



# CITY COUNCIL STAFF REPORT

DATE: OCTOBER 14, 2021

LEGISLATIVE

SUBJECT: ADOPTION OF A RESOLUTION UPDATING THE CITY OF PALM SPRINGS ADMINISTRATIVE FINE SCHEDULE TO ESTABLISH FINE AMOUNTS FOR VIOLATIONS OF THE CANNABIS REGULATIONS CONTAINED IN PALM SPRINGS MUNICIPAL CODE CHAPTER 5.55

FROM: Justin Clifton, City Manager

BY: Department of Special Program Compliance

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## SUMMARY:

The City of Palm Springs Cannabis Ordinance was adopted on July 26, 2017 and codified in Palm Springs Municipal Code ("PSMC") 5.45 and 5.55. On December 4, 2019 City Council adopted Ordinance No. 2005 amending the Palm Springs Municipal Code changing local cannabis rules and regulations. These changes were codified in PSMC 5.55, including the ability to issue administrative fines and penalties in PSMC 5.55.430. Currently, no specific administrative citation fine amount is assigned to cannabis related violations. Adoption of a Resolution establishing an administrative fine schedule will increase effectiveness, efficiency and consistency of Palm Springs Code Enforcement.

## RECOMMENDATION:

Staff recommends that the City Council adopt a Resolution updating the City's administrative fine schedule to establish fine amounts for violations of the cannabis regulations contained in Palm Springs Municipal Code Chapter 5.55, Adult-use Cannabis Related Business and Activities.

## BACKGROUND:

On July 26, 2017 City Council adopted Ordinance 1933 amending Chapter 5.45 and establishing Chapter 5.55 of the Palm Springs Municipal code allowing commercial cannabis related businesses and activities in the City of Palm Springs ("City") and establishing additional regulatory requirements for commercial cannabis activity within the City. On December 4, 2019 City Council adopted Ordinance No. 2005 amending the Palm Springs Municipal Code, eliminated Chapter 5.45 and codifying all adult-use cannabis regulations in Chapter 5.55.

The amendments included the introduction of PSMC 5.55.430, *Violations*, creating the ability for administrative citation and imposition of fines for violations of the municipal code.

PSMC 5.55.430 (C) reads:

*In addition to all other legal remedies at law, violations of this Chapter and building, health, and safety violations caused as a result of a violation of this Chapter are enforceable using the administrative citation procedures set forth in this Code. An administrative citation issued for the first violation of this Chapter may not exceed five thousand dollars (\$5,000.00). An administrative citation issued for a second violation may not exceed ten thousand dollars (\$10,000.00) and may result in a six (6) month permit suspension. An administrative citation issued for a third violation may not exceed twenty-five thousand dollars (\$25,000.00) and may result in revocation of all permits.*

The fines, as introduced, do not distinguish minor, moderate and serious offenses and did not establish a fine schedule; rather they list the maximum fine amount permitted under the PSMC. The proposed fine schedule classifies violations as minor, moderate and serious in nature based on staff's analysis of each listed violation. The fine schedule was drafted and reviewed by Department of Special Program Compliance, City Attorney, and Palm Springs Police Department Staff.

#### STAFF ANALYSIS:

Prior to adoption of Ordinance 2005, the Cannabis Standing Subcommittee Committee met with cannabis stakeholders on October 24, 2019. The necessity to establish an administrative citation protocol was discussed. Administrative citations would be the primary enforcement tool for violations of the PSMC and similar to vacation rentals sought to establish strict compliance with fines commensurate with the violations in amounts that have a deterrent effect in light of the business at-issue . As proven, strict enforcement with effective fine amounts has proven to be a successful compliance tool and deters repeat offenders.

At the September 20, 2021 Cannabis Standing Subcommittee meeting a discussion was held on the introduction and implementation of the proposed fine schedule. The City has reviewed the comments received and made some minor revisions pursuant to the recommendations. These revisions include the maximum fine amount for each violation type. The administrative fine schedule includes specific Palm Springs Municipal Code sections that are placed in categories that correspond with the violation.

<b><u>Violation Type</u></b>	<b><u>Fine Amount (1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> offense within year)</u></b>		
Minor	\$ 500	\$ 1,000	\$ 5,000
Moderate	\$2,500	\$ 7,500	\$10,000
Serious	\$5,000	\$10,000	\$25,000

Minor violation: Not a threat to safety, security, or order and may be resolved without the imposition of more punitive fines.

Moderate violation: Violations that preclude or significantly interfere with enforcement of any State law or those that cause significant false, misleading, or deceptive business practices, potential for significant level of public or environmental harm.

Serious violation: A violation of non-compliance that is so severe in nature it requires immediate or corrective action, or a violation which relates to directly to the management and/or operational control and is indicative of mismanagement and calls into question ability to consistently comply with the PSMC.

As drafted, City staff has articulated a strict fee schedule with a specific fine amount depending on the type of violation. This was done to ensure even-handed enforcement and clarity to City permittees and City Code enforcement staff.

If, however, the City Council thinks more discretion should be afforded City staff in issuing these administration citations, then fine amount ranges could be inserted as compared to the singular fine amounts proposed.

### **Odor Violations**

Ordinance 2005 specifically addressed odor violations and penalties in PSMC 5.55.435. The violation type and fines are outlined below:

#### **Violation Type**

Violation of odor control threshold with an approved odor control plan.

Violation of odor control threshold while not in compliance with an approved control plan.

#### **Penalty**

Written warning and seven (7) days to modify permittee cannot mitigate the odor issues within seven (7) days, operations must cease until effective odor control measures are in place.

\$10,000 fine and thirty (30) days to remedy any odor issues. An additional \$10,000 fine shall be issued for each month the permittee fails to remedy the odor issues. If a permittee received three (3) administrative citations the permit shall automatically be revoked.

Violation of odor control threshold by a \$25,000 fine and all permits issued to the permitted cannabis business conducting permittee shall be automatically revoked. an unpermitted cannabis activity.

**Enforcement**

The Code Enforcement Division is responsible for taking enforcement action when violations of the Cannabis Ordinance of PSMC 5.55 are confirmed, including failure to abide by the administrative rules and regulations that accompany the permit to operate a cannabis business. On June 10, 2021 City Council adopted Resolution No. 24912, this Resolution provides for the hiring of two code enforcement officers assigned strictly to cannabis code enforcement and regulation.

**ENVIRONMENTAL ASSESSMENT:**

The requested City Council action is not a “Project” as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), a “Project” means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a “Project” does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

**FISCAL IMPACT:**

Staff does not expect any significant budget impact related to the report’s recommended action. While the proposed fine amount will result in increased revenue in the event of violations, the fines are intended to be a deterrent and are not intended to increase City revenue.

**REVIEWED BY:**

Department Director:	Veronica Goedhart
City Manager:	Justin Clifton

**ATTACHMENTS:**

- A. Draft Resolution and Fine Schedule

# EXHIBIT "A"

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, UPDATING THE ADMINISTRATIVE FINE SCHEDULE TO ESTABLISH FINE AMOUNTS FOR VIOLATIONS OF THE CANNABIS REGULATIONS CONTAINED IN PALM SPRINGS MUNICIPAL CODE

WHEREAS, on July 26, 2017 City Council adopted Ordinance 1933 allowing commercial cannabis related businesses in the City of Palm Springs and establishing regulatory requirements for commercial cannabis activity in the City, codified in Palm Springs Municipal Code 5.45 and 5.55; and

WHEREAS, on December 4, 2019 City Council adopted Ordinance 2005 amending the Palm Springs Municipal Code, eliminating 5.45 and codifying all adult-use cannabis regulations in 5.55; and

WHEREAS, Palm Springs Municipal Code 5.55.430 creates the ability for administrative citation and imposition of fines for violations of the Chapter 5.55 of the Municipal Code; and

WHEREAS, the City Council recognizes that administrative citations are the primary enforcement tool for violations of Palm Springs Municipal Code Chapter 5.55, that strict enforcement coupled with sufficient fine amounts has proven to be a successful compliance tool in other areas and that this same approach is appropriate for the City's commercial cannabis activity.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the foregoing Recitals are true and correct and are incorporated herein by this reference.

