

RESOLUTION NO. 2017-36

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF HOLLISTER ADOPTING THE ADMINISTRATIVE
PROCEDURE FOR THE ISSUANCE OF MEDICAL
CANNABIS FACILITIES REGULATORY PERMITS AND
REGULATIONS FOR THE OPERATION OF MEDICAL
CANNABIS FACILITIES**

WHEREAS, on December 19, 2016, City Council of the City of Hollister (the "City Council") adopted Ordinance No. 1131, amending and restating Chapter 5.42 "Medical Cannabis Facilities Regulatory Permit" to Title 5 "Business Licenses and Regulations" of the Hollister Municipal Code (the "Ordinance"); and

WHEREAS, the Ordinance authorizes the City Council to issue regulatory permits to medical cannabis facilities in the City, subject to all the restrictions and operational requirements in the Ordinance; and

WHEREAS, the Ordinance requires the City Council to develop written regulations governing the implementation of the medical cannabis facility regulatory permit process (Section 5.42.290.A of the Municipal Code); and

WHEREAS, the City Council desires to ensure that the medical cannabis facility regulatory permit process application and selection process is consistent with the terms of the Ordinance and provides a fair process for approving the most qualified and appropriate applicants for the City; and

WHEREAS, the medical cannabis facility regulatory permit process application and selection process being proposed for approval by this Resolution will screen and evaluate applicants over a three stage screening process that culminates with a final decision by City Council on whether an applicant is qualified and appropriate to operate a medical cannabis facility in the City; and

WHEREAS, because the Ordinance only allows the City to permit two medical cannabis dispensaries (Section 5.42.050.D of the Municipal Code), the medical cannabis facility regulatory permit process application and selection process being proposed for approval by this Resolution will screen, evaluate, and rank all medical cannabis dispensary permit applicants over the three stage screening process concurrently in a limited application window; and

WHEREAS, the Ordinance also allows the City Manager or designee to develop written regulations governing the conduct of the medical cannabis facilities and the delivery of medical cannabis or medical cannabis products (Section 5.42.290.A of the Municipal Code); and

WHEREAS, the Ordinance requires the written regulations developed by the City Manager or designee that govern the conduct of the medical cannabis facilities and the delivery of medical cannabis or medical cannabis products to be approved by the City Council.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HOLLISTER
DOES RESOLVE AS FOLLOWS:**

Section 1. APPLICATION FORM.

The City Council adopts the form Application for Medical Cannabis Facility Regulatory Permit in the form as set forth in the Exhibit "A" to this Resolution, attached hereto and incorporated by this reference.

Section 2. APPLICATION PROCESS – GENERAL.

The City Manager or designee shall administer the following three stage process for the screening and evaluation of medical cannabis facility regulatory permit applications:

A. Stage 1 – Applicant and Facility Eligibility:

Stage 1 of the medical cannabis facility regulatory permit application process considers the eligibility of the application and the proposed facility according to the following procedure:

1. The application is evaluated for completeness, including the execution of any required agreements accompanying the application form and the following documentation;
 - i. Copy of the applicant's Articles of Incorporation or Articles of Organization;
 - ii. Copy of the applicant's bylaws or operating agreement;
 - iii. Copy of the applicant's Certificate of Status issued by the California Secretary of State;
 - iv. Copy of the applicant's Entity Status Letter from the California Franchise Tax Board;
 - v. The applicant's Federal Employer Identification Number;
 - vi. Evidence of the legal right for the applicant to occupy and use the property for a medical cannabis facility. In the event that the applicant is not the owner of record of the property, the applicant must provide a notarized statement from the owner of the property acknowledging and consenting to use of the property as a medical cannabis facility by the applicant; and
 - vii. The identification of any individual with a financial interest in the applicant including the address, phone number, email address, description of percentage ownership interest, and copies of government issued identification for each individual;

2. The proposed location is evaluated for conformance with the zoning and sensitive use restrictions contained in Section 5.42.160 of the Municipal Code; which shall include a reliable mapping of the proposed location and distances to all sensitive uses, satellite mapping is preferred;
3. Evidence is reviewed to determine that 75 percent of the applicants and managers of the medical cannabis facility are residents of the State and have been for at least three years immediately preceding the date of the application pursuant to Section 5.42.050 of the Municipal Code;
4. Each applicant under the application will undergo a Fingerprint-Based Criminal History Records Check conducted by the City Police Department pursuant to Section 5.42.060 of the Municipal Code; which may include Live Scan and any indicated follow-up investigation; and
5. Government issued identification to determine that each applicant, manager, and employee of the medical cannabis facility is over eighteen (18) years of age and that no applicant, manager, or employee of the medical cannabis facility is a licensed physician making patient recommendations for medical cannabis pursuant to Section 5.42.070 of the Municipal Code.

All eligible applications will move onto Stage 2.

B. Stage 2 – Applicant and Facility Evaluation and Scoring:

1. In the initial portion of Stage 2, applications are scored via a point system that weighs the various components of the application requirements under the Municipal Code as follows:
 - a. Qualifications (including residency) of the applicants, managers, and employees – 150 points
 - b. Comprehensive site plan and floor plan of the facility which includes the dimensions of the interior floor plan; location of all exist doors, width of doors and panic hardware; principal uses of the floor area including, storage areas and restricted areas. – 100 points
 - i. Photographic evidence accurately depicting the entire interior and exterior of the proposed site(s), including entrance(s), including entrance(s), street frontage(s), parking, front, rear and sides of the proposed site.
 - c. Security plan demonstrating compliance with Chapter 5.42 of the Municipal Code and this Resolution – 200 points

