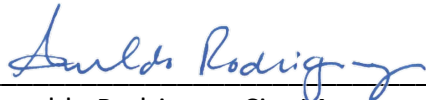


REPORT TO CITY COUNCIL

Approved by:

Council Meeting of: August 4, 2021

Agenda Number: A-1


Arnoldo Rodriguez, City Manager

SUBJECT:

Cannabis business permits, procedure guidelines and review criteria and number of cannabis business permits to be issued.

RECOMMENDATION:

Staff recommends that the City Council (Council) consider the information included in this report and provide direction in regard to cannabis business permits, procedure guidelines, and review criteria as well as on the number of permits that the City will issue. The direction given will be used to finalize resolutions for Council adoption at a future City Council meeting.

SUMMARY:

Initial workshops on the cannabis regulatory ordinance and related procedures have been presented to Council on January 6, 2021, January 20, 2021, and April 21, 2021. The workshops discussed the essential components of the ordinance, procedural guidelines, selection criteria, and approval of cannabis business permits. Staff provided rationale for the recommended approach and sought feedback and direction from Council majority on policy considerations before finalizing the drafting of the ordinance, as well as land use ordinance designating zone districts where cannabis businesses may be permitted.

Following the workshops, staff presented and Council adopted ordinances that provide access to cannabis as authorized AUMA ("Proposition 64") approved by the California Voters in 2016 while imposing sensible regulations on the use of land to protect the City's residents, neighborhoods, and businesses from disproportionately negative impacts. The cannabis regulatory ordinance intended to regulate the commercial cultivation, processing, manufacturing, testing, sale, delivery, and distribution of cannabis and cannabis products responsibly to protect the health, safety, and welfare of the City residents and enforce rules and regulations consistent with state law. This resulted in the Council adopting several revisions to the Municipal Code, including:

- Title X: Planning and Zoning of the Municipal Code
- Title VI, Chapters 1 and 5 (Businesses, Professions, and Trades)
- Title IV, Chapter 15 (Public Welfare)

PROCEDURE GUIDELINES AND REVIEW CRITERIA

The adopted regulatory ordinance outlines the process and establishes terms, roles, etc. While comprehensive, further action is needed in the form of Council Resolutions. More specifically, Council direction is requested for procedural guidelines for the following:

1. Commercial Cannabis Business Permit – Standard Applications
2. Commercial Cannabis Business Permit – Social Equity Applications
3. Commercial Cannabis Business Permit – Vertically Integrated, Cultivation, Distribution, Manufacturing, Test Labs Applications

Following direction by Council on the three sets of Procedure Guidelines and Review Criteria, staff will schedule a future meeting with Council for formal action.

NUMBER OF PERMITS

Council previously gave direction regarding the number of permits to be issued. Since then, there has been a difference of opinion by the Council Ad Hoc Committee. We, therefore, seek direction for inclusion in resolution to be adopted by the Council.

FINANCIAL IMPACT:

Costs associated with cannabis-related work includes the following:

- Contract with HdL totaling \$30,000
- Cost to place the ballot measure on the November 3, 2020 election was approximately \$100,000.
- Various staff time and City Attorney fees

Note that HdL contract cost may be recovered by fees from prospective applicants should the City permit cannabis operations in the City.

CONSISTENCY WITH THE VISION MADERA 2025 PLAN:

While not specifically addressed, the requested action is consistent with the Vision Madera 2025 Plan; Effective Government: Strategy 115. – Ensure sufficient economic resources to provide adequate City services and prepare for future growth.

ALTERNATIVES:

The Council may direct staff to return with additional and/or clarifying information.

ATTACHMENTS:

1. Application Procedure Guidelines and Review Criteria for a Commercial Cannabis Business Permit (Standard Applications)
2. Application Procedure Guidelines and Review Criteria for a Commercial Cannabis Business Permit (Social Equity Applications)
3. Application Procedure Guidelines and Review Criteria for a Commercial Cannabis Business Permit (Vertical Integration Applications)

Attachment 1

Application Procedure Guidelines and Review Criteria for a Commercial Cannabis Business Permit (Standard Applications)



City of Madera

Community Development Department
205 W. 4th Street
Madera, CA 93637
Phone: 559.661.5400

Email: Cannabis@Madera.gov

APPLICATION PROCEDURE GUIDELINES AND REVIEW CRITERIA FOR A COMMERCIAL CANNABIS BUSINESS PERMIT (STANDARD APPLICATIONS)

Application Period
OPENS – TBD, 2021
CLOSES – TBD, 2021

These Procedure Guidelines apply solely to Standard Applications. Separate Procedure Guidelines and Review Criteria apply to Social Equity Applications and to Vertical Integration Applications.

Information regarding the Commercial Cannabis Business (CCB) Application process can be found on the City's website at <https://www.madera.gov> and includes the following:

- Application Procedures Guidelines and Review Criteria
- City of Madera Municipal Code (MMC) Chapter 6-5
- City of Madera Municipal Code (MMC) Title X, Chapter 3 (Zoning Regulations)
- Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement
- Background Check Portal Link
- Commercial Cannabis Business (CCB) Permit Application
- Ownership Acknowledgement Form

To be considered for issuance of a Cannabis Business Permit, final applications must be submitted to the Community Development Department located at the address listed on these procedures by the deadline. There will be no exceptions. These Procedure Guidelines and Review Criteria (hereafter referred to as "Procedures." constitute the application process and are adopted pursuant to the Madera Municipal Code (MMC) Section 6-5.13 and Title X, Chapter 3 (Zoning Regulations).

During this application period the City will be allowing up to six (6) Standard retail, two (2) Social Equity retail and an unlimited number of cultivation, manufacturing, distribution, microbusinesses, and Vertically Integrated permits in the City of Madera.

Applicants should monitor the City's web page for any additional information, FAQs, or updates. It is the responsibility of the Applicant to stay informed of this information.

ORIENTATION “KICK OFF” MEETING

The City will hold a virtual Orientation “Kick Off” Meeting on Wednesday, September 22, 2021 at 1:00 pm. Pre-registration for the Orientation Meeting is required however, attendance at the Orientation Meeting is not required to apply for a Cannabis Business Permit. The registration link is available on the City’s website at <https://www.madera.gov/Cannabis-Information>.

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 posted on the City’s website as a clarification update, or as authorized in writing by the City Manager or his/her designee.

During Phase I, City staff and the Consultant will conduct a preliminary evaluation of the applications for completeness and will reject any application that is missing a major component (for example, a Security Plan), notifying the applicant by email that they have been disqualified.

For those Applications which are missing essential information the primary contact will be notified by email if their application is found to be missing minor requirements (for example, signatures/dates on forms, proof of payment receipts, scanned pages in one of the scoring criteria documents, or incorrect formatting or organization of files). If this is the case, the Applicant may be granted five days from the date of the email to submit the required supplemental information. Should you receive an email from the City we ask that you confirm receipt of it immediately. If the City does not get confirmation from your primary contact within two days, it may, but is not required to, make an attempt to notify the primary contact by phone in case the email went into the recipient’s spam folder unnoticed. However, please note should this be the case you will not be provided additional time to complete the curing process so make sure you monitor your incoming or spam email carefully. Furthermore, you may not submit any additional information other than what was requested to cure the minor requirements. Finally, an applicant will be notified if their application is incomplete or if there is any other reason for which they will not be moving forward in the application process.

LIMITATIONS ON MULTIPLE APPLICATIONS

Applicants possessing an ownership interest of ten percent (10%), or more, in a retail, microbusiness, or vertically integrated cannabis permit application shall be limited to submitting only one application which includes retail during this initial process regardless. In order to ensure compliance with the ownership interest concerns every owner on the application which meets the criteria listed in Section 6-5.06 (T) will be required to complete the Ownership Acknowledgement form which is provided on the City’s website. However, there will be no limitations on any other permit type which are permitted in the City, (i.e., cultivation, manufacturing, distribution, and testing labs). In addition, the City will only accept a maximum of two any combination of retail, microbusiness, or vertically integrated application Zoning Verification Letters (ZVL) per property (APN). Furthermore, without exception only one retail, microbusiness or vertically integrated Applicant will be issued a retail permit per location by the City Council in Phase IV and so each Applicant should keep that in mind when selecting a location for their business in which there is more than one Applicant.

CITY’S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all applications, with or without cause or reason. The City may modify, postpone, or cancel the request for a CCB permit 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 Applicant submitting an application in order to conduct a complete review of the application or an investigation into the truthfulness of the statements set forth in the application or provided at any stage of the application process and if it is not fully responsive to this request for a CCB application.

APPLICATION PROCESS

This application process is adopted pursuant to MMC Section 6-5.13. Review the information regarding the application process and which documents you will need. Before submitting your application, review your application in its entirety to ensure that it is complete and accurate. Review the information regarding the Cannabis Business Permit application process for a CCB on the City webpage provided on page one.

APPLICATION SUBMITTAL REQUIREMENTS

Applications must respond to all requirements outlined in the “Application Procedures & Guidelines for a Cannabis Business Permit.” Applicants must submit all required application materials together in one complete comprehensive application package. This can be done in person, by U.S. Mail, or by common carrier delivery service (e.g. FED EX, UPS, etc.) as long as it is a complete application. The application process must be secured in an envelope or box addressed as follows:

Community Development Director
Attn: Cannabis Application Process
City of Madera
205 W. Fourth Street
Madera, CA 93637

The application package must include all the following documents with original signatures for each document.

- (a) Cannabis Business Permit Application;
- (b) Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement;
- (c) Agreement on Limitations of City’s Liability and Indemnification to City;
- (d) Application fee and Background Check fee(s); and
- (e) Owner Acknowledgment Agreement

Applications must be received by the Community Development Department by 4:00 pm on TBD, 2021. LATE APPLICATIONS WILL BE REJECTED.

Furthermore, an application **RISKS BEING REJECTED** for the following reasons:

1. It is not responsive to this Cannabis Business Permit application and the Procedure Guidelines for a Cannabis Business Permit.
2. The issuance of the Cannabis Business Permit for the proposed location does not comply with State law, MMC Section 6-5.33 and/or Title X , Chapter 3 (Zoning Code Regulations).

FLASH DRIVE CONTENT

In addition, all Applicants must submit a USB flash drive containing one complete copy of the application package per the requirements as outlined in the below format. The application package and application fees must be received by the Community Development Department at the same time.

Responses to the Evaluation Criteria (Sections A-H found in Appendix A of the Application Procedures & Guidelines) shall be limited to 200 pages. Responses pertaining to Backgrounds, Proof of Capitalization, Zoning Verification Letter, and Property Owner Consent/Lease Agreements, Property Owner/Landlord Affidavit, Owner Acknowledgement Agreement shall not be included in the 200-page limitation. Those responses should be saved in PDF files that are separate from the Evaluation Criteria (see below).

All materials must be submitted on a USB flash drive in a PDF format in the following files. You must submit the files in the correct format and organized correctly or your application may be rejected.

- PDF File #1 – Cannabis Business Permit Application (pages 1-3), Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement (pages F1-F3), Agreement on Limitations of City Liability, and Certification, Assurances, Warranties, and Indemnification to City (pages F4-F6), proof of insurance or a letter of insurability; and Owners Acknowledgement Agreement. All copied documents shall display required signatures to be deemed complete.
- PDF File #2 – Evaluation Criteria (Responses to Sections A-H of Appendix A limited to 200 pages)
- PDF File #3 – Background Check documentation (All required documents for each owner). Upon submission of the online background application, Applicants will receive an email confirmation. This confirmation needs to be printed, scanned, and included within PDF File #3.
- PDF File #4 – Proof of Capitalization (Appropriate bank statements, loan documents, promissory notes, financial and commitment letters)
- PDF File #5 – Zoning Verification Letter (ZVL) which shows the correct location, unit, space, or suite number in the building being used. Proof of Insurance or a letter showing proof of insurability by a qualified insurance company which shows the location being insured in City of Madera, the type of activity being insured, and the name of the business being insured. Copies from another business location in another city owned by the Applicant will not be accepted.