SECTION 2. Approves this Resolution and the Schedule of Administrative Regulations and Fines attached hereto as Exhibit "A" and incorporated herein by reference.

SECTION 3. Establishes that this Resolution and the Schedule of Administrative Regulation and Fines established herein shall become effective immediately upon passage of this Resolution.

SECTION 4. Establishes that this Resolution and the Schedule of Administrative Regulations and fines established herein shall be enforced pursuant to the procedure set forth in the Administrative Regulations signed September 28, 2021 *Authority for the Issuance of Administrative Citations*.

ADOPTED THIS \_\_\_\_TH DAY OF OCTOBER, 2021.

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JUSTIN CLIFTON  
CITY MANAGER

ATTEST:

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ANTHONY J. MEJIA, MMC  
CITY CLERK

CERTIFICATION

STATE OF CALIFORNIA )  
COUNTY OF RIVERSIDE ) ss.  
CITY OF PALM SPRINGS )

I, ANTHONY J. MEJIA, City Clerk of the City of Palm Springs, hereby certify that Resolution No. \_\_\_\_\_ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on October 14, 2021, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Palm Springs, California, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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ANTHONY J. MEJIA, MMC  
CITY CLERK

## **RULES AND REGULATIONS FOR CANNABIS PROCEDURES**

Any violation that is not explicitly listed in the table below shall be considered a a minor violation subject to the following fine amounts: 1<sup>st</sup> Violation \$500; 2<sup>nd</sup> Violation \$1,000; and 3<sup>rd</sup> Violation \$5,000.

If any action or inaction qualifies under multiple fine amounts (i.e., could be categorized as a moderate violation or a serious violation, etc.) then whatever lesser fine amount is applicable shall be assessed.

**Definitions.** The definitions set forth in the Palm Springs Municipal Code Section 5.55 apply to these Rules and Regulations.

### **Application Procedure**

The Department of Special Program Compliance shall provide a master Permit Application form. Any application, pre-licensing inspection, and any outstanding fees are due prior to issuance of local permit.

<b>Requirement</b>	<b>Penalty</b>
<b>General</b>	
A Permittee may not commence operations until they have obtained any required building permit(s), fire department approvals, and other zoning and land use permit(s) and approvals. (PSMC 5.55.090 (C) (2))	Operations may not commence until approved
A Permittee may not commence operations until they have obtained a City of Palm Springs business license. (PSMC 5.55.140 A)	Operations may not commence until approved
A Permittee may not commence operations until that Permittee secures and provides a proper License of the State of California authorized by State Law to engage in the specific business as locally permitted. (PSMC 5.55.140 F)	Operations may not commence until approved
A Permittee must maintain insurance, the insurance required aggregate less than \$2 million dollars and no less than \$1 million dollars for each loss. (PSMC 5.55.140 E (2))	Operations may not commence until approved
Each Permittee shall maintain an inventory control and reporting system that accurately documents the present location, amounts and descriptions of all cannabis goods for all stages of the growing and production or manufacturing, laboratory testing and distribution processes. (PSMC 5.55.200 A (5))	Operations may not commence until approved
A permitted adult-use cannabis business shall implement sufficient security measure to deter and prevent the unauthorized entrance into areas containing cannabis goods, and to deter and prevent the theft of cannabis goods at the adult-use cannabis. ( <u>Violation Type – Serious</u> ) (PSMC 5.55.210 A).	Operations may not commence until approved
No person who is less than twenty-one (21) years of age may be employed or otherwise engaged in the operation of the Permittee (PSMC 5.55.200 A (15)). Permittees must provide to the Department of Special Program Compliance a list of all employees, including their address, date of birth and date Live Scan completed (PSMC 5.55.200 (A)(21)).	Operations may not commence until approved
Prior to commencing operations, Applicants shall provide sufficient evidence that they have complied with all Required Findings and Conditions for their proposed cannabis business. (Dispensaries 5.55	Operations may not commence until approved.

Requirement	Penalty
095; Cultivation 5.55.096, Manufacturing 5.55.097, Testing 5.55.098, Transportation and Distribution 5.55.099)	

## **INSPECTIONS**

Applicants will submit to an inspection prior to approval of local permit. Inspection may include, but is not limited to, employees or agents of the following City Departments: Building and Safety, Police Department and Fire Department. Permittees shall be subject to inspection, investigation or audit by the Department of Special Program Compliance or other City Departments to determine compliance. An inspection, investigation or audit is a review of any books, records, accounts, inventory, or on-site operations. Specific to the business. Inspections, investigations, or audit may include, but are limited to employees of the following departments: Department of Special Program Compliance, Building and Safety, Police Department, Fire Department, and Finance Department.

<b>Requirement/Violation</b>	<b>Violation Type</b>	<b>Penalty</b>
<b>General</b>		
<p>Point-of-Sale Inventory Control and Reporting System. Adult-Use Cannabis Businesses shall employ the use of track-and-trace software. All transactions, business expenses, and operations must be tracked in compliance with State Track-and-Trace regulations. The software must provide documentation and information that meets State compliance requirements and have the ability to integrate with the California Cannabis Authority (CCA) track-and-trace system.</p> <p><u>Specific Requirements:</u></p> <ul style="list-style-type: none"> <li>a. Retail. Ability to provide inventory management and Point of Sale documentation and records to manage cannabis retails from seed to sale. Generate monthly sales report that provide total gross monthly sales and tax liabilities. Reports must be submitted with monthly tax remittance.</li> <li>b. Cultivation. Ability to track and control operations from planting through harvesting, to curing and packaging.</li> <li>c. Manufacturing. Ability to manage each stage of the manufacturing process from extraction and refinement to finished product. Inventory management, electronic batch records, specification management, equipment control and document management for compliance with state cannabis regulation should be provided. Generate monthly report that demonstrates all gross monthly sales and tax liabilities. Reports must be submitted with monthly tax remittance.</li> <li>d. Distribution. Ability to manage vendor, facilities and wholesaler partner. Ability to automatically generate purchase orders, invoices, and manifests. Generate monthly report that demonstrates all gross monthly sales and tax liabilities. Reports must be submitted with monthly tax remittance.</li> </ul> <p>(PSMC 5.55.102 E)</p>	Moderate	1 <sup>st</sup> 2,500 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 10,000

Requirement/Violation	Violation Type	Penalty
<p>Permittee shall keep the City and law enforcement updated with the names, addresses, and relevant criminal histories of all employees, supervisors, and other relevant parties for the Adult-Use Cannabis Business at all times. Relevant criminal histories shall include any drug-related or felony convictions, the nature of such offenses, and the sentences received for such convictions. (PSMC 5.55.140 E (4)).</p>	Moderate	1 <sup>st</sup> 2,500 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 10,000
<b>Security Inspection</b>		
<p>The Business Premises shall have a digital video surveillance system with a minimum camera resolution of 1280 × 720 pixels. The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance. Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20-feet of all points of entry and exits on the Business Premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed. Areas that shall be recorded on the video surveillance system include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>(a) Areas where cannabis goods are weighed, packed, stored, loaded and unloaded for transportation, prepared, or moved within the Business Premises;</li> <li>(b) Limited-access areas;</li> <li>(c) Security rooms;</li> <li>(d) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and</li> <li>(e) Entrances and exits to the Business Premises, which shall be recorded from both indoor and outdoor vantage points.</li> </ul> <p>Retailers 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. Cameras shall record continuously 24 hours per day and at a minimum of 15 frames per second (FPS). 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. Surveillance recordings shall be kept for a minimum of 90 days. Surveillance recordings are subject to inspection by the City and shall be copied and sent to or otherwise provided to the City or shall be kept in a manner that allows the City to view and obtain copies of the recordings at the Business Premises immediately upon request. The Permittee shall also send otherwise provide copies of the recordings to the City upon request within the time specified by the City. Recorded images shall clearly and accurately display the time and date. Time is to be measured in accordance with the United States National Institute Standards and Technology standards. The video surveillance system shall be equipped with a failure notification system that provides notification to the Permittee of any interruption or</p>	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000