- i. Identification of companies providing security services, including California Business, PPO.
 - ii. Identification of a security liaison
 - iii. Identification physical security measures
 - iv. Identification of surveillance system coverage and recording
 - v. Number of security personnel.
 - vi. 24-hour and off-business hour security, surveillance and monitoring.
 - vii. Detailed description of security plan including security diagrams
 - viii. Fire and emergency response plan.
- d. Business plan including financial information, revenue and expense projections, capital investment and operating reserves - 100
 - e. Community benefits plan with a dedicated Community Liaison – 50 points
 - f. Plan for preference in hiring City of Hollister residents at 200% above the “Living wage” for the Federal Poverty Level for a family of two – 25 points
 - g. Employee manual, benefits and vacation pay plan – 100 points
 - h. Preference to participate in clinical or academic research seeking to understand the efficacy and adverse effects of cannabis as a pharmacological agent. – 25 points
 - i. Procedures for inventory control including a detailed description of inventory tracking software and procedures – 150 points
 - j. The odor management plan, including a detailed description of the ventilation system used in the medical cannabis facility including but not limited to how the ventilation systems prevent odor from escaping the building and how to mitigate the noxious fumes or gases. – 150 points
 - k. Signage plan – 25 points
 - l. Policies and procedures for adopting, monitoring, implementing, and enforcing all other requirements of Chapter 5.42 of the Municipal Code – 100 points

- m. Proposed development agreement with no less than a square footage rate of Seven Dollars (\$7.00) a per square foot of canopy or Five Percent (5%) of gross sales, whichever is applicable to the City – 200 points

The City Manager or designee may establish a point threshold below, which applications are denied following the initial portion of Stage 2.

- 2. In the subsequent portion of Stage 2, a committee appointed by the City Manager or designee interviews and evaluates the applicants. In addition to the already scored components, the committee may also consider community input, site inspection results, the feasibility of the business, and the viability of the proposed location.

The committee's evaluation will be included with the application when presented to the City Council in Stage 3.

C. Stage 3 – Applicant and Facility Selection:

Stage 3 of the medical cannabis facility regulatory permit application process requires the City Council to make the final determination on whether to issue or deny medical cannabis facility regulatory permit applications according to the following procedure:

- 1. The City Manager or designee shall prepare a report bringing forward to the City Council the points scored by the application in the initial portion of Stage 2 and the committee's evaluation in the subsequent portion of Stage 2;
- 2. The application shall be properly included on the agenda of a City Council meeting as a public hearing, and the above report shall be presented to the City Council and public;
- 3. The applicants shall attend the public hearing to answer any additional questions and potentially make a presentation to the City Council and public; and
- 4. The City Council shall determine whether to issue or deny the medical cannabis facility regulatory permit the application; in so doing the City Council may impose such additional terms and conditions on the issuance or renewal of the regulatory permit and the operation of the facility as the City Council deems appropriate.

Section 3. APPLICATION PROCESS – DISPENSARIES.

Because the City may only permit two medical cannabis dispensaries pursuant to Section 5.42.050, the City Manager or designee shall administer the three stage process for the screening and evaluation of medical cannabis dispensary regulatory permit applications on a competitive basis. The application process for a medical cannabis dispensary regulatory permit will open on March 15,, 2017. To be considered, final applications must be submitted by 4:00 PM on April 17, 2017.

A. Stage 1 – Applicant and Facility Eligibility:

Stage 1 of the medical cannabis dispensary regulatory permit application process considers the eligibility of the application and the proposed facility according to the following procedure:

1. The application is evaluated for completeness, including the execution of any required agreements accompanying the application form and the following documentation;
 - i. Copy of the applicant's Articles of Incorporation or Articles of Organization;
 - ii. Copy of the applicant's bylaws or operating agreement;
 - iii. Copy of the applicant's Certificate of Status issued by the California Secretary of State;
 - iv. Copy of the applicant's Entity Status Letter from the California Franchise Tax Board;
 - v. Copy of the applicant's Board of Equalization Seller's Permit;
 - vi. The applicant's Federal Employer Identification Number;
 - vii. Evidence of the legal right for the applicant to occupy and use the property either a deed or lease for a medical cannabis facility. In the event that the applicant is not the owner of record of the property, the applicant must provide a notarized statement from the owner of the property acknowledging and consenting to use of the property as a medical cannabis facility by the applicant; and
 - viii. The identification of any individual with a financial interest in the applicant including the address, phone number, email address, description of percentage ownership interest, and copies of government issued identification for each individual;
2. The proposed location is evaluated for conformance with the zoning and sensitive use restrictions contained in Section 5.42.160 of the Municipal Code; which shall

include a reliable mapping of the proposed location and distances to all sensitive uses, satellite mapping is preferred;

3. Evidence is reviewed to determine that 75 percent of the applicants and managers of the medical cannabis facility are residents of the State and have been for at least three years immediately preceding the date of the application pursuant to Section 5.42.050 of the Municipal Code;
4. Each applicant under the application will undergo a Fingerprint-Based Criminal History Records Check conducted by the City Police Department pursuant to Section 5.42.060 of the Municipal Code; and
5. Government issued identification to determine that each applicant, manager, and employee of the medical cannabis facility is over eighteen (18) years of age and that no applicant, manager, or employee of the medical cannabis facility is a licensed physician making patient recommendations for medical cannabis pursuant to Section 5.42.070 of the Municipal Code.

All eligible applications will move onto Stage 2.

