

**NEIGHBORHOOD RESPONSIBILITY AGREEMENT
FOR CANNABIS PROJECTS**

This Agreement is made and entered into on _____, by and between _____ (“Property Owner”), and the CITY OF SACRAMENTO, a municipal corporation (“City”).

RECITALS

A. Property Owner plans to develop the following project (the “Project”):

[check all that apply]

- Cannabis production - cultivation
- Cannabis production - nonvolatile manufacturing
- Cannabis production - distribution
- Cannabis dispensary - storefront
- Cannabis dispensary - delivery-only

The Project is identified by City Project No. _____, on real property (the “Property”) owned by Property Owner and located at:

Address: _____

Assessor’s Parcel #: _____

- B. Development of the Project on the Property is subject to the special use regulations for cannabis in article IX of chapter 17.228 of the Sacramento City Code.
- C. The Sacramento City Code requires Property Owner to provide a neighborhood responsibility plan that addresses the adverse impacts of the Project on the surrounding area. Compliance with the neighborhood responsibility plan can be achieved through an agreement with the City, conditions of approval on the use permit, or through other means acceptable to the City.
- D. The requirement for a neighborhood responsibility plan may be achieved through means other than this agreement. However, the Sacramento City Council has resolved that the Property Owner shall be deemed to have sufficiently mitigated its neighborhood impact and satisfied the neighborhood responsibility plan

requirement for the Project if the Property Owner voluntarily enters into an agreement for either (a) the periodic payment of 1% of the gross receipts of every marijuana manufacturing business on the Property, or (b) the payment of a fee in the amount established by a development impact fee study.

- E. The scope of the adverse impacts of the Project on the surrounding community are not yet quantified as a specific payment obligation because the impact fee study has not yet been completed. To meet scheduling requirements, Property Owner desires to proceed with development of the Project before completion of the impact fee study. Accordingly, Property Owner has offered to mitigate the adverse impacts of the Project on the surrounding neighborhood and meet the neighborhood responsibility plan requirement by entering into this Agreement.
- F. This Agreement sets forth the terms of the parties' understanding and agreement regarding the Property Owner's future payment.

AGREEMENT

Based on the facts and other matters set forth in the Recitals above, together with the covenants and agreements set forth below, the parties agree as follows:

1. Property Owner's Payment Options.

Property Owner agrees for itself, its constituents, successors and assigns, that Property Owner will mitigate adverse impacts of the Project on the surrounding neighborhood by one of the following payment options [indicated by Property Owner's initial]:

_____ One Percent of Gross Receipts: Pay a fee in the amount of 1% of the gross receipts of every cannabis business that is part of the Project on the Property. Payment shall be made in accordance with section 2 of this Agreement.

_____ Fee Established by Study: Pay a fee in the amount established by a development impact fee study approved by the City Council. Payment shall be made in accordance with section 3 of this Agreement.

2. Payment of One Percent of Gross Receipts.

If the Property Owner selects the option to pay a fee in the amount of 1% of gross receipts, the following terms and conditions apply:

a. Property Owner shall pay 1% of the gross receipts of every cannabis business that is part of the Project on the Property for the term of the conditional use permit.

b. For purposes of this Agreement, the following definitions apply:

(1) "Cannabis business" has the same meaning as in chapter 5.150 of the Sacramento City Code.

(2) "Gross receipts" has the same meaning as in chapter 3.08 of the Sacramento City Code.

c. Payments shall be made monthly to the City of Sacramento, Department of Finance, Revenue Division at 915 I Street, Room 1201, Sacramento, California 95814. City may change the payment address by giving written notice of the change to the Property Owner.

d. Property Owner shall keep complete records of business activities and transactions including sales, receipts, purchases, expenditures and any other record and data relevant to establish and verify the payments made pursuant to this Agreement; and shall retain all such records and data for examination by the City for a period of at least three years. Upon request by the City, the Property Owner shall make such records available for inspection and audit at reasonable times and places for the purpose of administering and enforcing this Agreement.

3. Payment of Fee Established by Study.

If the Property Owner selects the option to pay a fee in the amount established by a development impact fee study in section 1 above, the following terms and conditions shall apply:

a. Property Owner shall pay a fee in the amount established by the development impact fee study approved by the City Council.

b. If the development impact fee study has not been completed and approved before the City's approval of the conditional use permit for the Project, Property Owner shall comply with the fee payment terms established by the study no later than 30 days after the City notifies Property Owner in writing. If the development impact fee study has been completed and approved before the City's approval of the conditional use permit for the Project, Property Owner shall comply with the fee payment terms established by the study prior to the City's approval of the conditional use permit.

c. Payments shall be made to the City of Sacramento, Department of Finance, Revenue Division at 915 I Street, Room 1201, Sacramento, California 95814. City may change the payment address by giving written notice of the change to the Property Owner.

