



FREQUENTLY ASKED QUESTIONS:

Cannabis Regulations and Cannabis Business Permit Application Procedures and Guidelines (UPDATED November 23, 2021 at 9:45 AM)

Updates are underlined for ease of reference. If an entire section is added, the section heading is underlined. FAQs will be updated on City business days. For information on City business days, please refer to the City's website.

Questions Regarding Status and Next Steps for City's Cannabis Program

1. What is the status of the City's Cannabis Program?

For the first time in its history, the City of Tracy accepted applications for Cannabis Business Permits. This application period ran from September 1 to October 15, 2020. Review of the 41 applications received consisted of three phases, culminating in the issuance of four retailer-storefront (dispensary) conditional Cannabis Business Permits on June 21, 2021, by the Tracy Chief of Police. Since that time the Tracy City Council has amended the Application Procedures and Guidelines, resulting in the potential issuance of additional permits to the current applicant pool, as explained under Question 3 below.

2. Are there any options or path forward for those who applied for a Cannabis Business Permit and did not get awarded a permit, or for those who missed the 2020 application filing period?

The City is not accepting new Cannabis Business Permit applications at this time. The City may consider opening another application acceptance period in late 2022 or early 2023.

On October 19, 2021, the Tracy City Council adopted an ordinance (effective November 18, 2021) amending Chapter 6.36 of the Tracy Municipal Code to increase the limit of Retailer-Storefront (Dispensary) Cannabis Business Permits to one for every 10,000 individuals living within the City of Tracy. Notwithstanding this limit, the ordinance establishes a maximum of eleven (11) Retailer-Storefront (Dispensary) Cannabis Business Permits for entities that submitted applications for Cannabis Business Permits on or before October 15, 2020.

On November 2, 2021, the Tracy City Council passed resolutions amending the Cannabis Business Permit Application Procedures and Guidelines in order to: (1) provide additional options to applicants regarding the provision of community benefits; and (2) lower the minimum qualifying score for Phase 1 and 2 of the application review process to 60 percent for permits other than retailer-storefront (dispensary). This change will allow additional permits to potentially be issued to those applicants who submitted applications for Cannabis Business Permits on or before October 15, 2020.

All applicants directly affected by these recent Council actions have been notified. Any applicant who has questions should contact the Planning Division at PlanningAdmin@CityofTracy.org.

3. What is the next step for those applicants who are eligible to move forward in the process?

The next step for all eligible applicants (including those already issued a conditional Cannabis Business Permit, as well as those who have been deemed eligible based on recent actions by the Tracy City Council) is to submit a Community Benefits Proposal (or select one of the approved alternative options) by December 13, 2021. Details on how and what to submit were provided to all eligible applicants on November 8. Any applicant who has questions regarding the status of their application or next steps should contact the Planning Division at PlanningAdmin@CityofTracy.org.

4. For eligible applicants, what is the deadline for submission of the notarized Property Owner's Statement of Consent?

The deadline to submit the notarized Property Owner's Statement of Consent depends upon various factors, including whether or not the applicant has already been issued a conditional Cannabis Business Permit, as well as whether or not the applicant received a temporary waiver from this requirement based on their Phase 1 and 2 scores. Any questions in this regard should be directed to PlanningAdmin@CityofTracy.org.

5. Do you have a link or a copy of the Owners Notarized Consent Form? We can't seem to find it on the website.

The [link to the Property Owner's Statement of Consent form](#) is located in the left column of the web page titled [Regulations on Commercial Cannabis Activities in the City of Tracy](#) . The page can be found under the "Open Gov" tab of the City's website, www.CityofTracy.org.)

6. For those issued a conditional Cannabis Business Permit, what is the deadline for submission of a Conditional Use Permit application?

There is no deadline for submittal of the Conditional Use Permit application; however, the associated Cannabis Business Permit must still be valid as of the date of application submittal, and in order for a Conditional Use Permit to be approved/issued.