Requirement/Violation	Violation Type	Penalty
failure of the video surveillance system or video surveillance-system storage device. (PSMC 5.55.210 A (4))		
Alarmed with an alarm system that is operated, maintained, and operated by a reputable security company. (PSMC 5.55.210 A (6)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
All cannabis goods shall be stored in a secured and locked safe room, safe or vault, and in a manner to prevent diversion, theft and loss, except for limited amounts of cannabis used for display purposes, samples, or immediate sale. (PSMC 5.45.200 A (18)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
<p><u>Retail Facilities:</u> Dispensaries shall implement and maintain sufficient security measures to both deter and prevent unauthorized entrance into areas containing Cannabis good in compliance with Section 26070(j) of the California Business and Professions Code and any rules promulgated by the State licensing authority. Security measures shall include, but are not limited to, the following:</p> <ol style="list-style-type: none"> <li>a. Prevent individuals from loitering on the premises of the dispensary if they are not engaging in activity expressly related to the operations of the dispensary;</li> <li>b. Establish limited access areas accessible only to authorized dispensary personnel;</li> <li>c. Store all Cannabis goods in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of Cannabis goods used for display purposes, samples, or immediate sale;</li> <li>d. Install security cameras on site; and</li> <li>e. Provide for on-site security personnel meeting the requirements and standards contained within applicable State regulations and applicable City requirements.</li> </ol> <p>(PSMC 5.55.205 A (2)).</p>	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
<p><u>Cultivation Facilities:</u> Security measures sufficient to restrict access only to authorized personnel and to deter trespass and theft of Cannabis goods shall be provided and maintained. (PSMC 5.55.205 B (2) (b)).</p>	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
<p><u>Manufacturing Facilities:</u> Security measures sufficient to restrict access to only authorized personnel and to deter trespass and theft of Cannabis goods shall be provided and maintained. Security measures shall include, but are not limited to, the following:</p> <ol style="list-style-type: none"> <li>i. Prevent individuals from loitering on the premises of the manufacturing facility if they are not engaging in activity expressly related to the operations of the manufacturing facility;</li> <li>ii. Store all Cannabis goods in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss;</li> <li>iii. Install security cameras on site; and</li> </ol>	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000

Requirement/Violation	Violation Type	Penalty
iv. Provide for on-site security personnel meeting the requirements and standards contained within applicable State regulations and applicable City requirements. (PSMC 5.55.205 C (e)).		
<p><u>Testing Facilities:</u> Security measures sufficient to restrict access to only authorized personnel and to deter trespass and theft of Cannabis goods shall be provided and maintained. Security measures shall include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>i. Prevent individuals from loitering on the premises of the testing facility if they are not engaging in activity expressly related to the operations of the testing facility;</li> <li>ii. Store all Cannabis goods in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss;</li> <li>iii. Install security cameras on site; and</li> <li>iv. Provide for on-site security personnel meeting the requirements and standards contained within applicable State regulations and applicable City requirements.</li> </ul> PSMC 5.55.205 D (b)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
<p><u>Distribution Facilities:</u> Security measures sufficient to restrict access to only authorized personnel and to deter trespass and theft of Cannabis goods shall be provided and maintained. Security measures at distribution facilities shall include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>i. Prevent individuals from loitering on the premises of the distribution facility if they are not engaging in activity expressly related to the operations of the distribution facility;</li> <li>ii. Store all Cannabis goods in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss;</li> <li>iii. Install security cameras on site; and</li> <li>iv. Provide for on-site security personnel meeting the requirements and standards contained within applicable State regulations and applicable City requirements.</li> </ul> (PSMC 5.55.205 E (e)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
<b>Operational Audit</b>		
<b>General</b>		
A Permittee must maintain insurance, the insurance required aggregate less than \$2 million dollars and no less than \$1 million dollars for each loss. (PSMC 5.55.140 E (2))	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Each Permittee shall maintain an inventory control and reporting system that accurately documents the present location, amounts and descriptions of all cannabis goods for all stages of the growing and production or manufacturing, laboratory testing and distribution processes. (PSMC 5.55.200 A (5))	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000

Requirement/Violation	Violation Type	Penalty
All Adult-Use cannabis businesses must pay all applicable sales taxes and fees pursuant to all federal, State, and local law and the owner and/or operator shall not be delinquent in the payment of such taxes and fees. (PSMC 5.55.200 A (9))	Moderate	1 <sup>st</sup> 2,500 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 10,000
All cannabis goods shall be tested. Upon request, Permittee to provide Certificate of Analysis within 48 hours to City Staff. (PSMC 5.55.205 C (2) (g)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
A Permittee shall ensure that the City is notified in writing of a criminal conviction rendered against the Permittee, employee, supervisor or any other relevant party, either by mail or electronic mail, within 48 hours of the conviction. A Permittee shall ensure that the City is notified in writing of a civil penalty or judgment rendered against the Permittee, either by mail or electronic mail. A Permittee shall ensure that the City is notified in writing of the revocation of a state license, permit, or other local authorization, either by mail or electronic mail within 48 hours of receiving notice of the revocation. (PSMC 5.55.140 E (4)).	Moderate	1 <sup>st</sup> 2,500 2 <sup>nd</sup> 7,500 3 <sup>rd</sup> 25,000
A Permittee shall notify the City within 24 hours of discovery of any of the following situations: (a) The Permittee discovers a significant discrepancy in its inventory; (b) The Permittee becomes aware of or has reason to suspect diversion, theft, loss, or any other criminal activity pertaining to the operation of the Permittee’s business; (c) The Permittee becomes aware of or has reason to suspect diversion, theft, loss, or any other criminal activity by an agent or employee pertaining to the operation of the Permittee’s business; (d) The Permittee becomes aware of or has reason to suspect the loss or unauthorized alteration of records related to cannabis goods, registered medical cannabis patients or primary caregivers, or dispensary employees or agents; or (e) The Permittee becomes aware of or has reason to suspect any other breach of security. (PSMC 5.55.210 E).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Applicants and Permittees Shall Cooperate with City Manager Employees. 1. Applicants and Permittees must cooperate with employees and investigators of the City Manager who are conducting inspections or investigations relevant to the enforcement of laws and regulations related to this Chapter. 2. No Applicant or Permittee shall by any means interfere with, obstruct, or impede the City Manager or employee or investigator of the City Manager from exercising their duties under the provisions of this Chapter and all rules promulgated pursuant to it. This would include, but is not limited to: a. Threatening force or violence against an employee or investigator of the City Manager, or otherwise endeavoring to intimidate, obstruct, or impede employees or investigators of the City Manager, their supervisors, or any peace officers from	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000