CRIMINAL BACKGROUND CHECK

Each Owner as defined in Section 6-5.06 (T) must undergo a criminal history background check to demonstrate they do not provide “good cause” for denial per MMC Sections 6-5.08 and 6-5.38K. Owners who do not meet the criminal history eligibility requirements of Section 6-5.38K will be disqualified. The background form can be found online at https://hdlcompanies.formstack.com/forms/bc_maderacity.

In addition, each successful applicant will be asked to submit to a Live Scan as part of the background check as determined by the Chief of Police. Prior to being issued a permit the Applicant’s primary contact will be notified by email with the instructions on how to schedule the Live Scan appointment.

The initial background check fee for each owner shall be \$300.00. This process will be required to meet the minimum threshold qualifications pursuant to MMC Section 6-5.38K. The results of the background check along with the City-issued Zoning Verification Letter must be included with the CCB Application (Phase I).

ZONING VERIFICATION LETTER (ZVL)

Prior to submitting a CCB application (Phase I), an Applicant must obtain a Zoning Verification Letter from the Community Development Department. To secure this letter, an Applicant must make a written request to the Community Development Department which should specify the intended use of the building (i.e., Cultivation, Manufacturing, Distribution, Retail, Microbusiness or Vertically Integrated), and the proposed building location. Please advise the City if you currently occupy the premises or if there is a tenant currently occupying the premises and what type of business activity is being conducted.

The issuance of a ZVL does not constitute written evidence of permission given by the City or any of its officials to operate a cannabis business, nor does it establish a “permit” within the meaning of the Permit Streamlining Act, nor does it create an entitlement under the Zoning or Building Code. A regulatory permit for a CCB does not constitute a permit that runs with the land on which the cannabis business is established.

FEES

All applicants will be required to submit a fee of \$X,XXX.00. This amount will be charged against time spent by City staff and the Consultant in reviewing applications and administering the application process. Applicants are advised that they may be required to pay additional amounts as required for the sole purpose of the City’s completion of the application review process. However, there will also be a separate fee for the Zoning Verification Letter (ZVL) of \$XXX.00 per site and the Background Check Fee of \$300. For the successful Applicants there will also be a Live Scan Fee of \$XX.00 prior to obtaining the Cannabis Business Permit or at a time determined by the Police Chief.

Payment must be made by a certified check, cashier’s check or money order made payable to the City of Madera. Please note the City will not accept cash or credit cards and application fees are non-refundable once the City has begun reviewing the application.

APPLICATION REVIEW, SCORING AND APPROVAL PROCESS

PHASE I: DETERMINATION OF ELIGIBILITY

Applications will be reviewed for completeness and compliance to meet the minimum submittal requirements. The determination of eligibility will be based on the criteria outlined in these procedures and as described in Appendix A. However, the criteria will be evaluated and scored with the process adopted in these procedures in accordance with MMC Chapter 6-5.13 and may be amended as provided in MMC Section 6-5.49 A & C in writing for clarification to application submittal questions which will be posted in the FAQ section of the Cannabis Information webpage and shall go into full effect immediately upon being posted on the website.

PHASE II: APPLICATION EVALUATION AND REVIEW (3,000 points)

During Phase II, the City and/or consultant will review and score each application using a merit-based system. At a minimum the top ten (10) applicants who score a minimum of 90% or higher (2,700 points) in Phase II may be eligible to advance to Phase III. However, the City may at its sole discretion select more than ten (10) applicants based on the quantity and the overall quality of applications the City receives. Notice of the results of Phase II will be provided in writing via email to the primary contact listed on the application.

See APPENDIX A for a description of the evaluation criteria:

- Section A. Business Plan (400 points)
- Section B. Labor, Equity, Diversity, and Inclusion Plan (400 points)
- Section C. Safety Plan (300 points)
- Section D. Security Plan (300 points)
- Section E - Qualifications of Owners (400 Points)
- Section F - Neighborhood Compatibility (400 Points)
- Section G - Community Benefits and Investments Plan (500 Points)
- Section H - Proposed Location (300 Points)

PHASE III: PUBLIC MEETING

Upon the completion of Phase II, the City Manager or his/her designee will tabulate the scores of all applicants from Phase II to create a final ranking which will be used to form the basis for determining who will be invited to participate in the Public Meeting and subsequently presented to the City Council for final consideration. Should there be a tie in any scoring, the City Manager shall force rank each of the applicants who participated in Phase II, in order to establish an eligibility list and therefore the decision on who moves on will not be solely determined by the scores alone.

The Public Meeting will be set to allow concerns of residents, businesses, and community organizations alike to be brought before the City. The City staff will conduct the Public Meeting pursuant to MMC Section 6-5.14 prior to presenting a report of its findings along with the final rankings to be presented the City Council. Those applicants selected to participate in the Public Meeting will be invited to attend and will be given an opportunity to address any concerns from the public presentation.

PHASE IV: CITY COUNCIL INTERVIEWS AND FINAL DECISION

Upon the completion of Phase III, the City Manager will present to the City Council the top Applicants that will be interviewed by the Council in order to make a final determination as to which applicant(s) will be awarded a CCB permit. Each Applicant should be prepared to conduct a brief presentation in order to be interviewed by the City Council. Further details as to date, time, place, and length of presentation will be provided prior to the City Council interviews.

After the City Council has made a determination as to who if any Applicants will be awarded a CCB permit and as a condition of issuance of the regulatory permit, the operator of each cannabis facility shall enter into a Community Benefit Agreement with the City setting forth the terms and conditions under which the cannabis facility will operate that are in addition to the requirements of Chapter 6-5.37.C, including, but not limited to community benefits such as public outreach and education, community service, payment of fees and other charges as mutually agreed, and such other terms and conditions that will protect and promote the public health, safety and welfare.

In addition, any community benefits that a commercial cannabis business agrees to provide shall be incorporated into the terms and conditions under which the commercial cannabis business will operate with the City of Madera's approval, if and when a Community Benefit Agreement is executed. Upon successfully negotiations in this phase of the process the Applicant will then be authorized to proceed to apply for both a land use (conditional use) permit and a business license and related approvals.

Any Applicant wishing to appeal Phase I through Phase III of the Application Process may appeal to the City Manager or appointed hearing officer depending on the type of appeal requested within ten (10) days of the Applicant receiving a notice that they will not move forward in the application process or be issued a permit. Such appeals shall comply with the requirements of MMC Sections 6-5.20 through 6-5.26.

NOTE: Being awarded a CCB permit 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, Community Development Department permits or reviews, and any other permits, licenses, or reviews as deemed necessary by the relevant departments or governmental entities in charge of said permits. Nor does the award of a CCB permit guarantee that the plans submitted via the CCB application process meet the standards or requirements in MMC Title X, Chapter 3 and any other permit requirements from other City departments or agencies.

CONTACT

If you have any questions or would like an update on the status of your application, please contact the Community Development Department at 559.661.5400 or by email at Cannabis@madera.gov.

APPENDIX A: EVALUATION CRITERIA

The City is a public agency subject to the California Public Records Act ("CPRA"). In the event a request for information under the CPRA seeks disclosure of application materials marked by Applicant as "Confidential Information," the City will make reasonable efforts to provide notice to Applicant prior to such disclosure to allow Applicant to seek a protective order, injunctive relief, or other appropriate remedy. If Applicant contends any designated application materials are exempt from the CPRA and wishes to prevent disclosure, it is required, at its own cost, liability, and expense to obtain a protective order, injunctive relief or other appropriate remedy from a court having jurisdiction over the matter at least two (2) days before City's deadline to respond to the CPRA request. If Applicant fails to obtain such a remedy before the deadline for the City's response to the CPRA request, the City will disclose the requested information and shall not be liable or responsible for such disclosure.

SECTION A: BUSINESS PLAN (400 points)

1. Finances* – A budget for construction, operations, maintenance, compensation of employees, equipment, property lease, security equipment and staff, City fees, state fees, utility costs, product purchases and other anticipated contingency 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.
 - A. Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets which can be verified by the City.
 - B. A pro forma for at least three years of operations.
 - C. A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.
2. Daily Operations - The Business Plan should describe the day-to-day operations which meet industry best practices for the type of cannabis business you are applying.
 - 2.1 Describe the day-to-day operations if you are applying for a RETAIL permit. This should include at a minimum the following criteria:
 - A. Describe customer check-in procedures.
 - B. Identify location and procedures for receiving deliveries during business hours.
 - C. Identify the name of the Point-of-sale system to be used and the number of Point-of-Sale locations.
 - D. Estimate the number of customers to be served per hour/day.
 - E. Describe the proposed product line to be sold and estimate the percentage of sales of flower and manufactured products.
 - F. If proposed, describe delivery service procedures, number of vehicles and product security during transportation.
 - G. How the Cannabis Business will conform to local and state laws. See MMC Sections 6-5.40 and Title X as they pertain to retail establishments in the City of Madera.
 - H. How cannabis and cannabis products will be tracked and monitored to prevent diversion. Describe the Point-of-Sale system to be used and how it will interact with the state's mandated track and trace system.
 - 2.2 Describe the day-to-day operations if you are applying for a DISTRIBUTION permit. This should include at a minimum the following criteria:
 - A. Identify the number of delivery drivers, hours of delivery and vehicles to be used.
 - B. Describe the transportation security procedures.
 - C. Describe how inventory will be received, processed, stored, and secured in the permitted premises.
 - D. Describe the quality control procedures designed to ensure all cannabis is properly packaged, labeled, and tested.

- E. How the Cannabis Business will conform to local and state laws. See MMC 6-5.43 and Title X as they pertain to Distribution.
- 2.3 Describe the day-to-day operations if you are applying for a MANUFACTURING permit. This should include at a minimum the following criteria:
- A. Identify all cannabis products manufactured within the permitted premises.
 - B. Describe quality control procedures.
 - C. Describe inventory control procedures.
 - D. Describe the extraction process, equipment and room in which extractions will be conducted.
 - E. Provide detail as to whether the extraction equipment has been reviewed and certified by a Professional Engineer or Certified Industrial Hygienist.
 - F. Describe the sanitation procedures.
 - G. How the Cannabis Business will conform to local and state laws. See MMC 6-5.45 and Title X, as they pertain to Manufacturing.
- 2.4 Describe the day-to-day operations if you are applying for a TESTING permit. This should include at a minimum the following criteria:
- A. Describe the sampling standard operating procedures.
 - B. Describe procedures for transporting cannabis field samples.
 - C. Describe the chain of custody for field samples.
 - D. Describe the quality control procedures.
 - E. Describe the Laboratory Supervisor/Manager responsibilities and qualifications.
 - F. Identify location and procedures for storing cannabis products.
 - G. Describe how the cannabis business will conform to local and State laws. See MMC 6-5.44 and Title X as they pertain to testing labs in the City of Madera.
 - H. Describe how the cannabis and cannabis products will be tracked and monitored to prevent diversion.
 - I. Describe the Point-of-Sale system to be used and how it will interact with the State's mandated track and trace system.
- 2.5 Describe the day-to-day operations if you are applying for a CULTIVATION permit. This should include at a minimum the following criteria:
- A. Identify all cannabis products processed within the permitted premises.
 - B. Describe quality control procedures.
 - C. Describe inventory control procedures.
 - D. Describe the cultivation, drying, curing, grading, trimming, rolling, storing, packaging, and labeling of nonmanufactured processes which will be utilized for these activities.
 - E. Describe the sanitation procedures in such a way as to ensure the health, safety, and welfare of the public, the employees working at the cultivation facility, visitors to the area, neighboring properties, and to ensure the security of the cannabis cultivation and processing; and to safeguard against diversion of cannabis.
 - F. How the Cannabis Business will conform to local and State laws. See MMC 6-5.46 and Title X, as they pertain to cultivation and other regulated activities pertaining to this license.
 - G. Describe the plan for addressing public odor nuisances that may derive from the cultivation facility.
- 2.6 Describe the day-to-day operations if you are applying for a MICROBUSINESS permit. This should include at a minimum the following criteria:
- A. A microbusiness license engaged in retail shall describe all the requirements in subsection 2.1 of Appendix A, Section A in accordance with CCR §5500 and applicable requirements in MMC Section 6-5.40 and Title X.
 - B. A microbusiness license engaged in distribution shall describe all the requirements in subsection 2.2 of Appendix A Section A in accordance with CCR §5500 and applicable requirements in MMC Section 6-5.43 and Title X.

