity. For the avoidance of doubt, a vacancy on the CAB shall not constitute a default under this Agreement. Permittee shall have sixty (60) days from the date the vacancy arises to appoint a replacement member.

8.6 Youth Drug Education and Prevention. Within six (6) months of the date Permittee first opens the Project to the public, Permittee shall fund and implement a youth drug education and prevention program using a curriculum recognized by the California Department of Education or a comparable accredited national evidence-based program. Permittee shall use commercially reasonable efforts to partner with at least one locally based youth-serving organization in delivering such program. Permittee shall provide the City Manager with an annual written summary of program activities and total expenditures, due by January 31 of each calendar year.

8.7 Local Hiring. Permittee shall use reasonable best efforts to recruit and hire 100% of the employees from within the City of Sutter Creek and Amador County. In filling open positions, Permittee's recruitment process shall prioritize, in order: (i) qualified applicants residing within a five (5) mile radius of the Project Site; (ii) all other qualified residents of the City of Sutter Creek; and (iii) qualified residents of Amador County. Prior to the date Permittee first opens the Project to the public, Permittee shall conduct at least one community job fair at a location within Sutter Creek and shall post all open positions through at least one locally distributed media outlet. Permittee shall provide the City Manager with an annual written report by January 31 of each calendar year summarizing the number of employees hired during the preceding calendar year and the ZIP codes of their primary residence at the time of hire. Sutter Creek PD requires a Livescan for all Permittee employees

8.8 Window Design Standards. Permittee shall maintain clear, unobstructed windows in all areas of the Project premises where no commercial cannabis activity occurs. In

areas where cannabis products, transactions, or displayed inventory would otherwise be visible from the public right-of-way, Permittee shall apply a frosted or opaque window treatment from floor level to a height of five (5) feet above finished floor. Permittee shall maintain all window treatments in good condition throughout the Term of this Agreement. Any material change to the window design shall require prior written approval from the City Manager, which shall not be unreasonably withheld.

8.9 Law Enforcement Surveillance Access. Permittee shall provide the Sutter Creek Police Department ("SCPD") with secure, real-time, read-only remote access to video surveillance cameras required to be maintained at the Project premises under State Cannabis Law. Permittee shall establish such access prior to the date Permittee first opens the Project to the public and shall maintain such access in good working order throughout the Term of this Agreement. In the event of any technical failure disrupting SCPD access, Permittee shall restore access within seventy-two (72) hours of written notice from the City. Permittee shall cooperate with all law enforcement requests for surveillance footage and still images within twenty-four (24) hours of any such request.

8.10 The Permittee shall immediately notify the Sutter Creek Police Department of any criminal activity, or suspected criminal activity, occurring at the Subject Property. In the event of any internal security system breach, including a faulty alarm system, broken or damaged surveillance cameras or other videorecording equipment, or broken or damaged locks, doors, or lighting which may increase risk of criminal activity at the Subject Property, the Manager of the Permittee shall notify the City Police Department as soon as practicable after becoming aware of the security system breach. The Permittee shall diligently attempt to fix or resolve any such security breach immediately; if circumstances require additional time and delay to remedy, the Permittee shall so notify the City Police Department and provide an estimated timeline the security breach will be secured.

8.11 City of Sutter Creek Surveillance Cameras. Permittee shall commit from the Community Fund payment in the amount of (i) 20% of the Community Fund or (ii) $25,000 annually, whichever is less towards a community camera fund available to the Sutter Creek Police Department ("SCPD") for use of installation and annual service fees of cameras throughout the City.

8.12 Security Plan. Prior to opening the Project to the public, Permittee shall file a written Security Plan with the City Manager detailing Permittee's security staffing, surveillance equipment specifications, alarm systems, access control measures, and cash handling procedures. Any material modification to the Security Plan that reduces security staffing levels or reduces surveillance coverage shall require prior written approval from the City Manager. Permittee shall conduct an annual review of the Security Plan and provide a written summary of any changes to the City Manager due by January 31 of each calendar year. For purposes of this Section, "material modification" means any change that reduces the number of security personnel on duty during operating hours by more than twenty-five percent (25%) from the levels set forth in the

then-current Security Plan, or that eliminates coverage of any entrance, exit, or cannabis or currency storage area by the surveillance system.

8.13 Good Neighbor Obligations.

(a) Community Hotline. Prior to the date Permittee first opens the Project to the public, Permittee shall establish a dedicated telephone number for community communications regarding the Project (the "Community Hotline"). Permittee shall post the Community Hotline number conspicuously at the entrance to the premises and shall provide the number in writing to all property owners and occupants of record within one thousand (1,000) feet of the Project Site. A designated manager shall be responsible for receiving and logging all Community Hotline communications. Permittee shall maintain a written log of all Community Hotline calls and shall retain such logs for no fewer than three (3) years. Permittee shall make the Community Hotline logs available to the City Manager within five (5) business days of written request.

(b) Complaint Response Protocol. Permittee shall adopt and maintain a written complaint response protocol addressing noise, odor, litter, traffic, parking, loitering, and public consumption issues. The protocol shall require: (i) documentation of each complaint received, including date, time, nature of complaint, and contact information if provided; (ii) written or verbal response to the complainant within forty-eight (48) hours of receipt; (iii) documented resolution of the complaint; and (iv) implementation of corrective measures to prevent recurrence where feasible. Permittee shall provide a written summary of complaints received and resolutions reached to the City Manager within five (5) business days of written request.

(c) Pre-Opening Neighbor Notification. Prior to the date Permittee first opens the Project to the public, Permittee shall provide the name, direct telephone number, and email address of the Project's designated on-site general manager to all property owners and occupants of record within one thousand (1,000) feet of the Project Site. Permittee shall provide updated contact information to such neighbors within thirty (30) days of any change in the designated contact person.
(d) Graffiti on the property will be removed within 48 hours of discovery or notification, whichever is earlier.

(e) In addition to responding to written requests within the specified time frame, Permittee will provide a monthly Good Neighbor Report that includes hotline calls and resolutions, complaint log and resolutions, and banned individual list.

8.14 Permittee agrees to comply with requirements found in Exhibits to this agreement including Business Plan, Labor and Employment plan, Neighborhood compatibility plan, Security plan, Community Benefits plan, and Location plan.

8.15 No promotional messages will be visible outside of the building. Signage is limited to only what is approved in the Sign Permit.

8.16 The Parties acknowledge that, as of the Execution Date; the Project as proposed is consistent with the densities, building heights, setbacks, and lot sizes required by the Sutter Creek Municipal Code and that no new dedications of property or land for public use are required as a condition of this Agreement or the approvals granted hereunder.

9. Insurance and Indemnification.

9.1 Insurance Requirements. Permittee shall procure and maintain in full force and effect at all times during the Term of this Agreement, and any extensions thereof, policies of insurance issued by a carrier or carriers licensed and authorized to do business in the State of California, which: (A) are rated "A-VII" or better in Best's Key Rating Guide and financially sound on a current basis; (B) shall be primary and noncontributory with respect to City; (C) with respect to any liability policy, name City as an additional insured; and (D) include a waiver of subrogation in favor of City. Permittee shall deliver to City certificates of insurance no later than thirty (30) days prior to opening the Project to the public. Upon City's request, Permittee shall deliver complete copies of any insurance policies required under this Agreement. Permittee shall be required to procure the following coverages:

(a) statutory workers' compensation insurance as required by applicable law, together with employer's liability insurance with limits of not less than One Million Dollars ($1,000,000) per accident, One Million Dollars ($1,000,000) disease-policy limit, and One Million Dollars ($1,000,000) disease-each employee;

(b) commercial general liability insurance written on an occurrence basis, including, without limitation, premises/operations, broad-form property damage, personal injury and advertising injury, completed operations, products liability, independent contractors, fire legal liability, and assault-and-battery and security-services coverage, with limits of not less than Two Million Dollars ($2,000,000) per occurrence and Five Million Dollars ($5,000,000) general aggregate;

(c) commercial automobile liability insurance covering owned, hired and non-owned vehicles used in connection with Permittee's business or operations at or relating to the Project, with limits of not less than One Million Dollars ($1,000,000) combined single limit per accident;

(d) products and completed-operations liability insurance specifically covering cannabis goods sold, dispensed or distributed by Permittee, with limits of not less than Two Million Dollars ($2,000,000) per occurrence and Five Million Dollars ($5,000,000) general aggregate; and

(e) crime/employee dishonesty/on-premises and in-transit money and securities coverage in an amount not less than One Million Dollars ($1,000,000) per occurrence.

9.2 Permittee shall defend (with Counsel reasonably approved by the City), indemnify, and hold harmless the City and its Council, boards and commissions, officers, officials, employees, and agents from and against any and all actual and alleged liabilities, demands, claims, losses, damages, injuries, actions or proceedings and costs and expenses incidental thereto (including costs of defense, settlement and attorney's fees), which arise out of, or which are in any way related to i) the business permit and any land use entitlement related thereto, ii) the proceedings undertaken in connection with the approval, denial, or appeal of the business permit and any land use entitlement related thereto, iii) any subsequent approvals or licensing/permits relating to the business permit and any land use entitlement related thereto, iv) the processing of the business permit and any land use entitlement related thereto, v) any amendments to the approvals for the business permit and any land use entitlement related thereto, vi) the City's approval, consideration, analysis, review, issuance, denial or appeal of the business permit; vii) the City's approval, consideration, analysis, review, issuance, denial or appeal of any land use entitlement related thereto, viii) the City's drafting, adoption and passage of an ordinance, and related resolutions, policies, rules and regulations, allowing for cannabis businesses, ix) the City's drafting, adoption and passage of an ordinance, and related resolutions if necessary in the future regarding any zoning law amendment(s) related to Permittee, x) the operation of Project or activity, xi) the process used by the City in making its decision to approve, consider, analyze, review, issue, or deny, the business permit or any related land use entitlement, or the appeal of either, xii) City's compliance or failure to comply with applicable laws and regulations or xiii) the alleged violation of any federal, state or local laws by Permittee or any of its officers, employees or agents, except where such liability is caused by the sole negligence or willful misconduct of the City.

9.3 City may (but is not obligated to) defend such a challenge as City, in its sole discretion, determines appropriate, all at applicant's sole cost and expense. Permittee shall bear any and all losses, damages, injuries, liabilities, costs, and expenses (including, without limitation, staff time and in-house attorney's fees on a fully-loaded basis, attorney's fees for outside legal counsel, expert witness fees, court costs, and other litigation expenses) arising out of or related to any challenge ("Costs"), whether incurred by Permittee, City, or awarded to any third party, and shall pay to the City upon demand any Costs incurred by the City. The Permittee shall have the right, at its sole cost and expense, to participate in the defense of any such challenge with counsel of its choosing. The City shall reasonably cooperate with Permittee in

coordinating the defense, including sharing relevant non-privileged information and consulting in good faith regarding strategy; provided, however, that the City shall retain sole control over the defense and settlement of the matter. Permittee shall have the right to intervene in any such proceeding as a party, to the extent permitted by applicable law. The City shall not unreasonably withhold, condition, or delay its consent to such intervention; provided that such intervention does not, in the City's reasonable determination, compromise its legal positions, defenses, or immunities.

9.4 The City may require that Permittee fund a deposit account ("Fund") to reimburse the City's cost, including attorney's fees, to defend any claim, action, or proceeding that is or may be subject to the agreement on limitations of City's liability, and certifications, assurances warranties, and indemnification to City. In the event that any such claim, action, or proceeding is filed against the City, City may require that Permittee, within 30 days of the filing, deposit an initial sum of $25,000 to the Fund to reimburse my portion of the City defense costs, as determined by the City in its sole discretion. The Fund shall, once established, at all times contain an amount necessary to cover not less than three months' worth of budgeted expenditures by the City relating to the City's defense of the claim, action, or proceeding, including all time to appeal, or as long as expenditures made by the City relating to its defense remain unreimbursed, whichever is later. The City may, from time to time, in the City's sole and absolute discretion, request additional deposits from the Permittee to ensure the fund balance is adequate to defend any claim, action or proceeding, including appeals related thereto. Once all remaining and outstanding reimbursements have been paid to the City by Permittee, City shall return to Permittee any remaining unused portion of my deposit.

10. Hold Harmless.

10.1 Permittee hereby waives, releases, and holds harmless the City of Sutter Creek and its Council, boards and commissions, officers, officials, employees, and agents from any and all actual and alleged claims, losses, damages, injuries, liabilities, costs (including attorney's fees), suits or other expenses which arise out of, or which are in any way relate to my application for a business permit, the issuance of the business permit, the process used by the City in making its decision, the enforcement of the conditions of the business permit, or the cannabis business' operations.

10.2 Permittee hereby waives, releases and holds harmless the City and its Council, boards and commissions, officers, officials, employees, and agents from any and all actual and alleged claims, losses, damages, injuries, liabilities, costs (including attorney's fees), suits or other expenses which arise out of, or which are in any way relate to: (1) any repeal or amendment of any provision of the Sutter Creek Municipal Code or Zoning Ordinance relating to commercial cannabis activity; or (2) any investigation, arrest or prosecution of Permittee, operators, employees, clients or customers, for a violation of state or federal laws, rules or regulations relating to cannabis activities.

10.3 The provisions of this subsection shall survive the termination or expiration of this Agreement for any reason.

11. Covenants of City. During the Term of this Agreement, City hereby covenants and agrees with Permittee as follows:

11.1 Expeditious Services. City shall process applications and address questions and concerns raised by Permittee representatives at the "counter" at City Hall as expeditiously as reasonably possible. Upon Permittee's request, or if, in an exercise of City's own discretion, City staff determines that it cannot comply with this Section, City shall expeditiously engage the services of private contract planners, plan checkers or inspectors ("Private Contractors") to perform such services as may be necessary to assist in processing the project plans as described herein. Compensation of such Private Contractors shall be at Permittee's sole cost and expense, inclusive of any administrative cost to City of integrating services by Private Contractors into the project's development processing. Permittee shall pay such costs and expenses of Private Contractors via reimbursement to City, per City's applicable policies and procedures. City shall have absolute discretion in the selection of such Private Contractors.

11.2 Vested Rights. During the term of this Agreement, Permittee shall have the vested right and entitlement to develop and operate the Project in accordance with the Land Use Regulations, in addition to any operating standards found in the Municipal Code, which may be amended only to the minimum extent required to address an imminent and specifically identified public health or safety hazard, provided that: (i) the City Council adopts written findings identifying the specific hazard and the minimum amendment necessary to address it; (ii) Permittee receives at least thirty (30) days prior written notice of the proposed amendment and an opportunity to comment; and (iii) any such amendment does not materially impair Permittee's ability to operate the Project as authorized herein. Nothing in this Section shall limit the City's reserved powers under California Government Code § 65865.4.

11.3 Building Permits and Other Approvals and Permits. Subject to (a) Permittee's compliance with this Agreement, the Project approvals, and the Municipal Code; and (b) payment of the usual and customary fees and charges of general application charged for the processing of such applications, permits and certificates and for any utility connection, or similar fees and charges of general application, the City shall process and issue to Permittee promptly upon application therefore all necessary use permits, building permits, occupancy certificates, permits, licenses and other required permits for the construction, use and occupancy of the Project, or any portion thereof, as applied for, including connection to all utility systems under the City's jurisdiction and control (to the extent that such connections are physically feasible and that such utility systems are capable of adequately servicing the Project).

11.4 Procedures and Standards. The standards for granting or withholding permits or approvals required hereunder in connection with the development of the Project shall be governed as provided herein by the standards, terms and conditions of this Agreement and the Project approvals, and to the extent not inconsistent therewith, the Existing Land Use Ordinances, but the procedures for processing applications for such permits or approvals (including the usual and customary fees of general application charged for such processing) shall be governed by such ordinances and regulations as may then be applicable.

12. Effect of Agreement.

12.1 Grant of Right. This Agreement shall constitute a part of the Enacting Ordinance, as if incorporated by reference therein in full. The Parties acknowledge that this Agreement grants Permittee the right and entitlement to develop the Project and use the land pursuant to specified and known criteria and rules as set forth in the Project approvals and Existing Land Use Ordinances, and to grant the City and the residents of the City certain benefits which they otherwise would not receive.

12.2 Binding on City. This Agreement shall be binding upon the City and its successors in accordance with and subject to its terms and conditions, unless subsequent action is taken by the City, whether by ordinance or resolution of the City Council, by referenda, initiative, or otherwise. As long as the Development Agreement is in good standing, the Permittee shall have a right to a business permit.

12.3 Future Conflicting Local Laws. Notwithstanding any other provision of this Agreement, a conflicting City Law enacted after the Execution Date shall apply to the Project only if: (i) it is required by changes in State or Federal law; (ii) the City Council adopts written findings that the change is the minimum necessary to address an imminent and specifically identified threat to public health or safety; or (iii) it is agreed to in a written amendment signed by both Parties pursuant to Section 13.2 of this Agreement. The Parties acknowledge that the City's approval of this Agreement constitutes a legislative action subject to referendum; however, the Parties intend that the vested rights granted herein shall be enforceable against any subsequently enacted City Laws to the maximum extent permitted by California Government Code sections 65864 et seq.

13. Specific Criteria Applicable to Development of the Project.

13.1 Applicable Ordinances. Except as set forth in the Project approvals and subject to the provisions of Section 10.2 below, the Existing Land Use Ordinances shall govern the development of the Site hereunder and the granting or withholding of all permits or approvals required to develop the Site; provided, however, that (a) Permittee shall be subject to all changes in processing, inspection and plan-check fees and charges imposed by City in connection with the processing of applications for development and construction upon the Site so long as such fees and charges are of general application and are not imposed solely with respect to the Project Site, (b) Permittee shall abide by the California Building Standards Codes in effect at the time of such applications, and (c) and development shall be consistent with current operating standards as set forth in the Municipal Code.

13.2 Amendment to Applicable Ordinances. Any change to the Existing Land Use Ordinances that conflicts with the Project approvals shall nonetheless apply to the Project if, (i) it is determined by City and evidenced through findings adopted by the City Council that the change or provision is reasonably required in order to prevent a condition dangerous to the public health or safety; (ii) it is required by changes in State or Federal law; or (iii) it is otherwise

expressly permitted by this Agreement.

14. Supersedure of Subsequent Laws or Judicial Action.

14.1 The provisions of this Agreement shall, to the extent feasible, be modified or suspended as may be necessary to comply with any new decision issued by a court of competent jurisdiction (a "Decision"), enacted or made after the Execution Date which prevents or precludes compliance with one or more provisions of this Agreement. Promptly after enactment of any such new Decision, the Parties shall meet and confer in good faith to determine the feasibility of any such modification or suspension based on the effect such modification or suspension would have on the purposes and intent of this Agreement. In addition, Permittee and City shall have the right to challenge the new Decision preventing compliance with the terms of this Agreement. In the event that such challenge is successful, this Agreement shall remain unmodified and in full force and effect, except that the Term shall be extended, in accordance with Section 3.1 above, for a period of time equal to the length of time the challenge was pursued, to the extent such challenge delayed the implementation of the Project.

14.2 The Parties recognize that California adopted, through ballot initiative, the AUMA and may adopt through initiative or legislative action other laws and regulations pertaining to either medical or adult use of cannabis. The Parties intend through this Agreement that Permittee shall have the right for retail sales of cannabis as allowed by current State Cannabis Law, pertaining to Commercial Cannabis Activity. To the extent the changes in California law change the legal process or structure by which cannabis retailers can or may operate (i.e. for-profit vs. non-profit entities, size of licensees, etc.), the Parties intend this Agreement to be flexible to allow such changes and may alter the procedures specified herein, or otherwise, as may be necessary.

15. CEQA. The City has reviewed the Project pursuant to the California Environmental Quality Act ("CEQA") (Public Resources Code § 21000 et seq.) and the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.), and has determined that the Project, including this Development Agreement, is categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15301 (Existing Facilities), because the Project involves minor alteration of an existing private structure with no expansion of use. A Notice of Exemption shall be filed with the County Clerk-Recorder upon City Council approval of this Agreement. No Initial Study, Negative Declaration, Mitigated Negative Declaration, or Environmental Impact Report is required for this Project.

16. Building Permits. Nothing set forth herein shall impair or interfere with the right of City to require the processing of building permits as required by law relating to any specific improvements proposed for the Project pursuant to the applicable provisions of the Municipal Code, inclusive of such California and international codes as have been adopted in accord therewith, that are in effect at the time such permits are applied for; provided, however, no such permit processing shall authorize or permit City to impose any condition on and/or withhold approval of any proposed improvement the result of which would be inconsistent with this

Agreement.

17. Review for Compliance.

17.1 Periodic Review. Pursuant to California Government Code section 65865.1, City shall engage in an annual review of this Agreement, on or before the anniversary of the Execution Date, in order to ascertain Permittee's good faith compliance with its terms (the "Periodic Review"). In the event City fails to formally conduct such annual review, Permittee shall be deemed to be in full compliance with the Agreement.

18. Amendment or Cancellation. This Agreement may be amended or canceled in whole or in part only by mutual consent of the Parties or in the manner provided in California Government Code section 65865.1 or California Government Code section 65868.

19. Provide Notice. Provide the other Party with written notice of such State or Federal law or regulation, a copy of such law or regulation and a statement identifying how such law regulation conflicts with the provisions of this Agreement.

20. Meet and Confer. Upon notice by one Party to another as to preemption or frustration of this Agreement by law or regulation, the Parties shall promptly meet and confer in good faith and make a reasonable attempt to modify or suspend this Agreement to comply with such applicable Federal or State law or regulation. If the Parties cannot agree on a manner or method to comply with such Federal or State law or regulation, the Parties may, but shall not be required to, engage in alternative dispute resolution.

21. Notices. All notices or other communications required or permitted hereunder shall be in writing and shall be either personally delivered (which shall include delivery by means of professional overnight courier service which confirms receipt in writing [such as Federal Express or UPS]), sent by telecopier or facsimile ("Fax") machine capable of confirming transmission and receipt, or sent by certified or registered mail, return receipt requested, postage prepaid to the following parties at the following addresses or numbers:

If to City:

With copy to:

If to Permittee: 440 N Barranca Ave #8433
Covina, CA 91723
Attention: Legal Notices

With copy to:

Embarc 1125 I St
Sacramento, CA 95814
Attention : Legal Notices

Notices sent in accordance with this Section shall be deemed delivered upon the: (a) date of delivery as indicated on the written confirmation of delivery (if sent by overnight courier service); (b) date of actual receipt (if personally delivered by other means); (c) date of transmission (if sent by email or telecopier, so long is sender receives actual confirmation that the transmission was received); or (d) date of delivery as indicated on the return receipt (if sent by certified or registered mail, return receipt requested). Notice of change of address shall be given by written notice in the manner detailed in this Section.

22. Breach and Remedies. Notwithstanding any provision of this Agreement to the contrary, Permittee shall not be deemed to be in default under this Agreement with respect to any obligation owed solely to City, and City may not terminate or modify Permittee' rights under this Agreement, unless City shall have first delivered a written notice of any alleged default to Permittee that specifies the nature of such default. If such default is not cured by Permittee within thirty (30) calendar days after receipt of such notice of default, City may terminate Permittee's rights under this Agreement. In the event that a breach of this Agreement occurs, irreparable harm is likely to occur to the non- breaching Party and damages will be an inadequate remedy. To the extent permitted by law, therefore, it is expressly recognized that injunctive relief and specific enforcement of this Agreement are proper and desirable remedies, and it is agreed that any claim by Permittee against City for an alleged breach of this Agreement shall be remedied by injunctive relief or an appropriate action for specific enforcement of this Agreement and not by a claim or action for monetary damages.

23. Entire Agreement. This Agreement and the Exhibits A - F herein contain the entire integrated agreement among the Parties. The Parties intend that this Agreement state their agreement in full to each and every one of its provisions. Any prior agreements, understandings, promises, negotiations or representations respecting the matters dealt with herein or the duties of any Party in relation thereto, not expressly set forth in this Agreement, are agreed by all Parties to be null and void.

24. Severability. If any term, provision, condition, or covenant of this Agreement, or the application thereof to any Party or circumstance, shall to any extent be held invalid or unenforceable, the remainder of the instrument, or the application of such term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

25. Attorneys' Fees. In the event any Party hereto brings an action or proceeding for a declaration of the rights of the Parties, for injunctive relief, for an alleged breach or default, or any other action arising out of this Agreement, or the transactions contemplated hereby or institutes a reference or arbitration proceeding as may expressly be permitted by the terms of this Agreement, the prevailing Party in any such action shall be entitled to an award of actual attorneys' fees and costs incurred in such action or proceeding, without regard to any rule of court or schedule of such fees maintained by the court, in addition to any other damages or relief awarded, regardless of whether such action proceeds to final judgment.

26. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which constitute one and the same instrument.

27. Execution of Agreement. The Parties shall sign this Agreement on or within five (5) business days of approval.

28. Estoppel Certificate. City shall, at any time and from time to time within ten (10) calendar days after receipt of written notice from Permittee so requesting, execute, acknowledge and deliver to Permittee a statement in writing: (a) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect); and (b) acknowledging that there are no uncured defaults on the part of Permittee hereunder or specifying such defaults if any are claimed. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Site. Upon Permittee's written request, City shall issue a certificate of performance evidencing completion of any of Permittee's obligation(s) under this Agreement.

29. Discretion to Encumber. The Parties hereto agree that this Agreement shall not prevent or limit Permittee, in any manner, at Permittee's sole discretion, from encumbering the Site or any portion thereof or any improvements thereon then owned by such person with any mortgage, deed of trust or other security device ("Mortgage") securing financing with respect to the Site or such portion. City acknowledges that the lenders providing such financing may require certain modifications, and City agrees, upon request, from time to time, to meet with Permittee and/or representatives of such lenders to negotiate in good faith any such request for modification. City further agrees that it will not unreasonably withhold its consent to any such requested modification. Any mortgagee or trust deed beneficiary of the Site or any portion thereof or any improvements thereon and its successors and assigns ("Mortgagee") shall be entitled to the rights and privileges of Permittee herein.

30. Lender Requested Modification/Interpretation. City acknowledges that the lenders providing financing to Permittee may request certain interpretations and modifications of this Agreement. City therefore agrees upon request, from time to time, to meet with the Permittee and representatives of such lenders to negotiate in good faith any such request for interpretation or modification. The City will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the

intent and purposes of this Agreement, provided, further, that any modifications of this Agreement are subject to the provisions of this Agreement relative to modifications or amendments.

31. Governing Law and Venue. This Agreement and the legal relations between the Parties shall be governed by and construed in accordance with the laws of the State of California. Furthermore, the Parties agree to venue in Amador County, California.

32. Mutual Covenants. The covenants contained herein, including those contained in the Recitals herein, are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the Party benefited thereby of the covenants to be performed hereunder by such benefited Party.

33. No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the Parties . No other person or entity shall have any right of action based upon any provision of this Agreement.

34. Waiver. Failure by a Party to insist upon the strict performance of any of this Agreement's provisions by the other party, or the failure by a Party to exercise its rights upon the default of the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by the other Party with the terms of this Agreement thereafter.

35. Time of Essence. Time is of the essence in the performance of the provisions of this Agreement as to which time is an element.

36. Recordation of Agreement. This Agreement and any amendment or cancellation thereof shall be recorded with the County Recorder by the City Clerk within the period required by Government Code Section 65868.5.

37. Headings. The headings in this Agreement are inserted for convenience only. They do not constitute part of this Agreement and shall not be used in its construction.

38. Waiver. The waiver by any party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of that or any other provision of this Agreement.

39. Jointly Drafted. It is agreed among the Parties that this Agreement was jointly negotiated and jointly drafted by the Parties and their respective counsel, and that it shall not be interpreted or construed in favor of or against any party solely on the ground that it drafted the Agreement. It is also agreed and represented by all Parties that said Parties were of equal or relatively equal bargaining power and that in no way whatsoever shall this Agreement be deemed to be a contract of adhesion, or unreasonable or unconscionable.

40. Independent Legal Counsel. Each Party acknowledges that it has been represented by independent legal counsel of its own choice throughout all of the negotiations that preceded the execution of this Agreement or has knowingly and voluntarily declined to consult legal

counsel, and that each Party has executed this Agreement with the consent and on the advice of such independent legal counsel.

41. Further Cooperation. The Parties herein agree to execute any and all agreements, documents or instruments as may be reasonably necessary in order to fully effectuate the agreements and covenants of the Parties contained in this Agreement, or to evidence this Agreement as a matter of public record, if required to fulfill the purposes of this Agreement. The Parties further agree to mutually cooperate with one another in carrying out the purposes of this Agreement.

42. Enforceability. This Agreement shall not become binding and shall have no force and effect whatsoever until such time as it has been fully executed by and delivered to all of the parties hereto.

43. Assignment Permitted at City's Sole Discretion**.** The parties acknowledge that this Agreement is based upon the unique qualifications, experience, expertise, reputation, and personal performance of the Permittee. Accordingly, Permittee may not assign, delegate, transfer, or otherwise convey any of its rights, duties, or obligations under this Agreement, whether voluntarily, involuntarily, by operation of law, merger, consolidation, sale of assets, change of control, or otherwise, without the prior written consent of the other party, which consent may be withheld in the other party's sole discretion. Any attempted assignment, delegation, transfer, or conveyance without such prior written consent shall be null, void, and of no force or effect.

[Signatures on following pages]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the Execution Date.

"**CITY"**

CITY OF SUTTER CREEK, CA
a California Municipal Corporation

Date: _____, 2026

By: _____

Attest:

By: _____

Approved as to form:

By: _____

A
CKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }
COUNTY OF _____
}

On_____before me, _____
(insert name and title of the officer)

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Signature of Notary

“PERMITTEE”

Sutter Creek Responsible and Compliant LLC, a California limited liability company

Date: _____, 2026

By: _____

Manager

Approved as to form:

_____

By: _____

Eric Lightman, Esq. Attorney for Permittee

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA }
COUNTY OF _____
}

On_____before me, _____
(insert name and title of the officer)

personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Signature of Notary

Exhibits

A. Business Plan
B. Labor and Employment Plan
C. Neighborhood Compatibility Plan
D Security Plan (confidential) Plan
E. Community Benefits Plan
F. Location Plan

City of Sutter Creek

18 Main Street
Sutter Creek, CA 95685
209-267-5647
www.cityofsuttercreek.org

RECEIVED:
FEE PAID:

Submission Requirements

1- Application*
2- Map*
3- Fees (*Refer to current fee schedule. All Fees must be paid at City Hall)*
**All documentaion must be submitted via the application portal on the City website*

CONDITIONAL USE PERMIT APPLICATION

Project Applicant: Sutter Creek Responsible and Compliant Retail LLC DBA Embarc Sutter Creek

Project Address: 11 Ridge Road, Sutter Creek, CA 95685

Phone: (831)917-2533 Email: licensing@goembarc.com

APN: 044020063000

Is this located in the Historic District? Yes ☐ No ☒
If yes, please see checklist for Design Review.

Property Owner:

Name: Vaquero Farms, Inc.

Mailing Address: 24591 Silver Cloud, Suite 100

City: Monterey State: CA Zip: 93940

Phone: Email: PHT@vaquerofarms.com

Is this person the project contact? If not, please specify who the contact person is.

Name: Dustin Moore

Mailing Address: 440 N Barranca Ave #8433, Covina, CA 91723

Phone: (831)917-2533 Email: Dustin@goembarc.com

Description of work to be performed: *(please provide a detailed desription using the back if necessary)*
Existing retail location being converted to a retail and delivery cannabis dispensary. Please see attached submission for a more detailed project description and corresponding documents.

Decription of Property: Unoccupied former Umpqua Bank. Free-standing commercial building.

Proposed Use of Property: Cannabis retail

Describe how land is being used currently on adjacent parcels

North: Ridge Road, Summit Business Center - Multitenant Commerical
East: Sutter Ridge Plaza - Multitenant Commerical
South: Old Airport Rd. - CalFire AEU
West: Old Airport Rd - Multinenat Commercial Center

Additional Information: See attachments for additional details.

City of Sutter Creek

18 Main Street
Sutter Creek, CA 95685
209-267-5647
www.cityofsuttercreek.org

RECEIVED:
FEE PAID:

Submission Requirements

1- Application*
2- Map*
3- Fees (*Refer to current fee schedule. All Fees must be paid at City Hall)*
**All documentaion must be submitted via the application portal on the City website*

SITE PLAN APPLICATION

Project Applicant:
Name: Sutter Creek Responsible and Compliant Retail LLC DBA Embarc Sutter Creek
Phone: (831)917-2533
Email: licensing@goembarc.com
Mailing Address: 1125 I St
City: Sacramento, State: CA Zip: 95814

Property Owner:
Name: Vaquero Farms, Inc.
Phone:
Email: pht@vaquerofarms.com
Mailing Address: 24591 Silver Cloud, Suite 100
City: Monterey State: CA Zip: 93940

Is this person the project contact? If not, please specify who the contact person is.
Name: Dustin Moore
Email: licensing@goembarc.com
Mailing Address: 440 N Barranca Ave, #8433, Covina, CA 91723

Project Location:
APN: 044020063000
Project Address: 11 Ridge Road, Sutter Creek, CA 95685

Is this located in the Historic District? Yes ☐ No ☑
If yes, please see checklist for Design Review.

Deed References (book and page): Amador County Records, Book 43, Page 63

General description of location: Existing free standing commerical retail building adjacent to Ridge Road,

Old Airport Rd., and Sutter Ridge Plaza

Zoning District: Planned Development Overlay General Plan Land Use Designation: C-2 Commercial

Applicant certification, signature(s), and agreement to pay application processing costs.

I hereby certify that the statements furnished herein and on any attached pages present the data required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented are true and correct to the best of my knowledge and belief.

I hereby certify that I own or am the authorized representative of the owner of the land hereby requesting Certificate of Compliance approval and that I am aware of and do agree to pay the hourly rates as established by Resolution of the City of Sutter Creek for the time spent by the City staff as necessary to process, review and provide consultation to the City concerning this application. I am also aware that said hourly charges are in addition to set fees required for preliminary review and administration and may also inlcude charges to monitor compliance with conditions of approval if my request is approved.

Dustin Moore — 5/8/26
Printed Name — Signature — Date

ENVIRONMENTAL INFORMATION

1. Describe Project: Existing retail location being converted to a retail and delivery cannabis dispensary.
   Please see attached submission for a more detailed project description and corresponding documents.
2. Existing use of property(ies): Vacant commerical retail building
3. Will grading occur on slopes of 10% or more? No
4. Will any springs or wet areas be affected as a result of this project? No
5. Estimated length of proposed roads and driveways: Existing 109 ft. driveway
6. Estimated type and amount (acreage or number) of vegetation to be disturbed for grading, roads, driveways, building sites, or other alteration. (Examples: Approx. 1 acre of Manzanita and other Brush to be cleared for building pads; over 100 small shrubs and oak trees to be cleared, etc.):
   None
7. Project description: Use space below and/or attach additional sheets giving project description in sufficient detail to allow adequate evaluation of potential effects.
   a. Proposed facilities: No new construction. Commerical cannabis retail in existing commerical building
   b. Building Sizes: One story, 2,662 Sq. Ft., 15' ht.
   c. Access: Via Ridge Road and adjacent commerical parcels
   d. Parking: 17 on site parking spots, inc. 2 handicap spots
   e. Water Source: Amador Water Agency
   f. Estimated Water Consumption: 2 cubic meters/mo
   g. Method of Sewage Disposal: Sewer
   h. Nature of Business: Cannabis retail and delivery dispensary
   i. Estimated Daily Volume of Traffic: See attached business operating plan
   j. Estimated Number of Employees: See attached labor and employment plan
   k. Estimated Energy Consumption: 3,000 KWH/mo
   l. Percentage of lot to be covered by buildings/paving: Building: 2,662 Sq. Ft. / Pavement: Existing Pavement
   m. Construction schedule: See attached Business Operating Plan for construction timeline
   n. Any historical/archaeological features on property: N/A
   o. Other (please explain):
8. Describe special circumstances of the project or project site which may result in problems or adverse environmental effects. (Example: steep slopes, drainages, noisy equipment, hazardous access, lack of services.): None

9. Indicate mitigation measures which may lessen problems or adverse environmental effects (including energy conservation) to be incorporated into project to eliminate or reduce adverse effects):

See attached Neighborhood Compatability Plan for details on mitigation efforts.

10. Describe most logical alternatives to project and how these alternatives would change the problems or effects discussed in items 13 and 14 above (include the alternative of "no project"): _____

SITE PLAN APPLICATION PROCESS AND REQUIREMENTS

City Code Title 18 divides the City into different zoning districts and specifies all uses that may be allowed in each district. The uses allowed on any lot or parcel of land in the City is governed by the rules of the zoning district in which it is located.

Site Plan Approval is required by the City for the construction of any development in any zone except for the development of agricultural uses, the construction of single family dwellings and the construction of two family dwellings in one building. Site plans are not required for construction of buildings for which a Conditional Use Permit or Variance has been obtained.

The following process is developed consistent with Title 18 and related state laws to guide applications for Site Plan Approval through required levels or review and to the Planning Commission for approval, conditional approval or denial. Any Planning Commission determination can be appealed to the City Council.

18.50.030 - Site plan—Layout design.

A site plan drawn accurately to scale and showing the proposed development of the entire buildable lot shall be submitted, and shall include, but not be limited to, the following information:

A. The location of all existing and proposed structures on the property together with their dimensions, distance between structures and setback distances from property lines;
B. Approximate location of all streams, drainage channels, and/or bodies of water and an approximate indication of slope and elevations of the property;
C. Names, locations, and widths of all existing and proposed streets and rights-of-way on or near the property;
D. Proposed type and location of driveways, parking areas, curbs, gutters and sidewalks, solid waste enclosures, fences, landscaping, and signage consistent with city standards;
E. Location of water, sewer, electrical, natural gas and storm drainage facilities to serve the proposed structure(s);
F. The relationship of the proposed structure(s) to the existing buildings and structures in the immediate vicinity; and
G. Exterior front elevation of each proposed buildings along with building height dimensions, type, color and pitch of roof, and exterior building materials and colors.

1. Application Submittal: Applicant submits three (3) copies of all items necessary to make a complete application package to the Planning Department. Forms and requirements for a complete application package are attached. All items must be complete and legible, folded and collated into separate packages approximately 9" x 12" in size, for the application to be accepted for processing.

Day 1

Date Achieved

( ) a. preliminary review and application processing fees as explained on the following page;
( ) b. a completed site plan application form;
( ) c. site plan drawing(s) drawn legibly on paper 18" x 24" minimum and folded to approximately 9" x 12"
Showing all of the following:

1. location and dimensions of property lines, the location of all existing and proposed structures on the property together with their dimensions, distance between structures and setback distances from property lines;
2. approximate location of all streams, drainage channels, and/or bodies of water and an approximate indication of slope and elevations of the property;
3. names and locations of all existing and proposed streets including their widths, composition and associated improvements such as sidewalks, curbs and gutters. Location of all right-of-ways located on or near the property known to the owner and any proposed street dedications.
4. proposed type, dimensions and location of driveways, parking areas, sidewalks, fences, shrubs, landscaping, etc.;
5. the relation to the existing buildings and structures in the general vicinity and area;
6. dimensions, north point, and scale;
7. all proposed grading (existing and finish contours);
8. all proposed future development;
9. location map, naming and locating principal streets and lanes within the area sufficient to precisely locate the map area;
10. all proposed and existing easements;

11. design of proposed buildings and other improvements;
12. height and area of buildings;
13. type and pitch of roofs;
14. exterior elevations showing detailed design of all 4 sides of proposed buildings;
15. exterior building materials and colors to be used.

( ) d. an environmental information form;

( ) e. if the applicant is not the owner of the property involved, a letter bearing the original signature(s) of the person(s) owning record title to the land for which the site plan is requested indicating full awareness of the project and specifying one person as authorized to serve as his/her representative and applicant for the project.

2. Explanation of preliminary review and application processing fees:
   a. An application fee, as established by resolution, submitted together with two (2) copies of items a through e listed above (one copy of item #e shall contain original signatures).

   b. When the Planning Department has determined that the application package is complete for processing pursuant to Step #7 below, the applicant shall submit 25 more copies of items a through d plus an application process fee as established by resolution. In addition, the applicant shall, by signing the required application form, agree to pay the city for City Engineer's, Planners, and Attorney's hourly rates plus any administration fee as established by resolution for time spent directly involved in review and consultation to the city concerning the subject application and the monitoring of conditions and mitigation measures if the application is approved, to the extent such charges exceed the amount of the application processing fee that is collected.

3. City Planner's Review. The City Planner reviews the application package for completeness with respect to "City of Sutter Creek Site Plan Approval Requirements" and determines if the application package is complete or not complete for processing.

Day 15

Date Achieved

4. Incomplete Application. The City Planner will notify the applicant in writing if the application package is incomplete and state specifically those parts of the application that are incomplete and the manner in which they may be made complete in accordance with "Sutter Creek Site Plan Approval Requirements".

Day 15

Date Achieved

NOTE: The applicant is under no time limit for resubmittal of the application after it is determined to be incomplete. If, or when, the application is resubmitted, steps 1 through 4 are repeated. Each time an application is resubmitted the 30 day period required for determination of completeness will start over. The application will not proceed past step 4 until it is determined to be complete for processing. The applicant is hereby cautioned not to submit 25 copies of the application package until the City's written acceptance is received. Additional fees may be required when an incomplete application is submitted more than one time or an appeal is filed.

5. Appeal of City Staff's Determinations. If the application is resubmitted more than one time and the City staff determines in each instance that the application is not complete, the applicant may appeal the City staff's decision in writing to the City Council. There shall be a written determination by the City Council within forty-five (45) calendar days after receipt of the applicant's written appeal. If the written determination is not made within the 45 day period, the application will be deemed complete for processing.

6. Complete Application. When an application is determined to be complete, the City Planner will notify the applicant in writing that processing will begin.

Day 30

Date Achieved

7. Acceptance and Review. The Planning Department will mark all copies accepted for processing. The Planning Department will direct the transmittal of application copies to all persons or agencies that are determined to have an interest therein. Each person or agency receiving copies of the application shall be required to submit their written comments upon the application to the Planning Department by a specified date this will be 7 days before the scheduled Planning Commission meeting. The Planning Department will schedule a Planning Commission meeting within 30 days of the date the application is accepted.

New Day 1

Date Achieved

8. Environmental Review. Unless the project is clearly exempt from the California Environmental Quality Act (CEQA), the Planning Department shall review the project for its potential effects upon the environment. The Planning Department shall complete an initial study environmental checklist and a recommendation whether a Negative Declaration (ND) or an Environmental Impact Report (EIR) should be prepared. If the Planning Department recommends a ND, it will prepare a DRAFT Negative Declaration (DND). If the Planning Department determines that and EIR should be prepared, it will draft the focus for an EIR. If the Planning Department is undecided it will recommend that the applicant submit additional information deemed essential for an adequate Planning Department determination. The Planning Department will deliver its recommendation in writing to the applicant.

New Day 15

Date Achieved

9. Planning Department Recommendation. The Planning Department will make a recommendation according to a,b,c, or d below and cause said recommendation to be presented in a written report to the Planning Commission together with supportive findings of fact and possible conditions.

New Day 50

Date Achieved

   a. Exempt from CEQA. When it is determined that a project is exempt from environmental review, the Planning Department shall direct that a notice of exemption be included in the Planner's report to the Planning Commission. If there is any question that exempt status may not be upheld by the Planning Commission, a draft negative declaration shall also be included in the Planner's report to the Planning Commission. Exempt status shall always be considered questionable when the Planning Department determines three or more conditions for approval are recommended.

   b. Draft Negative Declaration. When the Planning Department determines that a project should be approved that is not exempt from environmental review and that the environmental effects of a project can be mitigated adequately by conditions, it will direct that a draft negative declaration with mitigation measures be included in the Planner's report to the Planning Commission. The mitigation measures shall be the same as the recommended conditions for approval.

   c. EIR. When the Planning Department determines that information available is inadequate to determine acceptable mitigation measures/conditions, the Planning Department may recommend to the Planning Commission that an EIR be prepared before a recommendation for approval or denial is made.

   d. Denial. When the Planning Department finds that the project will have a significant and unacceptable negative effect on the physical or social/economic environment that cannot be mitigated or that the project cannot conform to findings required by relevant section of Title 18 or the goals, policies or objectives of the General Plan or Municipal Codes, then it may recommend denial to the Planning Commission. Projects recommended for denial will include either a draft negative declaration or recommendation for an EIR in case the Planning Commission does not accept the Planning Department recommendation.

10. Public Notices and Review. The Planning Department will establish a 30 day public review period unless the project is found to be exempt from environmental review in which case a 10 day public review period will be established. The Planning Department will cause a public hearing concerning the project to be scheduled by the Planning Commission within 45 days of the date the Planning Department makes its recommendation. The Planning Department will cause notice of the public hearing to be provided pursuant to California Government Code Section 65091 and CEQA Section 15072. Such notice will include all information required by Government Code Section 65094 and will state that the project application and Planning Department recommendations are available for public review at City Hall during normal working hours. When a project may directly affect any state agency, the Planning Department will provide immediate, proper notification to the State Clearinghouse pursuant to Section 15106 of CEQA Guidelines.

11. Planner's Staff Report. The Planning Department will have a staff report prepared and transmitted to the applicant and Planning Commission members at least 7 days prior to the scheduled public hearing. The staff report will summarize the main steps and issues that have been involved in processing the application, it will reference laws or regulations which the Commission should consider and it will include the Planning Department's recommendation(s).

New Day 88

Date Achieved

12. Planning Commission Hearing and Action. Upon completion of the public review period and the public hearing, the Planning Commission will make an action on the project. In preparing for their action the Commission will review and consider:

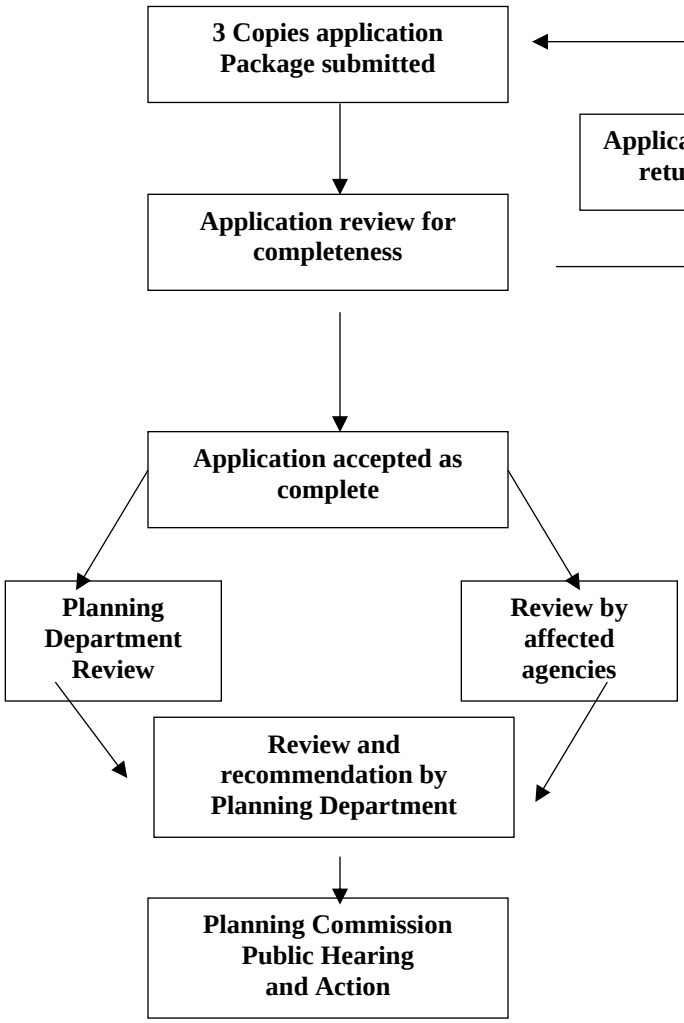
New Day 95

Date Achieved

   a. The project application and the staff report including proposed finding and conditions,
   b. The notice of exemption or initial environmental study and negative declaration or reasons (focus) for an EIR, and
   c. All public comments submitted in writing during the public review period or presented orally during the public hearing.

   In approving or denying the application the Planning Commission will state clear reasons (findings of fact to support their action). When the Commission denies a project it need not adopt a negative declaration or an EIR. When the Commission intends to approve a project for which a negative declaration has been prepared, it will first adopt the negative declaration. When the Commission determines that an EIR should be prepared, no action on the project will be taken until the EIR is certified pursuant to "The City of Sutter Creek, Environmental Impact Report (EIR) Process".

PLANNING APPLICATION PROCESS DIAGRAM



Day 1

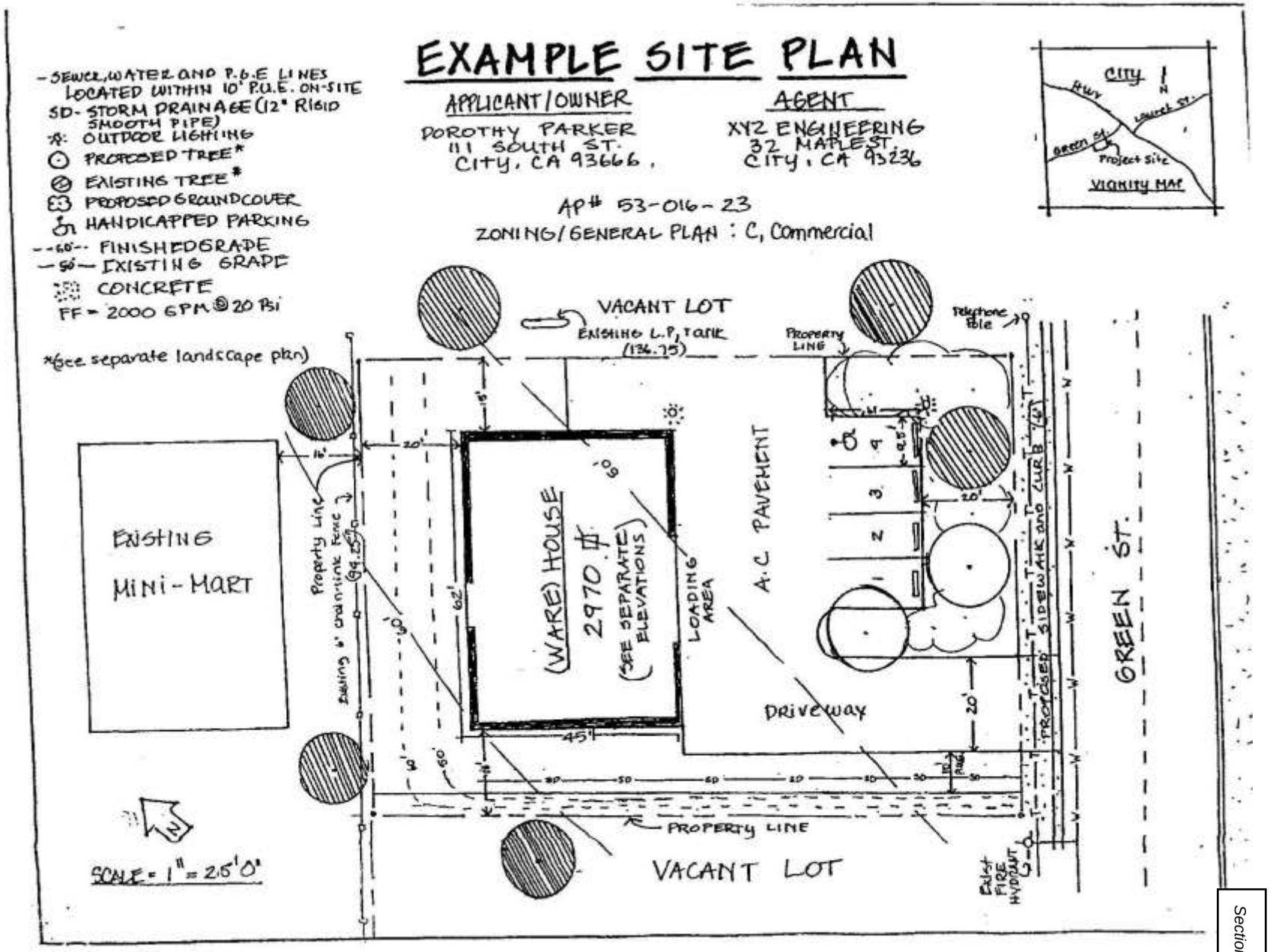
Day 30

(New) Day 1

(New) Day 50

(New) Day 95

Planning Commission decisions can be appealed to the City Council.


EXAMPLE SITE PLAN
APPLICANT/OWNER
DOROTHY PARKER
111 SOUTH ST.
CITY, CA 93666.
AGENT
XYZ ENGINEERING
32 MAPLE ST.
CITY, CA 93236
AP# 53-016-23
ZONING/GENERAL PLAN : C, Commercial
- SEWER, WATER AND P.G.E LINES LOCATED WITHIN 10' P.U.E. ON-SITE
SD- STORM DRAINAGE (12" RIGID SMOOTH PIPE)
OUTDOOR LIGHTING
PROPOSED TREE*
EXISTING TREE*
PROPOSED GROUNDCOVER
HANDICAPPED PARKING
--60-- FINISHED GRADE
-56- EXISTING GRADE
CONCRETE
FF = 2000 GPM @ 20 PSI
*(see separate landscape plan)
CITY
HWY
Locust St.
Green St.
Project site
VICINITY MAP
VACANT LOT
EXISTING L.P. TANK
(134.75)
PROPERTY LINE
Telephone Pole
EXISTING MINI-MART
Property Line
Existing 6' chain-link Fence
(WARE) HOUSE
2970 ft
(SEE SEPARATE ELEVATIONS)
LOADING AREA
A.C. PAVEMENT
DRIVEWAY
PROPOSED SIDEWALK AND CURB
GREEN ST.
PROPERTY LINE
VACANT LOT
Exist FIRE HYDRANT
SCALE = 1" = 20'0"

City of Sutter Creek

18 Main Street
Sutter Creek, CA 95685
209-267-5647
www.cityofsuttercreek.org

RECEIVED: _____
FEE PAID: _____

Submission Requirements

1- Application*
2- Sketch or Image of Sign(s)*
3- Fees (*Refer to current fee schedule. All Fees must be paid at City Hall)*
**All documentaion must be submitted via the application portal on the City website*

SIGN PERMIT APPLICATION

Project Applicant: Sutter Creek Responsible and Compliant Retail LLC DBA Embarc Sutter Creek

Project Address: 11 Ridge Road, Sutter Creek, CA 95685

Phone: (831)917-2533 Email: licensing@goembarc.com

APN: 044020063000

Is this located in the Historic District? Yes ☐ No ☒
If yes, please see checklist for Design Review.

Is this located in the Historic Corridor? Yes ☐ No ☒
Commercial ☐ Industrial ☐

Property Owner:

Name: Vaquero Farms, Inc. Phone: _____
Mailing Address: 24591 Silver Cloud, Suite 100 Email: PHT@vaquerofarms.com
City: Monterey State: CA Zip: 93940

Is this person the project contact? If not, please specify who the contact person is.

Name: Dustin Moore

Mailing Address: 440 N Barranca Ave #8433, Covina, CA 91723

Phone: (831)917-2533 Email: licensing@goembarc.com

SIGNS TO BE PREPARED BY: Lee Signs, Inc.

BUILDING FRONTAGE @ PRIMARY ENTRANCE: 114 ft. **in LINEAL FEET**

EXISTING SIGNS: TO BE UTILIZED FOR THIS BUSINESS: *(INCLUDE NUMBER OF SIDES AND DIMENSIONS FOR EACH SIGN)*
Existing monument sign w/ new polycarbonate face (2 sides, 73"H x 96"W) Existing monument sign w/ new polycarbonate face (2 sides, 22"H x 32" W)
Existing wall sign w/ new polycarbonate lexan face on existing illuminated box (1 side, 36"H x 192"W)

PROPOSED SIGNS: FOR EACH PROPOSED SIGN ATTACH A SKETCH/PHOTO SHOWING THE FOLLOWING:
(CHECK EACH BOX UPON COMPLETION)

☒ **Sign design:** Embarc logo, green cross, dispensary bug (Attached lettering and graphics, drawn to scale)

☒ **Type of Materials to be used** New polycarbonate faces (briefly describe)

☒ **Total signage requested:** 101.25 **Sq.Ft.**

☒ **Method of attachment:** Polycarbonate inserts to existing monument, illumnated box sign

☒ **Total allowable signage:** 115 ft. **Sq.Ft.** (Per Sign Ordinance)

☒ **Total number of sides:** 3 signs, 1 single-sided, 2 double-sided = 5 sides

☒ **Location of sign(s):** Monument sign - along frontage
Wall sign - above main entrance

☒ **Colors:** "Embarc", "Dispensary" - Black and White. Cross - green, Embarc Logo - black white, yellow, blue, red (Including letters, graphics, & background)

I hereby certify that I am the Owner of the business applying for this Sign Permit (or the Owner's authorized representative) and agree to abide by the requirements of the Sutter Creek Sign Ordinance as codified in Chapter 15.16 of the Sutter Creek Municipal Code.

APPLICANT'S SIGNATURE 5/21/2026 DATE

PROPERTY OWNER SIGNATURE DATE

PLANNING COMMISSION ACTION:
APPROVED: ☐ **DENIED:** ☐ **MEETING DATE:**

Planning Commission Policy for Off-Site Directional Signs

The following criteria apply to off-site directional signs within the City of Sutter Creek:

1. The size of off-site directional signs shall be limited as follows:

Historic District	4 square feet per side;
Historic Corridor	6 square feet per side; and
Commercial and Industrial Zones	25 square feet per side.

2. Each business is limited to two single-faced or one double-faced off-site directional sign.

3. Multiple off-site directional signs at a particular location shall be considered under one Sign Permit and shall have a uniform appearance.

4. Written permission from the property owner shall be submitted with the Sign Permit application.

Requests for signs exceeding the above size or location criteria may be considered under the Conditional Use Permit provisions of Chapter 18.64 of the Municipal Code.

Policy adopted by the Sutter Creek City Planning Commission on July 24, 2000.

Chapter 15.16

SIGNS

15.16.005 Intent. It is declared to be the intent of the City Council in enacting these provisions regulating signs within its jurisdiction that it establish uniform standards so as to protect the rights of its citizens and persons placing signs hereunder while preserving historic and scenic attributes of the city, and in implementing the city General Plan.

15.16.010 Definitions. Whenever in this chapter the words or phrases defined in this section are used, they have the respective meanings assigned to them in the following definitions:

A. "Historical district" means that portion of Main Street situated between the intersection of Church Street and Badger Street on the south; and Gopher Flat Road, Hanford Street and Hayden Alley on the north.

B. "Historic Corridor" means that portion of the downtown area not included in Historic District defined above, plus the Highway 49 corridor north of the downtown area as delineated in the General Plan Overlay Land Use Designations as "Downtown Historic District" and "Historic Corridor."

C. "Person" includes all domestic and foreign corporations, associations, syndicates, joint stock corporations, partnerships of every kind, clubs, business or common law trusts, societies and individuals transacting and carrying on any business in the city.

D. "Public way" means any street, highway, road, walk, freeway, parkway, lane, alley, court, or drive-in which the public has a right-of-way, or any easement which the city controls.

E. "Sign" means any medium which is used or intended to be used to attract attention, by visual means, to either a location or subject matter for advertising purposes, and includes, without limitation, advertising structures or displays on which letters, words or other characters are placed, as well as the portion of any building wall or glass surface on which such letters, words, or other characters may be painted or otherwise affixed.

F. The total area of all sign faces on multi-faced signs shall be counted and considered toward the total allowable signage (Planning Commission determination November 8, 2010).

15.16.020 Permit required--Application. A permit shall be required for all signs and signboards within the city unless specifically exempted by the provisions of this chapter. Applications for permit must be in writing and shall be filed with the planning commission through the city administrative staff. Applicants shall be provided a form outlining the information required to process the application. A fee to process said application may be established by resolution from time to time.

15.16.030 Permit--Application decision of planning commission. Upon the filing of an application for a permit under this chapter, the planning commission shall promptly consider the matter at a public meeting, and shall make a decision either granting or denying such a permit. Before making such decision, the commission may assess the overall appearance of the proposed signage and consult with the applicant with the view of recommending modifications in the proposal set forth in the application, and it may also consult with historians, architects and persons schooled in the fine arts. Consideration of the commission's decision shall be mailed to the applicant, and a copy of such notice shall be mailed to the building inspector.

15.16.040 Permit -- Appeal. Any applicant for a permit under the provisions of this chapter who is dissatisfied with the decision of the planning commission may appeal such decision to the city council by filing with the city clerk a written notice of appeal. Such notice must be filed within ten calendar days after the date on which the decision of the planning commission is made, and shall set forth the specific ground or

grounds of such appeal. The city clerk shall forthwith set the matter for hearing before the council and shall cause notice thereof to be mailed to the applicant not less than five days before such hearing. Such hearing may be continued from time to time, and upon the conclusion thereof, the council shall promptly make a final decision in the matter.

15.16.050 Permit--Duration. All permits under this chapter shall expire six months after the date they are issued, unless the matter for which the permit is issued is substantially undertaken before such period elapses and is diligently pursued thereafter.

15.16.060 Permit--Violation. A. The owner of any sign erected or placed without benefit of an approved permit, or the owner of a sign which is no longer in compliance with this chapter shall be notified in writing to remove the sign within ten calendar days or the sign will be physically removed (or caused to be removed) by the city administrator and impounded until such time as the sign is in conformance with the provisions of this chapter; or for a period not to exceed 180 calendar days, after which time said sign shall be destroyed.

B. It is unlawful for any person to proceed under any permit in a manner which constitutes a material variance from the terms of the permit or the representations on which it was issued, and in the event of such a violation, the permit may be canceled forthwith by action of the planning commission.

C. For the purposes of removing or destroying any sign placed or maintained in violation of the provisions of this chapter, the city administrator or designated representative may enter upon private property.

D. The remedies provided in this chapter for the removal of any sign and/or penalties are not exclusive of any other remedies provided by law.

15.16.070 Signs in historical district. No sign shall be placed, erected, altered, or relocated on any property within the historical district unless such sign shall as to its exterior appearance be compatible with the Mother Lode type of architecture, and unless it shall comply with all of the following requirements:

A. No sign shall be allowed except a sign which identifies or advertises the business conducted on the premises.

B. Each sign shall be affixed to a building, except that where the building is set back from the street to such extent that a sign affixed to the building would not be within reasonable view from the street, then a sign need not be so affixed, but may be located in some other manner as the planning commission shall approve.

C. No sign shall project more than six feet from the face or vertical surface of the building, except where there is a porch or roof over the sidewalk. Then the sign may project to within one foot of the outer edge of the porch, roof, or edge of the sidewalk.

D. No sign shall project above the eave or parapet line of the building.

E. No individual sign shall exceed sixteen square feet in area.

F. The aggregate area of all signs of any one business entity shall not exceed twenty-five square feet.

G. The area of an irregular sign shall be the area of the smallest rectangle which can wholly contain the sign.

H. No sign shall contain any flashing, blinking or moving letters, characters or other elements, and the sign itself shall not move.

I. No sign shall contain any fluorescent paint, outline tubing, internal lighting, or neon lighting.

J. Directional signs shall be limited to a maximum size of four square feet per side; provided, that all signs shall have a minimum clearance of eight feet above the sidewalk and a minimum setback of one foot from the curbline.

K. No sign representing a second-story business and mounted on a balcony shall extend below the bottom of the balcony fascia.

L. White or clear (non-colored) non-blinking or non-flashing miniature lights are permitted as visual elements to outline building components such as doors, windows, railings, wall edges and corners.

M. Pole signs and post-mounted signs are prohibited.

N. The light source for any sign shall not be visible from the adjacent public way.

O. Permanent signage placed on glass surfaces or affixed adjacent to glass surfaces shall be included for purposes of Subsections F, H, and I, and shall be counted at one-half the measured size.

15.16.075 Signs in historic corridor. No sign shall be placed, erected, altered, or relocated on property within the historic corridor unless such sign shall comply with all of the following requirements:

A. The aggregate area of all signs for each building shall not exceed the square footage as specified under "historic corridor sign area" of Table 15-1.

B. No individual sign shall exceed two-thirds of the area permitted under Subsection A, above.

C. Roof-mounted signs are permitted subject to the Use Permit procedure specified in Chapter 18.64.

D. No sign shall contain internal lighting.

E. The light source for any sign shall not be visible from the adjacent public way.

15.16.080 Signs in commercial and industrial zones. Any and all existing ordinances governing signs in commercial and industrial zones within the city, including the historic district and historic corridor, are incorporated into this chapter with the following exceptions and modifications:

A. The aggregate area of all signs for each building shall not exceed the square footage as specified under "Non-historic sign area" of Table 15-1.

B. No individual sign shall exceed two-thirds of the area permitted under Subsection A, above.

C. Interior-lighted or bubble-type signs are permitted. The light source for any sign shall not be visible from the adjacent public way.

D. No pole sign shall be erected to a height exceeding twice the distance from the sign to the nearest property line of the parcel on which it is placed, and in no event shall a pole sign be erected in excess of thirty feet in height. Not more than one pole sign shall be installed for any one entity. Pole signs shall not exceed twenty-five square feet per side or a total of fifty square feet.

E. Pole signs which advertise a shopping center, professional center, or industrial center shall be reviewed and approved under the provisions of Chapter 18.50 (Site Plans) or Chapters 18.60 and 18.64 (Conditional Use Permits) and shall not be counted as aggregate area as specified in Table 15-1.

F. A shopping center, professional center, or industrial center may erect a directory sign listing the occupants of the center.

G. A theater may erect a directory sign listing the attractions at the theater upon approval of the planning commission.

H. Sandwich board signs are permitted with the following requirements:

1. Signs shall be a maximum of 24-inches wide and shall not extend more than 36-inches above the sidewalk surface;

2. Signs shall not be placed within the public way except on established sidewalks;

3. A clear pedestrian travel way as required by the Americans with Disabilities Act shall determine sign location;

4. The provisions of Subsections H and I of Section 15.16.070 shall apply; and

5. The square footage of such signs shall not be counted as aggregate area as specified in Subsection A, above.

I. One temporary sign, not to exceed thirty-two square feet if single-sided or sixty-four square feet if double-sided, is allowed to advertise the property for sale, lease or rent; and shall be located not more than five feet to adjoining properties, nor within a public way.

J. Wall murals, off-premise signs, outdoor advertising, or graphic depictions which exceed the allowable square footage provided in Table 15-1 shall be subject to the Use Permit procedure specified in Chapter 18.64.

K. Directional signs shall be limited to a maximum size of twenty-five square feet per side; and provided that such signs shall not be within the public way.

15.16.090 Signs in Residential zones. The following signs shall be permitted in Residential zones within the city:

A. One sign not to exceed two square feet in area attached to and parallel with the front wall of the building, and containing only the name and title or occupation of the occupant.

B. One temporary single or double faced sign of not to exceed four square feet in area per side advertising the premises for sale, lease, or rent located not nearer than ten feet to adjoining premises, nor within a public way.

15.16.100 Service stations--Pole signs. As an alternative to the sign allowed by Subsection 15.16.080(D), but not in addition thereto, each gasoline service station may place, erect, alter, or relocate a single pole sign which complies with the following requirements:

A. Such sign shall not extend more than four feet above the building roof line.

B. Such sign shall not exceed thirty-two square feet in area per side or a total of sixty-four square feet in area.

C. Such sign shall comply with all of the requirements set forth in subsections A, G, and H of Section 15.16.070, and State law.

D. Exception: Such sign may have internal lighting.

15.16.110 Exemptions. The provisions of this chapter except Section 15.16.070H shall not apply to the following signs:

A. Official notices issued by a court or public body or officer, and notices posted by any public officer in the performance of a public duty, or by any person in giving legal notice;

B. Directional signs not exceeding four square feet in area for off-street parking and loading facilities;

C. Temporary political, election, or campaign signs not exceeding four square feet in area per side or a total of eight square feet. Signs shall not be erected more than ninety days prior to Election Day and shall be removed seven days after stated election by responsible person or persons installing sign or signs;

D. Temporary single-faced construction signs, not exceeding thirty-two square feet, identifying a building under construction, or the contractor or architect therefore; provided, that such a sign shall be removed upon the expiration of six months after its erection, or upon the completion of the building, whichever event shall first occur;

E. Barber poles may rotate, but may not exceed three feet in height, and may have internal lighting.

F. Temporary special events signs or banners not exceeding twenty-four square feet in area. Such temporary signs or banners shall be erected for a maximum period of forty-five days.

15.16.120 Prohibited signs. Any sign or signs not specifically allowed by this chapter or any specific exemption contained in this chapter are prohibited within the city.

15.16.125 Historic Signs. Any sign which was existing and in place at the time of adoption of the original Sign Ordinance on March 15, 1979 may continue although such sign does not comply with the provisions of this chapter, subject to the following requirements:

A. A Use Permit shall be secured for all such signs.

B. Such signs shall not be enlarged or changed in any way except for repair and maintenance as required by Section 15.16.130.

15.16.130 Maintenance and repair. All signs including signs installed prior to the adoption of the ordinance codified in this chapter, shall be constantly maintained in a state of security, safety and good repair. If the city administrator finds that any sign is unsafe or insecure, is a menace to the public safety, or has been constructed, erected, relocated, or altered after the effective date of this chapter in violation of the provisions hereof, written notice shall be given to the owner or tenant of the property wherein it is located to remove or alter such sign. If the owner or tenant fails to comply with the provisions of this chapter within ten calendar days after such notice, the city administrator may cause such sign to be removed as provided for in Subsection 15.16.060(A).

15.16.140 Removal or painting out of signs. Any sign now or hereafter existing which no longer advertises a bona fide business conducted, a product sold or service rendered shall be removed, or the advertising copy shall be painted or coated out to match the building color, unless it is a sign having historical significance or is internally lit. If the property owner or tenant fails to do so within thirty calendar days after written notice from the building inspector, the building inspector shall remove or paint out the sign and any expenses incident thereto shall be paid by the owner or tenant.

15.16.150 Amortization. In order to insure equal treatment of all commercial and industrial enterprises within the city, the following program is adopted to eliminate nonconforming signs:

A. Signs which do not meet the provisions of this chapter will be brought into compliance by the owner or will be subject to removal three years from the effective date of this revised ordinance.

B. Upon written notice to a sign owner by the city of specific requirements necessary to be in compliance, signs which do not meet the provisions of this chapter may be brought into voluntary compliance without penalty, or by obtaining approval as specified in Section 15.16.020.

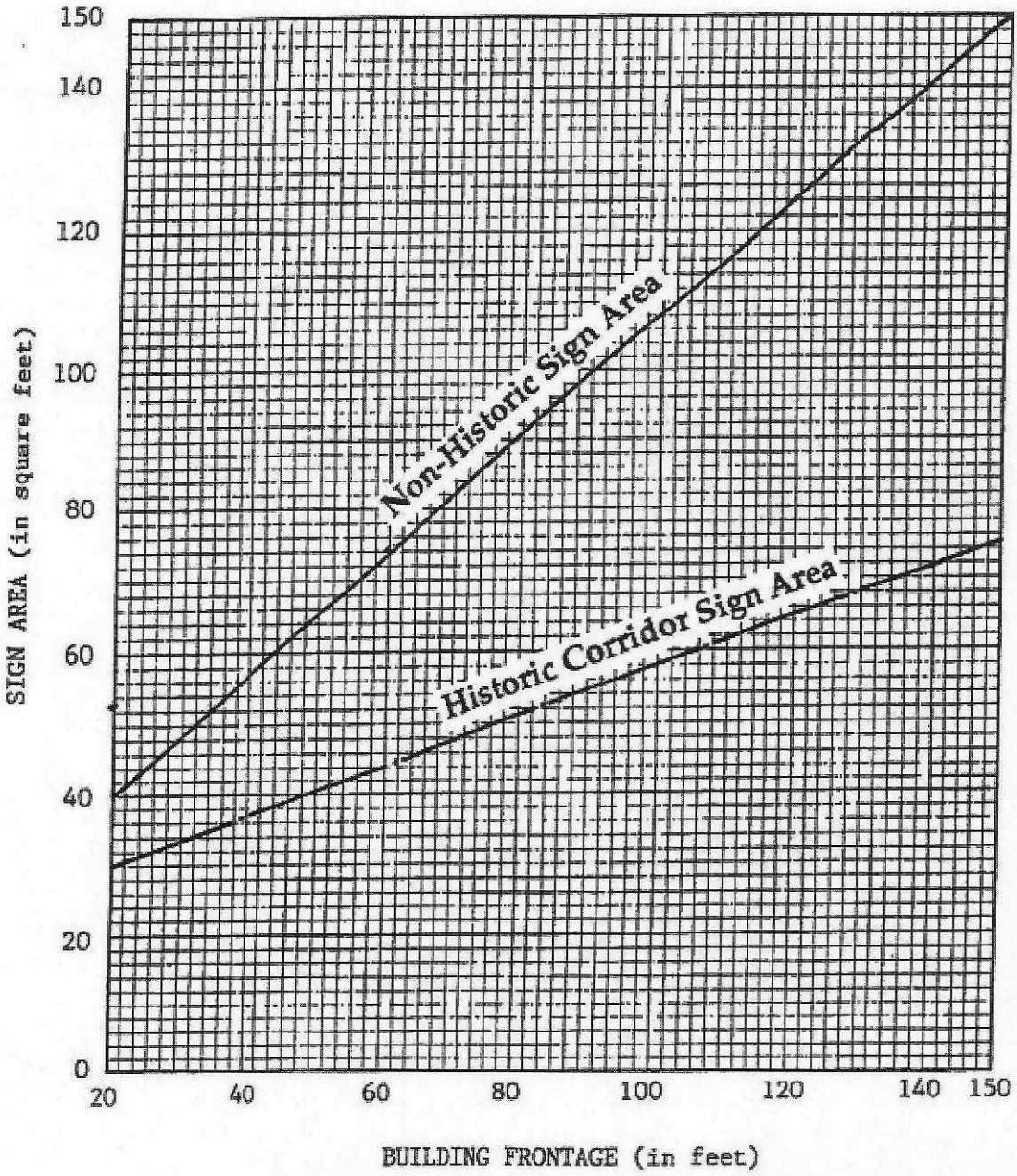
C. As an alternate method to gain compliance, sign owners may apply for a variance under the provisions of Chapter 18.52.

D. Signs not in compliance after the three year amortization period shall be removed as specified in Section 15.16.060(A).

15.16.160 Violation--Penalty. Any person violating any of the provisions of this chapter shall be guilty of an infraction, and upon conviction thereof shall be punishable by a fine not exceeding five hundred dollars; and such person shall be deemed guilty of separate offense for each day, or portion thereof, during which any violation of this chapter is committed or continued.

15.16.170 Enforcement. The provisions of this chapter shall be enforced by the city administrator.

* * * * *


150
140
120
100
80
60
40
20
0
SIGN AREA (in square feet)
Non-Historic Sign Area
Historic Corridor Sign Area
20
40
60
80
100
120
140
150
BUILDING FRONTAGE (in feet)

Chapter 13.12

OBSTRUCTIONS TO PUBLIC WAYS

13.12.010 Obstruction unlawful--Obstructions and nuisances designated. It is unlawful and a misdemeanor to obstruct or cause to be obstructed any part of, or any part of the public use of any part of any public street, highway, avenue, sidewalk, crosswalk or bridge. The following things are obstructions and nuisances within the meaning of this section:

A. Signs, projections, rods, brackets or apparatus for displaying signs or other purposes which being over any part of any sidewalk, are less than eight feet above the main traveled grade or level of the sidewalk;

B. The use of any part of a sidewalk by the occupant of an abutting tenement for the purpose of storing, displaying, maintaining or exhibiting merchandise;

C. The use of any part of a sidewalk or street by the occupant of an abutting tenement for the purpose of exhibiting advertisements by means of tables, boxes, boards or any device, or apparatus resting upon the sidewalk or streets;

D. Maintaining or using upon any part of any public sidewalk or street any stand, shed, platform, box, table or structure for the purpose of carrying on therein or thereon any business, trade or occupation.

E. Any balcony, or porch, which being over any of the public ways is not supported by substantial, safe and secure appliances so placed as not to interfere with the free passage or use in the customary manner, of the public ways; and

To place or use in or upon any part of any sidewalk or street any campstools, benches, chairs, sofas or other obstructions or impediments to the free use and passage along and throughout any part of the entire width and length of such street or sidewalk

13.12.020 Exceptions. A. The following named things are declared not to be obstructions or nuisances within the meaning of this chapter:

1. An obstruction caused by a public officer or public employee in pursuance of his or her duty or employment as such officer or employee;

2. The use of a sidewalk or street by or for the occupant of an abutting tenement for the purpose of transferring merchandise and other articles between such tenement and the roadway during the time necessary for such transfer if prosecuted consecutively and with reasonable diligence;

3. An obstruction authorized or permitted by the terms of any franchise, ordinance or resolution of the city council, law or special permit.

4. Wall-mounted boxes for plants and flowers are permitted upon approval of the city council as long as they comply with the requirements of the Americans with Disabilities Act.

5. Benches shall be permitted upon approval of the city council and shall be located where a clear pedestrian travel way is possible as required by the Americans with Disabilities Act.

6. A sandwich board sign placed in conformance with section 15.16.080(H).

B. The city council may grant special or written permits of the use of public sidewalk and streets for all proper purposes, and on public occasions, which permission shall fix the time and place and restrict the manner of the use of said sidewalks and streets. It shall be the duty of the city clerk to attest said written permits with his or her signature and to keep a record of same.

13.12.030 Violation--Penalty. Any person violating any of the provisions of this chapter is guilty of an infraction and upon conviction thereof shall be fined any sum not to exceed fifty dollars.

* * * * *

May 8, 2026

Dear City of Sutter Creek,

First and foremost, we wish to express our sincere gratitude for the time and care you are investing in this process. We recognize the responsibility that comes with contemplating a proposal such as ours and are grateful for the opportunity to submit this document for your review.

We would also like to emphasize that this is not an opportunity we take lightly, both because of the trust involved and because of the respect we have for the character and history of your community. What we are proposing is the creation of a retail environment that reflects local values: welcoming, thoughtful, and rooted locally. From compliance and security to customer service and local partnerships, every aspect of our plan has been built with long-term stewardship in mind. And above all else, what we hope has come through in our interactions to date and in this proposal is our character.

Our approach is grounded in a simple belief: that responsible destigmatization occurs when cannabis businesses operate as true neighbors – integrating into and ultimately benefiting the community beyond just the four walls of the business. Our track record in communities across California is demonstrative of that core belief, and it is that same track record of care and commitment that shapes our Sutter Creek proposal.

We also approached the City with this idea, holding central the firm belief that our proposal represents an opportunity to bolster public health and safety for Sutter Creek and area residents. As recent local enforcement actions demonstrate, cannabis is already accessible in Sutter Creek through the illicit market, which operates without ID verification, product testing, tax collection, or community accountability. Given our team's passion for seeing California communities thrive, we'd be remiss not to center that a well-regulated, locally accountable cannabis retail storefront provides a transformational alternative for adults, better protects local young people, and ensures that revenue generated here is reinvested here.

Importantly, this proposal has also been extensively shaped by local outreach and engagement. One of our team members was raised in Sutter Creek, and our efforts have been informed by his lived experiences. We also engaged in a local listening tour, including a community listening session, to ensure we heard diverse perspectives from throughout the Sutter Creek community. That feedback – both in support of local commercial cannabis retail and with trepidation about proposed operations – has been contemplated in what we have proposed here, from the site itself to security, neighborhood and community benefits plans and beyond.

We also understand that success is not measured solely by financial performance, but also by how well we integrate into the fabric of the community. We are incredibly proud of the community benefits programs we have developed in each of the communities we serve today, and of the community commitment we included in this proposal. This is an opportunity to demonstrate through action that a responsible cannabis business can integrate into the fabric of Sutter Creek and provide tangible benefits to local programs, services and priorities, including, as just one example, in helping to educate local youth.

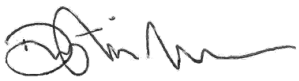
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Thank you again for your consideration. We believe our proposal reflects our capability and the experience we have gained serving other communities, as well as a plan for how that could look in Sutter Creek. We look forward to the possibility of earning your trust and serving your community.

In gratitude,



Lauren Carpenter
Co-Founder



Dustin Moore
Co-Founder

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OWNER QUALIFICATIONS

While many of today's cannabis operators have participated in the regulatory development process either through lobbying or by providing public comment during the State's development of regulations, no team brings our unique combination of regulatory expertise in setting the foundation for legalization, writing and passing the law that legalized cannabis, and then working collaboratively with State agencies and local governments to ultimately further define and implement adult use cannabis in California.

After undertaking this policy development, our team members then spent approximately two years founding, operating, leading, managing, and advising dozens of licensed commercial cannabis businesses across cultivation, manufacturing, testing, distribution, retail, delivery, events, on-site consumption, and technology to gain lessons learned from these first movers.

Embarc was born out of these collective experiences and continues to be optimized and professionalized through our team's deep bench of traditional business experience. It is this combination that makes our team uniquely equipped to operate effectively in today's market.

Legalized Adult Use

Embarc's team members helped architect California's legal cannabis marketplace. Highlights of this experience include:

- Worked for then-Lieutenant Governor Gavin Newsom during the policy development of the Blue-Ribbon Commission on Cannabis, which led to the creation of Proposition 64;
- Assisted in the drafting and managed the passage of Proposition 64, The Adult Use of Marijuana Act, which legalized cannabis in California;
- Developed and continue to seek to refine the laws and regulations for cannabis in California;
- Advised local, State, and national governments on the development of cannabis regulations, including cities throughout California, and the countries of Canada and Mexico;
- Managed the compliance for over 200 cannabis licenses statewide including more than a million square feet of licensed cultivation; and
- Serve on Boards, Commissions, and Committees regarding responsible cannabis, including California's Track and Trace Advisory Committee.

Lessons Learned

Embarc was built on a foundation of real-life experience. Through operating our own businesses and helping dozens of cannabis companies navigate within the regulatory framework we created, our team has a lifetime of lessons learned. Highlights of this experience include:

- Significant traditional retail experience including as the former CEO of The Gap, who spent more than five years architecting California's cannabis supply chain via one of the State's largest full-service distributors;
- Former executives responsible for government, public, community, and regulatory affairs for some of the largest vertically integrated cannabis companies in the world;
- One of the most prolific brand builders in the cannabis industry, responsible for developing one of the State's top selling brands and executing the first legal consumption café in the country;
- Highly experienced supply chain executive with over 20 years of experience working with well-known global brands and startups in emerging industries, including many of California's leading cannabis supply chain companies; and

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- Former law enforcement officer currently under contract with the cities of Dixon and Benicia Police Departments, training city staff, police, and code enforcement personnel on cannabis regulations, crime prevention strategies, crime prevention through environmental design (CPTED), and assisting with facility design review, security plan review, and both site and compliance inspections.

Optimized & Executed

Embarc's business model is informed not only by the lessons learned from operating within California's cannabis industry, but also from centuries of combined experience in traditional industries.

Highlights of our team's experience across diverse industries include everything from Postmates and Valero to South by Southwest and the NFL, from the White House and State Legislature to Wells Fargo and Facebook.

These lessons have been applied to our execution of Embarc, which brings experience operating 17 retail storefront businesses with several more on the horizon.

Meet the Team

Under the leadership of Lauren Carpenter and Dustin Moore, Embarc has successfully opened 17 legally permitted cannabis retail storefronts in communities across California. These locations demonstrate Embarc's comprehensive understanding of the nuanced requirements of different jurisdictions and the ability to operationalize cannabis retail businesses in a variety of communities. Lauren and Dustin are also currently operationalizing several additional retail and delivery licenses within the State.

Dustin and Lauren have assembled a leadership team with decades of combined experience in the legal cannabis market and more than a century of combined leadership in Fortune 500 companies. It is this experience that ensures we are historically the first of our cohort to open our doors in the communities where we operate today, and it is this experience that helps us bridge the gaps between of operating within a nascent industry that does not yet have unified standards. In the absence of decades of established policy, it is our team who has developed hundreds of pages of internal processes, operating procedures and more.

To that end, Embarc has established itself as a leading provider of compliant and reliable cannabis across California, thanks to exceptional Standard Operating Procedures (SOPs) and vast experience in the market, both of which are used to continuously refine and optimize the business.

Lauren Carpenter – Owner & Chief Executive Officer

A Prolific Leader with a Proven Track Record of Cannabis Operations that Put Communities First

Lauren Carpenter is the co-founder and Chief Executive Officer of Embarc, a family of neighborhood cannabis shops that serve diverse communities across California. With more than 15 years of private-sector leadership experience spanning energy, education, technology, food and alcohol, retail, and now cannabis, Lauren has built her career on bridging complex regulatory environments with thoughtful community engagement. Her leadership reflects a deep belief that business success and social impact go hand in hand.

Before entering the cannabis industry, Lauren led strategic government, public, and community affairs efforts for more than a dozen Fortune 50 companies. She managed large-scale coalitions and statewide campaigns focused on highly regulated industries, overseeing multimillion-dollar budgets and diverse teams across political strategy, policy development, issue advocacy, and statewide ballot campaigns. These experiences taught her how to create alignment among business, government, and labor—including negotiating Project Labor Agreements, Collective Bargaining Agreements, and developing workforce programs that

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expanded access to STEM education and quality employment opportunities.

Lauren's understanding of government and regulation began early, when she interned in the California Legislature, which led to nearly a decade of direct collaboration with state regulatory agencies across multiple sectors. This experience honed her ability to navigate complex regulatory landscapes, balancing compliance, innovation, and community priorities.

In 2018, after nearly a decade of traditional corporate work, Lauren turned her attention to cannabis. Having witnessed her husband, Dustin Moore, serve as campaign manager for Proposition 64, she recognized a rare opportunity to help shape a newly legal industry. She viewed this as a chance to help destigmatize cannabis and build an industry that reflected her values of integrity, education, and community partnership.

She began her cannabis career as California Political Director and then Director of Government Affairs for Western States for MedMen, one of the world's largest vertically integrated cannabis operators at the time, where she was responsible for political, government, public, and community affairs strategies at the state and local levels across the Western United States. In this role, Lauren worked with governments throughout California and across the western half of the country to implement responsible cannabis regulations—expertise she continues to leverage today.

Lauren then served as Chief Strategy Officer for Los Angeles-based cannabis retailer Sweet Flower, where she was responsible for creating and executing corporate strategic initiatives across community, regulatory, political, and business arenas. As part of a five-person team, Lauren engaged in the operationalization of retail stores in Los Angeles while honing the company's licensing strategy, community engagement programs, and government affairs platform. This experience at a start-up contrasted dramatically with her prior experience at the world's largest cannabis company, providing unique lessons learned as the company transitioned from aspirational to operational.

Those experiences crystallized Lauren's vision for a different kind of cannabis company—one that put community at the center. Partnering with her husband, she co-founded Embarc, driven by the belief that cannabis businesses can do well by doing good. Under her leadership, Embarc has become one of California's most trusted independent cannabis operators, setting the standard for compliance, integrity, and community reinvestment.

Every Embarc store donates one percent of gross sales to a Community Investment Fund, governed by a local Community Advisory Board that directs funding to youth, public safety, and social service programs in its own city. To date, Embarc has voluntarily reinvested more than $2.5 million in California communities, on top of the millions of dollars more in state and local tax revenues. In addition to direct funding, Embarc employees volunteer thousands of hours annually with local nonprofit partners, reinforcing the company's commitment to giving back in tangible ways.

As CEO, Lauren oversees Embarc's retail and delivery operations, finance, marketing, HR, legal and compliance, and community relations functions. She is deeply involved in the company—from meeting with regulators and city officials to leading workshops with employees and visiting locations across the state. Her leadership style is hands-on, transparent, and people-first. She believes compliance and culture go hand in hand and has built systems that empower teams to live Embarc's values every day. Even as Embarc has expanded statewide, Lauren remains closely involved in daily operations and meets regularly with district managers, store teams, and local partners to ensure the company's community-driven values are lived out on the ground.

Lauren also co-founded Embarc Events, a trailblazing cannabis concessionaire responsible for

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integrating cannabis sales and consumption into some of California's most iconic events. Embarc Events has played a pivotal role in safely introducing cannabis at large-scale public gatherings, collaborating with major festivals such as Outside Lands in San Francisco, BottleRock in Napa, Cali Roots in Monterey, and the California State Fair in Sacramento. Since 2021, Embarc Events has served as the official cannabis concessionaire for Outside Lands, seamlessly integrating cannabis through Grass Lands, a designated cannabis area within the three-day music festival attended by over 200,000 people annually. In 2024, Embarc Events further solidified its expertise by spearheading the introduction of onsite cannabis sales and a consumption lounge at the California State Fair for its 17-day run—the first time in history that cannabis sales and consumption were permitted at a state fair anywhere in the nation. Embarc's founders were instrumental in developing the regulatory framework that made this milestone possible. In 2025, Embarc returned to the State Fair with a ten-fold expansion, a 50,000-square-foot footprint that included enhanced educational exhibits and a significantly expanded experience. These groundbreaking activations have redefined how cannabis is safely and responsibly integrated into mainstream culture.

Lauren's work has positioned Embarc as a model for safe, community-driven cannabis retail. Through licensing Embarc's 17 stores and multiple events, she maintains strong working relationships with the Department of Cannabis Control (DCC) and local regulators statewide. Under her direction, Embarc stores have hosted DCC inspectors for educational tours, collaborated on compliance training, and contributed to shaping a more transparent regulatory framework for California's cannabis market.

A respected thought leader and advocate for an equitable, sustainable cannabis industry, Lauren frequently participates in state and national industry panels, speaks on policy and advocacy, and mentors emerging professionals, particularly women in cannabis. She is an active member of the California Cannabis Industry Association's Policy Committee and a participant in the Cannabis Executive Roundtable for C-suite leaders operating profitable enterprises across the industry. Her authenticity, transparency, and willingness to share both the highs and challenges of leading a cannabis company have made her a trusted voice among peers and policymakers alike.

Lauren also serves on the Board of the California Cannabis Industry Association (CCIA) and is a founding member of the California Cannabis Operators Association (CaCOA). Her leadership includes previously serving on the Fairfield-Suisun Chamber of Commerce Board of Directors and the UC Capitol Center Alumni Council. She continues to serve her local community as a board member of her neighborhood association. In recognition of her leadership and impact, Lauren was named one of the Sacramento Business Journal's 40 Under 40 honorees in 2025 and has been named to Forbes Magazine's list of the 42 most influential people in cannabis, twice.

A graduate of the University of California, Santa Barbara, Lauren holds a Bachelor's degree in Public Policy and History. Beyond her professional life, she is a devoted wife and the proud mother of a one and a half year old daughter.

Dustin Moore – Owner & Chief Compliance & Strategy Officer

Responsible for Legalization—and Now Navigating the Landscape He Created

Dustin has been a driving force behind California's efforts to legalize and regulate commercial cannabis for more than a decade. In 2011, while working for the Speaker of the California Assembly, Dustin developed legislation for medical cannabis regulations that served as the foundation for the regulatory framework in place today. In 2014, he began working to develop and ultimately served as Deputy Campaign Manager for Proposition 64, the successful ballot measure that legalized adult use

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cannabis in California. No one is more familiar with Proposition 64's language and intended implementation than Dustin.

After Proposition 64 passed overwhelmingly in 2016 and having developed significant expertise in how to effectively regulate the cannabis industry, Dustin began working with local, state, national and international jurisdictions to assist in developing and implementing their regulatory and licensing programs, including in Canada, Mexico, and municipalities throughout California. Dustin is regarded as a subject matter expert whose advice and experience are sought by both the private and public sectors nationally and internationally. Dustin worked with Canada to develop their testing regulations and served as an advisor to the Mexican Senate in the development of Mexico's legalization legislation.

True to the intent of Proposition 64, Dustin specializes in policy development that prioritizes public health and safety. After nearly five years of cannabis policy development, Dustin became a founding partner at Axiom Advisors, the State's leading strategic consulting firm providing business and compliance services to professional cannabis associations, cannabis manufacturers, distributors, testing labs and retailers. The firm is responsible for managing compliance for more than 200 commercial cannabis license holders in California, including over three million square feet of licensed cultivation.

In recognition of Northern California's rich history in the cannabis agricultural sector, Dustin served as the volunteer Executive Director of the International Cannabis Farmers Association; a Northern California-based advocacy organization focused on creating equitable opportunity for California's small farmers.

Additionally, given his father has been a medical patient for decades, Dustin serves on the State of California's Track-and-Trace Advisory Committee, ensuring that safe, tested products are available in the legal market.

As Co-Founder and Chief Compliance & Strategy Officer at Embarc, Dustin plays a central role in guiding the company's growth, regulatory integrity, and long-term strategy. He leads Embarc's compliance, licensing, and government affairs efforts alongside the General Counsel, ensuring that all operations align with state and local laws. Dustin oversees the development and construction of new retail locations, from real estate site selection and entitlement to buildout and launch, ensuring each store meets stringent regulatory and community standards. He also drives operational efficiency across Embarc's supply chain, technology, and brand partnerships, leveraging his decade of relationships to create sustainable systems for growth.

Alongside Lauren, Dustin co-founded Embarc Events, a leading cannabis concessionaire responsible for integrating cannabis sales and consumption into large-scale public events across California. Drawing on his deep expertise in compliance, licensing, and public policy, Dustin has been instrumental in collaborating with the DCC, municipal authorities, and event organizers to bring cannabis experiences to life safely and effectively. His understanding of regulatory frameworks ensures that these events meet strict health and safety standards while aligning with State and local laws. Dustin's leadership has driven Embarc Events' success at high-profile events like Outside Lands, BottleRock, Cali Roots, and the California State Fair.

Since 2021, Embarc Events has seamlessly integrated cannabis into Outside Lands through the designated Grass Lands area. In 2024, Dustin played a pivotal role in launching onsite cannabis sales and a consumption lounge at the California State Fair—a groundbreaking moment in the showcasing of cannabis as part of California's agricultural landscape. In 2025, he helped lead the expansion of Embarc's footprint at the Fair to include an enhanced educational cannabis exhibit and

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larger-scale California Cannabis Awards, celebrating excellence in cultivation, innovation, and responsible production across the state's legal market. Through his extensive compliance background, Dustin ensures that Embarc Events operates responsibly, balancing public education, safety, and community engagement. His expertise helps demonstrate how cannabis can complement major events while generating economic benefits and maintaining a strong focus on public health and safety.

Dustin is a sought-after speaker and panelist on cannabis policy, compliance, and industry sustainability, frequently engaging with both policymakers and operators to promote practical, safety-driven regulation. He is also a founding Board Member of the California Cannabis Operators Association (CaCOA), an organization committed to reshaping the regulatory and operational landscape for California cannabis licensees across the supply chain.

Dustin's work has earned national recognition. In both 2023 and 2025, embarc's founders were honored on Forbes' "42.0" list, celebrating entrepreneurs transforming the cannabis industry through integrity, innovation, and community reinvestment.

Dustin holds a Bachelor of Science in Political Science from the University of California, Santa Cruz, and completed Public Policy coursework at the University of Southern California's Price School of Public Policy in Sacramento. Beyond his professional life, he is a devoted husband and proud father, finding balance and purpose in family life while helping lead one of California's most community-focused cannabis companies.

Key Leadership Team Members

Embarc has an approximately forty person team that supplements its in-store retail teams and guides its continued evolution. This robust corporate infrastructure developed and continues to refine our tools, processes, procedures, and resources in service to our retail teams.

This infrastructure plays an important role in ensuring our local teams have the support and accountability they need to run the day-to-day components of the business. As such, resume summaries for key leadership team members have been included here for reference.

Jeff Kirwan — Chief Operating Officer

Jeff brings more than 30 years of national and international experience developing and implementing best practices for some of the world's leading omni-channel retailers, including The Gap, Old Navy, and Target. He has held Senior Vice President, President, and CEO positions at Fortune 500 retailers and spent over 14 years with The Gap.

As the Global President and CEO of the Gap Division at The Gap, Inc. from December 2014 to February 2018, Jeff adeptly led a global team of over 45,000 employees, managing the brand across multiple channels and geographies with exceptional leadership and strategic vision.

Before becoming Global President and CEO, Jeff served as President of Gap Inc.'s Greater China business from 2011 to 2014, overseeing all brands and channels in mainland China, Hong Kong, and Taiwan. Under his leadership, the company's presence in China expanded to include Gap, Old Navy, and Gap Outlet brands, amassing over 100 stores across 25 cities within just four years. Jeff also managed e-commerce channels for Gap and Old Navy. Joining Gap Inc. in May 2004 as Senior Vice President of Stores & Operations for Old Navy in the U.S. and Canada, Jeff played a crucial role in driving operational advancements, including enhanced marketing, customer engagement, increased traffic, and improved sales and digital business growth. This experience showcases his expertise in developing and scaling retail operations in complex, ever-changing regulatory environments. Before joining Gap Inc., Jeff served as the Regional

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Group Director for Target Corporation's Western Region.