4. Property Owner Obligations Relative to Establishing the Fee.

Property Owner understands and agrees that the amount of the fees to be imposed for the mitigation of adverse impacts of the Project will be established based on a development impact fee study performed by or for the City. Property Owner further understands and agrees that an important component of this Agreement is Property Owner's advance consent to the establishment, implementation, and imposition of any such developer fees. City agrees that all property and property owners engaged in cannabis businesses will be treated on a fair and equitable basis in respect to any such fees the City establishes and imposes.

Without limiting the generality of the foregoing, Property Owner for itself, its constituents, successors and assigns, as to the Property, specifically agrees to the following:

a. Property Owner hereby grants advance consent to the establishment, implementation, and retroactive application of any and all fees, exactions, assessments, taxes or other charges established or imposed by City for the purpose of funding the mitigation of adverse impacts of the Project on the surrounding neighborhood. Property Owner further agrees that it will not contest, challenge, or protest the retroactive imposition or application of any such fees, exactions, development fees, assessments, taxes or other charges so established or imposed by City. Without limiting the generality of the foregoing, Property Owner specifically waives the provisions of the Mitigation Fee Act (California Government Code section 66000, et seq.), or any other provision of law providing a procedure for contest or protest of establishment or imposition of fees, exactions, assessments, taxes or other charges of a similar nature.

b. Property Owner agrees and specifically represents to City that it is fully aware of all of its legal rights relative to the advance consents, waivers and other agreements set forth above, having been fully advised by its own independent attorneys. Having such knowledge and understanding of its rights, Property Owner has nevertheless voluntarily entered into this Agreement. Each party is aware that the other party is relying on the representations contained in this section 4 in entering into this Agreement.

5. Covenants Run with Property Owner's Land.

The parties agree that all of Property Owner's waivers, advance consents, and

other covenants contained herein are covenants that run with the Property, in accordance with California Civil Code section 1486, and the burden thereof shall be binding upon Property Owner's constituents, successors, and assigns. Property Owner's compliance with this Agreement is a condition of the conditional use permit for the Project issued by the City in accordance with article IX of chapter 17.228 of the Sacramento City Code.

6. Term of Agreement.

The term of this Agreement shall commence upon its execution and shall remain effective until terminated by the mutual written agreement of the parties.

7. Property Owner's Representations Regarding Ownership.

Property Owner certifies that it owns full legal title to the Property. Each individual executing this Agreement on behalf of a corporation or partnership represents and warrants to City that he or she has been authorized to do so by the entity on whose behalf he or she executes this Agreement and that said entity will thereby be obligated to perform the terms of this Agreement.

8. Indemnification.

Property Owner agrees to indemnify, defend, and hold harmless City from any and all claims, costs, expenses, losses and liabilities of whatever nature and whatever kind, including attorneys' fees, made or caused either by signatories hereto or third parties not signatories hereto, that arise out of or are in any way related to, caused by, or based upon any breach of this Agreement by Property Owner or any negligent act of Property Owner under this Agreement.

9. Notices.

Any notice, tender, delivery, invoice or other communications pursuant to this Agreement shall be in writing and shall be deemed to be properly given when delivered to the following persons:

- a. If to City:
CITY MANAGER
City of Sacramento
915 I Street
Sacramento, CA 95814

b. If to Property Owner:

Any party may change that party's address for these purposes by giving written notice of the change to the other parties.

10. Governing Law.

This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the laws of the State of California.

11. Waiver.

The waiver by any party to this Agreement of a breach of any provision of this Agreement shall not be deemed a continuing waiver or a waiver of any subsequent breach of that or any other provision of the Agreement.

12. Partial Invalidity.

If any term or provision of this Agreement or the application thereof shall be determined by a court of competent jurisdiction to be invalid or unenforceable, or prohibited by law, the remainder of this Agreement, or the application of such term or provision to persons, entities or circumstances other than those as to which it is held invalid or unenforceable or prohibited, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

14. Assignment.

This Agreement may not be assigned by either party without the written consent of the non-assigning party, and any purported assignment without such consent shall be void.

15. Entire Agreement.

This Agreement constitutes the entire agreement and understanding between City and Property Owner concerning the subject matter contained herein.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto on the date first above stated.

PROPERTY OWNER:

Print Name

By: _____
Signature

Title: _____

By: _____ *

Title: _____

** **Note:** If the Property Owner is a corporation, the following two signatures are required (1) the first signature by either the Chairman of the Board, the President, or any Vice President of the corporation; and (2) the second signature by either the Secretary, any Assistant Secretary, the Chief Financial Officer, or any Assistant Treasurer of the corporation.*

CITY OF SACRAMENTO

A Municipal Corporation

By: _____
Howard Chan, City Manager

APPROVED AS TO FORM:

City Attorney

ATTEST:

City Clerk