- C. A microbusiness license engaged in manufacturing shall describe all the requirements in subsection 2.3 of Appendix A, Section A in accordance with CCR §5500 and applicable requirements in MMC Section 6-5.45 and Title X.
 - D. A microbusiness license engaged in cultivation shall describe all the requirements in subsection 2.5 of Appendix A, Section A in accordance with CCR §5500 and applicable requirements in Section 6-5.46 and Title X.
- 2.7 Describe the day-to-day operations if you are applying for a VERTICALLY INTERGATED permit. This should include at a minimum the following criteria:
- A. A vertically integrated license which is engaged in at least 20,000 square feet of canopy cultivation shall describe all the requirements in subsection 2.5 of Appendix A, Section A in accordance with MMC Section 6-5.46, Title X, and all applicable state laws related to this permitted activity.
 - B. Must demonstrate that the business is owned by one business entity and complies with the definition of 6-5.06 (DD).
 - C. A vertically integrated license engaged in retail shall describe all the requirements in subsection 2.1 of Appendix A, Section A in accordance with MMC Section 6-5.40, Title X, and applicable state laws related to this permitted activity.
 - D. A vertically integrated license engaged in distribution shall describe all the requirements in subsection 2.2 of Appendix A, Section A in accordance with MMC Section 6-5.43, Title X, and all applicable state laws related to this permitted activity.
 - E. A vertically integrated license engaged in manufacturing shall describe all the requirements in subsection 2.3 of Appendix A, Section A in accordance with MMC Section 6-5.45, Title X, and all applicable state laws related to this permitted activity.

SECTION B: LABOR, EQUITY, DIVERSITY & INCLUSION PLAN (400 points)

1. The application should describe to what extent the cannabis business will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees in accordance with Section 6-5.13 (G).
2. Identify number of employees at initial opening and the maximum number of employees when the business is at full capacity.
3. Describe any diversity and inclusion programs that will be developed as part of the business model which embraces a rich and diverse work force with a diverse set of perspectives, work and life experiences, as well as religious and cultural differences that provide equal opportunities for employee development.
4. Identify all positions and their responsibilities.
5. Describe compensation to and opportunities for continuing education and training for employees.
6. Describe whether the cannabis business is committed to offering employees a Living Wage.
7. Briefly describe benefits provided to employees such as health care, vacation, and medical leave, to the degree they are offered as part of employment.
8. Describe to the extent to which the cannabis business will be a locally owned enterprise and the owner(s) reside within the County of Madera. In order to qualify for this criteria, an owner must have lived in the County of Madera for at least one year prior to June 1, 2021.

SECTION C: SAFETY PLAN (300 points)

1. The detailed Safety Plan shall be prepared by a California professional fire prevention and suppression consultant.
2. This plan will describe all fire prevention and suppression measures, fire extinguisher locations, evacuation routes and alarm systems the facility will have in place.
3. Describe all accident and incident reporting procedures.
4. Describe the waste management locations and procedures.

SECTION D: SECURITY PLAN (300 points)

1. The security plan shall be prepared by a professional security consultant. This can be done with in-house staff or a consultant, but it must clearly demonstrate that it meets the professional standards requested to receive the appropriate points for each criterion in this section.
 - A. The plan should demonstrate how the cannabis business wishes to develop the floor plan and address other security issues on the property.
2. Premises Diagram: In addition to the site plans submitted for the Proposed Location (in Section H of Appendix A), a separate Premises Diagram must be included in this Security Plan section (Section D) of the application. The diagram must meet the requirements of the Bureau of Cannabis Control CCR Title 16, Division 42, §5006 Premises Diagram.
 - A. The diagram shall show the boundaries of the property and the proposed location to be licensed, showing all boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways, and shall include a brief statement or description of the principal activity to be conducted therein.
 - B. The diagram shall show and identify commercial cannabis activities that will take place in each area of the premises and identify all limited-access areas.
 - C. The diagram shall show where all cameras are located and assign a number to each camera for identification purposes.
 - D. The diagram should be accurate, dimensioned and to-scale (minimum scale of 1/4").
 - E. If the proposed location consists of only a portion of a property, the diagram must be labeled indicating which part of the property will be used for the licensed premises and what activities will be used for the remaining property.
3. Description of operational security, including but not limited to general security for access/visitor control, inventory control and cash handling procedures.
4. Description of perimeter security, on-site security guards, lighting, and parking.
5. Identify transportation techniques and security procedures.
6. Description of employee training and general security policies.

SECTION E: QUALIFICATION OF OWNERS (400 points)

1. Experience – Demonstrate the business owner's experience in owning, managing, and operating a cannabis business. For purposes of this section, owner shall mean the State definition of owner in the State Business and Professions Code Section 26001 and all persons, companies, and entities that will be directing, controlling, and/or managing the day-to-day operations of the business. Evidence that prior experience was from legally permitted activities.
2. Cannabis Industry Knowledge – Demonstrate overall knowledge of the cannabis industry (as demonstrated throughout the screening application), including identification of how industry best practices and State regulations have been incorporated in existing/prior legal businesses outside the City of Madera.
3. Ownership Team – Describe the involvement of the ownership team in day-to-day operation of the business. Owner is defined based upon the State definition of owner, see Business and Professions Code Section 26001.

SECTION F: NEIGHBORHOOD COMPATIBILITY PLAN (400 points)

1. Describe how the business will proactively address and respond to complaints related to noise, light, odor, and vehicle and pedestrian traffic.
2. Describe how the business will be managed to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community.
3. Describe odor mitigation practices:
 - A. Identify potential sources of odor.

- B. Describe odor control devices and techniques employed to ensure that odors from cannabis are not detectable beyond the licensed premises.
- C. Describe all proposed staff training and system maintenance plans.
- 4. Describe the waste management plan. The plan shall include waste disposal locations, security measures, methods of rendering all waste unusable and unrecognizable, and the vendor in charge of disposal.
- 5. The application should include the following information about the proposed location:
 - A. Physical address and a detailed description of the proposed location, including the overall property, building, and interior floor plan.
 - B. Description of all known nearby State and local sensitive use areas. The cannabis business must have the appropriate zoning and meet all the locational requirements as described in MMC sections 6-5.33 and Title X.
 - C. List any nearby well-traveled paths to schools and describe how the cannabis business will proactively protect the youth on these paths from exposure to the cannabis business.
 - D. Describe how the business will proactively take steps about community concerns to protect the youth generally from the impacts of the cannabis business.
 - E. Proof of ownership, lease agreement, or a Letter of Intent to Lease.
 - F. Vicinity map.
 - G. Photographs of existing site and buildings.
 - H. Evidence that the location has access to public transportation for employees or customers.

SECTION G: COMMUNITY BENEFITS AND INVESTMENTS PLAN (500 points)

The cannabis business should describe the benefits the business will provide to the local community, for example by directly aiding, participating in, or funding the work of local non-profits, community-based organizations, civic organizations, or social services organizations. Benefits may be in the form of volunteer services, monetary donations, financial support of City-sponsored activities or organizations, in-kind donations to the City or other charitable organizations and/or any other economic incentives to the City which will help achieve the strategic policy goals of the City Council in permitting cannabis businesses in the City of Madera.

SECTION H: PROPOSED LOCATION (300 points) (Not required for Social Equity)

In addition to the location related details required in the Security Plan section of this application, the application shall include a thorough narrative description of the proposed location, including but not limited to the overall site, existing and/or proposed building(s), parking spaces, driveways, pedestrian sidewalks/rights-of-way, and neighboring businesses on the parcel. Description of floor plans and interior design are not a requirement of this section. In addition to the narrative description of the proposed locations, Applicants shall also include the following items.

- 1. The CBP applicant must have the appropriate zoning and meet all the locational requirements as described in MMC Section 6-5.33 and Title X.
- 2. The application shall include photographs of the front (street facing) side of the building. In the event the proposed location is undeveloped land, photographs shall depict the property from all vantage points of the property.
- 3. The application must include a (Site) diagram depicting all details described in the narrative description of the proposed location. The diagram required for this section need not include a description of any building interior, floor plan or security detail.

Attachment 2

Application Procedure Guidelines and Review Criteria for a Commercial Cannabis Business Permit (Social Equity Applications)



City of Madera

Community Development Department
205 W. 4th Street
Madera, CA 93637
Phone: 559.661.5400
Email: Cannabis@Madera.gov

APPLICATION PROCEDURE GUIDELINES AND REVIEW CRITERIA FOR A COMMERCIAL CANNABIS BUSINESS PERMIT (SOCIAL EQUITY APPLICATIONS)

Application Period
OPENS – TBD, 2021
CLOSES – TBD, 2021

These Procedure Guidelines apply solely to Social Equity Applications. Separate Procedure Guidelines and Review Criteria apply to Standard and to Vertical Integration Applications.

Information regarding the Commercial Cannabis Business (CCB) Application process can be found on the City's website at <https://www.madera.gov> and includes the following:

- Application Procedures Guidelines and Review Criteria
- City of Madera Municipal Code (MMC) Chapter 6-5
- City of Madera Municipal Code (MMC) Title X, Chapter 3 (Zoning Regulations)
- Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement
- Background Check Portal Link
- Commercial Cannabis Business (CCB) Permit Application
- Ownership Acknowledgement Form

To be considered for issuance of a Cannabis Business Permit, final applications must be submitted to the Community Development Department located at the address listed on these procedures by the deadline. There will be no exceptions. These Procedure Guidelines and Review Criteria (hereafter referred to as "Procedures." constitute the application process and are adopted pursuant to the Madera Municipal Code (MMC) Section 6-5.13 and Title X, Chapter 3 (Zoning Regulations).

During this application period the City will be allowing up to six (6) Standard retail, two (2) Social Equity retail and an unlimited number of cultivation, manufacturing, distribution, microbusinesses, and Vertically Integrated permits in the City of Madera.

Applicants should monitor the City's web page for any additional information, FAQs, or updates. It is the responsibility of the Applicant to stay informed of this information.

SOCIAL EQUITY APPLICANT ELIGIBILITY

Pursuant to the City Council's Social Equity Policy for Cannabis Businesses, applicants who are applying as Social Equity applicant must first be evaluated to verify their eligibility in accordance with the City's eligibility criteria, (see Appendix B) before any substantive review of their application can occur. Social Equity applicants must identify themselves as such at the outset by checking the appropriate box on the Commercial Cannabis Business Application. Should it be determined that the Applicant be deemed not

eligible for a Social Equity Application will then be given the option to submit their application as a Standard or Vertically Integrated Applicant or withdraw from the process when notified by the City staff.

ORIENTATION “KICK OFF” MEETING

The City will hold a virtual Orientation “Kick Off” Meeting on Wednesday, September 8, 2021 at 1:00 pm. Pre-registration for the Orientation Meeting is required however, attendance at the Orientation Meeting is not required to apply for a Cannabis Business Permit. The registration link is available on the City’s website at <https://www.madera.gov/Cannabis-Information>.