In 2016, Jeff began his foray into the cannabis industry, serving as one of the founding members of HERBL Distribution. HERBL emerged as the largest full-service provider of distribution services and developed the only retail services arm in California cannabis distribution, customizing unique insights typically only used in scaled traditional retail environments to measure efficacy of procurement. He also served as a Board Member for HERBL Distribution, thereby continuing to develop and provide unique insights into navigation of California's complex cannabis supply chain.

In 2023, Jeff assumed the role of COO of Retail Operations at Embarc, demonstrating a hands-on leadership style that is pivotal to the company's day-to-day operations. Committed to engaging with employees at all levels, Jeff ensures that all critical business aspects function smoothly and effectively. With a comprehensive involvement in operational management, Jeff is responsible for guiding retail strategies while collaborating closely with senior management to uphold and enhance quality standards across the organization.

Jeff's impressive executive experience with multinational retailers, deep understanding of customer needs, and robust consumer marketing and sales expertise make him an invaluable asset to Embarc. With his exceptional traditional retail background and significant cannabis industry knowledge through his role at HERBL Distribution, Jeff brings a unique blend of experience to Embarc.

Jeff holds a Bachelor of Arts degree in Business Communications from Rhode Island College and a Master of Business degree, focusing on Human Resource Management, from the University of Maryland.

Tessa O'Dowd – Chief Financial Officer

With a career spanning over two decades, Tessa O'Dowd combines her financial expertise with in-depth knowledge of California's regulated industries to drive Embarc's fiscal strategy. As CFO, Tessa's acumen is central to Embarc's fiscal health, guiding the company through the intricacies of the cannabis sector with adept financial reporting, insightful analysis, and comprehensive strategic planning.

Tessa has nearly a decade of experience as a financial executive in the cannabis industry, beginning in 2018 with her role as Chief Financial Officer at Plus, a California cannabis edibles company. Following Plus, Tessa held the position of Interim CFO and Senior Vice President of Finance at Lowell Farms Inc. Her role entailed the strategic and executional leadership of financial functions such as accounting, controlling, treasury, finance, credit, and collections. Tessa focused on refining processes to enhance efficiency at the company's then-current scale, while also laying the groundwork for future expansion. She played a vital role in overseeing the preparation of all financial statements, including reports for shareholders and government agencies.

As the Controller at Bare Snacks, Tessa was a critical force in shaping the company's financial direction. In collaboration with the COO and CEO, she was responsible for driving financial management strategies that supported Bare Snacks' operational and growth objectives. Tessa adeptly worked on developing and implementing operational systems plans, preparing annual budgets, and continuously improving accounting SOPs. Her role also extended to managing significant external relationships, including audits, tax preparations with tax firms, and ensuring compliance with state and federal laws. Tessa maintained current knowledge of organizational policies, state and federal directives, and accounting standards, ensuring all financial activities met legal and regulatory standards. Internally, her focus on process enhancement included cash flow analysis, applying accurate depreciation rates to assets, and directing month-end and year-end closing processes in line with GAAP. She also managed off-shore accounting teams, aligning all

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financial department efforts, especially with the supply chain team, to ensure a synchronized approach to Bare Snacks' financial management.

Tessa began her career in the wine industry in 2003 at JUSTIN Vineyards and Winery as the Inventory Control and Account Receivables Manager. She then moved on to the role of Controller at Cameron Hughes Wine, where she was responsible for overseeing various financial functions critical to the winery's success. Her role covered an expansive scope, managing financial accounting areas such as accounts payable, accounts receivable, payroll, sales, and inventory control, as well as supervising both direct and indirect reports, ensuring that daily financial operations were executed flawlessly. Tessa oversaw the cost accounting process, which is fundamental in the wine industry, ensuring the accuracy of costing for finished goods, winemaking, packaging, and handling.

Tessa's academic credentials include a Bachelor of Science in Business Administration with a focus on Human Resource Management from California Polytechnic State University, and a Master's in Business with a specialization in Accounting from Keller School of Management. Her educational background provides a solid foundation for her strategic approach to financial management and her capacity to lead complex financial operations.

Courtney Zalewski – Chief Brand & Marketing Officer

Courtney serves as the Chief Brand and Marketing Officer at Embarc. Prior to joining Embarc, Courtney co-founded and served as managing partner of The Cannabis Café, a first-of-its-kind fully licensed cannabis consumption space and restaurant. In her leadership role, Courtney assisted in capital fundraising and oversaw the build out and design of the establishment—successfully opening the Café's doors in just six months. The Café was first business of its kind to open nationwide and the first to open its doors in West Hollywood, a testament to her operational expertise.

Courtney was also responsible for hiring and assembling the team, overseeing the buying and menu curation, developing relationships with partner brands and vendors, creative direction, marketing and day-to-day operations. Courtney worked alongside retail, compliance and legal experts to develop first of their kind comprehensive SOPs for sales and consumption. Courtney's leadership ensured the Cannabis Café was operating smoothly, compliantly and profitably; as well as ensuring the company followed through on promises made in the initial application, including hiring a diverse staff and partnering with local businesses and purveyors.

Prior to The Cannabis Café, Courtney was a founding team member and served as the Vice President of Product and Design at Lowell Herb Co., one of California's most recognized brands. Courtney was responsible for the management and execution of all touchpoints of the brand including in-store marketing, digital marketing, branding and packaging. Her department was also responsible for product sourcing and development of new SKUs based on sales data and industry trends. During her time with the company, Lowell gained national praise for its design, creativity and impact within the cannabis industry which helped define the pre-roll market with elevated branding and packaging.

Separately, Courtney and her wife co-founded and ran a creative studio dedicated to the cannabis industry, working with several the top selling brands within the State and country. Courtney is fully entrenched in the cannabis industry and her expertise goes beyond marketing and design; her operational experience will help Embarc maintain best-in-class operations.

Courtney also boasts an impressive background in business operations, employee management, marketing strategies, creative direction, and UX design, making her a powerhouse in her field. Courtney has excelled in various roles, such as Director of UX at Pager, an early-stage healthcare start-up in New York City. There, she expertly managed

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consumer-facing products and internal tools for medical professionals, concentrating on chat and artificial intelligence technology. Courtney's efforts went beyond product design, driving the company's positioning, marketing, and branding to create an approachable, user-friendly, and effective product.

Courtney's academic credentials include coursework in graphic design, web design, and motion design from institutions such as the ArtCenter College of Design in Pasadena, California; the Art Institute of California, Los Angeles; and the College for Creative Studies in Detroit.

Eric Lightman – General Counsel

Eric has carved out an impressive career as a skilled attorney, representing technology companies and working in corporate finance. With a keen understanding of the complex legal and financial landscapes, Eric has provided valuable counsel to an array of clients and demonstrated an unwavering commitment to community service.

As West Coast counsel for the New York-based law firm Masur, Griffitts, Avidor, LLP (MGA), Eric served as outside general counsel to early and mid-stage growth technology companies based in San Francisco. In this role, he provided expert guidance on employment law, litigation matters, and financing transactions, helping these companies navigate their legal and financial challenges.

Before joining MGA, Eric honed his skills as a commercial litigator and labor and employment lawyer at a law firm in Oakland. His legal acumen was further complemented by his experience in corporate finance at leading companies such as The Boeing Company and Paramount Pictures.

Eric currently serves as General Counsel at Embarc, where he drives the company's dynamic growth strategy, risk mitigation, and ongoing legal affairs. Prior to joining Embarc, Eric served as General Counsel and later as Vice President of Legal at The Shryne Group (owner of the popular brand "STIIIZY"), where he was part of the legal team that helped to form the company in 2018.

As Shryne's first in-house attorney, Eric was tasked with supporting the company's growth from the ground up, developing the policies, practices, and procedures applicable to all areas of the business including compliance, retail operations, manufacturing, distribution, and human resources. During his tenure, the company went from a single store in Los Angeles with a handful of employees to the largest vertically integrated cannabis company in California with 20+ stores, 100+ cultivation licenses, distribution and manufacturing facilities throughout the State, and a staff of nearly 3,000 employees.

As head of legal at Shryne, Eric ensured that the day-to-day operations ran smoothly, compliantly, and without incident. He oversaw a legal team of six attorneys and five licensing analysts and staff to support the company in all respects, including day-to-day operational support, social equity program development, regulatory and compliance monitoring, local and State licensure, community benefits and outreach, risk management, mergers and acquisitions, financing transactions, in and out of State expansion efforts, real estate financing, litigation, business development, and much more. It is this track record of hands-on leadership, in-the-trenches development, and sound business strategy through scale that Eric brings to Embarc, where he oversees legal, risk management, and regulatory affairs in much the same capacity.

Eric's dedication to community engagement has been a hallmark of his career. He is an active participant in the annual Constitution in the Classroom event sponsored by the American Constitution Society, where he helps educate elementary school students about the law and the Constitution. He is also a member of the Justice and Diversity Center, part of the Bar Association in San Francisco.

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Eric earned his Juris Doctorate degree from Santa Clara University School of Law and holds a Bachelor of Business Administration degree in Finance and International Business from Penn State University. Throughout his distinguished career, Eric has proven himself to be a dedicated legal professional with a passion for innovation, community impact, and justice.

Jason Frie – Vice President of Retail Stores & Operations

Jason is a seasoned retail executive with nearly two decades of experience leading high-growth, multi-unit retail organizations and building brands that balance operational excellence with exceptional customer experiences. As Vice President of Retail Stores and Operations at Embarc, Jason oversees the company's 17 retail dispensaries, guiding every aspect of operations from store performance and team development to customer experience.

Jason leads Embarc's district and store leadership teams, ensuring operational consistency across all locations. He plays an integral role in the company's expansion strategy, leading the hiring, training, and operationalization of new stores to ensure every location opens successfully and maintains Embarc's high operational standards. Jason works cross-functionally with the development and compliance teams to align operational practices with facility design and regulatory requirements, ensuring each new store launches efficiently, compliantly, and ready to deliver an exceptional customer experience. He also oversees employee development across the retail network, cultivating strong leadership pipelines and consistent performance across all locations. Under Jason's leadership, Embarc's retail operations embody the company's core values of integrity, inclusivity, and community partnership, with a focus on delivering safe, educational, and accessible cannabis retail experiences.

Before joining Embarc, Jason served as Head of Retail and Real Estate at The Great / Emily + Meritt, where he led the company's evolution from a single boutique to a nationally recognized lifestyle brand. During his tenure, he oversaw the expansion to seven retail locations, driving a tenfold increase in sales while managing all aspects of operations, visual merchandising, and real estate portfolio growth. His leadership emphasized not just expansion, but creating a customer experience that was both aspirational and deeply personal.

Previously, Jason held senior leadership roles with James Perse and rag & bone, two of the most respected names in luxury apparel. As Vice President of Brand Operations at James Perse, he directed global operations across retail, wholesale, e-commerce, and hospitality channels, and successfully launched the brand's flagship furniture concept store in Los Angeles. At rag & bone, he led Global Direct-to-Consumer Operations and Loss Prevention, where he implemented omni-channel strategies that connected physical and digital retail experiences, developed operational playbooks for global consistency, and helped achieve some of the strongest inventory accuracy and shrink reduction results in the industry.

Earlier in his career, Jason held key operations roles at Tory Burch, Joe Fresh, and Club Monaco, where he managed large-scale store openings, developed leadership training programs, and streamlined operational frameworks across North America and Europe. His early experience building retail infrastructure from the ground up honed the skills that now define his leadership: a focus on people, process, and performance.

At Embarc, Jason brings this deep expertise in scaling and refining premium retail environments to the regulated cannabis industry. He is passionate about applying lessons learned from decades in traditional retail to streamline the cannabis customer experience—ensuring that Embarc stores operate with the same precision, service standards, and brand integrity expected of any leading retail organization.

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Jason's leadership has been instrumental in strengthening Embarc's statewide operations, integrating data-driven management systems, and enhancing store performance while maintaining a steadfast commitment to compliance and community engagement. His experience building global retail brands and his ability to translate that success into California's cannabis market make him an invaluable member of Embarc's team.

Alyson MacMullan – President of Inventory Management

Alyson is a senior retail and cannabis executive with more than 25 years of experience leading merchandising, planning, and commercial strategy for multi-store retail organizations. As President of Product at Embarc, she is accountable for product strategy and merchandising with a focus on driving inventory productivity, margin performance, and sustainable growth across the portfolio.

In her role, Alyson leads forecasting, inventory, pricing, buying, promotions, and vendor economics, bringing analytical rigor to every layer of Embarc's retail business. She leads the buildout and scaling of a rigorous merchandise planning function, owning product assortment, pricing, and vendor strategy to improve inventory productivity, margin, and sell-through across all stores. Alyson works cross-functionally with the marketing, finance, and retail operations teams to drive demand, optimize inventory deployment, and deliver profitable growth, ensuring that every decision, from assortment architecture to promotional cadence, is grounded in clear commercial logic and aligned with broader strategic goals. Her approach turns detailed product and sales data into clear commercial direction, using modeling, Key Performance Indicator (KPI) frameworks, and performance diagnostics to identify the levers that materially shift margin, cash flow, and productivity.

Before joining Embarc, Alyson founded, built, and led Higher Growth Advisors, a cannabis-focused consulting firm, for more than a decade. Through Higher Growth, she advised cannabis investors and multi-store operators navigating growth, transition, and financial pressure, leading retail performance stabilization and commercial planning engagements that restored predictability across sales, inventory, margin, and cash flow. Her work enabled leadership teams to move from reactive decision-making to disciplined execution. Across engagements, she reduced aged inventory to below 15% of total inventory and expanded gross margin by more than 200 basis points, while partnering directly with owners, executive teams, and boards on annual plans, rolling forecasts, and performance reviews. Many of these engagements supported acquisitions and turnarounds, including pre- and post-acquisition analysis, integration planning, and performance resets for underperforming dispensaries.

Earlier in her career, Alyson built a deep foundation in large-scale retail merchandising at some of the country's most respected organizations. As Merchandise Planning Manager – Direct at Nordstrom, she designed cross-channel financial plans, presented strategic direction to leadership, and optimized performance across merchandise classifications to drive profitable sales and maximize return on inventory investment. As Senior Merchandise Planning Manager for White House | Black Market at Chico's FAS, she executed top-down and bottom-up merchandise financial plans across 13 departments, pioneered a monthly buy process bridging direct-to-consumer and frontline store teams, and developed an Open-To-Buy tool for the online channel that integrated traffic, conversion, and average order value metrics. Earlier still, Alyson built her analytical and financial foundation at Target and in investment banking at Piper Jaffray—experience that continues to shape how she evaluates inventory risk, capital deployment, and performance tradeoffs today.

Her ability to translate complex retail data into clear commercial direction, combined with a decade of exclusive cannabis experience and a career built at brands like Target, Nordstrom, and Chico's, makes her a foundational leader as Embarc brings

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its model to new communities. A graduate of the University of Denver, where she earned her BSBA in Finance and Marketing magna cum laude, Alyson pairs analytical rigor with a conviction that disciplined retail systems create the conditions for lasting community impact.

Kevin Schmidt – Head of Regulatory Affairs

Kevin Schmidt is a fourth-generation public servant with the institutional knowledge necessary to navigate California's complex political and regulatory landscape. Beginning his public service career with the California Senate Majority Leader, Kevin worked on a broad array of topics including agriculture, water, and energy. Kevin then served for five years as Policy Director for then-Lieutenant Governor Gavin Newsom, focusing on energy, natural resources, economic development, higher education, and other policy issues. Kevin represented Lt. Governor Newsom on the California Coastal Commission, the California State Lands Commission, and the Ocean Protection Council, and in those positions was responsible for decision-making on important statewide policies and multibillion-dollar State Budgets. During his time with the Lt. Governor, Kevin spearheaded the Blue Ribbon Commission on Cannabis and served as a senior advisor to the Proposition 64 campaign. Kevin has since become a founding partner of Axiom Advisors, the leading cannabis compliance, regulatory and political consulting firm in California. In this capacity, Kevin has developed deep relationships both within the cannabis industry and within California government which are critical to his role as Head of Regulatory Affairs for Embarc.

Manisha Marquez – Director of Human Resources

Manisha brings more than fifteen years of diverse human resources experience, including nearly eight years in human resources within California's legal cannabis industry.

She served as the Director of Human Resources at Avitek Recruit for over two years, where she collaborated with senior leadership to develop and implement staffing, recruiting, and retention strategies. Manisha was responsible for overseeing a wide range of HR functions, including compensation, benefits, performance management, and compliance with federal and state regulations. Prior to Avitek, she held multiple roles at HCRC Inc Skilled Nursing, including Business Office Director (HR) and Human Resources Administrative Assistant. In these positions, she managed HR operations, provided guidance to management on policy development, and ensured legal compliance. Throughout her career, she has demonstrated exceptional skills in human resources management, organizational strategy, and employee relations, making her a valuable asset.

Manisha also has nearly eight years of experience in the cannabis industry, having served as the Director of Human Resources at vertically integrated cannabis operator Perfect Union, and now, as Director of Human Resources at Embarc. While at Perfect Union, Manisha oversaw HR operations across California, New Mexico, and Rhode Island, managing a union workforce of over 350 employees. Manisha led various initiatives, including the development and implementation of competitive compensation, benefits, performance appraisal systems, and employee incentive programs. She also played a crucial role in negotiating Collective Bargaining Agreements and fostering strong partnerships with UFCW locals. Manisha was instrumental in implementing the WURK (cannabis payroll provider, dispensary workforce management, and cannabis compliance) human resources information system (HRIS) across all entities, including retail, grow, and distribution divisions. Under her leadership, the organization saw improvements in talent management, organizational effectiveness, employee benefits, and HR compliance. Her skills in talent management, succession planning, HRIS database management, cannabis, and training and development make her a valuable expert in the rapidly expanding cannabis industry – and are particularly valuable as she oversees these functions within Embarc.

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EXECUTIVE SUMMARY

Thank you for the opportunity to submit this proposal. We are enthused at the prospect of operating a local cannabis business that will serve as a true partner to the Sutter Creek community.

Embarc was founded by Lauren Carpenter and Dustin Moore, a wife and husband team with a passion for cannabis and a commitment to community-driven operations. Our team brings diverse backgrounds and professional experiences to this endeavor, but we are united by a shared belief in the importance of cannabis businesses that integrate into and ultimately benefit the community.

We like to think of ourselves as the Goldilocks of cannabis companies – big enough to have trusted, tested systems, but small enough that when you pick up the phone and call us, it's one of the founders who answers the phone. As such, Embarc is deliberate in its growth, focusing not on expansion into each California community but rather on integration into communities who will appreciate and ultimately share those same values.

The beating heart of Embarc's business model are our Community Advisory Boards, which give diverse local stakeholders a seat at the table in ensuring our business integrates thoughtfully into the community they call home. It is these folks who hold use accountable to our commitments, and it is these committed local residents – not our leadership team – who identify priority local causes and allocate our Community Investment Funds accordingly. Through this partnership, our local community benefits commitment remains truly local.

In a nascent and rapidly shifting industry, integrity matters. We are very proud to be an operator who says what we mean and mean what we say. This track record of integrity is evident in our existing operations, which include **17 legally permitted cannabis retail storefronts in communities across California,** as well as several additional stores currently in development. In many ways, we are more than just proven cannabis operators; we are trusted partners in the communities we call home.

Ultimately, if selected to operate locally, Embarc will bring to Sutter Creek the same commitment to compliance, customers, and the community that are hallmarks of our business model and evident in existing operations. Cornerstones of this proposal, and of our commitment more broadly, include:

- **UNPARALLELED CANNABIS & TRADITIONAL BUSINESS EXPERIENCE:** Embarc's team brings over three centuries of combined business experience in cannabis, retail, supply chain, and other highly regulated industries – all of which informs and enhances our operations.

- **SOUND FINANCIAL PRINCIPLES:** Embarc is well capitalized, operates with sound financial principles, and has a realistic plan to scale. Our growth to date has been thoughtful and deliberate to ensure we remain responsive to the communities we serve.

- **COMPLIANCE TEAM LED BY THOSE WHO ARCHITECTED CALIFORNIA'S LEGAL CANNABIS INDUSTRY:** Embarc has significant expertise navigating the complex legal and regulatory framework for cannabis as our team members effectively wrote and implemented legalization. Embarc shaped and continues to refine the cannabis regulatory landscape in California, a competitive advantage in a frequently changing field.

- **BEST-IN-CLASS EMPLOYER WITH A TRACK RECORD OF EMPOWERING EMPLOYEES:** Embarc has a proven commitment to its employees with industry-leading wages and benefits, meaningful education and training, and career advancement opportunities for its workforce. We are one of only a handful of cannabis operators who have Collective Bargaining Agreements with the United Food and Commercial Workers Union (UFCW) across our operations – ensuring our employees are represented

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fairly, transparently, and in the spirit of collaboration. This is particularly important in a nascent industry that lacks uniform standards, training and education.

- **SAFETY AND SECURITY PLANS DEVELOPED BY LEADING EXPERTS IN PROTECTING PUBLIC HEALTH AND SAFETY:** Embarc's Safety and Security Plans are developed by subject matter experts and tested through existing operations to ensure robust safety measures are at the forefront of operations. These plans rely heavily on technology to reduce human error, increase human safety, and contribute to public safety beyond the four walls of the dispensary.

- **A PROVEN BENEFIT TO NEIGHBORHOODS:** Embarc's comprehensive Good Neighbor Policy has been proven through existing operations to proactively address community questions and concerns, and our store teams are trained to be both proactive and responsive to the communities we serve. While legal cannabis retail may be new to many communities, we bring a track record of existing operations that have demonstrated a true benefit to our neighbors, from increased lighting and beautification to heightened security infrastructure and responsiveness.

- **PHILANTHROPIC ETHOS WITH A TRACK RECORD OF COMMUNITY BETTERMENT**: Embarc has developed meaningful partnerships with communities and has built engagement into our business model in significant ways. This results in tangible economic benefits for the City, its residents, and local nonprofit partners. The depth and breadth of our local Community Advisory Board will be a testament to this proactive approach and is bolstered by our commitment to this community's public health and safety as detailed throughout this proposal.

- **OPERATIONAL LEADERS WITH SIGNIFICANT LEGAL CANNABIS RETAIL EXPERIENCE:** Embarc is committed to bringing best-in-class practices and the experience of a team that has operated legal cannabis dispensaries since legalization. We have a proven track record of delivering on promises to residents, officials, community leaders, neighbors, patients, and customers. Ultimately, this is how cannabis retail can and should operate in Sutter Creek and beyond.

Ultimately, Embarc seeks to redefine the relationship between cannabis and the community by demonstrating through action that its business can seamlessly integrate into, and benefit, Sutter Creek. Embarc achieves this goal elsewhere in various ways, including through the creation of a Community Advisory board comprised of longtime local residents and community leaders, a proven commitment to community engagement, a tangible benefits plan developed in coordination with members of the community, and through our fundamentally different approach to consumers.

Embarc provides safe and reliable access to medical and adult use cannabis through a warm and inviting retail expression and highly trained, professional staff. Our plans are designed to comply with Sutter Creek Municipal Code, all applicable rules and regulations, and all State laws. It is a realistic model of operations developed through a collaborative process that leverages the expertise of our seasoned team, existing cannabis retail operations, and best practices from the cannabis industry and beyond.

Our team brings extensive experience managing operational and regulatory compliance plans in the cannabis industry and over three centuries of combined expertise in operations, finance, retail, supply chain, and management across cannabis and traditional industries, coupled with experience operating dispensaries since day one post-legalization. The depth and breadth of this experience uniquely equip our team to execute our plan and begin safely serving patients and customers

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efficiently and with more community sensitivity than other operators.

We will operate a world-class dispensary with core values rooted in our deep respect for and understanding of this community, including a focus on health, wellness, and community education.

Mission Statement

Embarc redefines the relationship between consumers and cannabis, focusing on health, relaxation, recreation, wellness, and approachability rather than just the traditional emphasis on "getting high." We believe a cannabis company can do well while doing good, integrating into, and enhancing the local community while operating with integrity and transparency.

We effectuate this mission through three key values that serve as the basis for everything we undertake as a company:

ENRICH RATHER THAN ALTER: Whether a medical or adult use consumer, all cannabis is about wellness and is just one component of an individual's health and wellbeing journey. Whether using cannabis for a specific ailment, general aches and pains, anxiety, or sleeplessness, at its root, cannabis use is about enriching one's life.

We believe in embracing that core truth through a focus on cannabis as a way of integrating into one's existing lifestyle rather than altering it. We will offer a highly curated selection of consciously crafted cannabis products, ensuring the use of cannabis achieves our goal of enrichment of the self, one's lifestyle, and the broader community.

COMMUNITY FIRST: While cannabis has existed in communities for decades, legal, regulated cannabis is still an emerging market. Communities are grappling with how to best integrate commercial cannabis activities into neighborhoods, balancing the economic opportunity of this industry with a desire to protect public health and safety.

Embarc understands that operating such a business is a privilege and not a right and that a successful business model is predicated on the ability to consistently engage the community to ensure communication, transparency, integrity, and collaboration.

By putting the community first, Embarc ensures a positive relationship with government, community leaders, and the neighborhood, ultimately allowing us to give back to the community in meaningful ways.

EXPERIENCE MATTERS: Experience and best practices matter. Embarc has unparalleled experience operating compliant retail dispensaries and brings centuries of combined business and public health and safety experience, representing the vision and operational track record of executive-level leadership in cannabis, retail, supply chain, and other highly regulated industries. This expertise is integral to the development and execution of a cannabis dispensary that communities can be proud to host.

APPLICATION CONTENT

Below is a summary of various key components included this application.

QUALIFICATIONS OF OWNERS

This section highlights the ownership team's experience in operating licensed retail cannabis businesses and their overall knowledge of the cannabis industry. It outlines how industry best practices and regulatory requirements have been successfully implemented in prior operations, as well as the ownership team's involvement in day-to-day management and oversight of the proposed storefront.

BUSINESS PLAN

The Business Plan provides a comprehensive overview of financial planning, operational strategy, and regulatory compliance for the proposed retail cannabis storefront. This includes detailed

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budgeting and a projected timeline for construction, improvements, and commencement of operations.

Daily operations are outlined in alignment with industry best practices, including customer check-in procedures, delivery protocols, point-of-sale systems, and integration with the State's track-and-trace system. The plan also details inventory tracking and diversion prevention measures, compliance with local and state regulations, among other key considerations.

LABOR & EMPLOYMENT PLAN

The Labor and Employment Plan outlines our approach to workforce development and employee support. This includes recognition of collective bargaining rights, projected staffing levels at opening and full capacity, and clearly defined employee roles and responsibilities. The plan also details employee benefits, including healthcare, leave policies, and other support programs.

SECURITY PLAN

The Security Plan details measures in place to ensure the safety of individuals, property, and inventory at the retail cannabis storefront. Operational security protocols address access control, visitor management, inventory control, and employee procedures. The plan also includes detailed cash handling processes, perimeter security measures, lighting design, and on-site security personnel coverage.

NEIGHBORHOOD COMPATIBILITY PLAN

The Neighborhood Compatibility Plan outlines proactive measures to ensure the retail cannabis storefront operates in a manner that is respectful of and compatible with the surrounding community. This includes strategies to mitigate potential impacts related to noise, lighting, odor, traffic, and loitering, as well as clear protocols for responding to community concerns. The plan also incorporates youth prevention measures and an Odor Mitigation Plan, which outlines systems to prevent detectable odors outside the premises.

COMMUNITY BENEFITS PLAN

The Community Benefits Plan outlines our commitment to supporting the local community through financial contributions, active participation in community-based initiatives, and dedication to protecting youth through an accredited youth drug prevention and education program. This includes support for nonprofit and civic organizations, as well as employee volunteerism and cross-promotion of local businesses.

LOCATION PLAN

The Location Plan provides an overview of the proposed site and planned improvements. This includes the site address, current use, surrounding businesses, and photographic documentation.

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BUSINESS PLAN

Embarc is proposing to operate a retail dispensary in the City of Sutter Creek. As further detailed below, Embarc's operational plan has been designed to meet or exceed all State regulations.

Embarc has implemented industry-leading best practices perfected over decades of collective operational experience at some of the State's most respected dispensaries, along with input from our team which has been responsible for more than 2,000 retail stores across the globe, and valuable lessons learned from successfully operating Embarc's existing retail footprint of 17 operational stores.

Embarc's operating procedures and best practices are contained in our internal business plan, operating plan, employee handbooks, employee training program, and numerous other resources. In total, there are over **450 pages** of material specific to Embarc's operating procedures, policies, and best practices. Given that many of these materials are proprietary and this business permit application is subject to a Public Records Act request, and in deference to the need for succinct application materials, we have included a detailed overview of how Embarc's best practices have been included in the Standard Operating Procedures (SOPs) informing day-to-day operations.

PHYSICAL FUNCTIONALITY

Our layout and customer flow have been designed to maximize security, compliance, and an optimal consumer experience. It has been broken down into five sequential components, as further outlined below.

1. GREETED: Guests access the Screening Lobby, where they are welcomed by staff and undergo immediate identification and age verification protocols. While this is a strict compliance protocol to ensure patrons are appropriated aged to access the facility, staff are trained to ensure this feels like a warm and inviting experience.

2. INTRODUCED: Once identification and age are verified and based on customer flow in the Retail Sales Area, guests will either then be allowed to move directly from the Screening Lobby into the Retail Sales Area or asked to stay in the waiting area until space permits. The waiting area of the Screening Lobby has been designed with the customer in mind. Here you will find educational materials regarding cannabis as well as community-specific activations and installations.

3. GUIDED: After entering the Retail Sales Area, guests are greeted by a retail sales associate, called a "Guide." Guides take the guest through product selection, answer questions, and provide individualized suggestions. If there is a line of customers when a guest first enters the Retail Sales Area, the guest will queue appropriately.

4. CHECKOUT: Once the customer has selected products, their Guide will facilitate the transaction at a point-of-sale station. Purchased products are placed into an opaque exit package and guests are reminded to always keep their products stored in the product's compliant child-proof packaging to prevent accidental youth access. The easily identifiable exit package allows Security Officers to monitor customers exiting the building.

5. EXIT: Guests are thanked for coming and are directed to exit through the exit path. Pursuant to our neighborhood compatibility and operational policies, customers will not be permitted to loiter on the property.

CUSTOMER CHECK-IN PROCEDURES

Embarc utilizes state-of-the-art technology, onsite security, and customer experience protocols to ensure no person under the age of 21 (or 18 with a valid physician's recommendation and/or medical card) is permitted access. These protocols have been proven to ensure no person enters the Retail Sales Area until their identification has been verified, including age, identity, and validity of medical recommendation, if one is provided.

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Guests will enter utilizing the designated main entrance to the building, where signs will be posted clearly and legibly stating that no person under the age of 21 is permitted to enter. The premises will have a clearly labeled entrance door, which will lead into the access-controlled reception area, functioning as a Screening Lobby.

A robust surveillance network complemented by viewing stations will allow for pre-screening of those approaching the business, ensuring only those who can be certainly identified on camera will be granted access into the Screening Lobby to initiate the check-in process and that youth are not able to access the facility.

Upon entry, a guest is greeted in the secure Screening Lobby area by an employee who visually inspects the guest's identification card before scanning it into Embarc's track-and-trace/point-of-sale software, which automatically inputs necessary identity verification and compliance information into our point-of-sale (POS) system. As a redundant layer of security, the reception employee may also scan the identification card using a portable age verification device such as the CAV-2000 (or a similar model, depending on technology at the time of operations). As defined by State law, acceptable forms of identification include:

- A document issued by a federal, State, county, or municipal government, or a political subdivision or agency thereof, including, but not limited to, a valid motor vehicle operator's license, that contains the name, date of birth, height, gender, and photo of the person;
- A valid identification card issued to a member of the Armed Forces that includes the person's name, date of birth, and photo; or
- A valid passport issued by the United States or by a foreign government.

To protect against any guest accessing the Retail Sales Area prior to identification verification, the Screening Lobby physically prevents access to the Retail Sales area until after identification verification is complete.

Medical Patients & Caregivers

If the potential customer is between 18 and 20 years old (and thus only able to access the facility as a medical patient or caregiver), Embarc will confirm the customer's possession of a valid identification card utilizing the identification verification process previously outlined as well as a physician's recommendation and/or Medical Marijuana Identification Card using our Medical Patient and Caregiver Access Verification Protocol. Pursuant to State law, physician's recommendations will not be obtained or provided at our location. No person under the age of 21 will be allowed access to the Retail Sales Area without the following verification protocol:

1. If the patient produces a physician's recommendation, staff will verify that the doctor's license is active and in good standing using the California Medical Board's online license verification program, BreEZe; and upon verification that the physician's license is in good standing and active, the staff member will utilize the online verification system provided by the doctor to verify that the medical recommendation is valid. If no online platform is available, the staff member will call the physician's office and manually verify the recommendation.
2. If the patient produces a State-issued medical identification card, the staff member will utilize the official website administered by the California Department of Public Health to verify the patient's identification card using the assigned nine-digit Unique User Identification Number.

Once the above procedures are complete, the following outcomes are possible:

- The patient is properly verified, their information is entered into Embarc's POS system, and their records are stored in a

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HIPAA-compliant database to meet State guidelines for record retention, or
- The patient's verification fails, and they are asked to promptly leave the premises and only return with valid documentation.

Once age and identity verification are complete, the reception employee completes the guest's profile. This information is properly stored pursuant to all cannabis and general advertising laws and regulations. The guest is then provided access into the Retail Sales Area, where they are greeted by a Guide (retail sales associate) or, if at capacity, are invited to wait in the Screening Lobby seating area. The patient will be asked to show the government-issued identification and, if applicable, a doctor's recommendation or MMIC card again at the POS station at the time of purchase.

POINT-OF-SALE

Embarc intends to utilize Treez as its point-of-sale (POS) system in Sutter Creek. Treez is an enterprise-quality retail management software built using the most sophisticated security systems available to increase security and productivity, resulting in faster transaction times and more secure monitoring.

Treez tracks and reports on all aspects of commercial cannabis activity, including but not limited to, cannabis tracking, inventory data, gross sales (by weight and by sale), and other information deemed necessary by the City. Embarc will ensure that the Treez system is compatible with the City's record-keeping systems and can produce historical transactional data for review.

Treez POS software manages and stores transaction information, including records, reports, manifests, and any other documents generated by Embarc. Per State requirements, this data is stored both physically and electronically in the cloud for a period of at least seven years. Importantly, Treez maintains the confidentiality of all customer and patient data and records.

Treez is an integrated software platform that automatically enforces best practices with a focus on compliance and loss prevention. Unique features of the Treez system include, but are not limited to, the following:

ACCURACY: Customizable inventory locations mirror the physical workings of the store and segment inventory by medical or recreational status, fulfillment type, or sales channel to ensure accurate inventory at all times.

FULFILLMENT: A centralized dashboard streamlines processes across in-store, express, and pick-up orders and captures orders from all eCommerce marketplaces and fulfills them from a single place to ensure real time inventory management.

COMPLIANCE: Built-in tools to safeguard against selling over State-specific purchase limits, dynamic tax collection based on product type, customer classification, and delivery destinations, real time sale reporting to CCTT-Metrc, and insulation from track-and-trace outages using the proprietary TraceTreez automation layer.

Treez Interaction with CCTT-Metrc

Embarc will create and maintain an active and functional account within the CCTT-Metrc system prior to engaging in any commercial cannabis activity. The CCTT-Metrc system, often referred to as METRC or Metrc, is the State's selected track-and-trace provider – a standardized and centralized database for the State of California tracking all cannabis from seed to the point-of-sale.

Once the Embarc accounts and systems are linked, the Treez system utilizes an Application Programming Interface (API) to facilitate a direct online connection to Metrc.

Treez will then automatically interface with and push all the sales data to CCTT-Metrc in real time. This enables sales data from Treez to be uploaded directly to CCTT-Metrc, reducing the risk of diversion, loss, and theft while maintaining the integrity

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and safety of cannabis products as they move through the supply chain. Furthermore, Treez allows Embarc to remain compliant with requirements that commercial cannabis businesses must have an accounting software system in place to provide POS data as well as audit trails for both product and cash, where applicable.

Embarc will designate one individual owner as the CCTT-Metrc account manager. The account manager may authorize additional owners or employees as system users and will ensure that each user is trained on the system prior to its access or use. This designated track and track account manager will be responsible for ensuring that the Treez system conducts all required reporting to the DCC.

Embarc will monitor all compliance notifications from the system and timely resolve the issues detailed in the compliance notification. Embarc will keep a record, independent of the system, of all compliance notifications received from CCTT-Metrc, and how and when compliance was achieved.

OPENING & CLOSING PROCEDURES

Embarc has established comprehensive opening and closing procedures designed to ensure safe, secure, and compliant operations while protecting employees, customers, inventory, and the surrounding community. These procedures have been developed collaboratively by Embarc's security, operations, and compliance teams and are informed by operational best practices refined through the company's existing operations throughout California.

Opening procedures begin approximately one hour prior to business operations and include coordinated security and management inspections of the premises, verification of alarm and surveillance systems, inspection of all entry points and emergency exits, and confirmation that all safes, locks, and secure storage areas are functioning properly and free of tampering.

Employee access to the building is controlled through secured access systems with role-based permissions to ensure that only authorized personnel may enter designated operational areas. Prior to opening, staff conduct store preparation activities including sanitation and cleaning of customer-facing areas, setup and testing of point-of-sale and operational systems, inventory restocking, cash drawer verification, and employee briefing meetings focused on operational updates, product education, customer service expectations, and daily responsibilities.

Closing procedures are overseen by store management and on-site security personnel and are designed to ensure that all inventory, currency, records, and operational systems are properly secured at the conclusion of business each day. These procedures include final customer transaction management, cash reconciliation and secure storage, inventory organization, sanitation and cleaning of the facility, shutdown and verification of operational systems, and inspection of surveillance, lighting, and alarm systems prior to arming the premises. Employees exit the facility in coordination with security personnel to maintain staff safety during closing operations.

All opening and closing activities are documented through standardized operational checklists and employee training procedures to ensure consistency, accountability, and compliance with all applicable state and local cannabis regulations. Embarc regularly reviews and updates these procedures as part of its ongoing commitment to operational excellence, public safety, and regulatory compliance.

HOURS OF OPERATION

The State restricts operating hours to between 6 am and 10 pm daily. Embarc anticipates operating between the hours of 8 am and 10 pm in Sutter Creek.

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RECEIVING DELIVERIES

Embarc has developed proven delivery receipt protocols through existing operations that maximize public health and safety and eliminate impacts to neighboring uses. Embarc will confirm that we have already received the specific shipping manifest and certificate of analysis (COA) via CCTT-Metrc prior to a scheduled delivery of a shipment of cannabis goods.

Embarc will not accept any delivery of cannabis or cannabis products without receiving a copy of the shipping manifest and COA containing necessary and accurate information from the licensed distributor or licensed microbusiness authorized to engage in distribution responsible for making the delivery.

Embarc will receive shipments of cannabis goods only from licensed distributors and/or licensed microbusinesses authorized to engage in distribution and only during business hours with advance notice. Shipments will enter the licensed premises through the rear of the building so as not to be visible to, or accessible by, the public.

Distribution schedules will be varied and will be maintained in confidence and only released to those with a business need-to-know in the moments prior to receipt of a distribution. Distributors will be required to notify Embarc of the approximate delivery time and shall include the name and photos of the distribution drivers scheduled as part of the pre-scheduling process.

Upon arrival, a Security Guard will allow the distributor into the licensed facility. The Manager will proceed to the Loading & Unloading Area. The Security Guard will remain in the area to monitor the delivery.

The vendor will be logged. Goods will be inspected for completeness, condition, and compliance. Compliant goods will be accepted and transferred into the track-and-trace account of Embarc. The door from the Loading & Unloading Area to the Intake Area will remain closed and locked until the distributor has vacated the premises following the transfer. The Security Guard will escort the distributor out of the building and thereafter, the Security Guard will resume their duties.

Shipments of cannabis goods will be inspected for freshness and cannabis goods that have exceeded their expiration or sell-by date will not be accepted. Per State regulations, a shipment will either be accepted or refused in full.

Embarc will only accept deliveries during daylight hours and at staggered times to prevent predictability. Embarc will not allow shipments of cannabis goods to enter the licensed premises through an entrance or exit that is available to the public and will only accept deliveries through the secure vendor entrance.

Embarc will not engage in any packaging or labeling of cannabis or cannabis products and will not accept any cannabis or cannabis products from a distributor that are not packaged for final sale in a compliant manner. Embarc will not accept goods that have not passed laboratory testing as documented by a COA.

Inventory Management

When a shipment of cannabis goods arrives, Embarc will inspect the scheduled delivery's inventory and verify that the distributor or microbusiness authorized to engage in distribution has provided a hard copy shipping manifest. The hard copy shipping manifest will be inspected to verify that the shipping manifest contains the following information: name and type of the cannabis goods, UIDs of the cannabis goods, amount of cannabis goods by weight or count, total wholesale cost of the cannabis goods, estimated times of departure and arrival, actual time of departure and arrival, name, license number, and address of all licensees involved, such as the cultivator, the transporter, driver's license number of anyone driving the transport vehicle and make, model, and license plate number of the vehicle used for transport.

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When information in the shipping manifest is suspect or inaccurate, Embarc will seek clarification or correction from the distributor but refuse acceptance if warranted.

Embarc will reconcile all cannabis product package counts, labeling, and actual weights of the incoming shipment against the shipping manifest and CCTT-Metrc. When there is a discrepancy in weight or package reconciliation, Embarc will record and document the discrepancy in the Treez system which also serves as its chosen internal seed-to-sale tracking system in CCTT-Metrc and report the discrepancy to the Inventory Manager.

Embarc will inspect the shipment of cannabis or cannabis goods for freshness. When cannabis or cannabis goods have exceeded their expiration or sell-by date, Embarc will not accept them. Embarc will inspect the shipment's labeling and packaging and ensure that all cannabis or cannabis products are labeled and packaged for final sale. When there is a defect to a label or package, or any is missing, Embarc will refuse the shipment.

Embarc will confirm that cannabis goods in the shipment have all passed required testing. If the products have not passed testing, Embarc will refuse the shipment. If the physical shipment and the shipping manifest are accurate, Embarc will sign the manifest. If the products or paperwork do not meet the above standards and Embarc refuses the shipment, we will record the refusal in CCTT-Metrc and indicate on the relevant manifest, invoice and/or sales receipt the specific reason for rejection.

Embarc will follow detailed steps as further outlined in our SOPs to accept a transfer in CCTT-Metrc, will immediately place the inventory in the designated Secure Product Storage Room and will retain the manifest, bills of lading, any certificates of analysis, and any sales invoices or receipts in Embarc's inventory tracking records for seven years. We will ensure that all records are legible, securely stored and are easily accessible upon request from local and/or State regulators.

Types of records produced and maintained when acquiring new inventory will include a shipping manifest, a sales invoice or receipt, a bill of lading, and a COA. The sales invoice or receipt will disclose, at minimum, Embarc's legal business name and license number.

Demonstrated Experience with the Department of Cannabis Control & Local Regulatory Agencies

Beyond standard regulatory compliance, Embarc has developed a uniquely collaborative working relationship with the California DCC. Over the past several years, the DCC has repeatedly engaged with Embarc for field training, regulatory education, and special event licensing, reflecting our reputation as a trusted operator with exemplary compliance systems. Our stores are recognized by the DCC as real-world examples of how regulated retail cannabis can operate safely, transparently, and in alignment with both the letter and spirit of state law.

EMBARC SACRAMENTO: Our Sacramento location, situated near the DCC's headquarters in Rancho Cordova, has become a hub for regulatory collaboration and education. DCC inspectors and staff frequently use the store as a live training environment, allowing new inspectors to observe compliant operations in real time, including age verification, inventory management, track-and-trace procedures, and sales transactions. In August 2025, the DCC filmed an educational video for its Retail ID Campaign inside the store, demonstrating how Metrc's Retail ID system enhances transparency, traceability, and consumer confidence. The video highlights the consumer experience, showing how Retail ID QR codes link directly to certificates of analysis, ingredient lists, and product data.

EMBARC ALAMEDA: In October 2025, Embarc's Alameda store hosted the California Cannabis

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Appeals Panel (CCAP) and DCC leadership for a comprehensive educational tour focused on real-world compliance execution. During the visit, our leadership team demonstrated how compliance is embedded into daily operations through technology, documentation, and oversight.

EMBARC WOODLAND: Our Woodland location exemplifies our proactive approach to public safety and local partnership through our collaboration with the Woodland Police Department. The store's exterior surveillance system is integrated with the City of Woodland's Flock Safety camera network, an advanced, citywide system that uses fixed and PTZ (pan-tilt-zoom) cameras to capture and securely share license plate and vehicle data with law enforcement. This integration allows the Woodland Police Department to access live and recorded footage from our exterior cameras in real time, supporting investigations, improving response times, and enhancing neighborhood safety. By linking our system directly into the City's Flock network, Embarc ensures full transparency and seamless coordination with local law enforcement while maintaining strict compliance with privacy and data security standards under both state and local law.

LOCAL LAW ENFORCEMENT: It is standard practice for Embarc to grant local law enforcement live feed access to our online surveillance viewing system. This access allows police departments to monitor our exterior and interior camera systems in real time, ensuring immediate visibility into store activity when needed for public safety or emergency response. All camera systems meet or exceed the DCC's security requirements and maintain continuous, high-definition recording for a minimum of 90 days. By granting direct access to local law enforcement agencies, Embarc promotes transparency, strengthens community trust, and enhances coordination in the event of incidents. This collaborative approach has been widely praised by law enforcement partners across multiple jurisdictions.

CALIFORNIA STATE FAIR CANNABIS EXHIBIT – EMBARC EVENTS: Embarc is proud to operate the nation's first state-licensed cannabis sales and consumption venue at the California State Fair in Sacramento, in partnership with the DCC and the City's Office of Cannabis Management. Launched in 2024 and continuing through 2025 and beyond, this historic activation has required an unprecedented level of coordination between our compliance team, DCC licensing officials, and multiple state and local enforcement agencies. Every aspect of the operation, from access control and ID verification to inventory tracking, odor mitigation, and waste management, undergoes multiple rounds of pre-event inspection and onsite review. DCC inspectors work directly alongside Embarc staff during event setup and live operations to verify compliance in real time.

OUTSIDE LANDS GRASS LANDS – EMBARC EVENTS: Since 2021, Embarc has served as the licensed operator of Grass Lands, the cannabis area of the annual Outside Lands Music Festival in San Francisco's Golden Gate Park. This partnership involves close coordination with the DCC, the San Francisco Office of Cannabis, law enforcement, and public health officials. Our team works through multiple pre-event inspections and rigorous compliance walkthroughs to ensure every aspect of sales, storage, and consumption adheres to both local and state regulations. The scale of Grass Lands, one of the largest and most visible regulated cannabis events in the country, requires exacting coordination and operational precision. DCC inspectors routinely conduct onsite evaluations during the festival, and our continued record of compliance has positioned Embarc as the benchmark for safe, responsible, and community-integrated event operations statewide.

Complying with State Law

We will ensure that Embarc is operating in a manner compliant with all applicable State and local laws, including the Medical Cannabis Collective Laws, the Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), any subsequently

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enacted State law or regulations, licensing requirements, City Cannabis Ordinances and Zoning requirements.

The Department of Cannabis Control (DCC) has established nearly 250 pages of detailed regulations governing commercial cannabis activity, and Embarc has deep experience managing compliance with these regulations across 17 operational storefronts. Our team's proven track record demonstrates our ability to navigate these extensive regulations, ensuring that all operations meet the highest standards of safety, compliance, and efficiency. We understand the State and local regulatory landscape has been designed to protect the health and safety of employees and the community at large.

For brevity, the following briefly summarizes compliance with the most relevant regulatory requirements.

§15000.1. GENERAL REQUIREMENTS: Embarc will obtain and maintain a valid license from the DCC for the premises at which commercial cannabis activity is conducted and will only conduct commercial cannabis activity between licensees. Embarc will only conduct commercial cannabis activities authorized by the license and on the premises licensed for the activity and all transfers of cannabis and cannabis product will be conducted by a licensed distributor. Embarc license will not be transferable or assignable to another person or premises, except as provided in §26050.2 of the California Business and Professions Code (CA BPC), and in the event of the sale or other transfer of the commercial cannabis business, changes in ownership will be made in accordance with §15023. Embarc will use its legal business name on all documents related to commercial cannabis activity.

§15000.5. RESPONSIBILITY FOR ACTS OF EMPLOYEES AND AGENTS: Embarc acknowledges that the act, omission, or failure of an agent, officer, representative, or other person acting for or employed by Embarc, within the scope of their employment or office, will in every case be deemed the act, omission, or failure of Embarc.

§15000.6. AGE RESTRICTION: Embarc will not retain or employ anyone under the age of 21.

§15000.7. STORAGE OF INVENTORY: Embarc will store all inventory on the licensed premises and within a limited-access area. No cannabis goods will be stored outdoors. Employee break rooms, changing facilities, and bathrooms will be separated from all storage areas.

§15002. ANNUAL LICENSE APPLICATION REQUIREMENTS: Embarc will comply will all license submission and maintenance requirements as specified by the DCC.

§15025. ADDITIONAL PREMISES REQUIREMENTS FOR RETAILERS AND MICROBUSINESSES AUTHORIZED TO ENGAGE IN RETAIL: Embarc will only serve customers who are within the licensed premises, or at a delivery address that meets DCC requirements. Embarc will not sell or deliver cannabis goods through a pass-out window or slide-out tray to the exterior of the premises and will not operate as or with a drive-in or drive-through. No cannabis goods will be sold to any person within a motor vehicle, except for curbside delivery conducted pursuant to §15504. Alcoholic beverages will not be stored or consumed on the premises. Cannabis goods will not be dispersed in the air by an oil diffuser or any other vaporizing device. No cannabis consumption will occur onsite unless expressly permitted as a cannabis lounge and with appropriate State and local licensing.

§15034. SIGNIFICANT DISCREPANCY IN INVENTORY: Embarc will determine whether a discrepancy in inventory is significant based upon a five percent difference between the physical inventory and the inventory recorded in the track-and-trace system.

§15036. NOTIFICATION OF THEFT, LOSS, AND CRIMINAL ACTIVITY: Embarc will notify the DCC

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and local law enforcement within 24 hours of discovery of any of the following: a significant discrepancy, as defined in §15034, in inventory; diversion, theft, loss, or any other criminal activity pertaining to operations; diversion, theft, loss, or any other criminal activity by an agent or employee pertaining to operations; loss or unauthorized alteration of records related to cannabis or cannabis products, customers, or employees or agents; or any other breach of security.

§15037. GENERAL RECORD RETENTION REQUIREMENTS: Embarc will keep and maintain the following records related to commercial cannabis activity for at least seven years: financial records, personnel records, training, contracts with other licensees, permits, licenses, and other authorizations to conduct commercial cannabis activity, security records, records relating to the composting or destruction of cannabis goods, documentation for data in the track-and-trace system, and all other documents prepared or executed by an owner or their employees or assignees in connection with the licensed commercial cannabis business. All required records will be legible and will be stored in a secured area where they are protected from debris, moisture, contamination, hazardous waste, fire, and theft. All records are subject to review by the DCC as well as other governmental agencies.

§15039. LICENSE POSTING REQUIREMENT: Embarc will prominently display all licenses on the premises where they can be viewed by agencies and within plain sight of the public. Embarc will post its DCC-issued QR Code, where it can be scanned from outside of the premises, at the size indicated in this section and of sufficient clarity that the code can be read by a smartphone or device capable of reading QR Codes from a distance of at least three feet.

§15040. ADVERTISING PLACEMENT & PROHIBITIONS: Any advertising or marketing that is placed in broadcast, cable, radio, print, and digital communications will only be displayed after Embarc has obtained reliable up-to-date audience composition data (as defined in regulations) demonstrating that at least 71.6% of the audience viewing the advertising is reasonably expected to be 21 years of age or older; will not use any depictions or images of minors or anyone under 21 years of age; will not use any images that are attractive to children; will not imitate candy packaging or labeling or utilize the terms “candy” or “candies” or variants in spelling; and will not advertise free cannabis goods or cannabis accessories. Embarc will provide the DCC audience composition data for advertising or marketing upon request. If the DCC determines that audience composition data for advertising or marketing provided does not comply with these requirements, Embarc will remove the advertising or marketing placement. Any outdoor signs, including billboards, will be affixed to a building or permanent structure, will comply with the provisions of the Outdoor Advertising Act, commencing with §5200 of the CA BPC, if applicable, and will not be located within a 15-mile radius of the California border on an Interstate Highway or on a State Highway that crosses the California border.

§15040.1. MARKETING CANNABIS GOODS AS ALCOHOLIC PRODUCTS: Embarc will not market, advertise, sell, or transport cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage.

§15041. AGE CONFIRMATION IN ADVERTISING: Prior to any advertising or marketing involving direct, individualized communication or dialogue, Embarc will use age affirmation to verify that the recipient is 21 years of age or older. Direct, individualized communication or dialogue may occur through any form of communication and a method of age verification is not necessary for a communication if Embarc can verify that it has previously had the intended recipient undergo a method of age affirmation and is reasonably certain that the communication will only be received by the intended recipient. Embarc will use a method of age affirmation before having a potential customer

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added to a mailing list, subscribe, or otherwise consent to receiving direct, individualized communication or dialogue from Embarc.

§15041.1. BRANDED MERCHANDISE: Branded merchandise (non-consumable consumer goods utilized for advertising and marketing purposes) will include Embarc's license number in a manner that is permanently affixed to the merchandise, legible, and clearly visible from the outside of the merchandise. It will not be designed in a manner attractive to children.

§15041.2, §15041.3, §15041.4, §15041.5, §15041.6 AND §15041.7. TRADE SAMPLES: Embarc will obtain trade samples in compliance with all pertinent regulations.

§15042. PREMISES ACCESS REQUIREMENTS: Only employees and other authorized individuals can access the licensed premises. All permitted non-employee individuals will be escorted by an employee at all times, and Embarc will maintain a record of all such access, including the name, company, reason for entry, date, and times entered and exited. These records will be available upon request. Embarc will never obtain compensation for such access.

§15043. LICENSEE EMPLOYEE BADGE REQUIREMENT: All agents, officers, or other persons acting for or employed by Embarc will display a laminated or plastic-coated identification badge issued by Embarc at all times while engaging in commercial cannabis activity. The identification badge will, at a minimum, include Embarc's "doing business as" name and license number, the employee's first name, an employee number exclusively assigned to that employee for identification purposes, and a color photograph of the employee that clearly shows the full front of the employee's face and that is at least 1" in width and 1.5" in height.

§15044 – §15047. VIDEO SURVEILLANCE SYSTEM, SECURITY PERSONNEL, LOCKS, & ALARM SYSTEM: Embarc will comply with all regulations pertaining to security as outlined in §15044. – §15047.

§15047.1. – §15051. TRACK-AND-TRACE: Embarc will comply with all regulations pertaining to CCTT-Metrc, as outlined in §15047.1. – §15051.

§15052. RETURNS: Embarc may return cannabis and cannabis products to the originating licensee for lawful business purposes in accordance with the following:

- Cannabis and cannabis products will not be reprocessed, rebranded, relabeled, physically repackaged, have their expiration dates amended, or be modified in any way without prior approval from the DCC.
- Returns of cannabis and cannabis products will be recorded in the track-and-trace system on a return manifest that will contain the reason for the return.
- Cannabis and cannabis products will not be transported pursuant to a return unless Embarc and the licensee receiving the cannabis and cannabis products have both consented to the return.

§15052.1. ACCEPTANCE OR REJECTION OF SHIPMENTS: Embarc will accept or reject, in whole, shipments of cannabis or cannabis products. If Embarc receives a shipment containing any cannabis/products that were damaged during transportation, Embarc will reject that portion of the shipment that was damaged. If Embarc receives a shipment containing cannabis or cannabis products that is non-compliant with labeling requirements or exceeds its provided expiration date, Embarc will reject the portion of the shipment that is non-compliant with labeling requirements or expired. When rejecting a shipment of cannabis or cannabis products, whether in whole or in part, Embarc will record in the track-and-trace system and indicate on any relevant manifest, invoice, or sales receipt the specific reason for rejection.

§15400. ACCESS TO RETAILER PREMISES: Access will be limited to those over the age of 21.

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§15402. CUSTOMER ACCESS TO THE RETAIL AREA: Customers will only be granted access to the retail area to purchase cannabis goods after an Embarc employee has confirmed the individual's age and identity. At least one employee will be physically present in the retail area at all times a customer is present. Sales will only occur in the retail sales area, or via authorized delivery.

§15403. HOURS OF OPERATION: Embarc acknowledges that pursuant to State law, cannabis retail storefronts may operate between the hours of 6 am and 10 pm, but the business intends to operate between the hours of 8 am and 10 pm in Sutter Creek.

§15403.1. REQUIREMENTS WHILE NOT OPEN FOR BUSINESS: The licensed premises will be securely locked with commercial-grade, nonresidential door locks and equipped with an active alarm system at any time it is not open for retail sales.

§15404. RETAIL CUSTOMERS: Embarc will only sell cannabis goods to individuals after confirming their age and identity via an acceptable form of identification.

§15405. CANNABIS GOODS DISPLAY: Cannabis goods for inspection and sale will only be displayed in the retail area. Cannabis goods may be removed from their packaging and placed in containers to allow for customer inspection but will not be readily accessible to customers without the assistance of an employee, who must provide the container to the customer for inspection. Goods removed from their packaging for display will not be sold or consumed and will be destroyed when no longer used for display.

§15406. CANNABIS GOODS FOR SALE: Embarc will not make any cannabis goods available for sale or delivery to a customer unless they were received from a licensed distributor or licensed microbusiness authorized to engage in distribution and Embarc has verified that the cannabis goods have not exceeded their best-by, sell-by, or expiration date if one is provided. In the case of manufactured cannabis products, the product must comply with all requirements of CA BPC §26130. The cannabis goods must have undergone laboratory testing as required by the DCC; the batch number must be labeled on the package of cannabis goods and must match the batch number on the corresponding Certificate of Analysis for regulatory compliance testing; the packaging and labeling of the cannabis goods complies with CA BPC §26120 and all applicable regulations within the Division as well as California Code of Regulations; and the cannabis goods comply with all applicable requirements found in the California statute and applicable State and local regulations.

§15407. SALE OF NON-CANNABIS GOODS: In addition to cannabis, Embarc may sell only cannabis accessories and branded merchandise and may provide promotional materials.

§15408. SALE OF LIVE PLANTS AND SEEDS: Embarc will only sell live, immature cannabis plants and cannabis seeds if all of the following requirements are met: the plant is not flowering, is shorter and narrower than 18 inches, and the plant or seed originated from a nursery that holds a valid license from the DCC or a licensed microbusiness authorized to engage in cultivation. Embarc will not sell any other live plants and will never apply nor use any pesticide, nor cause any pesticide to be applied nor used, on live plants.

§15409. DAILY LIMITS: Embarc will not sell more than the following amounts to a single adult-use cannabis customer in a single day:

- 28.5 grams of non-concentrated cannabis.
- 8 grams of cannabis concentrate as defined in CA BPC §26001, including cannabis concentrate contained in cannabis products.
- 6 immature cannabis plants.

Embarc will not sell more than the following amounts to a single medicinal cannabis patient, or to a patient's primary caregiver purchasing

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medicinal cannabis on behalf of the patient, in a single day:

- 8 ounces of medicinal cannabis in the form of dried mature flowers or the plant conversion as provided in Health and Safety Code section 11362.77.
- 12 immature cannabis plants.

If a medicinal cannabis patient's valid physician's recommendation contains a different amount than the limits listed in this section, the medicinal cannabis patient may purchase an amount of medicinal cannabis consistent with the patient's needs as recommended by a physician and documented in the physician's recommendation.

The limits provided will not be combined to allow a customer to purchase goods in excess of any of the limits provided. We will be responsible for determining the amount of cannabis concentrates found in manufactured cannabis products sold to customers comply with the requirements set forth above.

§15410. CUSTOMER RETURN OF CANNABIS GOODS: Embarc will only accept returns of cannabis goods purchased from Embarc. We will not resell products that have been returned and will treat any cannabis goods abandoned on the premises as a return. Defective manufactured cannabis products returned by customers to Embarc will be destroyed pursuant to approved waste disposal practices or returned to the licensed distributor from which they were obtained.

§15412. PROHIBITION ON PACKAGING AND LABELING BY A RETAILER: Embarc will not accept, possess, or sell cannabis goods that are not packaged as they will be sold at final sale and will not package or label cannabis goods. We may place a barcode or similar sticker on the packaging of a cannabis good to be used in inventory tracking, but a barcode or similar sticker will not obscure any other required labels.

§15413. CANNABIS GOODS PACKAGING AND EXIT PACKAGING: All cannabis goods sold will comply with packaging. All purchases will not leave the premises unless placed in an opaque exit package. Immature plants and seeds are not required to be placed in resealable, tamper-evident, child-resistant packaging.

§15422. RECEIVING SHIPMENTS OF INVENTORY: Embarc will only receive a shipment of cannabis goods from a licensed distributor or licensed microbusiness authorized to engage in distribution and only within hours allowable by State law and local conditions. Shipments of cannabis goods will not enter the licensed premises through an entrance or exit that is available for use by the public.

§15423. INVENTORY DOCUMENTATION: Embarc will maintain an accurate record of its inventory and will be prepared to provide the DCC with the record of inventory immediately upon request. The record will include a description of each item such that the goods can be easily identified; the date and time the goods were received; the sell-by or expiration date (if any); the name and license number of the distributor; and the price paid for the goods (including taxes, delivery costs and any other costs).

§15424. INVENTORY RECONCILIATION: Embarc will be able to account for all its inventory. In conducting a reconciliation, Embarc will verify that the physical inventory is consistent with the records pertaining to inventory. The result of inventory reconciliation will be retained in our records and will be made available to the DCC upon request. If Embarc identifies any evidence of theft, diversion, or loss, we will notify the DCC and law enforcement.

Under California law, a Type 10 Retailer license authorizes both storefront retail sales and cannabis delivery from the licensed premises. Embarc's proposed operations will initially be limited to storefront retail sales. Prior to commencing any delivery operations, Embarc will provide the City Manager

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and City staff with all applicable standard operating procedures, security protocols, and compliance documentation related to delivery activities to ensure compliance with all State and local requirements.

In summary and as previously stated, Embarc has hundreds of pages of documents designed to confirm with all State and local laws, regulations, industry best practices, and Embarc-specific proprietary procedures. The responses above are intended to provide a thorough overview of Embarc's comprehensive understanding of, and plans to conform to, pertinent laws. It is not exhaustive of Embarc's ongoing efforts to maintain compliant operations.

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BUDGET

In summary and as previously stated, Embarc has hundreds of pages of documents designed to conform with all State and local laws, regulations, industry best practices, and Embarc-specific proprietary procedures. The responses above are intended to provide a thorough overview of Embarc's comprehensive understanding of, and plans to conform to, pertinent State and local laws, but are not exhaustive of Embarc's ongoing efforts to maintain compliant operations.

Embarc has developed the following detailed budget and has sufficient capital in place to fully fund startup costs and initial operations. This budget is based on practical experience from a team that has operationalized dozens of dispensaries across careers spanning every element of the legal cannabis supply chain, as well as actual costs and best practices after opening and operating 17 Embarc dispensaries throughout California.

Our budget specifically contemplates costs associated with construction, operations, maintenance, compensation of employees, equipment, property lease, security equipment and staff, City fees, state fees, utility costs, product purchases, and other anticipated contingency costs.

We have more than enough working capital reserved to cover construction and operationalization for the proposed Sutter Creek dispensary. Below are anticipated costs associated with construction and initial operationalization. These figures are informed by actual costs from other communities and have been verified by our construction team, which led the execution of Embarc's unique retail vision across multiple projects to date.

Uses of Capital	Amount
Equipment	$100,000
Construction Costs, Leasehold Improvements	$400,000
Financing Cost	-
Operations, Inventory Purchases	$300,000
Operations, Maintenance	$72,000
Operations, Professional Fees	-
Operations, Insurance	$48,000
Operations, Other	$57,612
Employee Compensation and Related Expenses	$694,313
Property Lease, Security Deposit	$16,000
Property Lease, Rent	$72,000
Property Lease, Utilities	$19,000
Security Equipment and Staff	$120,000
Local Cannabis Business License and Application Fees	$10,306
State Cannabis Business License and Application Fees	$57,000
Total Startup Budget	**$1,966,231**
Excess Working Capital	$3,033,769
Total Uses of Capital	**$5,000,000**

PRO FORMA

Preparing a thoughtful pro forma is an important component of evaluating the long-term viability and economic potential of this project. Embarc has worked diligently to develop projections informed by practical operating experience, market research, and the City's goals and expectations for community benefit generation.

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While every cannabis market is unique and actual performance may vary based on market conditions, regulatory changes, competition, and consumer behavior, the projections below reflect an intentionally aggressive yet thoughtfully developed model intended to demonstrate the long-term potential of the proposed operation and its potential benefit to the City. Importantly, the pro forma anticipates a ramp-up period as the business establishes itself within the community, builds customer awareness, and develops a stable customer base over time. As with most new retail operations, particularly in emerging or underserved cannabis markets, revenue growth is expected to increase progressively throughout Years 1 through 5 as operations mature and consumer awareness expands.

Our five-year pro forma demonstrates Embarc's strong financial position, operational discipline, and long-term solvency. The model reflects Embarc's proven ability to launch and operate compliant, financially stable cannabis retail businesses throughout California, supported by a leadership team with extensive financial and operational expertise.

These projections illustrate that Embarc has both the financial capacity and operational experience to meet its long-term obligations, maintain regulatory compliance, and work toward delivering meaningful economic and community benefits to the City of Sutter Creek over time.

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue						
Retail	-	$6,228,954	$6,914,139	$7,536,411	$8,214,688	$8,954,010
Delivery	-	-	-	$1,381,675	$1,506,026	$1,641,569
Total Revenue	**-**	**$6,228,954**	**$6,914,139**	**$8,918,086**	**$9,720,714**	**$10,595,579**
Cost of Goods Sold						
Product COGS	-	$3,041,806	$3,526,211	$4,548,224	$4,957,564	$5,403,745
Other COGS	-	$31,145	$34,571	$44,590	$48,604	$52,978
Internal Community Investment Fund (1%)	-	$62,290	$69,141	$89,181	$97,207	$105,956
Community Benefit Fee to City (5%)	-	$311,448	$345,707	$445,904	$486,036	$529,779
Excise Taxes	-	-	-	-	-	-
Total Cost of Goods Sold	**-**	**$3,446,688**	**$3,975,630**	**$5,127,900**	**$5,589,411**	**$6,092,458**
Gross Profit	**-**	**$2,782,266**	**$2,938,509**	**$3,790,187**	**$4,131,304**	**$4,503,121**
% Margin	*nmf*	*44.7%*	*42.5%*	*42.5%*	*42.5%*	*42.5%*
Operating Expenses						
Employee Compensation	$94,699	$1,199,229	$1,282,230	$1,674,910	$1,828,538	$1,986,652
Safety and Security	-	$240,000	$247,200	$254,616	$262,254	$270,122
Professional Fees	-	-	-	-	-	-
Advertising and Promotion	-	$155,724	$172,853	$222,952	$243,018	$264,889
Rent	$24,000	$96,000	$98,880	$101,846	$104,902	$108,049
Utilities	$6,000	$25,000	$24,720	$25,462	$26,225	$27,012
Repairs and Maintenance	-	$24,000	$24,000	$24,000	$24,000	$24,000
Custodian	-	$12,000	$12,000	$12,000	$12,000	$12,000

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Insurance	-	$24,000	$24,000	$24,000	$24,000	$24,000
California Cannabis Business License	-	$57,000	$96,000	$96,000	$96,000	$96,000
Local Cannabis Business License	$10,306	$32,000	$32,000	$32,000	$32,000	$32,000
Office Supplies	-	$6,000	$6,000	$6,000	$6,000	$6,000
Meals and Entertainment	-	$6,000	$6,000	$6,000	$6,000	$6,000
Vehicles	-	$12,000	$12,000	$12,000	$12,000	$12,000
Employee Training	-	$6,000	$6,000	$6,000	$6,000	$6,000
Uniforms	-	$2,500	$2,500	$2,500	$2,500	$2,500
IT	-	$18,000	$18,000	$18,000	$18,000	$18,000
Point of Sale	-	$18,000	$18,000	$18,000	$18,000	$18,000
Total Operating Expenses	**$135,005**	**$1,933,453**	**$2,082,383**	**$2,536,286**	**$2,721,438**	**$2,913,224**
EBITDA	**($135,005)**	**$848,813**	**$856,125**	**$1,253,901**	**$1,409,866**	**$1,589,896**
% Margin	*nmf*	*13.6%*	*12.4%*	*14.1%*	*14.5%*	*15.0%*
Federal Income Taxes	-	$584,276	$617,087	$795,939	$867,574	$945,655
State Income Taxes	-	$69,731	$70,377	$105,541	$119,328	$135,243
Depreciation & Amortiation	-	$60,000	$60,000	$60,000	$60,000	$60,000
Total Income Taxes and D&A	**-**	**$714,007**	**$747,464**	**$961,480**	**$1,046,902**	**$1,140,898**
Net Income (Loss)	**($135,005)**	**$134,806**	**$108,661**	**$292,421**	**$362,964**	**$448,998**
% Margin	*nmf*	*2.2%*	*1.6%*	*3.3%*	*3.7%*	*4.2%*

TIMELINE

Below please find a timeline for operationalization. This was created by our internal Development team which possesses an in-depth understanding and extensive experience with local government entitlement processes, planning, building plan checks, and permitting – of which is crucial for the efficient opening of a cannabis business.

Our team members have successfully operationalized dozens of cannabis licenses from the ground up in various jurisdictions. By applying our direct knowledge of local and State regulatory frameworks, we consistently adhere to or surpass our projected operational timelines. Once approved, we act swiftly, aligning with aggressive schedules to ensure operations commence without delay.

To that end, Co-founder and Chief Compliance Officer Dustin Moore has managed the entitlement for all 17 existing Embarc locations and has overseen more than 100 project-specific entitlements throughout his career in communities across California and the country. This experience ensures he is intimately involved in every aspect of entitlement and operationalization to ensure the project not only conforms with all requirements but also participates meaningfully in each community's broader development goals. It is because of this nuanced approach that we open quickly and in true partnership with the cities we serve.

This track record is demonstrable. Across all Embarc's operational communities, we have consistently been the first or among the first to initiate operations—even during the height of the COVID-19 crisis—often months or even years ahead of other license recipients. Such efficiency isn't a coincidence; it is the result of

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a deliberate and strategic operational ethos. We don't just plan; we execute with precision and speed. This is a commitment we plan to uphold in Sutter Creek.

Based on our current understanding of the local development process, Embarc anticipates opening its doors in Sutter Creek in Q4 2026 and no later than early 2027. Because the building is currently developed and will only require basic tenant improvements, we anticipate construction can be completed quickly.

The schedule currently contemplates:

May, June	Staff Review of Application
July	Planning Commission
August	City Council
Sept	Submit Drawings Submit State & Local Licenses
Oct	Initiate Construction Initiate Hiring
Mid-Nov	Final Inspections Receive All Licenses In-Store Training Soft Opening
Dec	Grand Opening

The proposed tenant improvements for the conversion of the existing vacant bank building into a cannabis retail dispensary are anticipated to be minor in scope and completed within an estimated four (4) to six (6) week construction schedule following issuance of all required permits and approvals.

The project is primarily focused on interior cosmetic improvements, security enhancements, operational upgrades, and minor modifications necessary to support compliant cannabis retail operations while preserving the existing building footprint and primary building systems.

Given the property's prior use as a financial institution, the site already contains many physical and security-related features beneficial to dispensary operations, including an existing vault, teller counter infrastructure, secured access points, and a functional commercial layout. As a result, substantial structural modifications are not anticipated.
Proposed tenant improvements are expected to include:

- Interior painting, flooring, and general cosmetic upgrades;
- Installation of retail display fixtures, cabinetry, point-of-sale infrastructure, and customer queuing elements;
- Installation and integration of state-required security and alarm systems, including cameras, access controls, and monitoring equipment;
- Installation of exterior and interior signage consistent with local regulations;
- Limited partition modifications and finish carpentry associated with office, storage, and inventory areas; and
- Final health, safety, and life-safety inspections prior to occupancy.

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Construction activities are expected to occur generally in the following sequence:

Week 1: Mobilization, demolition of minor non-structural elements.

Weeks 2–3: Interior finish work, installation of painting, cabinetry, retail fixtures, security infrastructure, and low-voltage systems.

Weeks 4–5: Final equipment installation, testing of surveillance and access-control systems, signage installation, punch-list completion, and cleaning.

Week 6 (if necessary): Final inspections, permit sign offs, staff setup and training, and preparation for operational readiness.

Because the project involves relatively limited tenant improvements within an existing commercial structure, construction impacts to surrounding businesses and adjacent properties are expected to be minimal and temporary in nature. No expansion of the existing building footprint or significant exterior site work is proposed.

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LABOR & EMPLOYMENT PLAN

Embarc lives its values through action – providing wages that are among the highest in the industry and a plethora of industry-best benefits, as well as a proprietary education and training platform that fills the gap within the nascent industry and enables ongoing training and education that facilitates career growth.

Embarc will provide a competitive wage for hourly employees and a generous salary for management positions, as well as health and wellness benefits including healthcare, life insurance and more. Employee benefits extend beyond traditional offerings by including access to a suite of educational and professional development resources that provide tools to excel personally and professionally.

Integral to our commitment to our team is our commitment to strong labor partnerships and to the creation of a workplace that aligns with our employees' values. Embarc is a partner to and supported by the United Food and Commercial Workers Union (UFCW). This partnership goes beyond signing a Labor Peace Agreement (as required by California law) and instead includes Collective Bargaining Agreements for all Embarc locations – a testament to our commitment to true employee representation.

The following Labor & Employment Plan highlights tangible demonstrations of Embarc's commitment to business practices that ensure the empowerment, development and success of each team member. These are not just commitments for what we could implement in Sutter Creek, but rather what is in place today.

Employee Compensation

Embarc is committed to providing competitive and sustainable compensation to all employees, ensuring that every team member is compensated above Sutter Creek's minimum wage and with access to robust benefits and advancement opportunities.

The minimum wage in Sutter Creek is $16.90 per hour. Embarc pledges to pay hourly employees no less than $18 an hour, excluding bonuses and other benefits – all of which further increase total employee earnings. Management positions will be paid an annualized salary and are also eligible for additional compensation including bonuses and benefits.

Embarc provides significant benefits to employees as part of their employment. In other communities where we operate, these benefits account for millions of dollars in additional investment into the local workforce. To the greatest extent possible, our wages, benefits, and operations are designed to provide every employee with the opportunity to maximize their compensation and professional development. These benefits include, but may not be limited to, the following:

HEALTH, DENTAL, & VISION: Employees will be offered a competitive benefits package that allows them to choose from health, vision, and dental insurance programs to best meet their needs. These benefits will be provided through the United Food and Commercial Workers Union, and the exact amount will be encapsulated in Embarc's Sutter Creek CBA. This ensures Embarc is contributing significantly, if not totally, to the cost of this coverage.

VACATION/PAID TIME OFF: Embarc offers generous paid time off to promote work-life balance and long-term employee satisfaction. Team members accrue paid vacation based on length of service, with annual accrual increasing with tenure. This structure rewards employee loyalty while ensuring adequate rest and recovery. Full-time employees may earn up to 160 hours (or 20 days) of paid vacation annually, with part-time employees accruing vacation on a prorated basis.

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LEAVE: All Embarc employees accrue paid sick leave in accordance with California law and Embarc's internal policy, earning one hour of paid sick leave for every 30 hours worked, up to 40 hours annually. Sick leave can be used for personal illness, preventive care, or to care for a family member, ensuring employees and their loved ones have access to the support they need.

Embarc complies fully with all State and Federal family leave laws, including the California Family Rights Act (CFRA) and Paid Family Leave (PFL) programs. Eligible employees may take job-protected leave to bond with a new child, care for a seriously ill family member, or address qualifying family or medical needs.

Embarc proudly supports employees who serve in the armed forces or related service branches. In accordance with USERRA and the California Military and Veterans Code, employees are entitled to protected military leave, reinstatement rights, and continued benefits eligibility while serving. Additional leave includes but is not limited to:

- Maternity Leave
- Pregnancy Disability
- Bereavement Leave
- Jury Duty and Witness Leave
- Time Off to Vote
- Victims of Crime Leave
- Domestic Violence
- Sexual Assault or Stalking Leave and Accommodation
- Civil Air Patrol Leave
- Military Spouse Leave
- Organ & Bone Marrow Donor Leave
- School & Child Care Activities Leave
- Volunteer Civil Service Personnel
- Disability Leave

UNPAID TIME OFF: Embarc recognizes that life can present circumstances requiring extended time away from work. Employees may request personal leaves of absence of up to 30 days, with extensions granted when possible. Medical leaves may be extended further based on certification from a licensed healthcare provider.

PAID VOLUNTEERISM: Embarc employees are afforded up to 40 hours per year of paid volunteerism. These hours are conducted with other Embarc team members through organized volunteerism efforts.

RETIREMENT: Embarc provides employees with access to a 401(k) retirement savings plan, offering a convenient and tax-advantaged way to plan for the future. Employees can contribute a portion of their earnings to build long-term financial security, with flexible options to manage their individual retirement goals. The benefit is designed to support team members in taking an active role in preparing for a stable and confident financial future.

LIFE INSURANCE: Embarc offers 100% employer paid premium life insurance policies, providing a sense of security for employees and their families.

EMPLOYEE DISCOUNT: Embarc employees enjoy meaningful discounts on products as part of our commitment to supporting access, product knowledge, and wellness. Team members receive a 30% discount on regular purchases, along with access to deeply discounted employee sample bags designed to keep our team informed about new brands and products. This benefit strengthens product expertise and reinforces our culture of education, engagement, and wellness.

EMBARC CARES: A FUND FOR TEAM MEMBERS IN NEED: Now more than ever, living our values means being a conscientious employer and supporting our employees inside and outside the four walls of our business. Embarc has established an Employee Assistance Program to provide emergency grants in times of crisis. The fund's purpose is to assist staff in coping with unexpected hardships that place undue financial stress on them and/or their immediate family, either due to a qualified disaster or personal hardship. These

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awards are based on financial need and the severity of the disaster or emergency.

Importantly, these are not loans that must be paid back but monetary grants provided to address the economic impacts of the issue and help our team feel stable and secure rather than overwhelmed. We have found this grant program has made a meaningful impact on the lives of employees, creating a more open line of communication between the team, and providing a tangible demonstration of our commitment to the well-being of team members. Grants have been disbursed to address funeral expenses, travel to visit ailing parents, and emergency relocation, among others.

INTERNAL EMPLOYEE INCENTIVE PROGRAM: Embarc utilizes an incentive program intended to encourage employee performance and teamwork. Employees earn prizes and bonuses for reaching targets in attendance, cash handling, sales, education, compliance, and living our values.

Ultimately, Embarc has developed comprehensive wage and benefit plans to address the financial, physical, emotional, personal, and professional development needs of our employees. Given our partnership with UFCW, these wages and benefits will be encapsulated in a CBA to be ratified by employees in Sutter Creek, ensuring employees are represented, and these promises kept. These benefits are significant and demonstrate our commitment to the success of our team and their families.

Paid Training & Continuing Education

Embarc's robust paid education and employee training programs are integral to Embarc's business model and have a proven track record of creating an educated workforce. This plan is rooted in the fundamental belief in the value that ongoing education and learning bring to the organization. Rather than a one-size-fits-all approach, Embarc's policies and programs holistically facilitate the growth of its workforce through myriad tools, resources, and programs aimed at fostering growth throughout the lifecycle of an employee's matriculation.

All employees are paid at their regular rate of pay for onboarding, initial training, mentorship/mentee hours, apprenticeships, approved educational courses, workforce development programs, job-specific skills coursework, and Flight School: Embarc's Proprietary Education Hub (education and training platform) courses.

Through the creation of workplace programs and policies that provide and reinforce the importance of training, and by providing significant opportunities for ongoing paid education and training, Embarc sets team members up to advance within the company and in their careers.

Onboarding & Initial Training

Employees must be positioned to succeed through thorough initial and ongoing education, training, and effective leadership at every level of the organization, providing direction and guidance for the current position as well as a roadmap for continued growth. It is critical that clear performance expectations are set, and a pathway for upward mobility is created to inspire and motivate team members.

Embarc will require employees to receive two weeks of training prior to the store opening with a focus on compliance, security, operational procedures, cannabis knowledge, and product-specific expertise. Upon one year of employment with Embarc, employees will be required to undergo an annual training course. After completing the two-week initial training, Guides will be required to complete various weekly, quarterly, and annual trainings. In addition to our existing ongoing training, Embarc is currently working with an expert in the fields of cannabis education and curriculum development to finalize additional modules within this robust internal training and matriculation program.

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After employees are hired, and paperwork is complete, they undergo a two-week training consisting of three distinct tiers:

TIER 1 TRAINING – CANNABIS 101 (3 DAYS):
All employees must participate in our "Cannabis 101" training program that provides a broad overview of cannabis as a plant and a product. This training is also required of any contractors that have consistent interaction with Embarc guests such as our security team. This training details everything from the history of cannabis legalization in California; the laws and regulations that now allow for adult use cannabis, CBD, and THC; terpenes; and the State's track-and-trace program, among others, and is critical to ensuring consistency in cannabis education. Importantly, given our focus on medical patients, it is vital that all employees understand cannabis' medicinal use.

TIER 2 TRAINING – UNDERSTANDING EMBARC (2 DAYS)
Tier 2 Training details the company's mission, vision, and goals; how values shape our desired interaction with guests, neighbors, and the community; the Employee Code of Conduct and what that means in practice; and community benefits, employee benefits, volunteerism, and ongoing engagement.

TIER 3 TRAINING – COMPLIANCE & BEST PRACTICES (5 DAYS)
While compliance is interwoven into every module during the training program, we also have a detailed Compliance & Best Practices tier before employees begin shadowing on the floor. During this training component, employees are provided an overview of cannabis compliance, and a detailed description of daily operations, including role-playing scenarios with mock guest identification verification, sales, purchases, inventory, and more.

After the two-week training is complete, employees begin shadow shifts. In the case of a new store opening, these are part of the role-playing scenarios included in Tier 3 training and are led by Store Managers from other Embarc locations. After completing shadowing shifts, employees begin independent shifts. They are then engaged in ongoing education and training, as we understand that Guide education is an ongoing process.

Because the General Manager is ultimately responsible for the store's day-to-day activities and performance, Sutter Creek's General Manager will receive in-store training at one of Embarc's existing locations prior to training the team and opening the store in Sutter Creek.

In addition to management employees, our structure includes "Leads" that have additional training and responsibility over their peers. Leads are provided additional training and resources as the intention is to develop them into management positions over time.

All team members, including Guides, continue to receive product education, compliance, and operational training throughout their tenure. This training includes ongoing education from our vendors and partners, product knowledge quizzes, weekly terpene profile discussions, and more. Continuous education is a component of our employee incentive plan and continuing to develop product and compliance knowledge is rewarded. This ensures the team continues to grow and evolve with the industry. When given the proper resources, education, and encouragement, team members thrive at Embarc and in their greater educational and career aspirations.

Paid Job-Specific Skills Training

Embarc encourages team members interested in increasing responsibilities or growing to a new position within the company to propose to management the coursework they would like to undertake to be considered for internal promotion. Examples include HR training and certification courses; accounting training and bookkeeping; and CAL/OSHA Certifications.

Opportunity Ladder

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The burgeoning legal cannabis industry represents an opportunity to provide meaningful employment opportunities across the attainment spectrum. We welcome the opportunity to ensure working at Embarc can provide economic mobility rather than just a job. We achieve this by creating a deliberate opportunity ladder that recognizes barriers to entry and matriculation inherent in most hiring and operational practices and systematically works to eliminate them.

Methods of creating this opportunity ladder include, but are not limited to, the following:

- Prioritized internal promotions
- Regular performance reviews and individual development plans
- Access to ongoing training and education through Embarc's proprietary education and training platform

Creating Long-Term Opportunity

A well-trained workforce is vital to creating a unique, differentiated experience for customers and is thus key to a successful operation. As is summarized here, Embarc provides employees with ample opportunities for paid education and training, including but not limited to a paid two-week initial onboarding, daily, quarterly, and annual paid product, customer service and compliance trainings, and paid mentorship to develop and hone new skills in subject areas they are interested in.

But educational and training opportunities to broaden and sharpen our employees' skills is vital outside the shop as well. Our operating budget includes funds for educational tools, trainings, and resources to enhance team members' experience in executing their professional functions.

These efforts have proven the value of taking a holistic approach to paid education and training, particularly given the legal adult-use market is still nascent in California, and there is little formal education and training available to provide career readiness in cannabis today. It is incumbent upon responsible operators to develop and implement meaningful opportunities for matriculation, creating a clearly defined and supported pathway for ongoing career advancement that sets team members up for success.

Ultimately, Embarc has a proven track record of investment in the ongoing education and training of employees by providing free access to significant tools and resources and by ensuring significant paid working time is dedicated to ongoing development.

Employee Roles

Embarc anticipates the following approximate employee counts and roles within the Sutter Creek facility.

Role	Quantity
General Manager	1
Inventory & Ops Manager	1
Sales & Ops Manager	1
Sales & Ops Leads	3
Guides	9 - 12

General Manager

The General Manager oversees all dispensary operations, including team leadership, regulatory compliance, customer experience, staffing, inventory management, and financial performance. This role is responsible for ensuring efficient daily operations, maintaining compliance with state and local cannabis regulations, driving sales and community engagement, and fostering a positive and accountable workplace culture.

Inventory & Operations Manager

The Inventory & Operations Manager oversees all inventory control and operational functions for the dispensary, including product intake, compliance tracking, audits, vendor coordination, and inventory reporting. This role also supports daily store operations, staff leadership, regulatory compliance, and customer service to ensure efficient, compliant, and well-organized retail operations.

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Sales & Operations Manager
The Sales & Operations Manager oversees customer experience, sales initiatives, daily store operations, and team leadership while supporting inventory management and regulatory compliance. This role is responsible for driving sales performance, implementing marketing and community engagement initiatives, maintaining operational efficiency, and ensuring a high-quality customer experience within a compliant retail environment.

Sales & Operations Leads
Sales & Operations Leads support customer experience, sales performance, and daily dispensary operations while assisting with team leadership and inventory management. This role focuses on delivering exceptional customer service, executing sales and marketing initiatives, maintaining operational compliance, and supporting efficient retail and inventory processes.

Guides
Guides provide front-line customer service and product education while supporting daily retail and inventory operations. This role assists customers with product selection, promotes a welcoming and compliant retail environment, supports sales initiatives, and helps maintain accurate inventory and operational standards.

LOCAL HIRING COMMITMENTS

Embarc commits to 100% local hiring, which will be achieved through partnership with and amplification by local organizations, as well as the local and regional connections of our future Community Advisory Board members (further detailed in the Community Benefits section of this proposal). These partnerships will ensure we can recruit effectively to build a local workforce.

As small business owners ourselves, we believe the health and welfare of residents are rooted in the need for quality employment opportunities. Embarc's commitment to 100% local hiring will provide meaningful employment opportunities for locals. And equally importantly, it ensures our team will reflect the local customer base and serve as a component of our overarching efforts to reflect, benefit, and integrate into the community.

We will first target our recruitment efforts to those living within Sutter Creek city limits. When employees live in the same neighborhood where they work, they are more inclined to focus on positive neighborhood relations, community outreach, and volunteerism efforts as they are investing in their own neighborhood.

This will be achieved through a variety of tactics, including but not limited to hosting a neighborhood specific outreach program and geotargeted digital advertisements and job postings. We will prioritize interviews based on proximity to the location, so that positions are first filled by qualified applicants closest to the Sutter Creek community. Should we be unable to source sufficient qualified candidates from within the city itself, we will then expand our search to residents of Amador County. This demonstrates our commitment to keeping benefits local.

In each community where we operate, we have successfully achieved our goal of hiring from the local community we serve. We are confident in our ability to hire a local and diverse team to lead Embarc, ensuring our shop is run by Sutter Creek residents for Sutter Creek residents.

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NEIGHBORHOOD COMPATIBILITY PLAN

Based on our experience operating compliant retail and delivery operations in 16 other communities, we understand the importance of proactivity in resolving potential issues before they arise, and that accessibility is vital to preventing concerns from escalating into issues. Embarc has a proven approach to neighborhood engagement and responsiveness, as well as a detailed plan to prevent and/or appropriately address community concerns before they rise to the attention of the City.

We will proactively work with community members, neighborhood leaders, and local businesses to build a synergistic relationship based on respectful dialogue and ongoing approachability and will establish meaningful partnerships that will ensure our reimagining of the proposed location serves as a net benefit to the neighborhood's health, safety, aesthetics, and economic viability, both for our proposed business and neighboring uses.

WHY SUTTER CREEK

Sutter Creek is exactly the kind of community our team is passionate about serving: a place with a strong sense of identity, a historic small-town character, and a deep connection between local businesses and the people who call the area home. For our team member who was raised in Sutter Creek, this project is especially personal. We are not approaching this as an outside operator simply looking to place another retail location on a map. We see an opportunity to thoughtfully integrate into the fabric of the community, create a welcoming and professionally operated storefront, and contribute positively to the long-term vitality of the area. From the design of the space to our approach to community engagement, our goal is to reflect and honor the character that makes Sutter Creek unique.

We also believe the proposed location at the intersection of Highway 49 and Ridge Road presents a uniquely strong opportunity from both an economic and practical standpoint. Positioned along two of the region's primary travel corridors, we believe this site will be able to capture existing traffic flow while serving a broad geographic area that extends beyond Sutter Creek itself, including residents and visitors traveling throughout Amador County and the surrounding foothill communities. Rather than pulling activity away from the community, we believe the project can help generate additional economic activity in the area by drawing consumers already traveling through the corridor and encouraging them to stop, shop, and engage with neighboring businesses. The combination of strategic location, local passion for the community, and a thoughtful operational approach is what makes us excited about the opportunity to invest in Sutter Creek for the long term.

PREVENTING NUISANCE IMPACTS

Embarc's best practices are rooted in proactive steps to ensure our cannabis operations do not become a nuisance or negatively impact our neighbors or the surrounding community. Embarc will proactively engage with our surrounding neighborhood to respond to potential complaints regarding issues such as noise, light, odor, public consumption, loitering, littering, and vehicle and pedestrian traffic.

Embarc's best practices and Standard Operating Procedures (SOPs) ensure our business is a positive addition to the community and can be boiled down to three critical components—ensuring accountability and accessibility; proactively engaging the community and neighborhood; and creating tangible benefits for our neighbors.

Step 1: Accessibility & Accountability

The first step to avoiding becoming a nuisance or having negative impacts is accessibility and accountability with our neighbors and the City we serve. Embarc will provide the City and all neighboring businesses and residents within 1,000 feet with contact information for our Community

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Liaison, to whom notice of any problems can be provided 24/7. The to-be-hired General Manager and our Government Relations Manager will be the Community Liaisons for outreach and communication with the community. Contact information will be posted on the facility's exterior and online. Embarc's owners and managers will attend meetings with the Sutter Creek City Manager or their designee to discuss retail cannabis implementation-related issues.

This will ensure accessibility at all levels for the neighborhood and the surrounding community. The Community Liaisons will be responsible for receiving, logging, and responding to any and all complaints and inquiries.

Embarc will encourage neighbors to report any impact, real or perceived, that they experience in relation to Embarc's operations and will dedicate all reasonable time and effort to resolving any such issue to the satisfaction of the impacted neighbor. This mitigation could include making a roaming Security Officer available to address nuisance activities perceived as attributable to Embarc's business operations. Any such assigned Security Officer will be directed to mitigate the situation to the maximum limit permitted by the Private Security Services Act. Embarc will encourage neighboring residents to contact our personnel prior to contacting the City.

To ensure accountability, Embarc will maintain a log of any public nuisance activity on the premises or within 300 feet of the premises. The log will include information, 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, the corrective action taken by Embarc, and the Police Department if applicable. The log will be available to the City upon request.

The inquiry will be managed by our General Manager or Government Relations Manager, depending on the nature of the issue and whether it is community or operationally-based. Our Government Relations Manager and/or the General Manager will be responsible for resolving any issues or concerns brought to our attention in a timely manner.

As discussed above, Embarc's owners, managers, and Community Liaisons welcome the opportunity to attend regular meetings at the request of the City Manager, Chief of Police, or any other relevant authority to discuss any and all issues associated with legal cannabis operations in Sutter Creek.

Ultimately, our goal is to mitigate any concerns before they arise to City leadership, and we will utilize our proven policies and tactics to achieve this goal.

Step 2: Proactive Community & Neighborhood Outreach

In our experience, proactive community and neighborhood engagement is a critical step in building trust and, in turn, positive relationships with our neighbors. We appreciate the importance of proactive engagement and ongoing collaboration with the community at large and the neighborhood surrounding our facility. As such, in addition to the extensive community benefits programs detailed in our Community Benefits Plan, we have also identified proactive and ongoing engagement strategies to ensure thoughtful integration of our proposed operations into the neighborhood:

NEIGHBORING BUSINESS OUTREACH: Embarc will meet with neighboring businesses to detail proposed operations and identify opportunities for potential partnerships (where appropriate given the use type). As part of this outreach plan, Embarc will provide the names, telephone numbers, and email addresses of the Community Liaisons to whom notice of problems associated with the cannabis business can be provided.

Additionally, once the General Manager has been hired, Embarc will schedule another meeting to facilitate an introduction and the exchange of

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contact information between the General Manager and neighboring businesses. We have found that establishing this relationship is the single most important mechanism for managing neighbor relations, as neighbors who feel comfortable contacting us directly with issues or concerns ensure we can address them in real time.

OPEN HOUSES: In addition to the Community Listening Session we had, and the one we intend to host in coming weeks, we will host an open house between receipt of the right to operate locally and the commencement of operations, designed to provide residents and other stakeholders with the opportunity to meet our team, ask questions about our operations, and get a better understanding of Embarc's vision. During these discussions, we will focus on impact mitigation and community benefits, and we will be available to answer community questions and/or concerns. Having these direct engagement opportunities is important for addressing operational concerns.

Based on our experience, this type of community outreach is essential to dispelling myths and creating awareness of how legal cannabis dispensaries operate.

INFORMATIONAL CANVASSING: Embarc will canvass relevant community and neighborhood stakeholders and continue to connect with residents and nearby businesses before opening, providing contact information and engaging directly to answer any questions about our operational plan. Doing so helps proactively address comments and concerns before opening the business.

ONGOING ENGAGEMENT: Once operational, our ownership and management team can occasionally host "listening sessions" where community members can voice opinions, ask questions, and meet the Embarc team. Our goal for these sessions is to address any unforeseen concerns and ensure we fulfill our obligations as a good neighbor.

Step 3: Creating Benefits for Our Neighbors

The third step in ensuring nuisance avoidance is to create and deliver tangible benefits through our operations to our neighbors and the surrounding community.

NEIGHBORHOOD SAFETY: Increased safety around the facility is a positive byproduct of the extensive attention to detail in our facility's security measures. Our presence in the neighborhood includes patrolling Security Officers, an industry-leading surveillance system with coverage across the entire interior and exterior of the facility and beyond, and advanced alarm systems with immediate access to local law enforcement. We are confident that the extreme importance we place on facility security and safety will have a positive impact on the safety and well-being of our neighbors. In fact, other communities near legal cannabis facilities have seen increased property values due to enhanced security and beautification efforts.

NEIGHBORHOOD BEAUTIFICATION: While engaging the neighborhood is critical, we also believe in the importance of rolling up our sleeves and participating in ongoing beautification efforts. As part of our paid employee volunteerism program, detailed further in our Community Benefits Plan, our staff will serve as a volunteer Street Team on beautification projects near the store, informed by ongoing discussions with our Community Advisory Board and neighboring businesses regarding neighborhood priorities.

COMMUNITY ADVISORY BOARD FEEDBACK LOOP: Embarc's Community Advisory Board will be comprised of local community members who will help shape best practices to innovate, improve operations, and mitigate potential complaints from citizens, customers, other businesses, and the community at large. They will be empowered to provide ongoing feedback, guidance, and accountability for our nuisance mitigation and proactive community engagement programs. This gives

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residents a seat at the table in addressing business operations in real time.

