RESOLUTION NO. 24323

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERSIDE, CALIFORNIA, ADOPTING THE TESTING LABORATORIES COMMERCIAL CANNABIS BUSINESS PERMIT PROCEDURE GUIDELINES.

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

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

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

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

WHEREAS, in furtherance of these goals, on February 28, 2023, the City Council introduced and on March 14, 2023, adopted Ordinance 7628, amending Title 5 (Business Taxes, Licenses and Regulations) of the Riverside Municipal Code ("RMC") and replacing

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Chapter 5.77 (Cannabis Business Activities) in its entirety, Ordinance 7629 amending Title 9 (Peace, Safety and Morals) of the RMC, and Ordinance 7630 amending Title 19 (Zoning) of the RMC; and

WHEREAS, Chapter 5.77 of the RMC regulates Cannabis Business Activities in the City of Riverside, including the types of businesses and maximum number permitted within the City, including up to 14 storefront retail commercial cannabis businesses as well as an unlimited number of manufacturing, distribution, and testing laboratories; and

WHEREAS, pursuant to RMC Section 5.77.130(A), the City Council is required to adopt, by resolution, procedure guidelines and review criteria for permitting commercial cannabis businesses; and

WHEREAS, the City has yet to adopt a procedure for the application or issuance of a permit to operate testing laboratory commercial cannabis businesses; and

WHEREAS, the City Council desires to adopt the rules and regulations entitled Test Laboratories Commercial Cannabis Business Permit Procedure Guidelines, as set forth in Exhibit "A" attached hereto and incorporated herein.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Riverside, as follows:

Section 1: That the above recitals are found to be true and correct and are hereby incorporated as if stated in full.

Section 2: The Test Laboratories Commercial Cannabis Business Permit Procedure Guidelines attached hereto as Exhibit "A" and incorporated herein, are hereby adopted by the City Council.

Section 3: Authorize the City Manager, or designee, to make minor, non-substantive changes, clarifications, and revisions to the Test Laboratories Commercial Cannabis Business Permit Procedure Guidelines as deemed necessary to facilitate the orderly and efficient implementation of any retail commercial cannabis business permit application.

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Section 4: The City hereby finds that this resolution is not subject to review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15061, subdivision (b)(3) (there is no possibility the activity in question may have a significant effect on the environment).

Section 5: The provisions of this resolution shall be operative upon adoption.

ADOPTED by the City Council this 28th day of October, 2025.

PATRICIA LOCK DAWSON
Mayor of the City of Riverside

Attest:

DONESIA GAUSE
City Clerk of the City of Riverside

I, Donesia Gause, City Clerk of the City of Riverside, California, hereby certify that the foregoing resolution was duly and regularly adopted at a meeting of the City Council of said City at its meeting held on the 28th day of October, 2025, by the following vote, to wit:

Ayes: Cervantes, Robillard, Mill, and Hemenway

Noes: Falcone and Perry

Absent: Conder

Abstain:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Riverside, California, this 30th day October, 2025.

DONESIA GAUSE
City Clerk of the City of Riverside

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EXHIBIT "A"

City of Riverside Testing Laboratories Commercial Cannabis Business Permit Procedure Guidelines

I. PURPOSE.

The purpose of these Procedure Guidelines is to establish the procedures and requirements for the submittal of applications for, and the issuance of, Testing Laboratories Commercial Cannabis Business (Testing Lab CCB) Permits authorized by Chapter 5.77 of the Riverside Municipal Code (RMC).

II. AUTHORITY AND SCOPE.

These Procedure Guidelines are authorized to be adopted pursuant to RMC § 5.77.130 and are intended to clarify and facilitate implementation of RMC Chapter 5.77. These Procedure Guidelines shall apply to all applications for Testing Lab CCB Permits submitted for commercial cannabis activities pursuant to RMC Chapter 5.77. To the extent of any conflict between these Procedure Guidelines and RMC Chapter 5.77, the terms of RMC Chapter 5.77 shall govern. Unless the context otherwise clearly indicates, the terms used herein shall have the same meaning as defined in RMC § 5.77.060.