AMENDMENTS TO THE SOCIAL EQUITY 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 posted on the City’s website as a clarification update, or as authorized in writing by the City Manager or his/her designee.

During Phase IB, City staff and the Consultant will conduct a preliminary evaluation of the applications for completeness and will reject any application that is missing a major component (for example, a Security Plan), notifying the applicant by email that they have been disqualified.

For those Applications which are missing essential information the primary contact will be notified by email if their application is found to be missing minor requirements (for example, signatures/dates on forms, proof of payment receipts, scanned pages in one of the scoring criteria documents, or incorrect formatting or organization of files). If this is the case, the Applicant may be granted five days from the date of the email to submit the required supplemental information. Should you receive an email from the City we ask that you confirm receipt of it immediately. If the City does not get confirmation from your primary contact within two days, it may, but is not required to, make an attempt to notify the primary contact by phone in case the email went into the recipient’s spam folder unnoticed. However, please note should this be the case you will not be provided additional time to complete the curing process so make sure you monitor your incoming or spam email carefully. Furthermore, you may not submit any additional information other than what was requested to cure the minor requirements. Finally, an applicant will be notified if their application is incomplete or if there is any other reason for which they will not be moving forward in the application process.

LIMITATIONS ON MULTIPLE APPLICATIONS

Applicants possessing an ownership interest of ten percent (10%), or more, in a retail, microbusiness, or vertically integrated cannabis permit application shall be limited to submitting only one application which includes retail during this initial process regardless. In order to ensure compliance with the ownership interest concerns every owner on the application which meets the criteria listed in Section 6-5.06 (T) will be required to complete the Ownership Acknowledgement form which is provided on the City’s website. However, there will be no limitations on any other permit type which are permitted in the City, (i.e., cultivation, manufacturing, distribution, and testing labs). In addition, the City will only accept a maximum of two of any combination of retail, microbusiness, or vertically integrated application Zoning Verification Letters (ZVL) per property (APN). Furthermore, without exception only one retail, microbusiness or vertically integrated Applicant will be issued a retail permit per location by the City Council in Phase IV and so each Applicant should keep that in mind when selecting a location for their business in which there is more than one Applicant.

CITY’S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all applications, with or without cause or reason. The City may modify, postpone, or cancel the request for a CCB permit 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 Applicant submitting an application in order to conduct a complete review of the application or an investigation into the truthfulness of the statements set forth in the application or provided at any stage of the application process and if it is not fully responsive to this request for a CCB application.

APPLICATION PROCESS

This application process is adopted pursuant to MMC Section 6-5.13. Review the information regarding the application process and which documents you will need. Before submitting your application, review your application in its entirety to ensure that it is complete and accurate. Review the information regarding the Cannabis Business Permit application process for a CCB on the City webpage provided on page one.

APPLICATION SUBMITTAL REQUIREMENTS

Applications must respond to all requirements outlined in the “Application Procedures & Guidelines for a Cannabis Business Permit.” Applicants must submit all required application materials together in one complete comprehensive application package. This can be done in person, by U.S. Mail, or by common carrier delivery service (e.g. FED EX, UPS, etc.) as long as it is a complete application. The application process must be secured in an envelope or box addressed as follows:

Community Development Director
Attn: Cannabis Application Process
City of Madera
205 W. Fourth Street
Madera, CA 93637

The application package must include all the following documents with original signatures for each document as outlined below.

Due September 20, 2021

Phase 1A- Cannabis Business Permit Application (pages 1-3) (Equity Only) to be used for eligibility review. Applications must be received by the Community Development Department by 4:00 pm on September 20, 2021. Applications that do not meet this deadline will no longer be eligible to apply as a Social Equity Applicant but may apply as a Standard or Vertically Integrated Applicant in accordance with those procedures established for those processes.

Due TBD, 2021

Phase 1B Applications must be received by the Community Development Department by 4:00 pm on TBD, 2021. LATE APPLICATIONS WILL BE REJECTED.

Phase 1B-Items

- (a) Cannabis Business Permit Application; (**This item is required for Phase 1A and 1B**)
- (b) Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement;
- (c) Agreement on Limitations of City's Liability and Indemnification to City;
- (d) Application fee and Background Check fee(s); and
- (e) Owner Acknowledgment Agreement

Furthermore, an application RISKS BEING REJECTED for the following reasons:

1. It is not responsive to this Cannabis Business Permit application and the Procedure Guidelines for a Cannabis Business Permit.
2. The issuance of the Cannabis Business Permit for the proposed location does not comply with State law, MMC Section 6-5.33 and/or Title X , Chapter 3 (Zoning Code Regulations).

FLASH DRIVE CONTENT

In addition, all Applicants must submit a USB flash drive containing one complete copy of the application package per the requirements as outlined in the below format. The application package and application fees must be received by the Community Development Department at the same time.

Responses to the Evaluation Criteria (Sections A-G found in Appendix A of the Application Procedures & Guidelines) shall be limited to 200 pages. Responses pertaining to Backgrounds, Proof of Capitalization, Zoning Verification Letter, and Property Owner Consent/Lease Agreements, Property Owner/Landlord Affidavit, Owner Acknowledgement Agreement shall not be included in the 200-page limitation. Those responses should be saved in PDF files that are separate from the Evaluation Criteria (see below).

All materials must be submitted on a USB flash drive in a PDF format in the following files. You must submit the files in the correct format and organized correctly or your application may be rejected.

- PDF File #1 – Cannabis Business Permit Application (pages 1-3), Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement (pages F1-F3), Agreement on Limitations of City Liability, and Certification, Assurances, Warranties, and Indemnification to City (pages F4-F6), proof of insurance or a letter of insurability; and Owners Acknowledgement Agreement. All copied documents shall display required signatures to be deemed complete.
- PDF File #2 – Evaluation Criteria (Responses to Sections A-G of Appendix A limited to 200 pages)
- PDF File #3 – Background Check documentation (All required documents for each owner). Upon submission of the online background application, Applicants will receive an email confirmation. This confirmation needs to be printed, scanned, and included within PDF File #3.
- PDF File #4 – Proof of Capitalization (Appropriate bank statements, loan documents, promissory notes, financial and commitment letters)
- PDF File #5 – Zoning Verification Letter (ZVL) which shows the correct location, unit, space, or suite number in the building being used. Proof of Insurance or a letter showing proof of insurability by a qualified insurance company which shows the location being insured in City of Madera, the type of activity being insured, and the name of the business being insured. Copies from another business location in another city owned by the Applicant will not be accepted.

CRIMINAL BACKGROUND CHECK

Each Owner as defined in Section 6-5.06 (T) must undergo a criminal history background check to demonstrate they do not provide “good cause” for denial per MMC Sections 6-5.08 and 6-5.38K. The background check will be used to help verify the Social Equity eligibility requirements and ensure that the applicants meet the criteria. Owners who do not meet the criminal history eligibility requirements of Section 6-5.38K will be disqualified. The background form can be found online at https://hdlcompanies.formstack.com/forms/bc_maderacity.

In addition, each successful applicant will be asked to submit to a Live Scan as part of the background check as determined by the Chief of Police. Prior to being issued a permit the Applicant's primary contact will be notified by email with the instructions on how to schedule the Live Scan appointment.

The initial background check fee for each owner shall be \$300.00. This process will be required to meet the minimum threshold qualifications pursuant to MMC Section 6-5.38K. The results of the background check along with the City-issued Zoning Verification Letter must be included with the CCB Application (Phase I).

ZONING VERIFICATION LETTER (ZVL)

Prior to submitting a CCB application (Phase I), an Applicant must obtain a Zoning Verification Letter from the Community Development Department. To secure this letter, an Applicant must make a written request to the Community Development Department which should specify the intended use of the building (i.e., Cultivation, Manufacturing, Distribution, Retail, Microbusiness or Vertically Integrated), and the proposed building location. Please advise the City if you currently occupy the premises or if there is a tenant currently occupying the premises and what type of business activity is being conducted.

The issuance of a ZVL does not constitute written evidence of permission given by the City or any of its officials to operate a cannabis business, nor does it establish a "permit" within the meaning of the Permit Streamlining Act, nor does it create an entitlement under the Zoning or Building Code. A regulatory permit for a CCB does not constitute a permit that runs with the land on which the cannabis business is established.

FEES

All applicants will be required to submit a fee of \$X,XXX.00. This amount will be charged against time spent by City staff and the Consultant in reviewing applications and administering the application process. Applicants are advised that they may be required to pay additional amounts as required for the sole purpose of the City's completion of the application review process. However, there will also be a separate fee for the Zoning Verification Letter (ZVL) of \$XXX.00 per site and the Background Check Fee of \$300. For the successful Applicants there will also be a Live Scan Fee of \$XX.00 prior to obtaining the Cannabis Business Permit or at a time determined by the Police Chief.

Payment must be made by a certified check, cashier's check or money order made payable to the City of Madera. Please note the City will not accept cash or credit cards and application fees are non-refundable once the City has begun reviewing the application.

APPLICATION REVIEW, SCORING AND APPROVAL PROCESS

PHASE IA: SOCIAL EQUITY REGISTRATION AND ELIGIBILITY

The Social Equity Commercial Cannabis Business License application (pages 1-3) and supporting eligibility documents shall be **due by TBD, 2021**, by 4:00 PM. Upon receiving a completed (CCB) application, City staff will review the materials to determine eligibility under the City's Council Social Equity established criteria in accordance with Appendix B of these procedures. Applicants will be notified as soon as possible if they do not qualify under the Social Equity criteria and will be given the option to apply under the Standard or Vertical Integrated application process respectfully or withdraw from the process.

PHASE 1B: DETERMINATION OF ELIGIBILITY

Applications will be reviewed for completeness and compliance to meet the minimum submittal requirements. The determination of eligibility will be based on the criteria outlined in these procedures and as described in Appendix A. However, the criteria will be evaluated and scored with the process adopted in these procedures in accordance with MMC Chapter 6-5.13 and may be amended as provided in MMC Section 6-5.49 A & C in writing for clarification to application submittal questions which will be posted in the FAQ section of the Cannabis Information webpage and shall go into full effect immediately upon being posted on the website.

PHASE II: APPLICATION EVALUATION AND REVIEW (2,700 points)

During Phase II, the City and/or consultant will review and score each application using a merit-based system. At a minimum the top ten (10) applicants who score a minimum of 90% or higher (2,430 points) in Phase II may be eligible to advance to Phase III. However, the City may at its sole discretion select more than ten (10) applicants based on the quantity and the overall quality of applications the City receives. Notice of the results of Phase II will be provided in writing via email to the primary contact listed on the application.

See APPENDIX A for a description of the evaluation criteria:

- Section A. Business Plan (400 points)
- Section B. Labor, Equity, Diversity, and Inclusion Plan (400 points)
- Section C. Safety Plan (300 points)
- Section D. Security Plan (300 points)
- Section E. Qualifications of Owners (400 Points)
- Section F. Neighborhood Compatibility (400 Points)
- Section G. Community Benefits and Investments Plan (500 Points)

PHASE III: PUBLIC MEETING

Upon the completion of Phase II, the City Manager or his/her designee will tabulate the scores of all applicants from Phase II to create a final ranking which will be used to form the basis for determining who will be invited to participate in the Public Meeting and subsequently presented to the City Council for final consideration. Should there be a tie in any scoring, the City Manager shall force rank each of the applicants who participated in Phase II, in order to establish an eligibility list and therefore the decision on who moves on will not be solely determined by the scores alone.

The Public Meeting will be set to allow concerns of residents, businesses, and community organizations alike to be brought before the City. The City staff will conduct the Public Meeting pursuant to MMC Section 6-5.14 prior to presenting a report of its findings along with the final rankings to be presented to the City Council. Those applicants selected to participate in the Public Meeting will be invited to attend and will be given an opportunity to address any concerns from the public presentation.