PARTNERSHIP WITH THE SUTTER CREEK POLICE DEPARTMENT: In every city where we operate, Embarc has established strong, collaborative relationships with local law enforcement, fostering trust and transparency in the emerging cannabis industry. We have reserved a non-voting seat on the Community Advisory Board for a City and/or Police Department representative, who will by virtue of their participation be provided with quarterly insights into our business operations. This approach has proven effective in maintaining open communication across various communities.

COMMUNITY WELLNESS EVENTS: Embarc seeks to support Sutter Creek's health and wellness industries. Through providing educational seminars and partnering on outreach, we are confident our team's knowledge and resources can benefit Sutter Creek's health and wellness industry. As further detailed in our Community Benefits Plan, Embarc is committed to hosting educational events on cannabis and welcomes the opportunity to include relevant wellness partners and businesses, when appropriate, in these efforts.

It is through this collaborative and proactive approach to business management, neighborhood engagement, and support for local businesses that Embarc will ensure we do not pose a nuisance to our neighbors and remain accessible, approachable, and transparent with the Sutter Creek community at large.

Proposed Good Neighbor Policy

In every community where we operate, Embarc institutes a Good Neighbor Policy tailored to address local concerns and comply with local regulations. We have drafted proposed policies informed by our prior community outreach, including our first Community Listening Session, but would also welcome the opportunity to discuss our Good Neighbor Policies with City leaders to incorporate any guidance prior to finalization.

As a responsible cannabis operator, Embarc must:

- Create a safe exterior environment through design and site management.
  - Provide outside lighting in a manner that illuminates the outside street and sidewalk areas and adjoining parking as appropriate, without bothering neighbors;
  - Maintain the premises and adjacent sidewalk in good condition at all times;
  - Manage parking and traffic to negate impacts to surrounding areas;
  - Prohibit double parking directly outside the premises and prohibit blocking driveways;
  - Prohibit loitering around the premises, within 50 feet of the premises, or in the parking lot;
  - Enforce appropriate customer behavior outside the facility and in adjacent areas;
  - Prohibit littering in or around the premises;
  - Prohibit the consumption of cannabis products in or around the premises and advise individuals that consuming cannabis of any kind is prohibited in public places;
  - Post notices at all public entrances to and exits from the establishment that are clear, well-lit, prominently displayed, and maintained; and
  - Direct patrons to leave the establishment and neighborhood peacefully and in an orderly fashion.
- Provide the contact information for Embarc's Community Liaisons, responsible for community relations and issue mitigation.
- Provide adequate and appropriate ventilation to ensure odor controls result in no emission of noxious odors.
  - Be a benefit to surrounding parcels;
  - Maintain the premises in a clean and orderly fashion; and
  - Instruct security to secure the premises within 50 feet of all public entrances and exits.
- Follow signage requirements to ensure compliance with local codes and provide clear information for customers and the public:

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- Business identification signage will comply with the requirements of the Sutter Creek municipal code
- No signs will obstruct any entrance, exit, or window of the building;
- Each entrance will have a sign clearly stating that smoking, ingesting, vaping, or consuming cannabis on the premises or adjacent areas is prohibited. The sign will not be larger than two feet by two feet;
- No advertising through sign holders or individuals on the premises or in public spaces;
- No signage depicting any images of cannabis or cannabis products
- At the entrance, a notice will clearly state that no person under 21 years of age, except individuals 18 years of age or older with a valid physician's recommendation for medical cannabis, is permitted to enter the premises;
- The original copy of the business license issued by the City, as well as the license issued by the California Department of Cannabis Control, will be posted inside the business in a location visible to the public.

- Implement youth education and prevention strategies.
  - Provide physical infrastructure, security, and tailored SOPs to discourage, mitigate and prohibit youth access and/or loitering; and
  - Provide ongoing investment for youth drug prevention and education to be deployed through community partners.

Addressing Community Feedback

Embarc employs a protocol for addressing and responding to complaints related to its business, including potential complaints about noise, light, odor, public consumption, loitering, littering, and vehicle and pedestrian traffic, among others. This protocol is critical to ensuring consistent responses and providing the data we need to modify SOPs as needed to reduce the likelihood of issue recurrence.

Embarc will implement comprehensive good neighbor and nuisance mitigation strategies to alleviate community concerns. Although we believe our Government Relations Manager, General Manager, and the entire retail team will prevent these issues from arising by cultivating healthy communication with our neighbors, company policy will require that any staff member who receives a complaint report the concern to their manager immediately.

We understand other potential impacts may arise from normal business operations, which are not currently contemplated. Should that occur, we will work closely with community members, neighborhood leaders, and local businesses to document and resolve any issues. All necessary actions will be taken to resolve a complaint, and all records of complaints will be maintained. Should a complaint occur, employees will be required to adhere to the following written policies and procedures:

STEP 1: DOCUMENT THE CONCERN OR COMPLAINT: Any employee who receives a complaint will first document it on a standardized form. The employee will record:

- Store Name
- Name of Store Manager Submitting Feedback
- Community Member's Name (or "Anonymous")
- Phone Number (if provided)
- Email (if provided)
- Date of Feedback or Complaint
- Source of Feedback or Complaint
  - Feedback or Complaint Category
  - Noise
  - Light
  - Odor
  - Public Consumption (cannabis or otherwise)
  - Loitering
  - Litter
  - Vehicle Traffic
  - Parking
  - Pedestrian Traffic
  - Graffiti

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  - Youth Concerns
  - Other
- Detailed Description of Feedback or Complaint
- Suspected Cause (if applicable)
- Corrective Action Taken (if any)
- Corrective Action Proposed by Store Management
- Measures to Prevent Recurrence
- Follow-Up Completed (Yes/No)
- Additional Feedback from Community Member (if any)
- Status

The employee will explain that they need the reporting community members' information for follow-up. Employees will be trained to ensure the complainant understands that we are sympathetic to the concerns and seek to address them immediately and transparently.

STEP 2: IMMEDIATELY REPORT THE CONCERN OR COMPLAINT

Employees will be trained and required to immediately report any concern or complaint to the General Manager, Government Relations Manager, Licensing & Compliance Team, and ownership team by submitting a response to our "Community Feedback Form." Employees are encouraged to provide their suggested solutions and potential mitigation strategies. Once submitted, the employee is also directed to speak with the General Manager in person or with a Store Manager if the General Manager is unavailable. If the issue is truly urgent, a member of our ownership team will be called immediately.

STEP 3: DEVELOP & EXECUTE A PLAN OF ACTION

Next, the General Manager and Government Relations Manager will develop and execute an action plan to resolve the issue. The plan will articulate, and Embarc will implement, a short-term solution to alleviate the complainant's concern as well as a long-term solution to prevent the issue from recurring. Long-term solutions will be incorporated into our SOPs to prevent recurrence, and employees will be trained on the new policy within one week of implementation.

STEP 4: FOLLOW UP WITH COMPLAINANT

Our Government Relations Manager and/or General Manager will personally follow up with the complainant to ensure the concern is resolved in a timely and efficient manner. During the conversation, Embarc will identify actions taken to mitigate the concern and the protocols developed to prevent the issue from recurring. Finally, we will inquire whether the complainant has any additional concerns to be addressed or whether the issue was resolved satisfactorily.

STEP 5: DOCUMENT THE INCIDENT & RESOLUTION

Lastly, our Government Relations Manager will create a complaint report of the incident that documents the following:

- All information gathered in the original "Community Feedback Form"
- Action plan and resolution
- Protocols that were implemented to prevent the issue from recurring
- Follow up conversation with the complainant and their disposition of the resolution
- Training that occurred as a result of any newly developed SOPs.

Reports will be distributed to the ownership team and the Community Advisory Board to ensure accountability and awareness. Embarc will keep all complaint reports for a minimum of seven years, unless otherwise required by law. Periodically, our ownership team will audit these complaint reports to verify the effectiveness of the response and subsequent policy changes. This report log will be available to the City upon request.

To address and respond to complaints, Embarc will operate and maintain a 24-hour landline telephone number, or hotline, at the premises for receiving complaints and other inquiries regarding the cannabis business, as well as multiple 24/7 contacts. If any Embarc owner, manager, or

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employee logs any conduct that raises a reasonable suspicion of a violation of local or State regulations, Embarc will report the conduct to the Chief of Police or their designee within 24 hours of its discovery.

Ensuring Cannabis Products Do Not End Up in the Hands of Youth

In our experience, the most impactful way to address community concerns is to provide sustainable, dependable resources to educate youth both today and into the future. We and our future Community Advisory Board members will be committed to providing the tools and investment needed to protect and educate Sutter Creek's next generation.

During our community outreach thus far, we consistently heard from residents about the vital importance of safeguarding young people from the potential impacts of cannabis businesses as they begin to establish themselves within the City.

We wholeheartedly understand and support the emphasis both residents and the City place on protecting our youth. We believe we can make a significant, positive impact through the careful implementation of our comprehensive youth education and drug prevention programs, given we have a track record of doing so in nearly every community we serve today. We are dedicated to carrying out these initiatives throughout California, ensuring that we contribute meaningfully to the well-being of young people and the broader community.

After much research and eliciting community feedback, Embarc chose the Botvin curriculum as the most effective and engaging youth drug prevention program. Our process involved identifying a target age group, adopting Botvin's certified resources, using a cognitive-behavioral framework, and conducting workshops with stakeholders such as drug prevention specialists, law enforcement, City Council members, parents, and Unified School District members across California communities. Botvin's e-LST Middle School 1 is a scientifically backed substance abuse and violence prevention program with over 35 years of research.

We first launched the Botvin program in 2022 through the Community Advisory Board at our first store in South Lake Tahoe. The Board used funds from our Community Investment Fund to implement the curriculum for the Boys and Girls Club of Lake Tahoe, engaging local youth in meaningful discussions. The Boys and Girls Club of Lake Tahoe piloted the program for 24 fifth-graders in 10 weekly 45-minute sessions and 28 teens, primarily sixth and seventh-graders, in 12 weekly 45- to 60-minute sessions. Participants appreciated learning about managing emotions, coping with stress, and applying the three Cs (Clarify, Consider, and Choose) for decision-making. They were surprised by nicotine's addictiveness, targeted advertising, and its harmful effects on the body, ultimately gaining valuable knowledge and life skills. This program is further detailed in Sour Community Benefits Plan.

"This program arms our youth with vital knowledge, often filling gaps in discussions that may not occur at home. Its value is immense, driving transformative change! While it may seem at times like teens aren't paying attention, they indeed are. The proof is in the conversations they carry forward, discussions that continue long after the day's lesson. This program doesn't just inform—it resonates and triggers important dialogues among the youth themselves."

Amy Lindstrom
Boys & Girls Club of Lake Tahoe, Teen Room Lead

Building on this success, we have since been in various stages of funding similar programs across all the communities we operate in throughout California, ensuring consistent support for education and prevention initiatives statewide. **Through our Community Advisory Boards and Community Investment Funds, Embarc has donated hundreds of thousands of dollars to launch youth drug education and prevention programs.** Youth

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organizations in the following municipalities have already implemented these programs: South Lake Tahoe, Fairfield, Madera, Martinez, Alameda, Chico, Ventura, Fresno, Fontana, Woodland, and San Bruno.

"Thanks to Embarc's contribution, we have successfully implemented the acclaimed Botvin Life-Skills Training program, which has been pivotal in educating our young members on the dangers of substance abuse while empowering them with crucial life skills. Additionally, the funding has allowed us to purchase the curriculum, support a dedicated staff position to administer the program, and provide essential training for our team. We deeply appreciate Embarc's proactive approach and ongoing commitment to ensuring the success of this drug education and prevention program."

President of a Prominent Youth Servicing Organization in One of Our Communities

We are dedicated to forging relationships with youth-centered organizations in Sutter Creek and Amador County. Our goal is to provide impactful youth drug prevention education that aligns with their missions and benefits the broader Sutter Creek community, ensuring local youth receive the resources and support they need to thrive.

"Through the Boys and Girls Clubs of Contra Costa, the Botvin curriculum has become a cornerstone of our youth education efforts, shaping the minds of young students in ways that extend far beyond the classroom. Through interactive discussions and hands-on activities, students are learning how to confidently make decisions, resist peer pressure, and understand the long-term effects of substance use. The program encourages students to explore how societal influences like advertising can skew their perceptions, sparking insightful conversations that we don't see in other programs. With students already engaged in the curriculum, the community impact is undeniable. Embarc has been an invaluable partner throughout this journey, not just with financial support but through their consistent engagement and responsiveness. Whether it's providing resources or checking in to ensure the program is running smoothly, their involvement goes far beyond a typical business partnership. Embarc is genuinely invested in the health and future of youth in our community, and that makes all the difference."

Jose Marquez,
Executive Director, Boys & Girls Club of Contra Costa

In addition to youth drug prevention programming, it is essential for cannabis retailers to design their facilities and operations in a manner that effectively prevents cannabis from falling into the hands of young people. It is our responsibility to implement a robust Youth Prevention Plan to ensure the safety, security, and quality of life for the neighborhood, including for Sutter Creek's most promising residents—its youth.

As a cannabis retailer founded by policy and compliance experts, Embarc was born after the legalization and implementation of Proposition 64. We worked with State government to develop the policies that led to adult use legalization and industry-wide regulation. As part of that process, our team members have engaged with communities across the State and are acutely aware of the need to protect youth. When selling a product that was illegal during our lifetimes, we believe it is incumbent upon us to implement a plan that protects our youth while educating our community—through action and continuous engagement—that legal, regulated cannabis can and should responsibly exist within a community.

While some studies and experiences from other regulated markets have found that youth cannabis use remains static or decreases in communities with access to legal, regulated cannabis, we believe that it is especially incumbent upon us as operators to proactively implement security and other deterrent measures to protect against youth exposure or access. We also believe in our responsibility to educate the community on the protocols and security measures we have in place to protect youth as a component of our ongoing commitment to supporting the successful implementation of

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youth drug prevention and education with our Community Advisory Board and non-profit partners.

We have many parents on our team, including our founders, and intimately understand the real concern parents face regarding how to navigate access to substances of all kinds within a community. We believe in our duty and commitment to the City, community partners, and neighbors to proactively engage, identify, educate, and address our local community's concerns regarding the safety and security of our neighborhood and the children that live, learn, play, and grow within it.

Embarc has developed a holistic, multifaceted approach to ensuring cannabis products do not end up in the hands of underage youth and that our storefront is safe, secure, and only frequented by those of appropriate age. A variety of physical features, staff protocols, and functional design concepts will be implemented at Embarc Sutter Creek to ensure a secure, comfortable environment that poses no risk to Sutter Creek's youth and positively contributes to the neighboring community. We will take a multi-layered approach to diversion prevention, including several state-of-the-art physical controls; detailed record keeping software; adequate and aesthetically pleasing exterior lighting; education for staff and the public; categorical access control; and dozens of other applied measures to ensure our products are only in the hands of authorized adults.

As responsible, community-oriented operators, we have developed a comprehensive Youth Prevention Plan to proactively take steps to ensure cannabis products do not end up in the hands of underage youth, briefly summarized below.

INFRASTRUCTURE & SECURITY

- Implement physical infrastructure, security, and training protocols to ensure no youth enter or loiter outside or within 50 feet of the storefront;
- Post all required signage in easily identifiable locations to communicate age restrictions, identification requirements, and to prevent loitering;
- Premises constructed and designed to prevent access by any unauthorized individual through a variety of security measures, including alarms, surveillance systems, and target hardening measures;
- Comprehensive surveillance system to provide full video coverage of the entire interior and exterior of the premises; and
- Professional Security Officers enforcing age restrictions and preventing youth exposure or access.

SOPS & EMPLOYEE TRAINING

- Staff training and education on the hazards of youth cannabis use and how to identify and prevent potential youth access to the licensed premises; and
- Stringent inventory control procedures will be put in place via an inventory tracking system, tools and forms for accounting and verification, and tasks and processes that will ensure accountability at every stage through the retail product cycle.

PRODUCT PACKAGING & LABELING:

- Embarc will only accept products from licensed distributors that conform to all packaging and labeling standards in the CCR § 17402–17412, including:
  - All packaging will be child-resistant and tamper-evident;
  - All packaging will have the California Universal Symbol;
  - All packaging will have the GOVERNMENT WARNING statement in bold print;
  - Package cannot imitate any package used for products typically marketed to children;
  - Edible products must be in opaque packaging;
  - Labeling must identify the product as a cannabis product or state "cannabis infused;"

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- If the package contains an amount of THC that exceeds the level allowed for adult use cannabis goods, it must state "FOR MEDICAL USE ONLY"
- Employees utilize a check list at the time of product intake to ensure all proper packaging and labeling;
- All products sold to customers will be placed in an opaque child-proof exit bag before they are allowed to be carried out of the store; and
- At check out, Embarc reminds customers to safely store all cannabis products in their child-proof packaging and out of reach of children in their homes.

AESTHETICS

- Exterior design of the premises has been developed to be a neutral presence on the street, without bright colors, imagery, or any design feature that would appeal to youth;
- No cannabis goods are visible from the exterior; and
- Site has been designed to be discreet and cohesive with neighboring uses.

OVERSIGHT & ENGAGEMENT

- Marketing and social media will meet audience composition data requirements and be respectfully tailored to address our only audience—adults;
- Participate in Amador Chamber of Commerce meetings to monitor local trends and identify opportunities of need to raise to the Board for consideration;
- Engage nearby school leadership to provide contact information for our Community Liaisons and to seek to provide youth drug prevention educational resources as we have in other communities; and
- Engage in regular check ins with City staff and/or Council to provide updates on our operations, receive feedback, and incorporate recommendations.

ACCESSIBLE, COLLABORATIVE, & TRANSPARENT

- Provide all neighbors within 1,000 feet of our proposed location with the contact information for our Community Liaisons and 24-hour community hotline;
- Facilitate transparent and accessible communications and relationships with our neighbors and surrounding community stakeholders; and
- Pursue a coordinated approach with neighboring and nearby businesses to collaboratively protect and support the youth in our community.

EDUCATE, EDUCATE, EDUCATE

- Educate customers on the safe storage of cannabis in their home;
- Educate parents and community leaders by providing them with the resources to have difficult conversations with their kids about cannabis and the damages underage use can have on adolescent brain development as well as the increased potential of addiction in adolescent use;
- Partner with trusted community leaders to provide educational programming and resources to educators, community members, and non-profit stakeholders; and
- Fund a comprehensive, holistic approach to youth drug prevention and education programs (just as we do in every community where we operate).

MANAGING EXTERIOR AREAS

Embarc recognizes that the areas immediately surrounding the business—including sidewalks, parking areas, and building frontage—are where community impacts are most directly experienced. As such, we place a strong emphasis on the active, ongoing management of all exterior areas to ensure they remain clean, safe, and well-organized at all times.

Our approach includes continuous monitoring by on-site staff and Security Officers, routine inspections of the premises and adjacent areas, and the

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implementation of clear behavioral expectations for customers upon entering and exiting the site. Exterior areas will be maintained through regular cleaning, strategically placed waste receptacles, appropriate lighting, and clearly marked pathways to guide customer flow and prevent congestion.

Security Officers will conduct periodic patrols of the property and the surrounding vicinity to proactively identify and address potential concerns such as loitering, littering, or unauthorized activity. Additionally, Embarc will maintain clear, accessible communication channels with neighboring businesses and residents to ensure that any concerns related to exterior conditions are addressed promptly and effectively.

These practices ensure that exterior areas are not only well-maintained, but also contribute positively to the overall safety, cleanliness, and functionality of the surrounding neighborhood.

The following sections further describe how Embarc will actively manage exterior conditions to maintain a safe, orderly, and compatible environment.

Light

Embarc understands the community's desire for a safe, secure facility that blends seamlessly into the surrounding neighborhood and allows for enjoying the night sky without obtrusive bright lights. In compliance with all regulations, the exterior of our facility, including the parking lot, will be adequately illuminated for security purposes while not posing a nuisance.

Exterior lighting will be balanced and will not result in glare on adjoining properties. It will complement the security systems, ensure that all areas of the premises and parking areas are visible, and provide increased lighting at all entrances to the premises. The exterior lighting required will be turned on from dusk to dawn.

Should facility lighting give rise to a complaint, we will work to develop a compliant lighting solution that accommodates neighborhood concerns without sacrificing security. Our security, maintenance, and operational teams will ensure that the electrical system and lighting comply with all applicable State and local laws, regulations, ordinances, and other requirements, are maintained in good repair, and do not present an electrical shock or fire hazard.

Odor

California law requires that all products arrive at a retail establishment fully processed, tested, packaged, and sealed in child-resistant packaging. Because all products arrive at Embarc retail facilities in their final packaged form, there are virtually no odors associated with this license type. Specifically, per State law, all packaging will protect the product from contamination; be tamper-evident and sealed so the contents cannot be opened without destruction of the seal; and be child-resistant as stipulated by the California Department of Public Health Code (40415).

Our proposed dispensary will receive, store, and sell packaged products in their final form. Consequently, it is highly improbable that any on-site product will emit a strong odor. Nevertheless, Embarc is committed to mitigating odors associated with our facility and will be responsive to the odor control requirements set forth in applicable state and local regulations. Embarc's odor mitigation practices are intended to serve the following purposes:

- To ensure that air circulation resulting from Embarc retail operations does not impact our employees' health and welfare;
- To ensure that air circulation resulting from Embarc retail operations does not impact surrounding businesses and outdoor areas; and
- To ensure thoughtful operations that demonstrate a true commitment to the health and welfare of the City and its residents.

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If Embarc receives an odor complaint, the General Manager will:

1. Log the date, time, source, contact information, and description of the complaint.
2. Within 30 minutes, the General Manager will identify the source of the odor by physically inspecting the facility for any unpackaged cannabis product that may be emitting odor. This includes inspection of all areas of the retail premises, including the secure storage area, the retail floor, and any other areas where cannabis products are featured or stored.
3. Upon identification of the source of odor, the General Manager will dispose of the cannabis product in a secure, air-tight waste disposal area and log the disposal in the track-and-trace system and the odor control log.
4. The General Manager will also physically inspect the odor control system, within 30 minutes of receiving an odor complaint, to ensure it is functioning properly.
5. If the General Manager identifies that the odor control system is malfunctioning, the General Manager will immediately contact the manufacturer.

The General Manager will determine if the issue can be addressed with the manufacturer over the telephone and, if not, will schedule the first available appointment with the manufacturer to visit the retail facility to physically inspect the odor control system. If the odor control system cannot be fixed, the General Manager will immediately place an order for the first available replacement part or new system.

The General Manager will immediately communicate the complaint and resolution to Embarc's facilities management team within 2 hours. The General Manager will discuss the source of the odor complaint or issue and its resolution with the retail team at the next team meeting to develop and implement procedures to prevent future odor complaints.

Public Consumption

Embarc has clearly defined SOPs to ensure no public consumption surrounding its facilities, which are strictly enforced by both the Security Officers and retail staff.

Specifically, Embarc prohibits the consumption of cannabis or cannabis products at or on the premises, in the parking areas of the premises, or in those areas restricted under the provisions of California Health and Safety Code §11362.79.

This policy is enforced by rigorous monitoring of the dozens of surveillance cameras covering every inch of our parcel as well as by onsite Security Officers who are trained to prevent consumption in or around the premises, including but not limited to regular patrol of the premises. We will post clear and legible signs advising individuals that consuming cannabis of any kind is prohibited in public places.

If someone is consuming publicly, security immediately addresses the issue with a clear directive to cease consumption. If the behavior continues, patrons are warned that they will be banned from shopping at Embarc in the future. If, after being addressed by security, the consumption continues, Security Officers will notify the Police Department. To date, Embarc has never required law enforcement intervention regarding public consumption.

Security Officers will be aware of customers leaving the facility, as all products must exit the store in an easily identifiable exit bag. This allows Security Officers to utilize visual inspection and live surveillance camera feed monitoring to view customers exiting the facility. Because we will always have Security Officers with visual access to both our security monitors and exterior, such personnel will be aware of any individuals on our property and can respond immediately should public consumption occur.

While Embarc certainly controls its premises, in reality no operator has meaningful control over what

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happens beyond the four boundaries of its property. As such, we complement our rigorous onsite monitoring and protocols with public education efforts to ensure that the community's cannabis consumers are aware of where they can and cannot consume cannabis in Sutter Creek. This educational information is intended to serve as an additional deterrent to public consumption.

Finally, deterring public consumption is part of actively monitoring for and ultimately preventing loitering, as further detailed below. It is coupled with onsite policies and procedures, including a prohibition on opening products onsite. By ensuring customers depart in a timely manner, loitering and on-premises consumption are avoided.

Loitering

Embarc prohibits all loitering outside the facility and will notify the Police Department if anyone continues to loiter after all reasonable efforts to remove the individual(s) have been exhausted. Embarc will post signage noting age restrictions and the prohibition on loitering. Simply put, loitering will not be tolerated under any circumstances.

All employees will receive training and implement protocols to reduce the risk of disruptive, nuisance behavior and negative impacts on neighbors. This includes ensuring that customers immediately exit the premises upon completing their purchase.

Security and staff will be responsible for controlling patrons' conduct on the property. Security Officers will be aware of customers leaving the facility who are carrying the easily distinguishable exit bags and will monitor their exit from the premises. Because we will always have Security Officers with visual access to both our security monitors and exterior, such personnel will be aware of any individuals on our property.

If any of our neighbors or community members feel that loitering on our premises is causing a nuisance, we welcome them to reach out to our Community Liaisons, who will seek to resolve the situation immediately. Additional protocols will be implemented to adequately meet the community's needs.

Importantly, our Security Officers will also conduct periodic neighborhood sweeps to ensure no littering, loitering, or other negative impacts on the neighborhood. However, if a member of the community is concerned about loitering, our Community Liaisons, along with Security Officers, will immediately address the situation in real time.

Littering

We will use two primary methods to prevent and mitigate litter at our retail facility. The first method is providing ample waste receptacles for customers and staff. The second is regular employee litter checks and premises inspections.

In addition to these methods, we will adopt a strict no-littering policy for all employees and customers. Any employee found to be littering on the premises will first receive a verbal warning, followed by increasingly serious disciplinary actions.

We believe the best tool in the fight against littering is to give our patrons and employees ample places to properly dispose of their refuse.

In the public facing portions of our facility, we will have multiple waste receptacles. These receptacles will allow customers to properly dispose of their non-cannabis waste in landfill, recycling, and compost compartments, streamlining the disposal process. Similarly, Embarc will provide waste receptacles for non-cannabis waste in all back-of-house areas where only employees or authorized contractors will be present.

With ample access to proper receptacles, there will be no excuse for our employees not to dispose of waste properly. All cannabis product waste will be disposed of in compliance with all applicable State and local laws, regulations, ordinances, and other requirements, and as detailed in our Waste Management Plan. If a neighbor or community member

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feels that litter is accumulating at or around our facility, our Community Liaisons will immediately address the issue.

Vehicle Traffic

We do not anticipate significant impacts to vehicle traffic given the site's ample parking. We have nevertheless considered vehicular turning movements in relation to traffic flow, proximity to intersections, adequacy of sight distances, and overall circulation in the immediate vicinity. Should any impacts to vehicle traffic arise, Embarc will designate an employee to help manage customer flow and coordinate curbside activity as needed to ensure safe and orderly operations.

Fortunately, according to leading traffic studies cannabis retail uses closely mirror the trip generation statistics of banking uses. Meaning, we are confident our operations will not meaningfully increase nearby traffic more than the prior use at our chosen location.

Furthermore, Embarc's robust Buy Online, Pick Up In Store (BOPIS) program plays a meaningful role in reducing on-site dwell time and associated traffic impacts. Across our operations, BOPIS orders account for approximately 30% of total sales, with these customers typically completing their visit in just minutes. Notably, this percentage has increased consistently year over year since the program's launch, reflecting growing customer adoption of faster, more efficient purchasing options. This streamlined transaction model ensures that a significant portion of customers are in and out quickly, reducing congestion and limiting vehicle accumulation near the site.

In addition, we will continue to encourage use of online ordering and off-peak pickup times to further distribute customer traffic throughout the day. In situations of unexpected demand, we will actively promote express pickup options as convenient alternatives. In the event a community member raises a concern related to vehicular traffic, Embarc's leadership team will promptly investigate and implement appropriate mitigation measures to ensure continued compatibility with the surrounding area.

Pedestrian Traffic

Embarc is committed to preventing and addressing pedestrian traffic complaints at our facility through thoughtful design, proactive measures, and responsive customer service. Our facility has been designed to ensure efficient customer flow within the property, preventing pedestrian traffic from spilling beyond the premises or disrupting the surrounding neighborhood. In the exceedingly rare instance a large gathering of customers occurs, clearly delineated lines and designated waiting areas will ensure customers wait in an orderly fashion. Security Officers will actively patrol the area to maintain the flow of pedestrian traffic and ensure no disturbances occur.

Additionally, our Screening Lobby includes a seating and waiting area to accommodate customers when the Sales Area reaches capacity. Our Sales Area is equipped with a well-organized queue system to guide customers smoothly through the shopping and checkout process, with employees directing customers to exit the premises promptly. Signage inside and outside the store will help maintain order, preventing overcrowding or pedestrian spillover. Should pedestrian traffic remain an issue, we will engage an additional staff member to assist with managing the flow and offer incentives, such as BOPIS promotions, to encourage visits during non-peak hours.

During high-traffic periods like grand openings, holidays, or special annual events like 4/20, we will schedule additional security and staff members to intensify foot traffic control within and outside the store. To further streamline entry and reduce wait times, Embarc will deploy trained staff equipped with tablets to pre-register customers into our customer management platform while they are in line. This allows guests to complete required intake steps and establish their profiles in advance, significantly expediting the check-in process and

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minimizing queue duration. Additional proactive measures, including a virtual queuing system, will further ensure that customer flow is managed efficiently, minimizing any inconvenience to the surrounding community.

In the event of a community concern, Embarc's General Manager will investigate and resolve the issue promptly. Our commitment to the neighborhood includes periodic neighborhood sweeps to ensure that pedestrian traffic does not result in littering, loitering, or other disturbances, helping us maintain a positive relationship with our neighbors.

NOISE CONTROL MEASURES

Embarc takes several precautions and implements a variety of measures guaranteed to combat and mitigate excessive noise. Embarc will never produce excessive or unnecessary noises that would detrimentally impact the public health, comfort, safety, welfare, or prosperity of the surrounding neighborhood and Sutter Creek community.

All noise producing activities, including but not limited to construction, landscaping, and motor vehicle operation, will comply with all Sutter Creek noise ordinances. No sound production or reproduction systems inside the facility will be maintained at a volume level higher than what is necessary for the convenient hearing of persons present, including receiving activities. We will prohibit the use of horns or signal devices on any of our company or employee vehicles, except as a danger signal or to give warning.

To minimize our neighborhood impact during renovation, construction activities will only occur with a special permit from the City and between reasonable or preapproved hours. The premises, including the parking lot, will be monitored under constant video surveillance, and routinely patrolled by our Security Officers to ensure no inappropriate noise is produced.

If any person or vehicle is identified as causing a disturbance or being excessively noisy, that individual will immediately be escorted off the premises and, if necessary, reported to law enforcement. We will ensure all motor vehicles on our premises adhere to appropriate sound level decibels. Motor vehicles exceeding established limits will be asked to leave the premises by our security team. Our Security Officers will also work to ensure no motor vehicle on our premises is left idling.

Embarc has developed a comprehensive approach to nuisance avoidance centered around proactive business management, easy-to-follow policies and procedures for its onsite team, and meaningful outreach to the surrounding neighborhood to ensure neighbors know whom to contact with questions or concerns. This approach is driven by lessons learned from existing operations and has proven effective in real-time. We welcome feedback or input from the City and our neighbors and view this plan as a living, breathing document. We will continue to evolve and adapt as we grow and ensure our policies remain rooted in best practices as our industry evolves.

COMPATIBILITY WITH SURROUNDING USES

The proposed location at 11 Ridge Road is situated within the C-2 General Commercial zone and is surrounded by similarly designated commercial zones. There are no residential-only zoning districts in the immediate vicinity, and the surrounding area is characterized by an established mix of retail, service-oriented, and neighborhood-serving uses consistent with an active commercial corridor.

Adjacent parcels within the surrounding block reflect this compatible commercial environment, including a gas station and convenience store, Los Hermanos Mexican Restaurant, Sutter Hill Smoke and Vape, the Summit Business Center, and several vacant storefronts. This mix of uses demonstrates a well-established commercial setting in which

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Embarc's proposed retail operation will integrate naturally without altering the character of the area.

The proposed location complies with sensitive use buffers outlined in state law. 11 Ridge Road is not located within 600 feet of any school, daycare facility, or youth-oriented use. These factors reinforce the site's suitability for the proposed use.

Embarc's operational model is specifically designed to integrate seamlessly into commercial environments such as this one. The proposed tenant improvements are limited in scope, consisting primarily of interior reconfiguration and minimal exterior enhancements such as signage and cosmetic upgrades. These improvements will be completed in compliance with all City requirements, within approved construction hours, and over a short duration, minimizing any temporary disruption to neighboring businesses.

Ongoing operations will be discreet and consistent with surrounding retail uses. All cannabis products arrive pre-packaged, labeled, and sealed, meaning the business does not generate noise, odor, or other externalities commonly associated with other cannabis uses. As a result, the day-to-day operation will function similarly to other regulated retail establishments in the area.

The exterior design has been intentionally developed to align with surrounding uses. The storefront will maintain a clean, neutral, and professional appearance consistent with neighboring businesses. Window treatments will maintain a cohesive streetscape, ensuring no visibility of cannabis products or activities from the public right-of-way.

Beyond compatibility, Embarc's presence will contribute positively to the surrounding area. The activation of a currently vacant building will support Sutter Creek's ongoing revitalization efforts, increase foot traffic to nearby businesses, and strengthen the commercial fabric of the corridor.

Dispensaries are known to generate consistent customer traffic, which can have a complementary effect on neighboring businesses by increasing visibility and overall activity in the area.

Embarc has successfully operated in 16 communities throughout California, consistently integrating into similar neighborhood-serving commercial corridors without incidents related to community compatibility, youth access, or co-tenancy concerns. This track record demonstrates our ability to operate responsibly while enhancing the surrounding environment through professionalism, active management, and a strong security presence.

The proposed location is discreet, accessible, and well-positioned within an established commercial corridor, making it appropriate for a cannabis retail use without impacting sensitive areas or community landmarks. Embarc's approach reflects the continued normalization of regulated cannabis retail as part of a broader mix of neighborhood-serving businesses, where customers incorporate visits into routine activities in a safe, orderly, and well-managed environment.

As legal dispensaries become more prevalent and the stigma surrounding cannabis use continues to fade, cannabis retail is increasingly integrated into everyday health and wellness routines. For this reason, ensuring an easy and convenient customer experience is a top priority when selecting an appropriate location.

No longer viewed as a novelty or out-of-the-ordinary activity, visiting a dispensary has become part of a typical consumer's routine—similar to other neighborhood-serving retail errands. The proposed location at 11 Ridge Road is well-positioned to serve as this convenient and accessible destination for Sutter Creek residents, further reinforcing its compatibility within this established commercial corridor.

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Through this combination of appropriate zoning, compatible surrounding uses, thoughtful site selection, and a proven operational model, Embarc is confident that the proposed dispensary will not only be compatible with surrounding uses but will contribute meaningfully to the continued vitality and success of one of Sutter Creek's primary commercial corridors.

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COMMUNITY BENEFITS

We understand that while cannabis has existed within our communities for decades, legal, regulated cannabis is still an emerging market. Communities are grappling with how best to integrate commercial cannabis activities into existing neighborhoods, balancing the economic opportunities this industry represents with a desire to protect public health, safety, and neighborhood integrity.

Furthermore, Embarc believes operating a cannabis business is a privilege and not a right. Our successful business model is predicated on the ability to consistently engage the community and the City with integrity and through transparent collaboration. Given this foundational commitment to Sutter Creek—which will be bolstered by the dedication of our local Community Advisory Board—we will operate a business that provides meaningful ongoing benefits and serves as the type of partner the community can be proud of and will value.

Embarc's approach to community benefits is not new for the company. Across California, Embarc's dedication to community benefits has been recognized by nearly two dozen jurisdictions awarding local cannabis licenses in competitive processes. Embarc has consistently ranked at the top of cannabis operator evaluations, in significant part because of the strength of this same community-centered model: local hiring, meaningful reinvestment, trusted local oversight, and long-term accountability.

Today, we return with that same commitment, now strengthened by years of demonstrated execution across 17 stores in California communities.

Through this model, Embarc has directed more than $2.5 million to local organizations, youth prevention programs, community partnerships, and neighborhood priorities throughout California—a track record we propose to bring here with this project.

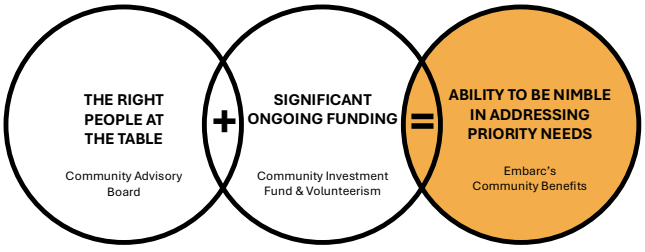
Embarc Sutter Creek is committed to providing meaningful, measurable benefits to the City of Sutter Creek and its residents. As part of our Community Benefits Plan, **we pledge to contribute 1% of our annual business revenue (gross receipts)** to support local organizations, schools, and City-sponsored programs in Sutter Creek. Details of this commitment, including funding priorities, structure, and administration through Embarc's Community Investment Fund and Community Advisory Board, are outlined in the sections below.

PURPOSE

The Community Benefits Plan, summarized below, is designed to be a dynamic document that embodies the company's core values and ongoing community engagement priorities. It was developed with, and will continue to evolve over time through, collaboration with a local Community Advisory Board.

Importantly, this plan does not contain static organizational commitments or one-time checks at the front end of a political process. Rather, it is the embodiment of Embarc's proven community engagement model, one that values and respects the importance of diverse local perspectives and experiences in being able to adapt to continuously address evolving community needs.

This approach is evident in our work to compile our Community Benefits Plan for Sutter Creek. **The following plan has been formulated with significant input from Sutter Creek residents in our past Community Listening Session and through our engagement with community leaders.** It centers around the following equation:



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COMMUNITY ADVISORY BOARD

The Sutter Creek Community Advisory Board will represent the heart of Embarc's community reinvestment model. It will be comprised of trusted local leaders, and could include educators, nonprofit executives, and business owners who have long served Sutter Creek. The Board ensures that decisions about community funding remain in local hands. Reflecting the City's desire for the broader community to benefit from the inception of local cannabis retail, the Board we plan to coalesce will be diverse in their representation of local stakeholders. The collective insight of these trusted community voices ensures that Embarc's contributions are not only transparent and accountable but also responsive to Sutter Creek's evolving needs, empowering local voices to determine how resources are reinvested in their community for generations to come.

Embarc's Community Advisory Boards are empowered with total control over where their local Community Investment Fund is directed in perpetuity. It is this group that will work collaboratively to drive Embarc's efforts to address Sutter Creek's needs. The primary goals of the Community Advisory Board are to work collaboratively with Embarc leadership to implement and continue refining our community benefits plan, and to ensure safe, transparent, and community-oriented operations.

Duties of the Board include:

1. Development and implementation of our community relations plan
    - Identifying and/or creating opportunities to help enhance and promote community input, engagement, education, and awareness
    - Reviewing operational policies and procedures to identify opportunities for community and neighborhood engagement
2. Allocating all community funding
    - Assessing opportunities for financial contributions
    - Identifying local, immediate priority funding gaps in which our resources could provide flexible assistance
    - Determining the best allocation of community funding
3. Oversight and accountability for Embarc operations
    - Quarterly accountability on commitments made/commitments delivered
    - Providing input on marketing strategies and tactics
    - Monitoring Embarc's responses to any community feedback or concerns
4. Assistance in establishing and building community trust
    - Continuous identification of community priorities, values and needs
    - Identifying opportunities for collaboration with local businesses and other stakeholders
    - Serving as a voice within the community
5. Ensuring appropriate and thoughtful community education
    - Providing input on education and awareness programs
    - Recommending priority causes for employee and executive volunteer support
    - Providing consistent feedback to refine and best tailor our efforts

To ensure operational transparency, we welcome the opportunity to include a participant from City government and/or a public safety officer. While the City would not be a voting member, this is an opportunity for a City representative to remain apprised of and provide feedback on Embarc's operations and philanthropic initiatives.

Our Community Advisory Board members will be tasked with ensuring benefits are directed to advance the community's needs, including a focus on the long-term interests of residents and a prioritization of the protection of this community's youth.

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Ultimately, the Board will be comprised of leaders with diverse backgrounds and experiences that inform their ability to make thoughtful determinations regarding how Embarc executes its community benefits locally. Specifically, the Community Advisory Board decides funding priorities, volunteerism priorities, workforce development partnerships, financial support of City-sponsored activities, our ongoing neighborhood engagement plan, and execution of Embarc's youth drug education and prevention program.

In addition to directing our committed community funding, the Board meets quarterly to provide feedback on Embarc's operational model, including community outreach, neighbor and business engagements, local partnerships, the sensitivity of advertising and marketing efforts, and more.

Unlike most operators in the cannabis industry that attempt to apply their brand and values onto a community using a top-down approach, Embarc seeks to meet the needs of the community from the bottom up, as represented by the dedication to community representation and CAB member empowerment. In this way, we are not proposing specific allocations to specific organizations, but rather ongoing funding that is directed by this community for the benefit of this community forever.

COMMUNITY INVESTMENT FUND

The Community Advisory Board is positioned to drive meaningful, lasting local impact through our commitment to establishing an internal Community Investment Fund. As we do in every community we serve, Embarc will allocate 1% of gross receipts to this Fund in perpetuity, creating a reliable and growing source of funding for local organizations guided by the priorities of our Community Advisory Board. This dedicated investment is over and above the proposed 5% Community Benefit Fee on gross receipts proposed elsewhere in this application, ensuring a direct and sustained financial benefit to the community.

100% of the Community Investment Fund will be allocated by the Community Advisory Board to local organizations and partners, ensuring we prevent divestment by requiring all the benefits generated from operating a local cannabis business to remain local.

Identifying Priorities

As leaders within the community, Community Advisory Board Members will be uniquely and demonstrably qualified to speak to the needs of Sutter Creek and the intangible, unique qualities that make this community so special. We have pledged one percent of the store's gross receipts to support organizations located within the City of Sutter Creek and City- and County-sponsored programs. The Board's overarching mission is to support and uplift organizations, programs, and initiatives that enrich the quality of life for Sutter Creek residents, with an emphasis on creating equitable opportunities, promoting wellness, and empowering local youth through education.

In conversations with members of the community, the importance of youth drug prevention and education has consistently risen to the top of the priorities list. We are wholeheartedly aligned and know that such a priority will be the primary focus of our Community Advisory Board. Given our track record on this issue in communities across California, our team could not be more excited to deliver the same benefits to Sutter Creek.

Youth Education & Prevention

The community has identified youth education and drug prevention as a priority and Embarc will develop partnerships with youth-serving non-profit and public organizations to facilitate the acquisition and delivery of an accredited youth drug prevention and education program.

But taking a step back, it is important to note that this is not a simple exercise for the purposes of this application, but rather a commitment we undertake in each of the communities where we operate today. We understand that with society's shift to

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legal, regulated cannabis comes confusion for communities and particularly for its youth and parents. As a responsible, community-centric cannabis operator, we believe it is incumbent upon us to sensitively and appropriately provide the tools and resources this community needs to navigate this new normal.

Embarc is proud to champion youth drug education and prevention through accredited, evidence-based programs that empower young people to make informed choices and lead healthy lives. The primary program our CABs have funded and implemented is the Botvin LifeSkills Training curriculum, an internationally recognized, evidence-based prevention program that has been proven to reduce substance abuse and strengthen life skills among youth.

We first launched the Botvin program in 2022 through the Community Advisory Board at our inaugural store in South Lake Tahoe, where the Boys and Girls Club of Lake Tahoe became the first organization to implement the curriculum. Their youth program engaged local children and teens in meaningful discussions, offering them the tools to resist substance abuse while empowering them with critical life skills. Building on this success, we have since initiated similar efforts across all of our operating communities.

Through our Community Advisory Boards and Community Investment Funds, Embarc has donated hundreds of thousands of dollars specifically to fund the purchase and deployment of youth drug prevention programs statewide.

Embarc is committed to executing a thoughtful youth education and drug prevention program in partnership with local experts, that reflects the unique priorities of the Sutter Creek community. Our experience has shown that even the most well-designed youth prevention initiatives are ineffective without community buy-in. Therefore, if approved to operate in the City of Sutter Creek, we hope to actively collaborate with our Community Advisory Board and City leadership to introduce a third-party, accredited youth education and drug prevention program tailored specifically to Sutter Creek's needs. We are excited about the opportunity to work with local partners to ensure that these vital messages are delivered by responsible and trusted community leaders, not Embarc, fostering a proven and community-sensitive model of engagement that we have utilized successfully in communities across California.

"Teaching the Botvin curriculum is a great experience; it equips children with life skills and crucial knowledge about substances like tobacco, alcohol, and marijuana that will serve them for a lifetime. The program's structure fosters an environment where children comfortably ask questions and engage in meaningful conversations around challenging topics. It focuses not only on the short-term harm but also the long-term effects of substance use. I was particularly impressed by how it highlighted the influence of advertising on teens, triggering enlightening discussions about targeted marketing. This curriculum doesn't just educate, it empowers.

Working with Embarc has been a seamless and rewarding experience. Their commitment is evident in their regular check-ins about the curriculum's progress and effectiveness. Their willingness to ensure the right resources are being utilized and their robust support for community programs is truly commendable. Embarc isn't just a collaborator, but a dedicated partner in fostering community wellbeing."

Theresa Papandrea,
Botvin Program Educator for the Boys & Girls Club of Lake Tahoe

In our experience, educating both youth and the adults who shape their lives—parents, teachers, coaches, and mentors—is key to responsibly integrating legal cannabis operations into a community. Providing the tools and resources necessary for these influential adults allows us to create sustainable change. Throughout California, we have

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successfully implemented this approach, establishing programs that foster education on the dangers of substance abuse. We would bring this proven educational model to Sutter Creek with the flexibility to adapt to the community's needs and feedback.

Program Overview

When founding members of our team led the development of Proposition 64, the initiative to legalize adult use cannabis in California, they knew youth prevention and education were paramount to maximizing public health and safety within communities. As such, and with intentionality, our team ensured that Proposition 64 would provide the resources and direction necessary to educate youth on the risks associated with cannabis use.

Proposition 64 included the development of a State-sponsored educational campaign, entitled "Let's Talk" with curriculum specifically targeted to communities, parents, and youth. We have utilized this program, developed with a science-based approach by some of the brightest minds in California, as a foundation for resource development for the adults that play formative roles in the lives of youth.

Additionally, understanding impactful education requires tailored age-appropriate content, Embarc has adopted accredited and nationally recognized Botvin LifeSkills Training for middle school aged students for use by its selected community youth education and prevention partners. Embarc hopes to deploy targeted youth drug prevention education utilizing Botvin's LST 1 for middle school aged youth in partnership with our Community Advisory Board and local community partners in Sutter Creek.

We will continue to refine our program and will work closely with our Community Advisory Board, the City, and potentially other operators to ensure this program is the best fit for the Sutter Creek community. Cornerstones of this approach will be:

- Utilization of the "Let's Talk" campaign to provide resources and toolkits for parents, teachers, coaches and others looking for guidance on how to navigate these discussions with youth
- Utilization of Botvin's accredited LifeSkills program (or other similar curriculum as appropriate) specific to middle school aged youth, deployed through partnerships with appropriate messengers in the community including youth-oriented non-profits and schools

"The Botvin curriculum delivers weekly lessons that are both enlightening and engaging, allowing young minds to recognize and challenge common misconceptions about tobacco, alcohol, and other drug use. It's more than just a class; it's a valuable asset that empowers teens to navigate peer and media pressures using robust coping and resistance skills. It's a resource that helps build self-esteem, promotes resilience, and fosters assertiveness. My heartfelt thanks to Embarc for providing this tool for our teens' growth and development!"

Kim Youn,
Lake Tahoe Unified School District, Youth Counselor

Program Background

The National Institute on Drug Abuse developed A Research Based Guide for Parents, Educators, and Community Leaders for Preventing Drug Use in Children and Adolescents, which serves as an internationally recognized analysis that cites Botvin's research as a guide on how to develop and implement effective youth drug prevention campaigns. This comprehensive guide contains significant science-based research that directed Embarc's efforts to develop and implement an effective youth education and drug prevention campaign.

The following served as foundations in this endeavor:

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1. Prevention programs should be tailored to address risks specific to population or audience characteristics, such as age, gender, and ethnicity, to improve program effectiveness (Oetting et al, 1997).
2. Prevention programs aimed at general populations in key transition points, such as the transition to middle school, can produce beneficial effects even among high-risk families and children. Such interventions do not single out at-risk populations and, therefore, reduce labeling and promote bonding to school and community (Botvin et al, 1995; Dishion et al, 2002).
3. Community prevention programs reaching populations in multiple settings, for example, schools, clubs, faith-based organizations, and the media, are most effective when they present consistent, community-wide messages in each setting (Chou et al, 1998).
4. Community prevention programs that combine two or more effective programs, such as family-based and school-based programs, can be more effective than a single program alone (Battistich et al, 1997).
5. Prevention programs are most effective when they employ interactive techniques, such as peer discussion groups and parent role-playing, that allow for active involvement in learning about drug abuse and reinforcing skills (Botvin et al, 1995).
6. Prevention programs should include teacher training on good classroom management practices, such as rewarding appropriate student behavior. Such techniques help to foster students' positive behavior, achievement, academic motivation, and school bonding (Ialongo et al, 2001).
7. When communities adapt programs to match their needs, community norms, or differing cultural requirements, they should retain core elements of the original research-based intervention (Spoth et al, 2002b), which include:
    - Structure (how the program is organized and constructed);
    - Content (the information, skills, and strategies of the program); and
    - Delivery (how the program is adapted, implemented, and evaluated).

Based on this significant body of research, it is clear that the most effective program:

- Targets youth with age-appropriate content at various stages in of development;
- Utilizes multiple learning formats including interactive content;
- Involves multiple parties including teachers, parents, faith-based organizations and more to provide multiple access points for information; and
- Benefits from localism, as long as the program remains rooted in structure, content and delivery.

Audience

To ensure we are both effective and inclusive in outreach, we have segmented our youth drug prevention education into three categories: Youth General, Youth Targeted Age, and Adults in the Lives of Youth.

YOUTH GENERAL: Research has proven that the most effective youth education and drug prevention programs utilize two or more effective programs rather than any single program alone. For example, an effective school-based curriculum is more successful when coupled with at-home and technological components. Thus, Embarc will implement a multicomponent program that takes a holistic approach to youth engagement through:

- Media campaigns with general anti-drug education messaging targeted to all youth

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- Educational programming for use as an in-school program, with a toolkit for teachers and/or a program coordinator

Creating a multicomponent program will ensure that youth education and prevention efforts engage youth across multiple channels, in many forums, and on a consistent basis to maximize efficacy.

YOUTH TARGETED IMPACT (MIDDLE SCHOOL): Evidence demonstrates that the first year of middle school is when childhood drug use typically appears, so education before and during the teen years can delay or prevent experimentation and onset of use. At the middle-school level, children are eager to fit in, often overriding instincts to avoid unhealthy behavior, especially in the face of peer pressure. As such, Embarc will focus our youth drug prevention and education efforts on this critical age through the use of Botvin's accredited model.

ADULTS IN THE LIVES OF YOUTH: Ensuring that adults who play a critical role in a young person's life have the tools and education necessary to address questions from youth is a critical component of a community's transition to legal cannabis. In coordination with accredited resources from the State's Let's Talk Campaign and Botvin's individualized tutorials for adults in the lives of youth, Embarc will ensure Sutter Creek adults have the resources necessary to educate youth about the dangers of youth drug use through materials, toolkits and hosted educational events.

Understanding these are difficult conversations that the arrival of legal cannabis may have pushed to happen sooner than parents would have hoped, we believe it is our responsibility as leaders in the legal cannabis industry to do our part to ensure parents have the tools needed to answer tough questions during these critical conversations.

Content

We intend for our Community Advisory Board Members to work collaboratively to implement this effort for youth through local partnership(s). By utilizing the accredited and nationally recognized Botvin LifeSkills Training coursework as the starting point, we can leverage the best science available while tailoring our program specifically to Sutter Creek.

Embarc's Youth Drug Prevention and Educational coursework was developed through a series of workshops with youth drug prevention and education specialists. Understanding that we alone should not decide what is the "best" education for young people, Embarc undertook an extensive process of ensuring Botvin's accredited and nationally recognized content was an impactful and engaging course for today's youth. We created our approach and coursework by:

- Identifying the target age group to focus our efforts;
- Adopting certified coursework resources from Botvin's nationally recognized youth drug prevention work;
- Pursuing a cogitative behavioral approach to education as our framework; and
- Conducting numerous workshops with drug prevention specialists, members of law enforcement, City Council members, parents, and members of Unified School Districts in multiple California communities.

Botvin's e-LST Middle School 1 is a substance abuse and violence prevention program based on more than 35 years of rigorous scientific research. LifeSkills Training is comprehensive and dynamic, designed to promote mental health, social-emotional learning (SEL) skills and positive youth development. In addition to helping young people resist drug, alcohol, and tobacco use, the LifeSkills Training Middle School program also effectively supports the reduction of violence and other high-risk

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behaviors. Through tailored courses, learning objectives include:

- **Personal Self-Management Skills**: Students develop skills that help them enhance self-esteem, develop problem-solving abilities, reduce stress and anxiety, and manage anger for better mental health.
- **General Social Skills:** Students gain skills to meet personal challenges such as overcoming shyness, communicating clearly, building relationships, and avoiding violence.
- **Drug Resistance Skills:** Students learn skills that help them build effective defenses against pressures to use tobacco, alcohol, and other drugs.

In this way, we are providing a holistic approach to drug resistance by also focusing on the vital personal and interpersonal factors necessary to effectively discourage youth drug use.

Understanding that those tasked with educating our young people must have the expertise, credentials, and trust of the community, we have initiated and will continue to develop meaningful partnerships with youth-servicing non-profit organizations to provide a full spectrum of ways in which we can appropriately and respectfully contribute to the education and personal development of the community's youth. These efforts are tailored to the specific needs of the community through the guidance of our Community Advisory Board as youth drug prevention and education is not a one-time effort, but rather a continuous commitment to meeting the ever-changing needs of today's youth.

We will work collaboratively with our Community Advisory Board to identify and finalize the most appropriate partnerships for the lifetime of operations.

PROMISES MADE, PROMISES KEPT: SUPPORTING CRITICAL YOUTH EDUCATION WORK – TAHOE ALLIANCE FOR SAFE KIDS (TASK)

The Tahoe Drug-Free Coalition is a group of parents, community leaders, and local law enforcement officers dedicated to providing educational resources to the community to prevent youth drug use. Embarc's team integrated into the organization, attending Board meetings over many months to rebrand the organization into Tahoe Alliance for Safe Kids, developing a new identity package and website, and creating communications channels to better target youth and parents during the pandemic. Our team participates in ongoing meetings to keep our finger on the pulse of the community discussion regarding youth drug use prevention and continuously monitor for adverse impacts associated with legal cannabis operations.

"Embarc has been a steadfast partner in our shared commitment to youth drug prevention and education. From providing the expertise to modernize TASK's website and branding to funding the expansion of Friday Night Live programming, I appreciate the collaborative approach Embarc takes to community benefits and have full confidence in their operations and leadership."

PAULA PETERSON,
BOARD MEMBER, TAHOE ALLIANCE FOR SAFE KIDS

CASE STUDY: SENSITIVELY SUPPORTING YOUTH: BOYS & GIRLS CLUB OF LAKE TAHOE

Embarc conducted initial outreach to the Boys and Girls Club of Lake Tahoe more than five years ago (prior to the community's licensing process even initiating) to get a better sense of community concern regarding legalization. At that time, it was virtually unheard of for a cannabis company to be working with a Boys and Girls Club, let alone for the discussion to be focused on youth education and how to navigate legal cannabis coming to the community.

Since that time, the Boys and Girls Club has continued to be a valued resource and community partner, both as a voice providing oversight of operations as a member of the Community Advisory

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Board and as a partner on vital local initiatives. Our partnership is multi-faceted, from providing volunteers for the organization's annual fundraisers, to food and clothing drives to support families during the pandemic, to providing significant ($50,000) economic support for the organization to build a new Clubhouse for youth.

As previously detailed, the Boys and Girls Club successfully piloted Botvin's youth drug education and prevention curriculum in Tahoe, utilizing Embarc's resources and tools to engage local youth in meaningful conversations. The Club implemented the program with two distinct groups:

- 24 fifth-graders, who attended 45-minute sessions once per week for 10 weeks; and
- 28 teens, primarily sixth and seventh-graders, who participated in 45- to 60-minute sessions for 12 weeks.

The program facilitator reported that many students appreciated the emphasis on managing emotions and coping with stress. The participants expressed that they would remember the three Cs for making sound decisions: Clarify, Consider, and Choose. Furthermore, the students were struck by the addictive nature of nicotine and were surprised to learn how advertising specifically targets teenagers to consume cigarettes and vape pens. They also gained a better understanding of the detrimental effects these substances have on the human body. Overall, the program left a profound and lasting impact on the students, equipping them with valuable knowledge and life skills.

"The Advisory Board comprised of local community organizations, including our Drug Free Coalition, holds Embarc accountable to our community, while also advising them on how to distribute their business donations. Embarc is committed to philanthropy, and in the short time they have been open, have already donated thousands of dollars to local non-profits. I feel strongly that businesses permitted to retail cannabis must conform to the highest standards of ethics and business practices and be willing to work with and support local nonprofits and youth organizations. In Embarc you will find a business that exemplifies those standards and provides meaningful support and engagement with the local community."

JUDE WOOD,
EXECUTIVE DIRECTOR OF BOYS AND GIRLS CLUB OF LAKE TAHOE

Volunteerism

In addition to the financial commitments made above, and the specific track record of youth education and drug prevention work that informs our local proposal, Embarc will deploy significant human resources to benefit community partners and local community needs.

Employee Volunteerism

There are few things that feel better than doing a good deed, except perhaps undertaking it with your peers while getting paid for the time spent. Embarc is committed to providing a positive workplace that encourages employees to give back to their community. Partnering our workforce with community organizations will foster a culture of volunteerism among our employees.

Embarc employees will be afforded up to 40 hours of paid time off per year to participate in local community activities and programs through our structured volunteerism program. These opportunities for engagement provide employees with tools for professional development by exposing them to a variety of local organizations. In addition, investment in employees reduces turnover and improves workplace performance.

Research shows that the best way to achieve employee participation is to provide structured volunteer opportunities. Embarc will provide our employees with opportunities to work with our community partners and allow team members to suggest and organize additional activities with their colleagues. These opportunities help employees:

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- Learn new skills;
- Gain project management experience;
- Grow personal and professional networks;
- Create a positive presence in our community; and
- Participate in off-site team-building with purpose.

Given that we anticipate employing approximately 15 employees initially, this will result in hundreds of hours of annual volunteerism.

PROMISES MADE, PROMISES KEPT: VOLUNTEERISM IN ACTION – PUTTING PEOPLE BEFORE PROFIT

With more families suffering from food and housing insecurity than ever before, a community partner called us for help. The local food bank received notice that their scheduled volunteers had canceled, leaving them with no team to prepare and serve the community members relying on them for a hot meal. In less than 12 hours, we mobilized our team, closed our doors, and redirected our entire store staff to cover the shift, ensuring the community's most vulnerable residents received the meals they depend on. This is indicative of the deeply entrenched nature of our community partnerships, and of the seriousness with which we approach volunteerism. Embarc seeks to be the type of partner you can call when it counts because of our track record of delivering on promises.

Quantifying Impact

Contemplating the 5% of gross receipts paid to the City as a Community Benefits Fee and 1% of gross receipts to our internal Community Investment Fund, the projected financial public benefit associated with this proposal over the first 60 months is as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Community Benefits Fee to the City (5%)	$311,448	$345,707	$445,904	$486,036	$529,779	**$2,118,873.57**
Internal Community Investment Fund (1%)	$62,290	$69,141	$89,181	$97,207	$105,956	**$423,774.71**
TOTAL	**$373,737**	**$414,848**	**$535,085**	**$583,243**	**$635,735**	**$2,542,648.29**

COMMUNITY PARTNERSHIPS

In addition to the efforts outlined above, Embarc will implement the following customary corporate social responsibility components expected of all community-oriented cannabis businesses as part of its broader Community Benefits Plan in Sutter Creek.

COMMUNITY EDUCATION: We will host educational workshops and non-profit partnership events as part of an ongoing community education and engagement effort. Education is critical in demystifying cannabis and breaking down the barriers and stigma that prevent many from feeling comfortable asking questions about appropriate use. Topics for this education range from cannabis specific (understanding dosing and your body) to public safety (how to safely store cannabis at home). These will be led by Embarc team members and external subject matter experts as appropriate.

SENIOR OUTREACH: Seniors are one of the fastest growing consumer demographics for cannabis, but they are also the most likely to be susceptible to cannabis' long-lasting stigma. Therefore, it is important to create an atmosphere that makes seniors in the community feel as though they are a part of and welcome at Embarc. Employing seniors within the store is critical in breaking down that barrier.

In recognition of the tremendous medical benefits cannabis can provide this demographic, Embarc is committed to ongoing education and engagement with Sutter Creek's senior community to dispel the myths, eliminate the stigma and provide education without a sales pitch to help seniors navigate this new normal. We will explore opportunities to partner with senior citizens' groups and organizations to provide free education workshops on CBD, THC, medical cannabis, dosing, and more. Topics will include cannabis basics, cannabis and pain, cannabis and sleep, and more.

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ADDITIONAL DISCOUNT PROGRAMS: High quality, safe and tested cannabis should be accessible rather than exclusive. As such, Embarc maintains a range of discount programs intended to benefit a variety of communities, including seniors and veterans. Additionally, to encourage customers to shop during non-peak hours and mitigate traffic and customer flow impacts, Embarc often offers incentives for online order pick-up or off-hours shopping.

LOCAL BUSINESS PARTNERSHIPS: Embarc will do its part to support working families by keeping dollars local, thereby growing the local economy. This support drives local tax revenues, which in turn supports our tax base and vital local services. It is our intention to obtain goods and retain services from locally licensed small businesses, including, but not limited to, landscaping services; maintenance and janitorial services; miscellaneous professional services; local artisan goods/products; and, most importantly, our employees. We anticipate that Amador County Chamber of Commerce membership could provide a great network of local business contacts for these and other vital components of keeping our dollars local.

In addition to hiring local employees, partnering with local vendors, and relying on local goods and services, Embarc will also create meaningful partnerships with local businesses to cross promote and market their goods and services. Such opportunities span a variety of businesses, ranging from health and wellness (yoga instruction, outdoor gear, etc.) to restaurants, coffee shops, and entertainment. By solidifying promotional partnerships, our operations can help drive additional customers to these businesses.

COMPASSIONATE USE: Cannabis is recognized as an important medical treatment option for many medical conditions ranging from seizures to PTSD to cancer and more. To help meet the medical needs of some patients who are otherwise unable to afford cannabis, Embarc will offer reduced and no-cost medicinal products to low income and seriously ill patients. This program will be operated in accordance with regulations set forth by the DCC. Patients who want to receive benefits from this program must provide evidence of residency as well as medical and financial need. As part of our Compassionate Use Program, Embarc will host compassion days specifically geared toward veterans through a partnership with a pre-eminent compassionate care provider for veterans.

ADDICTION RESOURCES: We understand that admitting you need help is the first and often hardest step to recovery, and as such, we must be prepared to provide relevant resources to anyone who is willing to ask. Embarc will partner with local community and public health organizations to make resources available regarding addiction recovery and will maintain materials onsite for such requests.

CONCLUSION

Embarc has a demonstrated track record of meeting the unique needs and priorities of each community it serves. As part of that ongoing effort, we will coalesce leading community voices in Sutter Creek into a Community Advisory Board tasked with ensuring our local community benefits remain focused on addressing the pressing needs of residents.

Ultimately, this Community Benefits Plan reflects a community-centered model that is responsive to local priorities, now backed by years of execution, expanded operational experience, and measurable impact across California.

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LOCATION PLAN

Our team's practical experience entitling dozens of cannabis operations has proven that site selection is critical to the viability of a proposed cannabis business.

As such, prior to finalizing selection, we undertook an extensive diligence process led by our team member who grew up in Sutter Creek and further informed by conversations with residents, stakeholders, and through our community listening session.

These efforts resulted in us selecting the former bank building located at 11 Ridge Road in Sutter Creek as our proposed location for this endeavor.
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At a high-level, we appreciate that this site enjoys many benefits for both the business and the community, including but not limited to the following:

- The site is substantially buffered from sensitive uses
- The site is appropriately parked
- The site is ideally situated with frontage on Ridge Road, just off Highway 49
- The site is ideally situated in a commercial corridor
- The site exists outside of Sutter Creek's historic downtown core
- The site is surrounded by compatible commercial uses
- The property is currently vacant, ensuring no displacement of an existing business

Property Description

The subject property is located at 11 Ridge Road in the City of Sutter Creek, Amador County, California. The site is situated just off State Highway 49 within a developed commercial corridor that serves both residents and visitors.

The parcel is approximately 0.25 acres in size and is zoned C-2 (General Commercial), with surrounding land uses consisting primarily of retail, restaurant, service commercial, and hospitality-related businesses. The property has convenient vehicular access, 17 dedicated on-site parking spaces, and visibility from Ridge Road, making it suitable for retail commercial use.





Building Description

The building is a single-story commercial structure containing approximately 2,600 square feet. Originally developed as a bank branch facility, the building was constructed in the mid-1980s and is configured for customer-serving commercial operations.

The current structure includes a retail/service counter area, private offices, storage and utility areas, ADA-accessible customer entry, and a designated parking area. The building is of conventional commercial construction and is currently suited for adaptive reuse as a retail cannabis dispensary with minimal modifications anticipated.

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The property is well maintained and compatible with surrounding commercial development patterns within the City of Sutter Creek. Adjacent and nearby businesses include restaurants, tasting rooms, specialty retail shops, fuel and convenience services, and professional offices, reflecting the established commercial character of the Ridge Road and Highway 49 corridor.

The proposed dispensary use is consistent with the surrounding pattern of commercial development and is compatible with neighboring retail-oriented land uses.



Floor Plan

Our approach to spatial planning has been informed by our Head of Security and former law enforcement officer, Matt Carroll, our retail leadership team, existing operations across the state, and our construction team, which has successfully developed more than a dozen Embarc dispensaries. The proposed floor plan for this site has also been thoughtfully designed to incorporate and leverage the property's existing security infrastructure from its prior use as a bank.
Key components of the proposed layout are summarized below.

Exterior Features:

- Access will be provided through the existing entrance and exit doors, which lead into a secure reception area. No access beyond the reception area will be permitted until identification verification has been completed.
- In alignment with our broader commitment to Crime Prevention Through Environmental Design (CPTED) principles, exterior windows into the reception area will remain unfrosted to maintain visibility from the exterior into the interior space where no cannabis products or cannabis-related activities occur. This design supports natural surveillance and visibility for law enforcement and public safety personnel.
- Conversely, and in consideration of feedback received from local stakeholders, exterior windows adjacent to the retail sales floor are proposed to be frosted from zero (0) to five (5) feet above grade to provide customer privacy while maintaining compatibility with the surrounding commercial environment.

Interior Features:

- As described above and further detailed in the Business Plan, customers will first enter a secure reception area where identification verification will occur prior to being granted access to the retail sales floor.
- Upon completion of the verification process, customers will enter the retail sales area, which will utilize the existing bank "teller row" configuration as a cash wrap and service counter area. This layout clearly delineates customer-facing areas from employee-only operational areas within the sales floor.
- Back-of-house areas will be restricted to employees only and will include a break room, restroom facilities, secure vault room, inventory storage room, and additional office and storage spaces necessary for business operations.
- In accordance with State regulations, cannabis inventory deliveries will occur at the rear of the building and will only be permitted following verification and

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authorization by on-site security personnel and employees.

Embarc Aesthetic

Embarc has a proven track record of revitalizing underutilized commercial spaces into warm, welcoming cannabis storefronts. Given full conceptual drawings have not been completed for Sutter Creek, we have included images of existing retail storefronts to provide insight into our planned aesthetic.













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HEALTH AND SAFETY CODE - HSC

DIVISION 10. UNIFORM CONTROLLED SUBSTANCES ACT [11000 - 11651] *(Division 10 repealed and added by Stats. 1972, Ch. 1407.)*

CHAPTER 6. Offenses and Penalties [11350 - 11395] *(Chapter 6 added by Stats. 1972, Ch. 1407.)*

ARTICLE 2. Cannabis [11357 - 11362.9] *(Heading of Article 2 amended by Stats. 2017, Ch. 27, Sec. 121.)*

11357. (a) Except as authorized by law, possession of not more than 28.5 grams of cannabis, or not more than eight grams of concentrated cannabis, or both, shall be punished or adjudicated as follows:

(1) Persons under 18 years of age are guilty of an infraction and shall be required to:

(A) Upon a finding that a first offense has been committed, complete four hours of drug education or counseling and up to 10 hours of community service over a period not to exceed 60 days.

(B) Upon a finding that a second offense or subsequent offense has been committed, complete six hours of drug education or counseling and up to 20 hours of community service over a period not to exceed 90 days.

(2) Persons at least 18 years of age but less than 21 years of age are guilty of an infraction and punishable by a fine of not more than one hundred dollars ($100).

(b) Except as authorized by law, possession of more than 28.5 grams of cannabis, or more than eight grams of concentrated cannabis, shall be punished as follows:

(1) Persons under 18 years of age who possess more than 28.5 grams of cannabis or more than eight grams of concentrated cannabis, or both, are guilty of an infraction and shall be required to:

(A) Upon a finding that a first offense has been committed, complete eight hours of drug education or counseling and up to 40 hours of community service over a period not to exceed 90 days.

(B) Upon a finding that a second or subsequent offense has been committed, complete 10 hours of drug education or counseling and up to 60 hours of community service over a period not to exceed 120 days.

(2) Persons 18 years of age or older who possess more than 28.5 grams of cannabis, or more than eight grams of concentrated cannabis, or both, shall be punished by imprisonment in a county jail for a period of not more than six months or by a fine of not more than five hundred dollars ($500), or by both that fine and imprisonment.

(c) Except as authorized by law, a person 18 years of age or older who possesses not more than 28.5 grams of cannabis, or not more than eight grams of concentrated cannabis, upon the grounds of, or within, any school providing instruction in kindergarten or any of grades 1 to 12, inclusive, during hours the school is open for classes or school-related programs is guilty of a misdemeanor and shall be punished as follows:

(1) A fine of not more than two hundred fifty dollars ($250), upon a finding that a first offense has been committed.

(2) A fine of not more than five hundred dollars ($500), or by imprisonment in a county jail for a period of not more than 10 days, or both, upon a finding that a second or subsequent offense has been committed.

(d) Except as authorized by law, a person under 18 years of age who possesses not more than 28.5 grams of cannabis, or not more than eight grams of concentrated cannabis, upon the grounds of, or within, any school providing instruction in kindergarten or any of grades 1 to 12, inclusive, during hours the school is open for classes

or school-related programs is guilty of an infraction and shall be punished in the same manner provided in paragraph (1) of subdivision (b).

(Amended by Stats. 2017, Ch. 253, Sec. 15. (AB 133) Effective September 16, 2017. Note: This section was amended on Nov. 4, 2014, by initiative Prop. 47, and on Nov. 8, 2016, by initiative Prop. 64.)

11357.5. (a) Every person who sells, dispenses, distributes, advertises through labeling or marketing, furnishes, administers, or gives, or offers to sell, dispense, distribute, furnish, administer, or give, or possesses for sale any synthetic cannabinoid compound, or any synthetic cannabinoid derivative, to any person, is guilty of a misdemeanor, punishable by imprisonment in a county jail not to exceed six months, or by a fine not to exceed one thousand dollars ($1,000), or by both that fine and imprisonment.

(b) Every person who uses or possesses any synthetic cannabinoid compound, or any synthetic cannabinoid derivative, is guilty of a public offense, punishable as follows:

(1) A first offense is an infraction punishable by a fine not exceeding two hundred fifty dollars ($250).

(2) A second offense is an infraction punishable by a fine not exceeding two hundred fifty dollars ($250) or a misdemeanor punishable by imprisonment in a county jail not exceeding six months, a fine not exceeding five hundred dollars ($500), or by both that fine and imprisonment.

(3) A third or subsequent offense is a misdemeanor punishable by imprisonment in a county jail not exceeding six months, or by a fine not exceeding one thousand dollars ($1,000), or by both that fine and imprisonment.

(c) As used in this section, the term "synthetic cannabinoid compound" refers to any of the following substances or an analog of any of the following substances:

(1) Adamantoylindoles or adamantoylindazoles, which includes adamantyl carboxamide indoles and adamantyl carboxamide indazoles, or any compound structurally derived from 3-(1-adamantoyl)indole, 3-(1-adamantoyl)indazole, 3-(2-adamantoyl)indole, N-(1-adamantyl)-1H-indole-3-carboxamide, or N-(1-adamantyl)-1H-indazole-3-carboxamide by substitution at the nitrogen atom of the indole or indazole ring with alkyl, haloalkyl, alkenyl, cyanoalkyl, hydroxyalkyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, 2-(4-morpholinyl)ethyl, or 1-(N-methyl-2-pyrrolidinyl)methyl, 1-(N-methyl-3-morpholinyl)methyl, or (tetrahydropyran-4-yl)methyl group, whether or not further substituted in the indole or indazole ring to any extent and whether or not substituted in the adamantyl ring to any extent, including, but not limited to, 2NE1, 5F-AKB-48, AB-001, AKB-48, AM-1248, JWH-018 adamantyl carboxamide, STS-135.

(2) Benzoylindoles, which includes any compound structurally derived from a 3-(benzoyl)indole structure with substitution at the nitrogen atom of the indole ring with alkyl, haloalkyl, cyanoalkyl, hydroxyalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, 2-(4-morpholinyl)ethyl, or 1-(N-methyl-2-pyrrolidinyl)methyl, 1-(N-methyl-3-morpholinyl)methyl, or (tetrahydropyran-4-yl)methyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the phenyl ring to any extent, including, but not limited to, AM-630, AM-661, AM-679, AM-694, AM-1241, AM-2233, RCS-4, WIN 48,098 (Pravadoline).

(3) Cyclohexylphenols, which includes any compound structurally derived from 2-(3-hydroxycyclohexyl)phenol by substitution at the 5-position of the phenolic ring by alkyl, haloalkyl, cyanoalkyl, hydroxyalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, 2-(4-morpholinyl)ethyl, or 1-(N-methyl-2-pyrrolidinyl)methyl, 1-(N-methyl-3-morpholinyl)methyl, or (tetrahydropyran-4-yl)methyl group, whether or not further substituted in the cyclohexyl ring to any extent, including, but not limited to, CP 47,497, CP 55,490, CP 55,940, CP 56,667, cannabicyclohexanol.

(4) Cyclopropanoylindoles, which includes any compound structurally derived from 3-(cyclopropylmethanoyl)indole, 3-(cyclopropylmethanone)indole, 3-(cyclobutylmethanone)indole or 3-(cyclopentylmethanone)indole by substitution at the nitrogen atom of the indole ring, whether or not further substituted in the indole ring to any extent, whether or not substituted on the cyclopropyl, cyclobutyl, or cyclopentyl rings to any extent.

(5) Naphthoylindoles, which includes any compound structurally derived from 3-(1-naphthoyl)indole or 1H-indol-3-yl-(1-naphthyl)methane by substitution at the nitrogen atom of the indole ring by alkyl, haloalkyl, cyanoalkyl, hydroxyalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, 2-(4-morpholinyl)ethyl group, 1-(N-methyl-2-pyrrolidinyl)methyl, 1-(N-methyl-3-morpholinyl)methyl, or (tetrahydropyran-4-yl)methyl

group, whether or not further substituted in the naphthyl ring to any extent, including, but not limited to, AM-678, AM-1220, AM-1221, AM-1235, AM-2201, AM-2232, EAM-2201, JWH-004, JWH-007, JWH-009, JWH-015, JWH-016, JWH-018, JWH-019, JWH-020, JWH-022, JWH-046, JWH-047, JWH-048, JWH-049, JWH-050, JWH-070, JWH-071, JWH-072, JWH-073, JWH-076, JWH-079, JWH-080, JWH-081, JWH-082, JWH-094, JWH-096, JWH-098, JWH-116, JWH-120, JWH-122, JWH-148, JWH-149, JWH-164, JWH-166, JWH-180, JWH-181, JWH-182, JWH-189, JWH-193, JWH-198, JWH-200, JWH-210, JWH-211, JWH-212, JWH-213, JWH-234, JWH-235, JWH-236, JWH-239, JWH-240, JWH-241, JWH-242, JWH-258, JWH-262, JWH-386, JWH-387, JWH-394, JWH-395, JWH-397, JWH-398, JWH-399, JWH-400, JWH-412, JWH-413, JWH-414, JWH-415, JWH-424, MAM-2201, WIN 55,212.

(6) Naphthoylnaphthalenes, which includes any compound structurally derived from naphthalene-1-yl-(naphthalene-1-yl) methanone with substitutions on either of the naphthalene rings to any extent, including, but not limited to, CB-13.

(7) Naphthoylpyrroles, which includes any compound structurally derived from 3-(1-naphthoyl)pyrrole by substitution at the nitrogen atom of the pyrrole ring by alkyl, haloalkyl, cyanoalkyl, hydroxyalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, 2-(4-morpholinyl)ethyl, or 1-(N-methyl-2-pyrrolidinyl)methyl, 1-(N-methyl-3-morpholinyl)methyl, or (tetrahydropyran-4-yl)methyl group, whether or not further substituted in the pyrrole ring to any extent and whether or not substituted in the naphthyl ring to any extent, including, but not limited to, JWH-030, JWH-031, JWH-145, JWH-146, JWH-147, JWH-150, JWH-156, JWH-243, JWH-244, JWH-245, JWH-246, JWH-292, JWH-293, JWH-307, JWH-308, JWH-309, JWH-346, JWH-348, JWH-363, JWH-364, JWH-365, JWH-367, JWH-368, JWH-369, JWH-370, JWH-371, JWH-373, JWH-392.

(8) Naphthylmethylindenes, which includes any compound containing a naphthylideneindene structure or which is structurally derived from 1-(1-naphthylmethyl)indene with substitution at the 3-position of the indene ring by alkyl, haloalkyl, cyanoalkyl, hydroxyalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, 2-(4-morpholinyl)ethyl, or 1-(N-methyl-2-pyrrolidinyl)methyl, 1-(N-methyl-3-morpholinyl)methyl, or (tetrahydropyran-4-yl)methyl group, whether or not further substituted in the indene ring to any extent and whether or not substituted in the naphthyl ring to any extent, including, but not limited to, JWH-171, JWH-176, JWH-220.

(9) Naphthylmethylindoles, which includes any compound structurally derived from an H-indol-3-yl-(1-naphthyl) methane by substitution at the nitrogen atom of the indole ring by alkyl, haloalkyl, cyanoalkyl, hydroxyalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, 2-(4-morpholinyl)ethyl, or 1-(N-methyl-2-pyrrolidinyl)methyl, 1-(N-methyl-3-morpholinyl)methyl, or (tetrahydropyran-4-yl)methyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent, including, but not limited to, JWH-175, JWH-184, JWH-185, JWH-192, JWH-194, JWH-195, JWH-196, JWH-197, JWH-199.

(10) Phenylacetylindoles, which includes any compound structurally derived from 3-phenylacetylindole by substitution at the nitrogen atom of the indole ring with alkyl, haloalkyl, cyanoalkyl, hydroxyalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, 2-(4-morpholinyl)ethyl, or 1-(N-methyl-2-pyrrolidinyl)methyl, 1-(N-methyl-3-morpholinyl)methyl, or (tetrahydropyran-4-yl)methyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the phenyl ring to any extent, including, but not limited to, cannabipiperidiethanone, JWH-167, JWH-201, JWH-202, JWH-203, JWH-204, JWH-205, JWH-206, JWH-207, JWH-208, JWH-209, JWH-237, JWH-248, JWH-249, JWH-250, JWH-251, JWH-253, JWH-302, JWH-303, JWH-304, JWH-305, JWH-306, JWH-311, JWH-312, JWH-313, JWH-314, JWH-315, JWH-316, RCS-8.

(11) Quinolinylindolecarboxylates, which includes any compound structurally derived from quinolin-8-yl-1H-indole-3-carboxylate by substitution at the nitrogen atom of the indole ring with alkyl, haloalkyl, benzyl, halobenzyl, alkenyl, haloalkenyl, alkoxy, cyanoalkyl, hydroxyalkyl, cycloalkylmethyl, cycloalkylethyl, (N-methylpiperidin-2-yl)alkyl, (4-tetrahydropyran)alkyl, or 2-(4-morpholinyl)alkyl, whether or not further substituted in the indole ring to any extent, whether or not substituted in the quinoline ring to any extent, including, but not limited to, BB-22, 5-Fluoro-PB-22, PB-22.

(12) Tetramethylcyclopropanoylindoles, which includes any compound structurally derived from 3-tetramethylcyclopropanoylindole, 3-(1-tetramethylcyclopropyl)indole, 3-(2,2,3,3-tetramethylcyclopropyl)indole or 3-(2,2,3,3-tetramethylcyclopropylcarbonyl)indole with substitution at the nitrogen atom of the indole ring by an

alkyl, haloalkyl, cyanoalkyl, hydroxyalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl, 2-(4-morpholinyl)ethyl, 1-(N-methyl-2-pyrrolidinyl)methyl, 1-(N-methyl-3-morpholinyl)methyl, or (tetrahydropyran-4-yl)methyl group whether or not further substituted in the indole ring to any extent and whether or not substituted in the tetramethylcyclopropanoyl ring to any extent, including, but not limited to, 5-bromo-UR-144, 5-chloro-UR-144, 5-fluoro-UR-144, A-796,260, A-834,735, AB-034, UR-144, XLR11.

(13) Tetramethylcyclopropane-thiazole carboxamides, which includes any compound structurally derived from 2,2,3,3-tetramethyl-N-(thiazol-2-ylidene)cyclopropanecarboxamide by substitution at the nitrogen atom of the thiazole ring by alkyl, haloalkyl, benzyl, halobenzyl, alkenyl, haloalkenyl, alkoxy, cyanoalkyl, hydroxyalkyl, cycloalkylmethyl, cycloalkylethyl, (N-methylpiperidin-2-yl)alkyl, (4-tetrahydropyran)alkyl, or 2-(4-morpholinyl)alkyl, whether or not further substituted in the thiazole ring to any extent, whether or not substituted in the tetramethylcyclopropyl ring to any extent, including, but not limited to, A-836,339.

(14) Unclassified synthetic cannabinoids, which includes all of the following:

(A) AM-087, (6aR,10aR)-3-(2-methyl-6-bromohex-2-yl)-6,6,9-t rimethyl-6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol.

(B) AM-356, methanandamide, including (5Z,8Z,11Z,14Z)-–[(1R)-2-hydroxy-1-methylethyl]icosa-5,8,11,14-tetraenamide and arachidonyl-1'-hydroxy-2'-propylamide.

(C) AM-411, (6aR,10aR)-3-(1-adamantyl)-6,6,9-trimethyl-6 a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol.

(D) AM-855, (4aR,12bR)-8-hexyl-2,5,5-trimethyl-1 ,4,4a,8,9,10,11,12b-octahydronaphtho[3,2-c]isochromen-12-ol.

(E) AM-905, (6aR,9R,10aR)-3-[(E)-hept-1-enyl]-9-(hydroxymethyl)-6,6-dimethyl-6a,7,8,9,10,10a-hexahydrobenzo[c]chromen-1-ol.

(F) AM-906, (6aR,9R,10aR)-3-[(Z)-hept-1-enyl]-9-(hydroxymethyl)-6,6-dimethyl-6a,7,8,9,10,10a-hexahydrobenzo[c]chromen-1-ol.

(G) AM-2389, (6aR,9R,10aR)-3-(1-hexyl-cyclobut-1-yl)-6 a,7,8,9,10,10a-hexahydro-6,6-dimethyl-6H-dibenzo[b,d]pyran-1 ,9 diol.

(H) BAY 38-7271, (-)-(R)-3-(2-Hydroxymethylindanyl-4-o xy)phenyl-4,4,4-trifluorobutyl-1-sulfonate.

(I) CP 50,556-1, Levonantradol, including 9-hydroxy-6-methyl-3 -[5-phenylpentan-2-yl]oxy-5,6,6a,7,8,9,10,10a-octahydrophenant hridin-1-yl]acetate; [(6S,6aR,9R, 10aR)-9-hydroxy-6-methyl-3-[(2R)-5-phenylpentan-2-yl]oxy-5,6,6a,7,8,9,10,10a-octahydrophenanthridin-1-yl]acetate; and [9-hydroxy-6-methyl-3-[5-phenylpentan-2-yl]oxy-5,6,6a,7,8,9,10,10a-octahydrophenanthridin-1-yl]acetate.

(J) HU-210, including (6aR,10aR)-9-(hydroxymethyl)-6,6-d imethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c] chromen-1-ol; [(6aR,10aR)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyl octan-2-yl)-6a,7,10,10a-tetrahydrobenzo[c]chromen-1-o l and 1,1-Dimethylheptyl-11-hydroxytetrahydrocannabinol.

(K) HU-211, Dexanabinol, including (6aS, 10aS)-9-(hydroxy methyl)-6,6-dimethyl-3-(2-methyloctan-2-yl)-6a,7,10,10a-t etrahydrobenzo[c]chromen-1-ol and (6aS, 10aS)-9-(hydroxy methyl)-6,6-dimethyl- 3-(2-methyloctan-2-yl)-6a,7,10,10a-t etrahydrobenzo[c]chromen-1-ol.

(L) HU-243, 3-dimethylheptyl-11-hydroxyhexahydrocannabinol.

(M) HU-308, [(91R,2R,5R)-2-[2,6-dimethoxy-4-(2-methyloctan-2 -yl)phenyl]-7,7-dimethyl-4-bicyclo[3.1.1]hept-3-enyl]methanol.

(N) HU-331, 3-hydroxy-2-[(1R,6R)-3-methyl-6-(1-m ethylethenyl)-2-cyclohexen-1-yl]-5-pentyl-2,5-cyclohexadiene-1 ,4-dione.

(O) HU-336, (6aR,10aR)-6,6,9-trimethyl-3-pentyl-6a,7,10,10a-t etrahydro-1H-benzo[c]chromene-1,4(6H)-dione.

(P) JTE-907, N-(benzol[1,3]dioxol-5-ylmethyl)-7-methoxy-2-o xo-8-pentyloxy-1,2-dihydroquinoline-3-carboxamide.

(Q) JWH-051, ((6aR,10aR)-6,6-dimethyl-3-(2-methyloctan-2-y l)-6a,7,10,10a-tetrahydrobenzo[c]chromen-9-yl)methanol.

(R) JWH-057 (6aR,10aR)-3-(1,1-dimethylheptyl)-6a,7,10,10a-t etrahydro-6,6,9-trimethyl-6H-Dibenzo[b,d]pyran.

(S) JWH-133 (6aR,10aR)-3-(1,1-Dimethylbutyl)-6a,7,10,10a-t etrahydro -6,6,9-trimethyl-6H-dibenzo[b,d]pyran.

(T) JWH-359, (6aR,10aR)- 1-methoxy- 6,6,9-trimethyl- 3-[(2R)-1 ,1,2-trimethylbutyl]- 6a,7,10,10a-tetrahydrobenzo[c]chromene.

(U) URB-597 [3-(3-carbamoylphenyl)phenyl]-N-cyclohexylcarb amate.

(V) URB-602 [1,1'-Biphenyl]-3-yl-carbamic acid, cyclohexyl ester; OR cyclohexyl [1,1'-biphenyl]-3-ylca

(W) URB-754 6-methyl-2-[(4-methylphenyl)amino]-4H-3,1-b enzoxazin-4-one.

(X) URB-937 3'-carbamoyl-6-hydroxy-[1,1'-biphenyl]-3-yl cyc lohexylcarbamate.

(Y) WIN 55,212-2, including (R)-(+)-[2,3-dihydro-5-methyl-3 -(4-morpholinylmethyl)pyrrolo[1,2,3-de]-1,4-benzoxazin-6-yl]-1 -napthalenylmethanone and [2,3-Dihydro-5-methyl-3-(4-morp holinylmethyl)pyrrolo[(1,2,3-de)-1,4-benzoxazin-6-yl]-1-n apthalenylmethanone.

(Z) Any synthetic cannabinoid, as defined in Section 26001 of the Business and Professions Code.

(d) The substances or analogs of substances identified in subdivision (c) may be lawfully obtained and used for bona fide research, instruction, or analysis if that possession and use does not violate federal law.

(e) As used in this section, "synthetic cannabinoid compound" does not include either of the following:

(1) Any substance for which there is an approved new drug application, as defined in Section 505 of the federal Food, Drug, and Cosmetic Act (21 U.S.C. Sec. 355) or which is generally recognized as safe and effective for use pursuant to Section 501, 502, and 503 of the federal Food, Drug, and Cosmetic Act and Title 21 of the Code of Federal Regulations.

(2) With respect to a particular person, any substance for which an exemption is in effect for investigational use for that person pursuant to Section 505 of the federal Food, Drug, and Cosmetic Act (21 U.S.C. Sec. 355), to the extent that the conduct with respect to that substance is pursuant to the exemption.

(Amended by Stats. 2025, Ch. 248, Sec. 27. (AB 8) Effective January 1, 2026.)

11358. Each person who plants, cultivates, harvests, dries, or processes cannabis plants, or any part thereof, except as otherwise provided by law, shall be punished as follows:

(a) Each person under 18 years of age who plants, cultivates, harvests, dries, or processes any cannabis plants shall be punished in the same manner provided in paragraph (1) of subdivision (b) of Section 11357.

(b) Each person at least 18 years of age but less than 21 years of age who plants, cultivates, harvests, dries, or processes not more than six living cannabis plants shall be guilty of an infraction and a fine of not more than one hundred dollars ($100).

(c) Each person 18 years of age or over who plants, cultivates, harvests, dries, or processes more than six living cannabis plants shall be punished by imprisonment in a county jail for a period of not more than six months or by a fine of not more than five hundred dollars ($500), or by both that fine and imprisonment.

(d) Notwithstanding subdivision (c), a person 18 years of age or over who plants, cultivates, harvests, dries, or processes more than six living cannabis plants, or any part thereof, except as otherwise provided by law, may be punished by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code if any of the following conditions exist:

(1) The person has one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 of the Penal Code or for an offense requiring registration pursuant to subdivision (c) of Section 290 of the Penal Code.

(2) The person has two or more prior convictions under subdivision (c).

(3) The offense resulted in any of the following:

(A) Violation of Section 1052 of the Water Code relating to illegal diversion of water.

(B) Violation of Section 13260, 13264, 13272, or 13387 of the Water Code relating to discharge of water.

(C) Violation of Section 5650 or 5652 of the Fish and Game Code relating to waters of the state.

(D) Violation of Section 1602 of the Fish and Game Code relating to rivers, streams, and lakes.

(E) Violation of Section 374.8 of the Penal Code relating to hazardous substances or Section 25189.5, 25189.6, or 25189.7 of the Health and Safety Code relating to hazardous waste.

(F) Violation of Section 2080 of the Fish and Game Code relating to endangered and threatened species or

Section 3513 of the Fish and Game Code relating to the Migratory Bird Treaty Act, or Section 2000 of the Fish and Game Code relating to the unlawful taking of fish and wildlife.

(G) Intentionally or with gross negligence causing substantial environmental harm to surface or ground water, public lands, or other public resources.

(Amended by Stats. 2023, Ch. 504, Sec. 1. (SB 753) Effective January 1, 2024. Note: This section was amended on Nov. 8, 2016, by initiative Prop. 64.)

11359. Every person who possesses for sale any cannabis, except as otherwise provided by law, shall be punished as follows:

(a) Every person under the age of 18 who possesses cannabis for sale shall be punished in the same manner provided in paragraph (1) of subdivision (b) of Section 11357.

(b) Every person 18 years of age or over who possesses cannabis for sale shall be punished by imprisonment in a county jail for a period of not more than six months or by a fine of not more than five hundred dollars ($500), or by both such fine and imprisonment.

(c) Notwithstanding subdivision (b), a person 18 years of age or over who possesses cannabis for sale may be punished by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code if:

(1) The person has one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 of the Penal Code or for an offense requiring registration pursuant to subdivision (c) of Section 290 of the Penal Code;

(2) The person has two or more prior convictions under subdivision (b); or

(3) The offense occurred in connection with the knowing sale or attempted sale of cannabis to a person under the age of 18 years.

(d) Notwithstanding subdivision (b), a person 21 years of age or over who possesses cannabis for sale may be punished by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code if the offense involves knowingly hiring, employing, or using a person 20 years of age or younger in unlawfully cultivating, transporting, carrying, selling, offering to sell, giving away, preparing for sale, or peddling any cannabis.

(Amended by Stats. 2017, Ch. 27, Sec. 124. (SB 94) Effective June 27, 2017. Note: This section was amended on Nov. 8, 2016, by initiative Prop. 64.)

11360. (a) Except as otherwise provided by this section or as authorized by law, every person who transports, imports into this state, sells, furnishes, administers, or gives away, or offers to transport, import into this state, sell, furnish, administer, or give away, or attempts to import into this state or transport any cannabis shall be punished as follows:

(1) Persons under the age of 18 years shall be punished in the same manner as provided in paragraph (1) of subdivision (b) of Section 11357.

(2) Persons 18 years of age or over shall be punished by imprisonment in a county jail for a period of not more than six months or by a fine of not more than five hundred dollars ($500), or by both such fine and imprisonment.

(3) Notwithstanding paragraph (2), a person 18 years of age or over may be punished by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code for a period of two, three, or four years if:

(A) The person has one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 of the Penal Code or for an offense requiring registration pursuant to subdivision (c) of Section 290 of the Penal Code;

(B) The person has two or more prior convictions under paragraph (2);

(C) The offense involved the knowing sale, attempted sale, or the knowing offer to sell, furnish, administer, or give away cannabis to a person under the age of 18 years; or

(D) The offense involved the import, offer to import, or attempted import into this state, or the transport for sale, offer to transport for sale, or attempted transport for sale out of this state, of more than 28.5 grams of

cannabis or more than four grams of concentrated cannabis.

(b) Except as authorized by law, every person who gives away, offers to give away, transports, offers to transport, or attempts to transport not more than 28.5 grams of cannabis, other than concentrated cannabis, is guilty of an infraction and shall be punished by a fine of not more than one hundred dollars ($100). In any case in which a person is arrested for a violation of this subdivision and does not demand to be taken before a magistrate, that person shall be released by the arresting officer upon presentation of satisfactory evidence of identity and giving his or her written promise to appear in court, as provided in Section 853.6 of the Penal Code, and shall not be subjected to booking.

(c) For purposes of this section, "transport" means to transport for sale.

(d) This section does not preclude or limit prosecution for any aiding and abetting or conspiracy offenses.

(Amended by Stats. 2017, Ch. 27, Sec. 125. (SB 94) Effective June 27, 2017. Note: This section was amended on Nov. 8, 2016, by initiative Prop. 64.)

11361. (a) A person 18 years of age or over who hires, employs, or uses a minor in unlawfully transporting, carrying, selling, giving away, preparing for sale, or peddling any cannabis or cannabis product, who unlawfully sells, or offers to sell, any cannabis or cannabis product to a minor, or who furnishes, administers, or gives, or offers to furnish, administer, or give any cannabis or cannabis product to a minor under 14 years of age, or who induces a minor to use cannabis or cannabis product in violation of law shall be punished by imprisonment in the state prison for a period of three, five, or seven years.

(b) A person 18 years of age or over who furnishes, administers, or gives, or offers to furnish, administer, or give, any cannabis or cannabis product to a minor 14 years of age or older in violation of law shall be punished by imprisonment in the state prison for a period of three, four, or five years.

(Amended by Stats. 2025, Ch. 248, Sec. 28. (AB 8) Effective January 1, 2026.)

11361.1. (a) The drug education and counseling requirements under Sections 11357, 11358, 11359, and 11360 shall be:

(1) Mandatory, unless the court finds that such drug education or counseling is unnecessary for the person, or that a drug education or counseling program is unavailable;

(2) Free to participants, and shall consist of at least four hours of group discussion or instruction based on science and evidence-based principles and practices specific to the use and abuse of cannabis and other controlled substances.

(b) For good cause, the court may grant an extension of time not to exceed 30 days for a person to complete the drug education and counseling required under Sections 11357, 11358, 11359, and 11360.