III. PERMIT APPLICATION FOR TESTING LABORATORY COMMERCIAL CANNABIS BUSINESSES.

A. Application Period.

Applications for Testing Laboratories commercial cannabis business permits may be submitted at any time or until which time the City provides written notice on the City's website that it will no longer be accepting applications.

B. Application Submittal Process.

The following procedures outline the application evaluation and selection process, required materials, and other information necessary to apply for a permit to operate a Testing Laboratory CCB in Riverside.

1. Application Submittal Requirements.

Within the established application period, Testing Laboratory CCB Permit Applicants must submit the following:

a. Application Packet.

The applicant shall fully complete the following forms and submit them in an electronic format as designated by the City Manager. In order for an application packet to be deemed complete, all items listed below must be submitted to the City Manager. Application packets shall be no greater than 75 pages of text (single-sided) and 25 pages of images for a total of 100 pages.

i. Application Form.
ii. Premises Information.
iii. Business Plan.

iv. Operations Plan.
v. Security Plan.
vi. Site Details.
vii. Live Scan / Background Checks.
viii. Defense and Indemnification Form.
ix. Laboratory Certification
x. Application Fees.

C. Application Requirements.

1. Application Form:

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

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

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

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

e. Criminal Convictions. Attestation that the applicant and any owner, officer, or manager of the commercial cannabis business have not been convicted of any of the criminal activities enumerated in RMC § 5.77.080.

f. State Law Compliance. Attestation that the applicant will meet the requirements of the state cannabis laws, including, but not limited to, track-and-trace, inventory, returns, destruction of products, waste management, environmental sustainability, records retention, and operational requirements.

g. Insurance Compliance. Consistent with the requirements of RMC § 5.77.330, attestation that applicant has or will be able to obtain and maintain the following amounts and types of insurance:

i. Commercial General Liability with a minimal limit of $2,000,000 per occurrence/$4,000,000 aggregate. Such insurance policy shall name the City and its directors, officials, officers, employees, agents, and volunteers as additional insureds by endorsement with respect to the operation of the commercial cannabis business and compliance with Chapter 5.77, the state cannabis laws or any other applicable law.

ii. Commercial/Business Automobile Liability with coverage for "any auto" and a minimal limit of $1,000,000 per accident for bodily and property damage.

iii. Workers' Compensation with limits as required by the Labor Code of the State of California.

h. Labor Peace Agreement. Any applicant with five or more employees shall attest that it has entered into a labor peace agreement in compliance with RMC § 5.77.130 and will abide by the terms of the agreement. For applicants who have not yet entered into a labor peace agreement at the time of application submittal, the applicant shall provide a notarized statement indicating that within 30 days of cannabis permit from the City, the applicant will enter into and abide by the terms of a labor peace agreement. Once the applicant has entered into the labor peace agreement, the applicant shall provide the City Manager or his/her designee with a copy of the page of the labor peace agreement that contains the signatures of the union representative and the applicant.

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

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

b. Zoning Compliance. Evidence that the premises are located in a zoning district where commercial cannabis businesses are permitted pursuant to Title 19 of the RMC and that the premises satisfy the location and design requirements set forth in RMC § 5.77.320.

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

premises where the commercial cannabis activity is proposed to be conducted, the applicant shall provide a copy of the title or deed to the premises.

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

3. Business Plan. The applicant shall submit a business plan following standard business practices that includes at minimum an executive summary, company description and history, business concept, products, and services to be offered, target market, key leadership and ownership experience and qualifications, marketing strategy, current and projected financial outlook, unique or innovative business practices, local labor and employment sourcing plan, and any other information that describes or demonstrates the business and its goals, vision, and mission.