B. Stage 2 – Applicant and Facility Evaluation and Scoring:

1. In the initial portion of Stage 2, applications are scored via a point system that weighs the various components of the application requirements under the Municipal Code as follows:
 - a. Qualifications (including residency) of the applicants, managers, and employees – 150 points
 - b. Comprehensive site plan and floor plan of the facility which includes the dimensions of the interior floor plan; location of all exist doors, width of doors and panic hardware; principal uses of the floor area including where non-patients will be permitted, storage areas, retails areas, areas for cash handling and storage and restricted areas. – 100 points
 - c. Security plan demonstrating compliance with Chapter 5.42 of the Municipal Code and this Resolution – 200 points
 - i. Identification of companies providing security services including the company's named, address, contract information, California Business license and PPO.
 - ii. Identification of a security liaison – name, contact information
 - iii. Identification physical security measures

- d. The medical cannabis dispensing procedures, including whether the medical cannabis dispensary will engage in the delivery of medical cannabis or medical cannabis products and the detailed delivery protocols – 100 points
- e. Business Plan including financial information, revenue and expense projections, capital investment and operating reserves. – 100 points
- f. Community Benefits Plan with a dedicated community liaison. – 50 points
- g. Plan for preference in hiring City of Hollister residents at 200% above the “living wage” for the Federal Poverty Level for a family of two. – 25 points
- h. Employee manual, benefits and vacation pay plan – 100 points
- i. Procedures for identifying, managing, and disposing of contaminated, adulterated, deteriorated or excess medical cannabis or medical cannabis products – 50 points
- j. Preference for participation in clinical or academic research seeking to understand the efficacy and adverse effects of cannabis as a pharmacological agent. – 25 points
- k. Procedures for inventory control including a detailed description of inventory tracking software and procedures – 150 points
- l. The odor management plan including detailed description ventilation – 150 points
- m. Signage plan – 25 points
- n. Cash management policies and procedures – 200 points
- o. Policies and procedures for adopting, monitoring, implementing, and enforcing all other requirements of Chapter 5.42 of the Municipal Code – 100 points
- p. Proposed development agreement with no less than Five Percent (5%) gross sales with the City – 200 points

Only the (8) eight highest scoring applications will move onto the subsequent portion of Stage 3.

- 2. In the subsequent portion of Stage 2, a committee appointed by the City Manager or designee interviews and evaluates the applicants. In addition to the already

scored components, the committee may also consider community input, site inspection results, the feasibility of the business, and the viability of the proposed location.

The committee's evaluation will be included with the application when presented to the City Council in Stage 3.

C. Stage 3 – Applicant and Facility Selection:

Stage 3 of the medical cannabis dispensary regulatory permit application process requires the City Council to determine which applications (a maximum of two) shall receive a medical cannabis dispensary regulatory permit according to the following procedure:

1. The City Manager or designee shall prepare a report bringing forward to the City Council the points scored by the applications in the initial portion of Stage 2 and the committee's evaluation in the subsequent portion of Stage 2;
2. The applications shall be properly included on the agenda of a City Council meeting as a public hearing, and the above report shall be presented to the City Council and public;
3. The applicants shall attend the public hearing to answer any additional questions and potentially make a presentation to the City Council and public; and
4. The City Council shall determine which applications (a maximum of two) shall receive a medical cannabis dispensary regulatory permit; in issuing the permit, the City Council may impose such additional terms and conditions on the issuance or renewal of the regulatory permit and the operation of the dispensary as the City Council deems appropriate.

Section 4. MEDICAL CANNABIS FACILITIES AND DELIVERY REGULATIONS.

A. Medical Cannabis Facility Infrastructure and Security Regulations

In addition to the infrastructure and security requirements contained in the Hollister Municipal (including but not limited to Chapter 5.42), medical cannabis facilities shall comply with the following infrastructure and security regulations:

1. Alarms and closed circuit television.
 - a. A Police Department-licensed, 24-hour centrally monitored alarm system is required. The system shall automatically notify the Police Department dispatch and allow camera system access for dispatch to relay vital information to responding officers on alarm activations.

- b. Closed circuit television (“CCTV”) video monitoring shall be installed that meets the following criteria:
 - i. Continuous 24-hour operation and recording with minimum archival period of six months cloud based storage for motion activated movement.
 - ii. Sufficient cameras, angles of observation and lighting to allow facial feature identification of persons in interior and exterior areas where medical cannabis or medical cannabis products is present at any time.
 - iii. Sufficient cameras, angles of observation and lighting to allow facial feature identification of persons in the immediate exterior areas of doors, windows, or other avenues of potential access. 20 feet on either side and out from every door.
 - iv. All CCTV recordings shall be accessible to law or code enforcement officers at all times during operating hours and otherwise upon reasonable request. All CCTV recording systems shall have the capability of producing tapes, DVDs or other removable media of recordings made by the CCTV system, including still photograph images.
 - v. To prevent tampering, the recorder shall be kept in a secure, locked location and all recordings shall be date and time stamped.

2. Windows.

- a. Windows and glass panes shall have vandal-resistant glazing, shatter-resistant film, glass block, or bars installed equipped with latches that may be released quickly from the inside to allow exit in the event of emergency.
- b. Windows vulnerable to intrusion by a vehicle must be protected by bollards or landscaping grade separation reasonably sufficient to prevent such intrusion.

3. Roofs, roof hatches, sky lights, and ceilings.

- a. All means of gaining unauthorized access to the roof shall be eliminated. Exterior roof ladders shall be secured with locked ladder covers.
- b. Roof hatches and skylights shall be secured so as to prevent intrusion.
- c. Where a medical cannabis facility is located in a building with other tenants, the medical cannabis facility shall be secured against unauthorized access from other tenant spaces or common areas, including access

through crawl spaces, ceiling spaces, ventilation systems or other access points concealed from the common areas.

4. Visibility.

- a. Medical cannabis or medical cannabis products or graphics depicting medical cannabis or medical cannabis products within the medical cannabis facility shall not be visible with the naked eye from the perspective of a pedestrian immediately exterior to the property line of the medical cannabis facility.
- b. Exterior landscaping within 10 feet of a medical cannabis facility shall be free of locations which could reasonably be considered places where a person could conceal themselves considering natural or artificial illumination.
- c. Exterior building lighting and parking area lighting must be of sufficient foot-candles and color rendition, so as to allow the ready identification of any individual committing a crime on site at a distance of no less than forty feet.

