



APPLICATION PROCEDURES & GUIDELINES FOR A COMMERCIAL CANNABIS Retail BUSINESS

(1 - Retail and 1- Non-Store Front)

Request for Proposal Deadline
OPENS – January 3, 2020
CLOSES – February 21, 2020 @ 3:00 PM

As adopted and approved by the City Council, the City of Sonoma is opening a Request for Proposal process for applications for 1 - retail and 1 - non-store front retail commercial cannabis business. This application process is adopted pursuant to the Sonoma Administrative Regulations Implementing Ordinance No. 03-2019. Information regarding the Commercial Cannabis Retail Business application process can be found on the City's website at www.sonomacity.org/cannabisretailRFP and may include the following:

- Sonoma Municipal Code Chapter 5.36
- Ordinance No. 03-2019 and 04-2019
- Administrative Regulations
- Frequently Asked Questions
- Sonoma Zoning Ordinance Title 19
- Background Check form / Live Scan

The application process to operate a Commercial Cannabis Business ("CCB") in Sonoma will open on January 3, 2020. Applications will be available from the Planning Department located in City Hall or on-line at the address above.

For questions regarding the application process, please review the information on the Sonoma webpage: www.sonomacity.org/cannabisretailRFP which outlines the application process, required materials, FAQ's, and other information necessary to operate a Commercial Cannabis Business (CCB) in Sonoma. To be considered for issuance of a CCB, final applications **must be** submitted by February 21, 2020 to the City Clerk located at No. 1 The Plaza, Sonoma, CA, 95476 by 3:00 P.M.

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.

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 as authorized in writing by the City Manager or his/her designee. During Phase 1, Step 1 applicants will be notified if any of the owners are ineligible and/or if their application is incomplete which will not permit them to move forward in the application process. Since the City anticipates the Live Scan check will be delayed from being approved by the Department of Justice it will conduct a provisional background check to prevent undue delays for the applicant. Therefore, the applicants acknowledge, by signing the application and paying the deposit fee, should later results of the Live Scan identify an ineligible activity, the Applicant will be

disqualified, and no refunds will be issued for any of the application process in which they participated up to that point.

CANNABIS TAX MEASURE

Based on initial City Council direction, it is anticipated that the City will place a Cannabis Tax Measure on the November 2020 ballot for the Voters to approve or the City Council may establish a community benefit or operational fee agreement as authorized in SMC Section 5.36.290. Therefore, every Applicant should be mindful that this should be a component of their business plan and failure to acknowledge or comply with this requirement may disqualify them. Below are the City Council's initial direction regarding a cannabis tax. Final decisions regarding the cannabis tax measure and the levy amounts will be determined prior to August 2020.

POTENTIAL CANNABIS TAX MEASURE – MAXIMUM RATES

- 4% Gross Revenues - Retailers / Deliveries
- 2% Gross Revenues – Manufacturing
- 2% Gross Revenues – Distribution
- 1% Gross Revenues – Testing Lab
- \$10 Square Feet – Cultivation (All Types)
- 4% Gross Revenues – Hemp and Hemp Products

CITY'S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all proposals, with or without any cause or reason. The City may modify, postpone, or cancel the request for a CCB application without liability, obligation, or commitment to any party, firm, or organization. In addition, the City reserves the right to request and obtain additional information from any candidate submitting a proposal. Late proposals WILL BE REJECTED. Furthermore, a proposal RISKS BEING REJECTED for the following reasons:

1. It is not responsive to this request for a Commercial Cannabis Business.
2. The issuance of the CCB permit for the proposed location is inconsistent with the State law, Chapter 5.36, or Title 19 and other applicable City of Sonoma Municipal Codes.

City Council also reserves the right to award a lesser number of Conditional Certificates, or to award no Certificates at all. Only those applicants on the final list will be eligible to be issued a Conditional Certificate from the initial permit process.

The City also reserves the right to include additional steps or criteria or to modify the process subject to City Council approval throughout this process.