4. Operations Plan. The applicant shall submit an operations plan that contains, at a minimum, operational information as required in RMC Chapter 5.77 and the following information:

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

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

   c. Standard Operating Procedures. A description of standard operating procedures for daily operations, including, but not limited to, Department of Cannabis Controls (DCC) standardized test methods and mechanisms for ensuring compliance with state and local laws.

   d. Product Custody. A description of the specified change of custody protocol to ensure samples are transferred, transported, and securely stored in a manner than prevents degradation, contamination, and tampering, and in compliance with labeling on the cannabis products.

   e. Hazardous Materials. A description of any and all hazardous waste materials or hazardous waste used or generated by the laboratory. The applicant shall detail how applicable hazardous material regulations for hazardous waste generators and hazardous waste materials handling will be implemented and which applicable permits are required.

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

5. Security Plan. The applicant shall submit a security plan that contains, at a minimum, the security measures required in RMC Chapter 5.77 and the following information:

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

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

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

d. Premises Access. A description of the sign-in/sign out procedure for all persons accessing the premises, including individuals, suppliers, and visitors.

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

f. Video Camera Surveillance. A detailed description of the video surveillance system proposed for the premises, including general camera placement, quality, and practices for the maintenance of video surveillance equipment, live feed capability, storage of video footage, recorded video retention policies, and Police access to recorded media or live feed.

6. Site Details. The applicant shall submit a complete and detailed set of plans for the proposed location. If the proposed location consists of only a portion of a parcel, property, or structure, the diagrams must be labeled indicating which part of the property/structure the proposed business will be located and how the remaining property/structure is used. The plans shall include the following:

a. Site Plan. A fully dimensioned Site Plan must be prepared by a design professional and drawn to scale. The Site Plan must include the entire property and identify the specific location of the proposed business.

b. Floor Plan. A fully dimensioned Floor Plan must be prepared by a design professional and drawn to scale. The Floor Plan must indicate all boundaries, dimensions, entrances, and exits, interior partitions, walls, rooms, windows, and doorways. The Floor Plan must also Identify the principal activity to be conducted in each area of the proposed business location as well as areas to be used as limited-access areas.

c. Elevations or Building Exterior Photos. Fully dimensioned, color elevations of the building or location exterior must be prepared by design professionals and must indicate all proposed materials and colors. Alternatively, for existing spaces, digital photographs of all exterior walls and entrances must be provided. Any new structures or structural modifications to an existing building may be subject to a Design Review and building permits in accordance with the RMC and standard City procedures.

d. Existing or Proposed Landscaping Plan or Photos. Fully dimensioned landscape plans must be prepared by a design professional and shall indicate the size, placement, and species of all new plantings. Alternatively, for existing locations, digital photographs of all planting and landscape areas demonstrating that the landscape areas are in good condition and well-maintained. All new landscaping proposed shall comply with RMC Title 19 and may be subject to a Landscape Design Review pursuant to RMC Chapter 19.570.

e. Proposed Signs. Fully dimensioned, color plans of the proposed signs must be prepared by a design professional. Proposed signs must meet the requirements of Title 19 and any approved sign program for the location. Building signs must obtain all required permits in accordance with the RMC and standard City procedures.

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

   a. Background Form.

      i. Owner, Officer, and Manager Information. The name, address, telephone number, e-mail address and age, including documentation validating the identity and age of all owners, officers and managers and the percentage of ownership interest or other financial interest, if any, held by each owner, officer and manager must be provided.

      ii. Required State Financial Information. The applicant shall provide all financial information required by the State of California, pursuant to the California Code of Regulations, Title 4, Section 15004 or other relevant law.

8. Defense and Indemnification Form. Consistent with the requirements of RMC § 5.77.330, an agreement for attestation and signature that the applicant agrees to: (1) indemnify, defend (at applicant's sole cost and expense), and hold the City of Riverside, and its officers, officials, employees, representatives, and agents, harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to, the City's issuance of the cannabis business permit, the City's decision to approve the operation of the cannabis business or activity, the process used by the City in making its decision, or the alleged violation of any federal, state or local laws by the cannabis business or any of its officers, employees or agents; and (2) reimburse the City for all costs and expenses, including but not limited to legal fees and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the applicant's cannabis business permit or related to the City's approval of a cannabis activity.