5. Fire suppression system.

- a. An approved automatic fire sprinkler system, designed in compliance with International Fire Code is required.

6. Entrances, exits, and doors.

- a. A medical cannabis facility shall have a single plainly identified primary entrance/exit site that is visible from public or common areas.
- b. Any exit or entrance that is not visible from a public or common area shall be plainly marked as an emergency exit only. Such emergency exits shall be self-closing, self-locking, commercial grade locks equipped with an alarm and not used except in an emergency.
- c. Any aluminum door shall be fitted with steel inserts at the lock receptacles.
- d. Any outward opening doors shall be fitted with hinge stud kits, welded hinges or set-screw hinge pins.
- e. Panic exit hardware shall be "push-bar" design.
- f. Double doors shall be fitted with three-point locking hardware and push-bars consistent with fire agency regulations or requirements.
- g. All emergency exits shall be solid core doors featuring hinge-pin removable deterrence. Emergency exit doors shall have latch guards at least 12 inches in length protecting the locking bolt area. Latch guards shall be of minimum 0.125-inch thick steel, affixed to the exterior of the

door with non-removable bolts, and attached so as to cover the gap between the door and the doorjamb for a minimum of six inches both above and below the area of the latch.

- h. All glass doors or doors with glass panes shall have shatter-resistant film affixed to prevent glass breakage.

7. Identification and access badges.

- a. Managers and employees of a medical cannabis facility shall wear identification badges with photo identification on breakaway style lanyards, at chest height.
- b. The identification badges shall the means to access areas of the medical cannabis facility not designed for public access.
- c. The identification badge access system shall have a duress feature.
- d. The identification badge access system shall have a readily available recorded log for entry/exit time of areas of the medical cannabis facility not designed for public access. The electronic logs must be retained for 90 days.

8. Biometric access system.

- a. Entrances to areas of a medical cannabis facility where medical cannabis or medical cannabis products are cultivated, manufactured, processed, stored, tested, or labeled must have biometric scanners for individual unmistakable identifying access.
- b. The biometric access system shall have a readily available recorded log for entry/exit time for to the secured areas. The electronic logs must be retained for 90 days.

9. Security personnel.

- a. A medical cannabis facility shall utilize adequate security personnel and patrols to ensure the safety of persons and to protect the facility from theft at all times.
- b. All security personnel utilized by the medical cannabis facility shall be licensed and possess a valid Department of Consumer Affairs "Security Guard Card" at all times.

10. Security liaison.

- a. A medical cannabis facility shall provide the City Manager or designee with the name, telephone number, and email address of a security liaison to whom the City can provide notice if there are security problems associated with the medical cannabis facility or refer members of the public who may have any concerns or complaints regarding the security of the medical cannabis facility. Each medical cannabis facility shall also provide the above information to all businesses and residences located within 100-foot radius of the medical cannabis facility.
 - b. The security liaison shall be reasonably available to meet with the City Manager, the City's Police Chief, or their designees, regarding any security related measures or and operational issues.
11. Any other infrastructure and security condition included in the development agreement between the medical cannabis facility and the City pursuant to Section 5.42.090 of the Municipal Code.

B. Medical Cannabis Facility General Operating Requirements

In addition to the operating requirements applicable to medical cannabis facilities contained in the Hollister Municipal (including but not limited to Chapter 5.42), medical cannabis facilities shall comply with the following general operating requirements:

1. A medical cannabis facility shall post, in a prominent location within the facility, a copy of its medical cannabis facility regulatory permit and a document that provides (a) the name, telephone number, and address of a person(s) authorized to accept service of process on behalf of the medical cannabis facility, (b) the name, telephone number, and address of the facility's community relations liaison required pursuant to Section 5.42.240 of the Municipal Code, and (c) the name, telephone number, and address of the facility's security liaison required pursuant to this Resolution.
2. There shall be at least one responsible person at the medical cannabis facility to act as manager and supervise employees at all times during business hours. Such responsible person shall undergo a Fingerprint-Based Criminal History Records Check conducted by the City Police Department pursuant to Section 5.42.060 of the Municipal Code and shall not have been convicted of an offense listed in Section 5.42.070.7.A of the Municipal Code.
3. No recommendations or approvals by a physician to use medical cannabis or medical cannabis products shall be issued at a medical cannabis facility.
4. All finished medical cannabis and medical cannabis products (except for limited amounts of cannabis used for display purposes, samples, or immediate sale) shall be secured and locked in a room, safe, or vault in a manner as to prevent

diversion, theft, and loss. No outdoor storage of medical cannabis or medical cannabis products is permitted at any time.

5. A medical cannabis facility shall utilize an inventory and point-of-sale tracking system to track and report on all aspects of the facility's business including, but not limited to, such matters as cannabis tracking, inventory data, and gross sales (by weight and by sale). The medical cannabis facility shall ensure that such information is compatible with the City's record-keeping systems. The system must have the capability to produce historical transactional data for review by the City Manager or designee.
6. A medical cannabis facility shall use weighing or measuring devices that meet standards equivalent to Division 5 of the Business and Professions Code.
7. All medical cannabis or medical cannabis products sold, distributed, tested, or manufactured by a medical cannabis facility shall be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with the State and local regulations.
8. Signage and notices.
 - a. In addition to the requirements otherwise set forth in this section, business identification signage for a medical cannabis facility shall conform to the requirements of the Municipal Code, including, but not limited to, seeking the issuance of a City sign permit.
 - b. No signs placed on the premises of a medical cannabis facility shall obstruct any entrance or exit to the building or any window.
 - c. Each entrance to a medical cannabis facility shall be visibly posted with a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the medical cannabis facility is prohibited.
 - d. Business identification signage shall be limited to that needed for identification only, and shall not contain any logos or information that identifies, advertises, or lists the services or the products offered. No medical cannabis facility shall advertise by having an individual holding a sign and advertising the business to passersby, whether such person is on the premises of the medical cannabis facility or elsewhere including, but not limited to, the public right-of-way. No "A Frame" style signs allowed in front of business or on curbside.
 - e. Signage shall not be directly illuminated, internally or externally, except that the name and address of the business may be illuminated at night.