In addition, since the location will not be a scored criteria for the Social Equity process Applicants which are eligible to participate in Phase III shall be given the opportunity to request a new location for their business application from any property which has qualified under the Standard, Social Equity or Vertically Integrated process and will not be used by any Applicant still in the running for Phase III, or which was subsequently not awarded a permit by the City Council in Phase IV. However, if Applicant switches properties, it must be done prior to participating in Phase III and Phase IV in order to allow for proper vetting at the Public Meeting and by the City Council's during the final selection.

PHASE IV: CITY COUNCIL INTERVIEWS AND FINAL DECISION

Upon the completion of Phase III, the City Manager will present to the City Council the top Applicants that will be interviewed by the Council in order to make a final determination as to which applicant(s) will be awarded a CCB permit. Each Applicant should be prepared to conduct a brief presentation in order to be interviewed by the City Council. Further details as to date, time, place, and length of presentation will be provided prior to the City Council interviews.

After the City Council has made a determination as to who if any Applicants will be awarded a CCB permit and as a condition of issuance of the regulatory permit, the operator of each cannabis facility shall enter into a Community Benefit Agreement with the City setting forth the terms and conditions under which the cannabis facility will operate that are in addition to the requirements of Chapter 6-5.37.C, including, but not limited to community benefits such as public outreach and education, community service, payment of fees and other charges as mutually agreed, and such other terms and conditions that will protect and promote the public health, safety and welfare.

In addition, any community benefits that a commercial cannabis business agrees to provide shall be incorporated into the terms and conditions under which the commercial cannabis business will operate with the City of Madera's approval, if and when a Community Benefit Agreement is executed. Upon successfully negotiations in this phase of the process the Applicant will then be authorized to proceed to apply for both a land use (conditional use) permit and a business license and related approvals.

Any Applicant wishing to appeal Phase I and Phase II of the Application Process may appeal to the City Manager or appointed hearing officer depending on the type of appeal requested within ten (10) days of the Applicant receiving a notice that they will not move forward in the application process or be issued a permit. Such appeals shall comply with the requirements of MMC Sections 6-5.20 through 6-5.26. Any decision made by the City Council as to who is awarded a cannabis business permit shall be final.

NOTE: Being awarded a CCB permit 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, Community Development Department permits or reviews, and any other permits, licenses, or reviews as deemed necessary by the relevant departments or governmental entities in charge of said permits. Nor does the award of a CCB permit guarantee that the plans submitted via the CCB application process meet the standards or requirements in MMC Title X, Chapter 3 and any other permit requirements from other City departments or agencies.

CONTACT

If you have any questions or would like an update on the status of your application, please contact the Community Development Department at 559.661.5400 or by email at Cannabis@madera.gov.

APPENDIX A: EVALUATION CRITERIA

The City is a public agency subject to the California Public Records Act ("CPRA"). In the event a request for information under the CPRA seeks disclosure of application materials marked by Applicant as "Confidential Information," the City will make reasonable efforts to provide notice to Applicant prior to such disclosure to allow Applicant to seek a protective order, injunctive relief, or other appropriate remedy. If Applicant contends any designated application materials are exempt from the CPRA and wishes to prevent disclosure, it is required, at its own cost, liability, and expense to obtain a protective order, injunctive relief or other appropriate remedy from a court having jurisdiction over the matter at least two (2) days before City's deadline to respond to the CPRA request. If Applicant fails to obtain such a remedy before the deadline for the City's response to the CPRA request, the City will disclose the requested information and shall not be liable or responsible for such disclosure.

SECTION A: BUSINESS PLAN (400 points)

1. Finances* – A budget for construction, operations, maintenance, compensation of employees, equipment, property lease, security equipment and staff, City fees, state fees, utility costs, product purchases and other anticipated contingency 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.
 - A. Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets which can be verified by the City.
 - B. A pro forma for at least three years of operations.
 - C. A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.
2. Daily Operations - The Business Plan should describe the day-to-day operations which meet industry best practices for the type of cannabis business you are applying.
 - 2.1 Describe the day-to-day operations if you are applying for a RETAIL permit. This should include at a minimum the following criteria:
 - A. Describe customer check-in procedures.
 - B. Identify location and procedures for receiving deliveries during business hours.
 - C. Identify the name of the Point-of-sale system to be used and the number of Point-of-Sale locations.
 - D. Estimate the number of customers to be served per hour/day.
 - E. Describe the proposed product line to be sold and estimate the percentage of sales of flower and manufactured products.
 - F. If proposed, describe delivery service procedures, number of vehicles and product security during transportation.
 - G. How the Cannabis Business will conform to local and state laws. See MMC Sections 6-5.40 and Title X as they pertain to retail establishments in the City of Madera.
 - H. How cannabis and cannabis products will be tracked and monitored to prevent diversion. Describe the Point-of-Sale system to be used and how it will interact with the state's mandated track and trace system.
 - 2.2 Describe the day-to-day operations if you are applying for a DISTRIBUTION permit. This should include at a minimum the following criteria:
 - A. Identify the number of delivery drivers, hours of delivery and vehicles to be used.
 - B. Describe the transportation security procedures.
 - C. Describe how inventory will be received, processed, stored, and secured in the permitted premises.
 - D. Describe the quality control procedures designed to ensure all cannabis is properly packaged, labeled, and tested.
 - E. How the Cannabis Business will conform to local and state laws. See MMC 6-5.43 and Title X as they pertain to Distribution.

2.3 Describe the day-to-day operations if you are applying for a MANUFACTURING permit.

This should include at a minimum the following criteria:

- A. Identify all cannabis products manufactured within the permitted premises.
- B. Describe quality control procedures.
- C. Describe inventory control procedures.
- D. Describe the extraction process, equipment and room in which extractions will be conducted.
- E. Provide detail as to whether the extraction equipment has been reviewed and certified by a Professional Engineer or Certified Industrial Hygienist.
- F. Describe the sanitation procedures.
- G. How the Cannabis Business will conform to local and state laws. See MMC 6-5.45 and Title X, as they pertain to Manufacturing.

2.4 Describe the day-to-day operations if you are applying for a TESTING permit. This should include at a minimum the following criteria:

- A. Describe the sampling standard operating procedures.
- B. Describe procedures for transporting cannabis field samples.
- C. Describe the chain of custody for field samples.
- D. Describe the quality control procedures.
- E. Describe the Laboratory Supervisor/Manager responsibilities and qualifications.
- F. Identify location and procedures for storing cannabis products.
- G. Describe how the cannabis business will conform to local and State laws. See MMC 6-5.44 and Title X as they pertain to testing labs in the City of Madera.
- H. Describe how the cannabis and cannabis products will be tracked and monitored to prevent diversion.
- I. Describe the Point-of-Sale system to be used and how it will interact with the State's mandated track and trace system.

2.5 Describe the day-to-day operations if you are applying for a CULTIVATION permit. This should include at a minimum the following criteria:

- A. Identify all cannabis products processed within the permitted premises.
- B. Describe quality control procedures.
- C. Describe inventory control procedures.
- D. Describe the cultivation, drying, curing, grading, trimming, rolling, storing, packaging, and labeling of nonmanufactured processes which will be utilized for these activities.
- E. Describe the sanitation procedures in such a way as to ensure the health, safety, and welfare of the public, the employees working at the cultivation facility, visitors to the area, neighboring properties, and to ensure the security of the cannabis cultivation and processing; and to safeguard against diversion of cannabis.
- F. How the Cannabis Business will conform to local and State laws. See MMC 6-5.46 and Title X, as they pertain to cultivation and other regulated activities pertaining to this license.
- G. Describe the plan for addressing public odor nuisances that may derive from the cultivation facility.

2.6 Describe the day-to-day operations if you are applying for a MICROBUSINESS permit. This should include at a minimum the following criteria:

- A. A microbusiness license engaged in retail shall describe all the requirements in subsection 2.1 of Appendix A, Section A in accordance with CCR §5500 and applicable requirements in MMC Section 6-5.40 and Title X.
- B. A microbusiness license engaged in distribution shall describe all the requirements in subsection 2.2 of Appendix A Section A in accordance with CCR §5500 and applicable requirements in MMC Section 6-5.43 and Title X.
- C. A microbusiness license engaged in manufacturing shall describe all the requirements in subsection 2.3 of Appendix A, Section A in accordance with CCR §5500 and applicable requirements in MMC Section 6-5.45 and Title X.

- D. A microbusiness license engaged in cultivation shall describe all the requirements in subsection 2.5 of Appendix A, Section A in accordance with CCR §5500 and applicable requirements in Section 6-5.46 and Title X.
- 2.7 Describe the day-to-day operations if you are applying for a VERTICALLY INTERGATED permit. This should include at a minimum the following criteria:
- A. A vertically integrated license which is engaged in at least 20,000 square feet of canopy cultivation shall describe all the requirements in subsection 2.5 of Appendix A, Section A in accordance with MMC Section 6-5.46, Title X, and all applicable state laws related to this permitted activity.
 - B. Must demonstrate that the business is owned by one business entity and complies with the definition of 6-5.06 (DD).
 - C. A vertically integrated license engaged in retail shall describe all the requirements in subsection 2.1 of Appendix A, Section A in accordance with MMC Section 6-5.40, Title X, and applicable state laws related to this permitted activity.
 - D. A vertically integrated license engaged in distribution shall describe all the requirements in subsection 2.2 of Appendix A, Section A in accordance with MMC Section 6-5.43, Title X, and all applicable state laws related to this permitted activity.
 - E. A vertically integrated license engaged in manufacturing shall describe all the requirements in subsection 2.3 of Appendix A, Section A in accordance with MMC Section 6-5.45, Title X, and all applicable state laws related to this permitted activity.

SECTION B: LABOR, EQUITY, DIVERSITY & INCLUSION PLAN (400 points)

1. The application should describe to what extent the cannabis business will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees in accordance with Section 6-5.13 (G).
2. Identify number of employees at initial opening and the maximum number of employees when the business is at full capacity.
3. Describe any diversity and inclusion programs that will be developed as part of the business model which embraces a rich and diverse work force with a diverse set of perspectives, work and life experiences, as well as religious and cultural differences that provide equal opportunities for employee development.
4. Identify all positions and their responsibilities.
5. Describe compensation to and opportunities for continuing education and training for employees.
6. Describe whether the cannabis business is committed to offering employees a Living Wage.
7. Briefly describe benefits provided to employees such as health care, vacation, and medical leave, to the degree they are offered as part of employment.
8. Describe to the extent to which the cannabis business will be a locally owned enterprise and the owner(s) reside within the County of Madera. In order to qualify for this criteria as a Social Equity Applicant an owner(s) must have lived in the County of Madera for at least five years prior to June 1, 2021.

SECTION C: SAFETY PLAN (300 points)

1. The detailed Safety Plan shall be prepared by a California professional fire prevention and suppression consultant.
2. This plan will describe all fire prevention and suppression measures, fire extinguisher locations, evacuation routes and alarm systems the facility will have in place.
3. Describe all accident and incident reporting procedures.
4. Describe the waste management locations and procedures.

SECTION D: SECURITY PLAN (300 points)

1. The security plan shall be prepared by a professional security consultant. This can be done with in-house staff or a consultant, but it must clearly demonstrate that it meets the professional standards requested to receive the appropriate points for each criterion in this section.
 - A. The plan should demonstrate how the cannabis business wishes to develop the floor plan and address other security issues on the property.
2. Premises Diagram: In addition to the site plans submitted for the Proposed Location (in Section H of Appendix A), a separate Premises Diagram must be included in this Security Plan section (Section D) of the application. The diagram must meet the requirements of the Bureau of Cannabis Control CCR Title 16, Division 42, §5006 Premises Diagram.
 - A. The diagram shall show the boundaries of the property and the proposed location to be licensed, showing all boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways, and shall include a brief statement or description of the principal activity to be conducted therein.
 - B. The diagram shall show and identify commercial cannabis activities that will take place in each area of the premises and identify all limited-access areas.
 - C. The diagram shall show where all cameras are located and assign a number to each camera for identification purposes.
 - D. The diagram should be accurate, dimensioned and to-scale (minimum scale of 1/4").
 - E. If the proposed location consists of only a portion of a property, the diagram must be labeled indicating which part of the property will be used for the licensed premises and what activities will be used for the remaining property.
3. Description of operational security, including but not limited to general security for access/visitor control, inventory control and cash handling procedures.
4. Description of perimeter security, on-site security guards, lighting, and parking.
5. Identify transportation techniques and security procedures.
6. Description of employee training and general security policies.

