



DRAFT: Cannabis Business Permit Application Process: Storefront Retail

For consideration by the City Council on February 12, 2018. Not effective until approved by City Council.

Step 1

1. All responsible persons (owners and managers) of applicant submit Live Scan background checks to the California Department of Justice and FBI.
2. Applicant receives Zoning Verification from City, including verification of compliance with zoning and distancing from sensitive receptors.
3. Applicant submits Cannabis Business Application: Part 1 and Step 1 Fees to City.
4. Staff reviews and approves Application: Part 1.
5. Culver City Police Department receives, reviews, and approves background checks from California Department of Justice and FBI.
6. Applicants with successful background checks and completed and reviewed applications will be notified that they have been approved to proceed to Step 1(a). Applications that are incomplete or where responsible persons have failed background checks will be rejected.
7. Applicants pay the Step 1(a) fee.

Step 1(a)

1. Applications will be reviewed by a three person panel comprised of City staff members appointed by the City Manager. The three person panel will rank applications using a forced ranking system, with the average ranking determined for each applicant.
2. The panel will select a minimum of 3 and a maximum of 6 applicants with the highest average ranking to proceed to Step 1(b).
3. The other applications may be put on hold pending the outcome of the permitting process.
4. The City notifies the successful applicant that it is progressing. Applicant pays the Step 1(b) fee.

Step 1(b)

1. A five person review committee comprised of City staff members appointed by the City Manager conducts panel interviews with each remaining applicant. At least two of the three largest individual equity holders of the applicant as well as the highest level manager responsible for day-to-day operations at the Culver City location must be present at the panel interview.
2. Staff appointed by the City Manager will contact officials in jurisdictions where the applicant has previously or currently operates or manages another business.
3. If feasible, staff appointed by the City Manager will conduct a site visit of another business currently operated or managed by the applicant.

4. The review committee assigns points to each applicant in various categories using established criteria. For each applicant, the high and low scores are dropped. The scores given by the remaining three review committee members are averaged.

5. The three applicants with the highest average scores are notified with a “Step 1(c) Approval Letter” to proceed to Step 1(c). In the event of a tie, a lottery is used to select which of the tied applicants progresses. The remaining applications are placed on hold pending the outcome of the permitting process.

Step 1(c)

1. Applicant applies for a Conditional Use Permit.

2. Applicant applies for Los Angeles County permits, including a Public Health Permit from the Los Angeles County Department of Public Health (LACDPH). Depending on modifications requested by the LACDPH, the applicant may need to submit modified plans to the City.

3. Applicant notices a public meeting with postings at its proposed site and mailed notices to all occupants and property owners within 2,500 feet of the proposed site, delivered at least 10 days prior to the meeting.

4. The applicant holds a public meeting where the applicant presents its plans to the public. This meeting may also serve as the first required public meeting under the CUP process. At least two of the three largest individual equity holders of the applicant as well as the highest level manager responsible for day-to-day operations at the Culver City location must be present at the public meeting. The meeting is specific to the individual applicant.

5. Applicant completes the CUP approval process, including Planning Commission approval. Applicants with a successfully approved CUP and a Step 1(c) Approval Letter are allowed to proceed to Step 1(d).

Step 1(d)

1. At a public City Council meeting, the applicant will present its proposal. City Council will either approve or deny a storefront-retail cannabis business permit based on all information compiled throughout the application process. City Council hearings for multiple applicants may occur at the same meeting.

2. The City Council will vote to approve a permit, contingent on the successful completion of the remainder of the approval process. The City will issue the applicant a “Step 2 Approval Letter”.

