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Exhibit “A”

PDMC SECTION: 25.34.120 – Commercial Cannabis Business and Personal Cultivation

A. Purpose and Intent

It is the purpose and intent of this section to regulate the commercial cultivation, manufacturing, testing and research, distribution, delivery, retail sale and personal cultivation, of medicinal cannabis and non-medicinal adult-use cannabis within the City of Palm Desert. This section is prepared in accordance with the Compassionate Use Act of 1996 (“CUA”), the Medical Marijuana Program Act (“MMP”), and the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”) (collectively, “State law”), which give local jurisdictions the authority to establish land use regulations related to the personal and commercial uses of cannabis.

Nothing in this chapter shall be construed to (1) permit persons to engage in conduct that endangers others or causes a public nuisance, (2) permit the use or cultivation of cannabis beyond the limits established in state law related to cannabis, or (3) permit any activity relating to the cultivation, processing, sale, or distribution of cannabis that is illegal under state law, generally.

Nothing in this chapter shall be construed to prohibit primary caregivers and qualified patients to lawfully act under State law.

B. Definitions

For the purpose of this chapter, the following definitions shall apply:

“Applicant” means an owner that applies for a conditional use permit under this chapter.

“Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this division, “cannabis” does not mean “industrial hemp” as defined by Section 11018.5 of the California Health and Safety Code.

“Cannabis products” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

“City” means the City of Palm Desert.

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“Commercial cannabis business” means any commercial operation associated, in whole or in part, with the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing and research, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products.

“Cultivation” means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

“Daycare center” means any child day care facility other than a family day care home, and includes infant centers, preschools, extended day care facilities, and school-age child care centers.

“Delivery” means the commercial transfer of cannabis or cannabis products to a customer. “Delivery” also includes the use by a retailer of any technology platform owned and controlled by the retailer.

“Distribution” means the procurement, sale, and transport of cannabis and cannabis products between entities permitted or licensed by the City and/or State of California.

“Licensee” means the holder of any state issued license related to Commercial Cannabis Businesses, including but not limited to licenses issued under Division 10 of the California Business and Professions Code.

“Manufacture” means to compound, blend, extract, infuse, or otherwise make or prepare a cannabis product.

“Manufacturer” means a permittee that conducts the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its container.

“Owner” means any of the following: (1) a person with an aggregate ownership interest of 20 percent (20%) or more in the person applying for the permit, unless such interest is solely a security, lien, or encumbrance; (2) the chief executive officer of a nonprofit or other entity; (3) a member of the board of directors of a nonprofit; or (4) an individual who will be participating in the direction, control, or management of the person applying for the permit.

“Permittee” means any person granted a conditional use permit under this chapter.

“Person” means any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.

“Private residence” means a house, an apartment unit, mobile home, or other similar dwelling unit.

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“Retail cannabis business” or “retailer” means a business that sells and/or delivers cannabis or cannabis products to customers.

“Sell,” sale,” and “to sell” include any transaction whereby, for any consideration, title to cannabis is transferred from one person to another, and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same, but does not include the return of cannabis or cannabis products by a permittee or licensee to the permittee or licensee from whom such cannabis or cannabis product was purchased.

“State license” means a state license issued under Division 10 of the California Business and Professions Code.

“Testing or Research Laboratory” means a laboratory, facility, or entity in the City that offers or performs tests or research of cannabis or cannabis products and meets the licensing requirements found in MAUCRSA.

“Youth center” means any public or private facility that is primarily used to host recreational or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities.

C. Conditional Use Permit Required.

1. The City may authorize a total of six (6) conditional use permits for retail cannabis businesses to operate in the City of Palm Desert. No more than one (1) retail cannabis business may locate on El Paseo, and must be east of Larkspur Lane. If applications are submitted for a greater number of conditional use permits than are permitted by this section, selection among the applicants shall be made by a process, and subject to criteria, established by city council resolution. Conditional use permits for all other commercial cannabis businesses shall be issued in accordance with the zoning and separation requirements established in this ordinance. Prior to initiating operations and as a continuing requisite to operating a commercial cannabis business in the City, an applicant must obtain and maintain a valid conditional use permit, regulatory permit as required under Chapter 5.101, and a State license for each commercial cannabis business use authorized under the conditional use permit. Unless otherwise stated in this Section, the provisions found in Section 25.72.050 *Conditional Use Permit* shall apply.