9. Laboratory Certification. Applicants shall provide the testing laboratory's certificate(s) of accreditation and/or application(s) for certificate(s) of ISO/IEC 17025 accreditation, in compliance with state law. In the event the applicant only provides evidence of an ISO/IEC application, the applicant must obtain the required accreditation and provide the certificate to the City within twelve (12) months of final testing laboratory CCB permit approval. Failure to do so may be a basis for permit suspension or revocation, or denial of a request for permit renewal.

10. Application Fee. All Testing Laboratory CCB Permit applicants shall submit at the time of filing of the application the initial Application Fee in the amount and manner established by resolution of the City Council to cover all costs incurred by the City in the application review (RMC 5.77.130(F)).

IV. APPLICATION REVIEW AND APPROVAL.

A. Step 1 – Preliminary Approval

1. Application Clearance and Review.

   a. Standard for Review.
   Upon receipt of an application packet for a Testing Lab CCB permit, the City Manager, or his/her designee(s) shall review the application packet and to determine whether such application contains all of the required items specified in the application requirements.

   b. Review Period. The City Manager shall grant application clearance or provide a correction notice of missing application information within seven (7) calendar days of the City's receipt of the application. The seven (7) calendar day period may be extended by the City Manager for up to seven (7) additional calendar days, if necessary, to complete the review.

2. Preliminary Approval – Testing Laboratories.

   a. Standard for Review.
   Upon receipt of application clearance for a Testing Lab CCB permit, the City Manager, or his/her designee(s) shall review the application packet and conduct an investigation to ascertain whether such application should be granted preliminary approval, as provided for herein, in accordance with RMC 5.77, these rules and regulations, and any rules, regulations, standards, policies or other requirements adopted by the City Council or City Manager.

   b. Review Period. The City Manager shall grant preliminary approval, provide a correction notice, or reject the application within forty-five (45) calendar days of the City's receipt of the results of the live scan/background checks for all owners, officers, managers, and proposed employees of the commercial cannabis business. The forty-five (45) calendar day period may be extended by the City Manager for up to fifteen (15) additional calendar days, if necessary, to complete the review and investigation.

c. Preliminary Approval. The City Manager shall grant preliminary approval, unless he or she makes any of the following findings.

i. Unpaid Fees. The applicant has not paid all fees required pursuant to RMC Chapter 5.77 or other applicable laws, rules, or regulations.

ii. Application Disqualification. The application is incomplete or requires corrections and the applicant is otherwise not responsive to the requirements of RMC Chapter 5.77 or these Procedure Guidelines.

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

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

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

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

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

viii. Criminal Convictions. The applicant or any owner, officer, or manager has been convicted of any of the criminal activities enumerated in RMC § 5.77.080.

ix. Persons Prohibited. The applicant or any owner, officer, or manager has been deemed prohibited from holding a permit as specified in RMC § 5.77.090.

x. Cannabis Activity Denials or Revocations. The applicant or any owner, officer, or manager of the commercial cannabis business has, within the previous five (5) years, been denied the right to conduct any commercial cannabis activity in any jurisdiction for any reason substantially similar to conduct described in RMC § 5.77.190 and/or whether such person's authorization to conduct any commercial cannabis activity in any jurisdiction has been suspended or revoked for any reason substantially similar to the reasons described in RMC § 5.77.190. Notwithstanding the foregoing, this subsection (x) does not apply to an applicant or any owner, officer, or manager of the commercial cannabis business who was not awarded a permit resulting from a city, county, city and country or any other state cannabis licensing authority not selecting them in an application process with a finite number of available permits.

xi. Zoning Non-Compliance. The premises are located in a zoning district where commercial cannabis businesses are not permitted, pursuant to Title 19 of the RMC, or that do not satisfy the separation requirements set forth in RMC § 5.77.320.