7. How can I best stay informed about updates to the City’s Cannabis Business Permit program, and where/to whom should I address any specific questions I may have?

The best way to stay informed is to periodically check the City’s web page titled [Regulations on Commercial Cannabis Activities in the City of Tracy](#), located under the Open Gov tab on the City’s website, www.CityofTracy.org. You may also request that your email address be added to the Interested Parties distribution list by sending an email to PlanningAdmin@CityofTracy.org. Any specific questions should also be sent to this email address. The FAQ document is updated periodically based on questions received as appropriate, and those on the Interested Parties email distribution list are notified of such updates.

General; Cannabis Regulations

1. What is the Control, Regulate, and Tax Adult Use of Marijuana Act (Proposition 64)?

The Control, Regulate, and Tax Adult Use of Marijuana Act (“AUMA”) (Proposition 64) was a 2016 voter initiative to legalize nonmedical, recreational cannabis in California. The initiative passed with 57% voter approval and became law on November 9, 2016. Under the AUMA, persons over 21 years of old may possess, consume, and cultivate non-medical, recreational cannabis in California. The AUMA also created a statewide regulatory framework for the cultivation, production, and sale of non-medical, recreational cannabis for adult use.

2. What is the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA)?

In June 2017, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) [Senate Bill 94] was adopted, which merged two existing laws, the Medical Cannabis Regulation and Safety Act (MCRSA) and the Adult Use of Marijuana Act (AUMA), creating a statewide comprehensive regulatory system for medical and adult use commercial cannabis activity.

3. What permits do I need to start a cannabis business?

In order to operate a cannabis business in Tracy, you will need a Cannabis Business Permit issued by the City of Tracy, a Conditional Use Permit (CUP) issued by the City's Planning Division and a license issued by the State of California, or one of its departments or divisions, under MAUCRSA. Should a tenant improvement be needed or if previous building

modifications were done without a permit, the applicant will need to obtain a construction permit through the Building and/or Fire department.

4. Do I need a State license to operate a commercial cannabis business?

Yes. All commercial cannabis businesses must have a valid State license to operate in Tracy. In addition, the State will require evidence that an applicant is in compliance with all City regulations and ordinances prior to issuing a State license. More information can be found on the State Bureau of Cannabis Control's website at <http://www.bcc.ca.gov/>.

5. Can a cannabis business owner hold a license from the State Division of Alcoholic Beverage Control?

Under state law, an owner cannot hold an ABC license for any premises licensed for cannabis activities (i.e., the ABC license and cannabis license cannot be for the same premises) and is prohibited from selling alcoholic beverages at any premises licensed for cannabis activities. However, state law does not restrict an owner from holding an ABC license for any other premises.

6. Is a cannabis business permit transferable?

Cannabis business permits issued by the City of Tracy are not property and have no value. Cannabis business permits may not be transferred, sold, or assigned, unless done in compliance with Tracy Municipal Code Section 6.36.130. Any attempt to directly or indirectly assign, sell, or transfer a cannabis business permit or ownership interest in a cannabis business permit shall be unlawful and void, and shall be deemed a ground for revocation of the cannabis business permit.

7. Can the ownership structure on a cannabis business permit change? For example, could an owner sell his/her interest in the business after it begins operations?

Changes in ownership of a permittee's business structure or a substantial change in ownership of a permittee business entity (changes that result in a change of more than 51% of the original ownership), must be approved by the Police Chief or designee(s) through the transfer process contained in Tracy Municipal Code Section 6.36.130 (See answer to Number 5, above). Failure to comply with this requirement is grounds for revocation of the cannabis business permit.

8. Where can I find the State regulations?

Regulations for the three State agencies that license and regulate cannabis can be found as follows:

- Retail (storefront and non-storefront), distribution, testing laboratories, and microbusinesses are licensed and regulated by the [Bureau of Cannabis Control](#);
- Cultivation is licensed and regulated by the [California Department of Food and Agriculture](#);

- Manufacturing is licensed and regulated by the [California Department of Public Health](#).

