



CITY OF KING CANNABIS RETAIL STOREFRONT PRE-APPLICATION PROCESS INSTRUCTIONS

212 South Vanderhurst Avenue • King City, CA 93930 • Phone (805) 385-3281 • www.kingcity.com

The City of King Municipal Code allows a maximum of two cannabis retail storefront dispensaries. The City has adopted criteria to select eligible applicants to proceed with submitting a Use Permit and Commercial Cannabis Permit application to operate the two dispensaries. Eligible applicants are not guaranteed that a Use Permit and Commercial Cannabis Permit will be approved for the proposed cannabis retail storefront dispensary. Applications will be accepted for a limited time **beginning on Wednesday, May 20, 2020**. To be considered, applications **must be received by 4:00 PM on Wednesday, July 9, 2020**. Application materials will be available on the City's website at www.kingcity.com or at City Hall. This handout outlines the Pre-Application Process, required submittal materials, and other information necessary to submit a Cannabis Retail Storefront Pre-application.

SUBMISSION REQUIREMENTS

Applications will be evaluated by an independent third party during the pre-application process. The City has contracted with HdL Companies to serve as the independent third party. Therefore, applications should be submitted directly to HdL Companies no later than 4:00 PM on Wednesday, July 9, 2020. Please note that HdL will not accept hand-delivered applications. All applications must be mailed to:

HdL Companies
120 S. State College Blvd. Suite 200
Brea, CA 92821
Attn: Kristi Lervold, King City Application Process

In order for a Commercial Cannabis Permit Application to be considered complete and eligible to move onto the Evaluation and Selection Process, it shall consist of:

1. One (1) complete hard copy of the Commercial Cannabis Business Retail Storefront Application (pages 1-3) with original signatures
2. Complete responses to each Evaluation Criteria outlined below on pages 3 through 5 (not to exceed 125 pages)
3. The signed Indemnification Agreement (pages 1-6) with photo and/or map image of the subject property
4. Proof of ownership of the property, a signed and notarized Rental Lease Agreement or Letter of Intention
5. One (1) USB flash drive containing four (4) separate digital files saved in PDF format.
 - a. Digital File #1 the Commercial Cannabis Business application (pages 1-3 along with any additional attachments)
 - b. Digital File #2 the Evaluation Criteria 1 through 6 as described below (this file shall not exceed 125 pages)
 - c. Digital File #3 the signed Indemnification Agreement (pages 1-6) and exhibits
 - d. Digital File #4 the proof of ownership of the property, signed and notarized Rental Lease Agreement, or Letter of Intention

Upon receiving notification that the independent third party evaluator is in possession of an application, the City will immediately conduct a zoning check to verify the proposed site is compliant with the Zoning Code. Once the zoning check has been completed, the City will then contact the applicant to request payment. The Cannabis Retail Storefront Pre-Application fee is \$12,250. If an applicant is disqualified as part of Phase 1, the application fee will be refunded. At the conclusion of Phase 2, all individual applicants/owners/principals eligible for the Phase 3 Lottery will be required to complete criminal background applications. The City will notify eligible applicants as to where and when to submit the criminal background application.

Please Note: Applicants will not be allowed to make amendments to their application or to supplement their application once submitted.

EVALUATION AND SELECTION PROCESS

The evaluation and selection process shall consist of the following three steps:

Phase 1: Application Submittal and Determination of Eligibility

All submissions will be thoroughly examined for completeness. Upon receiving each application, the independent third party evaluator will confirm each USB flash drive contains four (4) separate digital files. Digital File #1 will be examined for completeness and signatures. Digital File #2 will be examined for complete responses to each Evaluation Criteria (criteria 1-6) and for the total number of pages. Digital File #3 and Digital File #4 will be examined for completeness and signatures. Applications found to be in excess of 125 pages, incomplete applications and those lacking the appropriate signatures will be deemed incomplete and will not move forward to Phase 2 of the application process.

