



APPLICATION GUIDELINES TO OPERATE A COMMERCIAL CANNABIS BUSINESS IN SALINAS

The application process for a license to operate a Commercial Cannabis Business (“CCB”) in Salinas will open on **Monday, June 6, 2016**. Applications will be available at the City Attorney’s Office located at 200 Lincoln Avenue, Salinas, CA, 93901, and on the City Attorney’s webpage: www.ci.salinas.ca.us/services/cityattorney. This outlines the application process, required materials, and other information necessary to operate a CCB in Salinas. To be considered, final applications **must be** submitted by 10:00AM on **Wednesday July, 6, 2016** at the City Attorney’s Office located at 200 Lincoln Avenue, Salinas, CA, 93901.

BEFORE YOU APPLY:

- Review the information to learn about the application process and which documents you will need.
- Review the application in its entirety to ensure that it is complete and accurate.
- Review the information on the commercial cannabis business application webpage: www.ci.salinas.ca.us/services/cityattorney. This page includes the following information:
 - Local regulations governing Salinas CCB’s: Salinas Municipal Code (“SMC”) Chapter 16B.
 - Live Scan Form.
 - Additional application information: Ordinance No. 2566 NCS.
 - State laws governing CCB’s: The California Department of Justice Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use and Senate Bill 420 (Medical Marijuana Program Act).
 - Local Zoning Ordinance Chapter 37.

GENERAL INFORMATION:

(1) **Application Process: Evaluation and Ranking:** The selection process shall consist of the following Four Phases:

Phase 1: Preliminary determination of eligibility.

Phase 2: Initial ranking.

Phase 3: Second ranking.

Phase 4: Public Meeting and Selection Committee’s Final Recommendation.

For more information, see Evaluation and Selection Process below.

(2) **Criminal History Check:** As part of Phase 1 of the Application Process, each individual applying to be a principal of the CCB (“Principal”) must apply for a Live Scan criminal history check. This process can be conducted at the Salinas Police Department; however, the Police Department will be limited to processing no more than six applicants per day on a first come first serve basis due to limited staffing resources. Applicants are encouraged to utilize other entities which are authorized to process Live Scan documents to the DOJ/FBI and have the capability to provide passport quality photographs which is required as part of the application process.

Should you choose to use the Salinas Police Department for the Live Scan process there will be a **processing fee of \$47** per person which must be paid at the time of the Live Scan. If you choose to use another entity to process the Request for Live Scan Service Form, **it must have the Salinas Police Department ORI #CA0270800 and Mail Code 05467**. In addition, it must state in the field titled “Authorized Applicant Type” the description “Commercial Cannabis Business Permit”. Failure to ensure this information is on the form

may delay or disqualify you from the application process. In order to ensure that you have the right form and the required information we recommend that you use the form that has been provided to you in the application package. This form can also be found on the City of Salinas website as noted on this guideline. However, in any case you must include proof of Live Scan payment with the application. The Live Scan process involves submitting fingerprints to the DOJ/FBI, which will review for criminal offender record information (CORI). CORI reports will be provided to the Salinas Police Department for the sole purpose of determining eligibility for operating a CCB. See S.M.C Section 16B-30.190 (m) for background check requirements. Principals who do not meet criminal history eligibility requirements will be disqualified.