9. Odor control.

a. Odor control devices and techniques shall be incorporated in all medical cannabis facilities to ensure that odors from cannabis are mitigated to the maximum extent reasonably possible so as to minimize off-site detection. Medical cannabis facilities shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the medical cannabis facility that is distinctive to its operation is mitigated to the maximum extent reasonably possible so as to minimize off-site detection, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the medical cannabis facility. As such, medical cannabis facilities must install and maintain the following equipment, or any other equipment which the City Manager or designee determine is a more effective method or technology:

- i. An exhaust air filtration system with odor control that prevents internal odors from being emitted externally.
- ii. An air system that creates negative air pressure between the medical cannabis facility's interior and exterior, so that the odors generated inside the medical marijuana business are not detectable on the outside of the medical marijuana business.

10. A medical cannabis facility shall (i) prohibit loitering by individuals outside the medical cannabis facility, whether the loitering is occurring immediately outside the medical cannabis facility or anywhere else on the property or parcel; (ii) on-site consumption of cannabis or alcohol; and (iii) loud car stereos or activities disruptive to the neighboring businesses or residences outside the medical cannabis facility, whether the disruption is occurring immediately outside the medical cannabis facility or anywhere else on the property or parcel.

11. A medical cannabis facility shall notify the City Manager or designee within twenty-four (24) hours after discovering any of the following:

- a. Discrepancies identified during inventory.
- b. Diversion, theft, loss, or any criminal activity involving the medical cannabis business or any agent or employee of the medical cannabis business.
- c. The loss or unauthorized alteration of records related to cannabis, registering qualifying patients, primary caregivers, or employees or agents of the medical cannabis facility.

- d. Any other breach of security.
12. Agents or employees of the City requesting access to a medical cannabis facility or the records required to be maintained by a medical cannabis facility shall be given unrestricted access.
13. A medical cannabis facility shall implement and monitor procedures for cash management, security, and storage.
14. A medical cannabis facility shall secure worker's compensation insurance covering employees of the medical cannabis facility.
15. A medical cannabis facility shall secure general liability insurance with an aggregate limit not less than \$1,000,000.00.
16. Any other operating requirement included in the development agreement between the medical cannabis facility and the City pursuant to Section 5.42.090 of the Municipal Code.

C. Medical Cannabis Cultivation Facility Operating Requirements

In addition to the operating requirements applicable to medical cannabis cultivation facilities contained in the Hollister Municipal (including but not limited to Chapter 5.42), medical cannabis cultivation facilities shall comply with the following operating requirements:

1. A medical cannabis cultivation facility shall not use pesticides or insecticides prohibited by federal, State, or local law for fertilization or production of edible produce.
2. A medical cannabis cultivation facility shall comply with all applicable federal, State, and local laws regarding use and disposal of pesticides and fertilizers.
3. Until regulatory implementation of the Medical Cannabis Regulation and Safety Act, a medical cannabis cultivation facility shall send (or make arrangements for a medical cannabis distribution facility to send) medical cannabis cultivated by the facility for batch testing to a medical cannabis testing center that maintains operations in full conformance with the State and local regulations prior to distribution to a medical cannabis dispensary.
4. Prior to transportation, a medical cannabis cultivation facility shall package and seal all medical cannabis in tamper-evident packaging and use a unique identifier, such as a batch and lot number or bar code, to identify and track the medical cannabis.

5. Any other operating requirement included in the development agreement between the medical cannabis cultivation facility and the City pursuant to Section 5.42.090 of the Municipal Code.

D. Medical Cannabis Manufacturing Facility Operating Requirements

In addition to the operating requirements applicable to medical cannabis manufacturing facilities contained in the Hollister Municipal (including but not limited to Chapter 5.42), medical cannabis manufacturing facilities shall comply with the following operating requirements:

1. Until regulatory implementation of the Medical Cannabis Regulation and Safety Act, a medical cannabis manufacturing facility shall comply with the requirements (other than the requirement to act as a collective or cooperative) contained in Section 11362.775(b) of the Health and Safety Code.
2. Until regulatory implementation of the Medical Cannabis Regulation and Safety Act, a medical cannabis manufacturing facility shall send (or make arrangements for a medical cannabis distribution facility to send) medical cannabis products manufactured by the facility for batch testing to a medical cannabis testing center that maintains operations in full conformance with the State and local regulations prior to distribution to a medical cannabis dispensary.
3. A medical cannabis manufacturing facility shall comply with sanitation standards equivalent to the California Retail Food Code (Part 7 (commencing with Section 113700) of Division 104 of the Health and Safety Code) for food preparation, storage, handling and sale of edible medical cannabis products. Under this Resolution, edible medical cannabis products are deemed to be unadulterated food products.
4. A medical cannabis manufacturing facility shall only produce, distribute, provide, donate, or sell non-potentially hazardous food, as established by the State Department of Public Health pursuant to Section 114365.35 of the Health and Safety Code.
5. Prior to transportation, a medical cannabis manufacturing facility shall package and seal all medical cannabis products in tamper-evident packaging and use a unique identifier, such as a batch and lot number or bar code, to identify and track the medical cannabis products.
6. Any other operating requirement included in the development agreement between the medical cannabis manufacturing facility and the City pursuant to Section 5.42.090 of the Municipal Code.

