



City of Arts & Innovation

CC Date: 10-28-25  
Item No.: 37b

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: OCTOBER 28, 2025**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT      WARD: ALL**  
**DEPARTMENT**

**SUBJECT: CONSIDER A RESOLUTION TO ESTABLISH THE PROPOSED TESTING**  
**LABORATORY      COMMERCIAL      CANNABIS      PERMIT      PROCEDURE**  
**GUIDELINES.**

**ISSUE:**

Adopt a Resolution establishing the proposed Testing Laboratory Commercial Cannabis Business Permit Procedure Guidelines.

**RECOMMENDATIONS:**

That the City Council:

1. Adopt a Resolution establishing the Testing Laboratory Commercial Cannabis Business Permit Procedure Guidelines.
2. Direct staff to schedule a Public Hearing amending the Fiscal Year 2025/26 Fees and Charges Schedule providing for a Testing Laboratory Commercial Cannabis Business Permit Application Fee.

**BACKGROUND:**

On February 28, 2023, the City Council introduced and on March 14, 2023 the City Council adopted Ordinance 7628, amending Title 5 (Business Taxes, Licenses, and Regulations) of the Riverside Municipal Code (RMC), and replacing Chapter 5.77 (Cannabis Business Activities) in its entirety, Ordinance 7629 amending Title 9 (Peace, Safety, and Morals) of the RMC, and Ordinance 7630 amending Title 19 (Zoning) of the RMC.

Chapter 5.77 of the RMC regulates Cannabis Business Activities, including the types of businesses and maximum number of businesses permitted. The RMC allows up to 14 retail storefront commercial cannabis business permits, limited one per ward, as well as an unlimited number of manufacturing, distribution, and testing laboratories. All commercial cultivation operations and micro businesses are prohibited.

In addition to the types and number of commercial cannabis businesses (CCB) permitted, Chapter

5.77 also includes the following key provisions that apply to all commercial cannabis businesses, including cannabis testing laboratories:

- Permittees must hold required State licenses/permits, City business tax certificates, and any required Building Permits or Certificates of Occupancy.
- The City Council must adopt Procedure Guidelines to establish an application review process, including timeframes and requirements for permit issuance.
- The City Council will establish an application fee by resolution to cover costs to the City.
- All applicants with five or more employees shall enter into a Labor and Peace Agreement.
- All applicants must agree to provide community benefits.
- Applicants and permittees must agree to indemnify and release City from all liability related to permit issuance, business operations, or legal challenges and must maintain adequate insurance coverage.
- Permittees must submit an annual financial audit, report gross revenues, register all owners, managers, employees; must maintain inventory control and reporting system; and must report inventory loss, theft, or security breaches.
- Cannabis businesses must meet all required General Plan, Zoning, Specific Plan, and development standards, including location restrictions.
- Permittees must designate a Security Liaison reporting to the City Manager and Police Chief.
- Permittees must designate a community relations contact person to meet and discuss issues and concerns with the City; contact information shall be provided to all businesses and residences within 100 feet of the premises.

In 2019, the City received an entitlement application for a cannabis testing laboratory, which has been working on and off on its building permit submittal and construction. The applicant has expressed a desire to move forward with their business operations and construction is almost complete. To receive a certificate of occupancy and be eligible to open, the construction must pass a final inspection, and the applicant must obtain a testing laboratory commercial cannabis permit. While Chapter 5.77 allows for testing laboratories, the City has yet to adopt a procedure for the application or issuance of a permit to operate Testing Laboratory commercial cannabis businesses.

At the October 21, 2025, City Council meeting, a member of the majority requested reconsideration of cannabis testing laboratories; therefore, this item is being brought back for Council's review.

## **DISCUSSION:**

To develop the framework of the proposed Cannabis Testing Laboratory Permit Procedure Guidelines, staff used the existing retail storefront CCB guidelines document as a base, as many of the requirements in Chapter 5.77 of the RMC apply to all commercial cannabis businesses. Sections of the retail storefront guidelines that did not apply to testing laboratories were removed and replaced with the operating requirements for testing labs in Chapter 5.77.440. Staff also researched the permitting process for cannabis testing laboratories used by other jurisdictions. Staff developed the proposed testing laboratory CCB permit procedure guidelines based on this research and the changes to the existing retail storefront guidelines.

## **Testing Laboratory CCB Permit Procedure Guidelines**

Presented as part of this item are the permit procedure guidelines for cannabis testing laboratories which are summarized below. Full language is included as Attachment 3.

### **Application Process**

Application Period: Applications for testing laboratories CCB permits may be submitted at any time or until which time the City provides written notice on the City's website that it will no longer be accepting applications.

Application Submittal Process: The applicant will be required to submit:

1. Application Form
2. Premises Information
3. Business Plan
4. Operations Plan
5. Safety/Security Plan
6. Site Details
7. Background Form
8. Defense and Indemnification Form
9. Laboratory Certification
10. Application Fee

### **Step 1 – Preliminary Approval**

Application Review Clearance: All applications will be reviewed as they are received to ensure all required information has been provided and fees have been paid.

Preliminary Approval: Applications and required documents are reviewed for compliance with State law, the Riverside Municipal Code, and the permit procedure guidelines. If an applicant is determined to have met all application requirements, including clearance of the required ownership review and background check, the applicant will be notified they have received preliminary approval.

### **Step 2 – Provisional Approval**

Applicants receiving preliminary approval proceed to Step 2, which requires the applicant to:

1. Demonstrate proof of property control, and
2. Execute a Commercial Cannabis Operational Agreement with the City

Once an applicant has submitted satisfactory evidence of property control and has executed, in a manner deemed acceptable by the City Manager and City Attorney, a commercial cannabis operational agreement, the applicant will be notified they have received provisional approval.

### **Step 3 – Final Permit Approval**

Applicants who receive Provisional Approval then proceed to the final step of the permitting process, Final Permit Approval. The City Manager may grant Final Permit Approval if the following

conditions are met:

1. Approval of an operational agreement by City Council
2. Obtain all State licenses
3. Obtain City of Riverside Business Tax Certificate
4. Entitlements (as deemed necessary by the Planning Division)
5. Obtain all required building, fire, and occupancy permits, commence and complete construction, and obtain final permit approvals to be able to open the business to the public.

**FISCAL IMPACT:**

There is no fiscal impact as a result of this item. On October 22, 2024, City Council approved a tax rate of 8% for all Commercial Cannabis Businesses, including testing laboratories. Actual revenues will depend on the number of cannabis testing laboratories in operation and the gross revenues generated by each business.

Prepared by:	Simone Sandoval, Project Manager
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Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Mike Futrell, City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

**Attachments:**

1. Resolution – Approving the Testing Laboratories CCB Permit Procedure Guidelines and Application Review Criteria
2. Testing Laboratories CCB Permit Procedure Guidelines and Application Review Criteria
3. Presentation