(Amended by Stats. 2017, Ch. 27, Sec. 127. (SB 94) Effective June 27, 2017. Note: This section was added on Nov. 8, 2016, by initiative Prop. 64.)

11361.5. (a) Records of any court of this state, any public or private agency that provides services upon referral under Section 1000.2 of the Penal Code, or of any state agency pertaining to the arrest or conviction of any person for a violation of Section 11357 or subdivision (b) of Section 11360, or pertaining to the arrest or conviction of any person under the age of 18 for a violation of any provision of this article except Section 11357.5, shall not be kept beyond two years from the date of the conviction, or from the date of the arrest if there was no conviction, except with respect to a violation of subdivision (d) of Section 11357, or any other violation by a person under the age of 18 occurring upon the grounds of, or within, any school providing instruction in kindergarten or any of grades 1 to 12, inclusive, during hours the school is open for classes or school-related programs, the records shall be retained until the offender attains the age of 18 years at which time the records shall be destroyed as provided in this section. A court or agency having custody of the records, including the statewide criminal databases, shall provide for the timely destruction of the records in accordance with subdivision (c), and those records shall also be purged from the statewide criminal databases. As used in this subdivision, "records pertaining to the arrest or conviction" shall include records of arrests resulting in the criminal proceeding and records relating to other offenses charged in the accusatory pleading, whether the defendant was acquitted or charges were dismissed. The two-year period beyond which records shall not be kept pursuant to this subdivision does not apply to any person who is, at the time at which this subdivision would otherwise require record destruction, incarcerated for an offense subject to this subdivision. For such persons, the two-year period shall commence from the date the person is released from

custody. The requirements of this subdivision do not apply to records of any conviction occurring before January 1, 1976, or records of any arrest not followed by a conviction occurring before that date, or records of any an offense specified in subdivision (c) of Section 1192.7, or subdivision (c) of Section 667.5, of the Penal Code.

(b) This subdivision applies only to records of convictions and arrests not followed by conviction occurring before January 1, 1976, for any of the following offenses:

(1) A violation of Section 11357 or a statutory predecessor thereof.

(2) Unlawful possession of a device, contrivance, instrument, or paraphernalia used for unlawfully smoking cannabis, in violation of Section 11364, as it existed before January 1, 1976, or a statutory predecessor thereof.

(3) Unlawful visitation or presence in a room or place in which cannabis is being unlawfully smoked or used, in violation of Section 11365, as it existed before January 1, 1976, or a statutory predecessor thereof.

(4) Unlawfully using or being under the influence of cannabis, in violation of Section 11550, as it existed before January 1, 1976, or a statutory predecessor thereof.

(A) A person subject to an arrest or conviction for those offenses may apply to the Department of Justice for destruction of records pertaining to the arrest or conviction if two or more years have elapsed since the date of the conviction, or since the date of the arrest if not followed by a conviction. The application shall be submitted upon a form supplied by the Department of Justice and shall be accompanied by a fee, which shall be established by the department in an amount which will defray the cost of administering this subdivision and costs incurred by the state under subdivision (c), but which shall not exceed thirty-seven dollars and fifty cents ($37.50). The application form may be made available at every local police or sheriff's department and from the Department of Justice and may require that information which the department determines is necessary for purposes of identification.

(B) The department may request, but not require, the applicant to include a self-administered fingerprint upon the application. If the department is unable to sufficiently identify the applicant for purposes of this subdivision without the fingerprint or without additional fingerprints, it shall so notify the applicant and shall request the applicant to submit any fingerprints which may be required to effect identification, including a complete set if necessary, or, alternatively, to abandon the application and request a refund of all or a portion of the fee submitted with the application, as provided in this section. If the applicant fails or refuses to submit fingerprints in accordance with the department's request within a reasonable time which shall be established by the department, or if the applicant requests a refund of the fee, the department shall promptly mail a refund to the applicant at the address specified in the application or at any other address which may be specified by the applicant. However, if the department has notified the applicant that election to abandon the application will result in forfeiture of a specified amount which is a portion of the fee, the department may retain a portion of the fee which the department determines will defray the actual costs of processing the application, provided the amount of the portion retained shall not exceed ten dollars ($10).

(C) Upon receipt of a sufficient application, the Department of Justice shall destroy records of the department, if any, pertaining to the arrest or conviction in the manner prescribed by subdivision (c) and shall notify the Federal Bureau of Investigation, the law enforcement agency which arrested the applicant, and, if the applicant was convicted, the probation department which investigated the applicant and the Department of Motor Vehicles, of the application.

(c) Destruction of records of arrest or conviction pursuant to subdivision (a) or (b) shall be accomplished by permanent obliteration of all entries or notations upon the records pertaining to the arrest or conviction, and the record shall be prepared again so that it appears that the arrest or conviction never occurred. However, where (1) the only entries upon the record pertain to the arrest or conviction and (2) the record can be destroyed without necessarily effecting the destruction of other records, then the document constituting the record shall be physically destroyed.

(d) Notwithstanding subdivision (a) or (b), written transcriptions of oral testimony in court proceedings and published judicial appellate reports are not subject to this section. Additionally, no records shall be destroyed pursuant to subdivision (a) if the defendant or a codefendant has filed a civil action against the peace officers or law enforcement jurisdiction which made the arrest or instituted the prosecution and if the agency which is the custodian of those records has received a certified copy of the complaint in the civil action, until the civil action has finally been resolved. Immediately following the final resolution of the civil action, records subject to subdivision (a)

shall be destroyed pursuant to subdivision (c) if more than two years have elapsed from the date of the conviction or arrest without conviction.

(Amended by Stats. 2018, Ch. 92, Sec. 140. (SB 1289) Effective January 1, 2019. Note: This section was amended on Nov. 8, 2016, by initiative Prop. 64.)

11361.7. (a) Any record subject to destruction or permanent obliteration pursuant to Section 11361.5, or more than two years of age, or a record of a conviction for an offense specified in subdivision (a) or (b) of Section 11361.5 which became final more than two years previously, shall not be considered to be accurate, relevant, timely, or complete for any purposes by any agency or person. The provisions of this subdivision shall be applicable for purposes of the Privacy Act of 1974 (5 U.S.C. Section 552a) to the fullest extent permissible by law, whenever any information or record subject to destruction or permanent obliteration under Section 11361.5 was obtained by any state agency, local public agency, or any public or private agency that provides services upon referral under Section 1000.2 of the Penal Code, and is thereafter shared with or disseminated to any agency of the federal government.

(b) No public agency shall alter, amend, assess, condition, deny, limit, postpone, qualify, revoke, surcharge, or suspend any certificate, franchise, incident, interest, license, opportunity, permit, privilege, right, or title of any person because of an arrest or conviction for an offense specified in subdivision (a) or (b) of Section 11361.5, or because of the facts or events leading to such an arrest or conviction, on or after the date the records of such arrest or conviction are required to be destroyed by subdivision (a) of Section 11361.5, or two years from the date of such conviction or arrest without conviction with respect to arrests and convictions occurring prior to January 1, 1976. As used in this subdivision, "public agency" includes, but is not limited to, any state, county, city and county, city, public or constitutional corporation or entity, district, local or regional political subdivision, or any department, division, bureau, office, board, commission or other agency thereof.

(c) Any person arrested or convicted for an offense specified in subdivision (a) or (b) of Section 11361.5 may, two years from the date of such a conviction, or from the date of the arrest if there was no conviction, indicate in response to any question concerning his prior criminal record that he was not arrested or convicted for such offense.

(d) The provisions of this section shall be applicable without regard to whether destruction or obliteration of records has actually been implemented pursuant to Section 11361.5.

(Added by Stats. 1976, Ch. 952.)

11361.8. (a) A person currently serving a sentence for a conviction, whether by trial or by open or negotiated plea, who would not have been guilty of an offense, or who would have been guilty of a lesser offense under the Control, Regulate and Tax Adult Use of Marijuana Act had that act been in effect at the time of the offense may petition for a recall or dismissal of sentence before the trial court that entered the judgment of conviction in their case to request resentencing or dismissal in accordance with Sections 11357, 11358, 11359, 11360, 11362.1, 11362.2, 11362.3, and 11362.4 as those sections have been amended or added by that act.

(b) Upon receiving a petition under subdivision (a), the court shall presume the petitioner satisfies the criteria in subdivision (a) unless the party opposing the petition proves by clear and convincing evidence that the petitioner does not satisfy the criteria. If the petitioner satisfies the criteria in subdivision (a), the court shall grant the petition to recall the sentence or dismiss the sentence because it is legally invalid unless the court determines that granting the petition would pose an unreasonable risk of danger to public safety.

(1) In exercising its discretion, the court may consider, but shall not be limited to evidence provided for in subdivision (b) of Section 1170.18 of the Penal Code.

(2) As used in this section, "unreasonable risk of danger to public safety" has the same meaning as provided in subdivision (c) of Section 1170.18 of the Penal Code.

(c) A person who is serving a sentence and is resentenced pursuant to subdivision (b) shall be given credit for any time already served and shall be subject to supervision for one year following completion of their time in custody or shall be subject to whatever supervision time they would have otherwise been subject to after release, whichever is shorter, unless the court, in its discretion, as part of its resentencing order, releases the person from supervision. Such person is subject to parole supervision under Section 3000.08 of the Penal Code or postrelease community supervision under subdivision (a) of Section 3451 of the Penal Code by the designated agency and the jurisdiction of the court in the county in which the offender is released or resides, or in which an alleged violation of supervision

has occurred, for the purpose of hearing petitions to revoke supervision and impose a term of custody.

(d) Under no circumstances may resentencing under this section result in the imposition of a term longe original sentence, or the reinstatement of charges dismissed pursuant to a negotiated plea agreement.

(e) A person who has completed their sentence whether by trial or open or negotiated plea, who would not have been guilty of the conviction offense under the Control, Regulate and Tax Adult Use of Marijuana Act had that act been in effect at the time of the offense, may file an application before the trial court that entered the judgment of conviction in their case to have the conviction dismissed and sealed because the prior conviction is now legally invalid or redesignated as a misdemeanor or infraction in accordance with Sections 11357, 11358, 11359, 11360, 11362.1, 11362.2, 11362.3, and 11362.4 as those sections have been amended or added by that act.

(f) The court shall presume the petitioner satisfies the criteria in subdivision (e) unless the party opposing the application proves by clear and convincing evidence that the petitioner does not satisfy the criteria in subdivision (e). Once the applicant satisfies the criteria in subdivision (e), the court shall redesignate the conviction as a misdemeanor or infraction or dismiss and seal the conviction as legally invalid as now established under the Control, Regulate and Tax Adult Use of Marijuana Act.

(g) Unless requested by the applicant, no hearing is necessary to grant or deny an application filed under subdivision (e).

(h) Any felony conviction that is recalled and resentenced under subdivision (b) or designated as a misdemeanor or infraction under subdivision (f) shall be considered a misdemeanor or infraction for all purposes. Any misdemeanor conviction that is recalled and resentenced under subdivision (b) or designated as an infraction under subdivision (f) shall be considered an infraction for all purposes.

(i) If the court that originally sentenced the petitioner is not available, the presiding judge shall designate another judge to rule on the petition or application.

(j) Nothing in this section is intended to diminish or abrogate any rights or remedies otherwise available to the petitioner or applicant.

(k) Nothing in this and related sections is intended to diminish or abrogate the finality of judgments in any case not falling within the purview of the Control, Regulate and Tax Adult Use of Marijuana Act.

(l) A resentencing hearing ordered under the Control, Regulate and Tax Adult Use of Marijuana Act shall constitute a "post-conviction release proceeding" under paragraph (7) of subdivision (b) of Section 28 of Article I of the California Constitution (Marsy's Law).

(m) The provisions of this section shall apply equally to juvenile delinquency adjudications and dispositions under Section 602 of the Welfare and Institutions Code if the juvenile would not have been guilty of an offense or would have been guilty of a lesser offense under the Control, Regulate and Tax Adult Use of Marijuana Act.

(n) The Judicial Council shall promulgate and make available all necessary forms to enable the filing of the petitions and applications provided in this section.

(Amended by Stats. 2021, Ch. 434, Sec. 2. (SB 827) Effective January 1, 2022.)

11361.9. (a) On or before July 1, 2019, the Department of Justice shall review the records in the state summary criminal history information database and shall identify past convictions that are potentially eligible for recall or dismissal of sentence, dismissal and sealing, or redesignation pursuant to Section 11361.8. The department shall notify the prosecution of all cases in their jurisdiction that are eligible for recall or dismissal of sentence, dismissal and sealing, or redesignation.

(b) The prosecution shall have until July 1, 2020, to review all cases and determine whether to challenge the recall or dismissal of sentence, dismissal and sealing, or redesignation.

(c) (1) The prosecution may challenge the resentencing of a person who is still serving a sentence pursuant to this section when the person does not meet the criteria established in Section 11361.8.

(2) The prosecution may challenge the dismissal and sealing or redesignation of a person pursuant to this section who has completed their sentence for a conviction when the person does not meet the criteria established in Section 11361.8.

(3) On or before July 1, 2020, the prosecution shall inform the court and the public defender's office in their county when they are challenging a particular recall or dismissal of sentence, dismissal and sealing, or redesignation. The prosecution shall inform the court when they are not challenging a particular recall or

dismissal of sentence, dismissal and sealing, or redesignation.

(4) The public defender's office, upon receiving notice from the prosecution pursuant to paragraph (3), shall make a reasonable effort to notify the person whose resentencing or dismissal is being challenged.

(d) (1) If the prosecution did not challenge the recall or dismissal of sentence, dismissal and sealing, or redesignation of a conviction on or before July 1, 2020, the conviction shall be deemed unchallenged, recalled, dismissed, and redesignated, as applicable, and the court shall issue an order recalling or dismissing the sentence, dismissing and sealing, or redesignating the conviction in each case pursuant to Section 11361.8 no later than March 1, 2023.

(2) On or before March 1, 2023, the court shall update its records in accordance with this section and shall report all convictions that have been recalled, dismissed, redesignated, or sealed to the Department of Justice for adjustment of the state summary criminal history information database.

(3) On or before July 1, 2023, the Department of Justice shall ensure all of the records in the state summary criminal history information database that have been recalled, dismissed, sealed, or redesignated pursuant to this section have been updated, and shall ensure that inaccurate state summary criminal history is not disseminated. For those individuals whose state summary criminal history information was disseminated pursuant to Section 11105 of the Penal Code in the 30 days prior to an update based on this section, and the requesting entity is still entitled to receive the state summary criminal history information, the Department of Justice shall provide a subsequent notice to the entity.

(e) The Department of Justice shall post general information on its internet website about the recall or dismissal of sentences, dismissal and sealing, or redesignation authorized in this section. The department shall conduct an awareness campaign about the recall or dismissal of sentences, dismissal and sealing, or redesignation authorized in this section so that individuals who may be impacted by this process are informed of the process, pursuant to Article 5 (commencing with Section 11120) of Chapter 1 of Title 1 of Part 4 of the Penal Code, to request their criminal history information to verify the updates or how to contact the courts, prosecution, or public defenders' offices to assist in verifying the updates. If an individual requests their criminal history information to verify updates to their criminal history made pursuant to this section, the department may provide a one-time fee waiver of its fees under Section 11123 of the Penal Code for processing and responding to the request.

(f) A conviction, arrest, or other proceeding that has been ordered sealed pursuant to Section 11361.8 is deemed never to have occurred, and the person may reply accordingly to any inquiry about the events.

(g) Courts that have previously eliminated court records covered by this article pursuant to Sections 68152 and 68153 of the Government Code are compliant with the provisions of subdivision (c) of Section 11361.5. Courts that have previously eliminated court records covered by this article pursuant to Sections 68152 and 68153 of the Government Code shall report to the Department of Justice, in a manner prescribed by the Department of Justice, that the relevant records have been destroyed and that the records are otherwise reduced, dismissed, or sealed in accordance with this section.

(h) Beginning March 1, 2023, and until June 1, 2024, the Department of Justice, in consultation with the Judicial Council, shall submit quarterly joint progress reports to the Legislature that include, but are not limited to, all of the following information:

(1) Total number of cases recalled, dismissed, resentenced, sealed, and redesignated in each county and the status of the department's update to the state summary criminal history database.

(2) Status of cases challenged by the prosecution and all relevant statistical information regarding the disposition of the challenged cases in each county.

(3) The number of past convictions in the state summary criminal history database that are potentially eligible for recall or dismissal of sentence, dismissal and sealing, or redesignation pursuant to Section 11361.8.

(4) The status of the department's public awareness campaign to provide notification to impacted individuals.

(i) It is the intent of the Legislature that persons who are currently serving a sentence or who proactively petition for a recall or dismissal of sentence, dismissal and sealing, or redesignation pursuant to Section 11361.8 be prioritized for review.

(Amended by Stats. 2023, Ch. 131, Sec. 108. (AB 1754) Effective January 1, 2024.)

11362. As used in this article "felony offense," and offense "punishable as a felony" refer to an offense prior to July 1, 2011, for which the law prescribes imprisonment in the state prison, or for an offense on or after July 1, 2011, for which imprisonment in either the state prison or pursuant to subdivision (h) of Section 1170 of the Penal Code, as either an alternative or the sole penalty, regardless of the sentence the particular defendant received.

(Amended by Stats. 2011, Ch. 15, Sec. 163. (AB 109) Effective April 4, 2011. Operative October 1, 2011, by Sec. 636 of Ch. 15, as amended by Stats. 2011, Ch. 39, Sec. 68.)

11362.1. (a) Subject to Sections 11362.2, 11362.3, 11362.4, and 11362.45, but notwithstanding any other provision of law, it shall be lawful under state and local law, and shall not be a violation of state or local law, for persons 21 years of age or older to:

(1) Possess, process, transport, purchase, obtain, or give away to persons 21 years of age or older without any compensation whatsoever, not more than 28.5 grams of cannabis not in the form of concentrated cannabis;

(2) Possess, process, transport, purchase, obtain, or give away to persons 21 years of age or older without any compensation whatsoever, not more than eight grams of cannabis in the form of concentrated cannabis, including as contained in cannabis products;

(3) Possess, plant, cultivate, harvest, dry, or process not more than six living cannabis plants and possess the cannabis produced by the plants;

(4) Smoke or ingest cannabis or cannabis products; and

(5) Possess, transport, purchase, obtain, use, manufacture, or give away cannabis accessories to persons 21 years of age or older without any compensation whatsoever.

(b) Paragraph (5) of subdivision (a) is intended to meet the requirements of subsection (f) of Section 863 of Title 21 of the United States Code (21 U.S.C. Sec. 863(f)) by authorizing, under state law, any person in compliance with this section to manufacture, possess, or distribute cannabis accessories.

(c) Cannabis and cannabis products involved in any way with conduct deemed lawful by this section are not contraband nor subject to seizure, and no conduct deemed lawful by this section shall constitute the basis for detention, search, or arrest.

(Amended by Stats. 2017, Ch. 27, Sec. 129. (SB 94) Effective June 27, 2017. Note: This section was added on Nov. 8, 2016, by initiative Prop. 64.)

11362.2. (a) Personal cultivation of cannabis under paragraph (3) of subdivision (a) of Section 11362.1 is subject to the following restrictions:

(1) A person shall plant, cultivate, harvest, dry, or process plants in accordance with local ordinances, if any, adopted in accordance with subdivision (b).

(2) The living plants and any cannabis produced by the plants in excess of 28.5 grams are kept within the person's private residence, or upon the grounds of that private residence (e.g., in an outdoor garden area), are in a locked space, and are not visible by normal unaided vision from a public place.

(3) Not more than six living plants may be planted, cultivated, harvested, dried, or processed within a single private residence, or upon the grounds of that private residence, at one time.

(b) (1) A city, county, or city and county may enact and enforce reasonable regulations to regulate the actions and conduct in paragraph (3) of subdivision (a) of Section 11362.1.

(2) Notwithstanding paragraph (1), a city, county, or city and county shall not completely prohibit persons engaging in the actions and conduct under paragraph (3) of subdivision (a) of Section 11362.1 inside a private residence, or inside an accessory structure to a private residence located upon the grounds of a private residence that is fully enclosed and secure.

(3) Notwithstanding paragraph (3) of subdivision (a) of Section 11362.1, a city, county, or city and county may completely prohibit persons from engaging in actions and conduct under paragraph (3) of subdivision (a) of Section 11362.1 outdoors upon the grounds of a private residence.

(4) Paragraph (3) shall become inoperative upon a determination by the California Attorney General that adult

use of cannabis is lawful in the State of California under federal law, and an act taken by a city, county or city and county under paragraph (3) is unenforceable upon the date of that determination by the Attorney

(5) For purposes of this section, "private residence" means a house, an apartment unit, a mobile home, or other similar dwelling.

(Amended by Stats. 2017, Ch. 27, Sec. 130. (SB 94) Effective June 27, 2017. Note: This section was added on Nov. 8, 2016, by initiative Prop. 64.)

11362.3. (a) Section 11362.1 does not permit any person to:

(1) Smoke or ingest cannabis or cannabis products in a public place, except in accordance with Section 26200 of the Business and Professions Code.

(2) Smoke cannabis or cannabis products in a location where smoking tobacco is prohibited.

(3) Smoke cannabis or cannabis products within 1,000 feet of a school, day care center, or youth center while children are present at the school, day care center, or youth center, except in or upon the grounds of a private residence or in accordance with Section 26200 of the Business and Professions Code and only if such smoking is not detectable by others on the grounds of the school, day care center, or youth center while children are present.

(4) Possess an open container or open package of cannabis or cannabis products while driving, operating, or riding in the passenger seat or compartment of a motor vehicle, boat, vessel, aircraft, or other vehicle used for transportation.

(5) Possess, smoke, or ingest cannabis or cannabis products in or upon the grounds of a school, day care center, or youth center while children are present.

(6) Manufacture concentrated cannabis using a volatile solvent, unless done in accordance with a license under Division 10 (commencing with Section 26000) of the Business and Professions Code.

(7) Smoke or ingest cannabis or cannabis products while driving, operating a motor vehicle, boat, vessel, aircraft, or other vehicle used for transportation.

(8) Smoke or ingest cannabis or cannabis products while riding in the passenger seat or compartment of a motor vehicle, boat, vessel, aircraft, or other vehicle used for transportation except as permitted on a motor vehicle, boat, vessel, aircraft, or other vehicle used for transportation that is operated in accordance with Section 26200 of the Business and Professions Code and while no persons under 21 years of age are present.

(b) For purposes of this section, the following definitions apply:

(1) "Day care center" has the same meaning as in Section 1596.76.

(2) "Smoke" means to inhale, exhale, burn, or carry any lighted or heated device or pipe, or any other lighted or heated cannabis or cannabis product intended for inhalation, whether natural or synthetic, in any manner or in any form. "Smoke" includes the use of an electronic smoking device that creates an aerosol or vapor, in any manner or in any form, or the use of any oral smoking device for the purpose of circumventing the prohibition of smoking in a place.

(3) "Volatile solvent" means a solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures.

(4) "Youth center" has the same meaning as in Section 11353.1.

(c) Nothing in this section shall be construed or interpreted to amend, repeal, affect, restrict, or preempt laws pertaining to the Compassionate Use Act of 1996.

(Amended by Stats. 2017, Ch. 27, Sec. 131. (SB 94) Effective June 27, 2017. Note: This section was added on November 8, 2016, by initiative Proposition 64.)

11362.4. (a) A person who engages in the conduct described in paragraph (1) of subdivision (a) of Section 11362.3 is guilty of an infraction punishable by no more than a one-hundred-dollar ($100) fine; provided, however, that persons under 18 years of age shall instead be required to complete four hours of a drug education program or

counseling, and up to 10 hours of community service, over a period not to exceed 60 days once the drug education program or counseling and community service opportunity are made available to the person.

(b) A person who engages in the conduct described in paragraph (2), (3), or (4) of subdivision (a) of Section 11362.3 is guilty of an infraction punishable by no more than a two-hundred-fifty-dollar ($250) fine, unless that activity is otherwise permitted by state and local law; provided, however, that a person under 18 years of age shall instead be required to complete four hours of drug education or counseling, and up to 20 hours of community service, over a period not to exceed 90 days once the drug education program or counseling and community service opportunity are made available to the person.

(c) A person who engages in the conduct described in paragraph (5) of subdivision (a) of Section 11362.3 is subject to the same punishment as provided under subdivision (c) or (d) of Section 11357.

(d) A person who engages in the conduct described in paragraph (6) of subdivision (a) of Section 11362.3 is subject to punishment under Section 11379.6.

(e) A person who violates the restrictions in subdivision (a) of Section 11362.2 is guilty of an infraction punishable by no more than a two-hundred-fifty-dollar ($250) fine.

(f) Notwithstanding subdivision (e), a person under 18 years of age who violates the restrictions in subdivision (a) of Section 11362.2 shall be punished under paragraph (1) of subdivision (b) of Section 11357.

(g) (1) The drug education program or counseling hours required by this section shall be mandatory unless the court makes a finding that the program or counseling is unnecessary for the person or that a drug education program or counseling is unavailable.

(2) The drug education program required by this section for persons under 18 years of age shall be free to participants and provide at least four hours of group discussion or instruction based on science and evidence-based principles and practices specific to the use and abuse of cannabis and other controlled substances.

(h) Upon a finding of good cause, the court may extend the time for a person to complete the drug education or counseling, and community service required under this section.

(Amended by Stats. 2018, Ch. 92, Sec. 141. (SB 1289) Effective January 1, 2019. Note: This section was added on Nov. 8, 2016, by initiative Prop. 64.)

11362.45. Section 11362.1 does not amend, repeal, affect, restrict, or preempt:

(a) Laws making it unlawful to drive or operate a vehicle, boat, vessel, or aircraft, while smoking, ingesting, or impaired by, cannabis or cannabis products, including, but not limited to, subdivision (e) of Section 23152 of the Vehicle Code, or the penalties prescribed for violating those laws.

(b) Laws prohibiting the sale, administering, furnishing, or giving away of cannabis, cannabis products, or cannabis accessories, or the offering to sell, administer, furnish, or give away cannabis, cannabis products, or cannabis accessories to a person younger than 21 years of age.

(c) Laws prohibiting a person younger than 21 years of age from engaging in any of the actions or conduct otherwise permitted under Section 11362.1.

(d) Laws pertaining to smoking or ingesting cannabis or cannabis products on the grounds of, or within, any facility or institution under the jurisdiction of the Department of Corrections and Rehabilitation or the Division of Juvenile Justice, or on the grounds of, or within, any other facility or institution referenced in Section 4573 of the Penal Code.

(e) Laws providing that it would constitute negligence or professional malpractice to undertake any task while impaired from smoking or ingesting cannabis or cannabis products.

(f) The rights and obligations of public and private employers to maintain a drug and alcohol free workplace or require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale, or growth of cannabis in the workplace, or affect the ability of employers to have policies prohibiting the use of cannabis by employees and prospective employees, or prevent employers from complying with state or federal law.

(g) The ability of a state or local government agency to prohibit or restrict any of the actions or conduct otherwise permitted under Section 11362.1 within a building owned, leased, or occupied by the state or local government agency.

(h) The ability of an individual or private entity to prohibit or restrict any of the actions or conduct otherwise

permitted under Section 11362.1 on the individual's or entity's privately owned property.

(i) Laws pertaining to the Compassionate Use Act of 1996.

(Amended by Stats. 2017, Ch. 27, Sec. 133. (SB 94) Effective June 27, 2017. Note: This section was added on Nov. 8, 2016, by initiative Prop. 64.)

11362.5. (a) This section shall be known and may be cited as the Compassionate Use Act of 1996.

(b) (1) The people of the State of California hereby find and declare that the purposes of the Compassionate Use Act of 1996 are as follows:

(A) To ensure that seriously ill Californians have the right to obtain and use marijuana for medical purposes where that medical use is deemed appropriate and has been recommended by a physician who has determined that the person's health would benefit from the use of marijuana in the treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief.

(B) To ensure that patients and their primary caregivers who obtain and use marijuana for medical purposes upon the recommendation of a physician are not subject to criminal prosecution or sanction.

(C) To encourage the federal and state governments to implement a plan to provide for the safe and affordable distribution of marijuana to all patients in medical need of marijuana.

(2) Nothing in this section shall be construed to supersede legislation prohibiting persons from engaging in conduct that endangers others, nor to condone the diversion of marijuana for nonmedical purposes.

(c) Notwithstanding any other provision of law, no physician in this state shall be punished, or denied any right or privilege, for having recommended marijuana to a patient for medical purposes.

(d) Section 11357, relating to the possession of marijuana, and Section 11358, relating to the cultivation of marijuana, shall not apply to a patient, or to a patient's primary caregiver, who possesses or cultivates marijuana for the personal medical purposes of the patient upon the written or oral recommendation or approval of a physician.

(e) For the purposes of this section, "primary caregiver" means the individual designated by the person exempted under this section who has consistently assumed responsibility for the housing, health, or safety of that person.

(Added November 5, 1996, by initiative Proposition 215, Sec. 1.)

11362.9. (a) (1) It is the intent of the Legislature that the state commission objective scientific research by the premier research institute of the world, the University of California, regarding the efficacy and safety of administering cannabis, its naturally occurring constituents, and synthetic compounds, as part of medical treatment. If the Regents of the University of California, by appropriate resolution, accept this responsibility, the University of California shall create a program, to be known as the California Cannabis Research Program, hosted by the Center for Medicinal Cannabis Research. Whenever "California Marijuana Research Program" appears in any statute, regulation, or contract, or in any other code, it shall be construed to refer to the California Cannabis Research Program.

(2) The program shall develop and conduct studies intended to ascertain the general medical safety and efficacy of cannabis and, if found valuable, shall develop medical guidelines for the appropriate administration and use of cannabis. The studies may examine the effect of cannabis on motor skills, the health and safety effects of cannabis, cannabinoids, and other related constituents, and other behavioral and health outcomes.

(b) The program may immediately solicit proposals for research projects to be included in the cannabis studies. Program requirements to be used when evaluating responses to its solicitation for proposals shall include, but not be limited to, all of the following:

(1) Proposals shall demonstrate the use of key personnel, including clinicians or scientists and support personnel, who are prepared to develop a program of research regarding the general medical efficacy and safety of cannabis.

(2) Proposals shall contain procedures for outreach to patients with various medical conditions who may be suitable participants in research on cannabis.

(3) Proposals shall contain provisions for a patient registry.

(4) Proposals shall contain provisions for an information system that is designed to record information about possible study participants, investigators, and clinicians, and deposit and analyze data that accrues as part of clinical trials.

(5) Proposals shall contain protocols suitable for research on cannabis, addressing patients diagnosed with acquired immunodeficiency syndrome (AIDS) or human immunodeficiency virus (HIV), cancer, glaucoma, or seizures or muscle spasms associated with a chronic, debilitating condition. The proposal may also include research on other serious illnesses, provided that resources are available and medical information justifies the research.

(6) Proposals shall demonstrate the use of a specimen laboratory capable of housing plasma, urine, and other specimens necessary to study the concentration of cannabinoids in various tissues, as well as housing specimens for studies of toxic effects of cannabis.

(7) Proposals shall demonstrate the use of a laboratory capable of analyzing cannabis, provided to the program under this section, for purity and cannabinoid content and the capacity to detect contaminants.

(c) In order to ensure objectivity in evaluating proposals, the program shall use a peer review process that is modeled on the process used by the National Institutes of Health, and that guards against funding research that is biased in favor of or against particular outcomes. Peer reviewers shall be selected for their expertise in the scientific substance and methods of the proposed research, and their lack of bias or conflict of interest regarding the applicants or the topic of an approach taken in the proposed research. Peer reviewers shall judge research proposals on several criteria, foremost among which shall be both of the following:

(1) The scientific merit of the research plan, including whether the research design and experimental procedures are potentially biased for or against a particular outcome.

(2) Researchers' expertise in the scientific substance and methods of the proposed research, and their lack of bias or conflict of interest regarding the topic of, and the approach taken in, the proposed research.

(d) If the program is administered by the Regents of the University of California, any grant research proposals approved by the program shall also require review and approval by the research advisory panel.

(e) It is the intent of the Legislature that the program be established as follows:

(1) The program shall be located at one or more University of California campuses that have a core of faculty experienced in organizing multidisciplinary scientific endeavors and, in particular, strong experience in clinical trials involving psychopharmacologic agents. The campuses at which research under the auspices of the program is to take place shall accommodate the administrative offices, including the director of the program, as well as a data management unit, and facilities for detection and analysis of various naturally occurring and synthetic cannabinoids, as well as storage of specimens.

(2) When awarding grants under this section, the program shall utilize principles and parameters of the other well-tested statewide research programs administered by the University of California, modeled after programs administered by the National Institutes of Health, including peer review evaluation of the scientific merit of applications.

(3) The scientific and clinical operations of the program shall occur partly at University of California campuses and partly at other postsecondary institutions that have clinicians or scientists with expertise to conduct the required studies. Criteria for selection of research locations shall include the elements listed in subdivision (b) and, additionally, shall give particular weight to the organizational plan, leadership qualities of the program director, and plans to involve investigators and patient populations from multiple sites.

(4) The funds received by the program shall be allocated to various research studies in accordance with a scientific plan developed by the Scientific Advisory Council. As the first wave of studies is completed, it is anticipated that the program will receive requests for funding of additional studies. These requests shall be reviewed by the Scientific Advisory Council.

(5) The size, scope, and number of studies funded shall be commensurate with the amount of appropriated and available program funding.

(f) All personnel involved in implementing approved proposals shall be authorized as required by Section 11604.

(g) Studies conducted pursuant to this section shall include the greatest amount of new scientific research on the medical uses of, and medical hazards associated with, cannabis. The program shall consult with the Research Advisory Panel analogous agencies in other states, and appropriate federal agencies in an attempt to avoid duplicative research and the wasting of research dollars.

(h) The program shall make every effort to recruit qualified patients and qualified physicians from throughout the state.

(i) The cannabis studies shall employ state-of-the-art research methodologies.

(j) The program shall ensure that all cannabis used in the studies is of the appropriate medicinal quality. Cannabis used by the program may be obtained from the National Institute on Drug Abuse or any other entity authorized by the appropriate federal agencies, the Attorney General pursuant to Section 11478, or may be cultivated by the program pursuant to applicable federal and state laws and regulations.

(k) The program may review, approve, or incorporate studies and research by independent groups presenting scientifically valid protocols for medical research, regardless of whether the areas of study are being researched by the committee.

(l) (1) To enhance understanding of the efficacy and adverse effects of cannabis as a pharmacological agent, the program shall conduct focused controlled clinical trials on the usefulness of cannabis in patients diagnosed with AIDS or HIV, cancer, glaucoma, or seizures or muscle spasms associated with a chronic, debilitating condition. The program may add research on other serious illnesses, provided that resources are available and medical information justifies the research. The studies shall focus on comparisons of both the efficacy and safety of methods of administering the drug to patients, including inhalational, tinctural, and oral, evaluate possible uses of cannabis as a primary or adjunctive treatment, and develop further information on optimal dosage, timing, mode of administration, and variations in the effects of different cannabinoids and varieties of cannabis or synthetic compounds that simulate the effects of naturally occurring cannabinoids. The studies may also focus on examining testing methods for detecting harmful contaminants in cannabis, including, but not limited to, mold, bacteria, and mycotoxins that could cause harm to patients.

(2) The program shall examine the safety of cannabis in patients with various medical disorders, including the interaction of cannabis with other drugs, relative safety of inhalation versus oral forms, and the effects on mental function in medically ill persons.

(3) The program shall be limited to providing for objective scientific research to ascertain the efficacy and safety of cannabis as part of medical treatment, and should not be construed as encouraging or sanctioning the social or recreational use of cannabis.

(m) (1) Subject to paragraph (2), the program shall, prior to approving proposals, seek to obtain research protocol guidelines from the National Institutes of Health and shall, if the National Institutes of Health issues research protocol guidelines, comply with those guidelines.

(2) If, after a reasonable period of time of not less than six months and not more than a year has elapsed from the date the program seeks to obtain guidelines pursuant to paragraph (1), no guidelines have been approved, the program may proceed using the research protocol guidelines it develops.

(n) In order to maximize the scope and size of the cannabis studies, the program may do any of the following:

(1) Solicit, apply for, and accept funds from foundations, private individuals, and all other funding sources that can be used to expand the scope or timeframe of the cannabis studies that are authorized under this section. The program shall not expend more than 5 percent of its General Fund allocation in efforts to obtain money from outside sources.

(2) Include within the scope of the cannabis studies other cannabis research projects that are independently funded and that meet the requirements set forth in subdivisions (a) to (c), inclusive. In no case shall the program accept funds that are offered with any conditions other than that the funds be used to study the efficacy and safety of cannabis as part of medical treatment.

(o) (1) Within six months of the effective date of this section, the program shall report to the Legislature, the Governor, and the Attorney General on the progress of the cannabis studies.

(2) Thereafter, the program shall issue a report to the Legislature every 24 months detailing the progress of the

studies. The interim reports required under this paragraph shall include, but not be limited to, data on all of the following:

(A) The names and number of diseases or conditions under study.

(B) The number of patients enrolled in each study, by disease.

(C) Any scientifically valid preliminary findings.

(p) If the Regents of the University of California implement this section, the President of the University of California, or the president's designee, shall appoint a multidisciplinary Scientific Advisory Council, not to exceed 15 members, to provide policy guidance in the creation and implementation of the program. Members shall be chosen on the basis of scientific expertise. Members of the council shall serve on a voluntary basis, with reimbursement for expenses incurred in the course of their participation. The members shall be reimbursed for travel and other necessary expenses incurred in their performance of the duties of the council.

(q) No more than 10 percent of the total funds appropriated may be used for all aspects of the administration of this section.

(r) This section shall be implemented only to the extent that funding for its purposes is appropriated by the Legislature.

(s) Money appropriated to the program pursuant to subdivision (e) of Section 34019 of the Revenue and Taxation Code shall only be used as authorized by the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA).

(t) This section does not limit or preclude cannabis-related research activities at any campus of the University of California.

(Amended by Stats. 2019, Ch. 802, Sec. 1. (AB 420) Effective October 12, 2019. Note: Sections 11362.7 to 11362.85 are in Article 2.5, which follows this section.)

Department of Cannabis Control
CALIFORNIA

Medicinal & Adult Use Cannabis Regulations

January 2026

This document is provided as a resource for stakeholders. It includes regulations in effect as of January 1, 2026. For the current version of the Department's regulations, refer to: https://www.cannabis.ca.gov/cannabis-laws/dcc-regulations/.

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California Code of Regulations Title 4
Division 19. Department of Cannabis Control

Chapter 1. All Licensees

Article 1. Division Definitions and General Requirements

§15000. Definitions.

(a) “Act” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified in Business and Professions Code section 26000, et seq.

(b) “Adulterated” or “adulteration” has the meaning stated in section 26039.6(a) of the Act.

(c) “Allergen” means a major food allergen as defined in 21 U.S.C § 321(qq).

(d) “Appellation of Origin” means a designation to indicate that the cannabis meets the requirements developed by the program established pursuant to section 26063 of the Act.

(e) “Applicant” means an owner that is applying for a Department-issued license.

(f) “Batch” means a specific quantity of homogeneous cannabis or cannabis product that is one of the following types:

(1) “Harvest batch” means a specifically identified quantity of dried flower or trim, leaves, and other cannabis plant matter that is harvested at the same time, and, if applicable, cultivated using the same pesticides and other agricultural chemicals.

(2) “Manufactured cannabis batch” or “production batch” means either:

(A) An amount of cannabis concentrate or extract produced in one production cycle using the same extraction methods and standard operating procedures; or

(B) An amount of a type of cannabis product produced in one production cycle using the same formulation and standard operating procedures.

(g) “Cannabis accessories” has the meaning stated in Health and Safety Code section 11018.2.

(h) “Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. For purposes of this division, “cannabis concentrate” includes, but is not limited to, the kief, tinctures, capsules, suppositories, extracts, butter, vape cartridges, inhaled products (e.g., dab, shatter, and wax), and tablets as defined in subsection (nnn).

(i) “Cannabis goods” means cannabis and cannabis products in final form and packaged and labeled as they will be sold at retail. For the purposes of section 15311, “cannabis goods” includes all cannabis and cannabis products in any form.

(j) “Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

(k) “Cannabis product quality,” “quality cannabis product,” or “quality” means that the cannabis product consistently meets the established specifications for identity, cannabinoid concentration, homogeneity, composition, and testing standards pursuant to sections 15718 through 15724, and has been manufactured, packaged, labeled, and held under conditions to prevent adulteration and misbranding.

(l) “Cannabis waste” means any material intended for disposal that contains cannabis but is not otherwise considered a hazardous waste. Cannabis waste consisting solely of plant material shall be considered an organic waste as defined in Public Resources Code section 42649.8(d).

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

(n) “CBD” means the compound cannabidiol, CAS number 13956-29-1. “Total CBD” is defined in section 15700(qqq).

(o) “Commercial cannabis activity” includes the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis or cannabis products as provided for in this division, or acting as a cannabis event organizer for temporary cannabis events.

(p) “Commercial-grade, non-residential door lock” means a lock manufactured for commercial use.

(q) “Cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

(r) “Cultivation site” means a location where commercial cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or a location where any combination of those activities occurs.

(s) “Delivery employee” means an individual employed by a licensed retailer or licensed microbusiness authorized to engage in retail sales who delivers cannabis goods from the licensed retailer or licensed microbusiness premises to a customer at a physical address.

(t) "Designated responsible party" means the individual identified by the commercial cannabis business who has legal authority to bind the commercial cannabis business and who is the primary contact for the application and license-related issues.

(u) “Distribution” means the procurement, sale, and transport of cannabis and cannabis products between licensees.

(v) “Dried flower” means all dead cannabis that has been harvested, dried, cured, or otherwise processed, excluding leaves and stems.

(w) “Edible cannabis product” has the meaning stated in section 26001(y) of the Act. For purposes of this division, “edible cannabis products” are intended to be consumed orally and

include cannabis products that dissolve or disintegrate in the mouth, but do not include any products otherwise defined as “cannabis concentrates.”

(x) “Extraction” means a process by which cannabinoids are separated from cannabis plant material through chemical or physical means.

(y) “Final form” refers to cannabis and cannabis products that are in the form in which the cannabis or cannabis product will be consumed or used.

(z) “Flowering” means that a cannabis plant has formed a mass of pistils measuring greater than one-half inch wide at its widest point.

(aa) “Free cannabis goods” means any amount of cannabis goods provided to any person without cost or payment or exchange of any other thing of value.

(bb) “Immature plant” or “immature” means, for purposes of cultivation: a cannabis plant that has a first true leaf measuring greater than one-half inch long from base to tip if started from seed or a mass of roots measuring greater than one-half inch wide at its widest point if vegetatively propagated and outside of a tissue container, but that is not flowering; or a container with one or more cannabis protoplasts, cells, shoots, or plantlets in culture. For retail purposes, “immature plant” or “immature” means a cannabis plant that is nonflowering and shorter and narrower than 18 inches.

(cc) “Indoor cultivation” means the cultivation of cannabis within a permanent structure using exclusively artificial light or within any type of structure using artificial light at a rate above twenty-five watts per square foot.

(dd) “Informational panel” means any part of the cannabis product label that is not the primary panel and that contains required labeling information.

(ee) “Infusion” means a process by which cannabis, cannabinoids, or cannabis concentrates are directly incorporated into a product formulation to produce a cannabis product.

(ff) “Infused pre-roll” means a pre-roll into which cannabis concentrate (other than kief) or other ingredients have been incorporated.

(gg) “Ingredient” means any substance that is used in the manufacture of a cannabis product and that is intended to be present in the finished cannabis product.

(hh) “Kief” means the resinous trichomes of cannabis that have been separated from the cannabis plant.

(ii) “Labeling” means any label or other written, printed, or graphic matter upon cannabis or a cannabis product, upon its container or wrapper, or that accompanies any cannabis or cannabis product.

(jj) “Licensee” means any person holding a license issued under the Act.

(kk) “Light deprivation” means the use of any technique to eliminate natural light in order to induce flowering.

(ll) “Limited-access area” means an area in which cannabis or cannabis products are stored or held and is only accessible to a licensee and authorized persons.

(mm) “Lot” means a batch, or specifically identified portion of a batch.

(nn) “Lot number” or “batch number” means a distinctive group of numbers, letters, or symbols or any combination of these that is unique to a group of cannabis or cannabis products.

(oo) “Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.

(1) The term “manufacture” includes the following processes:

(A) Extraction.

(B) Infusion.

(C) Packaging or repackaging of cannabis products.

(D) Labeling or relabeling the packages of cannabis products.

(E) “Post-extraction processing” or “post-processing,” which means a process by which one or more active cannabinoids in cannabis concentrate are further concentrated either by chemical or physical means.

(F) Remediation of failed harvest batches or cannabis product batches.

(2) The term “manufacture” does not include the following:

(A) The repacking of cannabis products from a bulk shipping container by a distributor or retailer where the product’s original packaging and labeling is not otherwise altered.

(B) The preparation of pre-rolls by a licensed distributor in accordance with the requirements of section 15303.

(C) The collection of the resinous trichomes that are dislodged or sifted from the cannabis plant incidental to cultivation activities by a licensed cultivator.

(D) The processing of nonmanufactured cannabis products, as defined in subsection (eee).

(E) The labeling or relabeling of a package containing cannabis goods with the amount of cannabinoids and terpenoids based on regulatory compliance testing results by a distributor in accordance with sections 15303 and 17407.

(pp) “Manufacturing” or “manufacturing operation” means all aspects of the extraction process, infusion process, post-processing, remediation, and packaging and labeling processes, including processing, preparing, holding, and storing of cannabis products. Manufacturing also includes any processing, preparing, holding, or storing of components and ingredients.

(qq) “Mature plant” or “mature” means a cannabis plant that is flowering.

(rr) “Medicinal cannabis patient” includes both a qualified patient as defined in Health and

Safety Code section 11362.7 and a person in possession of a valid identification card issued under Health and Safety Code section 11362.71.

(ss) “Mixed-light cultivation” means the cultivation of mature cannabis in a greenhouse, hoop-house, glasshouse, conservatory, hothouse, or other similar structure using a combination of:

(1) Natural light and either of the models listed below:

(A) “Mixed-light Tier 1,” without the use of artificial light or the use of artificial light at a rate above zero, but no more than six watts per square foot; or

(B) “Mixed-light Tier 2,” the use of artificial light at a rate above six and below or equal to twenty-five watts per square foot.

(tt) “Nonmanufactured cannabis products” means final form items that contain only cannabis, leaf, pre-roll filter tips, or paper.

(uu) “Nonvolatile solvent” means any solvent used in the extraction process that is not a volatile solvent. “Nonvolatile solvent” includes carbon dioxide, ethanol, and nonhydrocarbon-based or other solvents such as water, vegetable glycerin, vegetable oil, animal fat, and glycerin.

(vv) “Nursery” means all activities associated with producing clones, immature plants, seeds, and other agricultural products used specifically for the propagation and cultivation of cannabis.

(ww) “Orally consumed concentrate” means a cannabis concentrate that is intended to be consumed by mouth and is not otherwise an edible cannabis product. “Orally consumed concentrate” includes tinctures, capsules, and tablets as defined in subsection (nnn).

(xx) “Outdoor cultivation” means the cultivation of mature cannabis without the use of artificial lighting in the canopy area at any point in time.

(yy) “Package” or “packaging” means any container or wrapper that may be used for enclosing or containing any cannabis or cannabis product. “Package” does not include a shipping container or outer wrapping used solely for the transport of cannabis or cannabis products in bulk quantity to a licensed premises.

(zz) “Person” includes any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

(aaa) “Pest” means an undesired insect, rodent, nematode, fungus, bird, vertebrate, invertebrate, weed, virus, bacteria, or other microorganism (except microorganisms on or in living humans or other living animals) that is, or is liable to become, injurious, dangerous, or detrimental to health, the environment, or the agricultural environment of the state.

(bbb) “Pre-roll” means any combination of the following rolled in paper: flower, shake, leaf, or kief that is obtained from accumulation in containers or sifted from loose, dry cannabis flower or leaf with a mesh screen or sieve.

(ccc) “Premises” means the designated structure(s) and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee

where the commercial cannabis activity will be or is conducted. The premises shall be a contiguous area and shall only be occupied by one licensee.

(ddd) “Primary panel” means the part of a cannabis goods label that is most likely to be displayed, presented, shown, or examined under customary conditions of display for retail sale.

(eee) “Processing” means all activities associated with the drying, curing, sifting, grading, trimming, rolling, storing, packaging, and labeling of cannabis or nonmanufactured cannabis products.

(fff) “Product Identity” or “identity of the product” means the generic, common, or usual name of a product by which it is most commonly known.

(ggg) “Promotional materials” means any form, letter, circular, pamphlet, publication, or other written material directed to a customer or prospective customer to induce retail sales. Promotional material does not include permitted signs, displays, decorations, cannabis accessories, or cannabis or cannabis products furnished by a licensed cultivator, licensed manufacturer, licensed distributor, licensed microbusiness, or licensed cannabis event organizer to a retail licensee for advertising purposes. Promotional materials shall have no intrinsic or secondary value.

(hhh) “Publicly owned land” means any building or real property that is owned, leased, or occupied by a city, county, state, federal, or other government entity.

(iii) "Quarantine" means the storage or identification of cannabis or cannabis product to prevent use, movement or transfer of the cannabis or cannabis product.

(jjj) “Residential area” is an area that is within 600 feet of any single-family or multifamily residence, other than commercial hotels, motels, and similar establishments for temporary lodging.

(kkk) “Retail area” means a building, room, or other area that is open to the public, upon the licensed retailer or licensed microbusiness premises authorized to engage in retail sales in which cannabis goods are sold or displayed.

(lll) “Serving” means the designated amount of cannabis product established by the manufacturer to constitute a single unit.

(mmm) “Sublet” means to lease or rent all or part of a leased or rented property.

(nnn) “Tablet” means a solid preparation containing a single serving of THC or other cannabinoid that is intended to be swallowed whole, not formulated to be chewable, dispersible, effervescent, orally disintegrating, used as a suspension, or consumed in a manner other than swallowed whole, and does not contain any added natural or artificial flavor or sweetener.

(ooo) “Tamper-evident” means that the cannabis goods packaging is sealed in a manner that prevents the packaging from being opened without obvious destruction of the seal.

(ppp) “Terpenes” means terpenes, terpenoids, flavonoids, polyphenols, and other naturally occurring phytochemicals and secondary metabolites contributing to the aroma or flavor of cannabis.

(qqq) “THC” or “delta-9 THC” means the compound tetrahydrocannabinol, CAS number 1972-08-3. “Total THC” is defined in section 15700(rrr).

(rrr) “Tincture” means a solution of cannabis extract, derived either directly from the cannabis plant or from a manufactured cannabis extract, dissolved in alcohol, glycerin, or

vegetable oils. For purposes of this definition, “vegetable” includes botanically classified fruits and vegetables and their seeds.

(sss) “Topical cannabis product” means a cannabis product intended to be applied to the skin rather than ingested or inhaled.

(ttt) “Track and trace system” means the program for reporting the movement of cannabis and cannabis products through the distribution chain established by the Department in accordance with section 26067 of the Act.

(uuu) “Transport” means the physical movement of cannabis or cannabis products from one licensed premises to another licensed premises.

(vvv) “Unique identifier” or “UID” means an alphanumeric code or designation used for reference to a specific plant and any cannabis or cannabis product derived or manufactured from that plant.

(www) “Universal symbol” means the symbol developed by the Department pursuant to section 26130(c)(7) of the Act to indicate that a product contains cannabinoids.

(xxx) “Vehicle alarm system” is a device or series of devices installed to discourage theft of the vehicle or its contents and is intended to summon general attention or to summon law enforcement as a result of an indication of an attempted breach of the vehicle.

(yyy) “Volatile solvent” means any solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Examples of volatile solvents include, but are not limited to, butane, hexane, and propane.

(zzz) "Watts per square foot” means the sum of the maximum wattage of all lights identified in the designated canopy area(s) in the premises diagram divided by the sum of the dimensions in square feet of the same designated canopy area(s).

(aaaa) “Wholesale cost” has the meaning stated in title 18, California Code of Regulations, section 3700.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26013, Business and Professions Code.

§15000.1. General Requirements.

(a) Every person who conducts commercial cannabis activity shall obtain and maintain a valid license from the Department for each separate premises at which commercial cannabis activity is conducted.

(b) Commercial cannabis activity shall only be conducted between licensees. Licensed retailers and licensed microbusinesses authorized to engage in retail sales may conduct commercial cannabis activity with customers or nonprofits in accordance with this division.

(c) The licensee shall only conduct commercial cannabis activities authorized by the license and on the premises licensed for the activity.

(d) All transfers of cannabis and cannabis product shall be conducted by a licensed distributor.

(e) Licenses shall not be transferrable or assignable to another person or premises, except as provided in section 26050.2 of the Business and Professions Code. In the event of the sale or other transfer of the commercial cannabis business, changes in ownership shall be made in accordance with section 15023.

(f) Applicants and licensees shall use their legal business name on all documents related to commercial cannabis activity.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26053, 26057 and 26070, Business and Professions Code.

§15000.2. A- and M-Designations.

(a) Licensees may conduct business with other licensees irrespective of the A-designation or M-designation on their licenses.

(b) Licensees authorized to engage in distribution shall only transport and sell cannabis goods designated as “For Medical Use Only” to M-designated retailers or M-designated microbusinesses authorized to engage in retail sales.

(c) Licensees authorized to engage in retail sales shall only sell cannabis goods designated as “For Medical Use Only” to medicinal customers.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26001, 26013, 26050 and 26053, Business and Professions Code.

§15000.3. Premises Requirements.

(a) A licensed premises shall not be in a location that requires persons to pass through a business that sells alcohol or tobacco or a private residence to access the licensed premises.

(b) A licensed premises shall not be in a location that requires persons to pass through the licensed premises to access a business that sells alcohol or tobacco or a private residence.

(c) A licensed premises shall not include the living areas of a private residence, such as bathrooms, bedrooms, kitchens, and living rooms, unless living areas are required to be included in the licensed premises. If the local jurisdiction requires living areas of a private residence to be included in the licensed premises, licensees shall designate living areas on their premises diagram as required by section 15006(k) but shall not conduct any commercial cannabis activity within the designated living areas. Nothing in this section shall prohibit a licensee from utilizing the living areas of a private residence for non-commercial cannabis activity, such as staff breaks. Areas of a private residence that are not considered to be living areas may include garages, offices, sheds, barns, and other areas regularly used for commercial cannabis activity.

(d) Licensees shall ensure that the Department has immediate access to their licensed premises. If the Department is denied access to a licensee’s premises for any reason, the licensee shall be held responsible and subject to discipline. If the Department is denied

access to one licensee's premises because of another licensee's refusal to grant access when the only access to one licensed premises is through another licensed premises, all licensees shall be held responsible and subject to discipline.

(e) Nothing in this section shall be interpreted to prohibit two or more licensed premises from occupying separate portions of the same parcel of land or sharing common use areas, such as a bathroom, breakroom, hallway, or building entrance.

(f) All structures included as part of the licensed premises shall be permanent structures. Structures that are considered permanent structures include, but are not limited to, buildings, barns, sheds, shipping containers, and modular buildings. Structures that are not considered to be permanent structures include, but are not limited to, structures that rest on wheels or any structure that can be readily moved.

(g) Personal cultivation of cannabis as permitted by Health and Safety Code section 11362.1 shall not occur on the licensed premises unless the local jurisdiction requires that all areas of the land parcel be included in the premises. If the local jurisdiction requires all areas of the land parcel be included, then the licensee may conduct personal cultivation in a separate and distinct area on the premises, which shall be identified on the premises diagram pursuant to section 15006. "Separate and distinct," for purposes of this section, shall mean that the personally cultivated cannabis is cultivated, processed, and stored in a manner that clearly identifies it as personally cultivated cannabis and prevents it from coming into contact with commercially cultivated cannabis.

(h) Notwithstanding any other provision of law, a licensed premises that is not in compliance with subsections (c) and (f) at the time this subsection becomes effective shall come into compliance within six months of the effective date of this subsection by submitting a premises modification in accordance with section 15027. Premises that must be modified to comply with this subsection shall not be subject to the premises modification fee specified in section 15014.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050, 26051.5, 26054, 26055 and 26160, Business and Professions Code.

§15000.4. Subletting of Premises.

Except as allowed pursuant to article 2 of chapter 8, a licensee shall not sublet or allow another person to conduct operations in any area designated as the licensed premises for the licensee's commercial cannabis activity.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26070, Business and Professions Code.

§15000.5. Licensee's Responsibility for Acts of Employees and Agents.

In construing and enforcing the provisions of the Act and the regulations in this division, the act, omission, or failure of an agent, officer, representative, or other person acting for or employed by a licensee, within the scope of their employment or office, shall in every case be deemed the act, omission, or failure of the licensee.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26031 and 26110, Business and Professions Code.

§15000.6. Age Restriction.

Employees or persons retained by a licensee to work within or on a licensed premises or to handle cannabis or cannabis products shall be at least 21 years of age.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26140, Business and Professions Code.

§15000.7. Storage of Inventory.

(a) All cannabis and cannabis products must be stored within the licensed premises.

(b) A licensee shall not store cannabis goods outdoors.

(c) Bathrooms and changing facilities shall be separated from all storage areas by solid walls that extend from the floor to the ceiling. Employee break areas, if any, shall be separate and distinct from areas where cannabis and cannabis products are stored.

(d) Licensees may use additional shipping containers as temporary storage space on their licensed premises when their storage needs exceed the capacity of their storage space. Licensees using storage containers pursuant to this subsection shall notify the Department of the premises modification in accordance with subsection (h) of section 15027.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26053 and 26070, Business and Professions Code.

Article 2. Applications

§15001. Provisional Licenses.

(a) A provisional licensee shall comply with all laws applicable to a licensee holding an annual license of the same type.

(b A provisional license does not create a vested right in the holder to renewal of the provisional license or issuance of an annual license.

(c) A provisional license shall no longer be valid upon issuance of an annual license, denial of an annual license, abandonment of an application for licensure, withdrawal of an application for licensure, or surrender of the provisional license.

(d) A provisional licensee must actively and diligently pursue requirements for an annual license to continue to hold a provisional license, which includes meeting all the following requirements:

(1) Paying the license fee within 60 calendar days of the date the Department sends a notification that the license fee is due.

(2) Providing all information requested by the Department or otherwise elaborating upon information previously provided to the Department, or providing a statement demonstrating

that the information cannot be provided due to circumstances beyond the provisional licensee's control. The information or statement shall be provided by the response date specified by the Department, or within 30 calendar days of the date the Department sends the information request to the provisional licensee if the Department does not specify a response date.

(e) Refusal by the Department to issue or renew a provisional license pursuant to section 15001.1 or section 15001.2 shall not entitle the applicant to a hearing or an appeal of the decision. Chapter 2 (commencing with section 480) of division 1.5, chapter 4 (commencing with section 26040), and sections 26031 and 26058 of the Business and Professions Code shall not apply to licenses issued pursuant to this section.

(f) No provisional license issued by the Department shall be effective after January 1, 2026.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26050.2, Business and Professions Code.

§15001.1. Issuance of Provisional License.

(a) Until June 30, 2022, the Department may, in its sole discretion, issue a provisional license to a commercial cannabis business if:

(1) The applicant submits a complete application, in accordance with section 15002, and the required application fee to the Department on or before March 31, 2022.

(2) For an application for a license that includes cultivation activities, the applicant provides any of the following documents:

(A) A final streambed alteration agreement;

(B) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife;

(C) Written verification by the Department of Fish and Wildlife that a streambed alteration agreement is not needed; or

(D) Written verification by the Department of Fish and Wildlife that the applicant submitted a notification described in section 1602 of the Fish and Game Code, submitted payment of applicable fees pursuant to section 1609 of the Fish and Game Code, and is responsive to the Department of Fish and Wildlife as prescribed in section 26050.2 of the Business and Professions Code.

(3) Issuance of the license would not cause the commercial cannabis business to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation, or 22,000 square feet for mixed-light or indoor cultivation, if the application is received on or after January 1, 2022. For purposes of this subsection, premises will be considered contiguous if they are connected, touching, or adjoining.

(b) After June 30, 2022, and until September 30, 2022, the Department may, in its sole discretion, issue a provisional license for cultivation to a commercial cannabis business if:

(1) The applicant submits a complete application, in accordance with section 15002, and the required application fee to the Department on or before June 30, 2022.

(2) The commercial cannabis business is not applying for a cultivation license for a premises that exceeds 20,000 square feet of total canopy for outdoor cultivation.

(3) The commercial cannabis business provides any of the following documents:

(A) A final streambed alteration agreement;

(B) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife;

(C) Written verification by the Department of Fish and Wildlife that a streambed alteration agreement is not needed; or

(D) Written verification by the Department of Fish and Wildlife that the applicant has submitted a notification described in section 1602 of the Fish and Game Code, submitted payment of applicable fees pursuant to section 1609 of the Fish and Game Code, and is

responsive to the Department of Fish and Wildlife as prescribed in section 26050.2 of the Business and Professions Code.

(4) Issuance of the license would not cause the commercial cannabis business to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation, or 22,000 square feet for mixed-light or indoor cultivation, if the application is received on or after January 1, 2022. For the purposes of this subsection, premises will be considered contiguous if they are connected, touching, or adjoining.

(c) After June 30, 2022, and until June 30, 2023, the Department may, in its sole discretion, issue a provisional license to a local equity license applicant, as defined in section 26240(c) of the Business and Professions Code, if:

(1) The applicant submits a complete application, in accordance with section 15002, and the required application fee to the Department on or before March 31, 2023.

(2) For an application for a license that includes cultivation activities, the following conditions are met:

(A) The local equity license applicant provides any of the following documents:

(i) A final streambed alteration agreement;

(ii) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife;

(iii) Written verification by the Department of Fish and Wildlife that a streambed alteration agreement is not needed; or

(iv) Written verification by the Department of Fish and Wildlife that the applicant has submitted a notification described in section 1602 of the Fish and Game Code, submitted payment of applicable fees pursuant to section 1609 of the Fish and Game Code, and is responsive to the Department of Fish and Wildlife as prescribed in section 26050.2 of the Business and Professions Code.

(B) The local equity applicant is not applying for a cultivation license for a premises that exceeds one acre of total canopy for outdoor cultivation, or 22,000 square feet for mixed-light or indoor cultivation.

(C) Issuance of the license would not cause the local equity applicant to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation, or 22,000 square feet for mixed-light or indoor cultivation. For the purposes of this subsection, premises will be considered contiguous if they are connected, touching, or adjoining.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26050.2, Business and Professions Code.

§15001.2. Renewal of Provisional License.

(a) To timely renew a provisional license, the provisional licensee shall comply with the requirements of section 15020.

(b) For provisional license renewals from July 1, 2022, through June 30, 2023, in addition to the requirements of section 15020, a provisional licensee must also provide to the Department:

(1) Evidence that one of the following California Environmental Quality Act (CEQA) (Division 13 (commencing with section 21000) of the Public Resources Code) requirements has been met:

(A) Documentation, such as a letter, report, notice or other type of written communication from the local jurisdiction, demonstrating that the local jurisdiction is in the process of preparing a site-specific initial study, addendum, or checklist pursuant to title 14, California Code of Regulations, section 15063, 15164, 15168, or 15183 to demonstrate whether it is consistent with a previously circulated and adopted negative declaration, mitigated negative declaration, or environmental impact report;

(B) Documentation, such as a letter, report, notice or other type of written communication from the local jurisdiction, demonstrating that the local jurisdiction has made substantial progress during the previous 12-month licensure term toward completing project specific environmental review by drafting, preparing, or circulating for public review an environmental document pursuant to CEQA;

(C) Documentation requested by the Department of the provisional licensee that demonstrates the furtherance of environmental review during the previous 12-month licensure term;

(D) Other information requested by the Department from the provisional licensee that demonstrates evidence of substantial progress toward compliance with CEQA during the previous 12-month licensure term; or

(E) Documentation that demonstrates compliance with CEQA is complete.

(2) For cultivation licenses, a provisional licensee must also provide one of the following forms of documentation demonstrating progress with compliance with chapter 6 (commencing with section 1600) of division 2 of the Fish and Game Code:

(A) A final streambed alteration agreement issued by the Department of Fish and Wildlife;

(B) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife by the provisional licensee;

(C) Written verification by the Department of Fish and Wildlife that the provisional licensee has submitted a complete notification described in section 1602 of the Fish and Game Code; or

(D) Written verification by the Department of Fish and Wildlife that a streambed alteration agreement is not needed.

(c) For provisional license renewals on or after July 1, 2023, in addition to the information required in section 15020, a provisional licensee must also provide to the Department:

(1) Documentation, such as a full or partial copy of the administrative record, demonstrating that one of the following CEQA requirements has been met:

(A) The local jurisdiction has prepared and circulated for public review a negative declaration or a mitigated negative declaration;

(B) The local jurisdiction has determined that an environmental impact report is required pursuant to section 21157 of the Public Resources Code and has either made substantial progress in preparing that environmental impact report or has a contract or contracts with consultants in place for the preparation of that environmental impact report;

(C) The local jurisdiction has certified that it has conducted a reasonably comprehensive site-specific review and has reviewed, prepared, and deemed complete an initial study, addendum, or checklist pursuant to title 14, California Code of Regulations, section 15063, 15164, 15168, or 15183 demonstrating consistency with a previously circulated and adopted negative declaration, mitigated negative declaration, or environmental impact report, in preparation for approval of an annual license; or

(D) The local jurisdiction has reviewed, prepared, and deemed complete a notice of exemption pursuant to section 21108 or 21152 of the Public Resources Code, except for ministerial projects not subject to the California Environmental Quality Act pursuant to section 21080(b)(1) of the Public Resources Code.

(E) Documentation submitted pursuant to subsection (c)(1) may include, but is not limited to:

(i) Any environmental documentation, including, but not limited to, an exemption, initial study, negative declaration, mitigated negative declaration, and/or environmental impact report;

(ii) Any staff reports and related documents prepared by the local jurisdiction;

(iii) Any written transcript or minutes of the proceedings of the local jurisdiction;

(iv) Any notice(s) issued by the local jurisdiction to comply with CEQA and the CEQA Guidelines;

(v) Any proposed decisions or findings considered by the local jurisdiction by its staff or the applicant; and

(vi) Any documentation of the local jurisdiction’s final decision.

(2) For cultivation licensees, one of the following forms of documentation demonstrating progress with compliance with chapter 6 (commencing with section 1600) of division 2 of the Fish and Game Code:

(A) A final streambed alteration agreement issued by the Department of Fish and Wildlife;

(B) A draft streambed alteration agreement provided by the Department of Fish and Wildlife and signed and returned to the Department of Fish and Wildlife by the provisional licensee; or

(C) Written verification from the Department of Fish and Wildlife that a streambed alteration agreement is not needed.

(d) The Department will not renew a provisional license authorizing cultivation if:

(1) The State Water Resources Control Board has notified the Department that the provisional licensee is not in compliance with section 26060.1(a) or (b) of the Business and Professions Code or the principles, guidelines, and requirements established pursuant to section 13149 of the Water Code.

(2) The Department of Fish and Wildlife has notified the Department that the provisional licensee is not in compliance with any final streambed alteration agreement, any conditions set forth in a signed draft streambed alteration agreement, or a condition established pursuant to section 26060.1(a) or (b)(1) and (2) of the Business and Professions Code.

(3) After January 1, 2023, if renewing the license would cause a licensee to hold multiple cultivation licenses on contiguous premises to exceed one acre of total canopy for outdoor cultivation or 22,000 square feet for mixed-light or indoor cultivation. For the purposes of this section, premises will be considered contiguous if they are connected, touching, or adjoining.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26050.2, Business and Professions Code.

§15001.3. Notice of Provisional License Review.

(a) When the Department is considering the suspension, revocation, or denial of renewal of a provisional license pursuant to Business and Professions Code section 26050.2, the Department shall issue a Notice of Provisional License Review to a provisional licensee for failure to comply with the Act or its implementing regulations.

(b) The Notice of Provisional License Review shall be in writing and state the following:

(1) The nature and facts of each violation, including a reference to the statutory and/or regulatory section(s) violated;

(2) The manner in which the provisional licensee must correct the violation(s) to achieve compliance;

(3) That the Department is considering suspending, revoking, or denying the renewal of the provisional license.

(4) That the provisional licensee may provide the Department with information related to the observed violation(s) and potential license action for the Department's consideration during its provisional license review. The information may include statements, including a statement that the Department should not take the action under consideration, and any relevant documentation, including evidence that the violation(s) did not occur, of correction of the violation(s), or of mitigation. The provisional licensee may also request an informal meeting with the Department to discuss the matter and may be accompanied by an attorney or other representative.

(c) The Department shall serve the Notice of Provisional License Review by mail or electronic mail to the provisional licensee's designated responsible party, or in person to the licensee or an employee or agent of the provisional licensee.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26050.2, Business and Professions Code.

§15001.4. Immediate Suspension of Provisional License.

(a) The Department may immediately suspend any provisional license, or immediately

impose licensing restrictions or other conditions upon any provisional licensee, if necessary to protect public health, safety, or welfare.

(b) An order issued pursuant to subsection (a) shall be in writing and describe the following:

(1) The nature and facts of each violation, including a reference to the statutory and/or regulatory section(s) violated; and

(2) Whether the provisional license is suspended or the provisional licensee may continue to operate subject to restrictions or other conditions.

(c) Following the issuance of an order pursuant to subsection (a), the Department shall serve the provisional licensee with a Notice of Provisional License Review pursuant to section 15001.3.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26050.2, Business and Professions Code.

§15002. Annual License Application Requirements.

(a) Applications may be completed and submitted online at www.cannabis.ca.gov.

(b) Applicants who submit their applications online shall first register for a user account if required by the licensing system. To register for a user account, the applicant shall do all of the following as requested by the licensing system:

(1) Create a username, password, and security question and answer;

(2) Provide an email address; and

(3) Provide the owner's first and last name, primary phone number, Social Security number or individual taxpayer identification number, date of birth, and mailing address.

(c) An application must be completed by an owner as defined by section 15003. An application for an annual cannabis license includes the following:

(1) The legal first and last name of the applicant and the legal business name of the commercial cannabis business.

(2) Every business trade name, fictitious business name, and doing business as ("DBA") under which the commercial cannabis business will operate.

(3) The commercial cannabis license for which the applicant is applying, and whether the applicant is requesting that the license be designated as medicinal, adult-use, or both, if applicable.

(4) Payment of an application fee pursuant to section 15014.

(5) The physical address of the premises or the assessor parcel number. If the Department is unable to confirm that the address provided is valid, then the applicant shall provide a document that confirms the physical address or location of the premises. Such a document may include a utility bill, printed information from the county assessor, deed, or title.

(6) The mailing address for the commercial cannabis business, if different from the premises address.

(7) The telephone number for the commercial cannabis business.

(8) The website address of the commercial cannabis business, if any.

(9) The number under which the commercial cannabis business files federal taxes, such as a federal employer identification number, federal taxpayer identification number, individual taxpayer identification number, Social Security number, or national identification number.

(10) Contact information for the owner of the commercial cannabis business who will serve as the designated primary contact person or designated responsible party for the business, including the name, title, phone number, and email address of the individual.

(11) The full legal name, mailing address, primary contact phone number, email address, and preferred method of written communication (e.g., standard mail or email) of each individual or entity serving as agent for service of process for the commercial cannabis business, if any.

(12) A description of the business organizational structure of the commercial cannabis business, such as partnership, joint venture, limited liability company, sole proprietorship, trust, or corporation.

(13) Upon request, business formation documents that are not available online through the California Secretary of State, which may include, but are not limited to operating agreements, bylaws, and other documents that establish ownership or control over the commercial cannabis business. If the commercial cannabis business is held in trust, the applicant shall provide a copy of the certificate of trust establishing trustee authority.

(14) A commercial cannabis business that is a foreign corporation or foreign limited liability company shall include in its application a certificate of qualification, certificate of registration, or certificate of status issued by the California Secretary of State.

(15) A complete list of every financial interest holder of the commercial cannabis business as defined in section 15004, who is not an owner as defined in section 15003. The list of financial interest holders shall include:

(A) For financial interest holders that are individuals, the first and last name of the individual, a contact phone number and email address, and the type and number of the individual's government-issued identification, such as a driver's license.

(B) For financial interest holders that are entities, the legal business name, the name and phone number and email address of the entity's primary contact, and federal taxpayer identification number of the entity.

(16) A complete list of every owner of the commercial cannabis business, as defined in section 15003. Each individual named on this list shall submit the following information:

(A) The full name of the owner.

(B) The owner's title within the commercial cannabis business.

(C) The owner's date of birth and place of birth.

(D) The owner's Social Security number or individual taxpayer identification number.

(E) The owner's mailing address.

(F) The owner's telephone number. This may include a number for the owner's home, business, or mobile telephone.

(G) The owner's email address.

(H) The owner's current employer.

(I) The percentage of the ownership interest held in the commercial cannabis business by the owner.

(J) The number of the owner's government-issued identification. Acceptable forms of identification are a document issued by a federal, state, county, or municipal government that includes the name, date of birth, gender, and photo of the person, such as a driver's license or passport.

(K) A copy of the owner's completed application for electronic fingerprint images submitted to the Department of Justice.

(L) A statement of rehabilitation may be submitted by the owner for any conviction, but is not required. The statement of rehabilitation is to be written by the owner and may contain evidence that the owner would like the Department to consider that demonstrates the owner's fitness for licensure. Supporting evidence may be attached to the statement of rehabilitation and may include, but is not limited to, a certificate of rehabilitation under Penal Code section 4852.01, and dated letters of reference from employers, instructors, or professional counselors that contain valid contact information for the individual providing the reference.

(M) If applicable, a detailed description of any administrative orders or civil judgments for violations of labor standards, any suspension of a commercial cannabis license, revocation of a commercial cannabis license, or sanctions for unlicensed commercial cannabis activity

by a licensing authority, local agency, or state agency against the owner in their individual capacity or a business entity in which the owner was an owner or officer within the three years immediately preceding the date of the application. The owner may provide mitigating information including, but not limited to, a statement of rehabilitation, to the Department for consideration if any prior discipline disclosed pursuant to this section may result in denial of the application.

(N) Attestation to the following statement: Under penalty of perjury, I hereby declare that the information contained within and submitted with this application is complete, true, and accurate. I understand that a misrepresentation of fact is cause for rejection of this application, denial of the license, or revocation of a license issued.

(17) Evidence that the commercial cannabis business has the legal right to occupy and use the proposed location that complies with section 15007.

(18) An attestation that the proposed premises is in compliance with Business and Professions Code section 26054(b) and, if requested, evidence of compliance. For purposes of this section, evidence of compliance with Business and Professions Code section 26054(b) may be a copy of a valid license, permit, or other authorization issued by the applicable local jurisdiction or a notification from the applicable local jurisdiction stating that the commercial cannabis business is in compliance with local ordinances and regulations.

(19) For a commercial cannabis business with 10 or more employees, the applicant shall either provide a notarized statement that they will enter into and abide by the terms of a labor peace agreement or demonstrate that they have entered into a labor peace agreement by providing a copy of the signature page of the agreement. For a commercial cannabis business with fewer than 10 employees that has not yet entered into a labor peace agreement, the applicant shall provide a notarized statement indicating that they will enter into and abide by the terms of a labor peace agreement within 60 days of employing their 10th employee.

(20) The applicant shall provide a valid seller’s permit number issued by the California Department of Tax and Fee Administration, if applicable. If the commercial cannabis business has not yet received a seller’s permit, the commercial cannabis business shall attest that the commercial cannabis business is currently applying for a seller’s permit.

(21) A diagram of the premises as required by section 15006.

(22) Proof of a surety bond of at least $5,000 payable to the State of California for each licensed premises. All bonds required under this section shall be issued by a corporate surety licensed to transact surety business in the State of California. An aggregated bond may be used when multiple licenses are held by the same commercial cannabis business.

(23) Additional information as required by section 15011.

(24) When an applicant provides a license, permit, or other authorization from the local jurisdiction where the licensed premises will be or is located, the Department will notify the applicable local jurisdiction to confirm the validity of the authorization. If the local jurisdiction does not respond within 10 calendar days, the Department shall consider the authorization valid.

(25) The limited waiver of sovereign immunity required by section 15009, if applicable.

(26) Evidence of exemption from, or compliance with, the California Environmental Quality Act as required by section 15010.

(27) The commercial cannabis business' State Employer Identification Number (SEIN) issued by the California Employment Development Department, if applicable.

(28) For a commercial cannabis business with more than one employee, the applicant shall attest that the commercial cannabis business employs, or will employ within one year of receiving a license, one supervisor and one employee who have successfully completed a Cal-OSHA 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA Training Institute Education Center to provide the course.

(29) An applicant shall disclose whether they have been denied a license or had a license suspended or revoked by the Department or any other state cannabis licensing authority. The applicant shall provide the type of license denied, suspended, or revoked, the name of the licensing authority, and the date of the denial, suspension, or revocation.

(d) An applicant for a cannabis event organizer license shall not be required to comply with subsections (c)(5), (c)(17), (c)(20), (c)(21), (c)(22), (c)(24), (c)(25), and (c)(26).

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050, 26051.5 and 26055, Business and Professions Code.

§15002.1. Temporary Cannabis Event Application.

(a) A temporary cannabis event license shall only be issued to a person who holds a cannabis event organizer license issued by the Department.

(b) An application for a temporary cannabis event license shall include the following:

(1) The name of the applicant. For applicants who are individuals, the applicant shall provide both the first and last name of the individual. For applicants who are business entities, the applicant shall provide the legal business name of the entity.

(2) The license number for each state cannabis license held by the applicant.

(3) The address of the location where the temporary cannabis event will be held, or if no address exists, the assessor parcel number, or street description.

(4) The name of the temporary cannabis event.

(5) A diagram of the physical layout of the temporary cannabis event. The diagram shall clearly indicate where the temporary cannabis event will be taking place on the location grounds, all entrances and exits that will be used by participants during the event, all cannabis goods consumption areas, and all areas where cannabis and cannabis products will be sold or displayed. The hours during which cannabis goods will be sold shall be noted on the diagram. The diagram shall also clearly indicate the area where cannabis waste will be stored, all areas where cannabis goods will be stored, and the specific location of each cannabis licensee and non-cannabis vendor who will be participating in the event. Each cannabis licensee and non-cannabis vendor participating in the event shall be identified with an assigned temporary cannabis event location number. The diagram shall also

designate a limited-access area that can only be accessed by the cannabis event organizer and Department representatives.

(6) The dates and hours of operation for which the temporary cannabis event license is being sought. A temporary event license is required for any date in which the applicant engages in onsite cannabis goods sales or allows onsite cannabis goods consumption.

(7) Contact information for the applicant's designated primary contact person regarding the temporary event license, including the name, title, address, phone number, and email address of the individual.

(8) Contact information for a designated contact person(s) who shall be onsite at the event and reachable by telephone at all times during the event.

(9) Written approval from the local jurisdiction authorizing the applicant to engage in onsite cannabis goods sales to, and onsite consumption by, persons 21 years of age or older at the temporary cannabis event at the proposed location.

(10) A list of all licensees who will be participating in the event that provides a designated contact for each licensee who will be responsible for that licensee's activities during the event and will be available to the Department in person or by phone throughout the event, whether the licensee will be selling cannabis goods at the event, whether the licensee will be selling any non-cannabis products at the event, and a description of the type of non-cannabis products that will be sold, if applicable.

(11) A list of all non-cannabis vendors who will be participating in the event, a description of the type of product they will be selling or displaying, and contact information for a designated contact person.

(12) Attestation to the following statement: Under penalty of perjury, I hereby declare that the information contained within and submitted with this application is complete, true, and accurate. I understand that a misrepresentation of fact is cause for rejection of this application, denial of the license, or revocation of a license issued.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26200, Business and Professions Code.

§15003. Owners of Commercial Cannabis Businesses.

(a) An applicant for a commercial cannabis license or a licensee shall disclose all owners of the commercial cannabis business. An owner of the commercial cannabis business includes all of the following:

(1) A person with an aggregate ownership interest of 20 percent or more in the commercial cannabis business, unless the interest is solely a security, lien, or encumbrance. For purposes of this section, "aggregate" means the total ownership interest held by a single person through any combination of individually held ownership interests in a commercial cannabis business and ownership interests in an entity that has an ownership interest in the same commercial cannabis business. For example, a person who owns 10 percent of the stock in a commercial cannabis business as an individual shareholder and 100 percent of the stock in

an entity that owns 10 percent of the stock in the same commercial cannabis business has a 20 percent aggregate ownership interest in the commercial cannabis business.

(2) An individual who manages, directs, or controls the operations of the commercial cannabis business, including but not limited to:

(A) A member of the board of directors of a nonprofit.

(B) A general partner of a commercial cannabis business that is organized as a partnership.

(C) A non-member manager or managing member of a commercial cannabis business that is organized as a limited liability company.

(D) The trustee(s) and all persons who have control of the trust and/or the commercial cannabis business that is held in trust.

(E) The chief executive officer, president or their equivalent, or an officer, director, vice president, general manager or their equivalent.

(b) If the commercial cannabis business is owned in whole or in part by an entity and the entity includes individuals who manage, direct, or control the operations of the commercial cannabis business, as described in subsection (a)(2)(E), those individuals shall also be disclosed as owners.

(c) If available evidence indicates that an individual qualifies as an owner, the Department may notify the applicant or licensee that they must either disclose the individual as an owner and submit the information required by section 15002 or demonstrate that the individual does not qualify as an owner.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26001 and 26012, Business and Professions Code.

§15004. Financial Interest in a Commercial Cannabis Business.

(a) An applicant for a commercial cannabis license or a licensee shall disclose all financial interest holders. A financial interest holder of the commercial cannabis business includes all of the following, except as provided in subsection (b):

(1) A person with an aggregate ownership interest of less than 20 percent.

(2) A person providing a loan to the commercial cannabis business.

(3) A person entitled to receive 10 percent or more of the profits of the commercial cannabis business, including:

(A) An employee who has entered into a profit share plan with the commercial cannabis business.

(B) A landlord who has entered into a lease agreement with the commercial cannabis business for a share of the profits.

(C) A consultant who is providing services to the commercial cannabis business for a share of the profits.

(D) A person acting as an agent, such as an accountant or attorney, for the commercial cannabis business for a share of the profits.

(E) A broker who is engaging in activities for the commercial cannabis business for a share of the profits.

(F) A salesperson who earns a commission.

(G) A person who has entered into an intellectual property licensing agreement for a share of the profits.

(b) Financial interest holders do not include any of the following:

(1) A bank or financial institution whose interest constitutes a loan;

(2) Persons whose only financial interest in the commercial cannabis business is through an interest in a diversified mutual fund, blind trust, or similar instrument;

(3) Persons whose only financial interest is a security interest, lien, or encumbrance on property that will be used by the commercial cannabis business; and

(4) Persons who hold a share of stock that is less than 10 percent of the total shares in a publicly traded or privately held company.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26051.5, Business and Professions Code.

§15004.1. Independence of Testing Laboratories.

(a) A licensed testing laboratory shall maintain independence from persons who hold a license or an interest in a commercial cannabis business licensed for any activity other than testing.

(b) A person who is an owner or financial interest holder of a licensed testing laboratory shall not be an owner or financial interest holder of a commercial cannabis business licensed for any activity other than testing.

(c) A licensed testing laboratory shall not lease real or personal property from or to a commercial cannabis business licensed for any activity other than testing.

(d) A licensed testing laboratory shall not employ any person who is employed by, or is an owner or financial interest holder of, a commercial cannabis business licensed for any activity other than testing.

(e) A licensed testing laboratory shall not offer or agree to provide preferential treatment, including discounted testing services, to any other licensee unless the offer or agreement is available to all licensees.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26053, Business and Professions Code.

§15005. Personnel Prohibited from Holding Licenses.

(a) A license authorized by the Act and issued by the Department may not be held by, or issued to, any person holding office in, or employed by, any agency of the State of California or any of its political subdivisions when the duties of such person have to do with the enforcement of the Act or any other penal provisions of law of this State prohibiting or regulating the sale, use, possession, transportation, distribution, testing, manufacturing, or cultivation of cannabis or cannabis products.

(b) This section applies to, but is not limited to, any person employed in the State of California Department of Justice as a peace officer, in any district attorney's office, in any city attorney's office, in any sheriff's office, or in any local police department.

(c) No person listed in subsection (a) or (b) may have any ownership interest, directly or indirectly, in any business to be operated or conducted under a cannabis license.

(d) This section does not apply to any person who holds a license in the capacity of executor, administrator, or guardian.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code.

§15006. Premises Diagram.

(a) An applicant shall submit to the Department, with the application, a complete and detailed diagram of the proposed premises. The diagram shall be used by the Department to determine whether the premises meets the requirements under this division and the Act. The Department shall deny an application if the premises does not qualify for licensure pursuant to Business and Professions Code section 26057.

(b) The diagram shall show the boundaries of the property and the proposed premises to be licensed, showing all boundaries, entrances and exits, interior partitions, walls, rooms, windows, and doorways, and shall include a brief statement or description of the principal activity to be conducted therein. The diagram shall also include the dimensions of the boundaries of the premises and structures, including interior and exterior dimensions, to clearly identify the bounds of the premises.

(c) The diagram shall show and identify commercial cannabis activities that will take place in each area of the premises, and identify limited-access areas. Commercial cannabis activities that shall be identified on the diagram include the following, if applicable to the business operations: storage, batch sampling, loading or unloading of shipments, packaging and labeling, customer sales, loading for deliveries, extraction, infusion, cultivation, and processing.

(d) The diagram shall show where all cameras are located and assign a number to each camera for identification purposes unless the premises is exempt from the video surveillance requirement pursuant to section 15315 or section 15044.

(e) The diagram shall be to scale to clearly determine the bounds of the premises.

(f) If the proposed premises consists of only a portion of a property, the diagram must be labeled indicating which part of the property is the proposed premises and for what purpose(s) the remaining property is used.

(g) If the proposed premises consists of only a portion of a property that will contain two or more licensed premises, the diagram shall clearly show the designated entrances and walls under the exclusive control of the commercial cannabis business for the premises, as well as the designated entrances and walls for each additional premises. The diagram shall also show all proposed common or shared areas of the property. Such areas may include lobbies, bathrooms, hallways, and breakrooms.

(h) If the commercial cannabis business is seeking a license to conduct cultivation activities on the proposed premises, the following must be clearly identified on the premises diagram:

(1) All roads and water crossings on the property.

(2) All water sources identified and labeled for beneficial use type, including but not limited to, irrigation, domestic, fire protection, power, fish and wildlife preservation and enhancement, and recreation.

(3) If the commercial cannabis business is proposing to use a diversion from a waterbody or an underground stream flowing in a known and definite channel, groundwater well, or rain catchment system as a water source for cultivation, include the following locations on the premises diagram with locations also provided as geographic coordinates in either latitude and longitude or the California Coordinate System:

(A) Sources of water used, including the location of waterbody diversions(s), pump locations(s), and distribution system; and

(B) Location, type, and capacity of each water storage unit to be used for cultivation.

(4) The assessor's parcel number(s).

(5) For applicants for a Specialty Cottage, Specialty, Small, Medium, and Large license:

(A) Canopy area(s), including dimensions in feet and aggregate square footage if the canopy areas are noncontiguous. All unique areas separated by identifiable boundaries pursuant to section 15000(m) shall be clearly described and labeled in the premises diagram. If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation;

(B) Area(s) outside of the canopy where only immature plants shall be maintained, including their dimensions in feet, if applicable. This area may not be shared among multiple licenses held by one licensee;

(C) Designated pesticide and other agricultural chemical storage area(s);

(D) Designated processing area(s) if the licensee will process onsite. This area may not be shared among multiple licenses held by one licensee;

(E) Designated packaging area(s) if the licensee will package products onsite. This area may not be shared among multiple licenses held by one licensee;

(F) Designated composting area(s) if the licensee will compost cannabis waste onsite;

(G) Designated secured area(s) for cannabis waste if different from subsection (F) above.

(H) Designated area(s) for harvested cannabis storage. This area may not be shared among multiple licenses held by one licensee.

(I) Designated area(s) that are shared between licenses held by one licensee. The shared area(s) must be contiguous, be indicated on the premises diagram for each application, and be one or more of the following designated area(s) shared between licenses held by one licensee: pesticide and other agricultural chemical storage area(s), composting area(s), and secured area(s) for cannabis waste; and

(J) Common use area(s), such as hallways, bathrooms, and breakrooms. This area may be shared by multiple licensees.

(6) For indoor and Mixed-light license type applications, a lighting diagram with the following information must be included:

(A) Location of all lights in the canopy area(s); and

(B) Maximum wattage, or wattage equivalent, of each light.

(7) For applicants for a nursery license:

(A) Designated pesticide and other agricultural chemical storage area(s);

(B) Designated composting area(s) if the licensee will compost cannabis waste onsite;

(C) Designated secured area(s) for cannabis waste if different from subsection (B) above;

(D) At least one of the following areas:

(i) Area(s) that shall contain only immature plants; or

(ii) Designated seed production area(s) that may contain mature plants; and

(E) Designated research and development area(s) that may contain mature plants, if the licensee will be conducting research and development activities that require a plant to flower.

(8) For applicants for a processor license:

(A) Designated processing area(s);

(B) Designated packaging area(s), if the licensee will package and label products onsite;

(C) Designated composting area(s) if the licensee will compost cannabis waste onsite;

(D) Designated secured area(s) for cannabis waste if different from subsection (C) above; and

(E) Designated area(s) for harvested cannabis storage.

(i) If the commercial cannabis business is seeking a Type S license to manufacture cannabis products or registering as a manufacturing Shared-Use Facility, the premises diagram must also comply with all applicable requirements in sections 15011(b)(13)(D) and 17124-17128.

(j) If a proposed premises is located on only a portion of a property that also includes a residence, the diagram shall clearly show the designated buildings for the premises and the residence.

(k) If the commercial cannabis business is seeking a license to conduct manufacturing activities using a closed-loop extraction system, the diagram shall include the location of the closed-loop extraction system and clearly display the systems serial number.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26051.5, Business and Professions Code.

§15007. Landowner Approval.

(a) If the commercial cannabis business is not the landowner of the real property upon which the premises is located, the commercial cannabis business shall provide to the Department a document from the landowner or the landowner's agent that states that the commercial cannabis business has the right to occupy the property and acknowledges that the commercial cannabis business may use the property for the commercial cannabis activity for which the commercial cannabis business is applying for licensure. An applicant shall also provide a copy of the rental agreement, as applicable.

(b) If the commercial cannabis business is the landowner of the real property upon which the premises is located, the commercial cannabis business shall provide to the Department a copy of the title or deed to the property.

(c) If the landowner is a trust, the landowner approval shall come from the person who holds equitable title in the real property.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26051.5, Business and Professions Code.

§15007.1. Electronic Signature.

The Department will accept an electronic signature that complies with Civil Code section 1633.2(h) on any documents required to be submitted to the Department and that are submitted electronically, except documents that are required to be notarized.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26013, Business and Professions Code.

§15009. Limited Waiver of Sovereign Immunity.

(a) Any applicant or licensee that may fall within the scope of sovereign immunity that may be asserted by a federally recognized tribe or other sovereign entity must waive any sovereign immunity defense that the applicant or licensee may have, may be asserted on its behalf, or may otherwise be asserted in any state administrative or judicial enforcement actions against the applicant or licensee, regardless of the form of relief sought, whether monetary or otherwise, under the state laws and regulations governing commercial cannabis activity. The applicant or licensee must submit a written waiver of sovereign immunity to the Department with any license application or renewal, which is valid for the

period of the license. The written waiver shall include that the applicant or licensee has the lawful authority to enter into the waiver required by this section, the applicant or licensee hereby waives sovereign immunity, and the applicant or licensee agrees to do all of the following:

(1) Provide documentation to the Department that establishes that the applicant or licensee has the lawful authority to enter into the waiver required by this section;

(2) Conduct all commercial cannabis activity in full compliance with the state laws and regulations governing commercial cannabis activity, including submission to all enforcement provisions thereof;

(3) Allow access as required by state statute or regulation by persons or entities charged with duties under the state laws and regulations governing commercial cannabis activity to any licensed premises or property at which the applicant conducts any commercial cannabis activity, including licensed premises or property where records of commercial cannabis activity are maintained by or for the applicant or licensee;

(4) Provide any and all records, reports, and other documents as may be required under the state laws and regulations governing commercial cannabis activity;

(5) Conduct commercial cannabis activity with other state commercial cannabis licensees only, unless otherwise specified by state law;

(6) Meet all of the requirements for licensure under the state laws and regulations governing the conduct of commercial cannabis activity, and provide truthful and accurate documentation and other information of the applicant's qualifications and suitability for licensure as may be requested; and

(7) Submit to the personal and subject matter jurisdiction of the California courts to address any matter related to the waiver or the commercial cannabis application, license, or activity, and that all such matters and proceedings shall be governed, construed and enforced in accordance with California substantive and procedural law, including but not limited to the Medicinal and Adult- Use Regulation and Safety Act and the Administrative Procedure Act.

(b) The Department shall not approve an application for a state license if approval of the license would violate the provisions of any local ordinance or regulation adopted in accordance with Business and Professions Code section 26200 that is issued by the county or, if within a city, the city, within which the licensed premises is to be located.

(c) Any applicant or licensee must immediately notify the Department of any changes that may materially affect the applicant or licensee's compliance with subsection (a) of this section.

(d) Any failure by an applicant or licensee to comply with the requirements of subsections (b) or (c) of this section shall be a basis for denial of an application or renewal or discipline of a licensee.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050 and 26051.5, Business and Professions Code.

§15010. Compliance with the California Environmental Quality Act (CEQA).

(a) "CEQA Guidelines" means the Guidelines for Implementation of the California Environmental Quality Act codified at title 14, California Code of Regulations, section 15000 et seq.

(b) An applicant shall provide evidence of compliance with, or exemption from, CEQA (division 13 (commencing with section 21000) of the Public Resources Code). The evidence provided may be any one of the following:

(1) A signed copy of a project-specific Notice of Determination or Notice of Exemption and a copy of the associated CEQA document, or reference to where it may be located electronically, a project description, and any accompanying permitting documentation from the local jurisdiction used for review in determining site-specific environmental compliance. Documentation may include a copy of the administrative record previously certified or adopted by the local jurisdiction that has already reviewed the commercial cannabis business' proposed commercial cannabis activities. For purposes of this section, the administrative record may include, but is not limited to:

(A) Environmental documentation, including, but not limited to, exemptions, initial studies, negative declarations, mitigated negative declarations, and environmental impact reports;

(B) Staff reports and related documents prepared by the local jurisdiction;

(C) Transcripts or minutes of the proceedings of the local jurisdiction;

(D) Notice(s) issued by the local jurisdiction to comply with CEQA and the CEQA Guidelines;

(E) Proposed decisions or findings considered by the local jurisdiction by its staff or the commercial cannabis business; and

(F) Documentation of the local jurisdiction's final decision.

(2) If the applicant does not have the evidence specified in subsection (b)(1), or if the Department determines that the evidence submitted is not sufficient to determine compliance or exemption from CEQA, then the applicant shall submit the information on a form to be prescribed by the Department. Such information shall include at least the following:

(A) The project location and surrounding land use, which shall:

(i) Describe the project location, including street address, city, county, Assessor's Parcel Number, major cross streets, general plan designation, zoning designation, and any other physical description that clearly indicates the project site location.

(ii) Describe the surrounding land uses and zoning designations within a one-half mile radius of the project and list all abutting land uses.

(iii) Include a vicinity map and aerial image to show the project location.

(iv) Include photographs, not larger than 8.5 by 11 inches, of existing visual conditions as observed from publicly accessible vantage point(s).

(B) A project description, which shall:

(i) Describe the activities included in the project application and identify any other commercial cannabis activity or activities occurring at the proposed premises.

(ii) Quantify the project size (total floor area of the project), and the lot size on which the project is located, in square feet.

(iii) List and describe any other related public agency permits and approvals, including any entitlements, required for this project, including those required by a planning commission, local air district, or regional water board.

(iv) Identify whether the commercial cannabis business is licensed by, or has applied for licensure from, the Department or one of the prior state cannabis licensing authorities (the Bureau of Cannabis Control, the California Department of Food and Agriculture, and the California Department of Public Health) to engage in commercial cannabis activity at the proposed premises.

(v) Estimate the number of anticipated employees onsite, occupancy during operating hours, and frequency of deliveries or shipments originating from and/or arriving to the project site.

(C) The environmental setting, which shall:

(i) Describe natural characteristics (e.g., topography, vegetation, drainage, soil stability, habitat, etc.) on the project site.