Requirement/Violation	Violation Type	Penalty
<p>exercising their duties. The term “threatening force” includes the threat of bodily harm to such individual or to a member of their family;</p> <p>b. Denying employees or investigators of the City Manager access to an Adult-Use Cannabis Business during business hours or times of apparent activity;</p> <p>c. Providing false or misleading statements;</p> <p>d. Providing false or misleading documents and records;</p> <p>e. Failing to timely produce requested books and records required to be maintained by the Permittee; or</p> <p>f. Failing to timely respond to any other request for information made by the City Manager in connection with an investigation of the qualifications, conduct or compliance of an Applicant or permittee.</p> <p>(PSMC 5.55.400 (C))</p>		
<p>A Permittee, its employees, agents, and officers must obey all applicable labor laws of the State of California and the City of Palm Springs. (PSMC 5.55.200 (27)).</p>	Moderate	<p>1<sup>st</sup> 2,500</p> <p>2<sup>nd</sup> 5,000</p> <p>3<sup>rd</sup> 10,000</p>
<p>No person who is less than twenty-one (21) years of age may be employed or otherwise engaged in the operation of the Permittee (PSMC 5.55.200 A (15)).</p>	Serious	<p>1<sup>st</sup> 5,000</p> <p>2<sup>nd</sup> 10,000</p> <p>3<sup>rd</sup> 25,000</p>
<p>Each Permittee shall keep and maintain the following records for at least seven years:</p> <p>(a) Financial records including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California State Board of Equalization, other State of California agencies, the Office of Finance, or the City;</p> <p>(b) Personnel records, including each employee’s full name, social security, or individual tax payer identification number, date of beginning employment, and date of termination of employment if applicable;</p> <p>(c) Training records, including, but not limited to, the content of the training provided and the names of the employees that received the training; contracts with other Permittees;</p> <p>(d) Permits, licenses, and other local or state authorizations to conduct Adult-Use Cannabis Activity. (PSMC 5.55.102 C).</p>	Serious	<p>1<sup>st</sup> 5,000</p> <p>2<sup>nd</sup> 10,000</p> <p>3<sup>rd</sup> 25,000</p>
<p>The Permittee shall maintain clear and adequate records and documentation demonstrating that all Cannabis goods have been obtained from and are provided to other permitted and licensed Cannabis operations. The City shall have the right to examine, monitor, and audit such records and documentation, which shall be made available to the City upon request. (PSMC 5.55.200 A (7)).</p>	Serious	<p>1<sup>st</sup> 5,000</p> <p>2<sup>nd</sup> 10,000</p> <p>3<sup>rd</sup> 25,000</p>

Requirement/Violation	Violation Type	Penalty
<p>A Permittee must maintain adequate records of all activities and transactions that involve financial implications for seven years. Such Permittees are required to utilize electronic Track and Trace Systems and point of sale terminals (if applicable). The equipment must be capable of recording and monitoring business activities, inventories, transportation, sales transactions, and generating reports on demand. The equipment must be fully integrated to process and maintain data that includes information about any business from whom the goods were received, the type and amount of goods received, the party who holds title to the goods, and the unique identifiers or lot number of the goods. Electronic equipment may include, but is not limited to:</p> <ul style="list-style-type: none"> <li>(a) Radio-Frequency Identification Devices;</li> <li>(b) Bar code identifiers;</li> <li>(c) Scanning equipment and software;</li> <li>(d) Cash registers;</li> <li>(e) Desktop computers;</li> <li>(f) Mobile devices; and</li> <li>(g) Cloud-based technologies that can manage all aspects of the cannabis life cycle from "seed to sale."</li> </ul> <p>Data storage and reporting features must incorporate all aspects of revenue transactions inclusive of accurate inventory levels, transactional history, sales receipts and entry of all point of sales data inclusive of wholesale and retail sales. The data must also allow for the City or its authorized agents to clearly distinguish the activities of medical Cannabis from non-medical Cannabis. For Permittees engaging in Retailer Adult-Use Cannabis Activity, information required to be tracked includes the sale the Cannabis Goods, such as the date of sale, type of goods purchased and quantity of each good, and related sale prices. For Permittees engaging in Distributor Adult-Use Cannabis Activity, the Permittee must disclose when it uses its own Distributor License to transport the Cannabis Goods to one or more Permittees conducting Retailer Adult-Use Cannabis Activity and enter that transport event into the Track and Trace System database. This information includes the distributor state license number, amount of goods transported, vehicle information, and date of transport. (PSMC 5.55.102 E).</p>	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
<p>The City shall utilize the State of California Track and Trace System for unique identifiers of cannabis and cannabis products, which all Permittees conducting Adult-Use Cannabis Activity shall use. Permittees shall meet all Track and Trace System requirements of the State of California at all times. (PSMC 5.55.102 E).</p>	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
<b>Retail</b>		
<p>Dispensaries shall implement and maintain sufficient security measures to both deter and prevent unauthorized entrance into areas containing Cannabis good in compliance with Section 26070(j) of the California Business and Professions Code and any rules promulgated</p>	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000

Requirement/Violation	Violation Type	Penalty
<p>by the State licensing authority. Security measures shall include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>a. Prevent individuals from loitering on the premises of the dispensary if they are not engaging in activity expressly related to the operations of the dispensary;</li> <li>b. Establish limited access areas accessible only to authorized dispensary personnel;</li> <li>c. Store all Cannabis goods in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of Cannabis goods used for display purposes, samples, or immediate sale;</li> <li>d. Install security cameras on site; and</li> <li>e. Provide for on-site security personnel meeting the requirements and standards contained within applicable State regulations and applicable City requirements.</li> </ul> <p>(PSMC 5.55.205 (A)(2))</p>		
<p><u>Retail Delivery</u>: If the dispensary operations are proposed to include transportation and distribution, all employees of a dispensary delivering Cannabis goods shall carry a copy of the documentation listed below when making deliveries. This information shall be provided upon request to law enforcement officers and to employees of state and local agencies enforcing this Chapter.</p> <ul style="list-style-type: none"> <li>a. A copy of the dispensary's current permits, licenses, and entitlements authorizing them to provide transportation and distribution services;</li> <li>b. The employee's government-issued identification;</li> <li>c. A copy of the transportation and distribution request; and</li> <li>d. Chain of custody records for all goods being delivered.</li> </ul> <p>(PSMC 5.55.205 (A)(3))</p>	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
<p>Dispensaries shall ensure that all Cannabis goods at the dispensary are cultivated, manufactured, transported, distributed, and tested by licensed and permitted facilities that maintain operations in full conformance with state and local regulations. (PSMC 5.55.205 (4)).</p>	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
<p>Dispensaries shall not distribute any Cannabis goods unless the Cannabis goods are labeled and in a tamper-evident package in compliance with Section 26120 (a) of the California Business and Professions Code and any additional rules promulgated by the licensing authority and such label shall include the name and contact information of the dispensary that dispensed the Adult-Use Cannabis. (PSMC 5.55.205 (A)(5))</p>	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
<p>Possession or transportation and distribution of any other form of illegal drugs without proper legal authorization shall be grounds for revocation of permits. (PSMC 5.55.205 (A) (6)).</p>	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000

Requirement/Violation	Violation Type	Penalty						
<p>Dispensary shall facilitate the dispensing, making available, sale, and delivery of cannabis goods with a technology platform that uses point-of-sale technology to track, and database technology to record and store, the following information for each transaction involving the exchange of cannabis goods between the Dispensary and customer:</p> <ol style="list-style-type: none"> <li>The first name and employee number of the Dispensary employee who processed the sale of cannabis goods on behalf of the Dispensary.</li> <li>A list of all the cannabis goods purchased, including the quantity purchased.</li> <li>The total amount paid for the sale, including the individual prices paid for the Cannabis goods, and any amounts paid for tax.</li> </ol> <p>(PSMC 5.55.205 (A) (7)).</p>	Moderate	<table border="0"> <tr> <td>1<sup>st</sup></td> <td>2,500</td> </tr> <tr> <td>2<sup>nd</sup></td> <td>5,000</td> </tr> <tr> <td>3<sup>rd</sup></td> <td>10,000</td> </tr> </table>	1 <sup>st</sup>	2,500	2 <sup>nd</sup>	5,000	3 <sup>rd</sup>	10,000
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<b>Cultivation</b>								
<p>Adult-Use Cannabis Cultivation shall comply with all of the following regulations:</p> <ol style="list-style-type: none"> <li>All Cultivation activities permitted under this Chapter shall comply with the state requirements for unique identifiers and the trace and track program.</li> <li>Security measures sufficient to restrict access only to authorized personnel and to deter trespass and theft of Cannabis goods shall be provided and maintained.</li> <li>Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage, or inadvertent damage from rodents, pests, or wildlife.</li> <li>Water conservation measures, water capture systems, or grey water systems shall be incorporated in Adult-Use Cannabis Cultivation operations in order to minimize use of water where feasible.</li> <li>On-site renewable energy generation shall be required for all indoor Adult-Use Cannabis Cultivation activities, if feasible. Renewable energy systems shall be designed to have a generation potential equal to or greater than one-half of the anticipated energy demand.</li> <li>Cannabis plants shall not be visible from offsite. No visual markers indicating that Cannabis is cultivated on the site shall be visible from offsite.</li> <li>The Permittee shall ensure that the total canopy size of Adult-Use Cannabis cultivated at the site does not exceed the cumulative canopy size authorized by State Law or regulation.</li> </ol> <p>(PSMC 5.55.205 (B)(2))</p>	Serious	<table border="0"> <tr> <td>1<sup>st</sup></td> <td>5,000</td> </tr> <tr> <td>2<sup>nd</sup></td> <td>10,000</td> </tr> <tr> <td>3<sup>rd</sup></td> <td>25,000</td> </tr> </table>	1 <sup>st</sup>	5,000	2 <sup>nd</sup>	10,000	3 <sup>rd</sup>	25,000
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3 <sup>rd</sup>	25,000							
<b>Manufacture</b>								
<p>Adult-Use Cannabis manufacturing shall comply with all of the following regulations:</p> <ol style="list-style-type: none"> <li>The manufacturing of food or other products infused with or which otherwise contain Cannabis may be manufactured within the appropriate manufacturing zoning districts</li> </ol>	Serious	<table border="0"> <tr> <td>1<sup>st</sup></td> <td>5,000</td> </tr> <tr> <td>2<sup>nd</sup></td> <td>10,000</td> </tr> <tr> <td>3<sup>rd</sup></td> <td>25,000</td> </tr> </table>	1 <sup>st</sup>	5,000	2 <sup>nd</sup>	10,000	3 <sup>rd</sup>	25,000
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3 <sup>rd</sup>	25,000							