Phase 2: Independent Application Evaluation

The Pre-Application for a Commercial Cannabis Retail Storefront Dispensary shall be reviewed by the independent third-party evaluator, who will score each section based on the scoring criteria listed below. The complete detailed list of Evaluation Criteria can be found in more detail on pages 3 through 5 of this document. Each application will be scored between zero (0) points and six hundred (600) points. Scoring will be based on responses to the following sections:

- Section 1: Site and Neighborhood Compatibility
- Section 2: Business and Operations
- Section 3: Qualification and Experience
- Section 4: Security
- Section 5: Labor and Employment
- Section 6: Investment and Improvements

Those Applicants who receive a score of five hundred (500) points or higher during Phase 2, Independent Application Evaluation shall be deemed eligible to proceed to the Lottery in Phase 3. Any Applicant receiving a score of four hundred ninety-nine (499) points or less shall not be eligible to continue with the application process.

Phase 3: Lottery

Applicants deemed eligible to continue in the process shall be entered into the Lottery. Each eligible applicant will be notified by mail of the Lottery place, date, and time, which will be conducted through a drawing at a public location. The City shall select applicant(s) during the Lottery process based on the number of available Commercial Cannabis Retail Storefront Dispensary permits. The applicant(s) selected during the Lottery process may receive a Commercial Cannabis Retail Storefront Dispensary permit, provided each applicant individually meets all applicable requirements of the King City Municipal Code and complies with all other state, county and local requirements. Furthermore, each selected applicant shall submit an application for a commercial cannabis storefront permit which complies with the requirements of the King City Municipal Code.

Selected Applicants

Please be advised that being selected in the Lottery process does not constitute approval of the Use Permit or the Commercial Cannabis Permit and does not waive or remove the requirements of applying for and receiving construction permits. It also does not guarantee that the plans submitted for the Commercial Cannabis Retail Storefront Pre-Application Process meet the standards or requirements of the City's Cannabis Ordinances or other permitting agencies.

EVALUATION CRITERIA

Responses to the Evaluation Criteria listed below shall be submitted with the Cannabis Retail Storefront Pre-Application Form and will be used to score the proposals. Please provide a response and supporting documentation applicable to each criteria. Responses to the Evaluation Criteria and all supporting documentation shall not exceed a total of 125 pages saved in PDF format. Applications failing to comply with the page restrictions risk being disqualified.

Section 1: Site and Neighborhood Compatibility Plan

This section will evaluate to the degree to which the site of the proposed retail storefront dispensary is available, suitable for the proposed use, and potential neighborhood and community impacts are minimized through building and site orientation and improvements (including but not limited to signage, traffic, parking, lighting, appearance of building, prevention of access to minors, waste, odor and noise). Responses for this evaluation criteria and supporting documentation should include details that describe the following:

- 1.1 Degree to which the site has been secured for the proposed business based on whether it is owned, leased, a lease agreement has been approved, or a letter of intent from the owner has been provided, and whether the building is currently occupied or vacant.
- 1.2 Degree to which parking and access is addressed based on whether parking requirements are met or exceeded, the current site presents no conflicts with neighboring businesses or ingress/egress, opportunities for overflow parking exist without impacting other properties, pedestrians walking from parking to the business will not disturb neighboring properties, and whether property can be accessed by vehicles without traveling through residential areas.
- 1.3 Degree to which odor impacts on neighboring properties will be prevented or mitigated.
- 1.4 Degree to which noise impacts on neighboring properties will be prevented and/or mitigated.
- 1.5 Degree to which lighting will not disturb any residential areas.
- 1.6 Degree to which site and building location provides privacy to customers.
- 1.7 Degree to which site and building location limits visibility and access to youth.
- 1.8 Degree to which site has adequate accessible, secure, and screened waste disposal facilities.
- 1.9 Degree to which business will not be visible from residential properties.
- 1.10 Degree to which no other impacts unique to the site have been identified.