SECTION E: QUALIFICATION OF OWNERS (400 points)

1. Experience – Demonstrate the business owner's experience in owning, managing, and operating a cannabis business. For purposes of this section, owner shall mean the State definition of owner in the State Business and Professions Code Section 26001 and all persons, companies, and entities that will be directing, controlling, and/or managing the day-to-day operations of the business. Evidence that prior experience was from legally permitted activities.
2. Cannabis Industry Knowledge – Demonstrate overall knowledge of the cannabis industry (as demonstrated throughout the screening application), including identification of how industry best practices and State regulations have been incorporated in existing/prior legal businesses outside the City of Madera.
3. Ownership Team – Describe the involvement of the ownership team in day-to-day operation of the business. Owner is defined based upon the State definition of owner, see Business and Professions Code Section 26001.

SECTION F: NEIGHBORHOOD COMPATIBILITY PLAN (400 points)

1. Describe how the business will proactively address and respond to complaints related to noise, light, odor, and vehicle and pedestrian traffic.
2. Describe how the business will be managed to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community.
3. Describe odor mitigation practices:
 - A. Identify potential sources of odor.

- B. Describe odor control devices and techniques employed to ensure that odors from cannabis are not detectable beyond the licensed premises.
- C. Describe all proposed staff training and system maintenance plans.
- 4. Describe the waste management plan. The plan shall include waste disposal locations, security measures, methods of rendering all waste unusable and unrecognizable, and the vendor in charge of disposal.
- 5. The application should include the following information about the proposed location:
 - A. Physical address and a detailed description of the proposed location, including the overall property, building, and interior floor plan.
 - B. Description of all known nearby State and local sensitive use areas. The cannabis business must have the appropriate zoning and meet all the locational requirements as described in MMC sections 6-5.33 and Title X.
 - C. List any nearby well-traveled paths to schools and describe how the cannabis business will proactively protect the youth on these paths from exposure to the cannabis business.
 - D. Describe how the business will proactively take steps about community concerns to protect the youth generally from the impacts of the cannabis business.
 - E. Proof of ownership, lease agreement, or a Letter of Intent to Lease.
 - F. Vicinity map.
 - G. Photographs of existing site and buildings.
 - H. Evidence that the location has access to public transportation for employees or customers.

SECTION G: COMMUNITY BENEFITS AND INVESTMENTS PLAN (500 points)

The cannabis business should describe the benefits the business will provide to the local community, for example by directly aiding, participating in, or funding the work of local non-profits, community-based organizations, civic organizations, or social services organizations. Benefits may be in the form of volunteer services, monetary donations, financial support of City-sponsored activities or organizations, in-kind donations to the City or other charitable organizations and/or any other economic incentives to the City which will help achieve the strategic policy goals of the City Council in permitting cannabis businesses in the City of Madera.

SECTION H: PROPOSED LOCATION (300 points) (Not required for Social Equity)

In addition to the location related details required in the Security Plan section of this application, the application shall include a thorough narrative description of the proposed location, including but not limited to the overall site, existing and/or proposed building(s), parking spaces, driveways, pedestrian sidewalks/rights-of-way, and neighboring businesses on the parcel. Description of floor plans and interior design are not a requirement of this section. In addition to the narrative description of the proposed locations, Applicants shall also include the following items.

- 1. The CBP applicant must have the appropriate zoning and meet all the locational requirements as described in MMC Section 6-5.33 and Title X.
- 2. The application shall include photographs of the front (street facing) side of the building. In the event the proposed location is undeveloped land, photographs shall depict the property from all vantage points of the property.
- 3. The application must include a (Site) diagram depicting all details described in the narrative description of the proposed location. The diagram required for this section need not include a description of any building interior, floor plan or security detail.

APPENDIX B

I. EQUITY PERMIT PROGRAM

The Madera City Council has expressed interest in creating a Social Equity Permitting process that addresses disparities in the cannabis industry by prioritizing the victims of the war on drugs and minimizing barriers of entry into the industry. The first step in creating such a process is the establishment of the Equity Permit Application Eligibility.

- A. An “equity applicant” shall be defined as an applicant whose ownership or owner meets the following criteria:
- Is currently a resident of the County of Madera and has been for at least five years;
 - Was arrested after November 5, 1996, and convicted of a cannabis crime in Madera County, California.
 - Has an annual household income at or less than the Madera County Area Median as specified annually by the US Census Data for 2020. The Madera County Area Median Income for 2020 is \$57,585. The following table identifies the adjustments to the Area Median Income limits based on the household size:

| Household Size | Income Limit |
|----------------|--------------|
| One person | \$ 41,979 |
| Two people | \$ 46,644 |
| Three people | \$ 51,827 |
| Four people | \$ 57,585 |
| Five people | \$ 63,344 |
| Six people | \$ 69,678 |
| Seven people | \$ 76,646 |
| Eight or more | \$ 84,311 |

- B. Equity Applicant Verification Process
- An applicant’s eligibility shall be determined at Phase 1A of the Social Equity application process. If the applicant fails to qualify as an Equity Applicant, the applicant may apply for a Standard or Vertically Integrated business and be subject to those application procedure requirements respectively.
 - Each owner of the Social Equity application will be required to complete the Criminal Background Check on the background portal and pay the appropriate fees. The background check will be used to help verify the eligibility requirements and ensure that the applicant(s) meets the qualifications.

- c. Proof of Income
 - i. A copy of owner's federal tax returns for the past two years and at least one of the following two documents:
 - 1. Two months of pay stubs, current Profit and Loss Statement or Balance Sheet
 - 2. Proof of current eligibility for General Assistance, Food Stamps, Medical/CALWORKs or Supplemental Security Income or Social Security Disability (SSI/SSDI).
- d. Proof of Residency
 - i. Provide at least two of the following documents, evidencing five years of residency:
 - 1. California Driver's record or Identification Card record
 - 2. Property tax billing and payment records
 - 3. Verified copies of state or federal income tax returns where a Madera County address is listed as the primary address
 - 4. School records
 - 5. Medical records
 - 6. Banking records
 - 7. Madera County Housing Authority records
 - ii. Documents demonstrating residency in 2021 can be used for proof of current residency only; they will not be considered proof of a year of residency.
- e. Proof of Conviction
 - i. Proof of conviction shall be demonstrated through the following documents:
 - 1. Court records
 - 2. Probation documents
 - 3. Department of Corrections or Federal Bureau of Prisons documentation that clearly indicates the arrest occurred in Madera County.

C. Definition of Owner: For purposes of Section A and B of the Social Equity Program a "Owner" shall be defined as an individual or entity who was identified as owning 51% or more of the Social Equity Application applying for a Commercial Cannabis Business Permit (CCB). The individual or entity must own at least 51% of the business entity submitting the cannabis application. If 51% or more of the ownership of the CCB is held by an entity, that entity must be the same entity requesting the CCB application.

Attachment 3

Application Procedure Guidelines and Review Criteria for a Commercial Cannabis Business Permit (Vertical Integration Applications)



City of Madera

Community Development Department
205 W. 4th Street
Madera, CA 93637
Phone: 559.661.5400
Email: Cannabis@Madera.gov

APPLICATION PROCEDURE GUIDELINES AND REVIEW CRITERIA FOR A COMMERCIAL CANNABIS BUSINESS PERMIT (VERTICALLY INTEGRATED, CULTIVATION, DISTRIBUTION, MANUFACTURING, TESTING LABS APPLICATIONS)

Application Period
OPENS – TBD, 2021
CLOSES – TBD, 2021

These Procedure Guidelines apply solely to Vertically Integrated and Unlimited Applications. Separate Procedure Guidelines and Review Criteria apply to Social Equity and Standard applications.

Information regarding the Commercial Cannabis Business (CCB) Application process can be found on the City's website at <https://www.madera.gov>, and includes the following:

- Application Procedures Guidelines and Review Criteria
- City of Madera Municipal Code (MMC) Chapter 6-5
- City of Madera Municipal Code (MMC) Title X, Chapter 3 (Zoning Regulations)
- Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement
- Background Check Portal Link
- Commercial Cannabis Business (CCB) Permit Application
- Ownership Acknowledgement Form

To be considered for issuance of a Cannabis Business Permit, final applications must be submitted to the Community Development Department located at the address listed on these procedures by the deadline. There will be no exceptions. These Procedure Guidelines and Review Criteria (hereafter referred to as "Procedures." constitute the application process and are adopted pursuant to the Madera Municipal Code (MMC) Section 6-5.13 and Title X, Chapter 3 (Zoning Regulations).

During this application period the City will be allowing up to six (6) Standard retail or Microbusinesses (w/retail), two (2) Social Equity retail or Microbusinesses (w/retail) and an unlimited number of cultivation, manufacturing, distribution, and Vertically Integrated permits in the City of Madera.

Applicants should monitor the City's web page for any additional information, FAQs, or updates. It is the responsibility of the Applicant to stay informed of this information.

ORIENTATION "KICK OFF" MEETING

The City will hold a virtual Orientation "Kick Off" Meeting on Wednesday, September 22, 2021 at 1:00 pm. Pre-registration for the Orientation Meeting is required however, attendance at the Orientation Meeting is not required to apply for a Cannabis Business Permit. The registration link is available on the City's website at <https://www.madera.gov/Cannabis-Information>.

AMENDMENTS TO THE APPLICATION

During Phase I, City staff and the Consultant will conduct a preliminary evaluation of the applications for completeness. Any amendments to the application will be in accordance with the instructions in Phase II of the application process.

LIMITATIONS ON MULTIPLE APPLICATIONS

Applicants possessing an ownership interest of ten percent (10%), or more, in a retail, microbusiness, or vertically integrated cannabis permit application shall be limited to submitting only one application which includes retail during this initial process. In order to ensure compliance with the ownership interest concerns every owner on the application which meets the criteria listed in Section 6-5.06 (T) will be required to complete the Ownership Acknowledgement form which is provided on the City's website. However, there will be no limitations on any other permit types which are permitted in the City, (i.e., cultivation, manufacturing, distribution, and testing labs). In addition, the City will only accept a maximum of two of any combination of retail, microbusiness, or vertically integrated application Zoning Verification Letters (ZVL) per property (APN). Furthermore, without exception only one retail, microbusiness or vertically integrated Applicant will be issued a retail permit per location by the City Council in Phase IV and so each Applicant should keep that in mind when selecting a location for their business in which there is more than one Applicant.

CITY'S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all applications, with or without cause or reason. The City may modify, postpone, or cancel the request for a CCB permit 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 Applicant submitting an application in order to conduct a complete review of the application or an investigation into the truthfulness of the statements set forth in the application or provided at any stage of the application process and if it is not fully responsive to this request for a CCB application.

APPLICATION PROCESS

This application process is adopted pursuant to MMC Section 6-5.13. Review the information regarding the application process and which documents you will need. Before submitting your application, review your application in its entirety to ensure that it is complete and accurate. Review the information regarding the Cannabis Business Permit application process for a CCB on the City webpage provided on page one.

