



## APPLICATION PROCEDURE TO OPERATE A COMMERCIAL CANNABIS BUSINESS IN SANTA BARBARA

The application process to operate a Commercial Cannabis Business ("CCB") in the City of Santa Barbara will open on or after **Thursday, February 1, 2018**. Applications will be accepted until **March 30, 2018**. Applications received after March 30, 2018 may not be considered. Applications are available at PlanetBids

<https://www.planetbids.com/portal/portal.cfm?CompanyID=29959>. Use Category code 45300 when registering. This procedure outlines the application process, required materials, and other information necessary to operate a CCB in the City of Santa Barbara. This application process is adopted pursuant to Santa Barbara Municipal Code Section 9.44.

### **BEFORE YOU APPLY:**

1. Review the information to learn about the application process and which documents you will need.
2. Review the application in its entirety to ensure that it is complete and accurate.
3. Register free with PlanetBids at <https://www.planetbids.com/portal/portal.cfm?CompanyID=29959> to obtain and submit an application. Use Category code 45300 when registering.
4. Obtain a commercial cannabis business permit application from PlanetBids.
5. It is recommended that you review Santa Barbara Municipal Code (SBMC) Chapter 9.44 and Title 30 [Inland Zoning] of the Santa Barbara Municipal Code, the statewide laws and regulations pertaining to commercial cannabis businesses.

**Ex Parte Communication Prohibited.** Applicants are prohibited from talking to council members, the commercial cannabis application review team, Permit Application Evaluator, and City Administrator after the Informational Meeting for Prospective Commercial Cannabis Business Applicants to be held on February 22, 2018.

## **1. Application Process**

### **Phase 1: Application Submittal (including)**

- i. Zoning Verification Letter
- ii. Completed Commercial Cannabis Licensing Livescan/Background Check Form
- iii. Copy of receipt or payment from agency processing the Request for Live Scan Service Form

### **Phase 2: Initial Ranking**

### **Phase 3: Public Meeting**

### **Phase 4: Final Ranking**

For more information, see Evaluation and Selection Process below.

## **2. Application Submittal**

### **a. Registration (PlanetBids)**

The City is conducting the application process electronically. Although the application process is for retail sales (including delivery only), manufacturing, distribution, and testing, **use Category code 45300 – Miscellaneous Store Retail** when registering for any CCB permit type. Applicants must register with PlanetBids using the following link: <https://www.planetbids.com/portal/portal.cfm?CompanyID=29959> and follow the instructions.

All questions and answers about the application or the application process must be submitted through PlanetBids. Do not rely upon oral explanations.

### **b. Criminal History Check**

As part of Phase 1 of the Application Process, every person applying to be a principal (and Landlord, if applicable) to operate a CCB (“Principal”) must complete a criminal background check and be subject to a Live Scan review for both state and federal clearance. Due to delays which may occur in processing the Live Scan, each principal may be subject to a provisional background check at which time they will be required to sign a background authorization allowing the City to conduct a third party criminal investigation check. Fingerprinting services are available at most police departments, sheriff’s offices or any public applicant Live Scan site. The application for the Live Scan will be available on PlanetBids or at the Santa Barbara Police Department located at 215 East Figueroa. Please provide proof of completion of the background authorization form and Live Scan form by providing copies with your application. This process will be required to meet the minimum threshold qualifications pursuant SBMC Chapter 9.44. Principals/Landlords who do not meet criminal history eligibility requirements will be disqualified.

**c. Zoning Verification Letter**

Prior to submitting the CCB application, applicants will be required to obtain a "Zoning Verification Letter" from the City of Santa Barbara Community Development Department to ensure that the proposed location meets locational requirements. The review process typically takes approximately ten (10) working days. The "Zoning Verification Letter" will need to be included with the application package. Please note the issuance of a "Zoning Verification Letter" does not mean written evidence of permission given by the City of Santa Barbara or any of its officials to operate a CCB, nor does it mean "permit" within the meaning of the Permit Streamlining Act, nor does it constitute an entitlement under the Zoning or Building Code. A regulatory permit for operating a CCB does not constitute a permit that runs with the land on which the CCB is established. Request for Zoning Verification Letters must be in writing and submitted to the Community Development Department at the Planning counter and will not be completed over the counter.