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

d. Notice of Decision. The City Manager shall notify the applicant, as listed in the application, with dated written notice of the decision to grant or deny preliminary approval. The notice shall state the reasons for the decision, the effective date of the decision, the right of the applicant to appeal the decision pursuant to RMC § 5.77.220, and that the decision will be final if an appeal is not filed within the time permitted.

e. Advancement to Step 2 - Provisional Approval. An application which receives preliminary approval pursuant to Section IV.A shall advance to Step 2 of Application Review (Provisional Approval) set forth in Section IV.B.

B. Step 2 – Provisional Approval

1. Provisional Approval – Testing Laboratories.

a. Conditions of Provisional Approval. The City Manager shall grant provisional approval for a commercial cannabis permit which involves a testing laboratory if each of the following conditions are satisfactorily met: (1) the applicant provides satisfactory proof of property control for that site pursuant to Step 2.1.b; and (2) the applicant satisfactorily executes and delivers to the City Manager an operational agreement with the City pursuant to Step 2.1.c.

b. Proof of Property Control. Within twenty-one (21) calendar days of the date of the City Manager's notice to an applicant that their application has been preliminarily approved as provided for in Section IV.A above, the applicant shall submit to the City Manager documentary evidence, such as a lease agreement or deed, demonstrating to the satisfaction of the City Manager that the applicant has the legal right to occupy and use such premises to operate the commercial cannabis business described in the applicant's application. The twenty-one (21) calendar day period may be extended by the City Manager for up to twenty-one (21) additional calendar days, if the City Manager determines that the applicant needs additional time to identify the applicant's preferred premises location. If any applicant fails to submit documentary evidence demonstrating that the applicant has the legal right to occupy and use such premises to operate the commercial cannabis business described in the application by the end of this twenty-one (21) calendar day period or such extended period of time permitted by the City Manager pursuant to this Section, the applicant shall be deemed to have forfeited the commercial cannabis permit application and any right to a commercial cannabis permit.

c. Commercial Cannabis Operational Agreement.

i. Requirement. Within twenty-one (21) calendar days of the successful completion of Step 1, the applicant shall execute, in a manner deemed acceptable by the City Manager and City Attorney in their sole and absolute discretion, a Commercial Cannabis Operational Agreement with the City pursuant to RMC § 5.77.360-C. The twenty-one (21) calendar day period may be extended by the City Manager for up to twenty-one (21) additional calendar days. Since the commercial cannabis operational agreement will confer substantial private benefit on a permittee and the permittee representatives, it will also provide for consideration to the public to balance the private benefits.

ii. Form and Content. In addition to the requirements below, the commercial cannabis operational agreement shall be in a form and include any other provisions approved by the City Manager and City Attorney in their sole and absolute discretion.

iii. Failure to Execute Agreement. If any applicant has not satisfactorily executed a Commercial Cannabis Operational Agreement with the City by the end of this twenty-one (21) calendar day period or such extended period of time permitted by the City Manager pursuant to this Section, the applicant shall be deemed to have forfeited the Testing Laboratory CCB Permit application and any right to a Testing Laboratory CCB Permit.

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

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

(b) Indemnification. A requirement to defend (with counsel of City's choosing), indemnify and hold the City, its directors, officials, officers, employees, agents and volunteers free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of, pertaining to, or incident to the City's issuance of the Testing Laboratory CCB Permit, the process used by the City in making its decision to issue a Cannabis Business Permit or approve the operation of the commercial cannabis business, the operation of the commercial cannabis business or the prosecution of the applicant, permittee, or any permittee representative for violation of federal law or the state cannabis laws, including without limitation the payment of all settlement amounts, expert witness fees and attorney's fees and other related costs and expenses.

(c) Audits. A provision that permits the City to inspect and conduct an audit of the books and records of the commercial cannabis business upon request and

pursuant to RMC § 5.77.340. The costs of such an audit shall be borne by the City.

(d) Community Benefit. A commitment to implement any community benefit actions or measures described in the applicant's application packet.

(e) Local Hiring Practices. A commitment to promote local hiring or implement incentives for local residents to work with the commercial cannabis business if such practices are described in the applicant's application packet.