Requirement/Violation	Violation Type	Penalty
<p>subject to the regulations set forth in this Chapter, and subject to whatever additional regulations may be promulgated hereunder by an ordinance or resolution of the City Council. Except as otherwise provided in this Chapter, all Cannabis manufacturing within the City is prohibited.</p> <p>b. Adult-Use Cannabis manufacturing facilities may be located within the same building or structure as an indoor Adult-Use Cannabis Cultivation facility only if the Adult-Use Cannabis manufacturing facility is located in separate rooms of the building or structure.</p> <p>c. Subject to the further requirements of this Section, only State manufacturer license classification type 6 or type 7 will be allowed to operate in the City using nonvolatile solvents in accordance with MAUCRSA and <a href="#">Business and Professions Code</a> Sections 26130(a) and (b).</p> <p>d. All Cannabis manufacturing operations shall ensure that Cannabis is obtained from permitted and licensed Cultivation sources and shall implement best practices to ensure that all manufactured Cannabis is properly stored, labeled, transported, and inspected prior to distribution at a legally permitted and licensed dispensary.</p> <p>e. Security measures sufficient to restrict access to only authorized personnel and to deter trespass and theft of Cannabis goods shall be provided and maintained. Security measures shall include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>(i) Prevent individuals from loitering on the premises of the manufacturing facility if they are not engaging in activity expressly related to the operations of the manufacturing facility;</li> <li>(ii) Store all Cannabis goods in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss;</li> <li>(iii) Install security cameras on site; and</li> <li>(iv) Provide for on-site security personnel meeting the requirements and standards contained within applicable State regulations and applicable City requirements.</li> </ul> <p>f. Any employees of an Adult-Use Cannabis manufacturing facility operating potentially hazardous equipment shall be trained on the proper use of equipment and on the proper hazard response protocols in the event of equipment failure. In addition, employees handling Edible Cannabis Products or ingredients shall be trained on proper food safety practices.</p> <p>g. Adult-Use Cannabis manufacturing is allowed only within Fully Enclosed and Secure Structures that are inaccessible to minors.</p>		

Requirement/Violation	Violation Type	Penalty
<ul style="list-style-type: none"> <li>h. Adult-Use Cannabis manufacturing shall not exceed the square footage authorized pursuant to any applicable land uses entitlement.</li> <li>i. From any public right-of-way, there shall be no visible exterior evidence of any Adult-Use Cannabis manufacturing activity.</li> <li>j. Adult-Use Cannabis manufacturing shall not adversely affect the health or safety of the nearby residents by creating dust, glare, heat, noise, smoke, traffic, vibration, or other impacts, and shall not be hazardous due to use or storage of materials, processes, products, or wastes.</li> <li>k. All Adult-Use Cannabis manufacturing facilities shall fully comply with all of the applicable restrictions and mandates set forth in State Law. All Adult-Use Cannabis manufacturing facilities shall comply with all size requirements for such facilities as imposed by State Law. Adult-Use Cannabis manufacturing facilities shall not engage in any activities not allowed by Adult-Use Cannabis manufacturing facilities pursuant to State Law. All Adult-Use Cannabis manufacturing facilities shall comply with all horticultural, labeling, processing, and other standards required by State Law.</li> <li>l. There is no set restriction on the hours of operation of Adult-Use Cannabis manufacturing facilities; however, restricted hours of operation may be established as a condition of approval of the manufacturing permit or the applicable land use entitlement.</li> <li>m. Adult-Use Cannabis manufacturing facilities shall not distribute, sell, dispense, or administer Cannabis from the facility to the public. Adult-Use Cannabis manufacturing facilities shall not be operated as Adult-Use Cannabis dispensaries.</li> <li>n. The Permittee of all Adult-Use Cannabis manufacturing facilities shall provide the City Manager with the name, phone number, and email address of an on-site representative to whom the City and the public can provide notice if there are any operational problems associated with the Adult-Use Cannabis manufacturing facility. All Adult-Use Cannabis manufacturing facilities shall make every good faith effort to encourage residents and the public to call this representative to resolve any operational problems before any calls or complaints are made to the City or law enforcement.</li> <li>o. All finished products produced by an Adult-Use Cannabis manufacturing facility must be labeled in compliance with MAUCRSA, Business and Profession Code Section 26120, and the labeling requirements outlined by the State Department of Public Health.</li> <li>p. All finished products produced by an Adult-Use Cannabis manufacturing facility must be packaged in child resistant containers prior to leaving the facility or becoming commercially available in accordance with MAUCRSA, Business and Profession Code</li> </ul>		

Requirement/Violation	Violation Type	Penalty
<p>Section 26120, the State Department of Public Health regulations, and other applicable State Laws.</p> <p>q. All batches of final Cannabis goods must be tested by a qualified third-party testing facility prior to distribution to a dispensary as required by MAUCRSA, Business and Professions Code Sections 26101, 26102, and 26104, and the State Department of Public Health regulations.</p> <p>r. Adult-Use Cannabis manufacturing facilities shall only use nonvolatile solvents that have been approved by the State Department of Public Health for Adult-Use Cannabis level 1 manufacturing. Until such time as any such nonvolatile solvents are approved by the State Department of Public Health for Adult-Use Cannabis level 1 manufacturing, Adult-Use Cannabis manufacturing facilities shall only use nonvolatile solvents that have been approved by the Food and Drug Administration for the processing and preparation of botanical dietary supplements or food grade products.</p> <p>s. All processing and analytical testing devices used for Adult-Use Cannabis manufacturing facilities must be UL listed, or otherwise approved for the intended use by the City's Building Official or the Fire Department. Any processing devices using only non-pressurized water are exempt from such approval.</p> <p>t. Unless otherwise prohibited, all processing devices used by an Adult-Use Cannabis manufacturing facility that utilize hydrocarbons or otherwise flammable solvents must operate in a closed loop, or in such a way that all solvent material is recovered in the process. All hazardous material must be disposed of in a manner which is compliant with all local, State, and federal guidelines for the disposal of hazardous materials.</p> <p>(PSMC 5.55.205 (C)(2))</p>		
<b>Testing Labs</b>		
<p>Adult-Use Cannabis testing facilities shall comply with all of the following regulations:</p> <p>a. Adult-Use Cannabis testing facilities shall be independent from all other persons and entities involved in the Adult-Use Cannabis industry.</p> <p>b. Security measures sufficient to restrict access to only authorized personnel and to deter trespass and theft of Cannabis goods shall be provided and maintained. Security measures shall include, but are not limited to, the following:</p> <p>(i) Prevent individuals from loitering on the premises of the testing facility if they are not engaging in activity expressly related to the operations of the testing facility;</p>	<p>Serious</p>	<p>1<sup>st</sup> 5,000 2<sup>nd</sup> 10,000 3<sup>rd</sup> 25,000</p>