APPLICATION SUBMITTAL REQUIREMENTS

Applications must respond to all requirements outlined in the "Application Procedures & Guidelines for a Cannabis Business Permit." Applicants must submit all required application materials together in one complete comprehensive application package. This can be done in person, by U.S. Mail, or by common carrier delivery service (e.g. FED EX, UPS, etc.) as long as it is a complete application. The application process must be secured in an envelope or box addressed as follows:

Community Development Director
Attn: Cannabis Application Process
City of Madera
205 W. Fourth Street
Madera, CA 93637

The application package must include all the following documents with original signatures for each document.

- (a) Cannabis Business Permit Application;
- (b) Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement;
- (c) Agreement on Limitations of City's Liability and Indemnification to City;
- (d) Application fee and Background Check fee(s); and
- (e) Business Owner Acknowledgment Agreement
- (f) Property Owner Consent/Lease Agreement

Applications must be received by the Community Development Department by 4:00 pm on TBD, 2021. LATE APPLICATIONS WILL BE REJECTED.

Furthermore, an application RISKS BEING REJECTED for the following reasons:

1. It is not responsive to this Cannabis Business Permit application and the Procedure Guidelines for a Cannabis Business Permit.
2. The issuance of the Cannabis Business Permit for the proposed location does not comply with State law, MMC Section 6-5.33 and/or Title X , Chapter 3 (Zoning Code Regulations).

FLASH DRIVE CONTENT

In addition, all Applicants must submit a USB flash drive containing one complete copy of the application package per the requirements as outlined in the below format. The application package and application fees must be received by the Community Development Department at the same time.

Responses to the Evaluation Criteria (Sections A-H found in Appendix A of the Application Procedures & Guidelines) shall be limited to 200 pages. Responses pertaining to Backgrounds, Proof of Capitalization, Zoning Verification Letter, and Property Owner Consent/Lease Agreement, Property Owner/Landlord Affidavit, Owner Acknowledgement Agreement shall not be included in the 200-page limitation. Those responses should be saved in PDF files that are separate from the Evaluation Criteria (see below).

All materials must be submitted on a USB flash drive in a PDF format in the following files. You must submit the files in the correct format and organized correctly or your application may be rejected.

- PDF File #1 – Cannabis Business Permit Application (pages 1-3), Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement (pages F1-F3), Agreement on Limitations of City Liability, and Certification, Assurances, Warranties, and Indemnification to City (pages F4-F6), proof of insurance or a letter of insurability; Business Owners Acknowledgement Agreement and Property Owners Consent/Lease Agreement. All copied documents shall display required signatures to be deemed complete.
- PDF File #2 – Evaluation Criteria (Responses to Sections A-H of Appendix A limited to 200 pages)
- PDF File #3 – Background Check documentation (All required documents for each owner). Upon submission of the online background application, Applicants will receive an email confirmation. This confirmation needs to be printed, scanned, and included within PDF File #3.

- PDF File #4 – Proof of Capitalization (Appropriate bank statements, loan documents, promissory notes, financial and commitment letters)
- PDF File #5 – Zoning Verification Letter (ZVL) which shows the correct location, unit, space, or suite number in the building being used. Proof of Insurance or a letter showing proof of insurability by a qualified insurance company which shows the location being insured in City of Madera, the type of activity being insured, and the name of the business being insured. Copies from another business location in another city owned by the Applicant will not be accepted.

CRIMINAL BACKGROUND CHECK

Each Owner as defined in Section 6-5.06 (T) must undergo a criminal history background check to demonstrate they do not provide “good cause” for denial per MMC Sections 6-5.08 and 6-5.38K. Owners who do not meet the criminal history eligibility requirements of Section 6-5.38K will be disqualified. The background form can be found online at https://hdlcompanies.formstack.com/forms/bc_maderacity.

In addition, each successful applicant will be asked to submit to a Live Scan as part of the background check as determined by the Chief of Police. Prior to being issued a permit the Applicant’s primary contact will be notified by email with the instructions on how to schedule the Live Scan appointment.

The initial background check fee for each owner shall be \$300.00. This process will be required to meet the minimum threshold qualifications pursuant to MMC Section 6-5.38K. The results of the background check along with the City-issued Zoning Verification Letter must be included with the CCB Application (Phase I).

ZONING VERIFICATION LETTER (ZVL)

Prior to submitting a CCB application (Phase I), an Applicant must obtain a Zoning Verification Letter from the Community Development Department. To secure this letter, an Applicant must make a written request to the Community Development Department which should specify the intended use of the building (i.e., Cultivation, Manufacturing, Distribution, Retail, Microbusiness or Vertically Integrated), and the proposed building location. Please advise the City if you currently occupy the premises or if there is a tenant currently occupying the premises and what type of business activity is being conducted.

The issuance of a ZVL does not constitute written evidence of permission given by the City or any of its officials to operate a cannabis business, nor does it establish a “permit” within the meaning of the Permit Streamlining Act, nor does it create an entitlement under the Zoning or Building Code. A regulatory permit for a CCB does not constitute a permit that runs with the land on which the cannabis business is established.

FEES

All applicants will be required to submit a fee of \$X,XXX.00. This amount will be charged against time spent by City staff and the Consultant in reviewing applications and administering the application process. Applicants are advised that they may be required to pay additional amounts as required for the sole purpose of the City’s completion of the application review process. However, there will also be a separate fee for the Zoning Verification Letter (ZVL) of \$XXX.00 per site and the Background Check Fee of \$300. For the successful Applicants there will also be a Live Scan Fee of \$XX.00 prior to obtaining the Cannabis Business Permit or at a time determined by the Police Chief.

Payment must be made by a certified check, cashier’s check or money order made payable to the City of Madera. Please note the City will not accept cash or credit cards and application fees are non-refundable once the City has begun reviewing the application.

APPLICATION REVIEW, SCORING AND APPROVAL PROCESS

PHASE I: DETERMINATION OF ELIGIBILITY

Applications will be reviewed for completeness and compliance to meet the minimum submittal requirements. The determination of eligibility will be based on the criteria outlined in these procedures and as described in Appendix A. However, the criteria will be evaluated and scored with the process adopted in these procedures in accordance with MMC Chapter 6-5.13 and may be amended as provided in MMC Section 6-5.49 A & C in writing for clarification to application submittal questions which will be posted in the FAQ section of the Cannabis Information webpage and shall go into full effect immediately upon being posted on the website.

PHASE II: APPLICATION EVALUATION AND REVIEW (3,000 points)

Application will be evaluated and scored on a pass/fail process based on the review criteria listed below. See Appendix A for a detailed description of the evaluation criteria:

- Section A. Business Plan (400 points)
- Section B. Labor, Equity, Diversity, and Inclusion Plan (400 points)
- Section C. Safety Plan (300 points)
- Section D. Security Plan (300 points)
- Section E - Qualifications of Owners (400 Points)
- Section F - Neighborhood Compatibility (400 Points)
- Section G - Community Benefits and Investments Plan (500 Points)
- Section H - Proposed Location (300 Points)

Those applications which score a minimum of 80% (2,400) in Phase II will move on to Phase III of the application process. However, should it be determined to be deficient and not meeting the minimum score of 80% the Applicant will be notified of what areas of the application needs to be cured. In order to receive a passing score, the Applicant will need to resubmit those sections of the required criteria deemed to be deficient and these materials need to be submitted all at the same time.

Should the Applicant fail to meet the requirements the second time they will be disqualified. In situations that this occurs the Applicant may reapply but will be subject to a new application fee. Any Applicant which fails to successfully pass the application process the second time will be given up to (60) days to reapply and will only be given one more chance to pass.

PHASE III: PUBLIC MEETING

For those Applicants which pass Phase II they will be invited to participate in the Public Meeting and subsequently presented to the City Council. The Public Meeting will be set to allow concerns of residents, businesses, and community organizations alike to be brought before the City. The City staff will conduct the Public Meeting pursuant to MMC Section 6-5.14 prior to presenting a staff report of its findings and its final recommendation to the City Council to award or deny the permits. Those applicants selected to participate in the Public Meeting will be invited to attend and will be given an opportunity to address any concerns from the public presentation.

PHASE IV: CITY MANAGERS REPORT AND CITY COUNCILS' FINAL DECISION

Upon the completion of Phase III, the City Manager will prepare a staff report and recommendation to be presented to the City Council. However, in this process Applicants will not be asked to conduct a presentation but they should be prepared to attend the scheduled City Council meeting in order to respond to questions. Further details as to date, time, place, will be provided to the Applicants prior to the City Council meeting.

After the City Council has made a determination as to who if any Applicants will be awarded a CCB permit and as a condition of issuance of the regulatory permit, the operator of each cannabis facility shall enter into a Community Benefit Agreement with the City setting forth the terms and conditions under which the cannabis facility will operate that are in addition to the requirements of Chapter 6-5.37.C, including, but not limited to community benefits such as public outreach and education, community service, payment of fees and other charges as mutually agreed, and such other terms and conditions that will protect and promote the public health, safety and welfare.

In addition, any community benefits that a commercial cannabis business agrees to provide shall be incorporated into the terms and conditions under which the commercial cannabis business will operate with the City of Madera's approval, if and when a Community Benefit Agreement is executed. Upon successfully negotiations in this phase of the process the Applicant will then be authorized to proceed to apply for a related planning permit approvals and a business license.

Any Applicant wishing to appeal Phase I through Phase III of the Application Process may appeal to the City Manager or appointed hearing officer depending on the type of appeal requested within ten (10) days of the Applicant receiving a notice that they will not move forward in the application process or be issued a permit. Such appeals shall comply with the requirements of MMC Sections 6-5.20 through 6-5.26.

NOTE: Being awarded a CCB permit 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, Community Development Department permits or reviews, and any other permits, licenses, or reviews as deemed necessary by the relevant departments or governmental entities in charge of said permits. Nor does the award of a CCB permit guarantee that the plans submitted via the CCB application process meet the standards or requirements in MMC Title X, Chapter 3 and any other permit requirements from other City departments or agencies.

CONTACT

If you have any questions or would like an update on the status of your application, please contact the Community Development Department at 559.661.5400 or by email at Cannabis@madera.gov.

APPENDIX A: EVALUATION CRITERIA

The City is a public agency subject to the California Public Records Act ("CPRA"). In the event a request for information under the CPRA seeks disclosure of application materials marked by Applicant as "Confidential Information," the City will make reasonable efforts to provide notice to Applicant prior to such disclosure to allow Applicant to seek a protective order, injunctive relief, or other appropriate remedy. If Applicant contends any designated application materials are exempt from the CPRA and wishes to prevent disclosure, it is required, at its own cost, liability, and expense to obtain a protective order, injunctive relief or other appropriate remedy from a court having jurisdiction over the matter at least two (2) days before City's deadline to respond to the CPRA request. If Applicant fails to obtain such a remedy before the deadline for the City's response to the CPRA request, the City will disclose the requested information and shall not be liable or responsible for such disclosure.

SECTION A: BUSINESS PLAN (400 points)

1. Finances* – A budget for construction, operations, maintenance, compensation of employees, equipment, property lease, security equipment and staff, City fees, state fees, utility costs, product purchases and other anticipated contingency 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.
 - A. Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets which can be verified by the City.
 - B. A pro forma for at least three years of operations.
 - C. A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.
2. Daily Operations - The Business Plan should describe the day-to-day operations which meet industry best practices for the type of cannabis business you are applying.
 - 2.1 Describe the day-to-day operations if you are applying for a RETAIL permit. This should include at a minimum the following criteria:
 - A. Describe customer check-in procedures.
 - B. Identify location and procedures for receiving deliveries during business hours.
 - C. Identify the name of the Point-of-sale system to be used and the number of Point-of-Sale locations.
 - D. Estimate the number of customers to be served per hour/day.
 - E. Describe the proposed product line to be sold and estimate the percentage of sales of flower and manufactured products.
 - F. If proposed, describe delivery service procedures, number of vehicles and product security during transportation.
 - G. How the Cannabis Business will conform to local and state laws. See MMC Sections 6-5.40 and Title X as they pertain to retail establishments in the City of Madera.
 - H. How cannabis and cannabis products will be tracked and monitored to prevent diversion. Describe the Point-of-Sale system to be used and how it will interact with the state's mandated track and trace system.
 - 2.2 Describe the day-to-day operations if you are applying for a DISTRIBUTION permit. This should include at a minimum the following criteria:
 - A. Identify the number of delivery drivers, hours of delivery and vehicles to be used.
 - B. Describe the transportation security procedures.
 - C. Describe how inventory will be received, processed, stored, and secured in the permitted premises.