APPLICATION PROCESS

Review the information regarding the application process and which documents you will need. Review your application in its entirety to ensure that it is complete and accurate. Review the information regarding the CCB Permit application on the City webpage below.

www.sonomacity.org/cannabisretailRFP.

The following procedures outline the application evaluation and selection process, required materials, and other information necessary to apply for a permit to operate a CCB in Sonoma.

ADMINISTRATIVE REGULATIONS

The City Council has approved Administrative Regulations that implement Ordinance No. 03-2010 (Section 5.36 of the Sonoma Municipal Code) and Ordinance No. 04-2019 (Title 19). Please review these regulations to understand the requirements and process for applying for and operating a commercial cannabis retail business in Sonoma.

APPLICATION SUBMITTAL REQUIREMENTS

Applicants must hand deliver a complete comprehensive application package digitally in a PDF format. The City of Sonoma Commercial Cannabis Business Application Form, Indemnification Form, and Background Check Forms will be required in paper format with original signatures. The Application must respond to all requirements outlined in the “Administrative Regulations” and the “Application Procedures & Guidelines”. The flash drive containing one complete comprehensive, including the Application Form, and signed copy of the application including attachments and the deposit for the initial application fee no later than February 21, 2020 at 3:00 PM.

A complete application will consist of the following information:

1. Application Package
 - City of Sonoma Commercial Cannabis Business Initial Application/Proposal Form with original signatures.
 - City of Sonoma Commercial Cannabis Business Initial Application/Proposal Financial Responsibility, Indemnity and Consent to Inspection Agreement with original signatures.
 - Cannabis Business Employee/Owner Background Application with original signatures.
 - Certifications, Assurances and Warranties form with original signatures.
 - Background materials and responses to the RFP in total shall not exceed 125 pages
2. Background Check Authorization Form and/or Proof of Live Scan payment for each owner.
3. All information pertaining to the CCB required in Phase One which will be evaluated in Step 1 and Step 2 in the Application and Evaluation Process section below. The only information that can be submitted after the initial application is proof of property ownership, lease agreement or letter of intention and a Zoning Verification Letter as described in Section 1 (c) (4) of the Administrative Regulations.
4. Administrative Review Fee Deposit and Background Check Fee (see below).

BACKGROUND CHECK

As part of Phase 1 of the Application Process each owner must undergo a criminal background check demonstrating they do not provide “good cause” for denial per SMC Section 5.36.070 and 5.36.080 and the Live Scan / background check fee. The application for the Live Scan and background form will be available on the City website or in the Planning Department in City Hall. Please provide proof of a completed background form and/or Live Scan form along with proof of payment with your application on or before February 21, 2020. This process will be required to meet the minimum threshold qualifications

pursuant to SMC Section 5.36.060 and 5.36.070. Owners who do not meet criminal history eligibility requirements will be disqualified.

FEES

Applicants will be subject to the following fees.

- a. Application Review Fee Deposit -- All applicants will be required to submit a deposit of \$11,000, in which they will be charged for City staff and the Consultant time for reviewing applications and administrating 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. The fees below will be subtracted from the Administrative Review Fee deposit.
 - i. Application Review Fee -- \$9,797
 - ii. Background Check Fee -- \$371.00 per principal/owner
 - iii. Zoning Verification Letter -- \$175.00 per site

- b. Appeal Fee -- \$2,437 per application

Payment must be made by a certified check, cashier's check or money order made payable to the City of Sonoma. Please note the City will not accept cash or credit cards and application fees are non-refundable however, any remaining balance not used from the deposit resulting in the Applicant not participating in any phase of the process will be returned to the Applicant.

APPLICATION EVALUATION PROCESS

SELECTION PROCESS (January – August 2020)

PHASE 1 – RFP, Preliminary Qualifications and Selection of Finalists

STEP 1: INITIAL RANKING (1,000 POINTS)

Submitted complete Applications will be evaluated based on the following criteria. See APPENDIX A for a description of the evaluation criteria.

- A. Owner Qualifications and Experience (200 Points)
- B. Business Plan (400 Points)
- C. Safety Plan (150 Points)
- D. Security Plan (150)
- E. Labor and Employment Plan (100 Points)

Those applications which score a minimum of 80% (800 points) in Step 1 will move on to Step 2.