(ii) Identify whether there are any watercourses or riparian habitats (e.g., drainage swales, stream courses, springs, ponds, lakes, creeks, tributary of creeks, wetlands) within 150 feet of the proposed premises.

(iii) Identify the approximate number of vehicle trips per day to be generated by the project and information regarding the days and times most trips are expected to occur.

(iv) Identify whether the property contains natural features of scenic value or rare or unique characteristics (e.g., rock outcroppings, mature trees).

(v) Identify whether the property has any historic designations or archeological remains onsite.

(vi) Identify whether the property contains habitat(s) for special status species.

(vii) Identify the location, type, and quantity of hazardous materials, as defined by Health and Safety Code section 25260, that are stored, used, or disposed of at the project site and a copy of the Hazardous Material Business Plan (HMBP) prepared for the proposed premises, if any.

(viii) Discuss whether the project will increase the quantity and type of solid waste, as defined by Public Resources Code section 40191, or hazardous waste, as defined by Health and Safety Code section 25117, that is generated or stored onsite.

(ix) Describe the project's anticipated operational energy needs, identify the source of energy supplied for the project and the anticipated amount of energy per day, and explain whether the project will require an increase in energy demand and the need for additional energy resources.

(c) If the Department determines that a project does not qualify for an exemption and further environmental review is required pursuant to the CEQA Guidelines, the Department may charge the applicant for the costs of preparation of any supplemental environmental document as well as the Department's costs for procedures to comply with CEQA.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26055, Business and Professions Code.

§15011. Additional Information.

(a) A commercial cannabis business applying for a license to cultivate cannabis shall provide the following information:

(1) The hours of operation for each day of the week the commercial cannabis business will have staff on the licensed premises. Applicants may include annual scheduled closure periods for their site.

(2) For commercial cannabis businesses that are a cannabis cooperative as defined by division 10, chapter 22 (commencing with section 26220) of the Business and Professions Code, identification of all members, identifying information shall include each member's license number for commercial cannabis activity, and the name of the licensed business.

(3) For all cultivator license types except processor, evidence of enrollment in an order or waiver of waste discharge requirements with the State Water Resources Control Board or the appropriate Regional Water Quality Control Board. Acceptable documentation for evidence of enrollment may be a Notice of Applicability letter. Acceptable documentation that enrollment is not necessary may be a Notice of Non-Applicability.

(4) Evidence that the commercial cannabis business has conducted a hazardous materials record search of the EnviroStor database for the proposed premises. If hazardous sites were encountered, the applicant shall provide documentation of protocols implemented to protect employee health and safety.

(5) For indoor and mixed-light license types, identification of all power sources for cultivation activities, including, but not limited to, illumination, heating, cooling, and ventilation.

(6) A proposed cultivation plan that complies with the requirements in section 16309.

(7) Identification of all water sources used for cultivation activities as required in section 16311.

(8) A copy of any final lake or streambed alteration agreement issued by the California Department of Fish and Wildlife, pursuant to sections 1602 or 1617 of the Fish and Game Code, or written verification from the California Department of Fish and Wildlife that a lake and streambed alteration agreement is not required.

(9) An attestation that the applicant entity is an "agricultural employer" as defined by the Alatorre-Zenovich-Dunlap-Berman Agricultural Labor Relations Act of 1975; division 2, part 3.5 (commencing with section 1140) of the Labor Code.

(10) An attestation that the local fire department has been notified of the cultivation site if the application is for an indoor license type.

(11) If applicable, the applicant shall provide evidence that the proposed premises is not located in whole or in part in a watershed or other geographic area that the State Water Resources Control Board or the Department of Fish and Wildlife has determined to be significantly adversely impacted by cannabis cultivation pursuant to section 26060(a)(2) of the Business and Professions Code.

(12) For all cultivator license types except processor, a signed attestation that states the commercial cannabis business shall contact the appropriate County Agricultural Commissioner regarding requirements for legal use of pesticides on cannabis prior to using any of the active ingredients or products included in the pest management plan and shall comply with all pesticide laws.

(b) A commercial cannabis business applying for a license to manufacture cannabis products shall provide the following information:

(1) The type(s) of activity that will be conducted at the proposed licensed premises (extraction, infusion, packaging, or labeling).

(2) The types of products that will be manufactured, packaged, or labeled at the premises, including a product list.

(3) The name, title, email address, and phone number of the onsite individual who manages the operation of the premises.

(4) The name, title, email address, and phone number of an alternate contact person for the premises, if applicable.

(5) The number of employees at the premises.

(6) Upon request by the Department, a description of inventory control procedures sufficient to demonstrate how the commercial cannabis business will comply with the requirements of section 17218, or a copy of the standard operating procedure addressing inventory control.

(7) Upon request by the Department, a description of quality control procedures sufficient to demonstrate how the commercial cannabis business will comply with all of the applicable requirements specified in sections 17208 through 17216, or a copy of the standard operating procedure addressing quality control.

(8) Upon request by the Department, a description of the transportation process describing how cannabis or cannabis products will be transported into and out of the premises, or a copy of the standard operating procedure addressing transportation.

(9) Upon request by the Department, a description of security procedures sufficient to demonstrate how the commercial cannabis business will comply with the applicable security requirements of sections 15042 through 15047, or a copy of the standard operating procedure addressing security procedures.

(10) Upon request by the Department, a description of the cannabis waste management procedures sufficient to demonstrate how the commercial cannabis business will comply

with the requirements of section 17223, or a copy of the standard operating procedure addressing cannabis waste management.

(11) A copy of the signed closed-loop system certification required pursuant to section 17206.1, if applicable.

(12) Any manufacturer submitting operating procedures and protocols to the Department pursuant to the Act and this division may claim such information as a trade secret or confidential by clearly identifying such information as "confidential" on the document at the time of submission. Any claim of confidentiality by a manufacturer must be based on the manufacturer's good faith belief that the information marked as confidential constitutes a trade secret as defined in Civil Code section 3426.1(d), or is otherwise exempt from public disclosure under the California Public Records Act, Government Code section 6250 et seq.

(13) Applications for a Type S manufacturing license shall:

(A) Be submitted in accordance with section 15002;

(B) Include the license number and address of the registered shared-use facility at which the commercial cannabis business will conduct manufacturing operations;

(C) Include a copy of the use agreement signed by both the Type S applicant and the primary licensee; and

(D) On the premises diagram submitted pursuant to section 15002(c)(21), indicate the designated area to be used by the Type S commercial cannabis business and detail where the commercial cannabis business will store its cannabis and cannabis products.

(E) A Type S license shall only be available to commercial cannabis businesses with a gross annual revenue of less than $1,000,000 as calculated pursuant to section 15014.

(F) A Type S licensee may conduct the following operational activities:

(i) Infusions, as defined in section 15000(ee);

(ii) Packaging and labeling of cannabis products; and

(iii) Extractions with water, glycerin, vegetable oil, animal fat, or using mechanical methods, provided that the resulting extract or concentrate shall be used solely in the manufacture of the Type S licensee's infused product and shall not be sold to any other licensee.

(c) A commercial cannabis business applying for a license to distribute cannabis and cannabis products shall provide the following information, upon the request of the Department:

(1) Standard Operating Procedures, Form DCC-LIC-019 (New 2/22), incorporated herein by reference.

(2) Proof of compliance with the insurance requirements in section 15308.

(3) Transport vehicle information required by section 15312.

(d) A commercial cannabis business applying for a license to sell cannabis and cannabis products at retail shall provide the following information, upon request by the Department:

(1) Standard Operating Procedures, Form DCC-LIC-019 (New 2/22).

(2) Delivery employee information required by section 15415.

(3) Delivery vehicle information required by section 15417.

(e) A commercial cannabis business applying for a license to operate as a microbusiness shall provide the information required in subsections (a) through (d) as applicable for the activities they will be conducting under the license.

(f) Applicants for a cannabis event organizer license shall indicate whether the cannabis event organizer plans to hold 0-5 events, 6-10 events, 11-20 events, or more than 20 events during the license period.

(g) Applicants for a testing laboratory license shall provide the following information:

(1) The certificate(s) of accreditation required by sections 15701 and 15702, or the information required for an interim license required by section 15703.

(2) Upon the request by the Department, Standard Operating Procedures, Form DCC-LIC-019 (New 2/22).

(3) The operating procedures required by chapter 6.

(h) The Department may request additional information and documents from the applicant. The Department will provide the applicant with a deadline for submittal of additional information. The Department will consider the complexity of the information requested and the ease with which the information can be obtained and transmitted to the Department by the applicant in determining the deadline.

(i) Items required by this section may also be requested by the Department at any time following the issuance of a license. Licensees shall maintain the information required by this section and provide it to the Department upon request.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26031, 26050, 26051.5 and 26130, Business and Professions Code.

§15012. Incomplete and Abandoned Applications.

(a) Incomplete applications will not be processed. Applications will only be considered complete if all of the information required under sections 15002 and 15011 is included. The Department shall issue a written notice to the applicant, by mail, email, or through the Department's licensing system, informing them that the application is incomplete and identifying the information missing from the application.

(b) If the applicant fails to submit all required information within 180 days from the date of the initial written notice, the application shall be deemed abandoned.

(c) If the applicant fails to submit payment of the license fee within 60 calendar days from the date of the request for payment of the license fee, the application shall be deemed abandoned.

(d) The Department will not refund application fees for an incomplete or abandoned application.

(e) An applicant may reapply at any time following an abandoned application and will be required to submit a new application and application fee.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26012, 26050 and 26051.5, Business and Professions Code.

§15013. Withdrawal of Application.

(a) An applicant may withdraw an application at any time prior to the Department issuance of a license or denial of a license.

(b) Requests to withdraw an application must be submitted to the Department by mail in writing, dated, and signed by the applicant, or in writing by electronic mail to licensing@cannabis.ca.gov.

(c) In accordance with Business and Professions Code section 26057, withdrawal of an application shall not, unless the Department has consented in writing to such withdrawal, deprive the Department of its authority to institute or continue a proceeding against the commercial cannabis business for the denial of the license upon any ground provided by law or to enter an order denying the license upon any such ground.

(d) The Department will not refund application fees for a withdrawn application.

(e) An applicant may reapply at any time following the withdrawal of an application and will be required to submit a new application and application fee.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26050 and 26057, Business and Professions Code.

Article 3. Licensing

§15014. Fees.

(a) The application fee for an annual license under section 15002, a cannabis event organizer license under section 15600, a temporary cannabis event license under section 15601 for each event, and physical modification of the premises under section 15027 shall be paid by an applicant or licensee as provided by this division. Applicants and licensees shall pay the appropriate fee as outlined in this section.

Application Fee Schedule

License Type	*Fee Per Application*
Testing Laboratory, Distributor, Retailer, Microbusiness Annual Licenses	$1,000
Cannabis Event Organizer License	$1,000
Temporary Cannabis Event License	$1,000
Physical Modification of Premises for Testing Laboratory, Distributor, Retailer, Microbusiness, and Manufacturing Licenses	$500
Type 6, 7, N, or P Annual Manufacturing Licenses	$1,000

License Type	*Fee Per Application*
Type S Annual Manufacturing License	$500
Cultivation Annual Licenses	See (f)

(b) The annual licensing fee for each license shall be paid by an applicant after the Department has approved the application. The renewal license fee shall be paid by the licensee as required by section 15020. The Department shall not issue the license until the annual licensing fee has been paid.

(c) To determine the appropriate annual license fee due for testing laboratory, distributor, retailer, and microbusiness license types, the applicant or licensee shall first estimate the gross revenue for the 12-month license period. Based on the license type sought, the applicant or licensee shall identify the appropriate tier category in which their expected gross revenue belongs, as identified in the Annual License Fee Schedule charts found in this section. The license fee associated with the licensing tier category the applicant or licensee has identified using their expected gross revenue shall be the license fee due for the original license or renewal. The following are the annual license fees due for these license types to be paid prior to issuance of a license or renewed license:

Annual License Fee Schedule for Testing Laboratory (Type 8)

Gross Revenue ($ Max. Per License)	*Fee Per License*
Less than or equal to $160,000	$3,000
More than $160,000 and less or equal to $320,000	$6,000
More than $320,000 and less or equal to $480,000	$8,000
More than $480,000 and less or equal to $800,000	$13,000
More than $800,000 and less or equal to $1.2 million	$20,000
More than $1.2 million and less or equal to $2.0 million	$32,000
More than $2.0 million and less or equal to $2.8 million	$48,000
More than $2.8 million and less or equal to $4.4 million	$72,000
More than $4.4 million	$112,000

Annual License Fee Schedule for Distributor (Type 11 or 13), unless only engaging in transport only self-distribution

Gross Revenue ($ Max. Per License)	*Fee Per License*
Less than or equal to $1.0 million	$1,500
More than $1.0 million and less or equal to $2.5 million	$6,000
More than $2.5 million and less or equal to $5.0 million	$11,250
More than $5.0 million and less or equal to $10.0 million	$22,500

Gross Revenue ($ Max. Per License)	*Fee Per License*
More than $10.0 million and less or equal to $20.0 million	$45,000
More than $20.0 million and less or equal to $30.0 million	$75,000
More than $30.0 million and less or equal to $50.0 million	$120,000
More than $50.0 million and less or equal to $70.0 million	$180,000
More than $70.0 million	$240,000

Annual License Fee Schedule for Distributor Transport Only Self-Distribution (Type 13)

Gross Revenue ($ Max. Per License)	*Fee Per License*
Less than or equal to $1,000	$200
More than $1,000 and less or equal to $3,000	$500
More than $3,000	$1,000

Annual License Fee Schedule for Retailer (Type 9 or 10)

Gross Revenue ($ Max. Per License)	*Fee Per License*
Less than or equal to $500,000	$2,500
More than $500,000 and less or equal to $750,000	$5,500
More than $750,000 and less or equal to $1.0 million	$7,500
More than $1.0 million and less or equal to $1.5 million	$11,000
More than $1.5 million and less or equal to $2.0 million	$14,500
More than $2.0 million and less or equal to $3.0 million	$22,500
More than $3.0 million and less or equal to $4.0 million	$30,500
More than $4.0 million and less or equal to $5.0 million	$38,500
More than $5.0 million and less or equal to $6.0 million	$46,500
More than $6.0 million and less or equal to $7.5 million	$57,000
More than $7.5 million	$96,000

Annual License Fee Schedule for Microbusiness (Type 12)

Gross Revenue ($ Max. Per License)	*Fee Per License*
Less than or equal to $1.0 million	$5,000
More than $1.0 and less or equal to $2.0 million	$12,000
More than $2.0 and less or equal to $3.0 million	$20,000
More than $3.0 and less or equal to $4.0 million	$32,000

Gross Revenue ($ Max. Per License)	*Fee Per License*
More than $4.0 and less or equal to $6.0 million	$45,000
More than $6.0 and less or equal to $7.0 million	$60,000
More than $7.0 and less or equal to $10.0 million	$80,000
More than $10.0 and less or equal to $20.0 million	$100,000
More than $20.0 and less or equal to $30.0 million	$120,000
More than $30.0 and less or equal to $40.0 million	$140,000
More than $40.0 and less or equal to $50.0 million	$160,000
More than $50.0 and less or equal to $60.0 million	$180,000
More than $60.0 and less than or equal to $80.0 million	$220,000
More than $80 million	$300,000

(d) The annual license fee for a cannabis event organizer license shall be based on the number of planned operations during the license period as indicated in the chart below.

Annual License Fee Schedule for Cannabis Event Organizers

Planned Operations (Number of Operations)	*Fee Per License*
0-5 events annually	$3,000
6-10 events annually	$5,000
11-20 events annually	$9,000
Greater than 20 events annually	$20,000

(e) The annual license fee for a manufacturer license shall be based on gross revenue as indicated in the chart below.

(1) The applicant shall calculate the gross annual revenue for the licensed premises based on the annual gross sales of cannabis products and, if applicable, the annual revenue received from manufacturing, packaging, labeling or otherwise handling cannabis or cannabis products for other licensees, in the 12 months preceding the date of application.

(2) For a new license applicant, the gross annual revenue shall be based on the gross sales and revenue expected during the first 12 months following licensure.

(3) For a manufacturer licensee that is also licensed as a distributor or retailer, and that sells or transfers cannabis products manufactured on the licensed premises in a non-arm's length transaction, the annual gross sales or revenue for such transactions shall be based on the product's fair market value if it were to be sold in an arm's length transaction at wholesale.

(4) For purposes of this section, an "arm's length transaction" means a sale entered into in good faith and for valuable consideration that reflects the fair market value in the open

market between two informed and willing parties, neither under any compulsion to participate in the transaction.

Annual License Fee Schedule for Manufacturing (Type 6, 7, N, P, or S)

Gross Revenue ($ Max. Per License)	*Fee Per License*
Less than or equal to $100,000	$2,000
More than $100,000 and less or equal to $500,000	$7,500
More than $500,000 and less or equal to $1.5 million	$15,000
More than $1.5 million and less or equal to $3.0 million	$25,000
More than $3.0 million and less or equal to $5.0 million	$35,000
More than $5.0 million and less or equal to $10 million	$50,000
More than $10 million	$75,000

(f) The following are the application fees due for the specified annual cultivation license types to be paid at the time the complete application is submitted to the Department:

Application Fee Schedule for Cultivation

License Type	*Fee Per License*
Specialty Cottage Outdoor	$135
Specialty Cottage Indoor	$205
Specialty Cottage Mixed-Light Tier 1	$340
Specialty Cottage Mixed-Light Tier 2	$580
Specialty Outdoor	$270
Specialty Indoor	$2,170
Specialty Mixed Light-Tier 1	$655
Specialty Mixed Light-Tier 2	$1,125
Small Outdoor	$535
Small Indoor	$3,935
Small Mixed-Light Tier 1	$1,310
Small Mixed-Light Tier 2	$2,250
Medium Outdoor	$1,555
Medium Indoor	$8,655
Medium Mixed-Light Tier 1	$2,885
Medium Mixed-Light Tier 2	$4,945

License Type	*Fee Per License*
Nursery	$520
Processor	$1,040

(g) The following are the annual license fees due for the specified annual cultivation license types to be paid prior to issuance of a license or renewal of a license:

Annual License Fee Schedule for Cultivation

License Type	*Fee Per License*
Specialty Cottage Outdoor	$1,205
Specialty Cottage Indoor	$1,830
Specialty Cottage Mixed-Light Tier 1	$3,035
Specialty Cottage Mixed-Light Tier 2	$5,200
Specialty Outdoor	$2,410
Specialty Indoor	$19,540
Specialty Mixed-Light Tier 1	$5,900
Specialty Mixed-Light Tier 2	$10,120
Small Outdoor	$4,820
Small Indoor	$35,410
Small Mixed-Light Tier 1	$11,800
Small Mixed-Light Tier 2	$20,235
Medium Outdoor	$13,990
Medium Indoor	$77,905
Medium Mixed-Light Tier 1	$25,970
Medium Mixed-Light Tier 2	$44,517
Nursery	$4,685
Processor	$9,370

(h) All fees are nonrefundable.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26051.5 and 26180, Business and Professions Code.

§15014.1. Equity Fee Relief.

(a) For the purposes of this section, the following definitions apply:

(1) “Qualified equity applicant or licensee” means a person who is an owner in a commercial cannabis business pursuant to section 15003(a) and is either:

(A) A locally verified equity applicant or licensee in a jurisdiction with a local equity program as defined in subsection (a)(2); or

(B) An applicant or licensee who qualifies for the fee waiver program under the provisions of subsection (d).

(2) “Locally verified equity applicant or licensee” means an applicant or licensee that satisfies the following conditions:

(A) The applicant or licensee has submitted an application to a local jurisdiction to engage in commercial cannabis activity;

(B) The applicant or licensee's commercial cannabis operation is located within the boundaries of that jurisdiction;

(C) The applicant or licensee meets the requirements of that jurisdiction's local equity program; and

(D) The applicant or licensee has attested that they meet one of the criteria set in subsection (d).

(b) Commercial cannabis businesses with at least one qualified equity applicant or licensee shall be eligible for equity fee relief in the form of one fee waiver during each calendar year and one fee deferral for each additional license during each calendar year if they satisfy all of the following:

(1) The applicant or licensee has submitted a complete application for licensure, in accordance with section 15002, or has satisfied the licensure renewal requirements of section 15020.

(2) Only for fee waiver requests, the applicant or licensee expects a gross revenue less than or equal to $5,000,000, or a licensee with a gross revenue less than or equal to $5,000,000 and the applicant has submitted documentation demonstrating gross revenue. Documentation demonstrating gross revenue may include, but is not limited to, a copy of the licensee's state tax return filed with the California Department of Tax and Fee Administration.

(3) The qualified equity applicant or licensee, either individually or in combination with other qualified equity applicants or licensees, owns no less than 50 percent of the commercial cannabis business that is applying for licensure or is licensed.

(4) The applicant or licensee has timely submitted a request for equity fee relief with the information enumerated in subsections (c) and (d).

(A) To be eligible for a license fee waiver or deferral in the initial 12-month licensure period, the qualified equity applicant must indicate on the application for commercial cannabis license that they are also applying for equity fee relief from the Department.

(B) To be eligible for a license fee waiver or deferral at the time of renewal, the qualified equity licensee must submit a request for equity fee relief at least 60 calendar days before the expiration of the license. The Department will accept requests for equity fee relief from

qualified equity licensees who on the effective date of this section are less than 60 days from the date of license expiration. The Department will provide a refund if the Department determines the qualified equity licensee is eligible for a fee waiver or deferral after the licensee has paid all annual licensing fees, subject to available funding.

(c) To submit a request for equity fee relief, the qualified equity applicant or licensee shall submit all of the following to the Department:

(1) A complete list of every qualified equity applicant or licensee which includes the percentage of the aggregate ownership interest held by the qualified equity applicant or licensee in the commercial cannabis business.

(2) Contact information for each qualified equity applicant or licensee of the commercial cannabis business, including the name, title, phone number, and email address.

(3) Only for equity fee relief requestors that are locally verified equity applicants or licensees in a jurisdiction with a local equity program, an attestation to the following statement: Under penalty of perjury, I hereby declare that I am a locally verified equity applicant or licensee. I further declare that I satisfy at least one of the criteria set forth in California Code of Regulations, title 4, section 15014.1(d). I understand that the Department may investigate the accuracy of these declarations, and that a misrepresentation of fact is cause for rejection of this request for equity fee relief.

(4) An attestation that the qualified equity applicant or licensee, either individually or in combination with other qualified equity applicants or licensees, own no less than 50 percent of the commercial cannabis business that is applying for licensure or is licensed.

(d) All applicants or licensees must satisfy at least one of the following criteria to be granted a fee waiver or deferral. Qualified equity applicants or licensees that are locally verified equity applicants may establish that they satisfy at least one of these criteria by attestation, as set forth in subsection (c)(3). Qualified equity applicants or licensees that are not locally verified in a jurisdiction with a local equity program must submit evidence of at least one of the following for each equity applicant or licensee:

(1) The qualified equity applicant or licensee was convicted of an offense related to the sale, possession, use, manufacture, or cultivation of cannabis, prior to November 8, 2016. Proof of conviction shall be demonstrated by copies of federal or state court records indicating the disposition of the criminal matter; records reflecting the post-conviction dismissal or expungement of a conviction, including records reflecting the destruction of records under Health and Safety Code section 11361.5; or any other court or law enforcement record that shows proof of conviction.

(2) The qualified equity applicant or licensee was arrested for an offense related to the sale, possession, use, manufacture, or cultivation of cannabis, prior to November 8, 2016. Proof of arrest shall be demonstrated by copies of federal or state court records indicating the disposition of the criminal matter, records of expungement documentation, or any other law enforcement record that shows proof of arrest.

(3) The qualified equity applicant or licensee resides in a household with a household income less than or equal to 60 percent of the area median income for the local jurisdiction they reside, as reported in the most recent United States decennial or special census.

(A) Proof of income shall be demonstrated by the qualified equity applicant or licensee for each earner in their household using copies of at least one of the following records with a residential address in the local jurisdiction, which is not a post office box, dated within the last two years from the date of the request for equity fee relief:

(i) Individual federal tax returns, state tax returns, and W-2s;

(ii) At least two consecutive paystubs;

(iii) Proof of eligibility for a general assistance program that provides financial aid to adults without sufficient income or resources, including but not limited to CalFresh, MediCal/CalWORKS, supplemental security income, or social security disability.

(B) For the purposes of this subsection, “income” means the money income received in the preceding calendar year using the income measurement defined by the U.S. Census Bureau in their most recent United States decennial or special census.

(4) Proof that the qualified equity applicant or licensee resided for at least five years between 1980 and 2016 in an area with a population that was disproportionately impacted by past criminal justice policies implementing cannabis prohibition during their period of residency and that they satisfy one of the following:

(A) The qualified equity applicant or licensee resided in a census tract that is among the top 25 percent for civilian unemployment and poverty in the state based on the United States Census Bureau's 2013-2017 American Community Survey; or

(B) The qualified equity applicant or licensee has an immediate family member who was convicted or arrested of an offense related to the sale, possession, use, manufacture, or cultivation of cannabis, prior to November 8, 2016.

(C) For the purposes of this subsection, the following definitions apply:

(i) “An area with a population that was disproportionately impacted by past criminal justice policies implementing cannabis prohibition for at least five years” means a county within California with a per capita drug related arrest rate higher than the state's per capita drug related arrest rate between 1980 and 2016; these counties are: Alameda, Alpine, Contra Costa, Del Norte, Fresno, Glenn, Humboldt, Imperial, Inyo, Kern, Lake, Los Angeles, Mendocino, Merced, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, Santa Cruz, Sierra, Solano, Stanislaus, Tehama, Trinity, Tulare, Yolo, and Yuba.

(ii) “Immediate family member” means child, stepchild, parent, stepparent, brother, sister, half-brother, half-sister, stepsibling, legal guardian, grandparent, or great grandparent.

(D) Proof of residence shall be demonstrated by providing copies of at least two of the following records with a residential address in the local jurisdiction, which is not a post office box:

(i) California Driver's License or State Identification Card;

(ii) Property tax billing or payment, or evidence that the qualified equity applicant or licensee is otherwise exempt from property tax payment by law;

(iii) Signed residential lease agreement, or deed or title to residential real property;

(iv) Copies of state or federal tax returns;

(v) School records;

(vi) Banking or credit card records;

(vii) Voter registration;

(viii) Credit reports;

(ix) Utility, cable, or internet billing or payment; or

(x) Vehicle titles or proof of vehicle registration.

(E) Proof of an immediate family member's conviction or arrest shall be demonstrated by copies of federal or state court records indicating the disposition of the criminal matter; records reflecting the post-conviction dismissal or expungement of a conviction, including records reflecting the destruction of records under Health and Safety Code section 11361.5; or any other court or law enforcement record that shows proof of conviction or arrest.

(F) Proof of immediate family member shall be demonstrated by copies of documentation showing a familial relationship, including but not limited to, birth certificates or court records.

(e) Incomplete requests for equity fee relief will be denied. The Department will notify the applicant or licensee that the request for equity fee relief is denied and identify the deficiencies which caused the denial. An applicant or licensee may resubmit subsequent requests for equity fee relief after denial.

(f) The Department will process complete requests for equity fee relief in the order in which the application or renewal for commercial cannabis licensure has been approved by the Department. If a commercial cannabis business has submitted multiple requests for fee waivers, the Department will grant only one fee waiver to the applicant or licensee based on the first application or renewal for commercial cannabis licensure that has been approved by the Department.

(g) Issuance of fee waivers by the Department shall be subject to available funding; thus, all eligible applicants and licensees may not be granted a fee waiver. In the event that insufficient funding is available to issue a fee waiver, the Department will grant a fee deferral to qualified equity applicants and licensees.

(h) Fee deferrals granted by the Department shall be subject to the following conditions:

(1) All license fees must be paid in full no later than six months after the issuance or renewal of the license.

(2) The licensee’s failure to pay the appropriate licensing fee as required by section 15014, will result in further action being taken by the Department, including, but not limited to, denial of licensure renewal, suspension, or revocation of a license.

(3) No fee deferrals will be granted by the Department prior to January 1, 2023.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26051.5, 26180, and 26249, Business and Professions Code.

§15014.2. Fees. Large Cultivation License.

(a) Notwithstanding section 15014, the following are the application fees due for the specified large cultivation license types to be paid at the time the complete application is submitted to the Department:

Application Fee Schedule for Large Cultivation Licenses

Large License Type	*Fee Per Application*
Outdoor	$1,555
Mixed-light Tier 1	$2,885
Mixed-light Tier 2	$4,945
Indoor	$8,655

(b) Notwithstanding section 15014, the following are the annual license fees due for the aggregate canopy size for the annual cultivation license to be paid prior to issuance of a license, renewal of a license, or a converted license:

License Fee Schedule for Large Outdoor Cultivation

Canopy Size	*Fees*
Base Annual Fee	$13,990
Per 2,000 sq. ft. of Canopy over 1 acre	$640

License Fee Schedule for Large Mixed-light Tier 1 Cultivation

Canopy Size	*Fees*
Base Annual Fee	$25,970
Fee Per 2,000 sq. ft over 22,000 sq. ft.	$2,360

License Fee Schedule for Large Mixed-light Tier 2 Cultivation

Canopy Size	*Fees*
Base Annual Fee	$44,517
Fee Per 2,000 sq. ft over 22,000 sq. ft.	$4,040

License Fees Schedule for Large Indoor Cultivation

Canopy Size	*Fees*
Base Annual Fee	$77,905
Fee Per 2,000 sq. ft over 22,000 sq. ft.	$7,080

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26051.5, 26060, 26120 and 26180, Business and Professions Code.

§15015. Payment of Fees.

(a) Any fee specified in this division shall be paid to the Department of Cannabis Control by cash, check, money order, debit card, or credit card. Check and money order payments may be made out to the Department of Cannabis Control.

(b) If the fee is paid by debit or credit card:

(1) The payment shall be made through the Department's online licensing system; and

(2) The applicant or licensee may be required to pay any associated processing or convenience fees to the third-party vendor processing the payment on behalf of the Department.

(c) Failure to pay the appropriate licensing fee is grounds for discipline. If the Department determines that the licensee paid an amount less than the appropriate licensing fee under section 15014, the licensee will be required to pay the balance of the appropriate fee and a penalty fee of 50 percent of the appropriate licensing fee. The Department in its discretion may waive the penalty fee.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26051.5 and 26180, Business and Professions Code.

§15017. Substantially Related Offenses and Criteria for Rehabilitation.

(a) When evaluating whether an applicant or licensee has been convicted of a criminal offense, act, or professional misconduct that is substantially related to the qualifications, functions, or duties of the business for which the application is made, the Department shall consider all of the following criteria:

(1) The nature and gravity of the offense;

(2) The number of years that have elapsed since the date of the offense; and

(3) The nature and duties of the particular license in which the applicant seeks licensure or in which the licensee is licensed.

(b) For the purpose of denial, suspension, or revocation of a license, convictions that are substantially related to the qualifications, functions, or duties of the business for which the application is made include, but are not limited to:

(1) A violent felony conviction, as specified in Penal Code section 667.5(c).

(2) A serious felony conviction, as specified in Penal Code section 1192.7(c).

(3) A felony conviction involving fraud, deceit, or embezzlement.

(4) A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.

(5) A felony conviction for drug trafficking with enhancements pursuant to Health and Safety Code section 11370.4 or 11379.8.

(c) For the purpose of denial of a license to engage in commercial cannabis manufacturing, a conviction or violation from any jurisdiction that is substantially related to the qualifications, functions, or duties of the business for which the application is made include:

(1) A violation of section 110620, 110625, 110630, 110760, 110765, 110770, 110775, 111295, 111300, 111305, 111440, 111445, 111450, or 111455 of the Health and Safety Code that resulted in suspension or revocation of a license, administrative penalty, civil proceeding, or criminal conviction;

(2) A violation of Chapter 4 (sections 111950 through 112130) of Part 6 of Division 104 of the Health and Safety Code that resulted in suspension or revocation of a license, administrative penalty, civil proceeding, or criminal conviction;

(3) A conviction under section 382 or 383 of the Penal Code; and

(4) A violation identified in subsections (c)(1) or (c)(2) committed by a business entity in which an owner was an officer or had an ownership interest.

(d) Except as provided in subsections (b)(4) and (b)(5) and notwithstanding Chapter 2 (commencing with Section 480) of Division 1.5 of the Business and Professions Code, a prior conviction, where the sentence, including any term of probation, incarceration, or supervised release, is completed, for possession of, possession for sale, sale, manufacture, transportation, or cultivation of a controlled substance is not considered substantially related, and shall not be the sole ground for denial of a license. Conviction for any controlled substance felony, subsequent to licensure, shall be grounds for revocation of a license or denial of the renewal of a license.

(e) When evaluating whether an applicant who has been convicted of a criminal offense, act, or professional misconduct that is substantially related to the qualifications, functions, or duties of the business for which the application is made should be issued a license, the Department shall consider the following criteria of rehabilitation:

(1) The nature and gravity of the act, professional misconduct, or offense;

(2) Whether the person has a felony conviction based on possession or use of cannabis or cannabis products that would not be a felony if the person was convicted of the offense on the date of the person's application;

(3) The applicant's criminal record as a whole;

(4) Evidence of any act, professional misconduct, or offense committed subsequent to the act, professional misconduct, or offense under consideration that could be considered grounds for denial, suspension, or revocation of a commercial cannabis activity license;

(5) The time that has elapsed since commission of the act, professional misconduct, or offense;

(6) The extent to which the applicant has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant;

(7) If applicable, evidence of dismissal under Penal Code sections 1203.4, 1203.4a, 1203.41, 1203.42, or pursuant to another state's similar law;

(8) If applicable, evidence the applicant has been granted clemency or a pardon by a state or federal executive;

(9) If applicable, a certificate of rehabilitation obtained under Penal Code section 4852.01 or another state's similar law; and

(10) Other evidence of rehabilitation submitted by the applicant.

(f) If an applicant has been denied a license based on a conviction, the applicant may request a hearing pursuant to Business and Professions Code section 26058 to determine if the applicant should be issued a license.

(g) For the purpose of this section, "conviction" means a plea or verdict of guilty or a conviction following a plea of nolo contendere.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 480, 481, 482, 26012 and 26057, Business and Professions Code.

§15018. Additional Grounds for Denial of a License.

In addition to the reasons for denial in Business and Professions Code section 26057, a license may be denied for the following reasons:

(a) The applicant's proposed premises does not fully comply with standards set in regulation.

(b) The applicant's proposed or licensed premises is substantially different from the diagram of the proposed premises submitted by the applicant, in that the size, layout, location of common entryways, doorways, or passage ways means of public entry or exit, or identification of limited- access areas within the licensed premises is not the same.

(c) The applicant denied the Department access to the licensed premises or the property identified in the application as the premises.

(d) The applicant made a material misrepresentation on the application.

(e) The applicant did not correct the deficiencies within the application in accordance with sections 15002 and 15012.

(f) The applicant has been denied a license, permit, or other authorization to engage in commercial cannabis activity by a state or local licensing authority.

(g) The applicant's proposed premises is not in compliance with Division 13 (commencing with Section 21000) of the Public Resources Code.

(h) The applicant has failed to remit taxes as required under the Revenue and Taxation Code.

(i) The applicant may be denied a license for any violations of law related to the operations of the commercial cannabis business or for any violations of law related to licensure.

(j) The applicant has engaged in conduct that is grounds for disciplinary action specified in section 26030 of the Act.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 480, 490, 26012, 26030 and 26050, Business and Professions Code.

§15019. Excessive Concentration.

(a) In determining whether to grant, deny, or renew a license for a retail premises or microbusiness premises authorized to engage in retail sales, the Department shall consider if an excessive concentration exists in the area where the licensee will operate. For the purposes of this section "excessive concentration" applies when either of the following conditions exist:

(1) The ratio of licensees to population within the census tract or census division in which the applicant premises is located exceeds the ratio of licensees to population in the county in which the applicant premises is located, unless denial of the application would unduly limit the development of the legal market so as to perpetuate the illegal market for cannabis goods.

(2) The ratio of retail licenses or microbusiness licenses to the population within the census tract, census division, or jurisdiction exceeds that allowable by local ordinance adopted under Business and Professions Code section 26200.

(b) "Population Within the Census Tract or Census Division" as used in this section means the population as determined by the most recent United States decennial or special census. Such population determination shall not operate to prevent an applicant from establishing that an increase of resident population has occurred within the census tract or census division.

(c) "Population in the County" as used in this section shall be determined by the most recent annual population estimate for California counties published by the Demographic Research Unit, State Department of Finance.

(d) Beginning July 1, 2018, the Department shall calculate the ratios described in subsection (a) of this section once every six months using the most current available data. The Department's consideration of whether to grant, deny, or renew a license shall be based upon the most recent ratio calculated by the Department on the date of the Department's decision.

(e) The existence of an excessive concentration shall not be considered in determining whether to grant, deny, or extend a temporary license under Business and Professions Code section 26050.1.

(f) The applicant may provide reliable evidence establishing, to the satisfaction of the Department, that a denial of a license would unduly limit the development of the legal market so as to perpetuate the illegal market for cannabis goods.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26051, Business and Professions Code.

§15020. Renewal of License.

(a) To timely renew a license, a completed license renewal form and annual license fee pursuant to section 15014 shall be received by the Department from the licensee no earlier than 60 calendar days before the expiration of the license and no later than 5:00 p.m. Pacific Time on the last business day before the expiration of the license if the renewal form is submitted to the Department at its office(s), or no later than 11:59 p.m. on the last business day before the expiration of the license if the renewal form is submitted to the Department through its electronic licensing system. Failure to receive a notice for license renewal does not relieve a licensee of the obligation to renew all licenses as required.

(b) In the event the license is not submitted for renewal prior to the expiration date, the licensee must not sell, transfer, transport, manufacture, test, or distribute any commercial cannabis or cannabis products until the license is renewed.

(c) A licensee may submit a license renewal form up to 30 calendar days after the license expires. Any late renewal form will be subject to a late fee equal to 50 percent of the applicable licensing fee required by subsection (a). A licensee who does not submit a complete license renewal application, including the late fee, to the Department within 30 calendar days after the expiration of the license shall forfeit their eligibility for a license renewal and be required to submit a new license application.

(d) The license renewal form shall contain the following:

(1) The name of the licensee. For licensees who are individuals, the applicant shall provide both the first and last name of the individual. For licensees who are business entities, the licensee shall provide the legal business name of the commercial cannabis business.

(2) The license number and expiration date.

(3) The licensee's mailing address and licensed premises address.

(4) Documentation demonstrating the licensee's gross revenue for the current licensed period, such as a copy of the licensee's state tax return filed with the California Department of Tax and Fee Administration. This subsection does not apply to the renewal of cultivation licenses.

(5) Documentation of any change to any item listed in the original application under section 15002 that has not been reported to the Department through another process pursuant to the Act or this division.

(6) An attestation that all information provided to the Department in the license renewal form and the original application under section 15002 or subsequent notification under sections 15023 and 15024 is accurate and current.

(7) If applicable, a limited waiver of sovereign immunity pursuant to section 15009.

(8) For a licensee with more than one employee, the licensee shall attest that it employs, or will employ within one year of renewing the license, one supervisor and one employee who has successfully completed a Cal-OSHA 30-hour general industry outreach course offered by a training provider that is authorized by an OSHA Training Institute Education Center to provide the course.

(9) For a licensee with 10 or more employees, a statement that the licensee has already entered into and will abide by the terms of a labor peace agreement.

(e) Beginning January 1, 2022, an application for renewal of a license to engage in commercial cannabis cultivation shall include the following records, for each power source indicated on the application for licensure for the previous annual licensed period:

(1) Total electricity supplied by local utility provider, name of local utility provider, and greenhouse gas emission intensity per kilowatt hour reported by the utility provider under section 398.4(c) of the Public Utilities Code for the most recent calendar year available at time of submission;

(2) Total electricity supplied by a zero net energy renewable source, as set forth in section 398.4(h)(5) of the Public Utilities Code, that is not part of a net metering or other utility benefit;

(3) Total electricity supplied from other unspecified sources, as defined in section 398.2(e) of the Public Utilities Code, and other onsite sources of generation not reported to the local utility provider (e.g., generators, fuel cells) and the greenhouse gas emission intensity from these sources; and

(4) Average weighted greenhouse gas emission intensity considering all electricity use in subsections (e)(1)-(e)(3).

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050 and 26051.5, Business and Professions Code.

§15020.1. Cultivation License Limited Operations Status.

(a) Active cultivation licensees may place a cultivation license in Limited Operations Status as set forth in this section.

(b) “Limited Operations Status” means an inactive license status that allows a cultivation licensee to do only the following:

(1) Engage in the drying, curing, grading, trimming, packaging, and sale of cannabis harvested before the date the cultivation license was placed in Limited Operations Status.

(2) Possess and maintain seeds and immature plants used solely for propagation to preserve the genetic lineage of the cultivation licensee’s cannabis plants.

(c) Mature plants are prohibited on the premises of a cultivation license in Limited Operations Status. Any mature plants that have not been harvested before the date the cultivation license was placed in Limited Operations Status shall be destroyed within 30 days.

(d) To place a cultivation license in Limited Operations Status, a cultivation licensee shall do the following:

(1) Specify, on the license renewal form specified in section 15020(d), the request to place the cultivation license in Limited Operations Status.

(2) Pay the Department 20 percent of the applicable annual license fee for the cultivation licensee's current license type as required by section 15014 or section 15014.2.

(3) Meet all other renewal requirements pursuant to sections 15001.2 and 15020, if applicable.

(e) The Department shall verify that all requirements to place the cultivation license in Limited Operations Status have been met. If all requirements have been met, the Department shall notify the cultivation licensee in writing that the requirements for the requested Limited Operations Status have been met.

(f) Limited Operations Status granted pursuant to this section shall remain in effect for the duration of the license term. The cultivation licensee may request to place the cultivation license in Limited Operations Status at each subsequent renewal.

(g) This section does not apply to any of the following:

(1) Nursery licenses.

(2) Processor licenses.

(h) Cultivation licenses that are changed to a Reduced-Size Cultivation License pursuant to section 15020.2 shall not be placed in Limited Operations Status during the same license term.

Authority cited: Section 26061.5, Business and Professions Code. Reference: Sections 26012, 26050 and 26061.5, Business and Professions Code.

§15020.2. Cultivation License Reductions in Size.

(a) Active cultivation licensees may change an Original Cultivation License to a Reduced-Size Cultivation License as set forth in this section.

(b) The following definitions apply:

(1) "Original Cultivation License" means the provisional or annual cultivation license type indicated on the license prior to any reduction in size pursuant to this section.

(2) "Reduced-Size Cultivation License" means a cultivation license type specified by the cultivation licensee that satisfies both of the following:

(A) The maximum canopy size of the cultivation license is smaller than the maximum canopy size allowed by the cultivation licensee's Original Cultivation License.

(B) The cultivation license uses the same type of lighting (i.e., Indoor, Outdoor, Mixed-Light Tier 1, or Mixed-Light Tier 2) as the Original Cultivation License.

(c) To change an Original Cultivation License to a Reduced-Size Cultivation License, a cultivation licensee shall do the following:

(1) Specify, on the license renewal form specified in section 15020(d), the request to change the Original Cultivation License to a Reduced-Size Cultivation License. The request shall identify the specific cultivation license type corresponding to the cultivation licensee's requested reduced canopy size.

(2) Submit an updated premises diagram that does all of the following:

(A) Satisfies the requirements of section 15006;

(B) Identifies the canopy area for the Original Cultivation License; and

(C) Identifies the canopy area for the requested Reduced-Size Cultivation License. This canopy area shall be located within the canopy area of the Original Cultivation License.

(3) Pay the annual license fee applicable to the cultivation license type of the requested Reduced-Size Cultivation License as required by section 15014 or section 15014.2.

(4) Meet all other renewal requirements pursuant to sections 15001.2 and 15020, if applicable.

(d) The Department shall verify that all requirements for changing the cultivation license type have been met. If all requirements have been met, the Department shall notify the cultivation licensee in writing that the requirements for the change in cultivation license type have been met.

(e) A Reduced-Size Cultivation License shall remain in effect for the duration of the license term. At each subsequent renewal, the cultivation licensee may do any of the following:

(1) Retain the Reduced-Size Cultivation License.

(2) Change to a different Reduced-Size Cultivation License.

(3) Restore the Original Cultivation License.

(f) A provisional cultivation licensee shall continue to actively and diligently pursue the requirements for annual licensure, as required by section 15001(d). A provisional cultivation licensee may pursue annual licensure for either the Original Cultivation License or a Reduced-Size Cultivation License.

(1) A provisional cultivation licensee shall immediately notify the Department if it chooses to pursue annual licensure for a Reduced-Size Cultivation License. Such notification shall be submitted to the Department in writing by electronic mail to licensechange@cannabis.ca.gov. The notification shall identify the name of the provisional cultivation licensee, the Department-issued annual license application number, and the annual license type the provisional cultivation licensee is pursuing.

(2) Notwithstanding subsection (b)(1), after the issuance of an annual cultivation license, that license shall be considered the cultivation licensee's Original Cultivation License for purposes of this section.

(g) This section does not apply to any of the following:

(1) Nursery licenses.

(2) Processor licenses.

(h) Cultivation licenses placed in Limited Operations Status pursuant to section 15020.1 shall not be changed to a Reduced-Size Cultivation License during the same license term.

Authority cited: Section 26061.5, Business and Professions Code. Reference: Sections 26012, 26050 and 26061.5, Business and Professions Code.

§15020.3. Modifying Cultivation License Renewal Date.

(a) An active cultivation licensee may modify the renewal date of a cultivation license, as set forth in this section.

(b) “Modified License Term” means the period of time that falls between submission of a cultivation licensee’s request to modify a license date of renewal and the requested modified license renewal date.

(c) “Original Renewal Date” means the scheduled date of renewal indicated on the cultivation license, prior to any renewal date modification pursuant to this section.

(d) “Prorated Daily License Fee” means the prorated license fee for one calendar day, which shall be calculated by dividing the applicable annual license fee by 365. The applicable annual license fee shall be the license fee required by section 15014, section 15014.2, or section 15020.1(d)(2).

(e) To modify the renewal date of a cultivation license, the cultivation licensee shall submit to the Department a request through the Department’s online licensing system, which shall include the following:

(1) The name of the cultivation licensee;

(2) The license number and current expiration date;

(3) A requested modified renewal date that is on or after the date of submission to the Department of all the information required by this section;

(4) Whether the cultivation licensee requests to place the license in Limited Operations Status pursuant to section 15020.1 or make a change in cultivation license size pursuant to section 15020.2; and

(5) The name, phone number, email address, and signature of the designated primary contact person or designated responsible party for the cultivation licensee submitting the request.

(f) The Department shall verify that all requirements for modifying a cultivation license renewal date have been met. If all requirements have been met, the Department shall notify the cultivation licensee in writing that the requirements for the requested modified renewal date have been met and shall disclose the fee the cultivation licensee must pay for the Modified License Term or the amount that will be refunded by the Department.

(g) To determine the fee that must be paid for the Modified License Term or the amount that will be refunded to the cultivation licensee by the Department, the Department shall:

(1) Determine the gross amount of any credit due from the Department to the cultivation licensee. To determine this amount, the Department shall:

(A) Determine the Prorated Daily License Fee for the current cultivation license.

(B) Multiply that Prorated Daily License Fee by the number of days the current cultivation license would have remained valid in the absence of any change to its renewal date, counting from the date the cultivation licensee submitted a request pursuant to subsection (e) until the Original Renewal Date.

(2) Determine the gross amount of the fee due from the cultivation licensee to the Department for the Modified License Term. To determine this amount, the Department shall:

(A) Determine the Prorated Daily License Fee for the cultivation license's Modified License Term.

(B) Multiply that Prorated Daily License fee by the number of days remaining on that cultivation license, counting from the date the cultivation licensee submitted a request pursuant to subsection(e) until the cultivation licensee's requested modified license renewal date.

(3) Determine the net difference between the gross amount of the credit due from the Department to the cultivation licensee pursuant to subsection (g)(1) and the gross amount of the fee due from the cultivation licensee to the Department pursuant to subsection (g)(2).

(A) If the gross amount of the credit due pursuant to subsection (g)(1) exceeds the gross amount of the fee due pursuant to subsection (g)(2), that net difference shall be refunded to the cultivation licensee by the Department. Refunds issued by the Department shall not exceed the license fee subject to the Modified License Term.

(B) If the gross amount of the credit due pursuant to subsection (g)(1) is less than the gross amount of the fee due pursuant to subsection (g)(2), the cultivation licensee shall pay that net difference to the Department. Payment shall be due within 30 calendar days of the date of the notification from the Department required by subsection (f).

(h) Notwithstanding section 15014.1(h)(1), cultivation licensees who have obtained a fee deferral pursuant to section 15014.1 shall pay all license fees in full within six months of the deferral being granted, or prior to the modified license renewal date, whichever is sooner.

(i) Cultivation licensees may request to be placed in Limited Operations Status pursuant to section 15020.1 or change to a Reduced-Size Cultivation License pursuant to section 15020.2 for the duration of the Modified License Term.

(j) A cultivation licensee may only modify the renewal date of a cultivation license pursuant to this section once for each cultivation license.

Authority cited: Section 26061.5, Business and Professions Code. Reference: Sections 26012, 26050 and 26061.5, Business and Professions Code.

§15021. Denial of License.

(a) The Department may deny an application for a new license or a renewal of a license for any reason specified in Business and Professions Code section 26057, and on any additional grounds including grounds for denial under section 15018, and grounds for discipline under the Act or this division.

(b) Upon denial of an application for a license or renewal of a license, the Department shall notify the applicant in writing of the reasons for denial, and the right to a hearing to contest the denial.

(c) The applicant may request a hearing to contest the denial by submitting a written request to the Department at appeals@cannabis.ca.gov.

(1) The written request for a hearing must be received by the Department or postmarked within 30 calendar days of service of the notification of denial.

(2) If the written request for a hearing is not received within the required timeframe, the applicant's right to a hearing is waived.

(3) Upon timely receipt of the written request for hearing, the Department shall set a date for hearing to be conducted in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code.

(d) If a license application is denied due to an owner's conviction history, the Department shall notify the applicant of the process for the owner to request a copy of their complete conviction history and question the accuracy or completeness of the record pursuant to Penal Code sections 11122 through 11127.

Authority cited: Section 26013, Business and Professions Code; Reference: Sections 26012, 26057 and 26058, Business and Professions Code.

§15023. Business Modifications.

Business modifications shall be made in accordance with the following:

(a) Changes to standard operating procedures may be made without providing notification to the Department, except as required by the Act or this division. Licensees shall maintain a copy of all current and prior operating procedures as required by section 15037.

(b) If at the time of licensure, a licensee employed fewer than 20 employees and later employs 20 or more employees, within 60 days of employing 20 or more employees, the licensee shall provide to the Department a notarized statement that the licensee will enter into a labor peace agreement and will abide by the terms of the agreement or demonstrate that the commercial cannabis business has entered into a labor peace agreement by providing a copy of the signature page of the agreement.

(c) Licenses are not transferrable or assignable to another person or owner. In the event of the sale or other transfer of the business or operations covered by the licensee, changes in ownership shall be made in accordance with the following:

(1) If one or more of the owners change, the new owners shall submit the information required under section 15002(c)(16) for each new owner to the Department within 14 calendar days of the effective date of the ownership change. The business may continue to operate under the active license while the Department reviews the qualifications of the new owner(s) in accordance with the Act and these regulations to determine whether the change would constitute grounds for denial of the license, if at least one existing owner is not transferring their ownership interest and will remain as an owner under the new ownership structure. If all owners will be transferring their ownership interest, the business shall not operate under the new ownership structure until a new license application has been submitted to and approved by the Department, and all application and license fees for the new application have been paid. The former owner's inventory shall be transferred to the new owner's track and trace account upon issuance of the license.

(A) A change in ownership occurs when a new person meets the definition of owner in section 15003.

(B) A change in ownership does not occur when one or more owners leave the business by transferring their ownership interest to the other existing owner(s).

(2) In cases where one or more owners leave the business by transferring their ownership interest to the other existing owner(s), the owner or owners that are transferring their interest shall provide a signed statement to the Department confirming that they have transferred their interest within 14 calendar days of the change.

(d) When there is a change in financial interest holder(s) in the commercial cannabis business who do not meet the requirements for a new license application under this section, the licensee shall submit the information required by section 15002(c)(15) to the Department within 14 calendar days of the change.

(e) When any of the following changes occur, the licensee shall notify the Department within 14 calendar days of the change:

(1) Any change to contact information from the information provided to the Department in the original application.

(2) Any change in name if the licensee is an individual, or any change in legal business name if the licensee is a business entity.

(3) Any change in business trade names, fictitious business names, or doing business as ("DBA").

(4) Any change in the bond required under section 15002(c)(22).

(f) Licensees may request to add an A-designation or M-designation to their license by sending a notification to the Department signed by at least one owner as defined in section 15003. A licensee shall not operate under the requested designation until they have received approval from the Department.

(g) Microbusiness licensees may add a commercial cannabis activity to their license or remove a commercial cannabis activity from their license if doing so is consistent with the requirement set forth in section 15500(a) that licensees engage in at least three (3) commercial cannabis activities. Licensees shall request the modification by completing a request to modify the licensed premises pursuant to section 15027. A licensee shall not engage in a new commercial cannabis activity until they have paid for the modification and received approval from the Department.

(h) Except as permitted under Business and Professions Code section 26050.2(h), licensees may not be transferred from one premises to another. Licensees shall not operate out of a new premises until they have been issued a new license.

(i) For any business modification or notification under this section, licensees shall use and submit to the Department the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 2/22), which is incorporated herein by reference, unless the change relates to contact information and can be made through the Department's online system.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code.

§15024. Death, Incapacity, or Insolvency of a Licensee.

(a) In the event of the death, incapacity, receivership, assignment for the benefit of creditors or other event rendering one or more owners incapable of performing the duties associated with the license, the owner or owners' successor in interest (e.g., appointed guardian, executor, administrator, receiver, trustee, or assignee) shall notify the Department in writing, within 14 calendar days, by submitting the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 2/22), which is incorporated herein by reference.

(b) To continue operations or surrender the existing license, the successor in interest shall submit to the Department the following:

(1) The name of the successor in interest.;

(2) The name of the owner(s) for which the successor in interest is succeeding and the license number;

(3) The phone number, mailing address, and email address of the successor in interest; and

(4) Documentation demonstrating that the owner(s) is incapable of performing the duties associated with the license such as a death certificate or a court order, and documentation demonstrating that the person making the request is the owner or owners' successor in interest such as a court order appointing guardianship, receivership, or a will or trust agreement.

(c) The Department may give the successor in interest written approval to continue operations on the licensed business premises for a period of time specified by the Department:

(1) If the successor in interest or another person has applied for a license from the Department for the licensed premises and that application is under review;

(2) If the successor in interest needs additional time to destroy or sell cannabis or cannabis products; or

(3) At the discretion of the Department.

(d) The successor in interest is held subject to all terms and conditions under which a state cannabis license is held pursuant to the Act.

(e) The approval creates no vested right to the issuance of a state cannabis license.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code.

§15024.1. Cannabis and Cannabis Products After Termination of License.

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

(a) The cannabis or cannabis products may be destroyed by the former licensee; or

(b) A licensed distributor or licensed microbusiness authorized to engage in distribution may be authorized by the Department to procure and distribute the former licensee's entire inventory stock in accordance with the following;

(1) A licensed distributor or licensed microbusiness authorized to engage in distribution shall, within 14 calendar days of the termination of the former licensee's license, submit a written request to the Department, on the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-028 (New 2/22), which is incorporated by reference, for authorization to procure the cannabis or cannabis products from the former licensee; and

(2) Upon approval from the Department, the licensed distributor or licensed microbusiness authorized to engage in distribution shall transport the cannabis or cannabis products as follows:

(A) Cannabis goods shall be transported to a licensed distribution premises where the distributor shall arrange for laboratory testing and perform quality assurance in accordance with chapter 2. If the cannabis goods have already been tested in accordance with chapter 6 and have a valid certificate of analysis for regulatory compliance testing that is less than 12 months old, the cannabis goods are not required to undergo additional testing.

(B) Cannabis that requires further processing as defined in section 15000(e), or further manufacturing as defined in section 15000(pp), shall be transported to a licensee licensed to conduct the additional processing or manufacturing.

(C) Cannabis or cannabis products that require packaging and labeling shall be transported to a licensee licensed to conduct packaging and labeling of the cannabis or cannabis products.

(D) Cannabis products that require further manufacturing as defined in section 15000(pp) shall be transported to a licensed manufacturer.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26011.5 and 26013, Business and Professions Code.

§15025. Additional Premises Requirements for Retailers and Microbusinesses Authorized to Engage in Retail.

(a) Licensed retailers and licensed microbusinesses authorized to engage in retail sales shall only serve customers who are within the licensed premises, or at a delivery address that meets the requirements of this division.

(1) The sale and delivery of cannabis goods shall not occur through a pass-out window or a slide-out tray to the exterior of the licensed premises.

(2) Licensed retailers or licensed microbusinesses authorized to engage in retail sales shall not operate as or with a drive-in or drive-through at which cannabis goods are sold to persons within or about a motor vehicle, except for curbside delivery conducted pursuant to section 15404.

(b) Alcoholic beverages as defined in Business and Professions Code section 23004 shall not be stored or consumed on a licensed premises.

(c) Any licensed retailer or microbusiness authorized to conduct retail sales that is adjacent to another premises engaging in manufacturing, cultivation, or distribution shall be separated from those premises by solid walls that extend from floor to ceiling, and any doors leading to the cultivation, distribution, or manufacturing premises shall remain closed.

(d) Cannabis goods shall not be dispersed in the air throughout the premises or throughout a portion of the premises by an oil diffuser or any other vaporizing device that is intended to disperse the vapor throughout the premises or throughout a portion of the premises. This section shall not be interpreted to prohibit cannabis goods consumption on the premises of a licensed retailer or licensed microbusiness authorized to engage in retail sales that is conducted in accordance with Business and Professions Code section 26200(g).

(e)Notwithstanding subsection (a), a commercial cannabis business may have a drive-in or drive-through window only if, prior to June 1, 2018:

(1) The commercial cannabis business received a license or permit from the local jurisdiction for a premises including a drive-in or drive-through window which was disclosed on the local application; or

(2) The commercial cannabis business has submitted an application to the local jurisdiction for a license or permit which, at the time of submission of the application, included information that a drive-in or drive-through window was already part of, or proposed to be part of, the premises, and after June 1, 2018, the local jurisdiction approves the premises with a drive-in or drive-through window.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26001, 26012 and 26053, Business and Professions Code.

§15027. Modification of Premises or Operations.

(a) A licensee shall not, without the prior written approval of the Department, make a physical change, alteration, or modification of the licensed premises that materially or substantially alters the licensed premises or the use of the licensed premises from the premises diagram originally filed with the license application. A licensee whose licensed premises is to be materially or substantially changed, modified, or altered is responsible for filing a request for premises modification with the Department.

(b) Material or substantial changes, alterations, or modifications to a licensed cultivation premises requiring prior approval from the Department are:

(1) Modification to any area described in the licensee's cultivation plan including, but not limited to, the removal, creation, or relocation of canopy, processing, packaging, composting, harvest storage, and storage areas for pesticides and other chemicals.

(2) Change in water or power source(s).

(3) Any increase or decrease in the total physical size or capacity of the licensed premises.

(4) Any physical change that would require a building permit, zoning change, or other approval from the applicable local jurisdiction.

(c) Material or substantial changes, alterations, or modifications to a licensed manufacturing premises that require prior approval from the Department are:

(1) The addition of any ethanol, carbon dioxide, or volatile extraction method or extraction unit.

(2) Any increase or decrease in the total physical size or capacity of the licensed premises.

(3) Any physical change that would require the installation of additional video surveillance cameras or a change in the video surveillance system to meet the requirements of section 15044, or alarm system to meet the requirements of section 15047.

(4) Any physical change that would require a building permit, zoning change, or other approval from the applicable local jurisdiction.

(d) Material or substantial changes, alterations, or modifications to a licensed microbusiness premises that require prior approval from the Department are:

(1) The addition of a commercial cannabis activity pursuant to section 15500(h).

(2) Any material or substantial changes, alterations, or modifications listed in subsections (b), (c), or (e), as applicable to the licensed microbusiness' commercial cannabis activities.

(e) Material or substantial changes, alterations, or modifications to a licensed distribution, retail, or testing laboratory premises that require prior approval from the Department include, but are not limited to:

(1) Any increase or decrease in the total physical size or capacity of the licensed premises.

(2) Any physical change that would require the installation of additional video surveillance cameras or a change in the video surveillance system to meet the requirements of section 15044, or alarm system to meet the requirements of section 15047.

(3) Any physical change that would require a building permit, zoning change, or other approval from the applicable local jurisdiction.

(f) Licensees shall request approval of a physical change, alteration, or modification through the online licensing system in writing, by submitting the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 2/22), which is incorporated herein by reference, and the request shall include:

(1) A new premises diagram that conforms to requirements in section 15006; and

(2) A fee pursuant to section 15014 for all licensees except licensed cultivators.

(g) A licensee shall provide additional documentation requested by the Department to evaluate the licensee's request to modify the licensed premises.

(h) Licensees shall notify the Department of all changes, alterations, or modifications to a licensed premises or the licensee's operations that do not require prior approval pursuant to subsections (b), (c), (d), and (e) through the online licensing system or by submitting the Licensee Notification and Request Form, Notifications and Request to Modify a License,

DCC-LIC-027 (Amended 2/22), which is incorporated herein by reference, and a new premises diagram that conforms to requirements in section 15006. Notifications pursuant to this subsection shall be submitted to the Department no later than three (3) business days after the changes, alterations, or modifications have been made to the licensed premises.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26055, Business and Professions Code.

§15027.1. Conversion to Large and Medium Cultivation Licenses.

(a) A licensee may convert existing cultivation licenses into a Large or Medium Cultivation license if the following requirements are met:

(1) The location to be licensed consists of licensed or previously licensed cultivation sites, as listed in section 16201. The licensee must have at least one active license within the boundaries of the proposed premises at the time they request conversion.

(2) The licenses to be converted are held by the same person(s) as the requested converted Large or Medium Cultivation license.

(b) To obtain a conversion into a Large or Medium Cultivation license, an eligible licensee shall submit to the Department the following information:

(1) The name of the Designated Responsible Party requesting the conversion.

(2) The license numbers of the current or previous cultivation licenses to be converted.

(3) The physical address(es) for the current or previous cultivation licenses to be converted.

(4) A diagram of the proposed premises that meets the requirements of section 15006.

(5) A proposed cultivation plan that meets the requirements in section 16309.

(6) If the conversion necessitates additional review pursuant to CEQA (division 13 (commencing with section 21000) of the Public Resources Code); the licensee shall provide evidence of compliance with CEQA in accordance with section 15010.

(7) The identities of all owners and financial interest holders, as defined in sections 15003 and 15004, for the converted license. The information for all owners required in section 15002, subsection (c)(16) and all information required for financial interest holders in section 15002, subsection (c)(15) shall be submitted to the Department by entering the information into the appropriate fields within the Department's licensing system.

(c) The Department shall verify that all requirements for conversion have been met. If all requirements have been met, the Department shall notify the licensee in writing that the conversion requirements have been met and they may pay the applicable license fee provided for in section 15014.2 or 15014. The fee associated with the converted license shall be paid within 30 calendar days of the notification from the Department required by this subsection. The converted license will become active on the date the fee associated with the converted license is paid in full. If the licensee has been granted a fee deferral pursuant to Business and Professions Code section 26249, the converted license will become active on the date of the notification from the Department that all conversion requirements have been

met and the fee associated with the converted license shall be paid in accordance with the provisions of the fee deferral.

(d) A conversion shall not be subject to an application fee.

(e) Notwithstanding sections 15014.2 and 15014, if time remains on any of the licenses to be converted, the prorated value for each day remaining on each license approved for

conversion will be credited to the license fee amount for the converted license. The amount credited shall not exceed the license fee for the converted license.

(f) At the time a converted Large or Medium Cultivation license becomes active, the licenses that are converted or within the boundaries of the converted license shall be cancelled by the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050, 26055, 26060.1 and 26061, Business and Professions Code.

§15034. Significant Discrepancy in Inventory.

A significant discrepancy in inventory means a five percent difference between the licensee's physical inventory and the inventory recorded in the track and trace system.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15035. Notification of Criminal Acts, Civil Judgments, Violations of Labor Standards, and Revocation of a Local License, Permit, or Other Authorization After Licensure.

(a) A licensee shall ensure that the Department is notified in writing of a criminal conviction of any owner, either by mail or electronic mail, within 48 hours of the conviction. The written notification to the Department shall include the date of conviction, the court docket number, the name of the court in which the licensee was convicted, and the specific offense(s) for which the licensee was convicted.

(b) A licensee shall ensure that the Department is notified in writing of a civil penalty or judgment rendered against the licensee or any owner in their individual capacity, either by mail or electronic mail, within 48 hours of delivery of the verdict or entry of judgment, whichever is sooner. The written notification shall include the date of verdict or entry of judgment, the court docket number, the name of the court in which the matter was adjudicated, and a description of the civil penalty or judgment rendered against the licensee.

(c) A licensee shall ensure that the Department is notified in writing of an administrative order or civil judgment for violations of labor standards against the licensee or any owner in their individual capacity, either by mail or electronic mail, within 48 hours of delivery of the order. The written notification shall include the date of the order, the name of the agency issuing the order, and a description of the administrative penalty or judgment rendered against the licensee.

(d) A licensee shall ensure that the Department is notified in writing of the revocation of a local license, permit, or other authorization held by the licensee or any owner in their individual capacity, either by mail or electronic mail, within 48 hours of receiving notice of the revocation. The written notification shall include the name of the local agency involved, a written explanation of the proceeding or enforcement action, and the specific violation(s) that led to revocation.

(e) For any notification required under this section, licensees shall use and submit to the Department the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 2/22), which is incorporated herein by reference.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26030 and 26031, Business and Professions Code.

§15036. Notification of Theft, Loss, and Criminal Activity.

(a) A licensee shall notify the Department and local law enforcement within 24 hours of discovery of any of the following situations:

(1) The licensee discovers a significant discrepancy, as defined in section 15034, in its inventory.

(2) The licensee discovers diversion, theft, loss, or any other criminal activity pertaining to the operations of the licensee.

(3) The licensee discovers diversion, theft, loss, or any other criminal activity by an agent or employee of the licensee pertaining to the operations of the licensee.

(4) The licensee discovers loss or unauthorized alteration of records related to cannabis or cannabis products, customers, or the licensee's employees or agents.

(5) The licensee discovers any other breach of security.

(b) The notification to the Department pursuant to subsection (a) shall be submitted on the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-028 (New 2/22), which is incorporated herein by reference, and shall include the date and time of occurrence of the theft, loss, or criminal activity, the name of the local law enforcement agency that was notified, and a description of the incident including, where applicable, the item(s) that were taken or lost.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15037. General Record Retention Requirements.

(a) Licensees must keep and maintain records in connection with the licensed commercial cannabis business. Records must be kept for at least seven years from the date of creation, unless a shorter time is specified. Records include, but are not limited to:

(1) Financial records including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California Department of Tax and Fee

Administration (formerly Board of Equalization) under title 18, California Code of Regulations, sections 1698 and 4901.

(2) Personnel records, including each employee's full name, Social Security number or individual taxpayer identification number, date employment begins, and date of termination of employment, if applicable.

(3) Training records including, but not limited to, the content of the training provided and the names of the employees who received the training.

(4) Contracts regarding commercial cannabis activity.

(5) Permits, licenses, and other local authorizations to conduct the licensee's commercial cannabis activity.

(6) All other documents prepared or executed by an owner or their employees or assignees in connection with the licensed commercial cannabis business.

(7) Records required by the Act or this division.

(b) Records must be kept in a manner that allows the records to be produced for the Department in either hard-copy or electronic form.

(c) Records must be legible and accurate. No person may intentionally misrepresent or falsify records.

(d) Records must be stored in a secured area where the records are protected from debris, moisture, contamination, hazardous waste, and theft.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26160 and 26161, Business and Professions Code.

§15037.1. Licensee Authorization to Release Data to Financial Institutions.

(a) A licensee may authorize the Department to provide information to a financial institution for purposes of facilitating the provision of financial services. The authorization shall be made in writing, through a form prescribed by the Department, which shall include the following information:

(1) The name of the licensed business for which the licensee is authorizing the release of information;

(2) The business' license number(s);

(3) The financial institution authorized to receive information;

(4) The name, phone number, email address, and signature of the owner submitting the authorization;

(5) The categories of information specified in subsection (b) that are authorized for release; and

(6) An acknowledgement that the authorization to release information includes information that is otherwise protected from disclosure, that the licensee is waiving privilege and

confidentiality, and that the scope of the release is strictly limited to the purposes of disclosure to the financial institution.

(b) After receipt of the authorization, the Department shall release the following information, as designated by the licensee, when requested by an authorized financial institution pursuant to section 15037.2 of this division:

(1) The license application(s), including renewal applications, excluding information required to be kept confidential pursuant to Penal Code section 11105 and confidential personal information of individual owners of the licensed business;

(2) Information captured in the track-and-trace system established pursuant to Business and Professions Code section 26067, including, but not limited to, aggregated sales or transfer information, as applicable; and

(3) Documents issued to the licensee pursuant to disciplinary or enforcement proceedings.

(c) A licensee may withdraw the authorization to provide information to a financial institution at any time. The withdrawal shall be made in writing, through a form prescribed by the Department, and shall include the following information:

(1) The name of the licensed business for which the licensee is withdrawing the authorization of the release of information;

(2) The business' license number(s);

(3) The financial institution from which authorization to receive information is withdrawn; and

(4) The name, phone number, email address, and signature of the owner submitting the withdrawal.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26260, Business and Professions Code.

§15037.2. Financial Institution Request for Licensee Information.

A financial institution, as defined in Business and Professions Code section 26260(c)(3), may request information related to a licensee for purposes of facilitating the provision of financial services for that licensee. The request shall be made in writing, through a form prescribed by the Department, which shall include the following information:

(a) The name of the financial institution;

(b) The name, phone number, email, and signature of the representative of the financial institution requesting information;

(c) The business name and license number of the licensee for which the financial institution is requesting information;

(d) The type of financial services for which the information is requested (including, but not limited to, establishment or maintenance of bank accounts, extending loans, and providing insurance) and whether the request is for consideration of a new service or maintenance of an existing service;

(e) The specific information requested as described in section 15037.1(b), if authorized by the licensee; and

(f) An acknowledgment that use of the information is limited to that information which is necessary for the provision of financial services.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26260, Business and Professions Code.

§15038. Disaster Relief.

(a) If a licensee is unable to comply with any licensing requirements due to a disaster, the licensee may notify the Department of this inability to comply and request relief from the specific licensing requirement.

(b) The Department may exercise its discretion to provide temporary relief from specific regulatory requirements in this division and from other licensing requirements when allowed by law.

(c) Temporary relief from specific licensing requirements shall be issued for a reasonable amount of time in order to allow the licensee to recover from the disaster.

(d) The Department may require that certain conditions be followed in order for a licensee to receive temporary relief from specific licensing requirements.

(e) A licensee shall not be subject to an enforcement action for a violation of a licensing requirement during the time in which the licensee has received temporary relief and is in compliance with any conditions of relief required by the Department.

(f) For the purposes of this section, “disaster” means condition of extreme peril to the safety of persons and property within the state or a county, city and county, or city caused by such conditions as air pollution, fire, flood, storm, tidal wave, epidemic, riot, drought, terrorism, sudden and severe energy shortage, plant or animal infestation or disease, Governor’s warning of an earthquake or volcanic prediction, or an earthquake, or similar public calamity, other than conditions resulting from a labor controversy, for which the Governor has proclaimed a state of emergency in accordance with Government Code sections 8558 and 8625, or for which a local governing body has proclaimed a local emergency in accordance with Government Code sections 8558 and 8630.

(g) A licensed premises that has been vacated by a licensee due to a disaster shall not be deemed to have been abandoned.

(h) Notwithstanding subsection (a), if a licensee needs to move cannabis or cannabis products stored on the licensed premises to another location immediately to prevent loss, theft, or degradation of the cannabis or cannabis products from the disaster, the licensee may move the cannabis or cannabis products without obtaining prior approval from the Department if the following conditions are met:

(1) The cannabis or cannabis products are moved to a secure location where access to the cannabis or cannabis products can be restricted to the licensee, its employees, and contractors;

(2) The licensee notifies the Department in writing that the cannabis or cannabis products have been moved and that the licensee is requesting relief from complying with specific licensing requirements pursuant to subsection (a) within 24 hours of moving the cannabis or cannabis products;

(3) The licensee agrees to grant the Department access to the location where the cannabis or cannabis products have been moved for inspection; and

(4) The licensee submits a request for temporary relief as described in subsection (i) in writing to the Department within 14 calendar days of moving the cannabis or cannabis products.

(i) Requests for temporary disaster relief shall include the following:

(1) Name of the licensed commercial cannabis business requesting relief.

(2) License number issued by the Department.

(3) Premises address.

(4) Contact information for the owner submitting the request, including name, phone number, and email address.

(5) Date of request.

(6) Specific statutes and regulations from which relief is requested.

(7) Time period for which the relief is requested.

(8) Reason(s) for the request, including a clear explanation of how the relief requested is tied to the specific circumstances of the declared disaster.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code.

Article 4. Posting and Advertising

§15039. License Posting Requirement.

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

(b) Upon issuance of any license, a retailer, whose licensed premises is open to the public, shall prominently display the Quick Response Code (QR Code) certificate issued by the Department so that it can be viewed and scanned from outside of the licensed premises.

(c) The QR Code certificate displayed by a licensee, as required by subsection (b), shall be posted in the front window of the licensed premises within three (3) feet of any public entrance to the licensed premises, or in a locked display case mounted on the outside wall of the licensed premises within three (3) feet of any public entrance to the licensed premises. The QR Code certificate shall be posted in a manner that is clearly visible from outside of the licensed premises to the public and all persons entering the premises.

(d) The QR Code certificate displayed by the licensee as required by subsection (b) shall comply with the following requirements:

(1) The QR Code certificate shall be printed on paper, glass, metal, or other material not less than 8.5 inches by 11 inches.

(2) The QR Code on the certificate posted, as required by this section, shall not be less than 3.75 inches by 3.75 inches.

(3) The QR Code on the certificate shall be of sufficient clarity that the code can be read by a smartphone or device capable of reading QR Codes from a distance of at least three (3) feet.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26053, Business and Professions Code.

§15040. Advertising Placement and Prohibitions.

(a) Any advertising or marketing, as defined in Business and Professions Code section 26150, that is placed in broadcast, cable, radio, print, and digital communications:

(1) Shall only be displayed after a licensee has obtained reliable up-to-date audience composition data demonstrating that at least 71.6 percent of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older;

(2) Shall not use any depictions or images of minors or anyone under 21 years of age;

(3) Shall not use any images that are attractive to children, including, but not limited to:

(A) Cartoons;

(B) Any likeness to images, characters, or phrases that are popularly used to advertise to children;

(C) Any imitation of candy packaging or labeling; or

(D) The terms “candy” or “candies” or variants in spelling such as “kandy” or “kandeez.”

(4) Shall not advertise free cannabis goods or cannabis accessories. This includes promotions such as:

(A) Buy one product, get one product free;

(B) Free product with any donation; and

(C) Contests, sweepstakes, or raffles.

(b) In addition to the requirements for advertising and marketing in subsection (a), all outdoor signs, including billboards, shall:

(1) Be affixed to a building or permanent structure; and

(2) Comply with the provisions of the Outdoor Advertising Act, commencing with section 5200 of the Business and Professions Code, if applicable.

(c) For the purposes of this section, “reliable up-to-date audience composition data” means data regarding the age and location demographics of the audience viewing a particular

advertising or marketing medium. “Reliable up-to-date audience composition data” does not include data from the most recent United States decennial or special census, or the annual population estimate for California counties published by the Demographic Research Unit, State Department of Finance.

(d) Immediately upon request, a licensee shall provide to the Department audience composition data as required in subsection (a) for advertising or marketing placed by the licensee.

(e) If the Department determines that audience composition data for advertising or marketing provided by a licensee does not comply with the requirements of subsection (a), or the licensee fails to provide audience composition data to the Department upon request, the licensee shall remove the advertising or marketing placement in question.

(f) In construing and enforcing the advertising provisions of the Act and this division, any action, omission, or failure of an advertising agent, representative, or contractor retained by the licensee shall in every case be deemed the act, omission, or failure of the licensee.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26151 and 26152, Business and Professions Code.

§15040.1. Marketing Cannabis Goods as Alcoholic Products.

Licensees shall not market, advertise, sell or transport cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term used to describe a type of alcohol or alcoholic beverage that may create a misleading impression that the product is an alcoholic beverage as defined in division 9 of the Business and Professions Code. Nothing in this section shall be interpreted as prohibiting a company or brand name associated with alcoholic beverages from appearing on cannabis goods or in marketing and advertisements for cannabis goods provided the cannabis goods do not create a misleading impression that the product is an alcoholic beverage.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26054, 26151 and 26152, Business and Professions Code.

§15040.2. Prohibited Business Promotions.

(a) A licensee shall not give away any amount of cannabis or cannabis products, or any cannabis accessory, as part of a business promotion.

(b) A licensee shall not hold a raffle or sweepstakes as part of a business promotion.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26153, Business and Professions Code.

§15041. Age Confirmation in Advertising.

(a) Prior to any advertising or marketing from the licensee involving direct, individualized communication or dialogue, the licensee shall use age affirmation to verify that the recipient is 21 years of age or older.

(b) For the purposes of this section, direct, individualized communication or dialogue may occur through any form of communication, including in-person, telephone, physical mail, or electronic.

(c) A method of age verification is not necessary for a communication if the licensee can verify that the licensee has previously had the intended recipient undergo a method of age affirmation and the licensee is reasonably certain that the communication will only be received by the intended recipient.

(d) A licensee shall use a method of age affirmation before having a potential customer added to a mailing list, subscribe, or otherwise consent to receiving direct, individualized communication or dialogue controlled by a licensee.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26151 and 26152, Business and Professions Code.

§15041.1. Branded Merchandise.

(a) “Branded merchandise” means non-consumable consumer goods utilized by a licensee for advertising and marketing purposes. Examples of branded merchandise include clothing, bags, pens, keychains, mugs, water bottles, lanyards, stickers, pins, and posters. “Branded merchandise” does not include items containing cannabis or any items that are considered food as defined by Health and Safety Code section 109935.

(b) Branded merchandise shall identify the licensee responsible for its content by displaying the licensee’s license number in a manner that is permanently affixed to the merchandise, legible, and clearly visible from the outside of the merchandise.

(c) Branded merchandise shall not be designed in any manner that is attractive to children as specified in section 15040(a)(3).

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26152, Business and Professions Code.

§15041.2. Trade Samples.

(a) For the purposes of this division, “trade sample” means a limited amount of cannabis or cannabis product that has been designated by a licensee to be provided to the licensee’s employees or other licensees for the purposes of targeted advertising and product education.

(b) Cannabis or cannabis products that have been designated as trade samples may be provided from one licensee to another licensee for the purpose of providing the recipient licensee with product information to aid in making purchasing decisions about new or existing cannabis or cannabis products.

(c) Mature plants shall not be designated as trade samples. Immature plants, seeds and propagated material shall only be designated or provided to licensees as trade samples by licensed nurseries.

Authority cited: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1, Business and Professions Code.

§15041.3. Designating Trade Samples.

(a) Licensees shall designate cannabis and cannabis products as trade samples through the track and trace system.

(b) At the time of designation as a trade sample, cannabis or cannabis products must be in the possession of the licensee making the designation.

(c) Once cannabis or cannabis products have been designated as a trade sample, the designation cannot be changed, unless the designation is changed to medicinal donation pursuant to section 15411 by the licensee originally designating the cannabis or cannabis products as a trade sample.

(d) After laboratory testing, cannabis and cannabis products that have been designated as trade samples may be transferred to a licensee's employees or other licensees in accordance with section 15041.4.

Authority cited: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1, Business and Professions Code.

§15041.4. Providing Trade Samples.

(a) Cannabis or cannabis products that have been designated as trade samples may be provided to any licensee except licensed cannabis event organizers, distributor transport only licensees, and testing laboratory licensees.

(b) The following licensees may designate and provide trade samples to their own employees and other licensees:

(1) Cultivators;

(2) Manufacturers;

(3) Distributors; and

(4) Microbusinesses authorized to engage in cultivation, manufacturing, or distribution.

(c) Notwithstanding subsection (b), licensed nurseries may only provide trade samples to licensed cultivators and may not provide trade samples to their own employees.

(d) The following licenses shall not designate or provide trade samples to other licensees:

(1) Retailers;

(2) Cannabis event organizers;

(3) Distributor transport only licensees; and

(4) Testing laboratories.

(e) Licensed retailers may designate and provide trade samples to their own employees for product education but shall not provide them to another licensee as specified in subsection (d).

(f) Cannabis and cannabis products designated as trade samples may not be provided:

(1) For any payment or consideration;

(2) Without adhering to sales and excise tax requirements, if any;

(3) To employees as compensation;

(4) To an unlicensed person, including retail customers; or

(5) For a cost.

(g) The transfer from one licensee to another of cannabis and cannabis products designated as a trade sample must be recorded in the track and trace system.

(h) A licensee may provide cannabis and cannabis products that have been received from another licensee as a trade sample to an employee for that employee's inspection or consumption.

(i) Cannabis and cannabis products provided to employees as trade samples must be properly recorded in the track and trace system. The transaction shall be recorded as a package adjustment when provided to the employee. The adjustment note must include the name or licensee-assigned employee number of the employee and the date and time the cannabis and cannabis products were provided to the employee.

(j) Cannabis and cannabis products provided to employees as trade samples shall not be sold, given away, or otherwise transferred by the employee to any person.

Authority cited: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1, Business and Professions Code.

§15041.5. Requirements for Trade Samples.

(a) In addition to the requirements of section 15041.3(d), cannabis and cannabis products provided to another licensee as a trade sample must be packaged and labeled in accordance with the packaging and labeling requirements found in the Act and this division for cannabis and cannabis products sold at retail.

(b) Cannabis and cannabis products provided to another licensee as a trade sample must comply with all laboratory testing requirements applicable to cannabis and cannabis products sold at retail, except for immature plants, seeds, and propagated material.

(c) All trade samples must be labeled with the following: "TRADE SAMPLE. NOT FOR RESALE OR DONATION."

(d) After laboratory testing, cannabis and cannabis products designated as trade samples must remain in the packaging until provided to a licensee's employee for inspection or consumption and must not be opened, resealed, or repackaged in any way.

(e) Transportation of cannabis and cannabis products designated as trade samples must be conducted in accordance with the transportation requirements in the Act and this division. Any licensee authorized to engage in distribution activities may transport trade samples.

(f) Notwithstanding subsection (e), an employee of a licensee authorized to engage in transportation may transport cannabis and cannabis products designated as trade samples

in a vehicle that is not registered to the licensee and shall not be required to comply with the requirements of section 15311(g). Employees transporting cannabis and cannabis products under this subsection shall not transport an amount of cannabis or cannabis products that exceeds the possession limits established in section 11357 of the Health and Safety Code.

(g) Licensees who receive immature plants, seeds, and propagated material as trade samples shall not sell, give away, or distribute cannabis derived from the cultivated trade sample.

Authority cited: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1, Business and Professions Code.

§15041.6. Consumption of Trade Samples.

(a) All consumption of cannabis and cannabis products provided as a trade sample must comply with all laws regarding the consumption of cannabis and cannabis products.

(b) Cannabis and cannabis products provided to employees as trade samples shall not be consumed by employees who are engaging in the transportation of cannabis and cannabis products, delivery of cannabis and cannabis products, any activity that requires the operation of a motor vehicle, or any activity that requires the use of heavy machinery, solvents, or asphyxiants.

(c) Cannabis trade samples provided to a licensee or their employees that are not consumed must be destroyed in accordance with the requirements of the Act and this division.

Authority cited: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1, Business and Professions Code.

§15041.7. Trade Sample Limits.

(a) A licensee is limited to designating the following aggregate amounts of cannabis and cannabis products as trade samples in a calendar month period:

(1) For cannabis in the form of dried flower, a total of two pounds.

(2) For manufactured and nonmanufactured cannabis products, a total of 900 individual units.

(3) For seeds, immature plants, and other propagated material, 18 seeds, 12 seedlings, and 8 cuttings or tissue cultures, per strain.

(b) Licensees authorized to provide trade samples may provide trade samples to multiple employees or recipient licensees.

(c) A licensee is limited to providing the following aggregate amounts of cannabis and cannabis products as trade samples to each recipient licensee in a calendar month period:

(1) For cannabis in the form of dried flower, five (5) grams per strain and no more than six (6) strains to each recipient licensee.

(2) For manufactured and nonmanufactured cannabis products, five (5) individual units, as packaged for retail sale, per cannabis product line and no more than six (6) individual cannabis product lines to each recipient licensee.

(3) For seeds, immature plants, and other propagated material, no more than six (6) strains to each recipient licensee.

(d) A licensee is limited to providing no more than one (1) individual cannabis and cannabis product line to each recipient employee in a calendar month period.

(e) The limits provided in subsection (c) apply to the transfer of cannabis trade samples from one licensee to each recipient licensee and do not limit the total amount of cannabis trade samples that a licensed distributor may transport.

Authority cited: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1, Business and Professions Code.

Article 5. Security Measures

§15042. Premises Access Requirements.

(a) For a premises that is not open to the public, the licensee shall establish and implement an identification and sign-in/sign-out procedure for all persons accessing the premises, including authorized individuals, suppliers, and visitors.

(b) Licensees shall ensure that only employees of the licensee and other authorized individuals access the licensed premises.

(c) For the purpose of this section, “authorized individuals” include outside vendors, contractors, or other individuals conducting business that requires access to the licensed premises.

(d) An individual who enters the licensed premises and is not employed by the licensee shall be escorted by an employee of the licensee at all times while within the licensed premises.

(e) A licensee shall maintain a record of all authorized individuals who are not employees of the licensee who enter the licensed premises. The record shall include the name of the individual, the company the individual works for, the reason the individual entered the licensed premises, the date, and the times the individual entered and exited the licensed premises. These records shall be made available to the Department immediately upon request.

(f) A licensee shall not receive consideration or compensation for permitting an individual to enter the licensed premises.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26160, Business and Professions Code.

§15042.1. Security Plan for Licensed Manufacturers.

A licensed manufacturer shall develop and implement a written security plan. At a minimum, the security plan shall include a description of the security measures to:

(a) Prevent access to the manufacturing premises by unauthorized persons and protect the physical safety of employees. This includes, but is not limited to:

(1) Establishing physical barriers to secure perimeter access and all points of entry into a manufacturing premises (such as locking primary entrances with commercial-grade, non-residential door locks, providing fencing around the grounds and driveway, and securing any secondary entrances including windows, roofs, and ventilation systems);

(2) Installing a security alarm system to notify and record incident(s) where physical barriers have been breached;

(3) Establishing an identification and sign-in/sign-out procedure for authorized personnel, individuals, suppliers, and visitors;

(4) Maintaining the premises such that visibility and security monitoring of the premises is possible; and

(5) Establishing procedures for the investigation of suspicious activities.

(b) Deterring theft or loss of cannabis and cannabis products. This includes, but is not limited to:

(1) Establishing an inventory system to track cannabis and cannabis products and the personnel responsible for processing it throughout the manufacturing process;

(2) Limiting access of personnel within the premises to those areas necessary to complete job duties, and to those timeframes specifically scheduled for completion of job duties, including access by outside vendors, suppliers, contractors or other individuals conducting business with the licensee that requires access to the premises;

(3) Supervising tasks or processes with high potential for diversion, including the loading and unloading of cannabis and cannabis products from transportation vehicles; and

(4) Providing areas in which personnel may store and access personal items that are separate from the manufacturing areas.

(c) Securing and backing up electronic records in a manner that prevents unauthorized access and ensures that the integrity of the records is maintained.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26051.5, Business and Professions Code.

§15043. Licensee Employee Badge Requirement.

All agents, officers, or other persons acting for or employed by a licensee conducting retail sales or participating in a temporary cannabis event shall display a laminated or plastic-coated identification badge issued by the licensee at all times while engaging in commercial cannabis activity. The identification badge shall, at a minimum, include the licensee's "doing business as" name and license number, the employee's first name, an employee number exclusively assigned to that employee for identification purposes, and a color photograph of the employee that clearly shows the full front of the employee's face and that is at least 1 inch in width and 1.5 inches in height.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15044. Video Surveillance System.

(a) Each licensed premises shall have a digital video surveillance system with a minimum camera resolution of 1280 × 720 pixels on the licensed premises. This requirement does not apply to a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises.

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

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

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

(1) Areas where cannabis or cannabis products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;

(2) Limited-access areas;

(3) Security rooms;

(4) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and

(5) Entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points.

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

(f) Cameras shall record continuously 24 hours per day and at a minimum of 15 frames per second (FPS).

(g) The physical media or storage device on which surveillance recordings are stored shall be secured in a manner to protect the recording from tampering or theft.

(h) Surveillance recordings shall be kept for a minimum of 90 calendar days.

(i) Surveillance recordings are subject to inspection by the Department and shall be kept in a manner that allows the Department to view and obtain copies of the recordings at the licensed premises immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the Department upon request within the time specified by the Department.

(j) Recorded images shall clearly and accurately display the time and date. Time is to be measured in accordance with the standards issued by the United States National Institute of Standards and Technology. The displayed date and time shall not cover the view of recorded images in a manner that prevents the ready identification of any person or activity in the captured image.

(k) The video surveillance system shall be equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the video surveillance system or video surveillance-system storage device.

(l) If multiple licensed premises are contained within the same building or on the same parcel of land, a single video surveillance system covering the entire building or parcel of land may be used by all of the licensees if all licensees have immediate access to the surveillance recordings to produce them pursuant to subsection (i). All licensees sharing a video surveillance system shall be held responsible and subject to discipline for any violations of the video surveillance requirements.

(m) Notwithstanding subsection (a), a licensed distributor transport only licensee engaged in self-distribution whose premises is on the same parcel of land as their licensed cultivation premises shall not be required to comply with the provisions of this section.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15045. Security Personnel.

(a) A licensed retailer or licensed microbusiness authorized to engage in retail sales shall hire or contract for security personnel who are at least 21 years of age to provide onsite security services for the licensed retail premises during the hours of operation. All security personnel hired or contracted for by the licensee shall be licensed by the Bureau of Security and Investigative Services and shall comply with chapters 11.4 and 11.5 of division 3 of the Business and Professions Code.

(b) Notwithstanding subsection (a), a licensed non-storefront retailer or licensed microbusiness who is not engaged in storefront retail sale is not required to hire or contract for security personnel.

(c) If multiple licensed premises are contained within the same building, security personnel may be shared by all of the licensees to cover the entire building. However, all licensees shall be held responsible and subject to discipline for any violations of the security personnel requirements.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15046. Locks.

A licensee shall ensure that all limited-access areas can be securely locked using commercial-grade, nonresidential door locks. A licensee shall also use commercial-grade, nonresidential door locks on all points of entry and exit to the licensed premises. This

requirement does not apply to a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15047. Alarm System.

(a) A licensee shall maintain an alarm system as defined in Business and Professions Code section 7590.1(c) at the licensed premises. This requirement does not apply to a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises.

(b) A licensee shall ensure a licensed alarm company operator or one or more of its registered alarm agents installs, maintains, monitors, and responds to the alarm system.

(c) Upon request, a licensee shall make available to the Department all information related to the alarm system, monitoring, and alarm activity.

(d) If multiple licensed premises are contained within the same building or parcel of land, a single alarm system covering the entire building or parcel of land may be used by all of the licensees if all licensees have access to and are able to provide the information under subsection (c). All licensees shall be held responsible and subject to discipline for any violations of the alarm system requirements.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

Article 6. Track and Trace Requirements

§15047.1. Definitions.

(a) “Plant tag” means the tag that is labeled with a UID number and provided by the Department or the Department’s designee for attaching to a cannabis plant.

(b) “Package tag” means the RFID-enabled tag that is labeled with a UID number and provided by the Department or the Department’s designee for attaching to batches of cannabis or cannabis products.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15047.2. General Requirements.

(a) A licensee shall create and maintain an account within the track and trace system prior to engaging in any commercial cannabis activity.

(b) All commercial cannabis activity shall be accurately recorded in the track and trace system.

(c) A licensee is responsible for the accuracy and completeness of all data and information entered into the track and trace system. The licensee is responsible for all actions taken by

the designated account manager or other account users while performing track and trace activities.

(d) A person shall not intentionally misrepresent or falsify information entered into the track and trace system.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15048. Training and Credentialing.

(a) Each applicant or licensee shall identify an owner of the commercial cannabis business as the track and trace system account manager. A licensee may change the account manager by submitting a written request to the Department.

(b) No later than 10 calendar days after license issuance, the designated account manager shall:

(1) Complete new user system training provided by the Department.

(2) Email support@metrc.com from the designated account manager's email address to request access to the track and trace system.

(3) Complete the credentialing process to establish a login.

(c) The account manager and each user shall utilize a unique login, consisting of a username and password. The account manager and each user shall only access the track and trace system under their assigned login. No account manager or user shall share their login, username, or password, with any other individual for any reason.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15048.1. Responsibilities of the Designated Account Manager.

(a) A licensee and their designated account manager(s) shall:

(1) Designate track and trace system users, as needed, and require the system users to be trained in the proper and lawful use of the track and trace system before the users are permitted to access the track and trace system;

(2) Maintain an accurate and complete list of all of the licensee's track and trace system users, including full names and usernames, and update the list immediately when changes occur;

(3) Remove a user from the licensee's track and trace system account when that individual is no longer authorized to represent the licensee;

(4) Correct any data entry errors within three (3) calendar days of discovery of the error;

(5) Tag and enter all inventory in the track and trace system as required by section 15049;

(6) Monitor all system notifications and resolve all issues identified. The notification shall not be dismissed by an account manager before resolution of the issue(s) identified in the notification;

(7) Notify the Department of any loss of access to the track and trace system that exceeds 72 hours; and

(8) Reconcile the inventory of cannabis and cannabis products on the licensed premises with the track and trace system database at least once every thirty (30) calendar days.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070 and 26160, Business and Professions Code.

§15048.2. General Tag Requirements.

(a) A licensee shall only use plant and package tags provided and distributed by the Department or the Department's designee.

(b) A licensee shall only use plant and package tags assigned in the track and trace system to that licensee and shall not transfer unused tags to any other licensee.

(c) A licensee shall maintain a sufficient supply of tags to support tagging in accordance with this chapter.

(d) Plant and package tags shall be discarded after they are no longer required for use.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26050.1, 26067, 26070, 26160 and 26161, Business and Professions Code.

§15048.3. Ordering Tags.

(a) For licensees conducting cultivation, manufacturing, distribution, or testing:

(1) A licensee's account manager shall place the initial order of plant or package tags within ten (10) calendar days of initial credentialing into the track and trace system and shall reorder plant or package tags as needed.

(2) The receipt of plant or package tags shall be recorded in the track and trace system within three (3) calendar days of receipt. If ordered plant or package tags are not received by the licensee, the licensee shall notify the Department.

(3) For cultivation licensees, if the Department approves a request for a license designation change pursuant to section 15023(f), the licensee is required to order, apply, and report applicable plant and package tags in accordance with this article.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067, 26069 and 26160, Business and Professions Code.

§15048.4. Tagging of Cannabis Plants.

(a) Immature cannabis plants shall be tagged as follows:

(1) Each established lot of immature plants shall be assigned a plant tag. Each lot of immature plants under a single plant tag shall be uniform in strain or cultivar and contain no

more than 100 individual immature plants at any one time. The lot plant tag shall be visible and within clear view of an individual standing next to the immature lot and kept free from dirt and debris. Each lot shall either:

(A) Have each immature plant in the lot labeled with the UID number and placed contiguous to one another to facilitate identification by the Department; or

(B) Be fully separated from other lots of immature or mature plants by a physical barrier. In such cases, each individual plant does not need to be labeled with the corresponding UID number.

(2) Immature plants transferred from a licensed nursery for retail sale shall be transferred in a package with a package tag. The receiving licensee shall remove the licensed nursery's package tag and assign a plant or package tag, as applicable, belonging to the receiving licensee within three (3) calendar days of receiving the immature plants.

(3) A plant tag shall be applied to each individual plant in accordance with subsection (b) at the time the plant is moved to the designated canopy area or begins flowering.

(b) Mature cannabis plants shall be tagged as follows:

(1) Each mature plant shall be tagged with a plant tag. A plant tag shall be attached to the main stem at the base of each plant, placed in a position so it is visible and within clear view of an individual standing next to the mature plant, and kept free from dirt and debris.