- (3) Applicants will be required to obtain a “Zoning Information Letter” from the Planning Division of the Community Development Department (located at 65 West Alisal Street in Salinas) in order to ensure the location they are applying for meets all the zoning requirements prior to submitting their CCB application. The review process typically takes approximately ten (10) working days and cost **\$280.35**. The “Zoning Information Letter” will need to be included with the application package. Please note the issuance of a “Zoning Information Letter” does not mean the written evidence of permission given by the City of Salinas or any of its officials to operate a CCB nor does it not mean “permit” within the meaning of the Permit Streamlining Act, nor does it constitute an entitlement under the Zoning or Building Codes, and a regulatory permit for the purpose of regulating a CCB does not constitute a permit that runs with the land on which the CCB is established.
- (4) **Application:** Hand deliver three (3) complete comprehensive and signed copies of the Salinas Commercial Cannabis Application Form, and all attachments, if any, a flash drive which contains a comprehensive and signed copy of the application in a pdf format, and payment of **\$415** for the initial application fee by **10:00 AM on Wednesday, July 6, 2016**. Payment must be made by a certified check, cashier’s check or money order made payable to the City of Salinas. Application Fees are non-refundable. A complete application will consist of the following information:
- a. The Salinas Commercial Cannabis Application Form;
 - b. Proof of Live Scan payment for each of the Principals;
 - c. Zoning Information Letter; and
 - d. All of the information about the CCB to be evaluated in Phase 2 and Phase 3.
The only information that can be submitted after the initial application is proof of property ownership or a signed and notarized statement from the property owner. However, any change in location will require a new “Zoning Information Letter” and must be submitted with the application package prior to Phase 3 of the selection process.

Late and incomplete applications will not be considered.

(5) **Medical Cannabis Expertise Examination:** The City at its sole discretion may require one Principal from each application to take and pass the Medical Cannabis Expertise Examination. The test may be administered for the top ten (10) finalists from each permitted category to award up to twenty -five (25) additional bonus points. The examination will test the applicant’s familiarity with the Salinas Ordinance, the Medical Marijuana Regulation and Safety Act, California Law related to medical cannabis, and the Attorney General’s Guidelines on Medicinal Cannabis. This Optional Phase 2A would be taken prior to the scheduling of interviews for Phase 3, should the City deem it necessary.

(6) **Amendments to the Application:** Applicants will not be allowed to make amendments to their application or to supplement their application, except as otherwise specifically permitted in these Guidelines. During Phase 1, applicants will be notified if any of the Principals are ineligible and/or if their application is incomplete.

(7) **Payment of Application Fees:** The individual designated as the CCB contact on the application will be notified by e-mail as to whether the application is advancing to Phase 2 and, subsequently, to Phase 3. A payment of **\$913** will be due before Phase 2 and a payment of **\$1,760** will be due before Phase 3. Deadlines for these payments will be included in the e-mail notification.

(8) Public Meeting: After Phase 3 and within 30 days of notification, the top five applicants for each category must participate in a public meeting which will be held at the City of Salinas Council Chambers located at 200 Lincoln Avenue, Salinas, CA 93901. Notice of this meeting must be provided by the top five (5) applicants in accordance with S.M.C. Chapter 37-60.400 and proof of such notice must be provided to the City at least five (5) days in advance of the date set for the meeting.

EVALUATION AND SELECTION PROCESS:

The evaluation and selection process shall consist of the following four phases:

➤ **Phase 1: Determination of Eligibility and Application**

- Each Principal must undergo a criminal history check demonstrating compliance with the eligibility requirements of S.M.C. Section 16B-30.190 (m) for background checks.
- Applications must be complete to be considered. Applications will be considered complete only if they include all information required for Phases 1, 2 and 3.
- Proposed location of business.

➤ **Phase 2: Initial Ranking (1,500 Points)**

- Applications will be evaluated based on the following criteria:
 - Proposed Location of business (300 Points)
 - Business Plan (400 Points)
 - Neighborhood Compatibility Plan (400 Points)
 - Safety and Security Plan (400 Points)
- The top 10 applications for each category, if applicable, will move on to Phase 3.

