

PLANNING COMMISSION RECOMMENDATIONS TO CHAPTER 6 (BUSINESS, TRADES AND PROFESSIONS) AND CHAPTER 10 (PLANNING, ZONING AND SUBDIVISION) REGARDING
THE REGULATION OF
COMMERCIAL CANNABIS BUSINESSES

Amend Article 14 of Chapter 6 (Business, Professions and Trades) to read follows with the highlighted language added per Planning Commission recommendations:

SEC. 6-14.12 PRELIMINARY DETERMINATION OF ELEGIBILITY/SCREENING

2) Applicants shall be subject to LiveScan/Background Checks

- (a) A Live Scan Background Check shall be conducted for each applicant to determine eligibility to be issued a permit pursuant to this Article. An applicant is not eligible to be issued a permit if they have suffered a felony conviction involving fraud, deceit, or embezzlement. Background checks shall only be used to determine whether an applicant was convicted of a crime that excludes them from local licensing.
- (b) With the exception of a felony conviction involving fraud, deceit, or embezzlement, evidence of rehabilitation may be used in determining whether a person should be licensed to operate a cannabis business if their conviction directly relates to the operation of a business. Convictions directly relating to the operation of the business shall be those specified in Business and Professions Code section 26057(b)(4), with the exception of a felony conviction involving fraud, deceit, or embezzlement.

SEC. 6-14.12 REVIEW OF APPLICATIONS COMMERCIAL CANNABIS BUSINESS PERMIT APPLICATION

- (f) The City Manager or his/her designee shall investigate the truth of the statements set forth in the application to determine if an applicant is qualified to obtain a commercial cannabis permit. An application ~~will~~ may be rejected if:
 - (1) It is found to contain material misstatements or omissions;
 - (2) The applicant is determined to be ineligible or prohibited from obtaining a state cannabis license pursuant to state law.
 - (3) The applicant, or any of its officers, directors, or owners is found to have been convicted of any of the following offenses: A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code; A serious felony conviction, as specified in subdivision (c) of Section 119 2.7 of the Penal Code; ~~A felony conviction involving fraud, deceit, or embezzlement;~~ A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor; A felony conviction for drug trafficking with enhancements pursuant to Section 11370.4 or 11379.8 of the Health and Safety Code.
 - (4) The applicant, or any of its officers, directors, or owners is found to have been convicted of any of the following offenses: A violent felony

conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code; A serious felony conviction, as specified in subdivision (c) of Section 119 2.7 of the Penal Code; A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor; A felony conviction for drug trafficking with enhancements pursuant to Section 11370.4 or 11379.8 of the Health and Safety Code.

- (5) The applicant, or any of its officers, directors, or owners, has been subject to fines, penalties, or otherwise been sanctioned for cultivation or production of a controlled substance on public or private lands pursuant to Section 12025 or 12025.1 of the Fish and Game Code.
- (6) The applicant, or any of its officers, directors, or owners, has been sanctioned by a state licensing authority or a city, county, or city and county for unauthorized commercial cannabis activities.
- (g) Applicants who are denied licensure shall have an opportunity to appeal the City of Hayward's decision, and shall be provided with an explanation of why their application was denied. If the City Manager or his/her designee determines that the applicant, owner, or licensee is otherwise suitable to be issued a license, and granting the license would not compromise public safety, the City Manager or his/her designee shall conduct a thorough review of the nature of the crime, conviction, circumstances, and evidence of rehabilitation of the applicant or owner, and shall evaluate the suitability of the applicant, owner, or licensee to be issued a license based on the evidence found through the review. The City Manager or his/her designee may consider the factors specified in section 5017(c) of Title 16, Division 42 of the California Code of Regulations when conducting the review described in this subsection.
- (h) Applicants who are denied licensure shall be notified of the decision in writing. The notice shall include an explanation of the City's decision. An applicant may appeal the decision by submitting an appeal request to the City Manager within 30 days of receipt of the City's written decision. The appeal will be assigned to an independent hearing officer for decision. The independent hearing officer's decision will be the final administrative decision. The City Manager is authorized to promulgate regulations to implement this subsection. The City Council may amend the Master Fee Schedule to include a fee for the appeal described in this subsection.
- (hi) Permit Modifications.
- (gi) Temporary Permit.

Amend Section 10-1.3609(D) of Chapter 10 (Planning, Zoning and Subdivisions) to read follows with the highlighted language added per Planning Commission recommendations:

- D. Retail Use. The retail sales of cannabis and cannabis products (storefront) is allowed as a component of a microbusiness operation as defined by Business and Professions Code section 26070. The operator must hold a microbusiness (Type 12) license issued by the state Bureau of Cannabis Control. The cumulative floor area of

the storefront retail component shall not exceed 10 percent of the first-floor area of the industrial building or the total square footage microbusiness activity area, whichever is less. All cannabis and cannabis products for sale as part of an ancillary storefront retail activity must have been cultivated, produced or manufactured on-site. For non-storefront retail uses, there is no size limitation for non-storefront retail activities and there is no limitation to what retail cannabis products can be sold.