(2) Licensees are prohibited from removing the plant tag from the mature plant to which it was attached and assigned until the plant is harvested, destroyed, or disposed of.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067 and 26069, Business and Professions Code.

§15048.5. Use of Harvest Batch Name and Package Tags.

(a) Harvested plants that are hanging, drying, or curing shall be assigned a unique harvest batch name, which shall be recorded in the track and trace system and placed within clear view of an individual standing next to the batch. The assigned harvest batch name shall match what is in the track and trace system and the harvest batch name next to the batch shall be the same.

(b) Each harvest batch and manufactured cannabis batch shall be assigned a package tag and recorded in the track and trace system. For each harvest batch, the package tag shall be assigned and recorded in the track and trace system no later than the time at which any part of that harvest batch has finished undergoing any applicable drying, curing, grading, and trimming.

(c) For all cannabis and cannabis products held in a container, the package tag shall be affixed to the container holding the cannabis or cannabis products. If cannabis or cannabis products are held in multiple containers, the package tag shall be affixed to one of the containers and the other containers shall be labeled with the applicable UID number. Each unit within the container shall be labeled with the applicable UID number. All containers with the same UID number shall be placed contiguous to one another to facilitate identification by the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15049. Track and Trace Reporting.

(a) All cannabis and cannabis products on the licensed premises shall be assigned a plant or package tag, as applicable, except for harvested plants that are being dried, cured, graded, or trimmed, as specified in this division, and recorded in the track and trace system.

(b) Each of the following activities shall be recorded in the track and trace system within 24 hours of occurrence:

(1) Receipt of cannabis or cannabis products.

(2) Rejection of transferred cannabis or cannabis products.

(3) Manufacturing of cannabis or cannabis products.

(4) Use of cannabis or cannabis product for internal quality control testing or product research and development.

(5) Destruction or disposal of cannabis or cannabis products.

(6) Packaging or repackaging of cannabis or cannabis products, except that cultivation licensees shall comply with section 15049.1(b)(5).

(7) Laboratory testing, including testing results.

(8) Sale or donation of cannabis or cannabis products.

(c) The following information shall be recorded in the track and trace system for each activity entered pursuant to subsection (b):

(1) The type of cannabis or cannabis products.

(2) The weight, volume, or count of the cannabis or cannabis products.

(3) The date of activity.

(4) The UID assigned to the cannabis or cannabis products.

(5) The brand name of the cannabis goods.

(6) If cannabis or cannabis products are being destroyed or disposed of, the licensee shall record the following information in the notes section:

(A) The name of the employee performing the destruction or disposal;

(B) The reason for destruction or disposal; and

(C) The method of disposal.

(d) If a package adjustment is used to adjust the quantity of cannabis or cannabis products in the track and trace system, the licensee shall include a description explaining the reason for adjustment.

(e) If a licensee rejects a partial shipment of cannabis goods pursuant to section 15052.1(b), the licensee shall record the partial rejection in the track and trace system.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067 and 26169, Business and Professions Code.

§15049.1. Additional Requirements for Recording Cultivation Activities.

(a) The licensee shall record the following cultivation activities in the track and trace system within three (3) calendar days of occurrence:

(1) Planting of an immature lot;

(2) Moving immature plants to a designated canopy area, flowering of an individual plant, or application of a plant tag to an immature plant, in accordance with section 15048.4;

(3) Destruction or disposal of an immature or mature plant; and

(4) Harvesting of a mature plant, or portion thereof.

(b) The following information shall be reported in the track and trace system for each harvest batch:

(1) The wet weight of each harvest batch, which shall be obtained by the licensee immediately after harvest;

(2) The weight of cannabis waste associated with each harvested plant;

(3) The unique name of the harvest batch; and

(4) The initiating date of the harvest. For purposes of this section, the “initiating date” of the harvest is the month, day, and year the first mature cannabis plants in the harvest batch were cut, picked, or removed from the soil or other growing media.

(c) After the entire harvest batch has been dried, trimmed, cured, and packaged, the licensee shall indicate in the track and trace system that the harvest is finished.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067 and 26069, Business and Professions Code.

§15049.2. Recording Transfers of Cannabis and Cannabis Products.

(a) A licensee shall prepare a shipping manifest through the track and trace system prior to transferring cannabis and cannabis products off of a licensed premises. The following information shall be recorded on the shipping manifest by the licensee initiating the transfer:

(1) The name, license number, and premises address of the originating licensee;

(2) The name and license number of the distributor transporting the cannabis and cannabis products;

(3) The name, license number, and premises address of the licensee receiving the cannabis or cannabis products into inventory or storage;

(4) The UID numbers for all items being transferred;

(5) The item name, item category and weight or count of cannabis or cannabis products associated with each package tag;

(6) The estimated date and time of departure from the licensed premises;

(7) The estimated date and time of arrival at each licensed premises; and

(8) The driver's license number of the personnel transporting the cannabis and cannabis products, and the make, model, and license plate number of the vehicle used for transport.

(b) The distributor who transports the cannabis or cannabis product shall record the following additional information on the shipping manifest:

(1) The actual date and time of departure from the licensed premises; and

(2) The actual date and time of arrival at each licensed premises.

(c) Upon pick-up or receipt of cannabis and cannabis products for transport, storage, or inventory, a licensee shall ensure that the cannabis or cannabis products received are as described in the shipping manifest. The licensee shall record acceptance or receipt, and acknowledgment of the cannabis or cannabis products in the track and trace system.

(d) If there are any discrepancies between type or quantity of cannabis or cannabis products specified in the shipping manifest and the type or quantity received by the licensee, the licensee shall reject the shipment.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070, 26160 and 26161, Business and Professions Code.

§15049.3. Track and Trace Requirements for Delivery.

(a) A licensed retailer conducting delivery of cannabis goods shall create a delivery inventory ledger in the track and trace system and record the information required under subsections (b)(1) through (7) prior to the delivery employee leaving the licensed retail premises for each delivery trip. A delivery trip begins when the delivery employee leaves the licensed retail premises to conduct delivery of cannabis goods.

(b) The delivery inventory ledger shall include the following information:

(1) The delivery inventory ledger number generated by the track and trace system and assigned to the specific delivery trip.

(2) The name and license number of the licensed retailer.

(3) The delivery employee's name, employee ID, and driver's license number.

(4) The delivery vehicle's make, model, and license plate number.

(5) The item name and category of each cannabis good to be carried on the delivery trip, the UID(s) assigned to those cannabis goods, and the number of units associated with each UID on the delivery inventory ledger.

(6) The UID(s) of any cannabis goods ordered by customers and processed by the licensed retailer prior to the delivery employee leaving the licensed retail premises.

(7) The date and time the delivery employee begins the delivery trip.

(c) For each delivery of cannabis goods, the following information shall be recorded within the track and trace system by the end of the calendar day on which the delivery was completed:

(1) The date and time the delivery was completed. A delivery is completed at the time the cannabis goods are physically provided to the customer.

(2) Whether the customer is an adult-use customer, medicinal cannabis patient, or patient's primary caregiver.

(3) The UID and quantity of each cannabis good delivered.

(4) The purchase price of each cannabis good delivered.

(5) The city, county, and zip code in which the delivery was completed.

(d) If a delivery employee returns to the licensed retail premises to obtain additional inventory of cannabis goods for delivery to be conducted on the same day and by the same delivery employee, the licensed retailer may continue the existing delivery trip in the track and trace system. If the licensed retailer chooses to continue the existing delivery trip, the additional inventory is considered part of the existing delivery trip and a new delivery inventory ledger is not required. The licensed retailer shall record the following information within the track and trace system under the existing delivery inventory ledger number for any additional cannabis goods to be carried on the same delivery trip:

(1) The item name and category of each additional cannabis good to be carried on the delivery trip, the UID(s) assigned to those cannabis goods, and the number of units associated with each UID on the delivery inventory ledger.

(2) The date and time the delivery employee leaves the licensed retail premises to continue the delivery trip.

(e)(1) The end date and time of the delivery trip shall be:

(A) Except as provided in subsection (e)(1)(B), the date and time the delivery employee returned to the licensed retail premises after conducting all deliveries that are part of the same delivery trip.

(B) If the delivery employee does not carry any unsold cannabis goods and does not return to the licensed retail premises on the same day after delivering all cannabis goods carried in the vehicle on the delivery trip, the date and time at which the delivery employee completed the last delivery of cannabis goods on the delivery trip.

(2) No later than the end of the calendar day on which the delivery trip occurred:

(A) If a delivery employee still carries unsold cannabis goods at the end of a delivery trip, the delivery employee must return to the licensed premises, remove the unsold cannabis goods from the delivery inventory ledger, and return the unsold cannabis goods to the licensed retailer's inventory within the track and trace system.

(B) The licensed retailer shall record the end date and time of the delivery trip in the track and trace system.

(f) Notwithstanding subsections (a) through (e), prior to April 1, 2023, licensed retailers may comply with this section by maintaining delivery inventory ledgers in accordance with this subsection.

(1) Delivery inventory ledgers may be maintained by licensed retailers in hard copy or electronically and shall include the item name, category, UID, and unit quantity of each cannabis good carried on a delivery trip.

(2) All cannabis goods prepared for an order that was received and processed by the licensed retailer prior to the delivery employee's departure from the licensed retail premises must be clearly identified on the delivery inventory ledger.

(3) During a delivery trip, the delivery inventory ledger must be updated after each completed delivery to reflect the remaining inventory carried by the delivery employee.

(4) All sales of cannabis goods conducted by delivery must be entered into the track and trace system within 24 hours of the date and time the delivery trip was completed, as defined in subsection (e)(1).

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26068 and 26090, Business and Professions Code.

§15050. Loss of Access.

(a) If at any point a licensee loses access to the track and trace system for any reason, the licensee shall prepare and maintain comprehensive records detailing all commercial cannabis activities that were conducted during the loss of access.

(b) The licensee shall not initiate transport for, receive, or deliver any cannabis or cannabis products until such time as access is restored.

(c) Once access has been restored, the licensee shall:

(1) Within three calendar days, enter all commercial cannabis activity that occurred during the loss of access into the track and trace system.

(2) Document the cause for loss of access, and the dates and times for when access to the track and trace system was lost and when it was restored.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070 and 26160, Business and Professions Code.

§15051. Track and Trace System Reconciliation.

(a) The license shall review the information recorded in the track and trace system at least once every 30 calendar days to ensure its accuracy, including, at a minimum:

(1) Reconciling on-hand inventory of cannabis and cannabis product with the records in the track and trace system; and

(2) Reviewing the licensee's authorized users and removing any users who are no longer authorized to enter information into the track and trace system.

(b) If a licensee finds a discrepancy between the on-hand inventory and the track and trace system, the licensee shall conduct an audit and notify the Department in writing if the discrepancy is significant as defined in section 15034.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070 and 26160, Business and Professions Code.

Article 7. Acceptance or Rejection of Shipments

§15052. Returns.

(a) Cannabis and cannabis products may be returned from the licensee currently in possession to the originating licensee for any lawful business purpose in accordance with the following:

(1) Cannabis and cannabis products shall not be reprocessed, rebranded, relabeled, physically repackaged, have their expiration dates amended, or be modified in any way without prior approval from the Department. To receive approval to modify the cannabis or cannabis products, licensees shall submit a corrective action plan that meets the requirements specified in section 17305.

(2) After being returned, cannabis and cannabis products shall be transported to a licensed distributor to undergo laboratory testing in accordance with chapters 2 and 6 and quality assurance review pursuant to sections 15307 and 15307.1 prior to being transported to a licensed retailer.

(b) Returns of cannabis and cannabis products shall be recorded in the track and trace system on a return manifest that shall contain the reason for the return.

(c) Cannabis and cannabis products shall not be transported pursuant to a return unless the licensee returning the cannabis and cannabis products and the licensee receiving the cannabis and cannabis products have both consented to the return. The licensee who receives the return shall physically accept the return and enter it into the track and trace system.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26070 and 26160, Business and Professions Code.

§15052.1. Acceptance or Rejection of Shipments.

(a) Licensees shall accept or reject, in whole, shipments of cannabis or cannabis products.

(b) Notwithstanding subsection (a), partial shipments of cannabis or cannabis products shall be rejected in the following circumstances:

(1) If a licensee receives a shipment containing cannabis or cannabis products that differ from those listed on the sales invoice or receipt, the licensee shall reject the portion of the shipment that is not accurately reflected on the sales invoice or receipt.

(2) If a licensee receives a shipment containing any cannabis or cannabis products that were damaged during transportation, the licensee shall reject that portion of the shipment that was damaged.

(3) If a licensee receives a shipment containing cannabis or cannabis products that is non-compliant with labeling requirements or exceeds its provided expiration date, the licensee shall reject the portion of the shipment that is non-compliant with labeling requirements or expired.

(c) The licensee rejecting a shipment of cannabis or cannabis products, whether in whole or in part, shall record in the track and trace system and indicate on any relevant manifest, invoice, or sales receipt the specific reason for rejection.

(d) The licensee who originated a rejected shipment shall physically accept the rejected shipment and record it in the track and trace system.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26067, 26070 and 26161, Business and Professions Code.

Chapter 2. Distributors

§15300. Distribution Activities.

A licensed distributor shall distribute only cannabis and cannabis products, cannabis accessories, and licensees' branded merchandise or promotional materials.

Authority cited: Sections 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15301. Storage Services.

(a) A licensed distributor may provide storage services, including storage-only services that are unrelated to the quality assurance and laboratory testing processes, to a licensed cultivator, licensed manufacturer, licensed microbusiness, licensed retailer, or another licensed distributor.

(b) A licensed distributor may provide storage services to other licensees for cannabis goods packaged as they will be sold at retail, cannabis accessories, and licensees' branded merchandise or promotional materials only.

(c) A licensed distributor shall ensure that each batch of cannabis goods that are stored for another licensee are stored in accordance with section 15302.

(d) Notwithstanding subsection (b), a licensed distributor shall not store live plants, except for seeds, on the licensed premises.

(e) Items held for storage-only services by a licensed distributor pursuant to subsection (b) may be distributed from the premises of the licensed distributor providing the storage-only services.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26110, Business and Professions Code.

§15302. Storage of Batches for Testing.

(a) A licensed distributor shall ensure that all batches of cannabis or cannabis products are stored separately and distinctly from other batches of cannabis or cannabis products on the licensed distributor's premises.

(b) In addition to any tag or label required by section 15048.5, a licensed distributor shall ensure a label with the following information is physically attached to each container of each batch:

(1) The name, license number, and licensed premises address of the licensee who provided the batch;

(2) The date of entry into the licensed distributor's storage area;

(3) The unique identifiers and batch number, if any, associated with the batch;

(4) A description of the cannabis or cannabis products with enough detail to easily identify the batch;

(5) The weight of or quantity of units in the batch; and

(6) The best-by, sell-by, or expiration date of the batch, if any.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26110 and 26120, Business and Professions Code.

§15303. Packaging, Labeling, and Rolling.

(a) A licensed distributor may package, repackage, label, and relabel cannabis in the form of dried flower, including pre-rolls, for retail sale. All packages of cannabis in the form of dried flower, including pre-rolls, shall comply with the requirements in chapter 11.

(b) A licensed distributor shall not process cannabis, but may roll pre-rolls that consist exclusively of any combination of flower, shake, leaf, or kief. Pre-rolls shall be rolled, packaged, and labeled prior to regulatory compliance testing.

(c) Licensed distributors may label and relabel a package containing manufactured cannabis or cannabis products with the amount of cannabinoids and terpenoids based on regulatory compliance testing results.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26120, Business and Professions Code.

§15303.1. Net Weight of Dried Flower.

For purposes of this division, the net weight on any packaged cannabis good containing dried flower only shall not be considered inaccurate if the actual weight is within plus or minus 3% of the labeled weight.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26120 and 26152, Business and Professions Code.

§15304. Testing Arrangements.

After taking physical possession of a batch of cannabis or cannabis products, the licensed distributor shall contact a licensed testing laboratory and arrange for a laboratory employee to come to the licensed distributor's licensed premises to select a representative sample for laboratory testing.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26104 and 26110, Business and Professions Code.

§15305. Testing Sample.

(a) The licensed distributor shall ensure that the batch size from which the sample is taken meets the requirements of this division.

(b) A licensed distributor or an employee of the licensed distributor shall be physically present to observe the laboratory employee obtain the sample of cannabis or cannabis products for testing and shall ensure that the increments are taken from throughout the batch.

(c) The sampling shall be video-recorded with the batch number stated verbally or in writing on the video at the beginning of the video and a visible time and date indication on the video recording footage. The video recordings shall be maintained for 90 calendar days by the licensed distributor.

(d) After the sample has been selected, both the licensed distributor and the laboratory employee shall sign and date the chain of custody form pursuant to section 15706 attesting to the sample selection having occurred.

(e) A licensed distributor shall not assist the laboratory employee nor touch the cannabis or cannabis products or the sampling equipment while the laboratory employee is obtaining the sample.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26104 and 26110, Business and Professions Code.

§15305.1. Re-sampling.

Once a sample has been obtained from a batch for regulatory compliance testing, a licensed distributor may not arrange for or allow another licensed testing laboratory to sample or re-sample the same batch for regulatory compliance testing, unless all of the requirements of section 15705 subsection (g) of this division are met.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15306. Regulatory Compliance Testing Results.

(a) A licensed distributor shall store a batch on its licensed premises until it either:

(1) Passes regulatory compliance testing as described in subsection (b); or

(2) If it fails regulatory compliance testing as described in subsection (d), a corrective action plan for remediation has been approved by the Department pursuant to section 17305.

(b) A batch passes regulatory compliance testing when the sample meets specifications in chapter 6. Once a batch has passed regulatory compliance testing, the batch shall not be repackaged into a new production batch in the track and trace system nor shall it be assigned a new batch number.

(c) When a batch passes regulatory compliance testing, the cannabis or cannabis products may be transported to one or more licensed retailers, licensed distributors, or licensed microbusinesses authorized to conduct distribution or retail. A copy of the certificate of analysis for regulatory compliance testing shall be provided to all licensed distributors receiving the batch for purposes of quality assurance review under section 15307. A copy of the certificate of analysis shall also be provided to the licensee who produced the batch. The copies of the certificate of analysis required by this subsection may be provided electronically.

(d) A batch fails regulatory compliance testing when the sample does not meet specifications in chapter 6.

(e) If a failed batch has been approved for remediation by the Department pursuant to section 17305, a licensed distributor may transport or arrange for the transportation of the batch to the licensed manufacturer or microbusiness authorized to engage in manufacturing that has received approval from the Department to conduct the remediation. Once a batch has been approved for remediation by the Department, the licensed distributor shall transport the batch to the approved manufacturer or microbusiness within 30 calendar days of the approval.

(f) A licensed distributor shall destroy a batch that failed regulatory compliance testing and cannot be remediated pursuant to section 17305 within 60 days of failure of the batch or 30 days of receiving notification from the Department that the batch may not be remediated. The distributor shall notify the licensed manufacturer or cultivator who produced the batch of the destruction and the reasons for it. Evidence of destruction including, but not limited to, video or photos of the destruction shall be provided to the Department upon request.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070, 26100, 26104 and 26110, Business and Professions Code.

§15307. Quality-Assurance Review.

When a licensed distributor receives a certificate of analysis for regulatory compliance testing from the licensed testing laboratory or upon transfer from another licensed distributor stating that the batch meets specifications required by law, the licensed distributor shall ensure the following before transporting the cannabis goods to one or more licensed retailers or licensed microbusinesses authorized to engage in retail sales:

(a) The certificate of analysis for regulatory compliance testing that the licensed distributor received from the licensed testing laboratory or another licensed distributor is the certificate of analysis that corresponds to the batch;

(b) The date on the certificate of analysis for the regulatory compliance testing is less than 12 months old;

(c) The label on the cannabis goods is consistent with the certificate of analysis for regulatory compliance testing regarding cannabinoid content required to be listed by law as follows:

(1) If the cannabis goods are labeled with the content for cannabinoids, terpenoids, Total THC, and/or Total CBD prior to receiving the certificate of analysis for regulatory compliance testing, the licensed distributor shall ensure that the labeled amounts are accurate in accordance with section 15307.1, and

(2) If the cannabis goods are not labeled with the content for cannabinoids, terpenoids, Total THC, and/or Total CBD prior to receiving the certificate of analysis for regulatory compliance testing, the licensed distributor shall label the cannabis goods with the amounts listed on the certificate of analysis pursuant to section 15303;

(d) The packaging and labeling of the cannabis goods complies with Business and Professions Code section 26120 and this division, except cannabis goods are not required to

be labeled or otherwise identified as medicinal products prior to retail sale unless the cannabis goods must be labeled as such pursuant to this division;

(e) The cannabis goods have not exceeded their expiration or sell-by date if one is provided;

(f) The weight or count of the batch comports with that in the track and trace system. A licensed distributor shall use scales as required by this division; and

(g) All events prior to receipt of the certificate of analysis for regulatory compliance testing have been entered into the track and trace system.

(h) If the licensed distributor determines that the cannabis goods are not fit for sale because they do not meet the requirements of this section, then the distributor may arrange for a corrective action plan to be submitted pursuant to section 17305 in accordance with the following:

(1) If the cannabis goods may be relabeled by the licensed distributor, another distributor, or microbusiness authorized to engage in distribution, then the distributor who will conduct the remediation shall submit a corrective action plan pursuant to section 17305. Transport to another licensed distributor or microbusiness authorized to engage in distribution shall not occur until the corrective action plan has been approved by the Department.

(2) If the cannabis goods may only be remediated by a licensed manufacturer or microbusiness authorized to engage in manufacturing because they must be repackaged or reprocessed, then the licensed distributor shall comply with the provisions of subsections (e) and (f) of section 15306.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070, 26110 and 26120, Business and Professions Code.

§15307.1. Quality-Assurance Review for Labeling Cannabinoids and Terpenoids.

(a) For purposes of this division, any one cannabinoid, THC, Total THC, CBD and/or Total CBD claimed to be present on a label shall not be considered inaccurate if the difference in percentage on the certificate of analysis is plus or minus 10.0%.

(b) For purposes of this division, the terpenoid testing results on the label of any one terpenoid claimed to be present shall not be considered inaccurate if the difference in percentage on the certificate of analysis is plus or minus 10.0%.

(c) For purposes of this section, the difference in percent shall be calculated using the following equation:

$$\text{Difference in percent} = \left|(\text{laboratory measurement} - \text{label claim})\right| / (\text{label claim}) \times 100\%$$

(d) For purposes of this section, Total THC and Total CBD shall have the same meaning as defined in chapter 6.

(e) Cannabis goods shall be labeled with accurate concentration limits in accordance with sections 17304 and 17407.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100 and 26110, Business and Professions Code.

§15307.2. Licensed Distributor to Licensed Distributor Transfers.

(a) Cannabis goods that have undergone and passed regulatory compliance testing and have an accompanying certificate of analysis may be transferred to one or more licensed distributors.

(b) Cannabis goods that have not been transported to retail within 12 months of the date on the certificate of analysis must be destroyed or retested by the licensed distributor in possession of the cannabis goods. Retesting pursuant to this subsection shall only be conducted if the cannabis goods have not been modified in any way.

(c) If the licensed distributor, manufacturer, or microbusiness authorized to engage in manufacturing will be repackaging, relabeling, reformulating, or modifying the cannabis goods in any way, they shall submit a corrective action plan pursuant to section 17305 and receive approval from the Department before beginning modifications to the cannabis goods.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26110, Business and Professions Code.

§15308. Insurance Requirements.

(a) A distributor licensee shall at all times carry and maintain commercial general liability insurance in the aggregate in an amount no less than $2,000,000 and in an amount no less than $1,000,000 for each loss.

(b) A distributor licensee shall maintain the insurance required in subsection (a) from an insurance company that is:

(1) A non-admitted insurer that meets the requirements of Insurance Code section 1765.1 or 1765.2, and the insurance is placed pursuant to Insurance Code section 1763 and through a surplus line broker licensed under Insurance Code section 1765;

(2) An insurer qualified to do business in California by the Secretary of State and

authorized by the Insurance Commissioner to write the liability and property classes of insurance as defined by Insurance Code sections 102, 103, 107, 108, 114, and 120; or

(3) A registered risk retention group compliant with the California Risk Retention Act of 1991. (See Insurance Code sections 125-140.)

(c) Admitted insurers and risk retention groups must show proof of capitalization in the amount of at least $10,000,000.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26051.5 and 26070, Business and Professions Code.

§15309. Inventory Accounting.

(a) A licensed distributor shall be able to account for all inventory and provide that information to the Department upon request.

(b) To account for inventory, a licensed distributor shall ensure all batches of cannabis or cannabis products are stored in accordance with section 15302 and shall be able to provide the Department with the status of the batch as follows:

(1) The batch is being held in storage for another licensee;

(2) The batch is awaiting sampling for regulatory compliance testing;

(3) The batch has been sampled and is awaiting regulatory compliance testing results;

(4) The batch has passed regulatory compliance testing;

(5) The batch has failed regulatory compliance testing and is awaiting approval for remediation;

(6) The batch has failed regulatory compliance testing and is awaiting destruction; and

(7) The batch is being stored or held for any other lawful purpose under the Act or this division.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26160, Business and Professions Code.

§15311. Requirements for the Transportation of Cannabis and Cannabis Products.

The following requirements apply when transporting cannabis and cannabis products between licensees or licensed premises:

(a) Transportation shall only be conducted by persons holding a distributor license under the Act, or employees of those persons. All vehicles and trailers used for transportation shall be owned or leased, in accordance with the Vehicle Code, by the licensee. The licensee is not required to be the sole owner or lessor of the vehicle or trailer and all owners and lessors may use the vehicle for non-commercial cannabis activity.

(b) Prior to transporting any cannabis and cannabis products, the licensed distributor shall have a completed sales invoice or receipt that meets the requirements of Business and Professions Code section 26161. The licensed distributor shall only transport cannabis and cannabis products listed on the sales invoice or receipt. The sales invoice or receipt may not be altered or changed once transport begins.

(c) A licensed distributor employee shall always carry a copy of the distributor's license and a copy of the QR Code certificate issued by the Department while engaging in the transportation of cannabis goods. The QR Code certificate shall comply with the requirements of section 15039, subsection (d).

(d) All vehicles transporting cannabis goods for hire shall be required to have a motor carrier permit issued to the licensed distributor pursuant to Chapter 2 (commencing with Section 34620) of Division 14.85 of the Vehicle Code.

(e) Transportation by means of aircraft, watercraft, drone, rail, human-powered vehicle, or unstaffed vehicle is prohibited.

(f) Cannabis and cannabis products shall only be transported inside of a vehicle or trailer and shall not be visible or identifiable from outside of the vehicle or trailer.

(g) Cannabis and cannabis products shall be transported in a fully enclosed, windowless, locked trailer or trunk that cannot be accessed from inside the vehicle, or in a secured area or compartment within the interior of the vehicle. A “secured area” is defined as an area where solid or locking metal partitions, cages, or high-strength shatterproof acrylic can be used to create a secure compartment in the fully enclosed vehicle. The secured area may be comprised on three sides of any part of the body of the vehicle, provided the parts of the vehicle used for the purposes of this section are shatterproof and are not made of glass.

(h) While left unattended, vehicles and trailers shall be locked and secured.

(i) A licensed distributor shall not leave a vehicle or trailer containing cannabis and cannabis products unattended in a residential area or parked overnight in a residential area.

(j) At a minimum, a licensed distributor shall have a vehicle alarm system on all transport vehicles and trailers. Motion detectors, pressure switches, duress, panic, and hold-up alarms may also be used.

(k) Packages or containers holding cannabis and cannabis products shall not be tampered with, or opened, during transport.

(l) A licensed distributor transporting cannabis and cannabis products shall only travel between licensees shipping or receiving cannabis and cannabis products and its own licensed premises when engaged in the transportation of cannabis and cannabis products. The licensed distributor may transport multiple shipments of cannabis and cannabis products at once in accordance with applicable laws. A licensed distributor shall not deviate from the travel requirements described in this section, except for necessary rest, fuel, or vehicle repair stops.

(m) Under no circumstances may non-cannabis goods, except for cannabis accessories and licensees’ branded merchandise or promotional materials, be transported with cannabis and cannabis products.

(n) Vehicles and trailers transporting cannabis and cannabis products are subject to inspection by the Department at any licensed premises or during transport at any time.

(o) Notwithstanding subsections (e) through (g), if it is not operationally feasible to transport cannabis or cannabis products inside of a vehicle or trailer because the licensed premises that the cannabis or cannabis products will be transported from and the licensed premises that will be receiving the cannabis or cannabis products are located within the same building or on the same parcel of land, the cannabis or cannabis products may be transported by foot, hand truck, fork lift, or other similar means. A shipping manifest that complies with this division is required when transporting cannabis or cannabis products pursuant to this subsection.

(p) Notwithstanding subsection (e), transportation of cannabis and cannabis products may be conducted via waterway to licensees located on Catalina Island. The provisions of this

section and other sections regarding vehicle requirements also apply to vessels used to transport cannabis and cannabis products via waterway pursuant to this section.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15312. Required Transport Vehicle Information.

(a) Upon request, the licensed distributor shall provide the Department with a copy of the certificate of ownership or registration card issued by the California Department of Motor Vehicles, the year, make, model, license plate number, and Vehicle Identification Number in writing, and proof of insurance for any vehicle or trailer used to transport cannabis or cannabis products.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15313. Transport Personnel Requirements.

(a) No person under the age of 21 years old shall be in a commercial vehicle or trailer transporting cannabis or cannabis products; and

(b) Only a licensee, an employee of the licensed distributor, or security personnel who meets the requirements of section 15045 shall be in a vehicle while transporting cannabis or cannabis products.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15314. Shipping Manifest.

(a) Prior to transporting cannabis or cannabis products, a licensed distributor shall generate a shipping manifest through the track and trace system for the following activities:

(1) Regulatory compliance testing and sampling;

(2) Sale of cannabis or cannabis products to a licensee;

(3) Destruction or disposal of cannabis or cannabis products; and

(4) Any other activity, as required pursuant to this division, or by the Department.

(b) The licensed distributor shall transmit the shipping manifest to the Department and the licensee that will receive the cannabis or cannabis products prior to transporting the cannabis or cannabis products.

(c) The licensed distributor shall ensure and verify that the cannabis or cannabis products being taken into possession for transport at the originating licensed premises are as described and accurately reflected in the shipping manifest. For purposes of this section, the licensed distributor may verify that the cannabis or cannabis products are accurately reflected in the shipping manifest by confirming that the number of boxes of cannabis or cannabis products, type of cannabis or cannabis products, weight and/or units of cannabis

or cannabis products matches the label on the boxes containing the cannabis or cannabis products.

(1) The licensed distributor shall not take into possession or transport:

(A) Any cannabis or cannabis products that are not on the shipping manifest; or

(B) Any cannabis or cannabis products that are less than or greater than the amount reflected on the shipping manifest.

(2) The licensed distributor is responsible for any discrepancies between the shipping manifest and the cannabis or cannabis products in its possession during transport, and subject to any enforcement or disciplinary action related to such discrepancy.

(3) A licensed distributor shall not void or change a shipping manifest after departing from the originating licensed premises.

(d) A shipping manifest shall accompany every transport of cannabis or cannabis products.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067 and 26070, Business and Professions Code.

§15315. Distributor Transport Only License.

(a) A licensed distributor transport only licensee may transport cannabis or cannabis products between licensees; however, they shall not transport any cannabis or cannabis products except for immature cannabis plants, seeds, and trade samples to a licensed retailer or licensed microbusiness authorized to engage in retail sales.

(b) A complete application for a distributor transport only license shall include all the information required in an application for a distributor license.

(c) The licensing fee for a distributor transport only license will be based in part upon whether the licensee intends to transport only cannabis or cannabis products that the licensee has cultivated or manufactured (self-distribution), or whether the licensee intends to transport cannabis or cannabis products cultivated or manufactured by other licensees.

(d) A distributor transport only licensee shall comply with all of the requirements for a holder of a distributor license, except for those related to quality assurance and regulatory compliance testing.

(e) A distributor transport only licensee shall not hold title to any cannabis or cannabis products unless the licensee also holds a Department-issued cultivation, manufacturing, retailer, or microbusiness license.

(f) Holding a distributor transport only license shall not authorize a licensee to:

(1) Engage in the delivery of cannabis or cannabis products as defined in Business and Professions Code section 26001(o);

(2) Engage in the wholesale, destruction, packaging, labeling, or storing of cannabis or cannabis products; or

(3) Arrange for the regulatory compliance testing of cannabis or cannabis products by a testing laboratory.

(g) A distributor transport only licensee who is licensed to engage in self-distribution and whose licensed premises will be on the same property as their licensed cultivation or licensed manufacturing premises shall comply with the security provisions contained in chapter 1, article 5 that are applicable to their licensed cultivation or licensed manufacturing premises.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26070, Business and Professions Code.

Chapter 3. Retailers

§15400. Access to Retailer Premises.

(a) Access to the licensed premises of a retailer with only an A-designation shall be limited to individuals who are at least 21 years of age.

(b) Access to the licensed premises of a retailer with only an M-designation shall be limited to individuals who are at least 18 years of age and have a valid physician's recommendation for medicinal cannabis, and individuals who are at least 21 years of age.

(c) Access to the licensed premises of a retailer with both an A- designation and an M-designation may include persons identified in subsections (a) and (b) of this section.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26140, Business and Professions Code.

§15402. Customer Access to the Retail Area.

(a) Individuals shall be granted access to the retail area to purchase cannabis goods only after the retailer or an employee of the retailer has confirmed the individual's age and identity pursuant to section 15404.

(b) The licensed retailer or at least one employee shall be physically present in the retail area at all times when individuals who are not employees of the licensed retailer are in the retail area.

(c) All sales of cannabis goods must take place within the retail area of the retailer's licensed premises, except for cannabis goods sold through delivery, a drive-in or drive-through window as authorized by section 15025(e), or curbside delivery as provided in subsection (d).

(d) A licensed retailer or licensed microbusiness authorized to engage in storefront sales at their licensed premises may conduct sales through curbside delivery. Cannabis goods that have been purchased by a customer may be delivered to the customer in a vehicle parked immediately outside the licensed retail premises. Curbside delivery of cannabis goods must occur under video surveillance and meet the requirements of section 15044, subsection (e) for recording point-of-sale areas. Retail employees engaging in curbside delivery must verify each customer's age pursuant to subsection (a). Licensed retailers who are only authorized to engage in retail sales through delivery shall not conduct sales through curbside delivery.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26140, Business and Professions Code.

§15403. Hours of Operation.

A licensed retailer shall sell and deliver cannabis goods only between the hours of 6:00 a.m. Pacific Time and 10:00 p.m. Pacific Time.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15403.1. Requirements While Not Open for Business.

At any time the licensed premises is not open for retail sales, a licensed retailer shall ensure that:

(a) The licensed premises is securely locked with commercial-grade, nonresidential door locks as required in section 15046 of this division;

(b) The licensed premises is equipped with an active alarm system pursuant to section 15047 of this division, which shall be activated when the licensed retailer or its employees are not on the licensed premises; and

(c) Only employees of the licensee and other authorized individuals are allowed access to the licensed premises. For the purposes of this section, authorized individuals include individuals employed by the licensee as well as any outside vendors, contractors, or other individuals conducting business that requires access to the licensed premises.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15404. Retail Customers.

(a) A licensed retailer shall only sell adult-use cannabis goods to individuals who are at least 21 years of age after confirming the customer's age and identity by inspecting a valid form of identification provided by the customer as required by subsection (c) of this section.

(b) A licensed retailer shall only sell medicinal cannabis goods to individuals who are at least 18 years of age and possesses a valid physician's recommendation after confirming the customer's age, identity, and physician's recommendation as required by subsection (c) of this section.

(c) Acceptable forms of identification include the following:

(1) A document issued by a federal, state, county, or municipal government, or a political subdivision or agency thereof, including, but not limited to, a valid motor vehicle operator's license, that contains the name, date of birth, height, gender, and photo of the person;

(2) A valid identification card issued to a member of the Armed Forces that includes the person's name, date of birth, and photo; or

(3) A valid passport issued by the United States or by a foreign government.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26140, Business and Professions Code.

§15405. Cannabis Goods Display.

(a) Cannabis goods for inspection and sale shall only be displayed in the retail area.

(b) Cannabis and cannabis products may be removed from their packaging and placed in containers to allow for customer inspection. The containers shall not be readily accessible to customers without assistance of retailer personnel. A container must be provided to the

customer by the licensed retailer or its employees, who shall remain with the customer at all times that the container is being inspected by the customer.

(c) Cannabis and cannabis products removed from their packaging for display shall not be sold or consumed when the cannabis and cannabis goods are no longer used for display.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15406. Cannabis Goods for Sale.

A licensed retailer shall not make any cannabis goods available for sale or delivery to a customer unless:

(a) The cannabis goods were received by the licensed retailer from a licensed distributor or licensed microbusiness authorized to engage in distribution;

(b) The licensed retailer has verified that the cannabis goods have not exceeded their best-by, sell-by, or expiration date if one is provided;

(c) In the case of manufactured cannabis products, the product complies with all requirements of Business and Professions Code section 26130 and this division;

(d) The cannabis goods have undergone regulatory compliance testing as required by the Act and chapter 6;

(e) The batch number, if any, is labeled on the package of cannabis goods and matches the batch number on the corresponding certificate of analysis for regulatory compliance testing;

(f) The packaging and labeling of the cannabis goods complies with Business and Professions Code section 26120 and this division; and

(g) The cannabis goods comply with all applicable requirements found in the Act and the division.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26120, Business and Professions Code.

§15407. Sale of Non-Cannabis Goods.

(a) In addition to cannabis goods, a licensed retailer may sell only cannabis accessories and the branded merchandise of any licensee. Licensed retailers may provide customers with promotional materials.

(b) Notwithstanding subsection (a), a licensed retailer or licensed microbusiness authorized for retail sales who operates a consumption area on the licensed premises in accordance with Business and Professions Code section 26200(g) may also sell prepackaged, non-cannabis-infused, non-alcoholic food and beverages if the applicable local jurisdiction allows such sales.

(c) Nothing in this section shall be interpreted to prevent consumers from bringing or receiving non-cannabis-infused, non-alcoholic food and beverages from a restaurant or food

delivery service for consumption in the designated consumption area on the licensed premises, if the applicable local jurisdiction allows such activities.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070, 26151 and 26152, Business and Professions Code.

§15408. Sale of Live Plants and Seeds.

(a) A licensed retailer shall only sell live, immature cannabis plants and cannabis seeds if all of the following requirements are met:

(1) The plant is not flowering and is shorter and narrower than 18 inches; and

(2) The plant or seed originated from a licensed nursery that holds a valid license from the Department or a licensed microbusiness authorized to engage in cultivation.

(b) A licensed retailer shall not apply or use any pesticide, on live plants. A licensed retailer shall not cause any pesticide to be applied or used on live plants.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26100, Business and Professions Code.

§15409. Daily Limits.

(a) A licensed retailer shall not sell more than the following amounts to a single adult-use cannabis customer in a single day:

(1) 28.5 grams of non-concentrated cannabis.

(2) 8 grams of cannabis concentrate as defined in Business and Professions Code section 26001, including cannabis concentrate contained in cannabis products.

(3) 6 immature cannabis plants.

(b) A licensed retailer shall not sell more than the following amounts to a single medicinal cannabis patient, or to a patient's primary caregiver purchasing medicinal cannabis on behalf of the patient, in a single day:

(1) 8 ounces of medicinal cannabis in the form of dried mature flowers or the plant conversion as provided in Health and Safety Code section 11362.77.

(2) 12 immature cannabis plants.

(c) Notwithstanding subsection (b) of this section, if a medicinal cannabis patient's valid physician's recommendation contains a different amount than the limits listed in this section, the medicinal cannabis patient may purchase an amount of medicinal cannabis consistent with the patient's needs as recommended by a physician and documented in the physician's recommendation.

(d) The limits provided in subsection (a) and subsection (b) of this section shall not be combined to allow a customer to purchase cannabis goods in excess of any of the limits provided in this section.

(e) For the purposes of this section, a licensed retailer shall be responsible for determining that the amount of cannabis concentrates found in manufactured cannabis products sold to customers comply with the requirements of this section.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code; and Sections 11362.1 and 11362.77, Health and Safety Code.

§15410. Customer Return of Cannabis Goods.

(a) For the purposes of this section, “customer return” means a customer's return of cannabis goods that were purchased from a licensed retailer, back to the licensed retailer from whom the cannabis goods were purchased.

(b) A licensed retailer may accept customer returns of cannabis goods that were previously sold to a customer.

(c) A licensed retailer shall not resell cannabis goods that have been returned.

(d) A licensed retailer shall treat any cannabis goods abandoned on the licensed retailer premises as a customer return.

(e) Defective manufactured cannabis products returned by customers to a licensed retailer may be destroyed or returned to the licensed distributor from whom the cannabis goods were obtained.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26011.5, 26012 and 26070, Business and Professions Code.

§15411. Requirements for Providing Free Cannabis Goods to Medicinal Consumers.

(a) A licensed retailer shall not provide free cannabis goods to any person. A licensed retailer shall not allow individuals who are not employed by the licensed retailer to provide free cannabis goods to any person on the licensed premises.

(b) Notwithstanding subsection (a), in order to provide access to medicinal cannabis patients who have difficulty accessing medicinal cannabis goods, a licensee who holds an M-Retailer license, an M-Retailer Non-storefront license, or an M-Microbusiness license that is authorized for retail sales may provide free medicinal cannabis goods if the following criteria are met:

(1) Free cannabis goods are provided only to a medicinal cannabis patient or primary caregiver who possesses a valid physician’s recommendation for medicinal cannabis or cannabis products or a valid identification card issued under Health and Safety Code section 11362.71.

(A) Before providing free cannabis goods to a medicinal cannabis patient who does not possess a valid identification card issued under Health and Safety code section 11362.7, the licensed retailer shall do the following:

(i) Verify with the Medical Board of California, the Osteopathic Medical Board of California, or the California Board of Podiatric Medicine that the attending physician providing the

patient's medicinal cannabis recommendation has a license in good standing to practice medicine or osteopathy in the State of California;

(ii) Keep a copy of the patient's or primary caregiver's driver's license or other government-issued identification; and

(iii) Prepare and retain written certification that the licensed retailer verified the physician's recommendation as required by this section that includes the date and time of the verification, the name of the employee who conducted the verification, the name of the licensing board(s) contacted, the method by which the licensing board was contacted, and the name of the person at the licensing board who provided the verification if it was conducted orally, or a copy of the verification if it was provided in writing.

(B) After initially verifying a physician's recommendation for a specific medicinal cannabis patient as required by this section, a licensed retailer shall also verify the physician's recommendation at least annually, for the time period that the physician's recommendation is valid.

(C) A licensee shall not provide free cannabis goods to a medicinal cannabis patient or the patient's primary caregiver if the physician's recommendation has expired.

(2) Prior to being provided to the patient or the patient's primary caregiver, the cannabis goods have been properly designated for donation and recorded in the track and trace system.

(3) Except as provided under Revenue and Taxation Code section 34012.1, the donated cannabis goods shall comply with all statutory and regulatory requirements that apply to cannabis goods for sale, including those for cultivating, manufacturing, distributing, processing, storing, regulatory compliance testing, packaging, labeling, transporting, and delivering.

(4) The cannabis goods provided to a medicinal cannabis patient or the patient's primary caregiver pursuant to this section shall be applied toward the daily purchase limit for a medicinal cannabis customer contained in section 15409 and the possession limits contained in Health and Safety Code section 11362.77.

(5) If cannabis goods are donated by a licensed retailer, then the sales invoice or receipt for the cannabis goods shall indicate that the cannabis goods were donated.

(6) The provision of free cannabis goods shall be recorded in the track and trace system and the licensed retailer's inventory records. The inventory records shall also include either the number of the medicinal cannabis patient's identification card issued under Health and Safety Code section 11362.7 or a copy of a valid physician's recommendation and the written certification that the recommendation was verified as required by this section.

(c) In addition to the provision of free cannabis goods in subsection (b), a licensed retailer may donate cannabis goods and the use of equipment in compliance with any compassionate use, equity, or other similar program administered by a local jurisdiction. The licensee shall ensure that all cannabis goods provided pursuant to this subsection comply with subsections (b)(4), (b)(5), and (b)(6).

(d) A licensed retailer may contract with an individual or organization to coordinate the provision of free cannabis goods on the licensee's retail premises. All cannabis goods provided through an individual or organization pursuant to this subsection shall comply with the requirements of this section. The licensed retailer may be disciplined for violations of the Act that are committed by an individual or organization with whom the licensee has contracted.

(e) A licensed retailer authorized to engage in retail sales only through delivery shall provide free cannabis goods only by delivery. Free cannabis goods provided through delivery shall comply with the requirements of this section.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26153 and 26160, Business and Professions Code.

§15412. Prohibition on Packaging and Labeling by a Retailer.

(a) A licensed retailer shall not accept, possess, or sell cannabis goods that are not packaged as they will be sold at final sale, in compliance with this division.

(b) A licensed retailer shall not package or label cannabis goods.

(c) Notwithstanding subsection (b) of this section, a licensed retailer may place a barcode or similar sticker on the packaging of cannabis goods to be used in inventory tracking. A barcode or similar sticker placed on the packaging of a cannabis goods shall not obscure any labels required by the Act or this division.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§15413. Cannabis Goods Packaging and Exit Packaging.

(a) All cannabis goods sold by a licensed retailer shall be in compliance with the packaging requirements in chapter 11.

(b) A package containing cannabis goods shall be tamper-evident and child-resistant. If the package contains multiple servings, the package must also be resealable.

(c) All cannabis goods purchased by a customer shall not leave the licensed retailer's premises unless the goods are placed in an opaque exit package.

(d) Immature plants and seeds sold by a licensed retailer are not required to be placed in resealable, tamper-evident, child-resistant packaging.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070.1 and 26120, Business and Professions Code.

§15414. Non-Storefront Retailer.

(a) A non-storefront retailer licensee shall be authorized to conduct retail sales exclusively by delivery as defined in Business and Professions Code section 26001(o).

(b) A complete application for a non-storefront retailer license shall include all the information required in an application for a retailer license.

(c) A non-storefront retailer licensee shall comply with all the requirements applicable to

retailer licensees, except for those provisions related to public access to the licensed premises and the retail area.

(d) The licensed premises of a non-storefront retailer licensee shall be closed to the public.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26070, Business and Professions Code.

§15415. Delivery Employees.

(a) All deliveries of cannabis goods shall be performed by a delivery employee who is directly employed by a licensed retailer.

(b) Each delivery employee of a licensed retailer shall be at least 21 years of age.

(c) All deliveries of cannabis goods shall be made in person. A delivery of cannabis goods shall not be made through the use of an unstaffed vehicle.

(d) Deliveries of cannabis goods shall be received by customers only during the hours of operation established by section 15403. Delivery employees shall return to the licensed premises after making their last delivery of the day if they have any unsold cannabis goods to return to the premises.

(e) During the process of delivery, the licensed retailer's delivery employee may not engage in any activities except for cannabis goods delivery and necessary rest, fuel, or vehicle repair stops.

(f) A delivery employee of a licensed retailer shall, during deliveries, carry a copy of the retailer's current license, a copy of the QR Code certificate issued by the Department, which complies with section 15039, subsection (d), the employee's government-issued identification, and an identification badge provided by the employer pursuant to section 15043. A delivery employee shall provide a copy of the retail license, a copy of the QR Code certificate, and their employee identification badge to a delivery customer upon request.

(g) Prior to providing cannabis goods to a delivery customer, a delivery employee shall confirm the identity and age of the delivery customer as required by section 15404 and ensure that all cannabis goods sold comply with requirements of section 15413.

(h) A licensed retailer shall maintain an accurate list of the retailer's delivery employees and shall provide the list to the Department upon request.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.

§15415.1. Deliveries Facilitated by Technology Platforms.

(a) A licensed retailer or licensed microbusiness shall not sell or otherwise transfer any cannabis goods to a customer through the use of an unlicensed third party, intermediary business, broker, or any other business or entity.

(b) Notwithstanding subsection (a) of this section, a licensed retailer or licensed microbusiness may contract with a service that provides a technology platform to facilitate the sale and delivery of cannabis goods, in accordance with all of the following:

(1) The licensed retailer or licensed microbusiness does not allow for delivery of cannabis goods by the technology platform service provider.

(2) The licensed retailer or licensed microbusiness does not share in the profits of the sale of cannabis goods with the technology platform service provider, or otherwise provide for a percentage or portion of the cannabis goods sales to the technology platform service provider.

(3) The licensed retailer or licensed microbusiness shall not advertise or market cannabis goods in conjunction with the technology platform service provider, outside of the technology platform, and shall ensure that the technology platform service provider does not use the licensed retailer's or licensed microbusiness's license number or legal business name on any advertisement or marketing that primarily promotes the services of the technology platform.

(4) The licensed retailer or licensed microbusiness shall ensure the following information is provided to customers:

(A) Any cannabis goods advertised or offered for sale on or through the technology platform shall disclose, at a minimum, the licensed retailer's or licensed microbusiness's legal business name and license number.

(B) Customers placing an order for cannabis goods through the technology platform shall be able to easily identify the licensed retailer or licensed microbusiness that each cannabis good is being ordered or purchased from. This information shall be available to the customer prior to the customer placing an order or purchasing the cannabis goods.

(5) All required sales invoices and receipts, including any receipts provided to the customer, shall disclose, at a minimum, the licensed retailer's or licensed microbusiness's legal business name and license number.

(6) All other delivery, marketing, and advertising requirements under this division are complied with.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26001, 26070, 26090, 26151 and 26152, Business and Professions Code.

§15416. Delivery to a Physical Address.

(a) A delivery employee may only deliver cannabis goods to a physical address in California.

(b) A delivery employee shall not leave the State of California while possessing cannabis goods.

(c) A delivery employee shall not deliver cannabis goods to an address located on publicly owned land or any address on land or in a building leased by a public agency. This prohibition applies to land held in trust by the United States for a tribe or an individual tribal member unless the delivery is authorized by and consistent with applicable tribal law.

(d) A delivery employee may deliver to any jurisdiction within the State of California provided that such delivery is conducted in compliance with all delivery provisions of this division.

(e) A delivery employee shall not deliver cannabis goods to a school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.

§15417. Delivery Vehicle Requirements.

(a) A licensed retailer's delivery employee, carrying cannabis goods for delivery, shall only travel in an enclosed motor vehicle. Any vehicle used in the delivery of cannabis goods shall be operated by a delivery employee of the licensee. A vehicle used in the delivery of cannabis goods shall not have any marking or other indications on the exterior of the vehicle that may indicate that the delivery employee is carrying cannabis goods for delivery. Only the licensee or an employee of the retailer licensee for whom delivery is being performed shall be in the delivery vehicle.

(b) While carrying cannabis goods for delivery, a licensed retailer's delivery employee shall ensure the cannabis goods are not visible to the public. Cannabis goods shall be stored in a secure, fully enclosed trunk that cannot be accessed from inside the vehicle, or in a secured area or compartment within the interior of the vehicle. A "secured area" is defined as an area where solid or locking metal partitions, cages, or high-strength shatterproof acrylic can be used to create a secure compartment in the fully enclosed vehicle. The secured area may be comprised on three sides by any part of the body of the vehicle, provided the parts of the vehicle used for the purposes of this section are shatterproof and are not made of glass.

(c) A licensed retailer's delivery employee shall not leave cannabis goods in an unattended motor vehicle unless the motor vehicle is locked and equipped with an active vehicle alarm system. Any cannabis goods left in an unattended vehicle must be stored in a container as required in subsection (b).

(d) A vehicle used for the delivery of cannabis goods shall be outfitted with a dedicated Global Positioning System (GPS) device for identifying the geographic location of the delivery vehicle and recording a history of all locations traveled to by the delivery employee while engaged in delivery. A dedicated GPS device must be owned by the licensee and used for delivery only. The device shall be either permanently or temporarily affixed to the delivery vehicle and shall remain active and inside of the delivery vehicle at all times during delivery. At all times, the licensed retailer shall be able to identify the geographic location of all delivery vehicles that are making deliveries for the licensed retailer and document the

history of all locations traveled to by a delivery employee while engaged in delivery. A licensed retailer shall provide this information to the Department upon request. The history of all locations traveled to by a delivery employee while engaging in delivery shall be maintained by the licensee for a minimum of 90 days.

(e) Upon request, a licensed retailer shall provide the Department with information regarding any motor vehicle used for the delivery of cannabis goods, including the vehicle's make, model, color, Vehicle Identification Number, license plate number and Department of Motor Vehicles registration information.

(f) Any motor vehicle used by a licensed retailer to deliver cannabis goods is subject to inspection by the Department. Vehicles used to deliver cannabis goods may be stopped and inspected by the Department at any licensed premises or during delivery.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.

§15418. Cannabis Goods Carried During Delivery.

(a) A licensed retailer's delivery employee shall not carry cannabis goods in the delivery vehicle with a value in excess of $10,000 at any time.

(b) For the purposes of this section, the value of cannabis goods shall be determined using the current retail price of all cannabis goods carried by, or within the delivery vehicle of, the licensed retailer's delivery employee.

(c) A delivery employee may only carry cannabis goods, cannabis accessories, branded merchandise of any licensee, or promotional materials in the delivery vehicle and may only perform deliveries for one licensed retailer at a time. A delivery employee must depart and return to the same licensed premises before taking possession of any cannabis goods from another licensee to perform deliveries.

(d) Before leaving the licensed premises, the licensed retailer's delivery employee must have a delivery inventory ledger of all cannabis goods provided to the licensed retailer's delivery employee. The contents of the delivery inventory ledger must comply with the requirements of section 15049.3. During the delivery trip, as defined in section 15049.3, the delivery employee shall maintain the delivery inventory ledger in hard copy or electronically, the latter of which may be an electronic copy maintained in the track and trace system. The delivery inventory ledger must be updated after each completed delivery to reflect the remaining inventory carried by the delivery employee. The delivery inventory ledger must otherwise be updated in accordance with the requirements of section 15049.3, and then entered into the track and trace system no later than the end of the calendar day on which the delivery trip occurred.

(e) The licensed retailer's delivery employee shall maintain a log that includes all stops from the time the licensed retailer's delivery employee leaves the licensed premises to the time that the licensed retailer's delivery employee returns to the licensed premises, and the reason for each stop. The log shall be turned in to the licensed retailer when the licensed retailer's delivery employee returns to the licensed premises. The licensed retailer must

maintain the log as a commercial cannabis activity record as required by this division. The log may be maintained electronically.

(f) Prior to arrival at any delivery location, the licensed retailer must have received a delivery request from the customer and provided the delivery request receipt to the licensed retailer's delivery employee electronically or in hard copy. The delivery request receipt provided to the licensed retailer's delivery employee shall contain all of the information required in section 15420, except for the date and time the delivery was made, and the signature of the customer.

(g) Immediately upon request by the Department or any law enforcement officer, the licensed retailer's delivery employee shall provide:

(1) The delivery inventory ledgers from the time the licensed retailer's delivery employee left the licensed premises up to the time of the request;

(2) All delivery request receipts for cannabis goods carried by the delivery employee, in the delivery vehicle, or any deliveries that have already been made to customers; and

(3) The log of all stops from the time the licensed retailer's delivery employee left the licensed premises up to the time of the request.

(h) If a licensed retailer's delivery employee does not have any delivery requests to be performed for a 30-minute period, the licensed retailer's delivery employee shall not make any additional deliveries and shall return to the licensed premises. Required meal breaks shall not count toward the 30-minute period.

(i) Upon returning to the licensed premises, all undelivered cannabis goods shall be returned to the licensed retailer’s inventory and recorded within the track and trace system in accordance with section 15049.3.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26067, 26068, 26070, 26090 and 26160, Business and Professions Code.

§15419. Cannabis Consumption During Delivery.

A licensed retailer’s delivery employees shall not consume cannabis or cannabis products while delivering cannabis goods to customers.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.

§15420. Delivery Request Receipt.

A licensed retailer shall prepare a hard copy or electronic delivery request receipt for each delivery of cannabis goods.

(a) The delivery request receipt shall contain the following:

(1) The legal business name and license number of the licensed retailer;

(2) The first name and employee number of the licensed retailer's delivery employee who delivered the order;

(3) The first name and employee number of the licensed retailer's employee who prepared the order for delivery;

(4) The first name of the customer and a licensed retailer-assigned customer number for the person who requested the delivery;

(5) The date and time the delivery request was made;

(6) The delivery address;

(7) A detailed description of all cannabis goods requested for delivery. The description shall include the weight, volume, or any other accurate measure of the amount of all cannabis goods requested;

(8) The total amount paid for the delivery, including any taxes or fees, the cost of the cannabis goods, and any other charges related to the delivery; and

(9) Upon delivery, the date and time the delivery was made, and the handwritten or electronic signature of the customer who received the delivery.

(b) At the time of the delivery, the delivery employee of the retailer shall provide the customer who placed the order with a hard or electronic copy of the delivery request receipt. The delivery employee shall retain a hard or electronic copy of the signed delivery request receipt for the licensed retailer's records.

(c) For the purposes of this section, an employee number is a distinct number assigned by a licensed retailer to an employee that would allow the licensed retailer to identify the employee in documents or records using the employee number rather than the employee's full name. A licensed retailer shall be able to identify the employee associated with each employee number upon request from the Department.

(d) For the purposes of this section, a customer number is a distinct number assigned by a licensed retailer to a customer that would allow the licensed retailer to identify the customer in documents or records using the customer number rather than the customer's full name. A licensed retailer shall be able to identify the customer associated with each customer number upon request from the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070, 26090 and 26160, Business and Professions Code.

§15421. Delivery Route.

While making deliveries of cannabis goods, a licensed retailer's delivery employee shall only travel from the retailer's licensed premises to the delivery address; from one delivery address to another delivery address; or from a delivery address back to the retailer's licensed premises. A delivery employee of a licensed retailer shall not deviate from the delivery path described in this section, except for necessary rest, fuel, or vehicle repair stops, or because road conditions make continued use of the route unsafe, impossible, or impracticable.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.

§15422. Receiving Shipments of Inventory.

(a) A licensed retailer shall receive a shipment of cannabis goods only from a licensed distributor or licensed microbusiness authorized to engage in distribution.

(b) A licensed retailer shall accept shipments of cannabis goods only between the hours of 6:00 a.m. Pacific Time and 10:00 p.m. Pacific Time.

(c) During business hours, shipments of cannabis goods shall not enter the licensed premises through an entrance or exit that is available for use by the public.

(d) A licensed retailer whose licensed premises only has one entryway may be exempt from the requirements of subsection (c) of this section if the licensed retailer obtains authorization from the local jurisdiction explicitly authorizing this activity. The licensed retailer shall be required to provide this authorization to the Department upon request. For this section to apply, the licensed premises must physically have only one entryway and cannot have any other entryways.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26070, Business and Professions Code.

§15423. Inventory Documentation.

A licensed retailer shall maintain an accurate record of its inventory. A licensed retailer shall provide the Department with the record of inventory immediately upon request. A licensed retailer shall keep a record of the following information for all cannabis goods the licensed retailer has in its inventory:

(a) A description of each item such that the cannabis goods can easily be identified;

(b) An accurate measurement of the quantity of the item;

(c) The date and time the cannabis goods were received by the licensed retailer;

(d) The sell-by or expiration date provided on the package of cannabis goods, if any;

(e) The name and license number of the licensed distributor or licensed microbusiness that transported the cannabis goods to the licensed retailer; and

(f) The price the licensed retailer paid for the cannabis goods, including taxes, delivery costs, and any other costs.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26160, Business and Professions Code.

§15424. Inventory Reconciliation.

(a) A licensed retailer shall be able to account for all of its inventory.

(b) In conducting an inventory reconciliation, a licensed retailer shall verify that the licensed retailer's physical inventory is consistent with the licensed retailer's records pertaining to inventory.

(c) The result of inventory reconciliation shall be retained in the licensed retailer's records and shall be made available to the Department upon request.

(d) If a licensed retailer identifies any evidence of theft, diversion, or loss, the licensed retailer shall notify the Department and law enforcement pursuant to section 15036 of this division.

(e) If a significant discrepancy as defined in section 15034 of this division is discovered between a licensed retailer's physical inventory and the licensed retailer's inventory records, the licensed retailer shall notify the Department and law enforcement pursuant to section 15036 of this division.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26160, Business and Professions Code.

§15427. Retailer Premises-to-Retailer Premises Transfer.

(a) A licensee who holds multiple retail licenses may arrange for the transfer of cannabis goods from one licensed retail premises to another licensed retail premises if both retail licenses are held by the same sole proprietor or business entity.

(b) Cannabis goods transferred to a licensed retail premises under subsection (a) may be sold by the licensed retailer receiving the cannabis goods only if the cannabis goods comply with all requirements found in the Act and this division.

(c) The transportation of cannabis goods under this section must comply with all requirements found within the Act and this division.

(d) Any movement of cannabis goods under this section shall be properly entered into the track and trace system.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

Chapter 4. Microbusiness

§15500. Microbusiness.

(a) In order to hold a microbusiness license, a licensee must engage in at least three (3) of the following commercial cannabis activities: cultivation, manufacturing, distribution, and retail sale. License types created by the Department in regulation shall not be considered qualifying commercial cannabis activities for purposes of obtaining a microbusiness license, except for the Type N manufacturing license and the distributor transport only license.

(b) An applicant for a microbusiness license shall indicate on the application for licensure all commercial cannabis activities in which the applicant intends to engage.

(c) All cultivation, manufacturing, distribution, and retail activities performed by a licensee under a microbusiness license shall occur on the same licensed premises.

(d) A holder of a microbusiness license engaged in cultivation shall comply with all the rules and requirements applicable to the cultivation license type suitable for the cultivation activities of the licensee.

(e) A holder of a microbusiness license engaged in manufacturing shall comply with all the rules and requirements applicable to a Manufacturer 1 license in this division.

(f) A holder of a microbusiness license engaged in distribution shall comply with all the rules and requirements applicable to a distributor license in this division.

(g) A holder of a microbusiness license engaged in retail sale shall comply with all the rules and requirements applicable to a retailer license, or a non-storefront retailer license if retail sales are conducted by delivery only, in this division.

(h) A holder of a microbusiness license may only engage in the commercial cannabis activity requested in the license application and approved by the Department at the time the license is issued. If the holder of a microbusiness license wants to engage in an additional commercial cannabis activity after the license is issued, the licensee shall submit a request for a modification of the licensed premises pursuant to section 15027.

(i) A holder of a microbusiness license shall comply with all the security rules and requirements applicable to the corresponding license type suitable for the activities of the licensee.

(j) Areas of the licensed premises for manufacturing, cultivation, and distribution shall be separated from the retail areas by a wall and all doors between the areas shall remain closed when not in use.

(k) A suspension or revocation of a microbusiness licensee shall affect all commercial cannabis activities allowed pursuant to that license.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050, 26051.5 and 26070, Business and Professions Code.

Chapter 5. Cannabis Events

§15600. Cannabis Event Organizer License.

(a) To obtain a temporary cannabis event license, the event organizer must first apply for and obtain a cannabis event organizer license.

(b) A cannabis event organizer licensed under this section shall comply with chapter 1 except for sections 15006, 15007, 15010, 15019, 15025, 15027, 15034, 15038, 15042, 15044, and 15046-15052.1.

(c) A cannabis event organizer licensee is not authorized or licensed to cultivate, distribute, manufacture, or retail cannabis or cannabis products without first obtaining the appropriate licenses or authorizations to engage in such commercial cannabis activities.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26200, Business and Professions Code.

§15601. Temporary Cannabis Event Requirements.

(a) A temporary cannabis event license authorizes a licensed cannabis event organizer to hold a temporary cannabis event where the onsite sale and consumption of cannabis goods is authorized at the location indicated on the license during the dates indicated on the license.

(b) Violations of the requirements applicable to temporary cannabis events may result in disciplinary action against the cannabis event organizer license or any other licenses held by a licensee participating in the temporary cannabis event and responsible for a violation under this division or the Act.

(c) A temporary cannabis event license shall only be issued for a single day or up to 4 consecutive days. No temporary cannabis event license will be issued for more than 4 days.

(d) An application for a temporary cannabis event license shall be submitted to the Department no less than 60 calendar days before the first day of the temporary cannabis event.

(e) A temporary cannabis event may only be held at a county fair event, district agricultural association event, or at another venue expressly approved by a local jurisdiction for the purpose of holding a temporary cannabis event.

(f) A temporary cannabis event license shall not be issued for a premises that is licensed for the sale of alcohol or tobacco.

(g) If the list of licensees and vendors participating in the temporary cannabis event changes after the application is submitted or after the license is issued, the applicant shall submit with the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-028 (New 2/22), incorporated herein by reference, an updated list and an updated diagram, as required in section 15002.1(b)(5), to the Department no less than 72 hours before the event. Licensees not on the list submitted to the Department shall not participate in the temporary cannabis event. All employees of

licensees participating in the event shall comply with the employee badge requirements in section 15403 at all times while participating in the temporary cannabis event and provide their badge to Department representatives upon request.

(h) The licensed cannabis event organizer shall hire or contract for security personnel to provide security services at the licensed temporary cannabis event. All security personnel hired or contracted for by the licensee shall be at least 21 years of age, licensed by the Bureau of Security and Investigative Services, and comply with chapters 11.4 and 11.5 of division 3 of the Business and Professions Code. Security personnel shall be present on the licensed premises at all times cannabis goods are available for sale and/or cannabis goods consumption is allowed on the licensed premises.

(i) A licensed cannabis event organizer shall maintain a clearly legible sign not less than 7 inches by 11 inches in size, reading “No Persons Under 21 Allowed” at or near each public entrance to any area where the sale or consumption of cannabis goods is allowed. The lettering of the sign shall be no less than 1 inch in height.

(j) All cannabis waste generated at a temporary cannabis event shall be collected and disposed of in accordance with the requirements of section 17223. The licensed cannabis event organizer may contract or arrange for the collection and disposal of cannabis waste generated during the temporary cannabis event.

(k) A licensed cannabis event organizer and all other licensees participating in a temporary cannabis event are required to comply with section 15037 and all other applicable requirements in the Act and this division pertaining to record keeping.

(l) The Department may require the event organizer and all participants to cease operations without delay if, in the opinion of the Department or local law enforcement, it is necessary to protect the immediate public health and safety of the people of the state. Upon notification from the Department that the event is to cease operations, the event organizer shall immediately stop the event and all participants shall be removed from the premises within the time frame provided by the Department.

(m) Upon notification from the Department, the event organizer shall immediately expel from the event any person selling cannabis goods without a license from the Department that authorizes the participant to sell cannabis goods. The event organizer or their representative shall remain with the person being expelled from the premises at all times until he or she vacates the premises. If the person does not vacate the premises, the Department may inform the event organizer that the event must cease operations. Upon notification from the Department that the event is to cease operations, the event organizer shall immediately stop the event and all participants shall be removed from the premises within the time frame provided by the Department.

(n) The event organizer shall designate a limited-access area that can only be accessed by the licensee and the Department. Upon request, the event organizer shall make the area available to the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26200, Business and Professions Code.

§15602. Temporary Cannabis Event Sales.

(a) Only persons age 21 or older may purchase and consume cannabis goods at a temporary cannabis event. Prior to selling cannabis goods to a customer, the licensee making the sale shall confirm, using valid identification as specified in section 15404, the age and identity of the customer.

(b) All sales of cannabis goods at a temporary cannabis event must occur in a retail area as designated in the premises diagram pursuant to section 15002.1(b)(5).

(c) Each sale at a temporary cannabis event shall be performed by a licensed retailer, a licensed non-storefront retailer, or licensed microbusiness that is authorized to engage in retail sales. The cannabis event organizer may also sell cannabis goods at the temporary cannabis event if the organizer separately holds a license authorizing the retail sale of cannabis goods.

(1) Licensed retailers or licensed microbusinesses shall only conduct sales activities within their specifically assigned area, identified in the diagram of the physical layout of the temporary cannabis event.

(2) Mobile sales activities via wagon, cart, or similar means are prohibited at the temporary cannabis event site.

(d) Licensed retailers or licensed microbusinesses must prominently display their temporary cannabis event location number and state license within plain sight of the public.

(e) All sales at a temporary cannabis event shall occur on the dates stated on the license and shall occur at the location stated on the license. All onsite sales of cannabis goods must comply with the hours of operation requirements of section 15403.

(f) Sale of alcohol or tobacco shall not be allowed on the licensed temporary cannabis event premises.

(g) The cannabis goods sold onsite at a temporary cannabis event shall be transported by a licensed distributor or licensed microbusiness in compliance with the Act and this division. All shipments of cannabis goods and non-cannabis goods intended for sale at a temporary cannabis event must be checked by the temporary cannabis event organizer staff to prevent prohibited items, such as alcohol and tobacco, from entering the licensed premises.

(h) Except small amounts of cannabis goods used for display, all cannabis goods for sale at a temporary cannabis event shall be stored in a secure, locked container that is not accessible to the public. Cannabis goods being stored by a licensee at a temporary cannabis event shall not be left unattended. Licensees may share the secure, locked container; however, each licensee using the container shall be held responsible for any violations of this section and subject to disciplinary action.

(i) All cannabis goods made available for sale at a cannabis event shall comply with all requirements for the retail sale of cannabis goods within the Act and section 15406.

(j) All cannabis goods made available for sale at a temporary cannabis event shall comply with all track and trace requirements within the Act and this division.

(k) All cannabis goods used for display at a temporary cannabis event shall comply with the requirements of section 15405.

(l) All cannabis goods sold at a temporary cannabis event shall comply with section 15413.

(m) All customer returns of cannabis goods at a temporary cannabis event shall comply with section 15410.

(n) The daily sales limits under section 15409 apply to all sales made at a temporary cannabis event.

(o) A licensed retailer shall only provide free cannabis goods to a person at a temporary cannabis event if the licensed retailer complies with all requirements of section 15411.

(p) The licensed cannabis event organizer shall be responsible for ensuring that all rules and requirements for the onsite sale of cannabis goods are followed.

(q) Any compensation paid from a licensed retailer to a licensed cannabis event organizer for participation in a temporary cannabis event shall not be determined based on, or be contingent on, the sale of cannabis goods.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26200, Business and Professions Code.

§15603. Temporary Cannabis Event Consumption.

(a) Access to the area where cannabis consumption is allowed shall be restricted to persons 21 years of age or older.

(b) The event organizer licensee shall ensure that cannabis consumption is not visible from any public place or non-age-restricted area.

(c) Consumption of alcohol or tobacco shall not be allowed on the licensed premises.

(d) All requirements for onsite cannabis consumption imposed by the relevant local jurisdiction shall be followed and smoking of cannabis goods shall be prohibited in any areas where smoking is prohibited by law.

(e) The licensed cannabis event organizer, who holds the temporary cannabis event license, shall be responsible for ensuring that all rules and requirements for the onsite consumption of cannabis goods are followed.

(f) A licensed cannabis event organizer and all other licensees participating in a temporary cannabis event are required to follow all applicable requirements in this division pertaining to record keeping and waste management.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26200, Business and Professions Code.

§15603.1. Participation in Temporary Cannabis Events by Non-Retail Licensees.

(a) Licensees who are not retailers may participate in licensed temporary cannabis events and may display cannabis or cannabis products in accordance with the following:

(1) Cannabis or cannabis products displayed shall not exceed the following amounts:

(A) 85.5 grams of non-concentrated cannabis.

(B) 24 grams of cannabis concentrate.

(C) 18 immature plants.

(D) 21 seeds.

(2) Cannabis or cannabis products may be provided to attendees of the event for inspection and educational purposes only. Cannabis and cannabis products used for display shall comply with the provisions in subsections (b) and (c) of section 15405.

(3) Cannabis and cannabis products for display purposes by non-retail licensees only may be brought to the licensed event by the licensee or their employees. However, no individual shall transport an amount of cannabis or cannabis products that exceeds the possession limits established in section 11362.1 of the Health and Safety Code unless such individual is a licensed distributor or their employee transporting in a distribution vehicle.

(b) Licensees may display non-cannabis containing items such as cannabis accessories, packaging materials, promotional materials, and branded merchandise.

(c) Licensees may sell branded merchandise and cannabis accessories in compliance with local and state laws governing the sale of goods.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26013, Business and Professions Code.

§15604. Informational or Educational Cannabis Events.

(a) Informational or educational cannabis events where no sales of cannabis goods or consumption of cannabis goods is occurring are not required to be licensed by the Department.

(b) A person may display cannabis or cannabis products for informational or educational purposes consistent with Health and Safety Code sections 11362.1 and 11362.77.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26013, Business and Professions Code; and Sections 11362.1 and 11362.77, Health and Safety Code.

Chapter 6. Testing Laboratories

Article 1. Chapter Definitions

§15700. Definitions.

In addition to the definitions in section 15000, the following definitions apply to this chapter.

(a) “Acceptance criteria” means the specified limits placed on the characteristics of an item or method that are used to determine data quality.

(b) “Accreditation body” means an impartial non-profit organization that operates in conformance with the International Organization for Standardization (ISO) / International Electrotechnical Commission (IEC) standard 17011 and is a signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement (MRA) for Testing.

(c) “Accredited college or university” means a college or university accredited by a regional or national accrediting agency that is an accreditor recognized by the Secretary of the US Department of Education.

(d) “Action level” means the threshold value that provides the criterion for determining whether a sample passes or fails an analytical test.

(e) “Analyte” means a chemical, compound, element, bacteria, yeast, fungus, or toxin to be identified or measured.

(f) “Analytical batch” means a set of no more than 20 samples that is prepared together for the same analysis and are prepared with laboratory quality control (LQC) samples.

(g) “Analytical method” means a technique used qualitatively or quantitatively to determine the composition of a sample or a microbial contamination of a sample.

(h) “Analytical sequence” means a group of samples that are analyzed sequentially using the same instrument calibration curve.

(i) “Cannabinoid” means a class of diverse chemical compounds derived from a cannabis plant.

(j) “CAS number” means the unique numerical identifier assigned to every chemical substance by Chemical Abstracts Service, a division of the American Chemical Society.

(k) “CBDA” means cannabidiolic acid, CAS number 1244-58-2.

(l) “CBG” means cannabigerol, CAS number 25654-31-3.

(m) “CBN” means cannabinol, CAS number 521-35-7.

(n) “Certificate of accreditation” means a document issued by an accreditation body that attests to the laboratory’s competence to carry out specific testing analysis.

(o) “Certified reference material” means a reference material in cannabis or similar non-cannabis matrix prepared at a known concentration by a certifying body or a party independent of the laboratory with ISO/IEC 17034 accreditation. The laboratory will

calculate the percent recovery of the certified reference material based on measured concentration relative to the known concentration.

(p) “Chain of Custody” (COC) means the chronological documentation that records the sequence of custody, control, transfer, analysis, and disposal of a sample.

(q) “Coefficient of Determination” (commonly denoted as “r2”) means a statistical measure that determines how well the regression approximates the actual data points in the calibration curve, with a regression of 1 being a perfect fit.

(r) “Continuing calibration verification” (CCV) means a type of quality control sample that includes each of the target method analytes that is a mid-range calibration standard which checks the continued validity of the initial calibration of the instrument.

(s) “Corrective action” means an action taken by the laboratory to resolve, and prevent from recurrence, a problem with the technical operations of the laboratory.

(t) “Exclusivity” means the specificity of the test method for validating microbial testing methods. It evaluates the ability of the method to distinguish the target organisms from similar but genetically distinct non-target organisms.

(u) “Foreign material” means any filthy, putrid, or decomposed substance including hair, insects, excreta, or related adulterant that may be hazardous or cause illness or injury to the consumer.

(v) “Frequency” means the number of items occurring in each category. Frequency may be determined by analytical method or laboratory specific requirements for accuracy, precision of the analysis, or statistical calculation.

(w) “Good laboratory practice” (GLP) means a system of management controls for laboratories to ensure the uniformity, consistency, reliability, reproducibility, quality, and integrity of analyses performed by the testing laboratory.

(x) “Inclusivity” means, related to microbiological method validation, the sensitivity of the test method. It evaluates the ability of the test method to detect a wide range of target organisms by a defined relatedness.

(y) “Inhalable” means consumable through the lungs.

(z) “Initial Calibration Verification” (ICV) means a solution of each of the target method analytes of known concentration that is obtained from a source external to the laboratory and different from the source of calibration standards.

(aa) “ISO/IEC” means the joint technical committee of the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).

(bb) “ISO/IEC 17025” means the general requirements specified by the ISO/IEC for the competence of testing and calibration laboratories.

(cc) “ISO/IEC 17034” means the general requirements established by the ISO/IEC for the competence of reference material producers.

(dd) “ISO/IEC 17043” means the general requirements established by the ISO/IEC for proficiency testing.

(ee) “Laboratory” means “testing laboratory” as defined at Business and Professions Code section 26001(av).

(ff) “Laboratory Control Sample” (LCS) means a blank matrix to which known concentrations of each of the target method analytes are added. The spiked concentration must be at a mid-range concentration of the calibration curve for the target analytes. The LCS is analyzed in the same manner as the representative sample.

(gg) “Laboratory replicate sample” means a sub-sample taken of the representative sample used for laboratory quality control purposes to demonstrate reproducibility. It is prepared and analyzed in the identical manner as the representative sample. The results from replicate analyses are used to evaluate analytical precision.

(hh) “Laboratory employee” means any person directly employed by the laboratory for wages, salary, barter, or trade by the laboratory and who is not employed by any other licensee under the Act except for another testing laboratory. “Laboratory employee” does not mean an independent contractor, third party entity, or any other entity acting on behalf of the laboratory.

(ii) “Laboratory quality assurance” means the set of operating principles that enable laboratories to produce defensible data of known accuracy and precision and includes employee training, equipment preventative maintenance procedures, calibration procedures, and quality control testing, among other things.

(jj) “Limit of detection” (LOD) means the lowest quantity of a substance or analyte that can be distinguished from the absence of that substance within a stated confidence limit.

(kk) “Limit of quantitation” (LOQ) means the minimum concentration of an analyte in a specific matrix that can be reliably quantified while also meeting predefined goals for bias and imprecision.

(ll) “Linear regression” means the determination, in analytical chemistry, of the best linear equation for calibration data to generate a calibration curve. The concentrate of an analyte in a sample can then be determined by comparing a measurement of the unknown to the calibration curve. A linear regression uses the following equation:

$$y = mx + b; \text{ where } m = \text{slope}, b = \text{intercept}$$

(mm) “Matrix” means the substances that are present in a sample except for the analyte(s) of interest.

(nn) “Matrix spike sample” means a sample prepared by adding a known quantity of each of the target analyte to a sample matrix or to a matrix that is as closely representative of the matrix being analyzed as possible. The spiked concentration must be at a mid-range concentration of the calibration curve for the target analytes.

(oo) “Method Blank” means an analyte free matrix to which all reagents are added in the same volumes or proportions as used in the sample preparation and is processed in exactly the same manner as the samples.

(pp) “Moisture content” means the percentage of water in a sample, by weight.

(qq) “Non-target organism” means an organism that the test method or analytical procedure is not testing for and can be used in evaluating the specificity of a test method.

(rr) “Percent recovery” means the percentage of a measured concentration relative to the added (spiked) concentration in a reference material or matrix spike sample. A laboratory shall calculate the percent recovery by dividing the sample result by the expected result then multiplying the quotient by 100.

(ss) “Practical experience” means experience performing scientific analytical tests in a laboratory setting using equipment, instruments, kits, and materials routinely found in a laboratory. “Practical experience” includes experience in any type of laboratory setting and is not limited to cannabis-specific laboratories.

(tt) “Proficiency test” means an evaluation of a laboratory’s performance against pre-established criteria by means of interlaboratory comparisons of test measurements.

(uu) “Proficiency test sample” means a sample that is prepared by a party independent of the testing laboratory with the ISO/IEC 17043 accreditation, where the concentration and identity of an analyte is known to the independent party, but is unknown to the testing laboratory and testing laboratory employees.

(vv) “Quadratic regression” means the determination, in analytical chemistry, of the best parabola equation for calibration data to generate a calibration curve. The concentrate of an analyte in a sample can then be determined by comparing a measurement of the unknown to the calibration curve. A quadratic regression uses the following equation:

$$y = ax^2 + bx + c; \text{ where a, b, and c are numerical coefficients}$$

(ww) “Quality control” means the set of measures implemented within an analytical procedure to ensure that the measurement system is operating in a state of statistical control for which errors have been reduced to acceptable levels.

(xx) “Quality control sample” means a sample that is produced and used by a laboratory for the purpose of assuring the quality of the data and results. Quality control samples include blank samples, matrix spike samples, laboratory control samples, replicate samples, and reference material samples.

(yy) “Reagent” means a compound or mixture added to a system to cause a chemical reaction or test if a reaction occurs. A reagent may be used to tell whether a specific chemical substance is present by causing a reaction to occur with the chemical substance.

(zz) “Reference material” means material containing a known concentration of an analyte of interest that is in solution or in a homogeneous matrix.

(aaa) “Reference method” means the method by which the performance of an alternate method is measured or evaluated.

(bbb) “Relative percent difference” (RPD) means the comparative statistic that is used to calculate precision or random error. RPD is calculated using the following equation:

$$RPD = \left| \text{(representative sample measurement – replicate sample measurement)} / \text{([representative sample measurement + replicate sample measurement] / 2)} \times 100\% \right.$$

(ccc) “Relative standard deviation” (RSD) means the standard deviation expressed as a percentage of the means recovery. RSD is calculated using the following equation:

RSD = (s / x) × 100%; where s = standard deviation and x = mean

(ddd) “Representative” means a small quantity of the batch whose characteristics represent, as accurately as possible, the entire batch, thus allowing the results to be generalized.

(eee) “Representative sample” means a sample that is comprised of several sample increments of cannabis or cannabis products that are collected from a batch for testing.

(fff) “Requester” means the person who submits a request to the laboratory for testing of cannabis or cannabis products from an entity licensed under the Act.

(ggg) “Reserve sample” means any portion of a representative sample that was not used in the testing process.

(hhh) “Sample” means a representative part of, or a single item from, a batch which is comprised of several sample increments.

(jjj) “Sample increment” means a portion of a batch that, together with other increments, makes up the sample.

(kkk) “Sampler” means the laboratory employee responsible for obtaining samples of cannabis or cannabis products from a licensed distributor or licensed microbusiness authorized to engage in distribution.

(lll) “Sanitize” means to sterilize, disinfect, or make hygienic.

(mmm) “Scope of accreditation” means the tests or types of tests performed, materials or products tested, and the methods used for testing cannabis or cannabis products for which the accreditation has been granted.

(nnn) “Standard operating procedure” (SOP) means a written document that provides detailed instructions for the performance of all aspects of an analysis, operation, or action.

(ooo) “Target organism” means an organism that is being tested for in an analytical procedure or test method.

(ppp) “THCA” means tetrahydrocannabinolic acid, CAS number 23978-85-0.

(qqq) “Total CBD” means the sum of CBD and CBDA. Total CBD is calculated using the following equation:

Total CBD concentration (mg/g) = (CBDA concentration (mg/g) x 0.877) + CBD concentration (mg/g)

(rrr) “Total THC” means the sum of THC, delta 8 THC, and THCA. Total THC is calculated using the following equation:

Total THC (mg/g) = [(delta 8-THCA concentration (mg/g) + delta 9-THCA concentration (mg/g)) x 0.877] + [delta 8-THC concentration (mg/g) + delta 9-THC concentration (mg/g)]

(sss) “Validation” means the confirmation by examination and objective evidence that the requirements for a specific intended use or analytical method are fulfilled.

(ttt) “Water activity” means the measure of the quantity of water in a product that is available and therefore capable of supporting bacteria, yeasts, and fungi and which is reported in units Aw.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26100, Business and Professions Code.

Article 2. Laboratory License

§15701. General Laboratory License Requirements.

(a) A licensed laboratory shall maintain ISO/IEC 17025 accreditation for the testing of the following:

(1) Cannabinoids;

(2) Heavy metals;

(3) Microbial impurities;

(4) Mycotoxins;

(5) Residual pesticides;

(6) Residual solvents and processing chemicals; and

(7) If tested, terpenoids.

(b) Each testing laboratory licensed premises shall have ISO/IEC 17025 accreditation.

(c) A licensed laboratory shall retain, and make available to the Department upon request, all records associated with the licensee’s ISO/IEC 17025 certificate of accreditation.

(d) A licensed testing laboratory may test items not regulated by this division if they comply with the laws governing the testing of such items. A licensed testing laboratory shall maintain separate and distinct records of their activities regulated by this division and their activities that are subject to other laws.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26100, Business and Professions Code.

§15702. Laboratory License Application.

In addition to the information required in section 15002, an application for a testing laboratory license includes the following:

(a) A valid certificate of accreditation, issued by an accreditation body, that attests to the laboratory’s competence to perform testing, including all the required analytes for the following test methods:

(1) Cannabinoids;

(2) Heavy metals;

(3) Microbial impurities;

(4) Mycotoxins;

(5) Residual pesticides;

(6) Residual solvents and processing chemicals; and

(7) If tested, terpenoids.

(b) Standard operating procedures for the following testing methods:

(1) Cannabinoids;

(2) Foreign material;

(3) Heavy metals;

(4) Microbial impurities;

(5) Moisture content and water activity;

(6) Mycotoxins;

(7) Residual pesticides;

(8) Residual solvents and processing chemicals; and

(9) If tested, terpenoids.

(c) Method validation reports for the following testing methods:

(1) Cannabinoids;

(2) Heavy metals;

(3) Microbial impurities;

(4) Mycotoxins;

(5) Residual pesticides;

(6) Residual solvents; and processing chemicals; and

(7) If tested, terpenoids.

(d) Standard operating procedures for the sampling of cannabis or cannabis products.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26050, 26055, 26102 and 26104, Business and Professions Code.

§15703. Interim Testing Laboratory License.

(a) An applicant may apply for an interim license prior to receiving ISO/IEC 17025 accreditation provided that the commercial cannabis business meets all other licensure requirements for a testing laboratory and submits to the Department an application in compliance with section 15002 and an attestation that the commercial cannabis business has or intends to seek ISO/IEC 17025 accreditation for all testing methods required by this division.

(b) An interim testing laboratory license shall be valid for 12 months. The annual license fee for an interim license shall be determined pursuant to the requirements in section 15014 for determining the annual license fee for a testing laboratory license.

(c) To timely renew an interim license, a completed license renewal form and the annual renewal license fee pursuant to section 15014 shall be received by the Department from the licensee no earlier than 60 calendar days before the expiration of the license and no later than 5:00 p.m. Pacific Time on the last business day before the expiration of the license if the renewal form is submitted to the Department at its office(s), or no later than 11:59 p.m. on the last business day before the expiration of the license if the renewal form is submitted to the Department through its electronic licensing system. Failure to receive a notice for license renewal does not relieve a licensee of the obligation to renew an interim license as required.

(d) In the event the license is not renewed prior to the expiration date, the licensee must not test any commercial cannabis or cannabis products until the license is renewed.

(e) A licensee may submit a license renewal form up to 30 calendar days after the license expires. Any late renewal form will be subject to a late fee equal to 50 percent of the applicable licensing fees required by subsection (c).

(f) The license renewal application shall contain the following:

(1) The name of the licensee. For licensees who are individuals, the applicant shall provide both the first and last name of the individual. For licensees who are business entities, the licensee shall provide the legal business name of the commercial cannabis business;

(2) The license number and expiration date;

(3) The licensee's mailing address and licensed premises address; and

(4) An attestation that all information provided to the Department in the original application under section 15002 or subsequent notification under sections 15023 and 15024 is accurate and current.

(g) The Department may renew an interim license for an initial renewal period of 12 months.

(h) After one renewal, the Department may renew the interim license for additional 12-month periods if the licensee has submitted an application for the ISO/IEC 17025 accreditation. In addition to the information required for a renewal form pursuant to subsection (f), any renewal request pursuant to this section shall also include an attestation that the licensee's application for each ISO/IEC 17025 is pending with the accrediting body, the name of the accrediting body, and the date the application was submitted to the accrediting body.

(i) The licensee shall notify the Department if the application for each ISO/IEC 17025 accreditation is granted or denied within 1 business day of receiving the decision from the accrediting body. The licensee shall submit to the Department the information required, on the Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories, DCC-LIC-029 (New 2/22), which is incorporated herein by reference. If the accrediting body grants or denies the licensee's application for any ISO/IEC 17025 accreditation before the expiration of the interim license, the Department may terminate the interim license at that time.

(j) The Department may revoke an interim license at any time.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26031, 26050 and 26102, Business and Professions Code.

Article 3. Sampling Cannabis and Cannabis Products

§15704. Sampling Standard Operating Procedures.

(a) The licensed laboratory shall develop and implement a sampling standard operating procedure (SOP) that describes the laboratory's method for obtaining representative samples of cannabis or cannabis products. The licensed laboratory shall use and submit to the Department Sampling – Standard Operating Procedures, Form DCC-LIC-021 (Amended 2/22), which is incorporated herein by reference.

(b) The licensed laboratory shall retain a copy of the sampling SOP on the licensed laboratory premises and ensure that the sampling SOP is accessible to the sampler during sampling.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26102, 26104 and 26110, Business and Professions Code.

§15705. General Sampling Requirements.

(a) The licensed laboratory that obtains a representative sample from a licensed distributor or licensed microbusiness shall perform all the required testing at one licensed laboratory premises.

(b) The licensed laboratory may obtain and analyze samples only from cannabis products batches in final form as required by Business and Professions Code section 26100.

(c) The licensed laboratory sampler shall collect a representative sample from each batch following the procedures specified in the laboratory's sampling standard operating procedure(s).

(d) The licensed laboratory shall ensure that the sample is transported and subsequently stored at the licensed laboratory premises in a manner that prevents degradation, contamination, commingling, and tampering. If the cannabis or cannabis products specify on the label how the cannabis or cannabis products shall be stored, the laboratory shall store the sample as indicated on the label.

(e) The licensed laboratory shall complete a chain of custody form for each sample that the laboratory collects and analyzes.

(f) Once a representative sample has been obtained for regulatory compliance testing, the licensed laboratory that obtained the sample must complete the regulatory compliance testing.

(g) If a licensed laboratory is unable to competently complete the regulatory compliance testing after sampling and before a COA is issued, the licensed distributor or microbusiness authorized to engage in distribution who arranged for the testing of the batch may request

approval from the Department to have the impacted batch re-sampled and tested by another licensed laboratory.

(1) The request shall be made in writing via email to testinglabs@cannabis.ca.gov and shall include all of the following:

(A) The name and license number of the distributor;

(B) The batch numbers;

(C) The type and quantity of cannabis or cannabis products;

(D) The name and license number of the laboratory that took the initial sample and is not able to competently complete the regulatory compliance testing;

(E) The name and license number of the laboratory proposed to re-sample and complete the regulatory compliance testing for the batch; and

(F) The reason why the laboratory that initially took the sample cannot competently complete the regulatory compliance testing.

(2) The Department will review the request and determine if the licensed laboratory that initially took the sample is unable to competently complete the regulatory compliance testing. If the Department determines that the licensed laboratory is unable to competently complete the regulatory compliance testing, the Department, in its discretion, may approve the request in whole or part and set conditions for the re-sampling and testing.

(3) No re-sampling of any batch shall occur prior to the licensed distributor or licensed microbusiness authorized to engaged in distribution receiving written approval from the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15706. Chain of Custody (COC).

(a) The licensed laboratory shall develop and implement a COC protocol to ensure accurate documentation is recorded for the transport, handling, storage, and destruction of samples.

(b) The COC protocol shall require the use of a COC form. The sampler shall use a COC to record the following information for each sampled batch:

(1) Laboratory's name, licensed premises address, and license number;

(2) Date and time sampling started and ended;

(3) Licensed distributor or licensed microbusiness' name, licensed premises address, and license number;

(4) Licensed cultivator's, licensed manufacturer's, licensed distributor's, or licensed microbusiness' name, licensed premises address, and license number;

(5) Batch number of the batch from which the representative sample was obtained and assigned unique sample identifier;

(6) Sample matrix;

(7) Total batch size, by weight, or unit count;

(8) Total weight, or unit count of the representative sample;

(9) Sampling conditions or problems encountered during the sampling process, if any;

(10) Printed name and signature of the licensed distributor or licensed microbusiness' authorized to engage in distribution employee; and

(11) Printed name and signature of the sampler.

(c) Each time a sample changes custody between licensees, is transported, or is destroyed, the date, time, and the names and signatures of persons involved in these activities shall be recorded on the COC form.

(d) Once the custody of the sample changes between licensees, the COC form for that change of custody may not be altered.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26102, 26104 and 26110, Business and Professions Code.

§15707. Harvest Batch Sampling.

(a) The sampler shall obtain a representative sample from each prepacked or unpacked harvest batch. The representative sample must weigh 0.35% of the total harvest batch weight.

(b) A sampler may collect a representative sample greater than 0.35% of the total harvest batch weight of a prepacked or unpacked harvest batch if necessary to perform the required testing or to ensure that the samples obtained are representative.

(c) The prepacked or unpacked harvest batch from which a sample is obtained shall weigh no more than 50.0 pounds. Laboratory analyses of a sample collected from a harvest batch weighing more than 50.0 pounds shall be deemed invalid and the harvest batch from which the sample was obtained shall not be released for retail sale.

(d) When the sampler obtains a representative sample from an unpacked harvest batch, the sampler shall do all the following:

(1) Collect the number of sample increments relative to the unpacked harvest batch size as listed in the following table;

(2) Obtain sample increments from random and varying locations of the unpacked harvest batch, both vertically and horizontally. To the extent practicable, the sample increments obtained from an unpacked harvest batch shall be of equal weight; and

(3) To the extent practicable, collect an equal number of sample increments from each container if the unpacked harvest batch is stored in multiple containers.

Unpacked Harvest Batch Size (pounds)	*Number of Increments (per sample)*
≤ 10.0	8
10.1 – 20.0	16
20.1 – 30.0	23
30.1 – 40.0	29
40.1 – 50.0	34

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15708. Cannabis Product Batch and Pre-Roll Sampling.

(a) The sampler shall obtain a representative sample from each cannabis product batch or pre-roll batch.

(b) The sampler may collect a greater number of sample increments if necessary to perform the required testing or to ensure that the samples obtained are representative.

(c) The cannabis product batch or pre-roll batch from which a representative sample is obtained shall contain no more than 150,000 units. Laboratory analyses of a sample collected from a cannabis product batch containing more than 150,000 units shall be deemed invalid and the cannabis product batch or pre-roll batch from which the representative sample was obtained shall not be released for retail sale.

(d) The sampler shall obtain a representative sample of a cannabis product or pre-roll batch by collecting, at minimum, the number of sample increments relative to the batch size as listed in the following table. Each sample increment consists of 1 packaged unit.

Cannabis Product or Pre-roll Batch Size (units)	*Number of Sample Increments (per sample)*
≤ 50	2
51 – 150	3
151 – 500	5
501 – 1,200	8
1,201 – 3,200	13
3,201 – 10,000	20
10,001 – 35,000	32
35,001 – 150,000	50

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15709. Laboratory Transportation of Cannabis and Cannabis Products Samples.

(a) The following requirements apply when a licensed testing laboratory transports cannabis or cannabis products samples:

(1) While transporting cannabis or cannabis products samples, a licensed testing laboratory employee shall ensure the cannabis or cannabis products are not visible to the public. Cannabis or cannabis products shall be stored in a secure, fully enclosed trunk that cannot be accessed from inside the vehicle, or in a secured area or compartment within the interior of the vehicle. A “secured area” is defined as an area where solid or locking metal partitions, cages, or high-strength shatterproof acrylic can be used to create a secure compartment in the fully enclosed vehicle. The secured area may be comprised on three sides by any part of the body of the vehicle, provided the parts of the vehicle used for the purposes of this section are shatterproof and are not made of glass.

(2) While left unattended, vehicles and trailers shall be locked and secured.

(3) The licensed laboratory shall not leave a vehicle or trailer containing cannabis or

cannabis products samples unattended in a residential area or parked overnight in a residential area.

(4) The licensed laboratory shall ensure that any vehicle or trailer transporting cannabis or cannabis products samples has an alarm system.

(5) The licensed laboratory shall ensure that packages or containers holding cannabis or cannabis products samples are neither tampered with nor opened during transport.

(6) The licensed laboratory transporting cannabis or cannabis products samples shall only travel between licensees for whom the laboratory is conducting regulatory compliance testing or quality assurance testing. A laboratory shall not deviate from the travel requirements described in this section, except for necessary rest, fuel, or vehicle repair stops.

(7) The licensed laboratory may transport multiple cannabis or cannabis products samples obtained from multiple licensees at once.

(8) Vehicles or trailers transporting cannabis or cannabis products samples are subject to inspection by the Department at any licensed premises or during transport at any time.

(9) No person under the age of 21 years old shall be in a vehicle or trailer transporting cannabis or cannabis products samples.