2. Building permits for improvements associated with a commercial cannabis business may be issued once an applicant has obtained a conditional use permit and regulatory permit; however, a certificate of occupancy to operate will not be issued until said commercial cannabis business has obtained and provided proof of a State license for each commercial cannabis business use authorized under the conditional use permit.

3. Changes in State license type, business owner, or operation will require an amendment to the approved conditional use permit.

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4. A cannabis delivery service business with a physical address outside the City is not required to obtain a conditional use permit under this chapter, but is required to obtain a City business license.

5. This Section does not apply to cannabis possession or use, as allowed by State law. Regulations regarding personal use can be found in Chapter 8.38.

D. Permitted Locations and Standards.

1. Commercial cannabis businesses may operate in the City's commercial, industrial, office, and downtown zoning districts as identified in Section 25.16.030 "Allowed Land Uses and Permits Requirements" and Section 25.18.040 "Land Use and Permit Requirements" of the Palm Desert Municipal Code, with the exception of the City's Downtown Core Overlay District, upon issuance of a conditional use permit, regulatory permit, and State license.

a. Retailers are conditionally permitted in the Planned Commercial ("PC") -1 District, PC-2 District, PC-3 District, PC-4 District, and Downtown (D) District. No more than six (6) conditional use permits will be issued for retail cannabis businesses. No more than three (3) retail cannabis businesses may locate on any single street, and no more than one (1) retail cannabis business may locate on El Paseo east of Larkspur Lane.

b. Testing or research laboratories are conditionally permitted in the Office Professional (OP) District and Service Industrial (SI) District.

c. Commercial cultivation businesses are conditionally permitted in the SI District.

d. Delivery-only businesses are conditionally permitted in the SI District.

e. Distribution businesses are conditionally permitted in the SI District.

f. Manufacture businesses are conditionally permitted in the SI District.

2. Commercial cannabis businesses shall conform to the following separation requirements:

a. No conditional use permit shall be issued to a cannabis retailer that is located within 1,500 feet of another approved commercial cannabis business. No more than three (3) cannabis retailers will be permitted to operate on a single street.

b. A commercial cannabis business whose main business function is cannabis cultivation, distribution, manufacturing, transportation, or delivery, and whose location is limited to the City's Service Industrial zoning district only, shall be separated by 1,500 feet from another approved commercial cannabis business.

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c. A commercial cannabis business whose main business function is to operate as a testing or research laboratory is not subject to a separation requirement from another approved commercial cannabis business and is exempt from the 1,500 foot separation requirement listed in subsections a. and b., above.

d. No conditional use permit will be issued for commercial cannabis business located within 1,000 feet of a school providing instruction in kindergarten or any grades 1 through 12, daycare center, or youth center that is in existence at the time the license is issued.

e. With the exception of commercial cannabis businesses whose business is located within a mixed-use building or whose primary business function is as a testing or research laboratory, no conditional use permits shall be issued for commercial and industrial properties abutting public parks or private residence.

f. All separation requirements will be measured from the outer extents of the commercial cannabis businesses lease space to the outer extents of another commercial cannabis businesses lease space, or to the property line of a school, daycare center and youth center.

3. Conditional Use Permit Submittal Requirements – In addition to the requirements listed in the conditional use permit, all commercial cannabis business applicants shall submit the following information:

a. Exterior Façade. Renderings of the business façade shall be provided and reviewed as part of the Conditional Use Permit. Building façade plans shall include renderings of the exterior building elevations for all side of the building. All building facades shall be tastefully done and in keeping with the high architectural quality and standards of the City of Palm Desert. Because State Law limits certain advertising, the business façade and building signs shall be compatible and complimentary to surrounding businesses and shall add visual quality to the area.

b. Energy and Water Assessments. Commercial cannabis businesses shall supply energy and water assessments for review as part of the conditional use permit process. These assessments shall estimate the total amount of annual electrical and water use required to operate the commercial cannabis business. Review of the assessment may require the applicant to supplement electrical and water use at the site to minimize adverse environmental impacts.

