



ROUND 3 APPLICATION GUIDELINES TO ESTABLISH AND OPERATE A CULTIVATION COMMERCIAL CANNABIS BUSINESS IN SALINAS

The City of Salinas is initiating “Round 3” of commercial cannabis permitting, which will be limited to only **Cultivation** commercial cannabis permits (CCPs). The City makes available a limited number of CCPs, which are awarded competitively. Applications are only accepted within specified permitting rounds and are not accepted on an on-going basis. The application process for Round 3 will open on **Monday, August 31, 2020**. Applications will be available on the City’s cannabis permitting webpage: <https://www.cityofsalinas.org/our-city-services/community-development/commercial-cannabis-businesses>.

These guidelines outline the application process, required materials, and other information necessary to obtain a CCP and to establish and operate a Commercial Cannabis Business (CCB) in Salinas. To be considered, **final applications must be submitted electronically by 10:00 a.m. Monday, September 28, 2020** to the following email address:

cannabis_inquiries@ci.salinas.ca.us

Applications may be submitted for only the **cultivation** permit category. The number listed in parentheses is the maximum quantity of permits that may be awarded for **cultivation** during this Round 3, based on the total permits per category the City allows (per the Salinas Municipal Code) and how many active permits are already issued for that category.

Cultivation (3)

The Salinas Municipal Code (SMC) allows for certain “accessory uses” to be included in a CCP. For example, a **Cultivation** CCP may also authorize Distribution activities. Restrictions apply to accessory uses, and only those uses specified in the SMC may be permitted. Refer to the “Accessory Cannabis Uses” text under the subsection describing each business category in SMC Chapter 5 Article VII. A CCP application must list the accessory uses, if any, that are sought.

BEFORE YOU APPLY:

- Review these guidelines to learn about the application process and which documents you will need to submit.
- Review the application in its entirety to ensure that it is complete and accurate.
- Review the information on the City’s commercial cannabis permitting webpage: <https://www.cityofsalinas.org/our-city-services/community-development/commercial-cannabis-businesses>. This page includes or links to the following information:
 - Local regulations governing Salinas CCB’s: SMC Chapter 5 Article VII
 - Live Scan Form (criminal background check)
 - CCB taxes: SMC Chapter 19A
 - Local fees for commercial cannabis
 - State laws governing the commercial cannabis industry
 - Local Zoning Ordinance: SMC Chapter 37

GENERAL INFORMATION:

- (1) **Application Process: Evaluation and Ranking.** The selection process will consist of the following four Phases:

Phase 1: Completeness Review (by City Attorney)

Phase 2: Initial Scoring (by Community Development staff on behalf of Cannabis Selection Committee).

Phase 3: Interviews/Final Scoring (by Cannabis Selection Committee)

Phase 4: Public Comment Period and Permit Issuance (by Community Development Department) based on final recommendations from Selection Committee

Applicants will be notified at the conclusion of each phase whether or not their application has advanced to the following phase. For more information, see the Evaluation and Selection Process section 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. The Salinas Police Department does not provide Live Scan services to the public. Live Scan service can be requested through the Monterey County Sheriff’s Office or through some post offices or postal businesses. The Live Scan form must include the following information in the specified fields:

ORI Code: CA0270800

Authorized Applicant Type: Cannabis LC 11105(b)(11) PC

Type of License/Certification/Permit or Working Title: Cannabis Business Owner

Agency Authorized to Receive Criminal Record Information: Salinas Police Department

Mail Code: 05972

Street Address or P.O. Box: 222 Lincoln Avenue

Contact Name: Evelia Marr, Investigations Bureau

City: Salinas

State: CA

Zip Code: 93901

Contact Telephone Number: 831-758-7226

Level of Service: DOJ and FBI (both boxes checked)

A Live Scan form with the information above pre-filled is available on the City’s commercial cannabis permitting webpage: <https://www.cityofsalinas.org/our-city-services/community-development/commercial-cannabis-businesses>

Failure to ensure that the provided 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 provided pre-filled form. 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 SMC Section 5-07.07 for background check requirements. Principals who do not meet criminal history eligibility requirements will be disqualified and will not be eligible for receipt of a CCP.

- (3) **Zoning Information Letter.** 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 that the desired commercial cannabis activity would be allowed at the proposed location. The review process typically takes approximately 10 working days and costs **\$309.49**. The Zoning Information Letter must be included with the application package. Please note the issuance of a Zoning Information Letter is not written evidence of permission given by the City of Salinas or any of its officials to establish and 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 Codes. Also note that a CCP does not run with the land on which the CCB is established.

- (4) **Application.** Due to the COVID-19 operations, the City is requiring applicants to electronically submit a complete, comprehensive, and signed Salinas Commercial Cannabis Application Form along with any attachments, in a pdf format or other suitable format, and payment of **\$3,144.75** for the application fee by **10:00 a.m. Monday, September 28, 2020**. Payment must be made by a certified check, cashier's check, credit card 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 3 (see Evaluation and Selection Process section below). 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.

Late and incomplete applications will not be considered. Please e-mail electronic applications to:

cannabis_inquiries@ci.salinas.ca.us

Attn: Courtney Grossman
City of Salinas Community Development Department
65 W. Alisal Street
Salinas, CA 93901

- (5) **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 their application is incomplete. Applicants will be notified if, at any point during application review, Live Scan results disqualify a business principal.
- (6) **Taxes and Fees Applicable to CCBs.** Please review the local taxes and fees that apply to CCBs. Once a business commences commercial operations, tax payments are due quarterly, and renewal and monitoring fees are due annually. Timely payments are required in order to maintain the good standing of a CCP. Taxes and fees are listed below. The City contracts with a financial consultant to review tax payments (charged as "Financial Monitoring Fee", listed below).