(10) Only an employee of the licensed laboratory or security personnel who meets the requirement of section 15045 shall be in a vehicle while transporting cannabis or cannabis products samples.

(b) Upon request, the licensed laboratory shall provide the following required transport vehicle information to the Department:

(1) The certificate of ownership or registration card issued by the California Department of Motor Vehicles for each vehicle used to transport cannabis or cannabis products samples;

(2) The year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for each vehicle or trailer used to transport cannabis or cannabis products samples; and

(3) Proof of insurance for each vehicle used to transport cannabis or cannabis products samples.

(c) All vehicles and trailers used for transportation shall be owned or leased, in accordance with the Vehicle Code, by the licensee. The licensee is not required to be the sole owner or lessor of the vehicle or trailer and all owners and lessors may use the vehicle for non-commercial cannabis activity.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26102, 26104 and 26110, Business and Professions Code.

§15710. Laboratory Receipt of Samples Obtained from a Distributor or Microbusiness.

(a) The licensed laboratory may accept and analyze a sample from a licensed distributor or licensed microbusiness authorized to engage in distribution for the required testing under section 15714 only if there is an accompanying COC form for the sample.

(b) The licensed laboratory employee who receives the sample shall date, print, and sign their name on the accompanying sample COC.

(c) The licensed laboratory shall not analyze a sample obtained from a licensed distributor or licensed microbusiness authorized to engage in distribution, and the batch from which the sample was obtained may not be released for retail sale, if any of the following occur:

(1) The sample is received at the laboratory without the requisite COC form;

(2) The tamper-evident material is broken prior to the sample being received at the laboratory; or

(3) There is evidence of sample commingling, contamination, degradation, or a related occurrence rendering the sample unusable for analytical testing when the sample is received at the laboratory.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

Article 4. Standard Operating Procedures

§15711. Laboratory Analyses Standard Operating Procedures.

(a) The licensed laboratory shall develop, implement, and maintain written standard operating procedures (SOP) for sample preparation and each required test method. The licensed laboratory shall use and submit to the Department the following forms which are incorporated by reference:

(1) Sample Preparation – Standard Operating Procedures, Form DCC-LIC-022 (Amended 2/22), which is incorporated herein by reference; and

(2) Test Methods – Standard Operating Procedures, Form DCC-LIC-023 (Amended 2/22), which is incorporated herein by reference.

(b) The licensed laboratory shall keep each SOP at the licensed laboratory premises and ensure that each SOP is accessible to laboratory employees during operating hours.

(c) The licensed laboratory shall make each SOP available for inspection by the Department upon request, as well as any other SOPs associated with the licensee's ISO/IEC 17025 certificate of accreditation.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26100, 26102, 26104 and 26110, Business and Professions Code.

§15712. Test Methods.

(a) The laboratory shall develop, implement, and validate test methods for the analyses of samples as required under this division.

(b) To the extent practicable, the laboratory test methods shall comport with the following guidelines:

(1) US Food and Drug Administration's *Bacterial Analytical Manual*, 2016;

(2) AOAC International's *Official Methods of Analysis for Contaminant Testing of AOAC International*, 20th Edition, 2016; and

(3) United States Pharmacopeia and the National Formulary's *Methods of Analysis for Contaminant Testin*g, 2016.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26102, 26104 and 26110, Business and Professions Code.

§15712.1. Cannabinoid Test Method for Dried Flower, Including Non-Infused Pre-Rolls.

(a) Notwithstanding section 15712, a licensed laboratory shall utilize the cannabinoid test method required by this section and shall not utilize any other cannabinoid test method for the purpose of regulatory compliance testing and reporting results for dried flower, including non-infused pre-rolls. A licensed laboratory is not required to use the cannabinoid test method required by this section for cannabis products, including infused pre-rolls.

(b) The licensed laboratory shall use Standard Operating Procedures: Determination of Cannabinoids Concentration by High Performance Liquid Chromatography (HPLC) for Dried Flower, including Non-Infused Pre-Rolls (New 4/10/2023), which is incorporated by reference herein, to perform the cannabinoid testing required by section 15724.

(c) The cannabinoid test method identified in subsection (b) shall not be altered by the licensed laboratory.

(d) Notwithstanding the requirements of section 15724(a), the licensed laboratory shall analyze the sample size of the representative sample as specified in the cannabinoid test method identified in subsection (b).

(e) Prior to using the cannabinoid test method identified in subsection (b), the licensed laboratory shall perform a method verification of the cannabinoid test method, in accordance with section 15712.2, to demonstrate that the laboratory is capable of meeting the cannabinoid test method's performance specifications.

(f) The licensed laboratory is not required to provide the Department with a validation report of the cannabinoid test method pursuant to sections 15702(c)(1) and 15713(d) for the cannabinoid test method identified in subsection (b).

(g) The licensed laboratory shall provide the Department with its standard operating procedures implementing the cannabinoid test method identified in subsection (b) in accordance with the requirements of sections 15702(b) and 15711(a). The standard operating procedures shall be submitted with the verification report required by section 15712.2 prior to use of the cannabinoid test method for regulatory compliance testing.

(h) The licensed laboratory shall commence utilizing the cannabinoid test method identified in subsection (b) no later than January 1, 2024.

(i) The licensed laboratory may test for additional cannabinoid analytes beyond those specified in section IV(A) and in additional matrices beyond those covered in the cannabinoid test method identified in subsection (b). The licensed laboratory shall provide a method validation for additional cannabinoid analytes and additional matrices in accordance with section 15713.

Authority cited: Sections 26013 and 26100, Business and Professions Code. Reference: Section 26100, Business and Professions Code.

§15712.2. Verification of Cannabinoid Test Method for Dried Flower, Including Non-Infused Pre-Rolls.

(a) Prior to using the cannabinoid test method identified in section 15712.1(b) for regulatory compliance testing, each licensed laboratory shall perform a method verification of the cannabinoid test method in their own laboratory to demonstrate that the laboratory is capable of meeting the cannabinoid test method's performance specifications.

(b) For purposes of this chapter, "method verification" means the process of demonstrating that a laboratory is capable of replicating a validated test method with an acceptable level of performance.

(c) For purposes of this chapter, "reagent blank" means reagents that are used in the procedure taken through the entire method and which are added in the same volumes as used in the sample preparation. A reagent blank is analyzed in the same manner as the representative sample.

(d) To complete the method verification of the cannabinoid test method identified in section 15712.1(b), the laboratory shall address the criteria listed in the following table:

Criteria	*Number Required*
Reagent blanks	≥1
Method blanks	≥1
Spike concentration levels	≥2
Spike replicates	≥3

(e) As part of the method verification:

(1) The licensed laboratory shall calculate the Limit of Detection (LOD) and Limit of Quantification (LOQ) for all analytes in accordance with section 15731; and

(2) The licensed laboratory shall evaluate the linear dynamic range for all analytes to ensure they meet the needs for the cannabinoid test method.

(f) The licensed laboratory shall generate a verification report for each cannabinoid test method used. Each verification report shall include the following information:

(1) Instrument calibration data;

(2) Raw data, including instrument raw data;

(3) Cannabis reference materials or certified reference material results;

(4) Data and calculations pertaining to LOD and LOQ determinations; and

(5) Laboratory Quality Control report, as described in section 15730(j).

(g) The supervisory or management laboratory employee shall review, approve, sign, and date the verification report for each cannabinoid test method used.

(h) The licensed laboratory shall provide the Department with the verification report demonstrating verification of the cannabinoid test method prior to use of the cannabinoid test method for regulatory compliance.

Authority cited: Sections 26013 and 26100, Business and Professions Code. Reference: Section 26100, Business and Professions Code.

§15713. Validation of Test Methods.

(a) The licensed laboratory may use a nonstandard, amplified, or modified test method or a method that is designed or developed by the licensed laboratory to validate the methods for analyses of samples.

(b) The licensed laboratory shall follow the guidelines set forth in the US Food and Drug Administration's *Guidelines for the Validation of Analytical Methods for the Detection of Microbial Pathogens in Foods and Feeds*, 2nd Edition, April 2015, incorporated herein by reference, to validate test methods for the microbial analysis of samples. The licensed laboratory shall include and address the criteria listed in the following table when validating test methods for microbial analyses of samples.

Criteria	*Requirement*
Number of target organisms; inclusivity	5
Number of non-target organisms; exclusivity	5
Number of analyte levels per matrix: Qualitative methods	3 levels: high and low inoculum levels and 1 uninoculated level
Number of analyte levels per matrix: Quantitative methods	4 levels: low, medium and high inoculum levels and 1 uninoculated level
Replicates per food at each level tested	2 or more replicates per level

(c) The licensed laboratory shall follow the guidelines set forth in the US Food and Drug Administration's *Guidelines for the Validation of Chemical Methods for the FDA FVM Program*, 2nd Edition, April 2015, incorporated herein by reference, to validate test methods for chemical analysis of samples.

(1) The licensed laboratory shall include and address the following criteria to validate test methods for chemical analyses of samples:

(A) Accuracy;

(B) Precision;

(C) Linearity and range;

(i) The Coefficient of Determination (r2) for all calibration curves shall be greater than or equal to 0.99.

(ii) Linear regression or quadratic regression shall only be used for calibration curves. Curves shall not be weighted at all or only weighted at ⅟x.

(iii) LOQ for analytes tested shall be within the range of the calibration curve.

(D) Calibration standard;

(i) For calibration curves, there shall be a minimum of five calibration standards, not including zero; and

(ii) Each calibration curve must include an Initial Calibration Verification (ICV). The percent recovery must be between 70% to 130%.

(E) Sensitivity and selectivity;

(F) Limit of detection and limit of quantitation;

(G) Recovery;

(H) Reproducibility; and

(I) Robustness.

(2) The licensed laboratory shall use certified reference materials to validate the following chemical analyses. The test method used for analysis is valid if the percent recovery of the certified reference material is between 80% to 120% for all required analytes.

(A) Cannabinoids, if available;

(B) Heavy metals;

(C) Microbial impurities;

(D) Mycotoxins;

(E) Residual pesticides;

(F) Residual solvents and processing chemicals; and

(G) Terpenoids, if available.

(d) The licensed laboratory shall generate a validation report for each test method. Each validation report shall include the following information:

(1) Instrument calibration data, if any;

(2) Raw data, including instrument raw data, for each test method, if any;

(3) Cannabis reference materials or certified reference material results;

(4) Data and calculations pertaining to LOD and LOQ determinations, if any;

(5) LQC report, as described in this chapter, for the validation of each method; and

(6) Worksheets, forms, pictures, or copies of laboratory notebook pages and any other documentation necessary to meet the requirements described in subsections (b) and (c).

(7) The supervisory or management laboratory employee shall review, approve, sign, and date the validation report for each test method.

(8) Upon new test methods or altered test methods being used in the laboratory, the new validation report shall be submitted to the Department within 5 business days, accompanied by the Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories, DCC-LIC-029 (New 2/22), which is incorporated herein by reference.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26100, 26104 and 26110, Business and Professions Code.

Article 5. Laboratory Testing and Reporting

§15714. Required Testing.

(a) All sample increments collected must be homogenized prior to sample analyses, notwithstanding foreign material testing.

(b) The licensed laboratory shall test each representative sample for the following:

(1) Cannabinoids;

(2) Foreign material;

(3) Heavy metals;

(4) Microbial impurities;

(5) Mycotoxins;

(6) Moisture content and water activity;

(7) Residual pesticides;

(8) Residual solvents and processing chemicals; and

(9) If applicable, terpenoids.

(c) The licensed laboratory shall report the results of each analysis performed by the laboratory on the certificate of analysis.

(d) The licensed laboratory that obtained the representative sample shall complete all required testing for each representative sample for regulatory compliance testing.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15717. Moisture Content and Water Activity Testing.

(a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of dried flower to determine the level of water activity and the percentage of moisture content.

(1) The dried flower sample, including pre-rolls, shall be deemed to have passed water activity testing if the water activity does not exceed 0.65 Aw. The laboratory shall report the result of the water activity test on the certificate of analysis (COA) and indicate “pass” or “fail” on the COA.

(2) The licensed laboratory shall report the result of the moisture content test on the COA as a percentage.

(b) The licensed laboratory shall analyze at least 0.5 grams of the representative sample of solid edible cannabis products to determine the level of water activity. A solid edible cannabis product shall be deemed to have passed water activity testing if the water activity does not exceed 0.85 Aw. The laboratory shall report the result of the water activity test on the COA and indicate “pass” or “fail” on the COA.

(c) If the sample fails water activity testing, the batch from which the sample was collected fails water activity testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15718. Residual Solvents and Processing Chemicals Testing.

(a) The licensed laboratory shall analyze at minimum 0.25 grams of the representative sample of cannabis product or pre-rolls to determine whether residual solvents or processing chemicals are present.

(b) The licensed laboratory shall report the result of the residual solvents and processing chemicals testing in unit micrograms per gram (µg/g) on the COA and indicate “pass” or “fail” on the COA.

(c) The sample shall be deemed to have passed the residual solvents and processing chemicals testing if the presence of any residual solvent or processing chemical listed in the following tables in Category I and Category II does not exceed the indicated action levels.

(1) Notwithstanding subsection (c), the limit for ethanol does not apply to cannabis products that are tinctures.

(2) Notwithstanding subsection (c), the limit for ethanol or isopropyl alcohol does not apply to cannabis products that are topical cannabis products.

Category I Residual Solvent or Processing Chemical	*CAS No.*	*Cannabis Product or Pre-Roll Action Level (µg/g)*
1,2-Dichloroethane	107-06-2	1.0
Benzene	71-43-2	1.0
Chloroform	67-66-3	1.0
Ethylene oxide	75-21-8	1.0
Methylene chloride	75-09-2	1.0
Trichloroethylene	79-01-6	1.0

Category II Residual Solvent or Processing Chemical	*CAS No.*	*Cannabis Product or Pre-roll Action Level (µg/g)*
Acetone	67-64-1	5000
Acetonitrile	75-05-8	410
Butane	106-97-8	5000
Ethanol	64-17-5	5000
Ethyl acetate	141-78-6	5000
Ethyl ether	60-29-7	5000
Heptane	142-82-5	5000
Hexane	110-54-3	290
Isopropyl alcohol	67-63-0	5000
Methanol	67-56-1	3000
Pentane	109-66-0	5000
Propane	74-98-6	5000
Toluene	108-88-3	890
Total xylenes (ortho-, meta-, para-)	1330-20-7	2170

(d) If the sample fails residual solvents and processing chemicals testing, the batch from which the sample was collected fails residual solvents and processing chemicals testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15719. Residual Pesticides Testing.

(a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis and cannabis products to determine whether residual pesticides are present.

(b) The licensed laboratory shall report whether any Category I Residual Pesticides are detected above the limit of detection (LOD) and shall report the result of the Category II Residual Pesticides testing in unit micrograms per gram (µg/g) on the COA. The laboratory shall indicate “pass” or “fail” on the COA.

(c) The licensed laboratory shall establish a limit of quantitation (LOQ) of 0.10 µg/g or lower for all Category I Residual Pesticides.

(d) The sample shall be deemed to have passed the residual pesticides testing if both of the following conditions are met:

(1) The presence of any residual pesticide listed in the following tables in Category I are not detected, and

(2) The presence of any residual pesticide listed in the following tables in Category II does not exceed the indicated action levels.

Category I Residual Pesticide	*CAS No.*
Aldicarb	116-06-3
Carbofuran	1563-66-2
Chlordane	57-74-9
Chlorfenapyr	122453-73-0
Chlorpyrifos	2921-88-2
Coumaphos	56-72-4
Daminozide	1596-84-5
DDVP (Dichlorvos)	62-73-7
Dimethoate	60-51-5
Ethoprop(hos)	13194-48-4
Etofenprox	80844-07-1
Fenoxycarb	72490-01-8
Fipronil	120068-37-3

Category I Residual Pesticide	*CAS No.*
Imazalil	35554-44-0
Methiocarb	2032-65-7
Methyl parathion	298-00-0
Mevinphos	7786-34-7
Paclobutrazol	76738-62-0
Propoxur	114-26-1
Spiroxamine	118134-30-8
Thiacloprid	111988-49-9

Category II Residual Pesticide	*CAS No.*	*Action Level (µg/g) for Inhalable Cannabis and Cannabis Products*	*Action Level (µg/g) for Non-Inhalable Cannabis Products*
Abamectin	71751-41-2	0.1	0.3
Acephate	30560-19-1	0.1	5
Acequinocyl	57960-19-7	0.1	4
Acetamiprid	135410-20-7	0.1	5
Azoxystrobin	131860-33-8	0.1	40
Bifenazate	149877-41-8	0.1	5
Bifenthrin	82657-04-3	3	0.5
Boscalid	188425-85-6	0.1	10
Captan	133-06-2	0.7	5
Carbaryl	63-25-2	0.5	0.5
Chlorantraniliprole	500008-45-7	10	40
Clofentezine	74115-24-5	0.1	0.5
Cyfluthrin	68359-37-5	2	1
Cypermethrin	52315-07-8	1	1
Diazinon	333-41-5	0.1	0.2
Dimethomorph	110488-70-5	2	20
Etoxazole	153233-91-1	0.1	1.5
Fenhexamid	126833-17-8	0.1	10
Fenpyroximate	111812-58-9	0.1	2

Category II Residual Pesticide	*CAS No.*	*Action Level (µg/g) for Inhalable Cannabis and Cannabis Products*	*Action Level (µg/g) for Non-Inhalable Cannabis Products*
Flonicamid	158062-67-0	0.1	2
Fludioxonil	131341-86-1	0.1	30
Hexythiazox	78587-05-0	0.1	2
Imidacloprid	138261-41-3	5	3
Kresoxim-methyl	143390-89-0	0.1	1
Malathion	121-75-5	0.5	5
Metalaxyl	57837-19-1	2	15
Methomyl	16752-77-5	1	0.1
Myclobutanil	88671-89-0	0.1	9
Naled	300-76-5	0.1	0.5
Oxamyl	23135-22-0	0.5	0.2
Pentachloronitrobenzene	82-68-8	0.1	0.2
Permethrin	52645-53-1	0.5	20
Phosmet	732-11-6	0.1	0.2
Piperonylbutoxide	51-03-6	3	8
Prallethrin	23031-36-9	0.1	0.4
Propiconazole	60207-90-1	0.1	20
Pyrethrins	8003-34-7	0.5	1
Pyridaben	96489-71-3	0.1	3
Spinetoram	187166-15-0, 187166-40-1	0.1	3
Spinosad	131929-60-7, 131929-63-0	0.1	3
Spiromesifen	283594-90-1	0.1	12
Spirotetramat	203313-25-1	0.1	13
Tebuconazole	107534-96-3	0.1	2
Thiamethoxam	153719-23-4	5	4.5
Trifloxystrobin	141517-21-7	0.1	30

(e) If the sample fails residual pesticides testing, the batch from which the sample was collected fails residual pesticides testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15720. Microbial Impurities Testing.

(a) The licensed laboratory shall analyze at minimum 1.0 grams of the representative sample of cannabis or cannabis products to determine whether microbial impurities are present.

(b) The licensed laboratory shall report the result of the microbial impurities testing by indicating “pass” or “fail” on the COA.

(c) The sample of inhalable cannabis and cannabis products shall be deemed to have passed the microbial impurities testing if all of the following conditions are met:

(1) Shiga toxin-producing Escherichia coli is not detected in 1 gram;

(2) Salmonella spp. is not detected in 1 gram; and

(3) Pathogenic Aspergillus species A. fumigatus, A. flavus, A. niger, and A. terreus are not detected in 1 gram.

(d) The sample of non-inhalable cannabis and cannabis products shall be deemed to have passed the microbial impurities testing if both the following conditions are met:

(1) Shiga toxin-producing Escherichia coli is not detected in 1 gram, and

(2) Salmonella spp. is not detected in 1 gram.

(e) If the sample fails microbial impurities testing, the batch from which the sample was collected fails microbial impurities testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15721. Mycotoxin Testing.

(a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis and cannabis products to determine whether mycotoxins are present.

(b) The licensed laboratory shall report the result of the mycotoxins testing in unit micrograms per kilograms (µg/kg) on the COA and indicate “pass” or “fail” on the COA.

(c) The sample shall be deemed to have passed mycotoxin testing if both the following conditions are met:

(1) Total of aflatoxin B1, B2, G1, and G2 does not exceed 20 µg/kg of substance, and

(2) Ochratoxin A does not exceed 20 µg/kg of substance.

(d) If the sample fails mycotoxin testing, the batch from which the sample was collected fails mycotoxin testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15722. Foreign Material Testing.

(a) The licensed laboratory shall analyze the representative sample of cannabis and cannabis products to determine whether foreign material is present.

(b) The licensed laboratory shall report the result of the foreign material test by indicating “pass” or “fail” on the COA.

(c) The licensed laboratory shall perform foreign material testing on the total representative sample prior to sample homogenization.

(d) When the licensed laboratory performs foreign material testing, at minimum, the laboratory shall do all of the following:

(1) Examine both the exterior and interior of the dried flower sample, and

(2) Examine the exterior of the cannabis product sample.

(e) The sample shall be deemed to have passed the foreign material testing if the presence of foreign material does not exceed:

(1) 1/4 of the total sample area covered by sand, soil, cinders, or dirt;

(2) 1/4 of the total sample area covered by mold;

(3) 1 insect fragment, 1 hair, or 1 count mammalian excreta per 3.0 grams; or

(4) 1/4 of the total sample area covered by an imbedded foreign material.

(f) If the sample fails foreign material testing, the batch from which the sample was collected fails foreign material testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15723. Heavy Metals Testing.

(a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis and cannabis products to determine whether heavy metals are present.

(b) The licensed laboratory shall report the result of the heavy metals test in unit micrograms per gram (µg/g) on the COA and indicate “pass” or “fail” on the COA.

(c) The sample shall be deemed to have passed the heavy metals testing if the presence of heavy metals does not exceed the action levels listed in the following table.

Heavy Metal	*Action Level (µg/g) for Inhalable Cannabis and Cannabis Products*	*Action Level (µg/g) for Non-Inhalable Cannabis and Cannabis Products*
Cadmium	0.2	0.5
Lead	0.5	0.5
Arsenic	0.2	1.5
Mercury	0.1	3.0

(d) If the sample fails heavy metals testing, the batch from which the sample was collected fails heavy metals testing and shall not be released for retail sale.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15724. Cannabinoid Testing.

(a) The licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis and cannabis products to determine the cannabinoid profile such as THC; THCA; CBD; CBDA; CBG; and CBN.

(b) The licensed laboratory shall establish a limit of quantitation (LOQ) of 1.0 mg/g or lower for all cannabinoids analyzed and reported.

(c) The licensed laboratory shall report the result of the cannabinoid testing on the COA, including, at minimum:

(1) A percentage for THC, THCA, CBD, and CBDA;

(A) When the licensed laboratory reports the result of the cannabinoid testing for harvest batch representative samples on the COA in dry-weight percent, they shall use the following equation:

Dry-weight percent cannabinoid = wet-weight percent cannabinoid / (1 – percent moisture / 100)

(2) A percentage for Total THC and Total CBD, if applicable;

(3) Milligrams per gram (mg/g) if by dry-weight or milligrams per milliliter (mg/mL) if by volume for THC, THCA, CBD, and CBDA.

(4) Milligrams per gram (mg/g) if by dry-weight or milligrams per milliliter (mg/mL) if by volume for Total THC and Total CBD, if applicable;

(A) The licensed laboratory shall calculate the total cannabinoid concentration as follows:

(i) For concentration expressed in weight:

Total cannabinoid concentration (mg/g) = (cannabinoid acid form concentration (mg/g) x 0.877) + cannabinoid concentration (mg/g)

(ii) For concentration expressed in volume:

Total cannabinoid concentration (mg/mL) = (cannabinoid acid form concentration (mg/mL) x 0.877) + cannabinoid concentration (mg/mL)

(5) Milligrams per package for THC and CBD;

(6) Milligrams per package for Total THC and Total CBD, if applicable;

(7) Milligrams per serving for THC and CBD, if any;

(8) Milligrams per serving for Total THC and Total CBD, if any and if applicable; and

(9) The licensed laboratory shall report the results of all other cannabinoids analyzed on the COA both as a percentage and in either milligrams per gram (mg/g) if by weight or milligrams per milliliter (mg/mL) if by volume.

(d) The sample shall be deemed to have passed the cannabinoid testing if the amount of THC does not exceed the limits established in section 17304.

(e) The licensed laboratory shall report the test results and indicate an overall “pass” or “fail” for the cannabinoid testing on the COA.

(f) Any cannabinoids found to be less than the LOQ shall be reported on the COA as “<1 mg/g” if by dry-weight or “<1 mg/mL” if by volume.

(g) If the sample fails cannabinoid testing, the batch from which the sample was collected fails cannabinoid testing and shall not be released for retail sale.

(h) For purposes of this division, any one cannabinoid, Total THC, and/or Total CBD claimed to be present on a label shall not be considered inaccurate if the difference in percentage on the certificate of analysis is plus or minus 10.0%.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15725. Terpenoid Testing.

(a) If requested, the licensed laboratory shall analyze at minimum 0.5 grams of the representative sample of cannabis or cannabis products to determine the terpenoid profile of the sample.

(b) The licensed laboratory shall report the result of the terpenoid testing on the COA both as a percentage and in either milligrams per gram (mg/g) if by weight or milligrams per milliliter (mg/mL) if by volume.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15726. Certificate of Analysis (COA).

(a) The licensed laboratory shall generate a COA for each representative sample that the laboratory analyzes.

(b) The licensed laboratory shall ensure that the COA contains the results of all required analyses performed for the representative sample.

(c) The licensed laboratory shall, within 1 business day of completing all analyses of a sample, both upload the COA into the track and trace system and simultaneously provide a copy of the COA to the Department via email at testinglabs@cannabis.ca.gov with a file name of "METRC UID Number and Test Sample ID" and "Passed" or "Failed" in the subject heading of the email.

(d) The licensed laboratory shall not release to any person any cumulative or individual test results prior to completing all analyses and providing the COA to the Department.

(e) The COA shall contain, at minimum, the following information:

(1) The term "Regulatory Compliance Testing" in font no smaller than 14-point, which shall appear in the upper-right corner of each page of the COA. No text or images shall appear above the term "Regulatory Compliance Testing" on any page of the COA.

(2) Laboratory's name, licensed premises address, and license number;

(3) Licensed distributor's or licensed microbusiness authorized to engage in distribution's name, licensed premises address, and license number;

(4) Licensed cultivator's, licensed manufacturer's, or licensed microbusiness' name, licensed premises address, and license number;

(5) Batch number of the batch from which the sample was obtained. For cannabis and cannabis products that are already packaged at the time of sampling, the labeled batch number on the packaged cannabis and cannabis products shall match the batch number on the COA;

(6) Sample identifying information, including matrix type and unique sample identifiers;

(7) Sample history, including the date collected, the date received by the laboratory, and the date(s) of sample analyses and corresponding testing results;

(8) A picture of the sample of cannabis and cannabis products. If the sample is pre-packaged, the picture must include an unobstructed image of the packaging;

(9) For dried flower samples, the total weight of the batch, in grams or pounds, and the total weight, of the representative sample in grams;

(10) For cannabis product or pre-rolls samples, the total unit count of both the representative sample and the total batch size;

(11) Measured density of the cannabis and cannabis products;

(12) The analytical methods, analytical instrumentation used, and corresponding Limits of Detection (LOD) and Limits of Quantitation (LOQ);

(13) An attestation on the COA from the laboratory supervisory or management employee that all LQC samples required by section 15730 were performed and met the acceptance criteria; and

(14) Analytes detected during the analyses of the sample that are unknown, unidentified, or injurious to human health if consumed, if any.

(f) The licensed laboratory shall report test results for each representative sample on the COA as follows:

(1) Indicate an overall “pass” or “fail” for the entire batch;

(2) When reporting qualitative results for each analyte, the licensed laboratory shall indicate “pass” or “fail”;

(3) When reporting quantitative results for each analyte, the licensed laboratory shall use the appropriate units of measurement as required under this chapter;

(4) When reporting results for each test method, the licensed laboratory shall indicate “pass” or “fail”;

(5) When reporting results for any analytes that were detected below the analytical method LOQ, indicate “<LOQ”, notwithstanding cannabinoid results;

(6) When reporting results for any analytes that were not detected or detected below the LOD, indicate “ND”; and

(7) Indicate “NT” for any test that the licensed laboratory did not perform.

(g) The licensed laboratory supervisory or management employee shall validate the accuracy of the information contained on the COA and sign and date the COA.

(h) The laboratory supervisory or management employee may request to amend a COA to correct minor errors. Requests must be emailed to the Department at testinglabs@cannabis.ca.gov for approval prior to making any corrections. Errors in results required to be reported pursuant to subsection (f) are not minor errors.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

Article 6. Post Testing Procedures

§15727. Remediation and Retesting.

(a) A cannabis or cannabis product batch that has been additionally processed after failed regulatory compliance testing pursuant to section 17305 must be retested and successfully pass all the analyses required under this chapter.

(b) A cannabis or cannabis product batch may only be remediated twice. If the batch fails after the second remediation attempt and the second retesting, the entire batch shall be destroyed.

(c) Within one business day of completing the required analyses of a representative sample obtained from a remediated cannabis or cannabis product batch, the laboratory shall upload the COA information into the track and trace system, or if the licensee does not yet have access to the track and trace system, it shall be emailed to the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15728. Post Testing Sample Retention.

(a) The licensed laboratory shall retain the reserve sample, consisting of any portion of a sample that was not used in the testing process. The reserve sample shall be kept, at minimum, for 45 business days after the analyses, after which time it may be destroyed and denatured to the point the material is rendered unrecognizable and unusable.

(b) The licensed laboratory shall securely store the reserve sample in a manner that prohibits sample degradation, contamination, and tampering.

(c) The licensed laboratory shall provide the reserve sample to the Department upon request.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

Article 7. Laboratory Quality Assurance and Quality Control

§15729. Laboratory Quality Assurance (LQA) Program.

(a) The licensed laboratory shall develop and implement a LQA program to assure the reliability and validity of the analytical data produced by the laboratory. The LQA program shall, at minimum, include a written LQA manual that addresses the following:

(1) Quality control procedures;

(2) Laboratory organization and employee training and responsibilities, including good laboratory practice (GLP);

(3) LQA objectives for measurement data;

(4) Traceability of data and analytical results;

(5) Instrument maintenance, calibration procedures, and frequency;

(6) Performance and system audits;

(7) Corrective action procedures;

(8) Steps to change processes when necessary;

(9) Record retention and document control;

(10) Test procedure standardization; and

(11) Method validation.

(b) The supervisory or management laboratory employee shall annually review, amend if necessary, and approve the LQA program and manual both when they are created and when there is a change in methods, laboratory equipment, or the supervisory or management laboratory employee.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15730. Laboratory Quality Control (LQC) Samples.

The licensed laboratory shall use LQC samples and adhere to good laboratory practice (GLP) in the performance of each analysis according to the following specifications.

(a) The licensed laboratory shall analyze LQC samples in the same manner as the laboratory analyzes cannabis and cannabis products samples.

(b) The licensed laboratory shall use at least one negative control, one positive control, and one laboratory replicate sample in each analytical batch for each target organism during microbial testing. If one of the controls produces unexpected results, the samples shall be re-prepped and reanalyzed with a new set of controls.

(c) If the result of the microbial analyses is outside the specified acceptance criteria in the following table, the licensed laboratory shall determine the cause and take steps to remedy the problem until the result is within the specified acceptance criteria.

Laboratory Quality Control Sample	*Acceptance Criteria*	*Corrective Action*
Positive control	Produces expected result, positive result	Re-prep and reanalyze the entire analytical batch, once. If problem persists, locate and remedy the source of unexpected result, then re-prep samples and reanalyze with a new set of controls.
Negative control	Produces expected result, negative result	Re-prep and reanalyze the entire analytical batch, once. If problem persists, locate and remedy the source of unexpected result, then re-prep samples and reanalyze with a new set of controls.
Laboratory replicate sample	Sample results must concur	Reanalyze sample and associated replicate sample once. If problem persists, re-prep samples and reanalyze.

(d) The licensed laboratory shall prepare and analyze at least one of each of the following LQC samples for each analytical batch:

(1) Method blank;

(2) Laboratory control sample (LCS); and

(3) Laboratory replicate sample or matrix spike sample.

(e) The laboratory shall analyze, at minimum, a continuing calibration verification (CCV) sample at the beginning of each analytical sequence and every 10 samples thereafter.

(f) If the result of the chemical analyses is outside the specified acceptance criteria in the following table, the laboratory shall determine the cause and take steps to remedy the problem until the result is within the specified acceptance criteria.

Laboratory Quality Control Sample	*Acceptance Criteria*	*Corrective Action*
Method blank sample	Not to exceed LOQ	Reanalyze entire analytical batch once. If method blank is still greater than the LOQ for any analyte, locate the source of contamination then re-prep samples and reanalyze.
LCS	Percent recovery 70% to 130%	Reanalyze the entire analytical batch, once. If problem persists, re-prep samples and reanalyze or re-run the initial calibration curve.
Laboratory replicate sample	RPD ≤30%	Reanalyze sample and associated replicate sample once. If problem persists, re-prep samples and reanalyze.
Matrix spike sample	Percent recovery between 70% to 130%	Reanalyze sample and associated matrix spike sample once. If problem persists, re-prep samples and reanalyze.
CCV	Percent recovery between 70% to 130%	Reanalyze all samples that followed the last CCV that met the acceptance criteria. If CCV still fails, re-run the initial calibration curve and all samples in the analytical sequence.

(g) If any analyte is detected above any action level, as described in this chapter, the sample shall be re-prepped and reanalyzed in replicate within another analytical batch.

(1) For quantitative analyses, the re-prepped sample and its associated replicate must meet the acceptance criteria of RPD ≤30%.

(2) For qualitative analyses, the re-prepped sample and its associated replicate results must concur.

(h) If any LQC sample produces a result outside of the acceptance criteria, the laboratory cannot report the result and the entire batch cannot be released for retail sale. The laboratory shall determine the cause and take steps to remedy the problem until the result is within the specified acceptance criteria.

(i) If the licensed laboratory determines that the result is a false-positive or a false-negative, the Department may ask for the laboratory to re-sample or retest.

(j) The licensed laboratory shall compile and generate one LQC sample report for each analytical batch that includes LQC acceptance criteria, measurements, analysis date, and matrix.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15731. Limits of Detection (LOD) and Limits of Quantitation (LOQ) for Quantitative Analyses.

(a) The licensed laboratory shall calculate the LOD for chemical method analyses according to any of the following methods:

(1) Signal-to-noise ratio of between 3:1 and 2:1;

(2) Standard deviation of the response and the slope of calibration curve using a minimum of 7 spiked blank samples calculated as follows; LOD = (3.3 x standard deviation of the response) / slope of the calibration curve; or

(3) A method published by the United States Food and Drug Administration (USFDA) or the United States Environmental Protection Agency (USEPA).

(b) The licensed laboratory shall calculate the LOQ for chemical method analyses according to any of the following methods:

(1) Signal-to-noise ratio of 10:1, at minimum;

(2) Standard deviation of the response and the slope using a minimum of 7 spiked blank samples calculated as follows:

LOQ = (10 x standard deviation of the response) / slope of the calibration curve; or

(3) A method published by the USFDA or the USEPA.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104 and 26110, Business and Professions Code.

§15732. Data Package.

(a) The licensed laboratory shall compile and generate one data package for each representative sample that the laboratory analyzes.

(b) The licensed laboratory shall create a data package and use the Data Package Cover Page and Checklist Form, DCC-LIC-024 (Amended 2/22), which is incorporated herein by reference. The data package and form DCC-LIC-024 (Amended 2/22) shall be provided to the Department immediately upon request.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100, 26104, 26110 and 26160, Business and Professions Code.

§15733. Required Proficiency Testing.

(a) The licensed laboratory shall participate in a proficiency testing program provided by an organization that operates in conformance with the requirements of ISO/IEC 17043, at least once every six months.

(b) The licensed laboratory shall annually, successfully participate in a proficiency testing program for each of the following test methods:

(1) Cannabinoids;

(2) Heavy metals;

(3) Microbial impurities;

(4) Mycotoxins;

(5) Residual pesticides;

(6) Residual solvents and processing chemicals; and

(7) If tested, terpenoids.

(c) The licensed laboratory shall report all analytes available by the proficiency testing program provider and for which the licensee is required to test as required under this chapter.

(d) The licensed laboratory shall participate in the proficiency testing program by following the laboratory's existing SOPs for testing cannabis and cannabis products.

(e) The licensed laboratory shall rotate the proficiency testing program among the laboratory employees who perform the test methods.

(f) Laboratory employees who participate in a proficiency testing program shall sign the corresponding analytical reports or attestation statements to certify that the proficiency testing program was conducted in the same manner as the laboratory tests of cannabis and cannabis products.

(g) A supervisory or management laboratory employee shall review and verify the accuracy of results reported for all proficiency testing program samples analyzed.

(h) The licensed laboratory shall request the proficiency testing program provider to send results concurrently to the Department, if available, or the laboratory shall provide the proficiency testing program results to the Department within 3 business days after the laboratory receives notification of their test results from the proficiency testing program provider. Any results shall be reported by submitting the Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories, DCC-LIC-029 (New 2/22), which is incorporated herein by reference.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100 and 26110, Business and Professions Code.

§15734. Satisfactory and Unsatisfactory Proficiency Test Performance.

(a) The licensed laboratory shall be deemed to have successfully participated in a proficiency testing program for an analyte tested in a specific method if the test results demonstrate a "satisfactory" or otherwise proficient performance determination by the proficiency testing program provider.

(b) The licensed laboratory may not report test results for analytes that are deemed by the proficiency testing program provider as “unacceptable,” “questionable,” “unsatisfactory”, or otherwise deficient.

(c) The licensed laboratory may resume reporting test results for analytes that were deemed “unacceptable,” “questionable,” “unsatisfactory”, or otherwise deficient, only if both of the following conditions are met:

(1) The licensed laboratory satisfactorily remedies the cause of the failure for each analyte; and

(2) The licensed laboratory submits, to the Department, a written corrective action report demonstrating how the laboratory has fixed the cause of the failure.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100 and 26110, Business and Professions Code.

§15735. Laboratory Audits.

(a) The licensed laboratory shall conduct an internal audit at least once per year or in accordance with the ISO/IEC 17025 accrediting body’s requirement, whichever is more frequent.

(b) The internal audit must include all of the components required by the ISO/IEC 17025 internal-audit standards.

(c) Within 3 business days of completing the internal audit, the licensed laboratory shall submit the results of the internal audit to the Department.

(d) Within 3 business days of receiving the accrediting body onsite audit findings, the licensed laboratory shall submit the results to the Department.

(e) The licensed laboratory shall submit any audit results to the Department, accompanied by the Licensee Notification and Request Form, Notifications and Requests Regarding Testing Laboratories, DCC-LIC-029 (New 2/22), which is incorporated herein by reference.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26100 and 26104, Business and Professions Code.

Article 8. Laboratory Employee Qualifications

§15736. General Laboratory Employee Qualifications.

(a) The licensed laboratory may only employ persons who are at least 21 years of age.

(b) The licensed laboratory shall develop and implement an employee training program to ensure competency of laboratory employees for their assigned functions.

(c) The licensed laboratory shall ensure and document that each laboratory employee meets the employee qualifications.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26102 and 26104, Business and Professions Code.

§15737. Supervisor or Management Responsibilities and Qualifications.

(a) The licensed laboratory shall employ a supervisor or management employee who must be responsible for:

(1) Overseeing and directing the scientific methods of the licensed laboratory;

(2) Ensuring that the licensed laboratory achieves and maintains a laboratory quality assurance program as required by section 15729; and

(3) Providing ongoing and appropriate training to laboratory employees.

(b) To be considered qualified, the supervisor or management employee must have at minimum:

(1) A doctoral degree in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university;

(2) A master's degree in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university, plus at least 2 years of full-time practical experience;

(3) A bachelor's degree in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university, plus at least 4 years of full-time practical experience; or

(4) A bachelor's degree in any field from an accredited college or university, plus at least 8 years of full-time practical experience, 4 years of which must have been in a supervisory or management position.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26102 and 26104, Business and Professions Code.

§15738. Analyst and Sampler Qualifications.

(a) The licensed laboratory shall employ an analyst who, at minimum, must have either:

(1) Earned a master's degree or a bachelor's degree in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university; or

(2) Completed 2 years of college or university education that included coursework in biological, chemical, agricultural, environmental, or related sciences from an accredited college or university, plus at least 3 years of full-time practical experience.

(b) The licensed laboratory shall employ a sampler who, at minimum, must have either:

(1) Completed 2 years college or university education; or

(2) Earned a High School Diploma or passed a General Educational Development or High School Equivalency exam, plus at least 1 year of full-time practical experience.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26102 and 26104, Business and Professions Code.

Chapter 7. Cultivators

Article 1. General Cultivation Requirements

§16201. Cultivation License Types.

License types include:

(a) Specialty Cottage:

(1) “Specialty Cottage Outdoor” is an outdoor cultivation site with up to 25 mature plants or 2,500 square feet or less of total canopy.

(2) “Specialty Cottage Indoor” is an indoor cultivation site with 500 square feet or less of total canopy.

(3) “Specialty Cottage Mixed-Light Tier 1 and 2” is a mixed-light cultivation site with 2,500 square feet or less of total canopy.

(b) Specialty:

(1) “Specialty Outdoor” is an outdoor cultivation site with less than or equal to 5,000 square feet of total canopy, or up to 50 mature plants on noncontiguous plots.

(2) “Specialty Indoor” is an indoor cultivation site with between 501 and 5,000 square feet of total canopy.

(3) “Specialty Mixed-Light Tier 1 and 2” is a mixed-light cultivation site with between 2,501 and 5,000 square feet of total canopy.

(c) Small:

(1) “Small Outdoor” is an outdoor cultivation site with between 5,001 and 10,000 square feet of total canopy.

(2) “Small Indoor” is an indoor cultivation site with between 5,001 and 10,000 square feet of total canopy.

(3) “Small Mixed-Light Tier 1 and 2” is a mixed-light cultivation site with between 5,001 and 10,000 square feet of total canopy.

(d) Medium:

(1) “Medium Outdoor” is an outdoor cultivation site with between 10,001 square feet and one acre of total canopy.

(2) “Medium Indoor” is an indoor cultivation site with between 10,001 and 22,000 square feet of total canopy.

(3) “Medium Mixed-Light Tier 1 and 2” is a mixed-light cultivation site with between 10,001 and 22,000 square feet of total canopy.

(e) “Nursery” is a cultivation site that conducts only cultivation of clones, immature plants, seeds, and other agricultural products used specifically for the propagation of cultivation of cannabis.

(f) “Processor” is a cultivation site that conducts only trimming, drying, curing, grading, packaging, and labeling of cannabis and nonmanufactured cannabis products.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050 and 26061, Business and Professions Code.

§16201.1. Large Cultivation Licenses.

(a) Beginning January 1, 2023, the Department may issue Large Cultivation licenses. Large license types include:

(1) “Large Outdoor” is an outdoor cultivation site with more than one acre of total canopy.

(2) “Large Indoor” is an indoor cultivation site with more than 22,000 square feet of total canopy.

(3) “Large Mixed-light” is a Mixed-light cultivation site with more than 22,000 square feet of total canopy.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050 and 26061, Business and Professions Code.

§16202. General Cultivation Requirements.

(a) Licensees are prohibited from transferring any commercially cultivated cannabis or nonmanufactured cannabis products from their licensed premises. All transfers of cannabis and nonmanufactured cannabis product from a licensed cultivation premises must be conducted by a distributor licensed by the Department.

(b) Artificial lighting is permissible only to maintain immature plants outside the canopy area.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26010, 26012, 26013, 26050 and 26053, Business and Professions Code.

§16209. Medium Cultivation License Limits.

A person or owner shall be limited to one (1) Medium Outdoor, or one (1) Medium Indoor, or one (1) Medium Mixed-Light A-License or M-License. This section shall remain in effect until January 1, 2023.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26013, 26050 and 26061, Business and Professions Code.

Article 2. Cultivation Site Requirements

§16300. Cultivation Requirements.

(a) Cannabis plants maintained outside of the designated canopy area(s) for specialty cottage, specialty, small, and medium licenses are prohibited from flowering. Should a plant outside of the canopy area(s) begin flowering, a plant tag shall be applied, the plant shall be

moved to a designated canopy area and reported in the track and trace system without delay.

(b) All plants or portions of a plant used for seed production shall be tagged with a plant tag pursuant to section 15048.4.

(c) A licensee propagating immature plants for distribution or seed for distribution to another licensee shall obtain a nursery license.

(d) Licensees shall process their harvested cannabis only in area(s) designated for processing in their cultivation plan, or transfer their harvested cannabis to a licensed processor, manufacturer, or distributor via a licensed distributor.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26120, Business and Professions Code.

§16300.1. Additional Cultivation Requirements for Large Licenses.

(a) Commencing on January 1, 2023, a person that holds an ownership or financial interest in a Large Cultivation license shall not be eligible to apply for or hold an ownership or financial interest in a Type 8, Type 11, or Type 12 license.

(b) As part of the license application for a Large Cultivation license or a request for a conversion into a Large Cultivation license the applicant or licensee shall submit an attestation that:

(1) All persons who will hold an ownership or financial interest in the Large Cultivation license do not currently hold any ownership or financial interest in a Type 8, Type 11, or Type 12 license; and

(2) No person who will hold an ownership or financial interest in the Large Cultivation license will apply for or hold an ownership or financial interest in a Type 8, Type 11, or Type 12 license while maintaining their ownership or financial interest in the Large Cultivation license.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26012, 26060, 26061 and 26180, Business and Professions Code.

§16301. Seed Production Requirements for Nursery Licensees.

Nursery licensees producing seed for distribution shall tag all mature plants with a plant tag pursuant to section 15048.4(b). All products, except seed, derived from these plants are prohibited from entering the commercial distribution chain.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26067, Business and Professions Code.

§16302. Research and Development Requirements for Nursery Licensees.

Nursery licensees may maintain a research and development area, as identified in their cultivation plan, for the cultivation of mature plants. All mature plants shall be tagged with a plant tag pursuant to section 15048.4. All cannabis and cannabis products derived from

these plants are prohibited from entering the commercial distribution chain or being transferred off the licensed premises.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060 and 26067, Business and Professions Code.

§16303. Cultivation Requirements for Processor Licensees.

(a) Processor licensees shall comply with all of the following requirements:

(1) All aggregation of product shall adhere to track and trace requirements.

(2) Licensees may produce nonmanufactured cannabis products without a manufacturing license.

(3) Cultivation of cannabis plants is prohibited at a licensed processor premises.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26067, 26069 and 26120, Business and Professions Code.

§16304. General Environmental Protection Measures.

(a) All licensed cultivators shall comply with all of the following environmental protection measures:

(1) Principles, guidelines, and requirements adopted pursuant to section 13149 of the Water Code and implemented by the State Water Resources Control Board, Regional Water Quality Control Boards, or California Department of Fish and Wildlife;

(2) Any conditions of licensure included pursuant to section 26060.1(b)(1) of the Business and Professions Code;

(3) Requirements of section 7050.5(b) of the Health and Safety Code if human remains are discovered during cultivation activities;

(4) Requirements for generators pursuant to section 16306;

(5) Requirements for pesticides pursuant to section 16307;

(6) Outdoor lights used for safety or security purposes are shielded and downward facing; and

(7) Lights used for indoor or mixed-light cultivation are shielded from sunset to sunrise to reduce nighttime glare.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.

§16305. Renewable Energy Requirements.

(a) Beginning January 1, 2023, all holders of indoor, tier 2 mixed-light license types of any size, and all holders of nursery licenses using indoor or tier 2 mixed-light techniques shall ensure that electrical power used for commercial cannabis activity meets the average electricity greenhouse gas emissions intensity required by their local utility provider

pursuant to the California Renewables Portfolio Standard Program in division 1, part 1, chapter 2.3, article 16 (commencing with section 399.11) of the Public Utilities Code.

(b) If a licensed cultivator's average weighted greenhouse gas emission intensity, as calculated and reported upon license renewal pursuant to section 15020, is greater than the local utility provider's greenhouse gas emission intensity, the licensee shall obtain carbon offsets to cover the excess in carbon emissions from the previous annual licensed period. The carbon offsets shall be purchased from one or more of the following recognized voluntary carbon registries:

(1) American Carbon Registry;

(2) Climate Action Reserve; or

(3) Verified Carbon Standard.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.

§16306. Generator Requirements.

(a) For the purposes of this section, “generator” means a stationary or portable compression ignition engine, also known as a diesel engine, as defined in title 17, California Code of Regulations, section 93115.4.

(b) Licensed cultivators using generators rated at fifty (50) horsepower and greater shall demonstrate compliance with the Airborne Toxic Control Measure for stationary or portable engines, as applicable, established in title 17, California Code of Regulations, sections 93115-93116.5. Compliance shall be demonstrated by providing a copy of one of the following to the Department upon request:

(1) For portable engines, a Portable Equipment Registration Certificate provided by the California Air Resources Board; or

(2) For portable or stationary engines, a Permit to Operate or other proof of engine registration, obtained from the Local Air District with jurisdiction over the licensed premises.

(c) Licensed cultivators using generators rated below fifty (50) horsepower shall comply with the following by 2023:

(1) Either subsection (1)(A) or (1)(B):

(A) Meet the “emergency” definition for portable engines in title 17, California Code of Regulations, section 93116.2(a)(12), or the “emergency use” definition for stationary engines in title 17, California Code of Regulations, section 93115.4(a)(30); or

(B) Operate eighty (80) hours or less in a calendar year; and

(2) Either subsection (2)(A) or (2)(B):

(A) Meet Tier 3 with Level 3 diesel particulate filter requirements in title 13, California Code of Regulations, sections 2700-2711; or

(B) Meet Tier 4 requirements, or current engine requirements if more stringent, in title 40, Code of Federal Regulations, chapter I, subchapter U, part 1039, subpart B, section 1039.101.

(d) All generators used by licensed cultivators shall be equipped with non-resettable hour-meters. If a generator does not come equipped with a non-resettable hour-meter, an aftermarket non-resettable hour-meter shall be installed.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.

§16307. Pesticide Use Requirements.

(a) Licensed cultivators shall comply with all applicable pesticide statutes and regulations enforced by the Department of Pesticide Regulation.

(b) For all pesticides that are exempt from registration requirements, licensed cultivators shall comply with all applicable pesticide statutes and regulations enforced by the Department of Pesticide Regulation and the following pesticide application and storage protocols:

(1) Comply with all pesticide label directions;

(2) Store chemicals in a secure building or shed to prevent access by wildlife;

(3) Contain any chemical leaks and immediately clean up any spills;

(4) Apply the minimum amount of product necessary to control the target pest;

(5) Prevent offsite drift;

(6) Do not apply pesticides when pollinators are present;

(7) Do not allow drift to flowering plants attractive to pollinators;

(8) Do not spray directly to surface water or allow pesticide product to drift to surface water. Spray only when wind is blowing away from surface water bodies;

(9) Do not apply pesticides when they may reach surface water or groundwater; and

(10) Only use properly labeled pesticides. If no label is available, consult the Department of Pesticide Regulation.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26060, 26066 and 26201, Business and Professions Code.

§16308. Canopy Requirements.

(a) Licensed cultivators shall comply with the following requirements for canopy areas:

(1) Each canopy shall be marked with clearly identifiable physical boundaries around all areas that will contain mature plants. Physical boundaries include, but are not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, garden plots, or stakes delineating the perimeter.

(2) Each canopy shall be of sufficient size to contain the mature plants in their entirety at any point in time. No portion of the plant is permitted to hang over an established canopy boundary.

(b) Seeds, immature plants, or propagated material received from a licensed nursery as trade samples shall be cultivated in a canopy area dedicated to trade samples that meets the requirements of subsection (a). Canopy areas used to cultivate trade samples received from a licensed nursery shall be included in the licensed cultivator's cultivation plan and shall be included in the aggregate square footage of the canopy areas.

(c) Licensed cultivators may utilize canopy areas to produce seeds for their own use.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26060, Business and Professions Code.

§16309. Cultivation Plan Requirements.

(a) Licensed cultivators shall establish and maintain a cultivation plan that includes all of the following:

(1) A premises diagram drafted in accordance with section 15006.

(2) A cannabis waste management plan developed in accordance with section 17223.

(3) A pest management plan developed in accordance with section 16310.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26051.5 and 26060, Business and Professions Code.

§16310. Pest Management Plan.

(a) The licensed cultivator shall develop a pest management plan that includes:

(1) The product name and active ingredient(s) of all pesticides to be applied to cannabis; and

(2) Any integrated pest management protocols, including chemical, biological, and cultural methods, that will be used to prevent and control pests on the cultivation site.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26051.5 and 26060, Business and Professions Code.

§16311. Supplemental Water Source Information.

The following information shall be provided for each water source identified by the applicant:

(a) Retail water supply sources:

(1) If the water source is a retail water supplier, as defined in section 13575 of the Water Code, such as a municipal provider, provide the following:

(A) Name of the retail water supplier; and

(B) A copy of the most recent water service bill or written documentation from the water supplier stating that service will be provided at the premises address.

(2) If the water source is a small retail water supplier, such as a delivery service, and is subject to section 26060.1(a)(1)(B) of the Business and Professions Code and the retail water

supplier contract is for delivery or pickup of water from a surface water body or an underground stream flowing in a known and definite channel, provide all of the following:

(A) The name of the retail water supplier under the contract;

(B) The water source and geographic location coordinates, in either latitude and longitude or the California Coordinate System, of any point of diversion used by the retail water supplier to divert water delivered to the commercial cannabis business under the contract;

(C) The authorized place of use of any water right used by the retail water supplier to divert water delivered to the commercial cannabis business under the contract;

(D) The maximum amount of water delivered to the commercial cannabis business for cannabis cultivation in any year; and

(E) A copy of the most recent water service bill.

(3) If the water source is a small retail water supplier, such as a delivery service, and is subject to section 26060.1(a)(1)(B) of the Business and Professions Code and the retail water supplier contract is for delivery or pickup of water from a groundwater well, provide all of the following:

(A) The name of the retail water supplier under the contract;

(B) The geographic location coordinates for any groundwater well used to supply water delivered to the commercial cannabis business, in either latitude and longitude or the California Coordinate System;

(C) The maximum amount of water delivered to the commercial cannabis business for cannabis cultivation in any year;

(D) A copy of the well completion report filed with the Department of Water Resources pursuant to section 13751 of the Water Code for each percolating groundwater well used to divert water delivered to the commercial cannabis business. If no well completion report is available, the applicant shall provide evidence from the Department of Water Resources indicating that the Department of Water Resources does not have a record of

the well completion report. When no well completion report is available, the State Water Resources Control Board may request additional information about the well; and

(E) A copy of the most recent water service bill.

(b) If the water source is a groundwater well, provide the following:

(1) The groundwater well's geographic location coordinates, in either latitude and longitude or the California Coordinate System; and

(2) A copy of the well completion report filed with the Department of Water Resources pursuant to section 13751 of the Water Code. If no well completion report is available, the applicant shall provide evidence from the Department of Water Resources indicating that the Department of Water Resources does not have a record of the well completion report. If no well completion report is available, the State Water Resources Control Board may request additional information about the well.

(c) If the water source is a rainwater catchment system, provide the following:

(1) The total square footage of the catchment footprint area(s).

(2) The total storage capacity, in gallons, of the catchment system(s).

(3) A detailed description and photographs of the rainwater catchment system infrastructure, including the location, size, and type of all surface areas that collect rainwater. Examples of rainwater collection surface areas include a rooftop and greenhouse.

(4) Geographic location coordinates of the rainwater catchment infrastructure in either latitude and longitude or the California Coordinate System.

(d) If the water source is a diversion from a waterbody (such as a river, stream, creek, pond, lake, etc.), provide any applicable water right statement, application, permit, license, or small irrigation use registration identification number(s), and a copy of any applicable statement, registration certificate, permit, license, or proof of a pending application issued under part 2 (commencing with section 1200) of division 2 of the California Water Code as evidence of approval of a water diversion by the State Water Resources Control Board.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013 and 26060.1, Business and Professions Code.

Chapter 8. Manufacturers

Article 1. Manufacturing License Types

§17006. Manufacturing License Types.

The following manufacturing license types are available from the Department:

(a) “Type 7,” for extractions using volatile solvents as defined by section 15000(yyy). A Type 7 licensee may also:

(1) Conduct extractions using nonvolatile solvents or mechanical methods on the licensed premises, provided that the extraction process is noted on the application and the relevant information pursuant to section 15011(b) is provided to the Department;

(2) Conduct infusion operations on the licensed premises, provided the infusion operations and product types are noted on the application and the relevant information pursuant to section 15011(b) is provided to the Department;

(3) Conduct packaging and labeling of cannabis products on the licensed premises; and

(4) Register and operate the licensed premises as a shared-use facility in accordance with article 2 (commencing with section 17124) of chapter 8.

(b) “Type 6,” for extractions using mechanical methods or nonvolatile solvents as defined by section 15000(uu). A Type 6 licensee may also:

(1) Conduct infusion operations on the licensed premises, provided the infusion operations and product types are noted on the application and the relevant information pursuant to section 15011(b) is provided to the Department;

(2) Conduct packaging and labeling of cannabis products on the licensed premises; and

(3) Register and operate the licensed premises as a shared-use facility in accordance with article 2 (commencing with section 17124) of chapter 8.

(c) “Type N,” for manufacturers that produce cannabis products other than extracts or concentrates that are produced through extraction. A Type N licensee may also:

(1) Conduct packaging and labeling of cannabis products on the licensed premises; and

(2) Register and operate the licensed premises as a shared-use facility in accordance with article 2 (commencing with section 17124) of chapter 8.

(d) “Type P,” for manufacturers that only package or repackage cannabis products or label or relabel cannabis product containers or wrappers.

(e) “Type S,” for manufacturers that conduct commercial cannabis manufacturing activities in accordance with article 2 (commencing with section 17124) of chapter 8 at a registered shared-use facility.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26012, 26050 and 26130, Business and Professions Code.

§17009. Additional Activities.

In addition to the activities specified in section 17006, a licensed manufacturer may also roll and package pre-rolls and package dried cannabis flower.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26012 and 26130, Business and Professions Code.

§17117. License Constraints.

(a) A manufacturer licensee shall not manufacture, prepare, package or label any products other than cannabis products at the licensed premises.

(b) Notwithstanding subsection (a), a manufacturer licensee may manufacture, prepare, package, and label non-cannabis-infused product samples. For purposes of this section, a "non-cannabis-infused product sample" is a product that does not contain cannabis but contains all other components of a corresponding cannabis product and is used to provide information on flavor profiles, textures, smells, and other physical characteristics of the cannabis product. Non-cannabis-infused product samples shall not be sold and may be provided to other licensees except for licensed cultivators, transport only distributors, testing laboratories, and cannabis event organizers.

(c) A manufacturer licensee shall only use cannabinoid concentrates and extracts that are manufactured or processed from cannabis obtained from a licensed cannabis cultivator.

(d) A manufacturer licensee shall not manufacture, prepare, package, or label cannabis products in a location that is operating as a retail food establishment or as a processed food registrant.

(e) A manufacturer licensee shall not manufacture, prepare, package, or label cannabis products in a location that is licensed by the Department of Alcoholic Beverage Control pursuant to division 9 (commencing with section 23000) of the Business and Professions Code.

Authority cited: Section 26013 and 26130, Business and Professions Code. Reference: Sections 26050 and 26140, Business and Professions Code.

Article 2. Shared-Use Facilities

§17124. Definitions.

For purposes of this article, the following definitions shall apply:

(a) "Common-use area" means any area of the manufacturer's registered shared-use facility, including equipment that is available for use by more than one licensed manufacturer, provided that the use of a common-use area is limited to one licensee at a time.

(b) "Designated area" means the area of the manufacturer's registered shared-use facility that is designated by the primary licensee for the sole and exclusive use of a Type S licensee, including storage of the Type S licensee's cannabis, cannabis concentrates, and cannabis products.

(c) “Primary licensee” means the Type 7, Type 6, or Type N licensee that has registered and been approved to operate its licensed premises as a shared-use facility.

(d) “Shared-use facility” means a manufacturing premises operated by a Type 7, Type 6, or Type N licensee in which Type S licensees are authorized to conduct manufacturing operations.

(e) “Use agreement” means a written agreement between a primary licensee and a Type S commercial cannabis business or licensee that specifies the designated area of the Type S licensee, the days and hours in which the Type S licensee is assigned to use the common-use area, any allocation of responsibility for compliance pursuant to section 17128, and an acknowledgement that the Type S licensee has sole and exclusive use of the common-use area during the Type S licensee's assigned time period.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26001, 26050, 26051.5 and 26130, Business and Professions Code.

§17126. Registration to Operate a Shared-Use Facility.

(a) No licensed manufacturer shall operate as a shared-use facility without prior approval by the Department.

(b) To register as a shared-use facility, a Type 7, Type 6, or Type N licensee shall submit the following to the Department through the online licensing system:

(1) A copy of the license, permit, or other authorization issued by the local jurisdiction that enables the licensee to operate as a shared-use facility. The Department shall contact the applicable local jurisdiction to confirm the validity of the authorization upon receipt of the application for registration. If the local jurisdiction does not respond within 10 calendar days, the Department shall consider the authorization valid.

(2) A registration form prescribed by the Department, which includes the following information:

(A) The proposed occupancy schedule that specifies the days and hours the common-use area will be available for use by Type S licensees and when the common-use area will be used by the primary licensee. The occupancy schedule shall allow for maintenance and sanitizing between uses by individual licensees.

(B) A diagram indicating:

(i) Each designated area for Type S licensee(s).

(ii) The common-use area, including identification of any shared equipment.

(c) The Department shall notify the Type 7, Type 6, or Type N licensee upon approval of the registration to operate as a shared-use facility. Notification shall be made through the online licensing system.

(d) At least one business day prior to a Type S licensee commencing manufacturing operations at a registered shared-use facility, the primary licensee shall provide written notification to the Department. The notification to the Department shall include the Type S licensee's business name, contact person, contact phone number, and license number. The

primary licensee shall also provide an updated occupancy schedule that includes the Type S licensee and an updated diagram that specifies the Type S licensee's designated area. Notification shall be provided by email or through the online licensing system.

(e) A primary licensee that wishes to discontinue operation as a shared-use facility may cancel its registration by providing written notice to the Department and each Type S licensee authorized to use the shared-use facility at least 30 calendar days prior to the effective date of the cancellation.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26051.5, 26055 and 26130, Business and Professions Code.

§17127. Shared-Use Facility Conditions for Operation.

(a) A primary licensee shall operate the shared-use facility in accordance with the conditions of operation specified in this section.

(b) Each Type S licensee shall be assigned a “designated area” that, at minimum:

(1) Is for exclusive use by the Type S licensee; and

(2) Provides an area for storage that is secure, fixed in place, locked with a commercial-grade lock, and accessible only to the Type S licensee for storage of that Type S licensee's cannabis, cannabis concentrates, and cannabis products.

(c) Any part of the premises used for manufacturing activities that is a common-use area shall be occupied by only one licensee at a time by restricting the time period that each licensee may use the common-use area. During the assigned time period, one licensee shall have sole and exclusive occupancy of the common-use area.

(d) The use of the shared-use facility shall be restricted to the primary licensee and the Type S licensees authorized by the Department to use the shared-use facility.

(e) Any cannabis product or other materials remaining after a Type S licensee ceases operation and discontinues use of its designated area shall be considered cannabis waste and disposed of by the primary licensee consistent with the requirements of the Act and this division.

(f) The shared-use facility shall meet all applicable requirements of the Act and this division.

(g) The occupancy schedule shall be prominently posted near the entrance to the shared-use facility.

(h) The primary licensee may conduct manufacturing activities as permitted under its Type 7, Type 6, or Type N license and may use the common-use area during its scheduled time period.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17128. Shared-Use Facility Compliance Requirements.

(a) As part of the use agreement, the primary licensee and the Type S licensee(s) may allocate responsibility for providing and maintaining commonly used equipment and services, including, but not limited to, security systems, fire monitoring and protection services, and waste disposal services. However, the Department may take enforcement action against either the primary licensee or Type S licensee(s) regardless of the allocation of responsibility in the use agreement.

(b) A primary licensee or a Type S licensee is liable for any violation found at the shared-use facility during that licensee's scheduled occupancy or within that licensee's designated area. However, a violation of any provision of the Act or this division may be deemed a violation for which each Type S licensee and the primary licensee are responsible. In the event of a recall or embargo of a cannabis product produced at a shared-use facility, the Department, in its sole discretion, may include any or all cannabis products produced at the shared-use facility.

(c) The occupancy schedule and designated area for a Type S licensee shall not be altered without prior notification to the Department. Prior to making any changes to the occupancy schedule or the designated area, written notification that includes the intended changes shall be submitted by email or through the Department's online licensing system.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26055 and 26130, Business and Professions Code.

Article 3. Solvent Use and Safety

§17202.1. General Requirements for Extraction and Post-Extraction Processing.

(a) A licensed manufacturer that uses a volatile solvent, a flammable liquid, or a solvent that creates an asphyxiant gas shall ensure that the solvent is used in accordance with the requirements of:

(1) Chapter 39 of the California Fire Code;

(2) Title 8, California Code of Regulations, sections 5416-5420, which includes ensuring adequate ventilation and controlling sources of ignition;

(3) All Division of Occupational Safety and Health (Cal/OSHA) regulations related to the processing, handling, and storage of the applicable solvent; and

(4) All fire, safety, and building code requirements related to the processing, handling, and storage of the applicable solvent or gas.

(b) No volatile solvent extraction or post-extraction processing operations or other closed-loop system operations shall occur in an area zoned as residential.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26105 and 26130, Business and Professions Code.

§17203. Permissible Extractions.

(a) Except as provided in subsection (b), cannabis extraction shall only be conducted using the following methods:

(1) Mechanical extraction;

(2) Chemical extraction using a nonvolatile solvent, as defined in section 15000(uu).

(3) Chemical extraction using CO_2 gas in a professional closed-loop extraction system.

(4) Chemical extraction using a volatile solvent, as defined in section 15000(yyy), in a professional closed-loop extraction system; or

(5) Any other method authorized by the Department pursuant to subsection (b).

(b) To request authorization from the Department to conduct cannabis extraction using a method other than those specified in subsections (a)(1) through (4), the applicant or licensee shall submit a detailed description of the extraction method, including any documentation that validates the method and any safety procedures to be utilized to mitigate any risk to public or worker health and safety.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17204. Solvent Requirements.

(a) Any solvents used for extraction or post-extraction processing shall meet the following minimum purity requirements:

(1) Hydrocarbon-based solvents shall be at least 99 percent purity.

(2) Nonhydrocarbon-based solvents shall be food-grade.

(3) CO_2 gas used for extraction shall be food-grade.

(4) Ethanol shall be food-grade in accordance with 21 CFR, part 184, subpart B, section 184.1293.

(A) Solutions of ethanol may be used if the ethanol component is food-grade and it is combined with another food-grade solvent or a hydrocarbon-based solvent that meets the requirements of subsection (a)(1).

(B) Solutions of ethanol that include one or more volatile solvents that total 5% or less by volume of the total ethanol solution volume are considered nonvolatile solvents as defined in section 15000(uu).

(5) Water and ice shall be potable.

(6) Dry ice shall be food-grade.

(b) The licensed manufacturer shall maintain copies of the safety data sheets for any chemical solvents used and make these records readily available to employees and to the Department upon request.

(c) The licensed manufacturer shall maintain documentation evidencing the purity of any chemical solvents used and make these records readily available to employees and to the Department upon request.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26105 and 26130, Business and Professions Code.

§17205. Additional Requirements for Ethanol Operations.

A licensed manufacturer that uses ethanol in manufacturing operations for extractions or post-extraction processing shall receive approval for the facility and equipment from the local fire code official prior to commencing operations, if required by local ordinance.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17206. Closed-Loop Extraction System Requirements.

(a) Chemical extractions using CO_2; a volatile solvent; or chlorofluorocarbon, hydrocarbon, or other fluorinated gas shall be conducted in a professional closed-loop extraction system designed to recover the solvents that are certified in accordance with section 17206.1.

(b) The licensed manufacturer shall establish and implement procedures to ensure that the closed-loop extraction system is maintained in accordance with the equipment manufacturer specifications. The licensed manufacturer shall maintain logs documenting the date(s) of maintenance; description of the maintenance done, including any machine parts that were replaced; and the initials of the employee conducting the maintenance.

(c) The licensed manufacturer shall establish and implement procedures to ensure routine verification that the system is operating in accordance with equipment manufacturer specifications and continues to comply with fire, safety, and building code requirements. The licensed manufacturer shall conduct any verification recommended by the equipment manufacturer. The licensed manufacturer shall maintain logs documenting the date(s) of verification, description of the verification method, and the initials of the employee conducting the verification.

(d) A licensed manufacturer shall develop and implement written standard operating procedures, good manufacturing practices, and a training plan prior to using the closed-loop system. Any personnel using solvents or gases in a closed-loop system shall have direct access to applicable safety data sheets. Personnel shall be trained on how to use the system and handle and store solvents and gases safely prior to operating the system. The training shall be documented in accordance with section 17211.1.

(e) Professional closed-loop systems, other equipment used, the extraction operation, and facilities shall be approved for use by the local fire code official prior to commencing operation of the closed-loop system, if required by local ordinance. Licensed manufacturers shall provide documentation confirming compliance with this subsection to the Department upon request.

(f) The facility shall have a gas detection system that meets the requirements of title 24, California Code of Regulations, sections 3905.1-3905.2.

(g) All procedures and logs described in this section shall be in writing and made available to the Department upon request.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26105 and 26130, Business and Professions Code.

§17206.1. Certification of Closed-Loop Systems.

(a) The closed-loop system shall be commercially manufactured and bear a permanently affixed and visible serial number.

(b) After installation and before use of a closed-loop system, the licensed manufacturer shall have the closed-loop system certified by a California-licensed engineer that the system was commercially manufactured, safe for use with the intended solvent, and built and installed to codes of recognized and generally accepted good engineering practices. The certification document shall contain:

(1) The name, signature and stamp of the California-licensed professional engineer;

(2) The serial number of the extraction unit being certified;

(3) A list of the solvent(s) deemed safe for use with the equipment; and

(4) The address of the premises where the extraction unit was certified.

(c) The licensed manufacturer shall maintain the current certification document and make it available to the Department upon request.

(d) The closed-loop system shall be recertified if any of the following occur:

(1) The system is modified in a manner such that its operation no longer conforms to the original equipment manufacturer specifications, such as by adding or removing components that expand or reduce its capacity.

(2) The system is moved to a different premises.

(3) Five years have elapsed since the date of the certification.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26130 and 26132, Business and Professions Code.

Article 4. Good Manufacturing Practices

§17207. Manufacturing Practices Definitions.

In addition to the definitions in section 26001 of the Act and section 15000 of this division, the following definitions shall govern the construction of this chapter:

(a) “Allergen cross-contact” means the unintentional incorporation of a food allergen into a cannabis product.

(b) “Component” means any substance or item intended for use in the manufacture of a cannabis product, including those substances or items that are not intended to appear in the finished cannabis product. “Component” includes cannabis, cannabis products used as ingredients, raw materials, other ingredients, and processing aids.

(c) “Contact surface” means any surface that contacts cannabis products and cannabis product components and those surfaces from which drainage, or other transfer, onto the cannabis product or cannabis product components, occurs during the normal course of operations. Examples of contact surfaces include containers, utensils, tables, and equipment.

(d) “Easily cleanable” means a characteristic of a surface that allows effective removal of soil, food residue, or other organic or inorganic materials by normal cleaning methods.

(e) “Environmental pathogen” means a pathogen capable of surviving and persisting within the manufacturing environment such that cannabis products may be contaminated and may result in illness if consumed or used without treatment to significantly minimize the environmental pathogen. Examples of environmental pathogens include *Listeria monocytogenes* and *Salmonella spp.* but do not include the spores of pathogenic spore-forming bacteria.

(f) “Hazard” means any biological, chemical, radiological, or physical agent that has the potential to cause illness or injury.

(g) “Holding” means storage of cannabis or cannabis products and includes activities performed incidental to storage of a cannabis product and activities performed as a practical necessity for the distribution of that cannabis product.

(h) “Microorganisms” means yeasts, molds, bacteria, viruses, protozoa, and microscopic parasites and includes species that are pathogens. The term “undesirable microorganisms” includes those microorganisms that are pathogens, that subject a cannabis product to decomposition, that indicate that a cannabis product is contaminated with filth, or that otherwise may cause a cannabis product to be adulterated.

(i) “Monitor” means to conduct a planned sequence of observations or measurements to assess whether preventive measures are operating as intended.

(j) “Pathogen” means a microorganism that can cause illness or injury.

(k) “Potable” means water that meets the requirements of Health and Safety Code section 113869.

(*l*) “Preventive measures” means those risk-based, reasonably appropriate procedures, practices, and processes that a person knowledgeable about the safe manufacturing, processing, packing, or holding of food would employ to significantly minimize or prevent the hazards identified pursuant to a product quality plan as specified in section 17214.

(m) “Processing aid” means any substance that is added to a cannabis product during manufacture but is removed in some manner from the cannabis product before it is packaged in its finished form. This includes substances that are converted into constituents normally present in the product, and do not significantly increase the amount of the constituent naturally found in the product. This also includes substances that are added to a product for their technical or functional effect in the processing but are present in the

finished product at insignificant levels and do not have any technical or functional effect in that product.

(n) “Qualified individual” means a person who has the education, training, or experience (or a combination thereof) necessary to manufacture quality cannabis products as appropriate to the individual's assigned duties. A qualified individual may be, but is not required to be, an employee of the licensed manufacturer.

(o) “Quality control” means a planned and systematic operation or procedure for ensuring the quality of a cannabis product.

(p) “Quality control operation” means a planned and systematic procedure for taking all actions necessary to prevent cannabis product(s) from being adulterated or misbranded.

(q) “Quality control personnel” means any person, persons, or group designated by the licensed manufacturer to be responsible for quality control operations.

(r) “Raw material” means any unprocessed material in its raw or natural state that is intended to become part of the components of a cannabis product.

(s) “Sanitize” means to treat cleaned surfaces by a process that is effective in destroying vegetative cells of pathogens and substantially reducing numbers of other undesirable microorganisms, but without adversely affecting the product or its safety for the consumer.

(t) “Smooth” means any of the following:

(1) A contact surface that is free of pits, pinholes, cracks, crevices, inclusions, rough edges, and other surface imperfections detectable by visual or tactile inspection.

(2) A floor, wall, or ceiling having an even or level surface with no roughness or projections that render it difficult to clean.

(u) “Utensil” means an implement, tool, or container used in the storage, preparation, manufacture, or processing of cannabis and cannabis products. In addition to kitchenware, examples of utensils include, but are not limited to, gloves, screens, sieves, implements to create pre-rolls, buckets, and scissors.

(v) “Validate” means obtaining and evaluating scientific and technical evidence that a control measure, combination of control measures, or set of quality control procedures, when properly implemented, is capable of ensuring the quality of a cannabis product or effectively controlling an identified hazard.

(w) “Verification” means the application of methods, procedures, tests, or other evaluations, in addition to monitoring, to determine whether a control measure or combination of control measures is or has been operating as intended and to establish the validity of the quality control procedures.

(x) “Yield” means the quantity of a particular cannabis product expected to be produced at a given step of manufacture or packaging, as identified in the master manufacturing protocol. The expected yield is based upon the quantity of components or packaging to be used, in the absence of any loss or error in actual production. “Actual yield” means the quantity of a particular cannabis product that is actually produced at a given step of manufacture or packaging that is recorded in the batch production record.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26001 and 26130, Business and Professions Code.

§17208. Quality Control Program.

(a) A licensed manufacturer shall establish and implement a quality control program to ensure that cannabis products are not adulterated or misbranded. The quality control program shall describe how the licensee will comply with the following:

(1) Grounds, building, and manufacturing premises standards, as specified in section 17209;

(2) Equipment and utensil requirements, as specified in section 17210;

(3) Personnel procedures, as specified in section 17211;

(4) Cannabis product component procedures, as specified in section 17212; and

(5) Manufacturing processes and procedures, as specified in section 17213.

(b) The quality control program shall be under the supervision of one or more qualified individuals assigned responsibility for this function.

(c) For purposes of this article, for those requirements that are contained in the Health and Safety Code, use of the term “food” shall include cannabis, cannabis products, components, and contact surfaces.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17209. Grounds, Building, and Manufacturing Premises.

(a) Exterior facility and grounds. A licensed manufacturer shall ensure the facility exterior and grounds under the licensed manufacturer’s control meet the following minimum standards:

(1) Grounds shall be equipped with draining areas in order to prevent pooled or standing water;

(2) Weeds, grass, and vegetation shall be cut within the immediate vicinity of the cannabis manufacturing premises, litter and waste shall be removed, and equipment shall be stored in order to minimize the potential for the grounds to constitute an attractant, breeding place, or harborage for pests;

(3) Roads, yards, and parking lots shall be maintained so that these areas do not constitute a source of contamination in areas where cannabis products are handled or transported;

(4) Openings into the building (such as windows, exhaust fans, ventilation ducts, or plumbing vent pipes) shall be screened, sealed, or otherwise protected to minimize potential for pests to enter the building;

(5) Waste treatment and disposal systems shall be provided and maintained so as to prevent contamination in areas where cannabis products may be exposed to such a system’s waste or waste by-products.

(6) A licensed manufacturer shall implement precautions within the premises, such as inspection or extermination, if the premises is bordered by grounds outside the licensed manufacturer's control that are not maintained in the manner described in subsections (1) through (5), in order to eliminate any pests, dirt, and filth that pose a source of cannabis product contamination. Any use of insecticide, rodenticide, or other pesticide within the premises shall meet the requirements of Health and Safety Code section 114254.

(b) Interior facility. A licensed manufacturer shall ensure construction, design, and maintenance of the interior of the manufacturing premises as follows:

(1) Walls, ceilings, and floors. Walls, ceilings, and floors shall be constructed of material that is smooth, nonporous, easily cleanable, corrosion-resistant, and suitable to the activity that will be conducted. Fixtures, ducts, and pipes shall not pose a source of drip or condensate that may contaminate cannabis, cannabis products, components, contact surfaces, or packaging material.

(2) Lighting. Interior facility lighting shall meet the requirements of the Health and Safety Code section 114252, subdivisions (a)(1) and (3), (b)(3) and (4), and (c). Interior facility lighting shall also meet the requirements for shatter-resistant lighting in Health and Safety Code section 114252.1. The requirements of Health and Safety Code section 114252.1(a), shall also apply to all areas where glass breakage may result in the contamination of exposed cannabis, cannabis products, components, contact surfaces, or packaging material.

(3) Plumbing system and fixtures.

(A) Water supply. Running water shall be supplied as required by Health and Safety Code section 114192 in all areas where required for the manufacturing of cannabis products; in all areas used for the cleaning of equipment, utensils, and packaging materials; and for employee sanitary facilities. Water that contacts cannabis, cannabis products, components, contact surfaces, or packaging materials shall be potable.

(B) Plumbing. Plumbing systems shall meet the requirements of Health and Safety Code section 114190.

(C) Sewage disposal. The sewage system shall be maintained and kept in good repair so that it does not pose a potential source of contamination of cannabis, cannabis products, components, contact surfaces, or packaging materials.

(D) Toilet facilities. A licensed manufacturer shall provide employees with access to toilet facilities that meet the requirements of Health and Safety Code section 114250. Toilet facilities shall be kept clean and shall not pose a potential source of contamination of cannabis, components, cannabis products, contact surfaces, or packaging materials.

(E) Hand-washing facilities. A licensed manufacturer shall provide hand-washing facilities that meet the requirements of Health and Safety Code sections 113953(a)-(d) and 113953.2.

(F) Waste disposal. A licensed manufacturer shall provide for waste disposal in accordance with Health and Safety Code sections 114244(a) and (c) and 114245.1. Cannabis waste shall be disposed of in accordance with section 17223.

(4) Ventilation. Ventilation systems shall meet the requirements of Health and Safety Code sections 114149 and 114149.3.

(5) Cleaning and maintenance. The premises, including any fixtures, and other physical facilities therein, shall be maintained in a clean and sanitary condition and kept in good repair so as to prevent cannabis products from becoming adulterated, and shall meet the requirements of Health and Safety Code section 114257.1.

(A) The premises shall have a janitorial facility that meets the requirements of Health and Safety Code section 114279(a).

(B) Cleaning equipment and supplies shall be stored in a manner that meets the requirements of Health and Safety Code section 114281.

(C) Poisonous or toxic materials such as cleaning compounds, sanitizing agents, and pesticide chemicals that are necessary for premises and equipment maintenance and operation shall be handled and stored in a manner that meets the requirements of Health and Safety Code sections 114254.1, 114254.2 and 114254.3.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17210. Equipment and Utensils.

(a) Design and construction. Equipment and utensils shall meet the requirements of Health and Safety Code sections 114130.1, 114130.2, 114130.3, and 114130.4 and shall be used in accordance with their operating instructions to avoid the adulteration of cannabis products with lubricants, fuel, metal fragments, contaminated water, or any other contaminants.

(b) Installation. Equipment shall be installed so as to allow cleaning and maintenance of the equipment and of adjacent spaces. Equipment that is not easily moveable shall meet the requirements of Health and Safety Code section 114169.

(c) Cleaning, sanitizing, and maintenance. Equipment and utensils shall be maintained in a clean and sanitary condition and kept in good repair. The quality control program for cleaning, sanitizing, and maintenance of equipment and utensils shall include the following elements, at minimum:

(1) A detailed, written procedure for cleaning, sanitizing, and maintaining (including calibrating) equipment and utensils;

(2) A schedule for cleaning, sanitizing, and maintaining equipment and utensils;

(3) A log for documentation of the date and time of maintenance, cleaning, and sanitizing of equipment and utensils; and

(4) A procedure for storing cleaned and sanitized equipment and utensils in a manner to protect the equipment and utensils from contamination.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17211. Manufacturing Personnel.

(a) Licensed manufacturers shall establish and implement procedures for personnel that include, at minimum:

(1) Disease control. Any individual who by medical examination or supervisory observation is shown to have, or appears to have, an illness specified in Health and Safety Code section 113949.2(a) or an open lesion (e.g., boil, sore, cut, rash, or infected wound), unless covered in accordance with the requirements of Health and Safety Code section 113949.2(b), shall be excluded from any manufacturing operations until their health condition is corrected. Personnel shall be instructed to report such health conditions to their supervisors.

(2) Cleanliness. All individuals working in direct contact with cannabis, cannabis products, components, contact surfaces, and packaging materials shall maintain personal cleanliness in order to protect against allergen cross-contact and contamination of cannabis products while on duty. The methods for maintaining personal cleanliness include:

(A) Wearing clean outer clothing to protect against allergen cross-contact and contamination of cannabis, cannabis products, components, contact surfaces, and packaging materials;

(B) Washing hands thoroughly in a hand-washing facility that meets the requirements of section 17209 before starting work, after each absence from a work station, at any time specified in Health and Safety Code section 113953.3, and at any time when the hands may have become soiled or contaminated;

(C) Removing all unsecured jewelry and other objects that might fall into cannabis, cannabis products, components, equipment, or containers. Hand jewelry that cannot be sanitized shall be removed during periods in which cannabis products are manipulated by hand. If such hand jewelry cannot be removed, it shall be covered by material that can be maintained in an intact, clean, and sanitary condition and that effectively protects against contamination by these objects of cannabis, cannabis products, components, contact surfaces, and packaging materials;

(D) Maintaining gloves used in cannabis product handling in an intact, clean, and sanitary condition;

(E) Wearing hair nets, caps, beard covers, or other hair restraints that are designed and worn to prevent hair contact with cannabis, cannabis products, components, contact surfaces, and packaging materials;

(F) Storing clothing and personal belongings in areas separate from those where cannabis products are exposed or where equipment or utensils are washed; and

(G) Confining the following activities to areas separate from those where cannabis products may be exposed or where equipment or utensils are washed: eating food, chewing gum, drinking beverages, and using tobacco.

(b) Nothing in this section prohibits a licensed manufacturer from establishing additional precautions to protect against allergen cross-contact and contamination of cannabis, cannabis products, components, contact surfaces, and packaging materials by microorganisms or foreign substances (e.g., perspiration, hair, cosmetics, tobacco, chemicals, and medicines applied to the skin).

(c) The procedures for manufacturing personnel shall be in writing and made available to the Department upon request.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17211.1. Training Program.

(a) A manufacturing licensee shall establish and implement a training program to ensure that all personnel present at the premises are provided information and training that, at minimum, covers the following topics:

(1) Within 30 days of the start of employment:

(A) Health and safety hazards;

(B) Hazards presented by all solvents or chemicals used at the licensed premises as described in the safety data sheet for each solvent or chemical;

(C) Emergency response procedures;

(D) Security procedures;

(E) Record keeping requirements; and

(F) Training requirements.

(2) Prior to independently engaging in any cannabis manufacturing process:

(A) An overview of the cannabis manufacturing process and standard operating procedure(s);

(B) Quality control procedures;

(C) Product quality plans developed in accordance with section 17214;

(D) Proper and safe usage of equipment or machinery;

(E) Safe work practices applicable to an employee's job tasks, including appropriate use of any necessary safety or sanitary equipment;

(F) Cleaning and maintenance requirements;

(G) Emergency operations, including shutdown; and

(H) Any additional information reasonably related to an employee's job duties.

(3) Additionally, a manufacturing licensee that produces edible cannabis products shall ensure that all personnel who prepare, handle, or package edible products successfully complete a California food handler certificate course from an entity accredited by the American National Standards Institute (ANSI) within 90 days of commencing employment at the premises and again every three years during employment. A manufacturing licensee shall obtain documentation evidencing the fulfillment of this requirement;

(b) A manufacturing licensee shall ensure that all personnel receive annual refresher training to cover, at minimum, the topics listed in subsection (a). This annual refresher training must be completed within 12 months of the previous training completion date.

(c) A manufacturing licensee shall maintain a record of training containing, at minimum:

(1) A list of all personnel at the premises including, at minimum, name and job duties of each individual;

(2) Documentation of training topics and dates of training completion, including refresher training, for all personnel;

(3) The signatures of each individual and the licensee verifying receipt and understanding of each training or refresher training completed by the individual; and

(4) Any official documentation attesting to the successful completion of required training by personnel.

(d) A manufacturing licensee may assign responsibility for the training of individual personnel to supervisory personnel. Assigned supervisory personnel must have the education, training, or experience (or a combination thereof) necessary to ensure the production of quality cannabis products by all personnel. The assigned training personnel shall sign and date a document on an annual basis attesting that they received and understands all information that will be provided to personnel in the training program. This documentation shall be maintained as part of the record requirements in subsection (c).

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26130 and 26160, Business and Professions Code.

§17212. Cannabis Product Components.

(a) In order to prevent adulteration of cannabis products, licensed manufacturers shall establish and implement written policies and procedures to ensure and maintain the quality of product components.

(b) Components are subject to the following minimum requirements:

(1) Components that are food must be obtained from a source that complies with federal and state food laws.

(2) Raw materials and other components shall be inspected upon intake to ensure that they are clean and suitable for manufacturing into cannabis products, and shall be stored under conditions that protect against allergen cross-contact and contamination and minimize deterioration.

(3) Raw materials shall be washed or cleaned as necessary to remove soil and other visible contaminants. Water used for washing, rinsing, or conveying cannabis product ingredients shall be potable.

(4) Raw materials and other components shall not contain levels of microorganisms that render the cannabis product injurious to human health, or shall be pasteurized or otherwise treated during manufacturing so that they no longer contain levels of microorganisms that would cause the cannabis product to be adulterated.

(5) Raw materials and other components susceptible to contamination with aflatoxin or other natural toxins, pests, or extraneous material shall not exceed generally acceptable limits set by the U.S. Food and Drug Administration in the *Defect Levels Handbook* (Rev.

February 2005), which is hereby incorporated by reference, before these raw materials or other ingredients are incorporated into cannabis products.

(6) Raw materials and other components shall be held in containers designed and constructed to protect against allergen cross-contact or contamination, and shall be held at a temperature and relative humidity and in a manner that prevents the cannabis products from becoming adulterated.

(7) Frozen raw materials and other components shall be kept frozen. If thawing is required prior to use, it shall be done in a manner that prevents the raw materials and other ingredients from becoming adulterated.

(8) Raw materials and other components that are food allergens shall be identified and held in a manner that prevents cross-contact with other raw materials or ingredients.

(c) Holding and storage of raw materials and other components shall meet the requirements of Health and Safety Code sections 114047(a) and (b), 114049, and 114051.

(d) The policies and procedures for components shall be in writing and made available to the Department upon request.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17213. Manufacturing Procedures.

(a) A licensed manufacturer shall implement and maintain the following manufacturing procedures that ensure cannabis product quality:

(1) A product quality plan, as described in section 17214;

(2) Master manufacturing protocols, as described in section 17215, for each unique formulation of cannabis product manufactured to ensure only intended components are included and that the cannabis product is packaged and labeled in accordance with product specifications and this division; and

(3) Batch production records, as described in section 17216, to document the production process and, if needed, to verify that the established procedures, including the preventive measures and master manufacturing protocol, were implemented correctly.

(b) All manufacturing records and procedures shall be in writing and are subject to inspection by the Department, its inspectors and agents.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17214. Product Quality Plan.

(a) A licensed manufacturer shall establish and implement a written product quality plan for each type of product manufactured at the premises. The product quality plan shall address the hazards associated with the premises or the manufacturing process that, if not properly mitigated, may cause the product to be adulterated or misbranded, or may cause the product to fail laboratory testing or quality assurance review.

(b) To create the product quality plan, the licensed manufacturer shall conduct a comprehensive assessment of the overall manufacturing process, as follows:

(1) Identify each step from component intake through transfer of product from the premises;

(2) Evaluate the potential risks associated with each step;

(3) Identify the preventive measures that shall be taken to mitigate the potential risks identified;

(4) Identify the methods to evaluate and monitor the effectiveness of the preventive measures; and

(5) Identify any action to take if a preventive measure was unsuccessful.

(c) The licensed manufacturer shall evaluate the following potential risks to cannabis product quality that could be introduced during manufacturing operations:

(1) Biological hazards, including microbiological hazards;

(2) Chemical hazards, including radiological hazards, pesticide contamination, solvent or other residue, natural toxins, decomposition, or allergens;

(3) Physical hazards, such as stone, glass, metal fragments, hair, or insects; and

(4) Process failures that may lead to product contamination, allergen cross-contact, packaging errors, labeling errors, or other errors affecting cannabis product quality.

(d) The licensed manufacturer shall identify and implement the preventive measure(s) necessary to mitigate each potential risk identified pursuant to subsection (c). Examples of preventive measures include, but are not limited to:

(1) Cleaning and sanitizing of equipment and utensils to mitigate against risk of microbiological hazards;

(2) Conducting in-house testing of raw cannabis to mitigate against the risk of pesticide contamination;

(3) Establishing an allergen control program to ensure that allergen cross-contact does not occur between product types; and

(4) Implementing procedures to ensure homogeneity of cannabinoids into a cannabis product to mitigate against the risk of a non-homogeneous product.

(e) The licensed manufacturer shall identify and implement methods to evaluate and monitor the effectiveness of the preventive measures in mitigating the potential risks identified in subsection (c). Methods for evaluation and monitoring of preventive measures include, but are not limited to, the following:

(1) Review of test results conducted to determine contamination such as pesticide residue;

(2) Maintaining and reviewing cleaning, sanitizing, or maintenance logs to verify such actions have been taken;

(3) Conducting environmental testing to determine if equipment or utensils are contaminated with pathogens; and

(4) Monitoring the temperature of raw materials that need to be held below 41 degrees Fahrenheit to prevent microbial contamination.

(f) The licensed manufacturer shall identify actions to be taken if the evaluation and monitoring of the preventive measure indicates that a risk was not properly mitigated. The corrective action shall be specific to the type of product under evaluation and the specific risk to be mitigated. Examples of corrective actions include, but are not limited to:

(1) Destruction of product components or finished cannabis product;

(2) Further manufacturing of cannabis extract to remove impurities; and

(3) Reworking the unfinished product to further homogenize the cannabinoids.

(g) The licensed manufacturer shall maintain the product quality plans and documentation of preventive measures, monitoring results, and corrective actions and make the records available to the Department upon the Department's request, including during the Department's onsite inspection of the premises. Nothing in this chapter requires the disclosure of product quality plans other than to the Department and its inspectors and agents. The licensed manufacturer may consider the product quality plan subject to trade secret protection.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17215. Master Manufacturing Protocol.

(a) A licensed manufacturer shall establish and follow a written master manufacturing protocol for each unique formulation of cannabis product manufactured, and for each batch size, in order to mitigate the potential for adulteration through incorporation of incorrect amounts of cannabinoids, unintended ingredients, or hazards identified in the product quality plan; the potential for misbranding through incorporation of ingredients not identified on the label or mislabeling of the product; and to ensure uniformity in finished batches and across all batches produced.

(b) The master manufacturing protocol shall include:

(1) The name and intended cannabinoid concentration(s) of the cannabis product to be manufactured;

(2) A complete list of components to be used;

(3) The weight or measure of each component to be used. The master manufacturing protocol for any given product may include the ability to adjust the weight or measure of cannabinoid-containing ingredients in order to account for the variability of cannabinoid content in harvest batches;

(4) The identity and weight or measure of each ingredient that will be declared on the ingredients list of the cannabis product;

(5) The expected yield of the finished cannabis product, based upon the quantity of components or packaging to be used in the absence of any loss or error in actual production, and the maximum and minimum percentages of expected yield beyond which a

deviation investigation of a batch will be necessary, material review will be conducted, and a decision on the disposition of the product will be made;

(6) A description of packaging and a representative label, or a cross-reference to the physical location of the actual or representative label;

(7) The expected number of packages and labels to be used, if the cannabis product will leave the manufacturing premises in final form and packaged and labeled as it will be sold at retail;

(8) Written instructions for each point, step, or stage in the manufacturing process; and

(9) Written instructions for any action to mitigate risk(s) identified in the product quality plan.

(c) Master manufacturing protocols shall be in writing and made available to the Department upon request.

(d) Nothing in this chapter requires disclosure of the master manufacturing protocol to any person other than the individuals conducting activities that utilize the protocol or to the Department and its inspectors and agents. The licensee may consider the master manufacturing protocol subject to trade secret protection.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17216. Batch Production Record.

(a) A licensed manufacturer shall prepare a written batch production record every time a batch of a cannabis product is manufactured or a batch of cannabis or cannabis product is remediated. The batch production record shall accurately follow the appropriate master manufacturing protocol, and each step of the protocol shall be performed in the production of the batch.

(b) The batch production record shall document all the following information about each batch at the time the batch is produced or remediated:

(1) The licensee number or premises address of the facility at which the production occurred;

(2) The date each step of the master manufacturing protocol was performed and the initials of the employee performing each step;

(3) The identity and weight or measure of each component used in production of the batch;

(4) The specific equipment and processing lines used in producing or remediating the batch;

(5) A statement of the actual yield and the percentage difference from expected yield at appropriate phases of manufacturing as identified in the master manufacturing protocol;

(6) If the product quality plan identifies any monitoring needed to ensure product safety, the results of the monitoring action performed;

(7) An actual or representative label or other identification of the label to be used for the cannabis product;

(8) The actual quantity of the packages and labels used, and the difference from the expected quantity to be used, if the cannabis product will leave the manufacturing premises as a final form cannabis good;

(9) Documentation that quality control personnel:

(A) Reviewed the batch production record;

(B) Reviewed all required monitoring operation(s); and

(C) Either approved and released, or rejected, the finished cannabis product, including any remediated, repackaged or relabeled cannabis product;

(10) Documentation, at the time of performance, of any investigation identified in the product quality plan or master manufacturing protocol, including deviations from the expected yield or package and label count; and

(11) The UID and the batch or lot number of the finished batch of cannabis product and the UIDs of all cannabis or cannabis products used in the batch.

(c) The batch production record shall:

(1) Contain the actual values and observations obtained during monitoring and, as appropriate, during verification activities;

(2) Be accurate, indelible, and legible;

(3) Be created concurrently with performance of the activity documented; and

(4) Be as detailed as necessary to provide a history of work performed.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17217. Standard Operating Procedures.

(a) A licensed manufacturer shall establish and maintain written standard operating procedures that are easily accessible to onsite personnel. The standard operating procedures shall, at minimum, include the following:

(1) Policies or procedures developed in accordance with the security plan required by section 15042.1;

(2) Emergency response procedures, including safety data sheets for any chemicals onsite;

(3) Policies and procedures developed in accordance with section 17206;

(4) Policies and procedures developed in accordance with this article;

(5) Procedures for complying with the track and trace requirements established in article 6 of chapter 1; and

(6) Cannabis waste management procedures in compliance with section 17223.