(f) Labor Peace Agreement. Pursuant to RMC § 5.77.130-G, for applicants with five or more employees, the applicant shall attest that the applicant has entered into a labor peace agreement as defined in Business and Professions Code Section 26001(y) with a Bona Fide Labor Organization as defined by 29 U.S.C 402(i) and will abide by the terms of the agreement, and the applicant shall provide a copy thereof to the City.

(g) Local Sourcing Practices. A commitment to secure supplies and equipment from local sources if such practices are described in the applicant's application packet.

d. Notice of Decision. The City Manager shall notify the applicant, listed in the application, with dated written notice of the decision to grant or deny provisional approval. The notice shall state the reasons for the decision, the effective date of the decision, the right of the applicant to appeal the decision pursuant to RMC § 5.77.220, and that the decision will be final if an appeal is not filed within the time permitted.

e. Advancement to Step 3 - Final Approval. An application which receives provisional approval pursuant to this Section shall advance to Step 3 of Application Review (Final Approval) set forth in Section IV.C.

C. Step 3 - Final Permit Approval

1. Conditions of Final Approval

The City Manager may grant final permit approval of an application for a Testing Laboratory CCB Permit if each of the following conditions are satisfactorily met:

a. Operational Agreement Approval. The operational agreement executed by the applicant in Step 2 is approved by the City Council.

i. Within sixty (60) days of the successful completion of Step 2, the City shall present the operational agreement signed by the applicant to the City Council for consideration.

ii. If the agreement presented to City Council is not approved, the applicant within twenty-one (21) calendar days of the City Council action, the applicant shall execute, in a manner deemed acceptable by the City Manager and City Attorney in their sole and

absolute discretion, a revised Commercial Cannabis Operational Agreement with the City pursuant to RMC § 5.77.360-C. This twenty-one (21) calendar day period may be extended by the City Manager for up to twenty-one (21) additional calendar days.

b. State License. Within twelve (12) months of the date of the City's provisional approval of a commercial cannabis permit pursuant to Section IV.B (Step 2), the applicant shall obtain all State licenses required by the state cannabis laws to authorize the applicant to operate the Testing Laboratory CCB. The twelve (12) month period may be extended by the City Manager for up to one hundred eighty (180) additional calendar days, if necessary, for the applicant to obtain all required State licenses provided that the applicant has proceeded with due diligence to obtain such licenses. If the applicant has not obtained all required State licenses by the end of this twelve (12) month period, as may be extended, the applicant shall be deemed to have forfeited the Testing Laboratory CCB Permit application and any right to a Testing Laboratory CCB Permit.

c. City Business Tax Certificate. Prior to opening, the applicant shall obtain a City Business Tax Certificate to conduct the commercial cannabis business permitted by the Testing Laboratory CCB Permit and pay the applicable tax, as required by RMC Chapter 5.04. If the applicant has not obtained a City business tax certificate prior to opening, the applicant shall be deemed to have forfeited the commercial cannabis business permit application and any right to a Testing Laboratory CCB Permit.

d. Entitlements. If it is determined by the Planning Division that entitlements, including, but limited to Design Review for new construction, are required consistent with RMC Title 19, the Applicant shall be responsible for submitting an application and applicable fees for the entitlements in accordance with Title 19 and standard City procedures and timelines.

e. Building, Fire and Occupancy Permits. Within one hundred eighty (180) calendar days of the date of the successful completion of Step 2, the applicant shall take all necessary actions to open its commercial cannabis business, including, but not limited to, completing all construction and tenant improvements, and obtaining all building, fire and occupancy permits that will permit the applicant to open the commercial cannabis business to the public. The one hundred eighty (180) calendar day period may be extended by the City Manager for up to sixty (60) additional calendar days, if necessary, for the applicant to obtain the required building, fire and occupancy permits provided that the applicant has proceeded with due diligence to obtain such permits. If the commercial cannabis business is not fully permitted and operating by the end of this one hundred eighty (180) calendar day period, as may be extended, the applicant shall be deemed to have forfeited the Testing Laboratory CCB permit application and any right to a Testing Laboratory CCB Permit.