Step 2

1. Applicant applies for Culver City Business Tax Certificate.

2. Applicant applies for all regularly required City permits (building permits, sign permits, etc.)

3. LACDPH has notified the City that applicant is approved to move forward with build-out.

4. City issues “Step 3 Approval Letter” to applicant.

Step 3

1. Applicant pays any regularly required building permit fees.
2. Applicant initiates and completes buildout, including any regularly required City inspections, and any County inspections.
3. LACDPH completes final site inspection.
4. Applicant submits Step 3 Fees.
5. Staff performs cannabis site inspection to ensure compliance with the cannabis business operating requirements in the Culver City Municipal Code. Successful completion of an inspection checklist will allow applicant to proceed to Step 4.

Step 4

1. Applicant submits Annual Cannabis Business Permit fee.
2. City issues Cannabis Business Permit.
3. City issues Business Tax Certificate.
4. Applicant notifies LACDPH and receives its Public Health Permit, and any other required County permits.
5. Applicant may not operate in the City until its State Cannabis license is approved and received.
6. Applicant may open for business.

Applications on Hold

If an application is denied or a permittee withdraws, and an opening in an application step becomes available, the next highest scoring applicant from the most recent step may be offered the opportunity to proceed, at the discretion of the City Manager. If that applicant is no longer available or interested in proceeding, the next highest scoring applicant from the most recent step may be given the opportunity to advance, at the discretion of the City Manager. Once the City Council determines the number of Permits to be issued, up to the maximum, the City Manager will issue a notice that the permittee selection process has been completed and no further applications for cannabis storefront permits will be considered.

Step 1(a) Scoring Methodology

During Step 1(a) of the storefront retail cannabis business permit application process, applications will be reviewed and force ranked by each member of a three person panel comprised of City staff members, selected by the City Manager. In the forced ranking methodology, 1 will be the best application. The rankings of each applicant will be summed. The applicants with the lowest total score will progress.

Each member of the three person panel will focus his/her review a different part of the application. However, reviewers will consider their specific section within the context of the application as a whole.

<u>Reviewer</u>	<u>Section Ranked</u>
Reviewer One (such as Finance Director or his/her designee.)	Business Plan
Reviewer Two (such as Police Chief or his/her designee.)	Security Plan
Reviewer Three (such as CDD Director or his/her designee)	Design & Location

Reviewers may convene a team of City staff in order to evaluate applications before ranking.

Business Plan

The Business Plan will be evaluated based on the following criteria:

1. Assets and liabilities: size of assets compared to liabilities
2. Capitalization: size of capitalization
3. Three year pro-forma: assumptions made, supporting evidence and reasoning
4. Employee training plan: extent of training required, evidence of ability to execute
5. Design of audit plan and electronic record keeping: City's ability to access
6. Design of track & trace system: planning, detail and evidence of ability to execute
7. Experience of responsible persons: amount and relevance of previous experience

Security Plan

The Security Plan will be evaluated based on the following criteria:

1. Employee security training: extent & frequency of training, evidence of ability to execute
2. Transactional security: number of relevant security measures
3. Visitor security: number of relevant security measures
4. Storage security (24/7) including product and currency: number of relevant security measures
5. Delivery security (including product and currency): number of relevant security measures
6. Ingress and egress access: level of control
7. Number, training, and qualifications of security personnel: number of security personnel, extent and frequency of training, and amount and relevance of qualifications

Design & Location

The Design & Location will be evaluated based on the following criteria:

1. Floor & site plan
2. Proximity to sensitive receptors (including schools)
3. Parking availability
4. Exterior design and materials
5. Interior design and materials
6. Revitalization of site and neighborhood.
7. Signage plan

Sample Forced Ranking Sheet

In this example, there are five applicants (A, B, C, D, E). The reviewer reads Application A first, at which point it is ranked 1. The reviewer next reads Application B, which it finds stronger than Application A. Application B is ranked 1 and Application A is now ranked 2. The reviewer now reads Application C. Applications A and B are both stronger than Application C, so the reviewer ranks it 3. The method continues as described until all five applications are read, and applicants are ranked as follows, from best to worse: D, E, B, A, C.