Requirement/Violation	Violation Type	Penalty
<p>(ii) Store all Cannabis goods in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss;</p> <p>(iii) Install security cameras on site; and</p> <p>(iv) Provide for on-site security personnel meeting the requirements and standards contained within applicable State regulations and applicable City requirements.</p> <p>c. Adult-Use Cannabis testing facilities shall adopt standard operating procedures using methods consistent with general requirements for the competence of testing and calibration activities, including sampling, using standard methods established by the International Organization for Standardization, specifically ISO/IEC 17020 and ISO/IEC 17025 to test Cannabis goods that are approved by an accrediting body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement.</p> <p>d. Adult-Use Cannabis testing facilities shall obtain samples for testing according to a statistically valid sampling method.</p> <p>e. If a test result falls outside the specifications authorized by law or regulation, the Adult-Use Cannabis testing facility shall follow a standard operating procedure to confirm or refute the original result.</p> <p>f. Adult-Use Cannabis testing facilities shall destroy the remains of any samples of Cannabis goods tested upon completion of the analysis.</p> <p>g. A licensed Cannabis Testing Facility shall issue a certificate of analysis for each lot, with supporting data, in compliance with State laws and regulations.</p> <p>(PSMC 5.55.205 (D)(2))</p>		
<b>Distribution</b>		
<p>Adult-Use Cannabis transportation and distribution facilities shall comply with all of the following requirements.</p> <p>a. Cannabis goods shall only be transported between permitted and licensed Adult-Use Cannabis Businesses.</p> <p>b. Prior to transporting Cannabis goods, the transporter shall complete an electronic shipping manifest. The shipping manifest shall include the unique identifier information from the Cultivation source.</p> <p>c. A physical copy of the shipping manifest shall be maintained during transportation and shall be made available upon request to law enforcement or any agents of the State or City charged with enforcement of this Chapter.</p>	Serious	<p>1<sup>st</sup> 5,000</p> <p>2<sup>nd</sup> 10,000</p> <p>3<sup>rd</sup> 25,000</p>

Requirement/Violation	Violation Type	Penalty
<p>d. Distribution facilities shall maintain appropriate records of transactions and shipping manifests. An organized and clean method of storing and transporting Cannabis goods shall be provided to maintain a clear chain of custody.</p> <p>e. Security measures sufficient to restrict access to only authorized personnel and to deter trespass and theft of Cannabis goods shall be provided and maintained. Security measures at distribution facilities shall include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>(i) Prevent individuals from loitering on the premises of the distribution facility if they are not engaging in activity expressly related to the operations of the distribution facility;</li> <li>(ii) Store all Cannabis goods in a secured and locked safe room, safe, or vault, and in a manner as to prevent diversion, theft, and loss;</li> <li>(iii) Install security cameras on site; and</li> <li>(iv) Provide for on-site security personnel meeting the requirements and standards contained within applicable State regulations and applicable City requirements.</li> </ul> <p>f. Distributors shall ensure that appropriate samples of Cannabis goods are tested by a licensed testing facility prior to distribution.</p> <p>g. Prior to distribution, the distributor shall inspect Cannabis goods for quality assurance.</p> <p>h. Cannabis goods shall be packaged and labeled in accordance with the requirements of State Law.</p> <p>(PSMC 5.55.205 (E)(2))</p>		

## **CODE ENFORCEMENT**

All Permittees must adhere to the requirements listed below. The indicated characterization of the violations are suggestions only and may vary depending on the circumstances of the violation.

<b>Violation:</b>	<b>Violation Type</b>	<b>Penalty</b>
<b>General</b>		
The Permittee shall post or cause to be posted on site all required city and state permits and licenses required to operate. Such posting shall be in a central location, visible to the patrons, at the operating site, and in all vehicles that deliver or transport Cannabis goods (PSMC 5.55.200 A (4)).	Moderate	1 <sup>st</sup> 2,500 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 10,000
The entrances and all window areas shall be illuminated during evening hours. The facility shall comply with the City's lighting standards regarding fixture type, wattage, illumination levels, shielding, etcetera, and shall secure the necessary lighting approvals and permits as needed. (PSMC 5.55.210 A (10)).	Minor	1 <sup>st</sup> 500 2 <sup>nd</sup> 1,000 3 <sup>rd</sup> 5,000
An Adult-Use Cannabis Business shall notify the City Manager or his/her designee(s) within twenty-four (24) hours after discovering any of the following: <ol style="list-style-type: none"> <li>1. Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the City Manager or his/her designee.</li> <li>2. Diversion, theft, loss, or any criminal activity involving the Adult-Use Cannabis Business or any agent or employee of the Adult-Use Cannabis Business.</li> <li>3. The loss or unauthorized alteration of records related to the Adult-Use Cannabis Business.</li> <li>4. Any other breach of security.</li> </ol> (PSMC 5.55.210 E).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Any adult-use cannabis business with the word "organic" in its name must place signage no smaller than 8 ½ inches by 11 inches with a font no smaller than 72 pt. in its place of business visible upon entry and at the point-of-sale that reads, "Product Being Sold Is Not Organic Unless Explicitly Labeled". (PSMC 5.55.220 B).	Minor	1 <sup>st</sup> 500 2 <sup>nd</sup> 1,000 3 <sup>rd</sup> 5,000
No cannabis goods, or graphics depicting cannabis goods shall be visible from the exterior of the premises. (PSMC 5.55.200 A (17)). With the exception of storefront retail dispensary	Moderate	1 <sup>st</sup> 2,500 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 10,000
No person who is less than twenty-one (21) years of age may be employed or otherwise engaged in the operation of the Permittee (PSMC 5.55.200 A (15)).	Serious	1 <sup>st</sup> 1,000 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 25,000

<b>Retail (Dispensary)</b>		
The sale or consumption of alcohol or tobacco products is not allowed on the premises. (PSMC 5.55.095(B)(6)(b))	Moderate	1 <sup>st</sup> 2,500 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 10,000
It shall be a violation of this Chapter for a permittee to cultivate, process, manufacture, test, distribute, transport, deliver, provide, or allow to be provided Cannabis to any person under twenty-one years of age except for Cannabis Medical Use Dispensaries which may permit qualified patients, or primary caregivers of qualified patients pursuant to applicable State law. (PSMC 5.55.200 (1)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Each Permittee shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an financial interest in the Adult-Use Cannabis Business, and separately of all the officers, managers, supervisors, employees and volunteers currently employed or otherwise engaged by the Adult-Use Cannabis Business. The register required by this paragraph shall be provided to the City Manager or his/her designee(s) upon a reasonable request. (PSMC 5.55.200 (3)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Signage for any Adult-Use Cannabis Business facility and/or location shall include the name of the business and shall be in compliance with the City's sign ordinance and any applicable City design standards. (PSMC 5.55.200 A (11)).	Minor	1 <sup>st</sup> 500 2 <sup>nd</sup> 2,500 3 <sup>rd</sup> 10,000
Dispensaries shall ensure that all Cannabis goods at the dispensary are cultivated, manufactured, transported, distributed, and tested by licensed and permitted facilities that maintain operations in full conformance with state and local regulations. (PSMC 5.55.205 A (4)).	Serious	1 <sup>st</sup> 1,000 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 25,000
All Cannabis goods shall be stored in a secured and locked safe room, safe or vault, and in a manner to prevent diversion, theft, and loss, except for limited amounts of Cannabis used for display purposes, samples, or immediate sale. (PSMC 5.55.200 A (18)).	Serious	1 <sup>st</sup> 1,000 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 25,000
Each permittee shall be responsible and liable for safety and security in and around the Adult-Use Cannabis Business, and shall provide adequate security on the premises, including lighting and alarms, to ensure the safety of persons and to protect the premises from theft and other crimes. Each permittee shall install and maintain in proper working order, video monitoring equipment capable of providing surveillance of both interior and exterior areas of the permitted establishment. Each permittee shall maintain such surveillance video tapes for a period of at least thirty (30) days and shall make such videotapes available to the City upon demand. (PSMC 5.55.200 A (19)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Dispensaries shall not distribute any Cannabis goods unless the Cannabis goods are labeled and in a tamper-evident package in compliance with Section 26120 (a) of the California Business and Professions Code and any additional rules promulgated by the licensing authority and such label shall include the name and contact information of the dispensary that dispensed the Adult-Use Cannabis. (PSMC 5.55.205 A (5)).	Serious	1 <sup>st</sup> 1,000 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 25,000