E. Medical Cannabis Distribution Facility Operating Requirements

In addition to the operating requirements applicable to medical cannabis distribution facilities contained in the Hollister Municipal (including but not limited to Chapter 5.42), medical cannabis distribution facilities shall comply with the following operating requirements:

1. A medical cannabis distribution facility shall only procure, sell, or transport medical cannabis or medical cannabis products that are packaged and sealed in tamper-evident packaging that uses a unique identifier, such as a batch and lot number or bar code, to identify and track the medical cannabis or medical cannabis products.
2. A medical cannabis distribution facility shall maintain a database and provide a list of the individuals and vehicles authorized to conduct transportation on behalf of the medical cannabis distribution facility to the City Manager or designee.
3. Individuals authorized to conduct transportation on behalf of the medical cannabis distribution facility shall have a valid California Driver's License.
4. Individuals authorized to conduct transportation on behalf of the medical cannabis distribution facility shall undergo a Fingerprint-Based Criminal History Records Check conducted by the City Police Department pursuant to Section 5.42.060 of the Municipal Code and shall not have been convicted of an offense listed in Section 5.42.070.7.A of the Municipal Code.
5. Individuals transporting medical cannabis or medical cannabis products on behalf of the medical cannabis distribution facility shall maintain a physical copy of the transportation request (and/or invoice) and shall make it available upon request of agents or employees of the City requesting documentation.
6. During transportation, the individual conducting transportation on behalf of the medical cannabis distribution facility shall maintain a copy of the medical cannabis distribution facility's medical cannabis facility regulatory permit and shall make it available upon request of agents or employees of the City requesting documentation.
7. A medical cannabis distribution facility shall only transport medical cannabis or medical cannabis products in a vehicle that is (a) insured at or above the legal requirement in California, (b) capable of securing (locking) the medical cannabis or medical cannabis products during transportation, and (c) capable of being temperature controlled if perishable medical cannabis or medical cannabis products are being transported.
8. Any other operating requirement included in the development agreement between the medical cannabis distribution facility and the City pursuant to Section 5.42.090 of the Municipal Code.

F. Operating Requirements for the Transportation of Medical Cannabis or Medical Cannabis Products

In addition to any applicable operating requirements contained in the Hollister Municipal (including but not limited to Chapter 5.42), medical cannabis cultivation facilities and medical cannabis manufacturing facilities may transport medical cannabis or medical cannabis products produced at the particular facility subject to the following operating requirements:

1. The facility shall maintain a database and provide a list of the individuals and vehicles authorized to conduct transportation on behalf of the facility to the City Manager or designee.
2. Individuals authorized to conduct transportation on behalf of the facility shall have a valid California Driver's License.
3. Individuals authorized to conduct transportation on behalf of the facility shall undergo a Fingerprint-Based Criminal History Records Check conducted by the City Police Department pursuant to Section 5.42.060 of the Municipal Code and shall not have been convicted of an offense listed in Section 5.42.070.7.A of the Municipal Code.
5. Individuals transporting medical cannabis or medical cannabis products on behalf of the facility shall maintain a physical copy of the transportation request (and/or invoice) and shall make it available upon request of agents or employees of the City requesting documentation.
6. During transportation, the individual conducting transportation on behalf of the facility shall maintain a copy of the facility's medical cannabis facility regulatory permit and shall make it available upon request of agents or employees of the City requesting documentation.
7. A facility shall only transport medical cannabis or medical cannabis products in a vehicle that is (a) insured at or above the legal requirement in California, (b) capable of securing (locking) the medical cannabis or medical cannabis products during transportation, and (c) capable of being temperature controlled if perishable medical cannabis or medical cannabis products are being transported.
8. Any other operating requirement included in the development agreement between the facility and the City pursuant to Section 5.42.090 of the Municipal Code.

G. Medical Cannabis Testing Center Operating Requirements

In addition to the operating requirements applicable to medical cannabis testing centers contained in the Hollister Municipal (including but not limited to Chapter 5.42), medical cannabis testing centers shall comply with the following operating requirements:

1. A medical cannabis testing center shall adopt a standard operating procedure using methods consistent with general requirements established by the International Organization for Standardization, specifically ISO/IEC 17025, to test medical cannabis and medical cannabis products.
2. A medical cannabis testing center shall be accredited by a body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement.
3. A medical cannabis testing center shall establish standard operating procedures that provide for adequate chain of custody controls for samples transferred to the testing laboratory for testing.
4. A medical cannabis testing center shall destroy the remains of samples of medical cannabis or medical cannabis product upon completion of analyses.
5. Any other operating requirement included in the development agreement between the medical cannabis testing center and the City pursuant to Section 5.42.090 of the Municipal Code.

H. Medical Cannabis Dispensary Operating Requirements

In addition to the operating requirements applicable to medical cannabis dispensaries contained in the Hollister Municipal Code (including but not limited to Chapter 5.42), medical cannabis dispensaries shall comply with the following operating requirements:

1. Until regulatory implementation of the Medical Cannabis Regulation and Safety Act, a medical cannabis dispensary shall ensure that all medical cannabis and medical cannabis products sold, given away, or donated by the dispensary were batch tested by a medical cannabis testing center that maintains operations in full conformance with the State and local regulations prior to sale, being given away, or donation.
2. Prior to sale, being given away, or donation, a medical cannabis dispensary shall ensure that all medical cannabis and medical cannabis products are packaged and sealed "exit packaging" that are childproof, opaque and is closable if not intended for single use. Opaque container shall mean a container that is constructed or coated in such a manner as to ensure the contents inside are shielded from view. Childproof shall mean any container that meets the standards set forth in Part 1700 of Title 16 of the Code of Federal Regulations.
3. A medical cannabis dispensary shall maintain a limited access area where medical cannabis and medical cannabis products are sold, given away, or donated to qualified patients and primary caregivers. A "buzz-in" electronic/mechanical entry system shall be utilized to separate the limited access area from a reception or reception/lobby area. A medical cannabis dispensary must verify an

individual's (a) status as a qualified patient or primary caregiver and (b) identification via valid government issued identification card before allowing an individual to access the limited access area and purchase or receive medical cannabis or medical cannabis products.