➤ **Phase 3: Second Ranking (2,500 Points)**

- The top 10 applications in each category, if applicable, will be interviewed and evaluated by the Selection Committee based on the criteria listed below.
- Prior to the scheduling of the interviews in Phase 3 each of the final ten (10) applicants per category will be required to have their proposed site inspected by designated city staff to ascertain current conditions of the facility.
- One Principal may be required to pass a Medical Cannabis Expertise Examination, demonstrating a working knowledge of state and local compliance standards as well as the Attorney General's Guidelines on Medicinal Cannabis.
- The second ranking will be scored based on the following criteria:
 - Final Location (proof of ownership or a signed and notarized statement from the Property Owner Per S.M.C. Section 16B-30.60 (500 Points)
 - Community Benefits (300 Points)
 - Enhanced Product Safety (200 Points)
 - Environmental Benefits (200 Points)
 - Labor & Employment (300 Points)
 - Local Enterprise (500 Points)
 - Qualifications of Principals (500)
- After all the applicants from Phase 3 scores have been tabulated they will be combined with Phase 2 to establish a new ranking of the top ten (10) applicants. The top five (5) applicants for each category, if applicable, will move onto Phase 4 of the selection process.

➤ **Phase 4: Public Meeting and Selection Committee's Final Determination**

After Phase 3 and within 30 days of notification, the top five (5) applicants in each category shall participate in a public meeting which will be held in the Salinas City Hall Council Chambers on a date and time to be determined by City staff. At the Public Meeting the community will be allowed to present concerns and/or support and provide additional

considerations for potential permit conditions that will be created by staff. The Public Meeting will not be determinative to who gets the permit but shall inform staff of potential concerns for which a condition or conditions may be necessary to address. Furthermore, decisions, recommendations, and conditions will be based primarily on community input, site inspection results, business feasibility, and the viability of the proposed location. After the completion of the Public Meeting and prior to making its final determinations, the Selection Committee may request and obtain additional information from any candidate who submitted a proposal. Upon the completion of the final review process the Selection Committee will tabulate its final scoring of the top five (5) applicants for each category and will award permits to the top three (3) applications (based on points) in each of the qualified categories.

Notice of the public meeting must be provided pursuant to S.M.C. Chapter 37-60.400. Notice of the public meeting shall be sent to all property owners located within five hundred (500) feet of the proposed business locations of each of the top five (5) finalists in each permitted category.

- Following an objective ranking of the application materials, interview process, and upon the completion of the public meeting, City staff shall prepare an informational report to the City Council informing them of the Selection Committee's final determination for each permitted category.
- The top three (3) applicants from each category may then be awarded a CCB Permit. Please note that being awarded a CCB does not constitute a land use entitlement and does not waive or remove the requirements of applying for and receiving permits for any and all construction including electrical, plumbing, fire, planning permits or reviews, and any other permits, licenses, or reviews as may be necessary by the relevant departments or governmental entities in charge of said permits. Nor does it guarantee that the plans submitted via the CCB application process meet the standards or requirements of those permitting departments. All permit awardees will still be required to complete all the permitting processes for the proposed construction of their facility.

DESCRIPTION OF EVALUATION CRITERIA:

- **Proposed Location.** Your application must include the address and a detailed description of the proposed location. (Note that proof of ownership, or a notarized letter of the owner's willingness to lease will not be given any additional consideration until Phase 3). This section should also describe all sensitive uses within a 1,000-foot radius such as schools, parks, libraries, churches, and any other sensitive uses as described in S.M.C. Section 16B-30.70. The CCB must be located in the appropriate zoning and must not be within a 1,000-foot radius of schools, churches, libraries, college or other sensitive uses as in described in S.M.C Section 16B-30.70.
- **Business Plan.** With as much detail as possible, the Business Plan should describe:
 - Description of day-to-day operations.
 - How the CCB will conform to local and state law. See S.M.C. Chapter 16B-30-190, Chapter 37-10.190, and Ordinance 2566 NCS, and the Attorney General's Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use.
 - Mechanisms for ensuring that the CCB will operate on a Not-for-Profit basis until the Medical Marijuana Regulation and Safety Act is fully in effect.
 - How medical cannabis will be tracked and monitored to prevent diversion.
 - A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.