<u>Ranking</u>	<u>Round</u>	<u>Round 2</u>	<u>Round 3</u>	<u>Round 4</u>	<u>Round 5</u>
1	A	B	B	D	D
2		A	A	B	E
3			C	A	B
4				C	A
5					C

Step 1(b) Scoring Methodology

During Step 1(b) of the storefront retail cannabis business permit application process, a five (5) person review committee (comprised of City staff) selected by the City Manager will review each application, watch a public presentation conducted by each applicant, conduct an in-person interview with representatives from each applicant, review a report of interviews with local officials in jurisdictions where the applicant has previously operated a business, and, where feasible, a report from a site visit existing business operated by the applicant.

At least two of the three largest individual equity holders of the applicant as well as the highest level manager responsible for day-to-day operations at the proposed Culver City location must be present and actively participate at the panel interview. Extra points will be given to applicants where equity holders, owners and managers, rather than representatives (legal counsel, consultants, etc.), are engaged in the majority of the interview.

Each committee member will sum his or her score in each category to generate a total score for each applicant. For each applicant, the high and low scores are dropped. The scores given by the remaining three review committee members are averaged. The applicants with the highest scores progress.

Scoring System

Applicants will be given a score in each category from 0 - 10.

Score Key

- 10: Applicant sets the bar for the industry for this criterion.
- 6-9: Applicant is above the minimum standard of acceptability for this criterion.
- 5: Applicant meets the minimum standard of acceptability for this criterion.
- 1-4: Applicant is below the minimum standard of acceptability for this criterion.
- 0: Applicant does not meet this criterion.

The multiplication factor is applied to each raw score by multiplying the two numbers.

Maximum Number of Points: 280

Operational Experience

Maximum Number of Points: 126 (45%)

	Raw Score (0-10)	Multiplication Factor	Total Points
1. Amount of experience operating a cannabis business.		2	
2. Amount of experience operating a retail storefront.		2	
3. Knowledge of cannabis retail storefront business practices.		2	
4. Applicant’s history of compliance with local government regulations, including record of interactions with other local government entities.		2	
5. Evidence of historical tax compliance.		2	
6. Knowledge of state and local regulations.		2	
<i>7. Extra Points (2 extra point for each of the following):</i>	<i>(0 or 2)</i>		
a) Minority/Women Business Enterprise (MWBE).		1	
b) Substantial, active participation in the interview by equity holders / owners / managers.		1	
c) Excellence of operation observed during site visit of another business operated by applicant.		1	
		SUBTOTAL	

Design Elements

Maximum Number of Points: 110 (39%)

	Raw Score (0-10)	Multiplication Factor	Total Points
1. Exterior design.		2	
2. Exterior materials.		2	
3. Interior design.		2	
4. Interior materials.		2	
5. Signage.		2	
6. <i>Extra Points (1 extra point for each of the following):</i>	(0-1)		
a) Pedestrian improvements.		2	
b) Landscaping improvements.		2	
c) Primary entrance faces street.		1	
d) Incorporation of glass windows.		1	
e) No significant blank walls.		1	
f) Removal of pole signs.		1	
g) Security screening not visible from exterior.		1	
h) Excellence of design observed during site visit of another business operated by applicant.		1	
		SUBTOTAL	

Community Engagement

Maximum Number of Points: 44 (16%)

	Raw Score (0-10)	Multiplication Factor	Total Points
1. Extent of pre-permit outreach/engagement with neighborhood and community.		2	
2. Plan for ongoing community outreach/engagement with neighborhood and community.		2	
<i>4. Extra points (1 extra point for each of the following):</i>	<i>(0-1)</i>		
a) Security measures beyond minimum standards.		1	
b) Planned partnership(s) with neighboring businesses.		1	
c) Provision of parking above and beyond minimum standards.		1	
d) Record of community engagement, including reports from officials in jurisdictions where applicant has operated another storefront retail business.		1	
		SUBTOTAL	
		TOTAL	