Effective January 1, 2020, Commercial Cannabis Business taxes are as follows. Refer to SMC Chapter 19A for a full description.

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|-------------|---|
| Cultivation | \$25/square foot of canopy space, then adjusted annually based on the Consumer Price Index. |
|-------------|---|

Annual fees charged to operational CCBs are as follows. Please refer to the Commercial Cannabis Taxes and Fees document on the Cannabis Permitting website for a full list of local CCB fees.

| | |
|--------------------------------|-------------------------------------|
| Permit Renewal: | \$1,443.25 |
| Administrative Monitoring Fee: | \$2,202.50 |
| City Attorney Monitoring Fee: | \$722.50 |
| Police Monitoring Fee: | \$8,272.00 |
| Financial Monitoring Fee: | varies; between \$5,795 and \$9,940 |

The taxes and fees listed above are provided as a summary and do not include all of the expenses associated with permitting of a CCB, such as building permit fees, permit amendment fees, or fees charged by State licensing agencies.

EVALUATION AND SELECTION PROCESS:

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

➤ **Phase 1: Completeness Review**

- Determination of Eligibility for subsequent Phases is decided by the City Attorney
- Each Principal must undergo a criminal history check demonstrating compliance with the eligibility requirements of SMC Section 5-07.07(b).
- 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.
- Application shall state the proposed location of business.

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

- Initial scoring is performed by Community Development Department staff on behalf of the Selection Committee
- 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)
- A score of 70% (1,050 points) is required to move on to Phase 3. If there are more than 10 applications in a category that score of 70%, the top 10 will move on to Phase 3.

➤ **Phase 3: Interviews/Final Scoring (2,500 Points)**

- The Selection Committee shall perform Phase 3 scoring of applications, based on in-person interviews with the applicants (principals) as well as review of application materials
- During Phase 3, the Selection Committee or Community Development Department staff may request additional information from any candidate who submitted an application, in order to better evaluate the application
- 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.
- Phase 3 scores will be based on the following criteria:
 - Final Location (proof of ownership or a signed and notarized statement from the Property Owner Per SMC 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 points)
- Phase 3 scores will be added to Phase 2 scores to form a combined/final score (maximum 4,000 points)
- A combined score of 70% (2,800 points) is required in order to qualify for Phase 4
- After all the applicants' scores from Phase 3 have been tabulated they will be combined with

Phase 2 scores to establish a final ranking of the applications for each category. The top applicants will move on to Phase 4 of the selection process, based on the number of permits available per category.

➤ **Phase 4: Public Comment Period and Permit Issuance**

- Following final scoring from the Selection Committee, the Community Development Department will open a public comment period to hear any concerns raised by members of the public related to the applications. The purpose of the comment period is to hear community concerns related to the proposed business operations, particularly in relation to the proposed locations. A public comment period is not required by the SMC and the City is not obligated to provide immediate response to concerns that are raised. However, a public comment period is useful for alerting City staff of concerns that were not raised during the application review process.
- Following the public comment period, Community Development Department staff shall prepare an informational report to the City Council informing them of what CCPs will be issued to what business principals.
- The qualifying applicants may then be awarded a CCP, based on how many permits are available per category, at the final discretion of the Community Development Director, as the City Manager's designee. Please note that being awarded a CCP 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 CCP application process meet the standards or requirements of those permitting departments. All permit awardees will still be required to complete all of the permitting processes for the proposed construction/improvement of their facility.

DESCRIPTION OF EVALUATION CRITERIA:

- **Proposed Location (300 points).** 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. The CCB must be located in the appropriate zoning district and must not be within a 1,000-foot radius of schools, churches, libraries, or other sensitive uses as described in SMC Section 5-07.27. Note that the Selection Committee has some discretion regarding awarding a CCP in proximity to certain sensitive uses, but that exceptions may not be made regarding proximity to schools, colleges, parks/recreational facilities, libraries, or daycares, and that exceptions may not be made for dispensary businesses.
- **Business Plan (400 points).** With as much detail as possible, the Business Plan should describe:
 - Proposed day-to-day operations of the business
 - How the CCB will conform to local and State law; see SMC Chapter 5 Article VII and State regulations applicable to the business type
 - How the business will comply with State track-and-trace requirements for cannabis products.
 - 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 (400 points).** 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 (400 points).** 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 site plan and floor plan showing existing conditions is required. If changes are proposed as part of the project, then a proposed site plan and floor plan should also be submitted. The plan(s) should be accurate, dimensioned, and to-scale (minimum scale of 1/8").
- **Community Benefits (300 points).** 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 (200 points).** The application should state how the CCB will ensure enhanced consumer safety.
- **Environmental Benefits (200 points).** The application should describe any proposed "green" business practices relating to energy and climate, water conservation and energy efficiency, and waste management.
- **Labor & Employment (300 points).** 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 (500 points).** 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 (500 points).** 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.
- **Final Location (500 points).** For the proposed location, provide proof of ownership OR a signed and notarized statement from the property owner verifying permission to operate a CCB at the property. This documentation is not required with initial application submittal, but is required prior to start of Phase III. Note that Final Location information is the only documentation that is not due with initial application submittal; all other documents are due with initial application. Scoring for Final Location will be based on the adequacy of documentation as well as the overall feasibility and quality of the location for the proposed use.

The City's Reservation of Rights

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 contact Mr. Ryan Russell at cannabis_inquiries@ci.salinas.ca.us / (831) 920-6543