<p>The Permittee shall maintain clear and adequate records and documentation demonstrating that all Cannabis goods have been obtained from and are provided to other permitted and licensed Cannabis operations. The City shall have the right to examine, monitor, and audit such records and documentation, which shall be made available to the City upon request. (PSMC 5.55.200 A (7)).</p>	<p>Serious</p>	<p>1<sup>st</sup> 1,000 2<sup>nd</sup> 5,000 3<sup>rd</sup> 25,000</p>
<p>Physician services shall not be provided on the premises. “Physician services” includes without limitation the evaluation of patients for the issuance of a medical Cannabis recommendation or card. “Physician services” does not include social services, including counseling, help with housing and meals, hospice, and other care referrals which may be provided on site. (PSMC 5.55.200 A (12)).</p>	<p>Moderate</p>	<p>1<sup>st</sup> 2,500 2<sup>nd</sup> 5,000 3<sup>rd</sup> 10,000</p>
<p><b>Consumption Lounge</b></p>		
<p>Sale of Cannabis Goods. Cannabis goods may be sold on the premises of a Cannabis Lounge, subject to the following:</p> <ul style="list-style-type: none"> <li>(i) The Permittee must hold an Adult-Use Dispensary permit.</li> <li>(ii) Permittees shall not permit patrons to bring their own personal cannabis or cannabis goods to the Cannabis Lounge Facility.</li> <li>(iii) All cannabis or cannabis goods purchased and opened at the facility must be smoked, inhaled, consumed or ingested on site, and shall not be permitted to leave the facility unless repackaged in a container that is compliant with all applicable state law and regulation.</li> <li>(iv) Permittees shall only permit patrons to leave the Cannabis Lounge Facility with cannabis and cannabis goods that remain in originally sealed and unopened packaging or have been transferred by the Operator for repackaging in a container that is compliant with all applicable state law and regulation.</li> </ul> <p>(PSMC 5.55.095 (6) (c)).</p>	<p>Serious</p>	<p>1<sup>st</sup> 5,000 2<sup>nd</sup> 10,000 3<sup>rd</sup> 25,000</p>
<p>Minors. Access to the Cannabis Lounge Facility shall be restricted to persons twenty-one (21) years of age and older (PSMC 5.55.095 (6) (f)).</p>	<p>Serious</p>	<p>1<sup>st</sup> 5,000 2<sup>nd</sup> 10,000 3<sup>rd</sup> 25,000</p>
<p>Visibility. The smoking, inhalation, consumption or ingestion of cannabis or cannabis goods shall not be visible from any public place or any area where minors may be present. The Cannabis Lounge shall be located within a completely enclosed building. (PSMC 5.55.095 B (6) (g)).</p>	<p>Serious</p>	<p>1<sup>st</sup> 5,000 2<sup>nd</sup> 10,000 3<sup>rd</sup> 25,000</p>
<p>Alcohol and Tobacco Products. The sale or consumption of alcohol or tobacco products is not allowed on the premises. (PSMC 5.55.095 B (6) (e)).</p>	<p>Serious</p>	<p>1<sup>st</sup> 1,000 2<sup>nd</sup> 5,000 3<sup>rd</sup> 25,000</p>
<p>Permittee shall place and properly maintain solid waste receptacles and recycling bins, in sufficient numbers and locations to service the needs of the proposed use at peak business</p>	<p>Moderate</p>	<p>1<sup>st</sup> 2,500 2<sup>nd</sup> 5,000</p>

periods and shall ensure all areas at least one hundred feet from the consumption area are free of any waste or litter generated by the use. (PSMC 5.55.095 (6) (l)).		3 <sup>rd</sup>	10,000
<b>Retail Delivery</b>			
<p>If the dispensary operations are proposed to include delivery, all employees of a dispensary delivering Cannabis goods shall carry a copy of the documentation listed below when making deliveries. This information shall be provided upon request to law enforcement officers and to employees of state and local agencies enforcing this Chapter.</p> <ol style="list-style-type: none"> <li>A copy of the dispensary's current permits, licenses, and entitlements authorizing them to provide transportation and distribution services;</li> <li>The employee's government-issued identification;</li> <li>A copy of the transportation and distribution request; and</li> <li>Chain of custody records for all goods being delivered.</li> </ol> <p>(PSMC 5.55.205 A (3)).</p>	<p>Serious</p>	<p>1<sup>st</sup> 5,000 2<sup>nd</sup> 10,000 3<sup>rd</sup> 25,000</p>	
<p>Dispensaries shall not distribute any Cannabis goods unless the Cannabis goods are labeled and in a tamper-evident package in compliance with Section 26120 (a) of the California Business and Professions Code and any additional rules promulgated by the licensing authority and such label shall include the name and contact information of the dispensary that dispensed the Adult-Use Cannabis.(PSMC 5.55.205 A (5)).</p>	<p>Serious</p>	<p>1<sup>st</sup> 5,000 2<sup>nd</sup> 10,000 3<sup>rd</sup> 25,000</p>	
<p>Dispensary shall facilitate the dispensing, making available, sale, and delivery of cannabis goods with a technology platform that uses point-of-sale technology to track, and database technology to record and store, the following information for each transaction involving the exchange of cannabis goods between the Dispensary and customer:</p> <ol style="list-style-type: none"> <li>The first name and employee number of the Dispensary employee who processed the sale of cannabis goods on behalf of the Dispensary.</li> <li>A list of all the cannabis goods purchased, including the quantity purchased.</li> <li>The total amount paid for the sale, including the individual prices paid for the Cannabis goods, and any amounts paid for tax.</li> </ol> <p>(PSMC 5.55.205 A (7)).</p>	<p>Serious</p>	<p>1<sup>st</sup> 5,000 2<sup>nd</sup> 10,000 3<sup>rd</sup> 25,000</p>	