The Business Plan should include:

- A **budget** for construction, operation, maintenance, compensation of employees, equipment costs, utility costs, and other operation costs. The budget must demonstrate sufficient capital in place to pay startup costs and at least three months of operating costs, as well as a description of the sources and uses of funds.
- **Proof of capitalization**, in the form of documentation of cash or other liquid assets on hand,

- Letters of Credit or other equivalent assets.
- A **pro forma** for at least three years of operation.
- **Neighborhood Compatibility Plan.** For the proposed location, your application should address how the CCB, including its exterior areas and surrounding public areas, will be managed, so as to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community. Furthermore, a site plan (accurate, dimensioned and to-scale [minimum scale of 1/16"]) should be included for each potential location.
- **Safety and Security Plan.** For each proposed location, your application should include:
 - A detailed **safety plan**. This plan should describe the fire prevention, suppression, HVAC and alarm systems the facility will have in place. **It should include an assessment of the facility's fire safety by a qualified fire prevention and suppression consultant.** An appropriate plan will have considered all possible fire, hazardous material, and inhalation issues/threats and will have both written and physical mechanisms in place to deal with each specific situation.
 - A detailed **security plan**. This plan should include a description and detailed schematic of the overall facility security. It should have details on operational security, including but not limited to general security policies for the facility, employee specific policies, training, sample written policies, transactional security, visitor security, 3rd party contractor security, and delivery security. In particular, applications should address ingress and egress access, perimeter security, product security (at all hours), internal security measures for access (area specific), types of security systems (alarms and cameras), and security personnel to be employed. **The security plan shall also include an assessment of site security by a qualified security consultant.** Security plans will not be made public.
 - A **floor plan** showing existing conditions. If changes are proposed as part of the project, then a proposed floor plan should also be submitted. The floor plan(s) should be accurate, dimensioned and to-scale (minimum scale of 1/8").
- **Community Benefits.** The application should describe benefits that the CCB would provide to the local community, such as employment for local residents of the City, community contributions, or economic incentives to the City, etc.
- **Enhanced Product Safety.** The application should state how the CCB will ensure enhanced consumer safety beyond that required by S.M.C. Section 16B-30.180.
- **Environmental Benefits.** The application should describe any proposed "green" business practices relating to energy and climate, water conservation and energy efficiency, and materials and waste Management.
- **Technology and Innovation.** The application should describe how technology and innovation will be incorporated into the business practices and how/whether medical research opportunities will be incorporated into the business plan.
- **Labor & Employment.** The application should describe to what extent the CCB will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees. Specific practices that are subject to consideration include the following:
 - providing compensation to and opportunities for continuing education and training of employees/staff (applications should provide proof of the CCB policy and regulations);
 - providing a "living wage" to facility staff and employees. Wage scale should be provided in writing for all levels of employment at the facility. "Living Wage" shall mean 200% of the minimum wage mandated by California or Federal law, whichever is greater.
- **Local Enterprise.** The application should state the extent to which the CCB will be a locally managed enterprise whose Principals reside within Salinas and/or the County of Monterey.
- **Qualifications of Principals.** The application should include information concerning any special business or professional qualifications or licenses of principals that would add to the number or quality of services that the CCB would provide, especially in areas related to medical cannabis, such as scientific or health care fields.

The City's Reservation of Right's

The City reserves the right to reject any and/or all proposals, with or without any cause or reason. The City may

also, modify, postpone, or cancel the request for permit applications without liability, obligation, or commitment to any party, firm, or organization. In addition, the City reserves the right to request and obtain additional information from any candidate submitting a proposal. Furthermore, a proposal RISKS BEING REJECTED for any of the following reasons:

1. Proposal received after designated time and date.
2. Proposal not containing the required elements, exhibits, nor organized in the required format.
3. Proposal considered not fully responsive to this request for a permit application.
4. Proposal contains excess or extraneous material not called for in the request for permit application.

CONTACT:

If you have any questions or would like an update on the status of your application, please email Chris Callihan, City Attorney, at chrisc@ci.salinas.ca.us and David McPherson at mjsalinas@ci.salinas.ca.us.