STEP 2: INTERVIEW RANKING (Proposal Review Committee) (1,500 POINTS)

The interview will be evaluated based on the following criteria. See APPENDIX A for a description of the evaluation criteria.

- A. Owner Qualifications and Experience (400)
- B. Business Plan (500)
- C. Safety Plan (100)
- D. Security Plan (200)

- E. Labor & Employment Plan (200)
- F. Community Benefits (100)

STEP 3: QUALIFIED FINALIST PRESENTED TO CITY COUNCIL

Upon the completion of Step 2, the Proposal Review Committee will tabulate final scores of all applicants from Step 1 and Step 2. The City Manager will review the Proposal Review Committee's final evaluation and present the top five finalists to the City Council for the next step in the process. Should the City Council confirm the eligible list, the top Applicants will be given forty-five days to secure an eligible location as part of Phase 2.

Prior to review by the City Council in Step 3, any Applicants who were not recommended to move forward in the process may appeal. Applicants that wish to appeal will be given ten days to appeal the decision in accordance SMC Sections 5.36.200 and 5.36.210 and will pay the appeal fee. All appeals will be heard by the City Council within forty-five days.

PHASE 2 – Site Review and Final Vendor Selection Process

SITE REVIEW AND FINALISTS

As part of Phase 2 the top Applicants are given forty-five days to secure a location and submit additional information as outlined below.

Zoning Verification Letter (ZVL) -- The top Applicants will be required to obtain a Zoning Verification Letter from the Planning Department as part of the selection process prior to City Council's final recommendation. The letter will verify if the submitted site is allowable for a retail commercial cannabis use as outlined in Title 19 of the Development Code. All locations shall be subject to a ZVL to confirm that the proposed location is properly zoned and meets all the minimum sensitive buffer requirements.

Zoning Verification Letters require a written request to the Planning Department and will not be completed over the counter to allow for research and review. The review process typically takes approximately ten (10) working days. This process must be completed within the forty-five days given to the top Applicants to ensure the proposed location meets the zoning requirements.

Please note the issuance of a ZVL does not constitute written evidence of permission given by the City of Sonoma 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.

Presentation, Tour, Site Package -- The final applicants will be asked to conduct a brief presentation to the City Council in which they will demonstrate that the location selected is best suited for a retail or non-storefront retail establishment in the community. The presentation shall demonstrate neighborhood compatibility with other surrounding businesses, address traffic congestion issues, show adequate patron/employee parking and the location does not create serious public safety concerns. The City Council may choose to conduct a tour of the sites.

Upon the completion of the presentation, the City Council may select the most suitable Applicant(s) to be awarded a Conditional Certificate for one retail and one non-storefront retail location as allowed by SMC Section 5.36.090 (a)(1) and (a) (2). City Council also reserves the right to award a lesser number of Conditional Certificates, or to award no Certificates at all. Only those applicants on the final list will be eligible to be issued a Conditional Certificate from the initial permit process.

LAND USE & BUILDING PERMIT PROCESS

The final selected applicants with a Conditional Certificate are then required to submit for their land use entitlement (Use Permit) which will be reviewed by the Planning Commission and is likely to require CEQA review. After land use entitlements are obtained, the Applicant may then submit for Building Permits for renovation or construction.

[Please note that being awarded a Conditional Certificate does not constitute a land use entitlement and does not waive or remove the requirements of applying for and receiving permits for all construction including: electrical, plumbing, fire, planning permits or reviews, and any other permits, licenses, or reviews as may be necessary by the relevant departments or governmental entities in charge of said permits. Nor does it guarantee that the plans submitted via the application process meet the standards or requirements in Chapter 5.36, Title 19 and any other permit requirements from other City departments or agencies.]