4. A medical cannabis dispensary shall notify qualified patients and primary caregivers of the following verbally (or by written agreement) and by posting of a sign (or signs) conspicuously within the dispensary:
 - a. "The sale or diversion of cannabis without a permit issued by the City of Hollister is a violation of State law and the Hollister Municipal Code."
 - b. "Use of medical cannabis shall be limited to the patient identified on the doctor's recommendation. Secondary sale, barter, or distribution of medical cannabis or medical cannabis products purchased from [Insert Name of Dispensary] is a crime and can lead to arrest."
 - c. "Patrons must immediately leave the dispensary and not consume medical cannabis or medical cannabis products until at home or in an equivalent private location. Staff shall monitor the location and vicinity to ensure compliance."
 - d. "The use of medical cannabis or medical cannabis products may impair a person's ability to drive a motor vehicle or operate heavy machinery."
 - e. "Forgery of medical documents is a felony crime. Entry into the premises by persons under the age of eighteen (18) is prohibited unless they are a qualified patient and accompanied by a licensed attending physician, parent, or legal guardian."
 - f. "CALIFORNIA PROP. 65 WARNING: Smoking of cannabis and cannabis-derived products will expose you and those in your immediate vicinity to cannabis smoke. Cannabis smoke is known by the State of California to cause cancer."
5. A medical cannabis dispensary shall maintain a database identifying all qualified patients and primary caregivers that have received medical cannabis or medical cannabis products from the dispensary. The database shall identify each qualified patient's designated primary caregiver (if any), the name of the physician providing the recommendation for medical cannabis, and shall reflect whether the recommendation is written or oral. The database shall also identify the city and county of residence for each qualified patient and his or her primary caregiver.
6. A medical cannabis dispensary shall facilitate the sale, giving away, or donation of medical cannabis or medical cannabis products with a technology platform owned by or licensed to the dispensary 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 medical cannabis or medical cannabis products between the dispensary and qualified patient or primary caregiver:

- a. The identity of the individual dispensing medical cannabis or medical cannabis products on behalf of the dispensary.
 - b. The identity of the qualified patient or primary caregiver receiving medical cannabis or medical cannabis products from the dispensary.
 - c. The type and quantity of medical cannabis or medical cannabis products dispensed and received.
 - d. The dollar amount charged by the dispensary and received by the individual dispensing medical cannabis or medical cannabis products on behalf of the dispensary for the medical cannabis or medical cannabis products dispensed and received.
7. A medical cannabis dispensary shall not sell, give away, or donate medical cannabis or medical cannabis products to qualified patients or primary caregivers between the hours of 9:00 p.m. and 7:00 a.m.
 8. Any other operating requirement included in the development agreement between the medical cannabis dispensary and the City pursuant to Section 5.42.090 of the Municipal Code.

I. Medical Cannabis Delivery Operating Requirements

In addition to the operating requirements applicable to delivery (as defined Section 5.42.180 of the Hollister Municipal Code) in contained in the Hollister Municipal Code (including but not limited to Chapter 5.42), medical cannabis dispensaries (a) permitted by the City of Hollister pursuant to Chapter 5.42 of the Hollister Municipal Code and (b) based outside the City of Hollister operating in compliance with Section 5.42.180 of the Hollister Municipal Code may conduct delivery subject to the following operating requirements:

1. Until regulatory implementation of the Medical Cannabis Regulation and Safety Act, a medical cannabis dispensary shall ensure that all medical cannabis and medical cannabis products sold, given away, or donated by the dispensary were batch tested by a medical cannabis testing center that maintains operations in full conformance with the State and local regulations prior to delivery.
2. Prior to delivery, a medical cannabis dispensary shall ensure that all medical cannabis and medical cannabis products are packaged and sealed in tamper-evident packaging that includes a unique identifier, such as a batch and lot number or bar code, to identify and track the medical cannabis or medical cannabis products.

3. Upon delivery, a medical cannabis dispensary shall notify qualified patients and primary caregivers of the following in writing:
 - a. “The sale or diversion of cannabis without a permit issued by the City of Hollister is a violation of State law and the Hollister Municipal Code.”
 - b. “Use of medical cannabis shall be limited to the patient identified on the doctor’s recommendation. Secondary sale, barter, or distribution of medical cannabis or medical cannabis products purchased from [Insert Name of Dispensary] is a crime and can lead to arrest.”
 - c. “Patrons shall not consume medical cannabis or medical cannabis products until at home or in an equivalent private location.”
 - d. “The use of medical cannabis or medical cannabis products may impair a person’s ability to drive a motor vehicle or operate heavy machinery.”
 - e. “Forgery of medical documents is a felony crime. Consumption of medical cannabis or medical cannabis products by persons under the age of eighteen (18) is prohibited unless they are a qualified patient.”
 - f. “CALIFORNIA PROP. 65 WARNING: Smoking of cannabis and cannabis-derived products will expose you and those in your immediate vicinity to cannabis smoke. Cannabis smoke is known by the State of California to cause cancer.”
4. A medical cannabis dispensary shall maintain a database identifying all qualified patients and primary caregivers that have received medical cannabis or medical cannabis products from the dispensary. The database shall identify each qualified patient’s designated primary caregiver (if any), the name of the physician providing the recommendation for medical cannabis, and shall reflect whether the recommendation is written or oral. The database shall also identify the city and county of residence for each qualified patient and his or her primary caregiver.
5. A medical cannabis dispensary shall facilitate the delivery of medical cannabis or medical cannabis products with a technology platform owned by or licensed to the dispensary 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 medical cannabis or medical cannabis products between the dispensary and qualified patient or primary caregiver:
 - a. The identity of the individual delivering medical cannabis or medical cannabis products on behalf of the dispensary.