The State also provides responses to FAQs at the sites listed below.

<https://bcc.ca.gov/>

<http://calcannabis.cdfa.ca.gov/>

<https://www.cdph.ca.gov/Programs/CEH/DFDCS/MCSB/Pages/MCSB.aspx>

9. Could the word 'Cannabis' be used in business name, logo graphics, marketing, or merchandise by the commercial cannabis business applicant?

Yes, use of the word 'Cannabis' is allowed for these purposes.

10. Can I feature cannabis, cannabis products, graphics depicting cannabis or cannabis products (such as in a logo) on the exterior of a property issued a cannabis business permit?

No. Tracy Municipal Code Section 6.36.320 prohibits cannabis, cannabis products, graphics depicting cannabis or cannabis products from being visible from the exterior of any property issued a cannabis business permit, or on any of the vehicles owned or used as part of the cannabis business. This Section does not prohibit a cannabis business from having a logo depicting cannabis that is used on the business's branded merchandise or advertising.

11. Where can I file a complaint against a Cannabis business?

You can report it through [Government Outreach](#) on the City's website.

12. Is there a limit to the number of permits a cannabis business can obtain?

The City does not have a limit on the number of cannabis business permits a business can hold. However, per state law, a business that holds a testing laboratory license cannot hold any other license for any other cannabis business type.

13. Are applicants required to hold a Business License from the City of Tracy at the time of application?

Applicants are not required to hold a City Business License, nor are they required to demonstrate that they are pursuing one, at the time of application. Applicants who are awarded a Cannabis Business Permit will be required to obtain a Conditional Use Permit and a City Business License, in addition to other requirements.

Zoning / Conditional Use Permit

1. Does the City have designated zones where cannabis businesses are prohibited?

All commercial cannabis uses are prohibited from operating in all zoning districts, except as expressly permitted in Tracy Municipal Code Section 10.08.3196 and in Chapter 6.36. Commercial cannabis uses are permitted to establish as conditional use on property in the zoning districts provided in [Tracy Municipal Code Section 10.08.3196](#). Refer to the City's [Zoning Map](#) for a depiction of all zones in the city, and to the [Specific Plans page](#) for information with regard to the City's various specific plans.

2. Is there a distance requirement from a cannabis operation site to schools or other sensitive uses?

Any commercial cannabis use must be located at least 600 feet from any parcel containing any of the following sensitive uses as of the date the conditional use permit is issued: school, day care center, or youth center. If located on separate parcels, the distance between the commercial cannabis use and the sensitive use property shall be measured from the outer boundaries of the sensitive use parcel to the closest structure containing a cannabis use. If located on the same parcel, the distance between the structures containing the cannabis use and any sensitive use shall be at least 600 feet.

3. Can I operate a Cannabis business downtown?

Yes, subject to obtaining a cannabis business permit, a conditional use permit, a City Business License, and a State license.

4. What is a conditional use permit?

A Conditional Use Permit (CUP) is a land use permit, which must be obtained for the subject property. The CUP process, which includes a public hearing, evaluates the site to determine whether or not a commercial cannabis business is an appropriate use of the property, consistent with the City's General Plan and not detrimental to the public health, safety, convenience, or welfare of persons residing, working, visiting or recreating in the surrounding neighborhood and will not result in the creation of a nuisance.

A CUP is issued by the Planning Commission and involves a public hearing and compliance with the General Plan, Zoning Regulations, and the California Environmental Quality Act (CEQA).

5. What is the term of the cannabis business operating permit?

Cannabis Business Permits are valid for one year from the time of issuance and must be renewed annually.

6. Is there a cap to the number of permits a City will issue?

There is no cap to the number of cultivation, manufacturing, retailer-non-storefront (delivery), distribution, testing laboratory, or microbusiness permits the City will issue. However, the number of retailer-storefront (dispensary) permits is limited to one for every 10,000 individuals living in the City of Tracy.