- D. Describe the quality control procedures designed to ensure all cannabis is properly packaged, labeled, and tested.
 - E. How the Cannabis Business will conform to local and state laws. See MMC 6-5.43 and Title X as they pertain to Distribution.
- 2.3 Describe the day-to-day operations if you are applying for a MANUFACTURING permit. This should include at a minimum the following criteria:
- A. Identify all cannabis products manufactured within the permitted premises.
 - B. Describe quality control procedures.
 - C. Describe inventory control procedures.
 - D. Describe the extraction process, equipment and room in which extractions will be conducted.
 - E. Provide detail as to whether the extraction equipment has been reviewed and certified by a Professional Engineer or Certified Industrial Hygienist.
 - F. Describe the sanitation procedures.
 - G. How the Cannabis Business will conform to local and state laws. See MMC 6-5.45 and Title X, as they pertain to Manufacturing.
- 2.4 Describe the day-to-day operations if you are applying for a TESTING permit. This should include at a minimum the following criteria:
- A. Describe the sampling standard operating procedures.
 - B. Describe procedures for transporting cannabis field samples.
 - C. Describe the chain of custody for field samples.
 - D. Describe the quality control procedures.
 - E. Describe the Laboratory Supervisor/Manager responsibilities and qualifications.
 - F. Identify location and procedures for storing cannabis products.
 - G. Describe how the cannabis business will conform to local and State laws. See MMC 6-5.44 and Title X as they pertain to testing labs in the City of Madera.
 - H. Describe how the cannabis and cannabis products will be tracked and monitored to prevent diversion.
 - I. Describe the Point-of-Sale system to be used and how it will interact with the State's mandated track and trace system.
- 2.5 Describe the day-to-day operations if you are applying for a CULTIVATION permit. This should include at a minimum the following criteria:
- A. Identify all cannabis products processed within the permitted premises.
 - B. Describe quality control procedures.
 - C. Describe inventory control procedures.
 - D. Describe the cultivation, drying, curing, grading, trimming, rolling, storing, packaging, and labeling of nonmanufactured processes which will be utilized for these activities.
 - E. Describe the sanitation procedures in such a way as to ensure the health, safety, and welfare of the public, the employees working at the cultivation facility, visitors to the area, neighboring properties, and to ensure the security of the cannabis cultivation and processing; and to safeguard against diversion of cannabis.
 - F. How the Cannabis Business will conform to local and State laws. See MMC 6-5.46 and Title X, as they pertain to cultivation and other regulated activities pertaining to this license.
 - G. Describe the plan for addressing public odor nuisances that may derive from the cultivation facility.
- 2.6 Describe the day-to-day operations if you are applying for a MICROBUSINESS permit. This should include at a minimum the following criteria:
- A. A microbusiness license engaged in retail shall describe all the requirements in subsection 2.1 of Appendix A, Section A in accordance with CCR §5500 and applicable requirements in MMC Section 6-5.40 and Title X.
 - B. A microbusiness license engaged in distribution shall describe all the requirements in subsection 2.2 of Appendix A Section A in accordance with CCR §5500 and applicable requirements in MMC Section 6-5.43 and Title X.

- C. A microbusiness license engaged in manufacturing shall describe all the requirements in subsection 2.3 of Appendix A, Section A in accordance with CCR §5500 and applicable requirements in MMC Section 6-5.45 and Title X.
 - D. A microbusiness license engaged in cultivation shall describe all the requirements in subsection 2.5 of Appendix A, Section A in accordance with CCR §5500 and applicable requirements in Section 6-5.46 and Title X.
- 2.7 Describe the day-to-day operations if you are applying for a VERTICALLY INTERGATED permit. This should include at a minimum the following criteria:
- A. A vertically integrated license which is engaged in at least 20,000 square feet of canopy cultivation shall describe all the requirements in subsection 2.5 of Appendix A, Section A in accordance with MMC Section 6-5.46, Title X, and all applicable state laws related to this permitted activity.
 - B. Must demonstrate that the business is owned by one business entity and complies with the definition of 6-5.06 (DD).
 - C. A vertically integrated license engaged in retail shall describe all the requirements in subsection 2.1 of Appendix A, Section A in accordance with MMC Section 6-5.40, Title X, and applicable state laws related to this permitted activity.
 - D. A vertically integrated license engaged in distribution shall describe all the requirements in subsection 2.2 of Appendix A, Section A in accordance with MMC Section 6-5.43, Title X, and all applicable state laws related to this permitted activity.
 - E. A vertically integrated license engaged in manufacturing shall describe all the requirements in subsection 2.3 of Appendix A, Section A in accordance with MMC Section 6-5.45, Title X, and all applicable state laws related to this permitted activity.

SECTION B: LABOR, EQUITY, DIVERSITY & INCLUSION PLAN (400 points)

1. The application should describe to what extent the cannabis business will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees in accordance with Section 6-5.13 (G).
2. Identify number of employees at initial opening and the maximum number of employees when the business is at full capacity.
3. Describe any diversity and inclusion programs that will be developed as part of the business model which embraces a rich and diverse work force with a diverse set of perspectives, work and life experiences, as well as religious and cultural differences that provide equal opportunities for employee development.
4. Identify all positions and their responsibilities.
5. Describe compensation to and opportunities for continuing education and training for employees.
6. Describe whether the cannabis business is committed to offering employees a Living Wage.
7. Briefly describe benefits provided to employees such as health care, vacation, and medical leave, to the degree they are offered as part of employment.
8. Describe to the extent to which the cannabis business will be a locally owned enterprise and the owner(s) reside within the County of Madera. In order to qualify for this criteria, an owner must have lived in the County of Madera for at least one year prior to June 1, 2021.

SECTION C: SAFETY PLAN (300 points)

1. The detailed Safety Plan shall be prepared by a California professional fire prevention and suppression consultant.
2. This plan will describe all fire prevention and suppression measures, fire extinguisher locations, evacuation routes and alarm systems the facility will have in place.
3. Describe all accident and incident reporting procedures.
4. Describe the waste management locations and procedures.

SECTION D: SECURITY PLAN (300 points)

1. The security plan shall be prepared by a professional security consultant. This can be done with in-house staff or a consultant, but it must clearly demonstrate that it meets the professional standards requested to receive the appropriate points for each criterion in this section.
 - A. The plan should demonstrate how the cannabis business wishes to develop the floor plan and address other security issues on the property.
2. Premises Diagram: In addition to the site plans submitted for the Proposed Location (in Section H of Appendix A), a separate Premises Diagram must be included in this Security Plan section (Section D) of the application. The diagram must meet the requirements of the Bureau of Cannabis Control CCR Title 16, Division 42, §5006 Premises Diagram.
 - A. The diagram shall show the boundaries of the property and the proposed location to be licensed, showing all boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways, and shall include a brief statement or description of the principal activity to be conducted therein.
 - B. The diagram shall show and identify commercial cannabis activities that will take place in each area of the premises and identify all limited-access areas.
 - C. The diagram shall show where all cameras are located and assign a number to each camera for identification purposes.
 - D. The diagram should be accurate, dimensioned and to-scale (minimum scale of 1/4").
 - E. If the proposed location consists of only a portion of a property, the diagram must be labeled indicating which part of the property will be used for the licensed premises and what activities will be used for the remaining property.
3. Description of operational security, including but not limited to general security for access/visitor control, inventory control and cash handling procedures.
4. Description of perimeter security, on-site security guards, lighting, and parking.
5. Identify transportation techniques and security procedures.
6. Description of employee training and general security policies.

SECTION E: QUALIFICATION OF OWNERS (400 points)

1. Experience – Demonstrate the business owner's experience in owning, managing, and operating a cannabis business. For purposes of this section, owner shall mean the State definition of owner in the State Business and Professions Code Section 26001 and all persons, companies, and entities that will be directing, controlling, and/or managing the day-to-day operations of the business. Evidence that prior experience was from legally permitted activities.
2. Cannabis Industry Knowledge – Demonstrate overall knowledge of the cannabis industry (as demonstrated throughout the screening application), including identification of how industry best practices and State regulations have been incorporated in existing/prior legal businesses outside the City of Madera.
3. Ownership Team – Describe the involvement of the ownership team in day-to-day operation of the business. Owner is defined based upon the State definition of owner, see Business and Professions Code Section 26001.

SECTION F: NEIGHBORHOOD COMPATIBILITY PLAN (400 points)

1. Describe how the business will proactively address and respond to complaints related to noise, light, odor, and vehicle and pedestrian traffic.
2. Describe how the business will be managed to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community.
3. Describe odor mitigation practices:
 - A. Identify potential sources of odor.

- B. Describe odor control devices and techniques employed to ensure that odors from cannabis are not detectable beyond the licensed premises.
- C. Describe all proposed staff training and system maintenance plans.
- 4. Describe the waste management plan. The plan shall include waste disposal locations, security measures, methods of rendering all waste unusable and unrecognizable, and the vendor in charge of disposal.
- 5. The application should include the following information about the proposed location:
 - A. Physical address and a detailed description of the proposed location, including the overall property, building, and interior floor plan.
 - B. Description of all known nearby State and local sensitive use areas. The cannabis business must have the appropriate zoning and meet all the locational requirements as described in MMC sections 6-5.33 and Title X.
 - C. List any nearby well-traveled paths to schools and describe how the cannabis business will proactively protect the youth on these paths from exposure to the cannabis business.
 - D. Describe how the business will proactively take steps about community concerns to protect the youth generally from the impacts of the cannabis business.
 - E. Proof of ownership, lease agreement, or a Letter of Intent to Lease.
 - F. Vicinity map.
 - G. Photographs of existing site and buildings.
 - H. Evidence that the location has access to public transportation for employees or customers.

SECTION G: COMMUNITY BENEFITS AND INVESTMENTS PLAN (500 points)

The cannabis business should describe the benefits the business will provide to the local community, for example by directly aiding, participating in, or funding the work of local non-profits, community-based organizations, civic organizations, or social services organizations. Benefits may be in the form of volunteer services, monetary donations, financial support of City-sponsored activities or organizations, in-kind donations to the City or other charitable organizations and/or any other economic incentives to the City which will help achieve the strategic policy goals of the City Council in permitting cannabis businesses in the City of Madera.

SECTION H: PROPOSED LOCATION (300 points) (Not required for Social Equity)

In addition to the location related details required in the Security Plan section of this application, the application shall include a thorough narrative description of the proposed location, including but not limited to the overall site, existing and/or proposed building(s), parking spaces, driveways, pedestrian sidewalks/rights-of-way, and neighboring businesses on the parcel. Description of floor plans and interior design are not a requirement of this section. In addition to the narrative description of the proposed locations, Applicants shall also include the following items.

1. The CBP applicant must have the appropriate zoning and meet all the locational requirements as described in MMC Section 6-5.33 and Title X.
2. The application shall include photographs of the front (street facing) side of the building. In the event the proposed location is undeveloped land, photographs shall depict the property from all vantage points of the property.
3. The application must include a (Site) diagram depicting all details described in the narrative description of the proposed location. The diagram required for this section need not include a description of any building interior, floor plan or security detail.