E. Grounds for Permit Denial, Suspension, and Revocation

Any conditional use permit issued pursuant to the provisions of this section may be denied, suspended, or revoked by the Planning Commission upon receiving satisfactory evidence that the applicant or permittee or owner, its agent(s), employee(s), or any person connected or associated with the applicant or permittee:

1. Has knowingly made false statements in the applicant's application or in any reports or other supporting documents furnished by the applicant;

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2. Has failed to maintain a valid State license;
3. Has failed to comply with any applicable provision of the Palm Desert Municipal Code, including but not limited to this chapter, the City's building, zoning, and health and public safety regulations;
4. Has failed to comply with any condition imposed on the conditional use permit; or
5. Has allowed the existence of or created a public nuisance in violation of the Palm Desert Municipal Code.

6. No Conditional Use Permit will be issued where commercial cannabis businesses are prohibited by covenants, conditions, and restrictions (CC&Rs) that clearly prohibit such use. For buildings located in any area governed by CC&Rs, the applicant must additionally submit a statement certifying that any applicable CC&Rs do not prohibit the use for which the applicant is seeking approval.

F. Personal Cultivation

City residents are permitted to cultivate cannabis on private residential property for personal use and in accordance with MAUCRSA, subject to the following standards:

1. Outdoor Cultivation
 - a. Cultivation for personal use is only permitted on private residential property developed with at least one residential dwelling unit. No more than six (6) plants are permitted to be cultivated at a private residence. Property owners retain the ability to prohibit renters from cultivation and any renter choosing to cultivate shall first obtain written authorization from the property owner to cultivate on site.
 - b. Outdoor cultivation is limited to rear and side yard areas and only if screened by a solid block wall no less than six (6) feet in height.
 - c. Outdoor cultivation shall not be visible from surrounding public streets or adjoining properties. As such, cannabis plants may not grow above the height of the property line walls unless screened by another approved screening method.
 - d. Outdoor cultivation within 600 feet of a school, daycare center, or youth center is prohibited.
2. Indoor Cultivation
 - a. Indoor cultivation must have adequate ventilation. Structural, ventilation, electrical, gas, or plumbing changes to accommodate indoor cultivation are required to obtain a building permit from the City's Building and Safety Department.
 - b. The use of volatile solvents, as defined in Section 11362.3d of the California Business and Professions Code, including but not limited to butane,

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propane, xylene, gasoline, kerosene, and other dangerous and poisonous toxins or carcinogens, are prohibited for indoor cultivation at a private residence.

G. Application Fee and Reimbursement Agreement.

At the time an applicant submits an application under this Section, the applicant shall also supply an application fee in an amount to be determined by resolution by the city council, an executed reimbursement agreement on a form provided by the city to fully reimburse the City for all costs, expenses, and fees, including but not limited to attorney fees and consultant fees, incurred by the City related to the commercial cannabis business, and a deposit in an amount as provided for in the reimbursement agreement terms.

H. Prohibited Operations.

Any commercial cannabis business that does not have (i) an approved conditional use permit, (ii) a regulatory permit required under this code, and (iii) a State License is expressly prohibited in all city zones and is hereby declared a public nuisance that may be abated by the city and is subject to all available legal remedies, including, but not limited to civil injunctions.

I. Violations and Penalties.

1. In addition to any other remedy allowed by law, any person who violates a provision of this chapter is subject to criminal sanctions, civil actions, administrative penalties, permit suspension, and permit revocation, if applicable.

2. Violations of this chapter constitute an infraction or misdemeanor and may be enforced by any applicable law.

3. Violations of this chapter are hereby declared to be public nuisances.

4. Each person is guilty of a separate offense each day a violation is allowed to continue and every violation of this chapter shall constitute a separate offense and shall be subject to all remedies.

5. All remedies prescribed under this chapter shall be cumulative and the election of one or more remedies shall not bar the city from the pursuit of any other remedy for the purpose of enforcing the provisions hereof.