(b) Procedures shall be written in English but may be made available in other languages, as necessary for the licensee's personnel.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26130 and 26160, Business and Professions Code.

§17218. Inventory Control – Cannabis and Cannabis Products.

(a) A licensed manufacturer shall establish and implement a written inventory control plan capable of tracking the location and disposition of all cannabis and cannabis products at the licensed premises.

(b) A licensed manufacturer shall reconcile the on-hand inventory of cannabis and cannabis products at the licensed premises with the records in the track and trace system at least once every thirty (30) calendar days.

(c) If a licensed manufacturer finds a discrepancy between the on-hand inventory and the track and trace system, the licensee shall conduct an audit.

(d) If the inventory reconciliation conducted pursuant to subsection (b) or the audit conducted pursuant to subsection (c) reveals a discrepancy that is significant pursuant to section 15034, the licensed manufacturer shall notify the Department within 24 hours of the discovery. The result of inventory reconciliation and any audit shall be retained in the licensed manufacturer's records and shall be made available to the Department upon request.

(e) The licensed manufacturer shall maintain sales invoices and receipts for all batches of cannabis and cannabis products received at and transferred from its licensed premises. The licensed manufacturer shall prepare a sales invoice or receipt that meets the requirements of Business and Professions Code section 26161 prior to each sale or transport of cannabis products from the premises.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

Article 5. Special Requirements

§17219. Juice Manufacturing.

Manufacturers of cannabis juice or cannabis-infused juice or beverages shall prepare and implement a written juice hazard analysis and critical control plan in accordance with the requirements of title 21, Code of Federal Regulations, Part 120, subpart A, section 120.8 and subpart B, section 120.24, (Rev. January 2001), which are hereby incorporated by reference. The hazard analysis and critical control plan shall be made available to the Department upon request.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17220. Dried Meat Manufacturing.

Manufacturing of cannabis-infused dried meat products shall be conducted in accordance with the United States Department of Agriculture *FSIS Compliance Guideline for Meat and*

Poultry Jerky Produced by Small and Very Small Establishments: 2014 Compliance Guideline (Rev. 2014), which is hereby incorporated by reference. Meat for manufacturing into dried meat products shall be acquired from a commercially-available source.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

Chapter 9. Other Responsibilities

§17221. Weighing Devices and Weighmasters.

(a) A licensee shall use weighing devices approved, tested, and sealed in accordance with the requirements in Business and Professions Code, division 5, chapter 5 (commencing with section 12500) and its implementing regulations, and registered with the county sealer consistent with Business and Professions Code, division 5, chapter 2 (commencing with section 12240) and its implementing regulations whenever:

(1) Cannabis or cannabis product is bought or sold by weight or count;

(2) Cannabis or cannabis product is packaged for sale by weight or count;

(3) Cannabis or cannabis product is weighed or counted for entry into the track and trace system; and

(4) The weighing device is used for commercial purposes as defined in Business and Professions Code section 12500.

(b) Whenever the licensee is determining the weight, measure, or count of cannabis and cannabis products for the purposes specified in subsection (a), the weight, measure, or count shall be determined by a licensed weighmaster in compliance with the requirements of Business and Professions Code, division 5, chapter 7 (commencing with section 12700).

(c) A licensee shall obtain a weighmaster certificate that complies with the requirements of Business and Professions Code, division 5, chapter 7 (commencing with section 12700) whenever:

(1) Payment for the cannabis or cannabis product is dependent upon the quantity determined by the weighmaster; or

(2) Payment for service or processing of the cannabis or cannabis product is dependent upon the quantity determined by the weighmaster.

(d) The weighmaster certificate shall not be required when cannabis or cannabis products are weighed or counted for entry into the track and trace system.

(e) In any county in which a county sealer refuses or is not required to approve, register, test, and seal weighing devices used by a licensee, the licensee may have a service agency registered pursuant to Business and Professions Code, division 5, chapter 5.5 perform testing of a weighing device consistent with the requirements in title 4, California Code of Regulations, section 4070. The licensee shall keep a copy of the registered service agency's written inspection report attesting to the accuracy of the device for each device operated by the licensee.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26060, Business and Professions Code.

§17223. Waste Management.

(a) A licensee shall dispose of all waste in accordance with the Public Resources Code and any other applicable state and local laws. It is the responsibility of the licensee to properly evaluate waste to determine if it should be designated and handled as a hazardous waste, as defined in Public Resources Code section 40141.

(b) A licensee shall establish and implement a written cannabis waste management plan that describes the method or methods by which the licensee will dispose of cannabis waste, as applicable to the licensee's activities. A licensee shall dispose of cannabis waste using only the following methods:

(1) On-premises composting of cannabis waste.

(2) Collection and processing of cannabis waste by a local agency, a waste hauler franchised or contracted by a local agency, or a private waste hauler permitted by a local agency in conjunction with a regular organic waste collection route.

(3) Self-haul cannabis waste to one or more of the following:

(A) A staffed, fully permitted solid waste landfill or transformation facility;

(B) A staffed, fully permitted composting facility or staffed composting operation;

(C) A staffed, fully permitted in-vessel digestion facility or staffed in-vessel digestion operation;

(D) A staffed, fully permitted transfer/processing facility or staffed transfer/processing operation;

(E) A staffed, fully permitted chip and grind operation or facility; or

(F) A recycling center as defined in title 14, California Code of Regulations, section 17402.5(d) that meets the following:

(i) The cannabis waste received shall contain at least ninety (90) percent inorganic material;

(ii) The inorganic portion of the cannabis waste is recycled into new, reused, or reconstituted products that meet the quality standards necessary to be used in the marketplace; and

(iii) The organic portion of the cannabis waste shall be sent to a facility or operation identified in subsections (b)(3)(A)-(E).

(4) Reintroduction of cannabis waste back into agricultural operation through on-premises organic waste recycling methods including, but not limited to, tilling directly into agricultural land and no-till farming.

(c) The licensee shall maintain any cannabis waste in a secured waste receptacle or secured area on the licensed premises until the time of disposal. Physical access to the receptacle or area shall be restricted to the licensee, employees of the licensee, the local agency, waste hauler franchised or contracted by the local agency, or private waste hauler permitted by the local agency only. Nothing in this subsection prohibits licensees from using a shared waste receptacle or area with other licensees, provided that the shared waste receptacle or area is secured and access is limited as required by this subsection.

(d) A licensee that disposes of waste through an entity described in subsection (b)(2) shall do all of the following:

(1) Maintain and make available to the Department upon request the business name, address, contact person, and contact phone number of the entity hauling the waste; and

(2) Obtain documentation from the entity hauling the waste that evidences subscription to a waste collection service.

(e) If a licensee is self-hauling cannabis waste as allowed by the local jurisdiction, the licensee shall be subject to all of the following requirements:

(1) Self-hauled cannabis waste shall only be transported by the licensee or its employees;

(2) Self-hauled cannabis waste shall only be transported to a facility specified in subsection (b)(3); and

(3) The licensee or its employee who transports the waste shall obtain for each delivery of cannabis waste a copy of a certified weight ticket or receipt from the solid waste facility.

(f) A batch of cannabis or cannabis products that is being disposed of because the batch has failed internal quality testing, quality assurance review by a distributor, or regulatory compliance testing shall comply with the following additional requirements:

(1) All cannabis or cannabis products in the batch shall be rendered unusable prior to disposal;

(2) Rendering of the cannabis or cannabis products shall be done under video surveillance, unless the rendering is performed by a licensee engaging in cultivation activities on a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises; and

(3) The reason for disposal and the disposition of the batch shall be noted in the track and trace system.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17225. Product Complaints.

(a) A licensee shall review all product complaints made to the licensee to determine whether the complaints involve possible misbranding or adulteration of a cannabis good, and shall investigate the complaints to the extent practicable based on the information received and the records the licensee is required to maintain.

(b) For purposes of this section, “product complaint” means any written, electronic, or oral communication received by a licensee that contains any allegation expressing concern, for any reason, with the quality of a cannabis good. Examples of product complaints may include, but are not limited to: foul odor, caused illness or injury, foreign material in a cannabis product container, improper packaging, mislabeling, cannabis products that contain an incorrect concentration of cannabinoids, and cannabis products that contain an unidentified ingredient, or any form of contaminant.

(c) The licensee shall maintain written records for every product complaint received and any subsequent investigation. The records shall include:

(1) The name and description of the cannabis good;

(2) The batch number or UID of the cannabis good, if available;

(3) The date the complaint was received and the name, address, and telephone number of the complainant, if available;

(4) The nature of the complaint including, if known, how the product was used;

(5) The reply to the complainant, if any;

(6) The findings of the investigation or follow-up action taken when an investigation is performed;

(7) The basis for any determination not to conduct an investigation, if applicable; and

(8) The notification to the licensee that made the cannabis good, if applicable.

(d) The licensee shall conduct a recall, as specified in section 17226, when the investigation evidences adulteration or misbranding.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26039.6, Business and Professions Code.

§17226. Voluntary Recalls.

(a) Licensees shall establish and implement written procedures for recalling cannabis goods that are determined to be misbranded or adulterated. The recall procedures shall be implemented upon discovery, or notification from the Department, that one or more batches of cannabis goods are adulterated or misbranded. These procedures shall include:

(1) Factors that necessitate a recall;

(2) Personnel responsible for implementing the recall procedures;

(3) Notification protocols, including:

(A) A mechanism to notify all customers that have, or could have, obtained the cannabis goods, including communication and outreach via media, as necessary and appropriate;

(B) A mechanism to notify any licensees that supplied or received the recalled cannabis goods; and

(C) Instructions to the general public and other licensees for the return or destruction of the recalled cannabis goods; and

(4) Procedures for the collection and destruction of any recalled cannabis goods. These procedures shall meet the following requirements:

(A) All recalled cannabis goods that are intended to be destroyed shall be quarantined for a minimum of 72 hours, unless a longer holding time is requested by the Department. The licensee shall affix to the recalled cannabis goods any bills of lading, shipping manifests, or

other similar documents with the cannabis goods information and weight. The cannabis goods held in quarantine shall be subject to auditing by the Department.

(B) Following the quarantine period, the licensee shall render the recalled cannabis goods unusable and dispose of them in accordance with section 17223.

(b) In addition to the tracking requirements set forth in section 15049, a licensee shall use the track and trace system and onsite documentation to ensure that recalled cannabis goods intended for destruction are identified, weighed, and tracked while on the licensed premises and when disposed of in accordance with this section. For recalled cannabis goods, the licensee shall enter the following details into the track and trace system: the weight and count of the cannabis goods, reason for destruction, and date the quarantine period will begin.

(c) The licensee shall notify the Department of any recall within 24 hours of initiating the recall.

(d) A licensed manufacturer may submit a corrective action plan to the Department for recalled cannabis goods in accordance with section 17305. If the corrective action plan is not approved by the Department, the cannabis goods shall be destroyed pursuant to the procedures required by subsection (a)(4).

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26039.1 and 26039.6, Business and Professions Code.

§17227. Mandatory Recalls.

(a) The Department may require licensees to conduct a recall of a cannabis good that is adulterated or misbranded in accordance with Business and Professions Code section 26039.1.

(b) The licensee shall conduct the mandatory recall in the same manner as a voluntary recall as provided in section 17226.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26039.1 and 26039.6, Business and Professions Code.

Chapter 10. Cannabis and Cannabis Products

Article 1. Standards for Manufactured Cannabis Products

§17300. Prohibited Products.

The following types of products shall not be sold as cannabis products:

(a) Alcoholic beverages, as defined in Business and Professions Code section 23004. This prohibition does not apply to tinctures that meet the requirements of section 17303.

(b) Any cannabis product containing any non-cannabinoid additive that would increase potency, toxicity, or addictive potential, or that would create an unsafe combination with other psychoactive substances including, but not limited to, nicotine.

(c) Any cannabis product that must be held at or below 41 degrees Fahrenheit to keep it safe for human consumption, including, but not limited to, cream- or custard-filled pies; pies or pastries consisting in whole or in part of milk or milk products, or eggs; and meat-filled pies or pastries. This prohibition shall not apply to juices or beverages that need to be held below 41 degrees Fahrenheit if the juice or beverage was processed in accordance with section 17219, or to infused butter manufactured as permitted by subsection (g).

(d) Any thermally-processed low-acid cannabis product packed in a hermetically sealed container that, if it did not contain cannabis, would be subject to the manufacturing requirements of title 21, Code of Federal Regulations, part 113.

(e) Any acidified cannabis product that, if it did not contain cannabis, would be subject to the manufacturing requirements of title 21, Code of Federal Regulations, part 114.

(f) Any juice that is not shelf-stable or that is not processed in accordance with section 17219.

(g) Dairy products of any kind, as prohibited by Business and Professions Code section 26001(u), except butter purchased from a licensed milk products plant or retail location that is subsequently infused or mixed with cannabis.

(h) Meat products other than dried meat products prepared in accordance with section 17220.

(i) Seafood products of any kind.

(j) Any product that is manufactured by application of cannabinoid concentrate or extract to commercially available candy or snack food items without further processing of the product. Commercially available candy or snack food items may be used as ingredients in a cannabis product, provided that they are used in a way that renders them unrecognizable as the commercially available items, and the label, including the ingredient list, does not reference the commercially available item.

(k) Any cannabis product that the Department determines, on a case-by-case basis, is attractive to children, as specified in section 17408.

(l) Any cannabis product that the Department determines, on a case-by-case basis, is easily confused with commercially available foods that do not contain cannabis.

(m) Any cannabis product in, or imprinted with the shape, either realistic or caricature, of a human being, animal, insect, or fruit.

(n) Any inhalable cannabis product that is delivered into the lungs through a metered-dose inhaler or dry-powder inhaler. Nothing in this section shall be interpreted to prohibit other dry-powder cannabis products or metered-dose vaporizers containing cannabis or cannabis oil.

(o) Any cannabis product that is administered to the eye or the nasal passages.

(p) Any cannabis product that is injected into the body by piercing the skin.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17301. Additional Requirements for Edible Cannabis Products.

(a) Except for cannabis, cannabis products, or terpenes, no ingredient or component shall be used in the manufacture of an edible cannabis product unless that ingredient or component is permitted by the United States Food and Drug Administration for use in food or food manufacturing, as specified in *Substances Added to Food in the United States*, available at https://www.accessdata.fda.gov/scripts/fdcc/index.cfm?set=FoodSubstances or is Generally Recognized as Safe (GRAS) under sections 201(s) and 409 of the Federal Food, Drug, and Cosmetic Act (codified in 21 U.S.C. 321(s) and 21 U.S.C. 348).

(b) Edible cannabis products that consist of more than a single serving shall be marked or packaged in a manner such that a single serving is readily identifiable or measurable.

(c) An edible cannabis product consisting of multiple servings shall be homogenized so that each serving contains the same concentration of THC.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17302. Additional Requirements for Topical Cannabis Products.

(a) Except for cannabis, cannabis concentrate, or terpenes, topical cannabis products shall only contain ingredients permitted for cosmetic manufacturing in accordance with title 21, Code of Federal Regulations, part 700, subpart B (section 700.11 et seq.) (Rev. March 2016), which is hereby incorporated by reference.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

§17302.1. Additional Requirements for Tinctures.

(a) A tincture shall be no more than 2 fluid ounces and shall include a calibrated dropper or similar device for measuring a single serving.

(b) A tincture, defined at section 15000(rrr), may include ingredients other than cannabis extract and alcohol, vegetable oil, or glycerin provided that the primary ingredient by weight is alcohol, vegetable oil, or glycerin.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

§17303. Orally Consumed Products Containing Alcohol.

(a) Any orally consumed product that contains more than 0.5% alcohol by volume as an ingredient, and is not otherwise an alcoholic beverage as defined in Business and Professions Code section 23004, shall be packaged in a container no larger than two (2) fluid ounces and shall include a calibrated dropper or other similar device capable of accurately measuring servings.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

§17303.1. Additional Requirements for Inhaled Products.

(a) Cannabis products intended for inhalation shall only contain cannabis, cannabis concentrate, terpenes, rolling paper, leaf, pre-roll filter tips, or ingredients permitted by the United States Food and Drug Administration as an "inactive ingredient" for inhalation, as specified in the United States Food and Drug Administration *Inactive Ingredients Database*, available at https://www.fda.gov/drugs/drug-approvals-and-databases/inactive-ingredients-database-download.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

Article 2. Cannabinoid Concentration Limits

§17304. THC Concentration Limits.

(a) An edible cannabis product shall not contain more than:

(1) 10 milligrams THC per serving; and

(2) 100 milligrams THC per package.

(b) Notwithstanding subsection (a), a package containing an edible product that is an orally dissolving product, such as sublingual lozenges or mouth strips, may contain up to 500 milligrams THC per package, if:

(1) The cannabis product consists of discrete servings of no more than 10 milligrams THC per piece;

(2) The cannabis product is labeled "FOR MEDICAL USE ONLY;" and

(3) The cannabis product is only available for sale to a medicinal-use patient.

(c) A topical cannabis product or a cannabis concentrate shall not contain more than 1,000 milligrams THC per package.

(d) Notwithstanding subsection (c), a topical cannabis product or a cannabis concentrate may contain more than 1,000 milligrams THC per package, but not more than 2,000

milligrams THC per package, if the product is labeled “FOR MEDICAL USE ONLY” and is only available for sale to a medicinal-use patient.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26120 and 26130, Business and Professions Code.

Article 3. Failed Product Batches

§17305. Failed Product Batches.

(a) A finished cannabis product batch that fails any regulatory compliance laboratory testing requirement established in this division shall be destroyed unless:

(1) The cannabis product batch or harvest batch may be remediated by relabeling pursuant to subsection (d); or

(2) A corrective action plan for remediation is approved by the Department pursuant to subsection (e). The licensed manufacturer or microbusiness authorized to engage in manufacturing who submits a corrective action plan for remediation shall be the manufacturer that remediates the subject batch. The licensed manufacturer shall not receive the batch from the licensed distributor until the Department has approved the corrective action plan.

(b) Remediation of a failed product batch or the use of a harvest batch that has failed any regulatory compliance laboratory test shall comply with the requirements and procedures established by the Department in section 15306, in addition to the requirements of this article.

(c) Except as provided in subsections (d) and (f), edible cannabis products that fail regulatory compliance laboratory testing shall not be remediated and shall be destroyed. If any edible cannabis product that has failed regulatory compliance laboratory testing is remediated or otherwise mixed with another batch of cannabis product in violation of this section, such action shall render the final cannabis product adulterated, regardless of the defect level of the final cannabis product.

(d) A cannabis product batch that fails regulatory compliance laboratory testing for cannabinoid or terpenoid content may be remediated by relabeling the product with the correct information from the certificate of analysis for regulatory compliance, provided that the THC limits in section 17304 are met.

(e) Except as provided in subsection (d), a cannabis product batch or a harvest batch that fails regulatory compliance laboratory testing or quality assurance review shall not be remediated unless the Department has approved a corrective action plan submitted by the licensed manufacturer or microbusiness authorized to engage in manufacturing who will be performing the remediation. Edible cannabis products may only be remediated by relabeling pursuant to subsection (d) or repackaging as provided in subsection (f). Corrective action plans will be reviewed by the Department on a case-by-case basis. A corrective action plan shall be submitted to the Department at remediation@cannabis.ca.gov and contain the following:

(1) The licensed manufacturer's license number and legal business name;

(2) The licensed manufacturer's DBA, if any;

(3) The brand name of the product being remediated, the UID for the batch, and the size of the batch;

(4) The licensed manufacturer's premises address;

(5) The name, email address, and phone number of the licensed manufacturer's contact person for this remediation;

(6) A description of how the cannabis product or harvest batch will be remediated so that the cannabis product or harvest batch, or any product produced therefrom, will meet all regulatory compliance testing standards and quality assurance requirements; and

(7) Any additional information requested by the Department.

(f) Edible cannabis products that fail regulatory compliance testing because the per-package limit of THC has been exceeded may be remediated by repackaging under the following conditions:

(1) The Department has approved a corrective action plan for repackaging the product;

(2) The product batch is returned to the manufacturer who packaged the product;

(3) The product itself is not altered in any way; and

(4) The product is labeled to accurately state the contents.

(g) All remediation of harvest or product batches shall be documented in the batch production records. Remediated products, harvest batches, or products produced therefrom shall be transported to a licensed distributor and undergo regulatory compliance testing in accordance with chapters 2 and 6 and quality assurance review pursuant to sections 15307 and 15307.1 prior to being transported to a licensed retailer.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26039.6, Business and Professions Code.

Article 4. Animal Cannabis Products

§17350. Animal Cannabis Product Standards.

(a) "Animal cannabis product" means a cannabis product intended for use on or consumption by an animal, as defined in BPC section 26001(c).

(b) Except as provided in this section, animal cannabis products are subject to the same requirements that apply to cannabis products under the Act and this division.

(c) Only the following types of products may be manufactured, distributed, or sold as animal cannabis products:

(1) Edible cannabis products;

(2) Orally consumed concentrates; and

(3) Topical cannabis products.

(d) An animal cannabis product may not contain more than one milligram of Total THC per package.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26013 and 26130, Business and Professions Code.

Chapter 11. Labeling and Packaging Requirements

Article 1. Bulk Cannabis or Cannabis Products, Immature Plants, and Seeds

§17398. Bulk Cannabis or Cannabis Products.

(a) For purposes of this section, “bulk cannabis or cannabis products” means cannabis or cannabis products transferred between licensees for the purpose of further processing and/or packaging.

(b) The packaging used to transport bulk cannabis or cannabis products shall protect the cannabis or cannabis products from contamination and shall not expose the cannabis or cannabis products to any toxic or harmful substance.

(c) Packages of bulk cannabis or cannabis products shall be labeled with the following:

(1) The type or common name of the cannabis or cannabis products contained therein;

(2) The UID assigned to the cannabis or cannabis products;

(3) The ingredients of the cannabis products, including a list of any allergens present as described in section 17406(a)(6); and

(4) The net weight or count of the cannabis or cannabis products.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17399. Immature Plants.

(a) Immature plants to be sold at retail are not required to be placed in child-resistant or tamper-evident packaging prior to sale.

(b) Immature plants shall be labeled with the following:

(1) The legal business name, or any name listed on the license certificate, of the licensed nursery that cultivated the immature plant, and its contact number or website address;

(2) The strain name; and

(3) The statement: “This plant has not been tested in accordance with the Medicinal and Adult-Use Cannabis Regulation and Safety Act.”

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26070, 26100 and 26120, Business and Professions Code.

§17400. Seeds.

(a) Packages of seeds are not required to be placed in child-resistant packaging prior to sale.

(b) Packages of seeds to be sold at retail shall be labeled with the following:

(1) The legal business name, or any name listed on the license certificate, of the licensed nursery that cultivated the seeds, and its contact number or website address;

(2) The strain name(s);

(3) Either the weight or count of seeds in the package;

(4) The universal symbol described in section 17410; and

(5) The statement: “These seeds have not been tested in accordance with the Medicinal and Adult-Use Cannabis Regulation and Safety Act.”

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26130, Business and Professions Code.

Article 2. Cannabis Products Released from Manufacturing

§17401. Release to Distributor as Finished Product.

(a) Cannabis products shall not be transferred to a licensed distributor, or microbusiness authorized to engage in distribution, for regulatory compliance testing unless the cannabis products are in their final form and packaged and labeled for retail sale.

(b) Notwithstanding subsection (a), a product label may exclude labeling of cannabinoid content if the cannabinoid content is to be added to the label at the distribution premises after issuance of a Certificate of Analysis in accordance with section 17407.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

Article 3. Labeling Requirements

§17402. General Provisions.

(a) Any information required to be listed on a label shall be written in English.

(b) A label shall be unobstructed and conspicuous so that it can be read by the consumer.

(c) All required label information shall be located on the outside container or wrapper of the finished product to be sold at a retailer, or be easily legible through the outermost container or wrapper. If the immediate container holding the cannabis goods is separable from the outermost packaging, such as a container placed inside of a box, the immediate container shall be labeled with the universal symbol as described in section 17410.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17403. Primary Panel Labeling Requirements: Nonmanufactured Cannabis Goods.

(a) The label for a package of nonmanufactured cannabis goods shall include a primary panel that includes the following information in a type size no smaller than 6 point and proportional to the size of the primary panel and container:

(1) The identity of the product;

(2) The net weight of cannabis in the package, listed in both metric and U.S. customary units; and

(3) The universal symbol described in section 17410.

(b) The label for a package of nonmanufactured cannabis goods shall include an informational label that includes the following information in a type size no smaller than 6 point and proportional to the size of the informational panel and container:

(1) The UID;

(2) The name of the licensed cultivator or licensee packaging the product (either the legal business name or the name listed on the license certificate) and that licensee's contact number or website address;

(3) The date of packaging for retail sale; and

(4) The following statement in bold print: "GOVERNMENT WARNING: THIS PACKAGE CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION."

(c) Nothing in this section prohibits the inclusion of additional information on the primary panel, provided that the label does not violate the requirements of section 17408.

(d) The cannabinoid content for a package of nonmanufactured cannabis goods shall be labeled as specified in section 17407.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17404. Primary Panel Labeling Requirements: Manufactured Cannabis Products.

(a) The label for a manufactured cannabis product shall include a primary panel that includes the following information in a type size no smaller than 6 point and proportional to the size of the primary panel and container:

(1) The identity of the product in a text size reasonably proportional to the most prominent printed matter on the panel;

(2) The universal symbol as described in section 17410; and

(3) The net weight or volume of the contents of the package, listed in both metric and U.S. customary units.

(b) Nothing in this section prohibits the inclusion of additional information on the primary panel, provided that the label does not violate the requirements of section 17408.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17405. Additional Primary Panel Labeling Requirements: Edible Products.

(a) In addition to the requirements of section 17404, the primary panel of an edible cannabis product shall include the words “cannabis-infused” or “cannabis infused” immediately above the identity of the product in bold type and a text size larger than the text size used for the identity of the product.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17406. Informational Panel Labeling Requirements.

(a) The label for a manufactured cannabis product shall include an informational panel that includes the following:

(1) The name of the licensed manufacturer (either the legal business name or the name listed on the license certificate) that manufactured the cannabis product and the manufacturer’s contact number or website address;

(2) The date the cannabis product was packaged for retail sale;

(3) The following statement in bold print: “GOVERNMENT WARNING: THIS PRODUCT CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS PRODUCTS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. THE INTOXICATING EFFECTS OF CANNABIS PRODUCTS MAY BE DELAYED UP TO TWO HOURS. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS PRODUCTS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION;”

(4) The statement: “FOR MEDICAL USE ONLY” if the package contains an amount of THC that exceeds the level allowed for adult-use cannabis goods, as specified in section 17304;

(5) A list of all product ingredients in descending order of predominance by weight or volume. If any product ingredient contains subingredients, the list shall either:

(A) Include the common name of the ingredient followed by a parenthetical listing of all ingredients in descending order by weight or volume; or

(B) List all subingredients as individual ingredients in descending order of predominance; however,

(C) This subsection shall not apply to flavoring, which shall instead comply with title 21, Code of Federal Regulations, Part 101.22 (Rev. Jan. 2009), hereby incorporated by reference;

(6) For cannabis products containing an ingredient, flavoring, coloring, or an incidental additive that bears or contains a major food allergen, the word “contains,” followed by a list of the applicable major food allergens. The list shall conform with the requirements for food allergen labeling set forth in 21 U.S.C. §343(w), paragraph (1)(A) or (1)(B);

(7) The names of any artificial colorings contained in the product;

(8) For edible cannabis products, the amount, in grams or milligrams, of sodium, sugar, carbohydrates, and total fat per serving;

(9) Instructions for use, such as the method of consumption or application, and any preparation necessary prior to use;

(10) The UID;

(11) The batch or lot number; and

(12) The statement: “KEEP REFRIGERATED” or “REFRIGERATE AFTER OPENING,” as applicable, if the cannabis product is perishable or perishable after opening.

(b) The informational panel text shall be in a type size no smaller than 6 point and proportional to the size of the primary panel and container.

(c) Except for the information required by subsections (a)(1), (a)(10) and (a)(11), the requirements of subsection (a) may be fulfilled through the use of supplemental labeling, which may include, but is not limited to, a package insert, fold-out or booklet label, or a hanging tag.

(d) Cannabinoid content may be included on the informational panel. Cannabinoid content for manufactured cannabis products shall be labeled as specified in section 17407.

(e) Nothing in this section prohibits the inclusion of additional information on the informational panel provided that the label does not violate the requirements of section 17408.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17407. Cannabinoid Content Labeling.

(a) Each package for retail sale of cannabis goods shall be labeled with the cannabinoid content on either the primary panel or an informational panel. For manufactured products, cannabinoid content may be included on the label prior to release to a distributor or it may be added to the label at the distribution premises after issuance of a regulatory compliance testing Certificate of Analysis for the batch as described in subsection (d).

(b) Cannabinoid content labeling shall include the following:

(1) For an edible product or a cannabis concentrate for which the manufacturer has established serving designations, THC and CBD content expressed in milligrams per serving and milligrams per package.

(2) For a topical cannabis product or a cannabis concentrate without serving designations, THC and CBD content expressed in milligrams per package.

(3) For nonmanufactured cannabis goods, Total THC content expressed as a percentage.

(4) Packages of infused pre-rolls shall be labeled with either:

(A) The cannabinoid content in milligrams; or

(B) The cannabinoid content of the dried flower expressed as a percentage and the added cannabinoid content in milligrams.

(c) Cannabis goods labeled prior to testing must include the items specified in subsection (b), as appropriate to the product. For THC or CBD concentration that is less than two (2) milligrams per serving or per package, the THC or CBD concentration may be stated as "<2 mg per serving" or "<2 mg per package."

(d) Cannabis goods labeled at the distribution premises after issuance of the Certificate of Analysis shall comply with the following:

(1) Each package of cannabis goods shall be labeled with the cannabinoid content as specified in subsection (b) that is indicated on the Certificate of Analysis, as well as any other cannabinoid that is five (5) percent or greater of the total cannabinoid content;

(2) Labeled cannabinoid content shall reflect the amount indicated on the Certificate of Analysis. The amount may be rounded to the nearest whole number, except that packages shall not be labeled with an amount greater than the allowable THC limits. If the THC or CBD content of a manufactured cannabis product is indicated on the Certificate of Analysis as "Not Detected" or "<LOQ," the cannabinoid content shall be labeled as "0 mg" or "<2 mg;"

(3) The cannabinoid content label shall be affixed to the outermost packaging of the cannabis goods and shall not obscure any other label information.

(e) Nothing in this section precludes the labeling of terpenes or additional cannabinoid content on the cannabis goods, provided that the information is verified by the Certificate of Analysis.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17408. Labeling Restrictions.

(a) Cannabis goods labeling shall not contain any of the following:

(1) The name of a California city, county, or city and county, including any similar name that is likely to mislead consumers as to the origin of the cannabis contained therein, unless one hundred percent of the cannabis contained therein was produced in that city, county, or city and county. For purposes of this subsection, a cannabis plant is considered to have been produced within a city, county, or city and county if it was cultivated within that boundary starting from the time the plant was no taller or wider than 18 inches.

(2) Content that is, or is designed to be, attractive to individuals under the age of 21, as specified in section 15040(a)(2) and (3).

(3) Any health-related statement that is untrue or misleading. Any health-related statement must be supported by the totality of publicly available scientific evidence (including evidence from well-designed studies conducted in a manner which is consistent with generally recognized scientific procedures and principles), and for which there is significant scientific agreement among experts qualified by scientific training and experience to evaluate such claims.

(4) If the product is an edible cannabis product, a picture of the product contained therein.

(5) Any information that is false or misleading. For purposes of this section, false and misleading information includes, but is not limited to:

(A) Any statement or indication that the cannabis or cannabis product is organic, unless the National Organic Program (section 6517 of the federal Organic Foods Production Act of 1990 (7 U.S.C. section 6501 et seq.)) authorizes organic designation and certification for cannabis and the cannabis or cannabis product meets the requirements for that designation and certification. This includes use of the word “organic” or variants in spelling such as “organix” on the labeling, except for use of the term “organic” in the ingredient statement on the informational panel of a cannabis product in compliance with the requirements of the programs established pursuant to Business and Professions Code section 26062.

(B) Any statement or indication that the cannabis or cannabis product is “OCal,” “OCal certified,” or made with “OCal cannabis,” if the cannabis or cannabis product has not been cultivated, handled, processed, or manufactured in compliance with the requirements of the programs established pursuant to Business and Professions Code section 26062.

(6) Any statement or indication of an appellation of origin if the cannabis or cannabis product does not meet the requirements of the program established pursuant to Business and Professions Code section 26063.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26062.5, 26063, 26120, 26121 and 26154, Business and Professions Code.

§17409. Statement of Characteristic Anticipated Effects.

(a) A cannabis good may include information on the characteristic anticipated effects of the cannabis good if the licensee has substantiation that the information is truthful and not misleading. Such information may be located on the informational panel of the label or the supplemental labeling with the package. For purposes of this section, “characteristic anticipated effect” includes any physiological effect (a temporary effect on the body related to the consumption of cannabis goods) that is common to or expected from the particular cannabis strain, but excludes any claim of health benefits (i.e., claims of therapeutic action as a result of the consumption of cannabis goods).

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26120 and 26130, Business and Professions Code.

§17410. Universal Symbol.

(a) The symbol established pursuant to Business and Professions Code section 26130 shall replicate the following in form:



(b) The symbol shall be black or white in color. The symbol shall be made conspicuous by printing the symbol on a contrasting color.

(c) The symbol shall be no smaller in height than one-half (0.5) inch except as allowed under subsection (d).

(d) A cannabis vape cartridge or integrated cannabis vaporizer shall bear a universal symbol in a size no smaller than one-quarter (0.25) inch wide by one-quarter (0.25) inch high that is engraved, printed, or affixed with a sticker.

(e) The symbol shall not be altered or cropped in any way other than to adjust the sizing for placement on the primary panel.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26120, 26121 and 26130, Business and Professions Code.

Article 4. Packaging

§17411. Packaging.

(a) A package used to contain a cannabis good shall comply with the following requirements:

(1) The package shall protect the cannabis good from contamination and shall not expose the good to any toxic or harmful substance.

(2) The package shall be tamper-evident, which means that the packaging is sealed so that the contents cannot be accessed without obvious destruction of the seal upon initial opening.

(3) If the cannabis good has more than one serving, the package shall be resealable.

(4) The package shall not imitate any package used for products typically marketed to children.

(5) If the cannabis good is an edible product, the package shall be opaque.

(6) Notwithstanding subsection (a)(5), cannabis beverages may be packaged in glass containers that are clear or any color.

(7) The package shall be child-resistant, as described in section 17412.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26120 and 26121, Business and Professions Code.

§17412. Child-Resistant Packaging Requirements.

(a) A package containing cannabis or cannabis products transferred to a distributor for retail sale shall be child-resistant, as follows:

(1) The package for an edible product, an orally consumed concentrate, or a suppository shall be child-resistant for the life of the product. A package that contains more than a single serving is not required to be child-resistant if each individual serving is packaged in child-resistant packaging.

(2) Cannabis or a cannabis product intended to be inhaled or a cannabis product that is applied topically may utilize packaging that is child-resistant only until first opened, if the package is labeled with the statement: “This package is not child-resistant after opening.”

(b) The following packages are considered child-resistant for purposes of this article:

(1) Any package that has been certified as child-resistant under the requirements of the Poison Prevention Packaging Act of 1970 Regulations (16 C.F.R. § 1700.15(b)(1)) (Rev. July 1995), which is hereby incorporated by reference.

(2) A bottle sealed with a pry-off, metal crown, cork-style bottle cap, provided that the bottle contains only a single serving.

(3) Plastic packaging that is at least four (4) mils thick and heat-sealed without an easy-open tab, dimple, corner, or flap, provided that the package contains a cannabis product described in subsection (a)(2) or a cannabis product that is only a single serving.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26120 and 26121, Business and Professions Code.

Chapter 12. Enforcement

Article 1. Authority

§17800. Right of Access.

(a) The Department and its authorized representatives, for purposes of inspection, investigation, review, or audit, shall have full and immediate access to:

(1) Enter any premises licensed by the Department.

(2) Inspect and test any vehicle or equipment possessed by, in control of, or used by a licensee or their agents and employees for the purpose of conducting commercial cannabis activity.

(3) Test any cannabis goods or cannabis-related materials or products possessed by, in control of, or used by a licensee or their agents and employees for the purpose of conducting commercial cannabis activity.

(4) Copy any materials, books, or records of any licensee or their agents and employees.

(b) Failure to cooperate with and participate in any Department investigation pending against the licensee may result in a licensing violation subject to discipline. This subsection shall not be construed to deprive a licensee of any privilege guaranteed by the Fifth Amendment to the Constitution of the United States, or any other constitutional or statutory privileges. This subsection shall not be construed to require a licensee to cooperate with a request that would require the licensee to waive any constitutional or statutory privilege or to comply with a request for information or other matters within an unreasonable period of time in light of the time constraints of the licensee's business. Any constitutional or statutory privilege exercised by the licensee shall not be used against the licensee in a regulatory or disciplinary proceeding against the licensee.

(c) Prior notice of an inspection, investigation, review, or audit is not required.

(d) Any inspection, investigation, review, or audit of a licensed premises shall be conducted anytime the licensee is exercising privileges under the license, or as otherwise agreed to by the Department and the licensee or its agents, employees, or representatives.

(e) If the licensed premises is not accessible because access is only available by going through another licensed premises and the licensee occupying the other licensed premises denies the Department access, the licensees shall both be held responsible and subject to discipline.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26013, 26015 and 26160, Business and Professions Code; and Section 11181, Government Code.

Article 2. Compliance and Enforcement Actions

§17801. Notice to Comply.

(a) The Department may issue a Notice to Comply to a licensee for violation(s) of the Act or this division discovered during an investigation or audit or observed during an inspection.

(b) The Notice to Comply shall be in writing and describe the nature and facts of each violation, including a reference to the statute or regulation violated, and may indicate the manner in which the licensee must correct the violation(s) to achieve compliance.

(c) The Department may serve the Notice to Comply personally, by email, or by mail to the licensee or an employee, agent, or person delegated by the licensee to accept notice.

(d) The licensee shall sign and return the Notice to Comply and describe how compliance was achieved within 30 calendar days after the date of personal service or the date of emailing or mailing of the notice or a different date specified by the Department. The Department may also require the licensee to provide a plan for review and approval by the Department on a case-by-case basis.

(e) Failure to correct the violation(s) in the Notice to Comply may result in disciplinary action.

Authority cited: Section 26013, Business and Professions Code; Reference: Sections 26012 and 26018, Business and Professions Code.

§17801.1. Notice of Violation.

(a) Until October 1, 2021, the Department may issue a Notice of Violation to a licensee for violation(s) of the Act or this division that shall inform the licensee of:

(1) The violation(s) alleged;

(2) The proposed fine amount; and

(3) The licensee's right to request a hearing pursuant to subsection (b).

(b) Within 30 calendar days after issuance by the Department, a licensee may appeal a Notice of Violation by submitting a written request for an informal hearing by mail to the Department of Cannabis Control, Legal Affairs Division, 2920 Kilgore Road, Rancho Cordova, CA 95670, or by email to appeals@cannabis.ca.gov. The request shall include the following:

(1) The licensee's name, mailing address, and daytime phone number;

(2) The license number issued by the Department;

(3) A copy of the Notice of Violation; and

(4) A clear and concise statement of the basis of the appeal.

(c) If the licensee fails to submit a timely request for hearing pursuant to subsection (b), the Notice of Violation is not appealable and the Department may proceed upon the noticed violation(s) without a hearing.

(d) A hearing requested to appeal a Notice of Violation will be scheduled and conducted in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of the Government Code.

(e) For all written requests for a hearing submitted by licensees and received by the Department prior to October 1, 2021, with hearings scheduled to take place on or after October 1, 2021, the following will occur:

(1) Informal hearing proceedings noticed prior to October 1, 2021, shall be converted to adjudicative proceedings under chapter 5 (commencing with section 11500) of part 1 of division 3 of the Government Code.

(2) Any scheduled informal hearings will be vacated, and a new hearing date, location and time will be noticed by the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26031 and 26031.5, Business and Professions Code.

§17801.5. Embargo of Cannabis or Cannabis Products.

(a) The Department may embargo cannabis or cannabis products to prevent their sale, disposal, or removal from the location when the Department has probable cause to believe the cannabis or cannabis products are adulterated or misbranded or the sale would otherwise be in violation of the Act or this division.

(b) To embargo cannabis or cannabis products, the Department shall:

(1) Provide initial notice to the licensee or product owner that the cannabis or cannabis products are subject to embargo and the reason for the embargo. Initial notice may be oral or written and may be provided in person or by telephone, mail, facsimile transmission, email, or other electronic means;

(2) Affix a tag or marking to the cannabis or cannabis products, or component thereof, subject to embargo; and

(3) Provide an inventory of the embargoed items to the licensee or product owner.

(c) The Department shall provide a supplemental written notice to the licensee or product owner of the embargoed items that includes the following:

(1) The factual and legal bases for the embargo;

(2) A description of the cannabis or cannabis products under embargo;

(3) A request for a written plan to address the items under embargo and the issues(s) that resulted in the embargo;

(4) A summary of the proceedings for condemnation in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code;

(5) Notification that the embargoed items cannot be removed from embargo, sold, or disposed of without authorization of the Department or a court; and

(6) The penalty for violation of the embargo.

(d) The licensee or product owner may submit a written plan to the Department that describes how the licensee or product owner will address the items under embargo and the issue(s) that resulted in the embargo.

(1) If the Department determines that the plan will resolve the issue(s) that resulted in the embargo, and that all of the provisions of the Act and this division can be complied with, the Department will approve the plan and supervise the completion of the plan.

(2) If the Department cannot approve the plan, or the Department does not receive a response from the licensee within seven (7) calendar days after providing the notice described in subsection (c), the Department may initiate condemnation proceedings in accordance with Business and Professions Code section 26039.3(f).

(e) A licensee or product owner or their authorized representative may agree in writing to the voluntary condemnation and destruction of the cannabis and cannabis products subject to embargo. Destruction and disposal of the cannabis or cannabis products shall be at the licensee or product owner's expense and shall be conducted with the approval of and under the supervision of the Department.

(f) A licensee or product owner shall not remove the tag or marking from cannabis or cannabis products under embargo. A licensee or product owner shall not undertake corrective action or destruction of the items under embargo unless the Department has provided written approval and removed the embargo tag.

(g) A licensee or product owner shall not remove from embargo, sell, or dispose of any cannabis or cannabis products under embargo without written permission of the Department or a court. Each item removed, sold, or disposed of without written permission of the Department or a court constitutes a separate violation of the Act.

(h) A licensed cultivator or a microbusiness authorized to engage in cultivation may request permission to continue cultivation or harvesting of cannabis under embargo. The request shall be made to the Department in writing at compliance@cannabis.ca.gov and shall specify the cultivation or harvesting activities in which the licensee requests to engage. The Department may, in its sole discretion, authorize and impose conditions on the continued cultivation or harvesting of the cannabis under embargo.

(i) Cannabis and cannabis products found, cultivated, processed, produced, or manufactured at an unlicensed location, or derived from an unlicensed source, cannot be corrected and shall be destroyed.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26039.3, Business and Professions Code.

§17802. Citations; Orders of Abatement; Administrative Fines.

(a) The Department may issue citations containing orders of abatement and fines against a licensee, or an unlicensed person, for any acts or omissions that are in violation of any provision of the Act or this division, or any another California laws applicable to cannabis licensees including, but not limited to, state labor law.

(b) The Department may issue a citation under this section to a licensee for a violation of a term or condition contained in a decision placing that licensee on probation.

(c) Each citation may contain either order(s) of abatement, monetary fine(s), or both, and shall:

(1) Be in writing and describe with particularity the nature of the violation, including a reference to the statute or regulation determined to have been violated;

(2) Fix a reasonable time for abatement of the violation if the citation contains an order of abatement;

(3) Assess an administrative fine of up to $5,000 per violation, per day, by a licensee and up to $30,000 per violation, per day, by an unlicensed person if the citation contains a fine;

(4) Be served personally or by certified mail; and

(5) Inform the licensee or person that they may request an informal conference, or contest the citation, or both, pursuant to section 17803.

(d) Fines issued with a citation must be paid within 30 calendar days after service of the citation, unless the fine is contested. If a citation is not appealed and the fine is not paid, the full amount of the assessed fine shall be added to the fee for renewal of the license. A license shall not be renewed without payment of the renewal fee and fine.

(e) The amount of any fine assessed by the Department under this section shall take into consideration the factors listed in Business and Professions Code section 26031.5(a)(1)-(3).

(f) Nothing in this section shall be deemed to prevent the Department from filing an accusation to suspend or revoke a license where grounds for such suspension or revocation exist.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26030 and 26031.5, Business and Professions Code.

§17803. Contesting Citations.

(a) A cited licensee or person may, within 30 calendar days after service of the citation, contest the citation by submitting to the Department a written request for a hearing, conducted in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of the Government Code. If a hearing is not requested, it is waived and payment of a fine will not constitute an admission of the violation charged.

(b) In addition to requesting a hearing provided for in subsection (a), the cited licensee or person may, within 15 calendar days after service of the citation, submit a written request for an informal conference with the Department regarding the acts or omissions charged in the citation.

(c) The Department shall, within 15 calendar days after receipt of the written request, hold an informal conference with the cited licensee or person and/or their legal counsel or authorized representative.

(d) At the conclusion of the informal conference, the Department may affirm, modify, or dismiss the citation, including any fines levied or orders of abatement issued. A written decision stating the reasons for the decision shall be mailed to the cited licensee or person and their legal counsel, if any, within 15 calendar days after the date of the informal conference. This decision shall be deemed to be a final order with regard to the citation issued, including the levied fine and the order of abatement, if any.

(e) If the citation is dismissed, any request for a hearing shall be deemed withdrawn. If the citation is affirmed or modified, the cited licensee or person may either withdraw the request for a hearing or proceed with the administrative hearing process.

(f) If the citation, including any fines levied or orders of abatement issued, is modified, the citation originally issued shall be considered withdrawn and new citation issued. If a hearing is requested for the subsequent citation, it shall be requested within 30 calendar days after issuance of the citation.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26016 and 26031.5, Business and Professions Code.

§17804. Citation Compliance.

(a) If a citation with an order of abatement is issued, the time to abate or correct a violation as provided for in the order of abatement may be extended for good cause. If a cited licensee or person who has been issued an order of abatement is unable to complete the correction within the time set forth in the citation because of conditions beyond their control after the exercise of reasonable diligence, the cited licensee or person may request an extension of time from the Department in which to complete the correction. The request must be in writing and made within the time set forth for abatement.

(b) When a citation is not contested, or if it is contested and the cited licensee or person does not prevail, failure to abate the violation within the time allowed or pay a fine that was imposed shall constitute a separate violation.

(c) Failure to timely comply with an order of abatement or pay a fine that was imposed may result in further action being taken by the Department, including, but not limited to, suspension or revocation of a license, or further administrative or civil proceedings.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26031.5, Business and Professions Code.

§17805. Minor Decoys.

(a) Peace officers may use a person under 21 years of age to attempt to purchase cannabis goods, for the purposes of enforcing the Act and to apprehend licensees, employees, or agents of licensees who sell cannabis goods to minors. For purposes of this section, a “minor” is a person under 21 years of age.

(b) The following minimum standards shall apply to the use of a minor decoy:

(1) At the time of the operation, the decoy shall be less than 20 years of age.

(2) A decoy shall either carry identification showing the decoy's correct date of birth or carry no identification. A decoy who carries identification shall present it upon request to any seller of cannabis goods.

(3) A decoy shall truthfully answer any questions about their age.

(4) Following any completed sale, but not later than the time a citation, if any, is issued, the peace officer directing the decoy shall make a reasonable attempt to enter the licensed premises or respond to the location where the licensee is located and have the minor decoy who purchased cannabis goods identify the alleged seller of the cannabis goods.

Authority cited: Sections 26013 and 26140, Business and Professions Code. Reference: Section 26140, Business and Professions Code.

§17806. Attire and Conduct.

(a) No licensee shall allow the following:

(b) Employment or use of any person in the sale or service of cannabis goods in or upon the licensed premises while such person is unclothed or in such attire, costume, or clothing as to expose to view any portion of the breast below the top of the areola or of any portion of the pubic hair, anus, cleft of the buttocks, vulva, or genitals.

(c) Employment or use of the services of any host or other person to mingle with the patrons while such host or other person is unclothed or in such attire, costume, or clothing as described in subsection (a).

(d) Encouraging or permitting any person on the licensed premises to touch, caress, or fondle the breasts, buttocks, anus, or genitals of any other person.

(e) Permitting any employee or person to wear or use any device or covering, exposed to view, which simulates the breast, genitals, anus, pubic hair, or any portion thereof.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

§17807. Entertainers and Conduct.

(a) Live entertainment is permitted on a licensed premises, except that no licensee shall permit any person to perform acts of or acts that simulate:

(1) Sexual intercourse, masturbation, sodomy, bestiality, oral copulation, flagellation, or any sexual acts that are prohibited by law.

(2) Touching, caressing, or fondling of the breast, buttocks, anus, or genitals.

(3) Displaying of the buttocks, breasts, pubic hair, anus, vulva, or genitals.

(b) No licensee shall permit any person to use artificial devices or inanimate objects to depict any of the prohibited activities described in this section.

(c) No licensee shall permit any person to remain in or upon the licensed premises who exposes to public view any portion of their breast, buttocks, genitals, or anus.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

Article 3. Disciplinary Actions

§17808. Additional Grounds for Discipline.

The following include, but are not limited to, additional grounds that constitute a basis for disciplinary action:

(a) Failure to pay a fine imposed by the Department or agreed to by the licensee.

(b) Failure to take reasonable steps to correct objectionable conditions on the licensed premises, including the immediately adjacent area that is owned, leased, or rented by the licensee, that constitute a nuisance, within a reasonable time after receipt of notice to make those corrections, under Penal Code section 373a.

(c) Failure to take reasonable steps to correct objectionable conditions that occur during operating hours on any public sidewalk abutting a licensed premises and constitute a nuisance, within a reasonable time after receipt of notice to correct those conditions from the Department. This subsection shall apply to a licensee only upon written notice to the licensee from the Department. The Department shall issue this written notice upon its own determination, or upon a request from the local law enforcement agency in whose jurisdiction the licensed premises is located, that is supported by substantial evidence that persistent objectionable conditions are occurring on the public sidewalk abutting the licensed premises. For purposes of this subsection:

(1) “Any public sidewalk abutting a licensed premises” means the publicly owned, pedestrian-traveled way, not more than 20 feet from the licensed premises, that is located between a licensed premises, including any immediately adjacent area that is owned, leased, or rented by the licensee, and a public street.

(2) “Objectionable conditions that constitute a nuisance” means disturbance of the peace, public intoxication, drinking alcoholic beverages in public, smoking or ingesting cannabis or cannabis products in public, harassment of passersby, gambling, prostitution, loitering, public urination, lewd conduct, drug trafficking, or excessive loud noise.

(3) “Reasonable steps” means all of the following:

(A) Calling the local law enforcement agency. Timely calls to the local law enforcement agency that are placed by the licensee or their agents or employees shall not be construed by the Department as evidence of objectionable conditions that constitute a nuisance.

(B) Requesting that those persons engaging in activities causing objectionable conditions to cease those activities, unless the licensee or their agents or employees feel that their personal safety would be threatened in making that request.

(C) Making good faith efforts to remove items that facilitate loitering, such as furniture, except those structures approved or permitted by the local jurisdiction. The licensee shall not be liable for the removal of those items that facilitate loitering.

(4) When determining what constitutes “reasonable steps,” the Department shall consider site configuration constraints related to the unique circumstances of the nature of the business.

(5) Even after correcting the objectionable conditions that constitute a nuisance, the licensee has a continuing obligation to meet the requirements of subsections (b) and (c), and failure to do so shall constitute grounds for disciplinary action.

(d) Knowingly permitting the illegal sale, or negotiations for the illegal sale, of controlled substances or dangerous drugs upon the licensed premises. Successive sales, or negotiations for sales, over any continuous period of time shall be deemed evidence of permission. As used in this section, “controlled substances” has the same meaning as in Health and Safety Code section 11007, and “dangerous drugs” has the same meaning as in Business and Professions Code section 4022.

(e) If the licensee has employed or permitted any person to solicit or encourage others, directly or indirectly, to buy that person's cannabis goods in the licensed premises under any commission, percentage, salary, or other profit-sharing plan, scheme, or conspiracy.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26011.5, 26012, 26030 and 26031, Business and Professions Code.

§17809. Disciplinary Actions.

(a) When an accusation recommending disciplinary action against a licensee has been filed pursuant to Business and Professions Code section 26031, the accusation shall be served on the licensee in accordance with Government Code section 11505.

(b) A hearing shall be conducted in accordance with the provisions of chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code to determine if cause exists to take action against the licensee. At the hearing, the Department shall have all of the powers granted by the statutes cited above and by the Business and Professions Code.

(c) If a hearing on an accusation against a licensee results in a finding that the licensee has committed any of the acts or omissions constituting grounds for disciplinary action, the Department may order the license revoked, suspended outright for a specified period of time, or suspended on probationary restriction for a specified period of time, including terms and conditions of probation the Department considers appropriate on the basis of its findings, impose a fine, or any combination thereof. The Department may also issue other lawful orders it considers appropriate on the basis of its findings.

(d) An accusation may be terminated by written stipulation at any time prior to the conclusion of the hearing on the accusation. If a licensee submits a proposed stipulation to the Department for its consideration and the Department subsequently declines to accept the proposed stipulation, the Department shall not thereafter be disqualified from hearing evidence on the accusation and taking action thereon as authorized in this section.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012, 26031 and 26034, Business and Professions Code.

§17810. Interim Suspension.

(a) Pursuant to Business and Professions Code section 494, the Department may petition for an interim order to suspend any license or impose licensing restrictions upon any licensee if:

(1) The licensee has engaged in acts or omissions constituting a violation of the Business and Professions Code or this division, or been convicted of a crime substantially related to the licensed activity, and

(2) Permitting the licensee to continue to engage in the licensed activity would endanger the public health, safety, or welfare.

(b) An interim order for suspension or restrictions may be issued with notice, as follows:

(1) The Department shall provide the licensee with at least 15 days' notice of the hearing on the petition for an interim order.

(2) The notice shall include all documents submitted in support of the petition.

(c) An interim order for suspension or restrictions may be issued without notice to the licensee if it appears from the Department's petition and supporting documents that serious injury would result to the public before the matter could be heard on notice.

(1) The licensee shall be entitled to a hearing on the petition within 20 days after issuance of the initial interim order.

(2) Notice of the hearing shall be provided to the licensee by the Department within two days after issuance of the initial interim order.

(3) The licensee shall receive all documents in support of the petition.

(d) The Department shall file an accusation, pursuant to chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code, within 15 calendar days after issuance of the interim order.

Authority cited: Section 26013, Business and Professions Code; Reference: Sections 494, 26011.5, 26012 and 26031, Business and Professions Code.

§17813. Enforcement Costs.

(a) In any order in resolution of a disciplinary proceeding for suspension or revocation of a license, the Department may request the administrative law judge to direct a licensee found to have committed a violation or violations of the Act or this division to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

(b) A certified copy of the actual costs, or a good faith estimate of costs where actual costs are not available, signed by the Department's designated representative shall be prima facie evidence of reasonable costs of investigation and prosecution of the case. The costs shall include the amount of investigative and enforcement costs up to the date of the hearing, including, but not limited to, charges imposed by the Attorney General.

(c) The administrative law judge shall make a proposed finding of the amount of reasonable costs of investigation and prosecution of the case when requested pursuant to subsection (a). The Department may reduce or eliminate the cost award, or remand to the

administrative law judge where the proposed decision fails to make a finding on costs requested pursuant to subsection (a).

(d) Where an order for recovery of costs is made and timely payment is not made as directed in the decision, the Department may enforce the order for repayment in any appropriate court. This right of enforcement shall be in addition to any other rights the Department may have to recover costs.

(e) In any action for recovery of costs, proof of the decision shall be conclusive proof of the validity of the order of payment and the terms for payment.

(f) Except as provided in subsection (g), the Department shall not renew or reinstate any license of a licensee who has failed to pay all of the costs ordered under this division.

(g) Notwithstanding subsection (f), the Department may, in its discretion, conditionally renew or reinstate for a maximum of one year the license of any licensee who demonstrates financial hardship and enters into a formal agreement with the Department for reimbursement within that one-year period for the unpaid costs.

(h) Nothing in this section shall preclude the Department from including recovery of the costs of investigation and enforcement of a case in any stipulated settlement.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 125.3, 26012 and 26031, Business and Professions Code.

§17814. Disciplinary Guidelines.

In reaching a decision on a disciplinary action under the Act and the Administrative Procedure Act (Govt. Code section 11400 et seq.), the Department shall consider the disciplinary guidelines entitled “Department of Cannabis Control Disciplinary Guidelines for All Commercial Cannabis Licenses Amended July 2022,” which are hereby incorporated by reference. Deviation from these guidelines and orders, including the standard terms of probation, is appropriate where the Department in its sole discretion determines that the facts of the particular case warrant such a deviation (e.g., the presence of mitigating factors, the age of the case, or evidentiary problems).

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26012 and 26031, Business and Professions Code.

Article 4. Emergency Decision and Orders

§17815. Emergency Decision and Order.

(a) The Department may issue an emergency decision and order for temporary, interim relief to prevent or avoid immediate danger to the public health, safety, or welfare. Such circumstances include, but are not limited to, the following:

(1) The Department has information that cannabis goods at a licensee's premises have a reasonable probability of causing serious adverse health consequences or death.

(2) To prevent the sale, transfer, or transport of contaminated or illegal cannabis goods in possession of a licensee.

(3) The Department observes or has information that conditions at a licensee's premises exist that present an immediate risk to worker or public health and safety.

(4) To prevent illegal diversion of cannabis goods, or other criminal activity at a licensee's premises.

(5) To prevent the destruction of evidence related to illegal activity or violations of the Act.

(6) To prevent misrepresentation to the public, such as selling untested cannabis goods, providing inaccurate information about the cannabis goods or cannabis goods that have been obtained from an unlicensed person.

(b) Temporary, interim relief may include a suspension or administrative hold by one or more of the following:

(1) An order temporarily suspending a license.

(2) An order to segregate or isolate specific cannabis goods.

(3) An order prohibiting the movement of cannabis goods to or from the premises.

(4) An order prohibiting the sale of specific cannabis goods.

(5) An order prohibiting the destruction of specific cannabis goods.

(c) The emergency decision and order issued by the Department shall include a brief explanation of the factual and legal bases of the emergency decision that justify the Department's determination that emergency action is necessary, and the specific actions ordered. The emergency decision and order shall be effective when issued or as otherwise provided by the decision and order.

(d) To issue an administrative hold that prohibits activity related to specified cannabis goods, the Department shall comply with the following:

(1) Provide notice of the administrative hold that includes a description of the cannabis goods subject to the administrative hold.

(2) Following notice, the Department shall identify the cannabis goods subject to the administrative hold in the track and trace system.

(e) A licensee subject to an administrative hold shall comply with the following:

(1) Within 24 hours after receipt of notice of the administrative hold, physically segregate all designated cannabis goods in a limited-access area of the licensed premises. The licensee shall ensure that all cannabis goods subject to the administrative hold are safeguarded and preserved in a manner that prevents tampering, degradation, or contamination.

(2) While the administrative hold is in effect, the licensee shall not sell, donate, transfer, transport, gift, or destroy the cannabis goods subject to the hold.

(3) A microbusiness licensee subject to an administrative hold may continue to cultivate any cannabis subject to an administrative hold. If the cannabis subject to the hold must be harvested, the licensee shall place the harvested cannabis into separate batches.

(4) A licensee may voluntarily surrender cannabis goods that are subject to an administrative hold. The licensee shall identify the cannabis goods being voluntarily surrendered in the track and trace system. Voluntary surrender shall not be construed to waive the right to a hearing or any associated rights.

(f) To issue a temporary suspension, the Department shall specify in the order that the licensee shall immediately cease conducting all commercial cannabis activities under its license, unless otherwise specified in the order.

(g) A microbusiness licensee subject to a temporary suspension may continue to cultivate cannabis at the licensed premises only as prescribed by the Department in the order. If the order permits the cannabis to be harvested, the licensee shall place the harvested cannabis into separate batches.

(h) The emergency decision and order for temporary, interim relief shall be issued in accordance with the following procedures:

(1) The Department shall give notice of the emergency decision and order and an opportunity to be heard to the licensee prior to the issuance, or effective date, of the emergency decision and order, if practicable.

(2) Notice and hearing under this section may be oral or written and may be provided by telephone, personal service, mail, facsimile transmission, electronic mail, or other electronic means, as the circumstances permit.

(3) Notice may be given to the licensee, any person meeting the definition of owner for the license, or to a manager or other personnel at the licensed premises.

(4) Upon receipt of the notice, the licensee may request a hearing within three (3) business days by submitting a written request for hearing to the Department through electronic mail, facsimile transmission, or other means. The hearing shall commence within five (5) business days after receipt of the written request for hearing, unless a later time is agreed upon by the Department and the licensee.

(5) The hearing may be conducted in the same manner as an informal conference under section 17803; however, the timeframes provided in section 17803 shall not apply to a hearing under this section. Pre-hearing discovery or cross-examination of witnesses is not required under this section.

(6) The emergency decision and order shall be affirmed, modified, or set aside as determined appropriate by the Department within five (5) business days after the hearing.

(i) Within ten (10) calendar days after the issuance or effective date of the emergency decision and order for temporary, interim relief, the Department shall commence adjudicative proceedings in accordance with chapter 5 (commencing with section 11500) of part 1 of division 3 of title 2 of the Government Code to resolve the underlying issues giving rise to the temporary, interim relief.

(j) After formal proceedings are held pursuant to subsection (i), a licensee aggrieved by a final decision of the Department may appeal the decision to the Cannabis Control Appeals Panel pursuant to section 26043 of the Act.

(k) Notwithstanding administrative proceedings commenced pursuant to subsection (i), the licensee may obtain judicial review of the emergency decision and order pursuant to section 1094.5 of the Code of Civil Procedure in the manner provided in section 11460.80 of the Government Code without exhaustion of administrative remedies.

(*l*) The Department's authority provided by this section may be used in addition to any civil, criminal, or other administrative remedies available to the Department.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26012, Business and Professions Code; and Sections 11460.10, 11460.20, 11460.30, 11460.40, 11460.50, 11460.60, 11460.70 and 11460.80, Government Code.

Article 5. Posting Notices of Suspension and Revocation

§17816. Posting of Notice of Suspension.

(a) A licensee whose license has been suspended shall conspicuously and continuously display a notice on the exterior of the licensee's premises for the duration of the suspension.

(b) The notice shall be 11 inches in length and 8.5 inches in width. The notice shall read:

NOTICE OF SUSPENSION

The Department of Cannabis Control License(s) Issued For This Premises Has Been Suspended For Violation of State Law

(c) Advertising or posting signs to the effect that the licensed premises has been closed or that business has been suspended for any reason other than the reason provided in the decision suspending the license, shall be deemed a violation of this section.

(d) Failure to display the notice as required in this section or removal of the notice prior to the expiration of the suspension shall be a violation of this section and may result in additional disciplinary action.

(e) A licensee shall notify the Department by submitting the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-028 (New 2/22), incorporated herein by reference, within 24 hours of discovering that the notice under subsection (b) has been removed or damaged to an extent that makes the notice illegible.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26011.5 and 26012, Business and Professions Code.

§17817. Posting of Notice of Revocation.

(a) A person whose license has been revoked shall conspicuously display a notice on the exterior of the premises indicating that the license has been revoked. The notice shall remain continuously on the premises for at least 15 calendar days.

(b) The notice shall be 11 inches in length and 8.5 inches in width. The notice shall read:

NOTICE OF REVOCATION

The Department of Cannabis Control License(s) Issued For This

Premises Has Been

Revoked For Violation of State Law

(c) Advertising or posting signs to the effect that the premises has been closed, or that business has been suspended for any reason other than the reason provided in the decision revoking the license, shall be deemed a violation of this section.

(d) If the Department revokes a license at a licensed premises that has one or more licenses at the location that will remain active after the revocation, the revocation notice shall remain posted for a period of at least 15 calendar days.

(e) Failure to display the notice for the time required in this section shall be a violation of this section and may result in additional disciplinary action.

(f) A person whose license has been revoked shall notify the Department by submitting the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-028 (New 2/22), incorporated herein by reference, within 24 hours of discovering that the notice under subsection (b) has been removed or damaged to an extent that makes the notice illegible.

Authority cited: Section 26013, Business and Professions Code. Reference: Sections 26011.5 and 26012, Business and Professions Code.

Chapter 13. Other Provisions

Article 1. Research Funding

§17900. Eligibility.

(a) Only public universities in California shall be eligible to be selected to receive funds disbursed pursuant to Revenue and Taxation Code section 34019(b).

(b) Subject to available funding, the amounts to be disbursed to the university or universities will not exceed the sum of ten million dollars ($10,000,000) for each fiscal year, ending with the 2028-2029 fiscal year.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17901. Request for Proposals.

(a) A Request for Proposal (RFP) is the document issued by the Department to notify all eligible fund recipients of the following, at a minimum:

(1) The funding available for research related to the Act or this division;

(2) Disbursement of funds to eligible applicants through a review and selection process, including the criteria that will be used for review and selection;

(3) The specified timeframes for the proposal review and selection process, including the deadline for submission of proposals;

(4) Proposal requirements, including necessary documentation;

(5) Any priorities or restrictions imposed upon the use of the funds;

(6) The governing statutes and regulations; and

(7) The name, address, and telephone number of a contact person within the Department who can provide further information regarding the process for submission of proposals.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17902. Selection Process and Criteria.

(a) The selection process shall involve eligible proposals timely received by the Department, in response to an applicable RFP, or similar notice.

(b) The Department will consider only one proposal per applicant for a given research project. Applicants may submit more than one proposal if the proposals are for separate and distinct research projects or activities.

(c) The Department will make a selection for funding based on criteria including, but not limited to:

(1) The extent to which the proposed project is designed to achieve objectives specified in Revenue and Taxation Code section 34019(b).

(2) The extent to which the proposed project is designed to achieve measurable outcomes, and the clarity of the measures for success, including, for research-based objectives, the scientific and technical merit of the proposed project as evaluated by relevant experts.

(3) The extent to which the proposed project is feasible, demonstrated by:

(A) A timeline for project completion, including readiness; and

(B) Budget detail.

(4) Qualifications of the staff who will be assigned to or working on the proposed project.

(5) Any other criteria to determine the proposed project's efficacy in evaluating the implementation and effect of the Act.

(d) Applicants selected for funding will be notified of the selection and amount of funding in writing.

(e) The Department's selection decision is final and not subject to appeal.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17903. Release of Funds.

(a) The Department shall not cause funds to be disbursed until the recipient has executed a Grant Agreement and any other required documents.

(b) Selected recipients shall receive a single disbursement of funds for the duration of the research project.

(c) Funds released to the recipient that will be used for the purchase of any equipment related to the research project shall, at a minimum, meet the following conditions:

(1) Prior to the purchase of any equipment, the recipient shall obtain written approval from the Department.

(2) Receipts or other documentation for the purchase of any equipment shall be provided to the Department immediately upon purchase and request and retained pursuant to section 17904.

(d) Any funds that are not used prior to the completion of the research project shall be forfeited.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17904. Reports to the Department.

(a) The recipient of funds shall provide regular performance reports to the Department in the following manner, unless otherwise specified in the Grant Agreement:

(1) At monthly intervals for research projects with an estimated completion time not exceeding one year.

(2) At quarterly intervals for research projects with an estimated completion time exceeding one year.

(b) Performance reports shall include, at a minimum:

(1) A detailed, estimated time schedule of completion for the research project;

(2) A description of any measurable outcomes, results achieved, or other completed objectives of the research project;

(3) A description of remaining work to be completed;

(4) A summary of expenditures of the funds and statement of whether the research project is meeting the proposed budget. If not, the reasons for any discrepancies and a list of actions that will be taken to ensure completion of the research project; and

(5) Any changes to the information provided in the proposal, including, but not limited to, change in staff.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 34019, Revenue and Taxation Code.

§17905. Research Records.

Recipients shall retain all research and financial data necessary to substantiate the purposes for which the funds were spent for the duration of the funding, and for a period of seven years after completion of the research project. Recipients shall provide this documentation to the Department upon request.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26160, Business and Professions Code; and Section 34019, Revenue and Taxation Code.

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June 3, 2026

Via Email to listed email addresses
To City Council for City of Sutter Creek
Council Member Claire Gunselman
Council Member Julia Sierk
Council Member Susan Feist
Council Member Dan Riordan
Council Member Jim Swift
City Manager Tom DuBois: tdubois@cityofsuttercreek.org
City Planner Erin Ventura: eventura@haugebrueck.com

Re: Proposed Marijuana Retail Facility

Dear Sutter Creek City Council:

Thank you for inviting Amador County to comment on the tetrahydrocannabinol (THC) marijuana retail facility project proposed at the vacant Umpqua bank site at Ridge Road near Highway 49. If approved, this project will be the first retail facility in the County selling and delivering products with THC, the psychoactive compound in marijuana.

The County Board of Supervisors met to discuss the potential impacts of this project at its regularly scheduled May 19 meeting. The Board voted unanimously to oppose the project, and directed me to draft this letter setting forth its reasoning and seeking mitigation for the foreseeable significant impacts.

We understand the applicant intends to provide the City of Sutter Creek monetary compensation to address impacts. However, this facility, which is located in the heart of the County, will have far-reaching impacts on the County as a whole, and these impacts will be borne predominantly by County services. The impacts generally fall into three categories: behavioral/mental health; traffic safety; and physical health. Each is discussed in turn below.

As an aside, I apologize for the length of this letter. Over the last 20 years, policymakers in California have been operating in the dark regarding marijuana because there was limited data. Consequently, policymakers blindly accepted claims made by marijuana advocates minimizing the harms of marijuana and touting benefits. However, in the last few years—particularly in the last year, several new comprehensive studies shed sunlight on those claims. For the benefit of the Council and the public, I seek to summarize and highlight some of the more important studies. All referenced studies and articles are submitted with this letter. I encourage members of the public to reach out to me if they need copies.

Behavioral/Mental Health

The three relevant County departments impacted within this category are located in the Health and Human Services Building on Ridge Road. I heard from Behavioral Health Director, Melissa Cranfill, from Public Health Director, Joanne Hasson, and from Social Services Director, Anne Watts. All expressed various concerns around increased access and use of marijuana by Amador County youth due to the fact that the proposed facility is in proximity to Jackson Junior High, the County's two public high schools, and North Star Academy.

This concern is consistent with those expressed to me by Wendy Alt, the Behavioral Health Director for Calaveras County. Retail facilities are legal in Calaveras County. With widespread commercial access, marijuana use is now rampant among adolescents at both the high schools and the junior high schools, where vape devices are routinely confiscated from students. This problem is not unique to Calaveras. The Wall Street Journal (March 4, 2026) recently detailed an explosion of marijuana use at top-ranked Liberty High School in San Diego following the proliferation of retail facilities in that city. High schools throughout the State are struggling to address the marijuana epidemic.

1. Recent studies confirm significant risks to adolescents in particular.

Marijuana was legalized in California for medical use in 1996. It was legalized for recreational use in 2016, and retailers began selling product in 2018. Marijuana advocates have pushed for legalization and widespread use on a twin message: (1) marijuana is harmless, and (2) marijuana is good for you. However, serious medical institutions are finally releasing comprehensive studies, and those studies disprove claims of net benefit and prove alarming detrimental impacts, particularly for adolescents.

First, some argue that the commercialization of recreational marijuana has no impact on adolescents due to the age restrictions at the retail facilities. That argument has been put to rest by a study released a few months ago by the American Journal of Preventive Medicine (AJPM). This study found that the rates of THC positivity "increased significantly from pre to post-commercialization periods[,]" and that "[a]dolescents (aged 12-17 years) had the largest increase" in THC positivity, from 5% to 17.3%, a 346% increase. The study also found "the adolescent group had a significant increase in cannabis-related disorders[,]" from 3.2% of the adolescent population to 12.1%, a near 400% increase.

With all the new information, major institutions have reevaluated their position on marijuana. The New York Times editorial board, for example, has long supported the legalization of marijuana, but changed its position a few months ago. The Times reported that "Big Weed" and other advocates falsely claimed "marijuana was a harmless drug that might even bring net health benefits" and that "legalization might not lead to greater use." The Times has changed course this year and acknowledged "[i]t is now clear that many of these predictions were wrong."

The Times notes "[t]he biggest concern is excessive use," and it provided a stunning graph to

support this assertion. Since legalization in California began, daily use has exploded. The Times reports there were less than one million daily users in 1992, and an estimated 18 million in 2023—a near 2000% increase in just two decades. As the Times notes, "[t]he accumulating harm is broader and more severe than previously reported."

The new studies are setting the record straight. A recent longitudinal study released last month (April 20, 2026) by the American College of Neuropsychopharmacology followed over 11,000 children over ten years. The study concluded that marijuana users had significant and potentially permanent deficiencies in working memory, processing speed, language, and other cognitive functions when compared to a control group that did not regularly use marijuana. In effect, regular marijuana use by these hapless teens capped their development of critical cognitive functions necessary for basic survival, and it put these kids at a severe disadvantage compared to non-users.

In a comprehensive metadata study (an analysis of numerous other studies) published by ScienceDirect in January 2026, scientists studied the anxiety, depression, and suicidal effects of marijuana on people aged 15-30. "The results from the meta-analysis indicated an association between cannabis use and increased odds of developing depression in young adulthood[,]" with a 28% to 53% increase in the likelihood of developing depression. "The overall meta-analysis suggested that young cannabis consumers had significantly higher odds of developing anxiety" (with a 58% overall increase). The study also showed a 50% to 64% increase in suicidal ideation and an 80% to 87% increase in suicidal attempts resulting from regular marijuana use.

Another recent comprehensive metadata analysis by the European Archives of Psychiatry and Clinical Neuroscience (published September 19, 2024) effectively dismantled the false "marijuana is beneficial" narrative. This study confirmed the old stereotype: that marijuana makes you dumb and lazy. Specifically, the study found that IQ "decreased by 2 points each year after the start of frequent/dependent use." This is consistent with a Substance Abuse and Mental Health Services Administration report, which states that "Marijuana can cause permanent IQ loss of as much as 8 points when people start using it at a young age." The EAPCN study also shows that people who use marijuana frequently have a reduced "motivation to engage in everyday activities such as a diminished desire to study or work," or to "engage in social or recreational activities[.]"

The EAPCN study discusses how cannabis use decreases education outcomes and increases the likelihood of major depression, with a fivefold increase of major depression for young adults with cannabis use disorder (CUD). Additionally, "[r]isk of anxiety disorders is twofold higher in people who misuse cannabis, threefold to fourfold higher in those with CUD." CUD is defined as clinically significant impairment or distress associated with repeated cannabis use. It is estimated that 22 million people have CUD, and that 33% of people who use weekly or daily have CUD. The key risk factors for CUD are being youth, being male, and having access to high-potency THC products.

The EAPCN study also found a high risk for psychotic disorders, with one referenced

multinational study showing high potency cannabis increasing "the risk of psychosis fivefold compared to non-users while daily use of low potency cannabis doubled the risk." Disturbingly, the study also found that "chronic cannabis users have smaller volumes of the orbitofrontal cortex, a brain region implicated in motivation, and the hippocampus, a brain area implicated in stress, learning and memory."

The EAPCN study also addressed claims of benefit. The study notes some outlier benefits, but notes those benefits are minimal and significantly outweighed by the risks. Specifically, marijuana has small beneficial effects on muscle spasticity. Also, CBD (the non-psychoactive component of marijuana) has shown some benefit for epilepsy. Many have been prescribed marijuana for pain and for chemotherapeutically induced nausea, but the benefits of the drug for these ailments are small, and other drugs on the market are likely more effective. (Incidentally, CBD is already available within the County.)

Another cross-sectional study of 1003 young adults by the Journal of American Medical Association (JAMA) published in January 2025 found that regular marijuana use was associated with lower brain activity during working memory tasks, and that these impacts could be permanent. These impacts were found from recent use, and the results remained for those long-term users who did not use recently.

A recent cohort study released this year by JAMA (February 20, 2026) was among the largest longitudinal studies to examine marijuana use effects on psychiatric disorders on adolescents. The study followed 463,396 young adults over an eight-year period. The study found marijuana users were over twice as likely to develop psychotic and bipolar disorders, with significant increases in depressive and anxiety disorders.

2. <u>The problem is not merely in providing greater access to our youth, but in providing a THC product that is profoundly more powerful.</u>

When California legalized medical marijuana, the product was categorically different from the product retailers like Embarc sell today. A Yale School of Medicine article reports that the average THC content in cannabis seized by the DEA in 1995 was 4%. By the time California legalized recreational marijuana in 2016, the average THC content of seized marijuana was approaching 17%.

I've included random images of the products sold by marijuana retailer, Embarc. Many if not most of the products have a 90+% THC content. *This product is over 20Xs stronger than the marijuana that was circulating in the 1990s.*

A typical joint (the entire joint) from the 1960s to 1990s had the equivalent of 5 to 10 milligrams of THC. For perspective, virtually every vape product sold by Embarc has over 800 milligrams of THC.

I encourage everyone to review the submitted images of products sold at Embarc. Many of the products use advertising that young children would find extremely appealing. For example, the

Watermelon Z OG vape is bursting with fun, tasty watermelon images. "Juicy watermelon on the inhale with a sugary, almost creamy sweetness on the exhale." The ads are reminiscent of the now humorous pre-1970s tobacco ads touting benefits of tobacco and in some cases supported by doctor recommendations.

These Embarc products change everything. People used to argue whether marijuana served as a gateway drug. That argument is now outdated because marijuana has become the hardcore drug on the other side of that gate. With the new concentration levels, the THC products sold by Embarc are stronger than many street drugs and most prescription drugs.

The studies referenced above conclude that the explosion of psychotic disorders among our youth is not simply caused by greater access and destigmatization of marijuana use, but also from the use of marijuana that is 20Xs stronger than the marijuana many of us may have experienced over 20 years ago.

Traffic Safety Impacts

From speaking with our Undersheriff, Jarret Benov, and our former Sheriff, Martin Ryan, marijuana poses significant problems from a traffic safety standpoint. Marijuana arguably poses a greater safety risk than alcohol, and it is more difficult to detect—or at least to quantify—from a law enforcement standpoint.

The National Highway Traffic Safety Administration released a report in January 2023 regarding drug recognition experts. With marijuana proliferation, these experts have become necessary to address the increase in DUID cases (driving under the influence of drugs). The County and city police forces will need additional resources to staff these experts, and the District Attorney will require additional expertise and resources to prosecute these cases. The anticipated increase in DUID cases will also cause impacts on the County's Probation Department.

With greater access to marijuana comes greater impacts on traffic safety. The Governor's Highway Safety Association recently found that more than half of people injured or killed in crashes on U.S. roads tested positive for drugs or alcohol, with these drivers being most likely to test positive for marijuana. (GHSA, October 2025.) A separate study from the Wright State University reviewed data in Ohio and found over 40% of drivers who died in car accidents had elevated levels of marijuana in their system. A 2025 study by the American College of Surgeons also noted that 40% of deceased drivers tested positive for marijuana.

A 2001 Portland State University report conducted of 301 Oregon police officers and sheriff's deputies in 2020, asking them to assess the change in environment over the last three years (*i.e.*, roughly since the legalization of recreational marijuana in Oregon), found the following:

- A 92.7% increase in adults using marijuana in public
- A 91.6% increase in driving under the influence of marijuana;
- An 88.2% increase in young people driving under the influence of marijuana;
- An 87.9% increase of young people using or possessing marijuana;

- A 72.5% increase of young people having a reaction that required emergency response;
- A 65% increase of adults having a reaction that required emergency response.

In a comprehensive meta-analysis of numerous studies, the International Journal of Environmental Research and Public Health showed a strong causal link between the legalization and commercialization of medical and recreational marijuana and driver fatalities. One referenced study showed a 111% increase in the number of fatal traffic accidents where cannabis was involved in 2014 versus the four years prior to legalization. Another referenced study found "a significant increase in fatal crashes once commercial recreational marijuana dispensaries began to open rather than when the legislative measure was implemented." Another study found an increase in mortality in Colorado, with 75 more deaths per year after recreational marijuana was legalized. Another study of 10 states and the District of Columbia showed a "15% increase in fatal traffic accidents after legalization and a 16% increase in traffic fatalities, leading to 308 more deaths each year after [recreational cannabis legislation]." Another study showed an increase in the number of drivers testing positive for THC after legalization, from 9.3% to 19.1%.

Physical Health

Increased access to THC products in the County will likely lead to greater impacts on the County's emergency responders—the fire departments, the dispatch operators, the ambulances, and the Sheriff's Office and other police forces.

One of the most popular products sold by marijuana retailers is THC edibles (gummies and other types of candies). These edibles look and taste like candy. With a local retailer selling and delivering these edibles to County residents, more County households will have edibles lying around their homes. Children are often an afterthought.

The California State Auditor reported that, "[s]ince 2016, there has been a 469 percent increase in the total number of calls to the California Poison Control System related to cannabis ingestion by children five years old and younger—such calls have increased from 148 in 2016 to 842 calls in 2023. Studies suggest that edible cannabis products are particularly appealing to youth because of product shape, color, and taste."

Our elderly population is also willingly experimenting with these "fun" THC products—operating under the misinformed belief that these drugs are categorically similar to the drugs they may have tried in their youth. A study from the Journal of the American Geriatrics Society found a 1,808% increase in cannabis-related ER visits for Californians aged 65 and older between 2005 and 2019.

With the more potent marijuana, we have also seen a drastic increase in heart attacks. In a recent study (March 18, 2025), the American College of Cardiology found cannabis users face substantially higher risk of heart attack. For people under 50, the likelihood of heart attack is six times greater for cannabis users compared to non-users. The likelihood of stroke increases four

times for users compared to non-users.

CEQA Impact Analysis

"With narrow exceptions, CEQA requires an EIR whenever a public agency proposes to approve or to carry out a project that may have a significant effect on the environment." (*Laurel Heights Improvement Assn. v. Regents of University of California* (1988) 47 Cal.3d 376, 390.) An EIR is "an informational document" intended to provide the city and the public with detailed information about the effects which a proposed project is likely to have on the environment, and to list ways in which the significant effects of such a project might be minimized. (*Id.* at p. 390-391.)

"Project" is a term of art broadly defined as "an activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment," and that involves the issuance of a discretionary approval by a public agency. (CEQA Guidelines, § 15000, *et. seq.*) CEQA forbids "piecemealing" environmental review of the impacts of a project by analyzing individual aspects of the whole action. (*Laurel Heights,* 47 Cal.3d at p. 396.)

This retail approval involves several separate approvals (*e.g.,* a zone change, a development agreement, a use permit). Under the rules set forth above, CEQA requires the City to prepare and approve its environmental report prior to making the first discretionary approval, and to analyze all potential impacts including impacts to governmental services.

A categorical exemption is inappropriate for this project. As a matter of law, this project does not meet the categorical definition of any exemption class. Even assuming it did (for the sake of argument), a categorical exemption is precluded for this project because of the "reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances." (CEQA Guidelines, section 15300.2(c).)

"Whether a particular project presents circumstances that are unusual for projects in an exempt class is an essentially factual inquiry founded on the application of the fact-finding tribunal's experience with the mainsprings of human conduct." (*Berkeley Hillside Preservation v. City of Berkeley* (2015) 60 Cal.4th 1086, 1114 (internal citations and quotations omitted).) The unusual circumstance here is that this project involves the very first THC marijuana retailer in the County, and all the above-described impacts flow from that unusual circumstance. There is no factual basis here for finding that the circumstances addressed above are usual or typical for any of the exempt classifications set forth in CEQA Guidelines 15301-15333.

Any Proposed Sales Tax or Equivalent Should Be Decided by the Voters

The County understands the City of Sutter Creek intends to enter into a development agreement with Embarc that imposes the equivalent of a sales tax on its customers for the benefit of the City. The County has not yet seen the draft development agreement.

Article XIII C, Section 2, subsections (b) and (d) of the California Constitution requires all taxes to be voted on by the electorate. Subdivision (b) states that general taxes require in excess of 50% voter approval, and subdivision (d) states that special taxes require in excess of two thirds voter approval.

Article XIII C, Section 1, subdivision (e) sets forth the exceptions that are not subject to this rule. There are seven exceptions, and the development agreement scenario does not meet any exception.

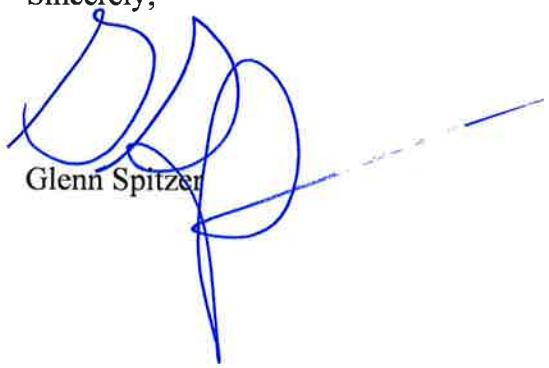
At first glance, it appears the fee potentially meets exception No. 6 of subdivision (e): "A charge imposed as a condition of property development." This exception, however, is typically used in conjunction with the Mitigation Fee Act or with exaction impositions governed under *Nollan v. California Coastal Commission* (1987) U.S. 825 or *Dolan v. City of Tigard* (1994) 512 U.S. 374.

The development agreement does not meet the intent of this exception. The intent is to except fees directly related to development. Whether through the Mitigation Fee Act or the *Nollan Dolan* requirements, the exception is intended for a fee paid by a developer for an impact that has a direct nexus to the development and that is roughly proportionate to the impacts of the development. Here, the fee is not at all related to the development, nor is it paid by the developer. Instead, it is related to the sale of marijuana, and it is paid by members of the public (including County residents).

Conclusion

The County thanks the City for providing the opportunity to comment. The County is opposed to the retail marijuana facility because it will cause significant harm to County residents—particularly adolescents, it will cause cultural degradation, and it will have significant impacts on County services. If the City does decide to approve the project, the County respectfully requests that the City comply with all applicable laws.

Sincerely,



Glenn Spitzer

cc: County Board of Supervisors,
Chuck Iley (County Administration Officer),
Melissa Cranfill (Behavioral Health Director),
Joanne Hasson (Public Health Director),
Anne Watts (Social Services Director),
Gary Redman (Sheriff),
Jarret Benov (Undersheriff),
Todd Riebe (District Attorney),
Deron Brodehl (Chief Probation Officer), and
Greg Gillott (County Counsel)

Attachments:
ATTACHMENTS ARE ONLINE IN "11 RIdge Road - SUPPLEMENTAL MATERIALS"
at https://www.cityofsuttercreek.org/planning-building

"High Schools Are Losing the Struggle to Block Pot" Wall Street Journal (March 4, 2026)
American Journal of Preventive Medicine (January 2026)
"It's Time for America to Admit it Has a Marijuana Problem" New York Times (Feb. 9, 2026)
New York Times Graph (Feb. 9, 2026)
American College of Neuropsychopharmacology (April 20, 2026)
ScienceDirect (January 2026)
European Archives of Psychiatry and Clinical Neuroscience (Sept. 19, 2024)
Substance Abuse and Mental Health Services Administration (Sept. 9, 2025)
Journal of American Medical Association (Jan. 28, 2025)
Journal of American Medical Association (Feb. 20, 2026)
Yale School of Medicine (Aug. 30, 2023)
Various Embarc images
Tobacco Ad Image
National Highway Traffic Safety Administration (Jan. 2023)
Portland State University (2021)
International Journal of Env. Research and Public Health (2023)
California State Auditor Report and Fact Sheet (2025)

Amador County Transportation Commission
117 Valley View Way
Sutter Creek, CA 95685
209.267.2282

Erin Ventura
Planning Consultant
City of Sutter Creek
eventura@haugebrueck.com

Re: 11 Ridge Road, Sutter Creek, CA 95685 APN 044-020-063
Site Plan and Conditional Use Permit review

Dear Erin,

Thank you for the opportunity to provide comments regarding Site Plan and Conditional Use permits for the proposed cannabis retail and delivery dispensary for 11 Ridge Road (APN 044-020-063) in Sutter Creek.

The Amador County Transportation Commission (ACTC) offers the following comments based on the information provided in the referral package. In summary, ACTC staff recommends the City of Sutter Creek require the applicant to provide sufficient analysis and resolve potential impacts to the regional transportation system and surrounding public infrastructure pursuant to the requirements of the California Environmental Quality Act (CEQA). ACTC finds the proposed Conditional Use Permit for cannabis retail and delivery raises substantial concerns related to transportation safety, traffic generation, cumulative regional impacts, emergency access, and circulation compatibility that should be assessed through environmental review.

Pursuant to California's Department of Cannabis Control (DCC), all "annual state cannabis licenses are subject to CEQA compliance. The DCC may only issue an annual license once a project complies with CEQA".

The DCC maintains a team of licensed commercial cannabis experts to help and can assume 'lead agency' status under CEQA to prepare and post CEQA-related documents for public notice. More information can be found at https://www.cannabis.ca.gov

ACTC staff cites the following to assist in the CEQA process.

Regarding Transportation-specific deficiencies, the proposal as presented currently lacks:

- A professionally prepared traffic impact analysis, trip generation/attraction study, delivery vehicle circulation study, and operational parking assessment.

- The application merely states "see attached business operating plan" regarding estimated traffic volumes, but no such traffic analysis was included in the referral materials. Instead, the "Estimated Daily Volume of Traffic" section directs reviewers to attachments that were not included.
    - The application expressly includes cannabis delivery operations which broadens the scope beyond ordinary retail trip generation/attraction analysis.

- The applicant's conclusion that no exterior improvements or roadway modifications are needed is unsupported by any engineering or transportation study. The applicant states: "The proposed cannabis retail business is served by highways adequate in width and improved as necessary to carry the kind and quantity of traffic such use will generate". No traffic study was supplied to support this conclusion.

- An evaluation of Regional and Cumulative Impacts:
    - Regional: Because the City of Sutter Creek nor any other jurisdiction in Amador County currently allows retail cannabis operations, this use may function as a regional draw and is likely to generate higher trip attraction, generation, and parking demand than the previous retail tenant.

    - Cumulative: Impacts must be evaluated where a project may contribute to broader regional transportation or public service impacts; including:
        - Corridor congestion
        - Intersection (safety) queuing
        - Turning movements
        - Parking spillover
        - Law enforcement demand
        - Other cumulative commercial cannabis transportation effects

- Adequate parking supply assessment (the site plan identifies only 17 parking spaces, including 2 ADA spaces):
    - Employee parking calculations
    - Peak customer demand estimates
    - Delivery vehicle staging analysis
    - Security vehicle parking needs
    - Overflow parking analysis
        - Cannabis retail establishments frequently generate short-duration, high-turnover parking demand, curbside conflicts, rideshare activity, and delivery vehicle loading conflicts.

- Adequate evaluation of delivery operations, specifically:
    - Frequency of trips
    - Employee vehicle storage
    - Loading/unloading operations
    - Security transport procedures
    - Dispatch operations

- Assessment and management of public safety emergency access:
  - On-site security presence and operational procedures
  - Armored transport access
  - Emergency response coordination
    - The project site is constrained by limited ingress/egress geometry and internal circulation.

In regard to CEQA-process deficiencies, the proposal as presented currently lacks:

- Adequate evaluation of environmental impacts under CEQA
- Assurance of compatibility with surrounding uses
- Protection of public infrastructure

In summary, impacts on the transportation system will result in increased roadway wear and safety concerns leading to increased costs incurred for roadway maintenance, traffic operations management, parking enforcement; and importantly, costs for roadway circulation improvements to be borne by the public. To comply with CEQA requirements, ACTC staff recommends that the City require the applicant to prepare and submit the formal impact analyses listed below:

1. A professional traffic impact analysis
2. A parking demand and circulation study
3. A delivery operations and management plan
4. Regional and Cumulative transportation impact analysis
5. Emergency access and public safety circulation analysis
6. CEQA documentation (preferably in coordination with the DCC) that adequately evaluates transportation and operational impacts.

Without these formal impact evaluation materials, the City of Sutter Creek cannot make the findings that the project:

- Will not adversely affect Public Transportation Infrastructure
- Is compatible with the surrounding Circulation System
- Will avoid significant environmental impacts

Thank you again for providing ACTC with the opportunity to provide comments.

Sincerely,

John Gedney, Executive Director
Amador County Transportation Commission

PROPERTY OWNER(S) STATEMENT

STATE OF CALIFORNIA
COUNTY OF AMADOR CITY
OF SUTTER CREEK

I/We, Vaquero Farms & The Taddeucci Family Trust, declare that I/we am/are the owner(s) of the property described herein and hereby give authorization for the filing of this application. Further, I/we do, by my/our signature(s) on this agreement, absolve the City of Sutter Creek of all liabilities regarding any deed restrictions that may be applicable to the property described herein. (Signature of all property owners is required. The owner in escrow is not acceptable.)

I/We declare that all encumbrances on the subject property are shown on the submitted site plan (or are attached on a separate sheet) and that the purpose of all encumbrances (and ownership of all easements) is stated. In the case of a tentative map, I/we further declare that the property involved in this application is free from all encumbrances that would conflict with the project application, particularly dedications of the right to further subdivide to the County of Amador or City of Sutter Creek.

I/We understand that, in the event that the City incurs greater expense in processing the application(s) than is covered by the standard processing fee(s), that I/we will be responsible for payment of such fees and that permits will not be issued and/or occupancy will not be granted until all fees have been paid in full.

I/We hereby grant the City admittance to the subject property as necessary for processing of the project application.

I/We declare under penalty of perjury that the foregoing statements and answers herein contained and the information herewith submitted are in all respects true and correct to the best of my knowledge and belief.

Signed _____

Signed _____

Signed _____

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of_____)

On_____, before me,_____personally appeared
Date Notary Public

CALIFORNIA ACKNOWLEDGMENT CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Monterey }

On June 5th 2026 before me, David Hanan Notary Public,
Date *Here Insert Name and Title of the Officer*

personally appeared Gregory Pruett
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

DAVID HANAN
Notary Public - California
Monterey County
Commission # 2417052
My Comm. Expires Sep 18, 2026

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature David Hanan
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer – Title(s): _____	☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General	☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
Signer is Representing: _____	Signer is Representing: _____

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CALIFORNIA ACKNOWLEDGMENT CIVIL CODE § 1189

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State of California
County of Monterey }

On June 5th 2026 before me, David Hanan Notary Public,
Date *Here Insert Name and Title of the Officer*

personally appeared Stacey Taddeucci
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

DAVID HANAN
Notary Public - California
Monterey County
Commission # 2417052
My Comm. Expires Sep 18, 2026

Place Notary Seal and/or Stamp Above

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature David Hanan
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

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☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer is Representing: _____

Signer's Name: _____
☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer is Representing: _____

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State of California
County of Monterey }

On June 5th 2026 before me, David Hanan Notary Public,
Date *Here Insert Name and Title of the Officer*

personally appeared Dominic Taddeucy
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

DAVID HANAN
Notary Public - California
Monterey County
Commission # 2417052
My Comm. Expires Sep 18, 2026

Place Notary Seal and/or Stamp Above

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature David Hanan
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

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Capacity(ies) Claimed by Signer(s)

Signer's Name: _____	Signer's Name: _____
☐ Corporate Officer – Title(s): _____	☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General	☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☐ Other: _____	☐ Other: _____
Signer is Representing: _____	Signer is Representing: _____

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FINANCIAL INTEREST DISCLOSURE

In order for the approving authority to adequately assess the potential for conflict of interest in rendering decisions on land use matters, the following information is required. Should the applicant(s) in the requested action be or include a partnership, the name of the corporation and of all officers of said corporation shall be printed below. If there are any other business or joint venture parties, property owners, or individuals which have a financial interest in this action not otherwise covered as a partnership or corporation, then their names shall be printed below.

Partnership:

_____
Name of Partnership

_____
Names of Partners

_____

_____

_____

Corporation:

Vaquero Farms Inc.
Name of Corporation

Greg Pruett
President

Larry Enos
Vice President

Patrick Taddeucci
Secretary

_____
Other

Property Owners:

The Taddeucci Family Trust

_____

_____

_____

Other:

_____

_____

_____

I hereby certify that the foregoing information is accurate and complete to the best of my knowledge and belief.

Signature of Applicant

Gregory R. Pruett
Name (Please Print)

6/3/26
Date