**d. Property Owner Consent**

Notarized statement of property owner of proposed CCB location on form provided by City that applicant has property owner's consent to occupy the property for the intended use.

**e. Indemnification Agreement**

Applicants must execute an agreement indemnifying the City against any and all claims, actions, or proceedings brought against the City as a result of applicants CCB applications or applicants actions associated with its CCB application.

**f. Payment of Application Fees**

Payment of an application fee in the amount of \$5,600 is required prior to submittal of the application to PlanetBids. Application fee receipt must be included with application submittal. Payment must be made by a certified check, cashier's check or money order made payable to the City of Santa Barbara. Please note the City will not accept cash and application fees are non-refundable.

**g. Submittal**

Applicants must submit complete applications and all attachments to PlanetBids at <https://www.planetbids.com/portal/portal.cfm?CompanyID=29959>. A complete application will consist of the following information:

- i. Completed Application Form;
- ii. Background Authorization Form and/or Proof of Live Scan payment for each of the Principals;
- iii. Zoning Verification Letter;

- iv. Copy of City of Santa Barbara receipt showing payment of the application fee;
- v. Proof of Property Ownership or Consent of Landlord; and
- vi. Indemnification Agreement,

Any cost incurred by the applicant in preparation application or submittal of the application shall be borne solely by the applicant.

**h. 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 procedures or authorized in writing by the City. During Phase 1, applicants will be notified if any of the Principals/Landlord(s) are ineligible. Additionally, applicants will be notified if their application is incomplete and will not be moved forward in the application process unless a complete application is submitted within 10 days from the date of written notice of incompleteness. However, in some cases the City may move forward to other phases in the application process should it anticipate that the Live Scan or background check may be delayed, in order to expedite the application process. In this case, Applicants wishing to move forward in the process will acknowledge by signing the application that they agree to these terms and that should they be disqualified because of a background or a Live Scan disqualification they will not be eligible for a refund of any fees.

**INCOMPLETE APPLICATIONS WILL NOT BE CONSIDERED.**

**3. Evaluation and Selection Process**

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

**Phase 1: Application Submittal**

- i. Register
- ii. Submit complete application within required time frame.

**Phase 2: Initial Ranking (1,000 Points)**

Phase 2 applications will be evaluated by a commercial cannabis application review team designated by the City Administrator. Applications will be evaluated based on the following criteria:

- i. Business Plan (400 Points)
  - a. Operations, Best Practices & Financial Pro Forma (200 Points)
  - b. Qualifications of Principals (100 Points)
  - c. Community Benefits (50 Points)
  - d. Environmental Benefits (25 Points)
  - e. Local Enterprise (25 Points)

- ii. Safety and Security Plan (300 Points)
- iii. Neighborhood Integration Plan (200 Points)
- iv. Labor & Employment Plan (25 Points)
- v. Air Quality Plan (75 Points)

Those applicants who scored a minimum of 80% or 800 Points in Phase 2 will move on to Phase 3.

### **Phase 3: Public Meeting for Interviews**

Those applicants who scored a minimum of 80% or 800 Points in Phase 2 will receive an invitation to make a presentation to, and be subject to a public interview, by City Administrator's designated Permit Application Evaluator. Applicants will be given the opportunity to present on their application and proposed CCB operation and should be prepared to answer questions from the Permit Application Evaluator. The interviews will be subject to public comment.

Those applicants that participated in the public interview process will be notified of a date for a site inspection after the interview. Applicants may be permitted to amend and resubmit their application for final review and ranking in Phase 4 only if directed by the Permit Application Evaluator at the public interview.

### **Phase 4: Final Ranking (1,000 Points)**

Phase 4 applicants will be evaluated and scored by the Permit Application Evaluator based on the following criteria obtained from the submitted complete application, public interview, and site visit:

- i. Business Plan (400 Points)
  - a. Operations, Best Practices & Financial Pro Forma (200 Points)
  - b. Qualifications of Principals (100 Points)
  - c. Community Benefits (50 Points)
  - d. Environmental Benefits (25 Points)
  - e. Local Enterprise (25 Points)
- ii. Labor & Employment (25 Points)
- iii. Neighborhood Integration Plan (200 Points)
- iv. Safety and Security Plan (300 Points)
- v. Air Quality (75 Points)

All applicants will be ranked based on their final points score.