7. Can we request an analysis of a specific property for purposes of locating a commercial cannabis business there? Can you tell me if it meets the 600 foot buffer? How would we make the request?

Yes. The process to obtain that analysis is to request a Zoning Research Letter (ZRL) from the City's Planning Division. Please note that there is a fee (currently adopted for 2020 at \$104) for this letter as identified on the City's adopted application fee schedule. Additionally, whereas the City can provide a ZRL at any time, sensitive uses can and do change their locations. During the Conditional Use Permit process, such an analysis will be conducted which may yield different results than the ZRL due to the passage of time and possible establishment of new sensitive uses proximate to the address being researched.

8. Will the City charge for only one Zoning Research Letter fee (\$104), even if an applicant requests analysis on multiple properties?

The City will charge the fee per letter/per address.

9. Can you point me to the regulatory document that addresses land use restrictions for commercial cannabis businesses and the 600-foot buffer from sensitive uses?

Please refer to [Tracy Municipal Code Section 10.08.3196](#) for land use restrictions on commercial cannabis.

10. Is there a list of the proposed locations for retail storefront available for review?

The City does not have a list of proposed locations. Please refer to the section titled "Zoning/Conditional Use Permit" for additional information.

11. Are residences and churches considered sensitive receptors?

Tracy Municipal Code Section 10.08.3196 establishes location requirements for commercial cannabis businesses. Please refer to Question Nos. 2, 7 and 9 of this section for additional information.

Cultivation and Distribution

1. Is cultivation in a greenhouse allowed?

All outdoor commercial cultivation of cannabis within the City is prohibited. Indoor cultivation of cannabis shall comply with Chapter 6.36 of the Tracy Municipal Code and applicable state law.

2. Is there a limit on distribution business licenses that the City of Tracy will issue?

No.

Production / Manufacturing

1. What is the difference between volatile and non-volatile manufacturing?

Non-volatile manufacturing is the manufacturing of cannabis products, including extractions using non-volatile solvents such as carbon dioxide, ethanol, water, butter or oil, or performing extraction using mechanical methods. Volatile manufacturing is the manufacturing of cannabis products, including extractions using volatile solvents such as butane, hexane, or propane.

2. What type of manufacturing is allowed by the City?

The City only allows non-volatile manufacturing.

Retail / Dispensaries

1. What type of permits do I need to operate a cannabis delivery service?

To operate as a non-storefront (delivery only) retailer, a Cannabis Business Permit, a Conditional Use Permit, City Business License, and a valid State license are needed.

2. What is the number of storefront retailers (dispensaries) allowed in the City?

The number of storefront retail (dispensary) permits is limited to one for every 10,000 individuals living in the city of Tracy. However, this cap does not apply to applicants that submitted an application before October 15, 2020. A maximum of eleven (11) permits for storefront retailer (dispensary) may be issued to entities that submitted an application before October 15, 2020.

3. Are storefront retailers (dispensaries) allowed to deliver cannabis goods?

Under state law and regulations, licensed storefront retailers (dispensaries) are authorized to sell cannabis goods at the City-permitted premises or by delivery to customers.

- 4. Are non-storefront retailers (delivery only) allowed to purchase cannabis goods wholesale from a distributor or manufacturer directly and then sell and deliver those goods from a City-permitted premises to customers?**

Under state law and regulations, a non-storefront retailer (delivery only) is authorized to sell and deliver cannabis goods to customers exclusively through delivery. A non-storefront retailer must have a City-permitted premises to store the cannabis goods for delivery. Additionally, state regulations only allow a licensed retailer to receive cannabis goods from a licensed distributor or licensed microbusiness authorized to engage in distribution.

- 5. We are currently looking for a property for our client's cannabis business retail store, can you please provide an approved map where cannabis can be located or guide me in the right direction?**

This question is answered in Question Number 1 in the Zoning/Conditional Use Permit section of the FAQ.