Section 2: Business and Operations

This section will evaluate economic viability, capitalization of the proposed retail storefront dispensary, schedule for completion and opening of the proposed retail storefront dispensary, and level of quality of services to be provided at the proposed retail storefront dispensary. Responses for this evaluation criteria and supporting documentation (please note that financial information must be clearly labeled as “Confidential”, which will not be made available to the public) should include details that describe the following:

- 2.1 Degree to which applicant demonstrates capacity to capitalize and start up business operations.
- 2.2 Completeness of pro forma and degree to which it demonstrates the ability of business to sustain a profitable business, including the ability to pay all sales tax and a proposed 5% cannabis tax.
- 2.3 Degree to which applicant demonstrates day-to-day operations will meet industry best practices for a cannabis retail storefront dispensary.
- 2.4 Degree to which operations plan will prevent diversion.
- 2.5 Degree to which applicant demonstrates that operations will meet all State and local regulations.
- 2.6 Degree to which business plan demonstrates the ability of the applicant to meet all deadlines as established in the King City Municipal Code.
- 2.7 Degree to which operations plan addresses the ability to provide a high quality of customer service.
- 2.8 Degree to which application demonstrates appropriate banking practices will be utilized.
- 2.9 Degree to which no discrepancies are identified in the proposed budget and all normal projected expenses are accurately identified.
- 2.10 Degree to which no other issues are identified that would question the reliability, accuracy and completeness of the business plan and operations plan.

Section 3: Qualifications and Experience

This section will evaluate the experience of owners and any managers or employees already hired in the operation of a retail cannabis business (including but not limited to prior history of positive sales, appearance and maintenance of a retail cannabis business, legal compliance, management and positive community relations) and other experience related to the operation of a commercial cannabis business. Responses for this evaluation criteria and supporting documentation should include details that describe the following:

- 3.1 Level of prior experience with cannabis retail businesses by owners, managers, and any specific proposed employee.
- 3.2 Overall retail business experience of owners and managers.
- 3.3 Overall cannabis business experience of owners and managers.
- 3.4 Degree to which applicant is able to demonstrate a track record of successful business operations by owners, managers, and employees.
- 3.5 Absence of any history of violations of any State or local business related regulations in the operation of past businesses by owners, managers, and employees.

Section 4: Security

This section will evaluate the security plan for the proposed retail storefront dispensary (including but not limited to the non-diversion of cannabis and/or cannabis products, on-site security technology, and in-house and contract security personnel). Responses for this evaluation criteria and supporting documentation should include details that describe the following:

- 4.1 Has the security plan been prepared by a professional security consultant.
- 4.2 Degree to which schematic site plan addresses security risks.
- 4.3 Degree to which employee security is addressed.
- 4.4 Degree to which visitor security, ingress/egress, delivery, and perimeter security is addressed.
- 4.5 Degree to which security plan addresses diversion.
- 4.6 Sufficiency of security personnel proposed in the security plan.
- 4.7 Quality of security technology proposed for the business.
- 4.8 Degree to which product security is addressed.
- 4.9 Degree to which security policies and procedures address operational security needs, including cash handling and inventory control.
- 4.10 Sufficiency of employee security training proposed.

Section 5: Labor and Employment

This section will evaluate the employment opportunities for King City residents (including but not limited to estimated job creation, pay rates, and actions proposed to hire and train local employees). Responses for this evaluation criteria and supporting documentation should include details that describe the following:

- 5.1 Number of new jobs created by proposed business.
- 5.2 Degree to which hiring will be focused on local residents through outreach, hiring practices and training opportunities.
- 5.3 Amount paid above minimum wage for entry and mid-level positions.
- 5.4 Number of jobs that will be paid above minimum wage.
- 5.5 Continuing education provided and other measures to promote advancement of local employees hire.

Section 6: Investment and Improvements

This section will evaluate the investment and improvements in the interior and exterior of the structure and property of the proposed dispensary. Responses for this evaluation criteria and supporting documentation should include details that describe the following:

- 6.1 Proposed financial investment to enhancements to façade of the building, building expansion, new construction, removal of visual blight, and site improvements.
- 6.2 Proposed financial investment to interior remodel of the facility.
- 6.3 Degree to which financial investment will result in a timely completion of improvements and commencement of operations.
- 6.4 Degree to which entire exterior of the building and site visible to the public and customers, including parking, landscaping, and sidewalks, will result in new materials, surfaces, and amenities.
- 6.5 Degree to which entire interior of the building visible to the public and customers will result in new materials, surfaces, and amenities.

QUESTIONS

More information can be found on the City's website at www.kingcity.com. Please direct any questions to sbruce@kingcity.com.