Only those applicants who scored a minimum of 90% or 900 Points in this Phase 4 will be issued a permit. Storefront – Retailer applicants scoring 90% or 900 Points or better will be subsequently ranked based on points. Storefront-Retailer Permits will be issued to the Storefront-Retailer Applicants with the highest score, and based on permit availability. In the case of a tie, the Storefront-Retailer applicant scoring highest on the Neighborhood Integration Plan will receive the higher ranking.

#### **4. Issuance of Permit**

After ranking is complete, the City Administrator will notify the qualifying applicants of selection for permit issuance subject to clearance of a background check. Final selection will occur on or after May 30, 2018.

The City Administrator reserves the right to award a lesser number of permits, or to award no permits at all in the event that no applicants receive a ranking of 90% or better in Phase

**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 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 application process meet the standards or requirements in SBMC Title 30 or any other permit requirement from other City departments or agencies. All permit awardees must comply with all applicable land use permit requirements and conditions of approval, and any building permit requirements.**

#### **DESCRIPTION OF EVALUATION CRITERIA:**

##### **1. Business Plan**

- a. With as much detail as possible, the Business Plan should **describe**:
  - i. Description of day-to-day operations which meet industry best practices for the specific type of permit in which they will be applying for in the City.
  - ii. How the CCB will conform to local and state law.
  - iii. How medical and adult-use cannabis will be tracked and monitored to prevent diversion.
  - iv. Proposed point of sale system and software and how it integrates with the state's Track and Trace requirements.
  - v. How the CCB's record management will comply with SBMC Chap. 9.44 including, but not necessarily limited to, customer records, point of sale, track and trace, and employee records.
  - vi. A schedule for beginning operation, including a narrative outlining any proposed construction and improvements, and a timeline for completion.
  - vii. Community Benefits. The benefits that the CCB would provide to the local community, such as employment for residents of the City, community contributions, or economic incentives to the City.
  - viii. Local Enterprise. The application should state the extent, if any, to which the CCB will be a locally managed enterprise whose Principals reside within County of Santa Barbara.

b. The Business Plan should **include**:

- i. 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.
- ii. Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets.
- iii. A pro forma for at least three years of operation.
- iv. Environmental Benefits. The application should describe any proposed "green" business practices relating to energy and climate, water conservation, and materials and waste management.
- v. Qualifications of Principals. The application should include each principals' curriculum vitae, which may 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.

**2. Neighborhood Integration Plan**

For the proposed location, your application should address how the CCB, including its exterior areas and surrounding public areas, will be managed, to avoid becoming a nuisance or having an adverse impact on its neighbors and the surrounding community. If issued a permit explain how you would operate as a "good neighbor" and engage in community relations. Furthermore, a site plan (accurate, dimensioned and to-scale [minimum scale of 1/4"] should be included for each potential location.

**3. Safety and Security Plan**

For each proposed location, your application should include:

- i. 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 licensed 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. Explain in detail how your safety plan will comply with the Santa Barbara Municipal Code and state law.
- ii. 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 licensed security consultant. Security plans will not be made public. If you are an applicant that intends to engage in delivery of cannabis to a non-commercial customer, please include your security plan for delivery. Security plans must include a floor plan.

- iii. Enhanced Product Safety. The application should state how the CCB will ensure enhanced consumer safety as required by State and/or local law.

#### **4. Labor & Employment Plan.**

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:

- i. Providing compensation to and opportunities for continuing education and training of employees/staff (applications should include proof of the CCB policy and regulations to employees);
- ii. Providing a "living wage" to facility staff and employees. Wage scale should be provided in writing for all levels of employment at the facility.
- iii. "Living Wage" shall be defined as set forth in SBMC Chap. 9.128.

#### **5. Air Quality Plan.**

Must demonstrate the air circulation does not impact the employees' health and will not be detectable outside the business premises.

### **THE CITY'S RESERVATION OF RIGHT**

The City reserves the right to reject 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. A proposal **MAY BE REJECTED** for any of the following reasons:

- a. The application or documents submitted are incomplete, filed late, or not responsive to the requirements of this procedure.
- b. The issuance of the permit or operation of the commercial cannabis business at the proposed location is inconsistent with State law, Chapter 9.44, or other applicable Santa Barbara Municipal Codes.
- c. For any reason set forth in SBMC section 9.44.090.H.