PAYMENT OF APPLICATION FEE

The individual designated as the Cannabis Business contact on the application will be notified by e-mail if the application is advancing on to Step 1 and, subsequently, to Step 2 and if applicable to Step 3. As part of Step 3, the top five Applicants will be presented to the City Council as eligible Applicants and at their discretion select the top Applicants to move onto Phase 2 in order to secure a location for their retail or non-storefront retail location. The amount of the final fee charged to the Deposit will depend on if/when the Applicant is no longer being considered for a commercial cannabis business permit.

CONTACT INFORMATION

If you have any questions or would like an update on the status of your application, please call the Planning Department at 707.938.3681 or by email at cityhall@sonomacity.org.

APPENDIX A: DESCRIPTION OF EVALUATION CRITERIA

SECTION A: QUALIFICATIONS OF OWNERS

The application should include information concerning any special business or professional qualifications or licenses of Owners that would add to the number or quality of services that the CCB would provide, especially in areas related to medicinal cannabis, such as scientific or health care fields. A description of any and all commercial cannabis activity engaged in as an owner, manager, lender, employee, volunteer, or agent by the Applicant and all owners of the commercial cannabis business, officers, and managers including, but not limited to, the location of such activity and a copy of any permits, licenses, or other written forms of permission for such activity by a local or state government entity.

SECTIONS B: BUSINESS PLAN

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.
 - 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.
 - A pro forma for at least three years of operations.
 - A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.
2. Daily Operations – With as much detail as possible, the Business Plan should describe the day-to-day operations which meet industry best practices for a retail or non-storefront retail license.
3. How the Cannabis Business will conform to local and state laws. See Administrative Regulations Implementing Ordinance 03-2019 as they pertain to retail and non-storefront retail establishments in the City of Sonoma.
4. 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.

SECTION C: SAFETY PLAN

1. The detailed Safety Plan shall be prepared by a 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. Accident and incident reporting procedures.
4. Waste management locations and procedures.

SECTION D: SECURITY PLAN

1. The security plan shall be prepared by a professional security consultant. (Security plans will not be made public.) This plan which is to be submitted as part of Step 1 and discussed in Step 2 during the interview process will be a proof of concept plan in which the applicant demonstrates how they wish to develop the floor plan and address other security issues on the property until a final site location is established at which time it will be required to update the security plan to accurately reflect what will be submitted to the Planning Department for the Site Review.
2. Premises Diagram: In addition to the site plans submitted for the Proposed Location, a Premises Diagram must be included with the Security Plan section of the application. The diagram must meet the requirement of the Bureau of Cannabis Control CCR Title 16, Division 42, §5006. Premises Diagram.
 - 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.
 - 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.
 - The diagram shall show where all cameras are located and assign a number to each camera for identification purposes.
 - The diagram should be accurate, dimensioned and to-scale (minimum scale of 1/4”).
 - If the proposed location consists of only a portion of a property, the diagram must be labeled indicating which part of the property is the proposed location and what the remaining property is used for.
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, light and parking
 5. Identify transportation techniques and security procedures.
 6. Employee training and general security policies.

SECTION E: LABOR & EMPLOYMENT PLAN

1. The application should describe to what extent the Cannabis Business will adhere to heightened pay and benefits standards and practices but at a minimum adheres to the City of Sonoma’s Living Wage Ordinance (Chapter 2.70) and Minimum Wage Ordinance (Chapter 2.80).
2. The business shall describe how they will recognize the collective bargaining rights of employees which will include establishing a mandatory “card check” process as a method by which employees can state they wish to organize into a labor union.
3. Identify number of employees at initial opening and the maximum number of employees when the business is at full capacity.
4. Identify any social equity programs that will be developed as part of the business model to ensure employees are provided equal opportunities for development.
5. Identify all positions and their responsibilities.
6. Describe compensation to and opportunities for continuing education and training for employees
7. State the extent to which the Cannabis Business will be a locally managed enterprise whose owners and/or managers reside within the City of Sonoma and/or the County of Sonoma. In order to receive points for this category Applicant must show proof that the owners/managers have been residents for at least one year prior to submitting this application.

SECTION F: COMMUNITY BENEFITS

The application should describe benefits that the Cannabis Business would provide to the local community, such as employment for residents of the City, community contributions which can be substantiated, or economic incentives to the City.