- b. The identity of the qualified patient or primary caregiver receiving medical cannabis or medical cannabis products from the dispensary.
 - c. The type and quantity of medical cannabis or medical cannabis products delivered and received.
 - d. The dollar amount charged by the dispensary and received by the individual delivering medical cannabis or medical cannabis products on behalf of the dispensary for the medical cannabis or medical cannabis products delivered and received.
6. A dispensary shall maintain a database and provide a list of the individuals and vehicles authorized to conduct delivery on behalf of the dispensary to the City Manager or designee and the City Police Department.
7. Individuals authorized to conduct delivery on behalf of the dispensary shall have a valid California Driver's License.
8. Individuals authorized to conduct delivery on behalf of the dispensary shall undergo a Fingerprint-Based Criminal History Records Check conducted by the City Police Department pursuant to Section 5.42.060 of the Municipal Code and shall not have been convicted of an offense listed in Section 5.42.070.7.A of the Municipal Code.
9. Individuals delivering medical cannabis or medical cannabis products on behalf of the delivery shall maintain a physical copy of the delivery request (and/or invoice) and shall make it available upon request of agents or employees of the City requesting documentation.
10. During delivery, the individual conducting delivery on behalf of the dispensary shall maintain a copy of the dispensary's (a) medical cannabis facility regulatory permit (if permitted by the City of Hollister pursuant to Chapter 5.42 of the Hollister Municipal Code) or (b) City Business license under Title 5 of the Hollister Municipal Code (if based outside the City of Hollister and operating in compliance with Section 5.42.180 of the Hollister Municipal Code) and shall make it available upon request of agents or employees of the City requesting documentation.
11. A dispensary shall only delivery medical cannabis or medical cannabis products in a vehicle that is (a) insured at or above the legal requirement in California, (b) capable of securing (locking) the medical cannabis or medical cannabis products during transportation, (c) capable of being temperature controlled if perishable medical cannabis or medical cannabis products are being transported, and (d) does not display advertising or symbols visible from the exterior of the vehicle that suggest the vehicle is used for delivery or affiliated with a dispensary.

12. A dispensary shall facilitate delivery with a technology platform owned by or licensed to the permittee that uses Global Positioning System technology to track and database technology to record and store the following information:
 - a. The time that the individual delivering medical cannabis or medical cannabis products on behalf of the delivery departed the delivery.
 - b. The time that the individual delivering medical cannabis or medical cannabis products on behalf of the dispensary completed delivery to the qualified patient or primary caregiver.
 - c. The time that the individual delivering medical cannabis or medical cannabis products on behalf of the delivery returned to the delivery.
 - d. The route the individual delivering medical cannabis or medical cannabis products on behalf of the delivery traveled between departing and returning to the dispensary to conduct delivery.
 - e. For each individual delivery transaction, the identity of the individual delivering medical cannabis or medical cannabis products on behalf of the dispensary.
 - f. For each individual delivery transaction, the vehicle used to deliver medical cannabis or medical cannabis products on behalf of the dispensary.
 - g. For each individual delivery transaction, the identity of the qualified patient or primary caregiver receiving medical cannabis or medical cannabis products from the dispensary.
 - h. For each individual delivery transaction, the type and quantity of medical cannabis or medical cannabis products delivered and received.
 - i. For each individual delivery transaction, the dollar amount charged by the dispensary and received by the individual delivering medical cannabis or medical cannabis products on behalf of the dispensary for the medical cannabis or medical cannabis products delivered and received.
13. The individual delivering medical cannabis or medical cannabis products on behalf of the dispensary shall personally verify for each individual delivery transaction (a) the identity of the qualified patient or primary caregiver receiving medical cannabis or medical cannabis products from the dispensary and (b) the validity of the qualified patient's recommendation from a physician to use cannabis for medical purposes or primary caregiver's status as a primary caregiver for the particular qualified patient.

14. No delivery transactions shall occur in the City of Hollister between the hours of 09:00 p.m. and 7:00 a.m.
15. Any other operating requirement included (a) in the development agreement between the medical cannabis dispensary and the City pursuant to Section 5.42.090 of the Municipal Code (if the dispensary is permitted by the City of Hollister pursuant to Chapter 5.42 of the Hollister Municipal Code) or (b) in the City Business license under Title 5 of the Hollister Municipal Code (if the dispensary is based outside the City of Hollister and operating in compliance with Section 5.42.180 of the Hollister Municipal Code).

PASSED AND ADOPTED, by the City Council of the City of Hollister at a special meeting held this 13th day of February, 2017, by the following vote:

AYES: Council Members Sims, Klauer, Friend, Luna, and Mayor Velazquez.

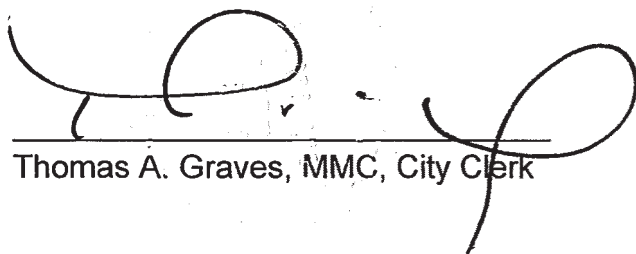
NOES: None.

ABSENT: None.



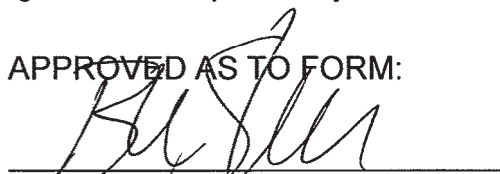
Ignacio Velazquez, Mayor

ATTEST:



Thomas A. Graves, MMC, City Clerk

APPROVED AS TO FORM:



L+G LLP, Attorneys at Law

DUPLICATE OF ORIGINAL
ON FILE IN THE
OFFICE OF THE CITY CLERK
CITY OF HOLLISTER