<b>Cultivation</b>		
All Cultivation activities permitted under this Chapter shall comply with the state requirements for unique identifiers and the trace and track program. (PSMC 5.55.205 B (2) (a)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Security measures sufficient to restrict access only to authorized personnel and to deter trespass and theft of Cannabis goods shall be provided and maintained. (PSMC 5.55.205 B (2) (b)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Pesticides and fertilizers shall be properly labeled and stored to avoid contamination through erosion, leakage, or inadvertent damage from rodents, pests, or wildlife. (PSMC 5.55.205 B (2) (c)).	Moderate	1 <sup>st</sup> 2,500 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 10,000
Water conservation measures, water capture systems, or grey water systems shall be incorporated in Adult-Use Cannabis Cultivation operations in order to minimize use of water where feasible. (PSMC 5.55.205 B (2) (d)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
On-site renewable energy generation shall be required for all indoor Adult-Use Cannabis Cultivation activities, if feasible. Renewable energy systems shall be designed to have a generation potential equal to or greater than one-half of the anticipated energy demand. (PSMC 5.55.205 B (2) (e)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Cannabis plants shall not be visible from offsite. No visual markers indicating that Cannabis is cultivated on the site shall be visible from offsite. (PSMC 5.55.205 B (2) (f)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
The Permittee shall ensure that the total canopy size of Adult-Use Cannabis cultivated at the site does not exceed the cumulative canopy size authorized by State Law or regulation. (PSMC 5.55.205 B (2) (f)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
<b>Manufacturing</b>		
The manufacturing of food or other products infused with or which otherwise contain Cannabis may be manufactured within the appropriate manufacturing zoning districts subject to the regulations set forth in this Chapter, and subject to whatever additional regulations may be promulgated hereunder by an ordinance or resolution of the City Council. Except as otherwise provided in this Chapter, all Cannabis manufacturing within the City is prohibited. (PSMC 5.55.205 C (2) (a)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Adult-Use Cannabis manufacturing facilities may be located within the same building or structure as an indoor Adult-Use Cannabis Cultivation facility only if the Adult-Use Cannabis manufacturing facility is located in separate rooms of the building or structure. (PSMC 5.55.205 C (2) (b)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Subject to the further requirements of this Section, only State manufacturer license classification type 6 or type 7 will be allowed to operate in the City using nonvolatile solvents in accordance with MAUCRSA and Business and Professions Code Sections 26130(a) and (b). (PSMC 5.55.205 (2) (c)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000

All Cannabis manufacturing operations shall ensure that Cannabis is obtained from permitted and licensed Cultivation sources and shall implement best practices to ensure that all manufactured Cannabis is properly stored, labeled, transported, and inspected prior to distribution at a legally permitted and licensed dispensary. (PSMC 5.55.205 (2) (d)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Any employees of an Adult-Use Cannabis manufacturing facility operating potentially hazardous equipment shall be trained on the proper use of equipment and on the proper hazard response protocols in the event of equipment failure. In addition, employees handling Edible Cannabis Products or ingredients shall be trained on proper food safety practices. (PSMC 5.55.205 (2) (f)).	Moderate	1 <sup>st</sup> 2,500 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 10,000
Adult-Use Cannabis manufacturing is allowed only within Fully Enclosed and Secure Structures that are inaccessible to minors. (PSMC 5.55.205 (2) (g)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
From any public right-of-way, there shall be no visible exterior evidence of any Adult-Use Cannabis manufacturing activity. (PSMC 5.55.205 (2) (i)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Adult-Use Cannabis manufacturing facilities shall not distribute, sell, dispense, or administer Cannabis from the facility to the public. Adult-Use Cannabis manufacturing facilities shall not be operated as Adult-Use Cannabis dispensaries. (PSMC 5.55.205 (2) (m)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
All finished products produced by an Adult-Use Cannabis manufacturing facility must be labeled in compliance with MAUCRSA, Business and Profession Code Section 26120, and the labeling requirements outlined by the State Department of Public Health. (PSMC 5.55.205 (2) (o)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
All finished products produced by an Adult-Use Cannabis manufacturing facility must be packaged in child resistant containers prior to leaving the facility or becoming commercially available in accordance with MAUCRSA, Business and Profession Code Section 26120, the State Department of Public Health regulations, and other applicable State Laws. (PSMC 5.55.205 (2) (p)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
All batches of final Cannabis goods must be tested by a qualified third-party testing facility prior to distribution to a dispensary as required by MAUCRSA, Business and Professions Code Sections 26101, 26102, and 26104, and the State Department of Public Health regulations. (PSMC 5.55.205 (2) (q)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Adult-Use Cannabis manufacturing facilities shall only use nonvolatile solvents that have been approved by the State Department of Public Health for Adult-Use Cannabis level 1 manufacturing. Until such time as any such nonvolatile solvents are approved by the State Department of Public Health for Adult-Use Cannabis level 1 manufacturing, Adult-Use Cannabis manufacturing facilities shall only use nonvolatile solvents that have been approved by the Food and Drug Administration for the processing and preparation of botanical dietary supplements or food grade products. (PSMC 5.55.205 (2) (r)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000

All processing and analytical testing devices used for Adult-Use Cannabis manufacturing facilities must be UL listed, or otherwise approved for the intended use by the City's Building Official or the Fire Department. Any processing devices using only non-pressurized water are exempt from such approval. (PSMC 5.55.205 (2) (s)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
Unless otherwise prohibited, all processing devices used by an Adult-Use Cannabis manufacturing facility that utilize hydrocarbons or otherwise flammable solvents must operate in a closed loop, or in such a way that all solvent material is recovered in the process. All hazardous material must be disposed of in a manner which is compliant with all local, State, and federal guidelines for the disposal of hazardous materials. (PSMC 5.55.205 (2) (t)).	Serious	1 <sup>st</sup> 5,000 2 <sup>nd</sup> 10,000 3 <sup>rd</sup> 25,000
<b>Transportation and Distribution</b>		
Cannabis goods shall only be transported between permitted and licensed adult-use cannabis businesses. (PSMC 5.55.205 E (2) (a)).	Serious	1 <sup>st</sup> 1,000 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 25,000
Prior to transporting cannabis goods, the transporter shall complete an electronic shipping manifest. The shipping manifest shall include the unique identifier information and cultivation source. (PSMC 5.55.205. E (2) (b)).	Serious	1 <sup>st</sup> 1,000 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 25,000
A physical copy of the shipping manifest shall be maintained during transportation and shall be made available upon request to law enforcement or any agents of the State or City. (PSMC 5.55.205 E (2) (c)).	Serious	1 <sup>st</sup> 1,000 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 25,000
Distribution facilities shall maintain appropriate records of transactions and shipping manifests. An organized and clean method of storing and transporting cannabis goods shall be provided to maintain a clear chain of custody. (PSMC 5.55.205 E (2) (d)).	Serious	1 <sup>st</sup> 1,000 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 25,000
Distributors shall ensure that appropriate samples of cannabis goods are tested by a licensed testing facility prior to distribution. (PSMC 5.55.205 E (2) (f)).	Serious	1 <sup>st</sup> 1,000 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 25,000
Cannabis goods shall be packaged and labeled in accordance with the requirements of State law. (PSMC 5.55.205 E (2) (h)).	Serious	1 <sup>st</sup> 1,000 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 25,000
Alternative fuel vehicles shall be provided as part of an Adult-Use Cannabis transportation fleet. (PSMC 5.55.205 E (2) (i)).	Moderate	1 <sup>st</sup> 2,500 2 <sup>nd</sup> 5,000 3 <sup>rd</sup> 10,000

**Odor Violations**

Notwithstanding any other provision of this Chapter, in the event any adult-use cannabis activity surpasses the odor detection threshold while complying with an approved Odor Protection Plan, the permittee will be issued a written warning and the permittee shall work with the City to modify any existing odor control plan to mitigate odor issues within seven (7) days. If the permittee cannot mitigate the odor issues within seven (7) days, then Adult-Use Cannabis Activity causing the odor issues must cease until effective odor control measures are in place. (PSMC 5.55.435 A).

In the event any Adult-Use Cannabis Activity surpasses the odor detection threshold while not complying with an approved Odor Protection Plan, the permittee shall be issued an administrative citation for ten thousand dollars (\$10,000.00). The permittee shall have thirty (30) days to remedy any odor issues. The permittee shall be issued an administrative citation for ten thousand dollars (\$10,000.00) for each subsequent month the permittee fails to remedy the odor issue and comply with the approved Odor Control Plan. If a permittee receives three (3) administrative citations pursuant to this subsection, the permit shall automatically be revoked upon issuance of the third citation. (PSMC 5.55.435 B).

In the event an Adult-Use Cannabis Businesses with an Adult-Use Cannabis Permit is confirmed to have a verified odor complaint based on Adult-Use Cannabis Activity that it is not permitted for, the permittee shall be issued an administrative citation for twenty five thousand dollars (\$25,000.00) and all permits issued to permittee shall automatically be revoked. (PSMC 5.55.435 C).