

PHASE II-A: CRITERIA EVALUATION AND SCORING (1,200 POINTS)

During Phase II-A, the City Manager or his/her designee will review and score each application using a merit-based system. Applicants scoring a minimum of 80% or higher (960 points) in Phase II-A will advance to Phase II-B. Notice of the results of Phase II-A 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 to be scored in this phase.

- A. Business Plan (400 Points)
- B. Labor and Local Enterprise Plan (100 Points)
- C. Safety Plan (300 Points)
- D. Security Plan (400 Points)

PHASE II-B: FURTHER EVALUATION, INTERVIEWS AND SCORING (1,600 POINTS)

During Phase II-B, the City Manager or his/her designee will review and score each application using a merit-based system, evaluating the following categories based on the written materials provided, as well as the applicants interview:

- A. Business Plan (600 Points)
- B. Labor and Local Enterprise Plan ((300 Points)
- C. Neighborhood Compatibility (300 Points)
- D. Community Benefits and Investments Plan (400 Points)

Upon the completion of Phase II-B, the City Manager’s designees will tabulate the aggregate scores of all applicants from Phases II-A and II-B to create a final ranking which will form the basis of the recommendation to the City Manager.

PHASE III: CITY MANAGER’S HEARING

The City Manager shall receive the final scores and recommendations indicating the ranking of the applicants. The City Manager designee shall then conduct a public administrative hearing as required by CMC Section 5R.42.050 to determine the most suitable applications. Applicants advancing to Phase III will be invited to attend this hearing to answer questions from the City Manager and therefore should be prepared to attend the hearing and make a presentation. The City Manager shall then determine which applicants will advance to Phase IV.

Upon the completion of Phase II, the City Managers designee(s) or (Review Committee) will tabulate scores of all applicants from Phase I and Phase II to create a final ranking in which they will make a final recommendation to the City Manager.

Although the City Manager will recommend the most suitable applicants to be awarded a Cannabis Business Permit as allowed by CMC Section 5R.42.050, the City Council reserves the right to award a lesser number of Cannabis Business Permits than there are applicants, or to award no permits at all. In addition, only those applicants on the final list will be eligible to be issued a Cannabis Business Permit from the initial permit process.

After the City Manager recommends the Applicants who will potentially be granted a Cannabis Business Permit any Applicant wishing to appeal the City Manager’s final recommendation may submit an appeal to the City Council or an appointed hearing officer within ten (10) days from 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 Chico Municipal Code Section 5.42.160.

Phase IV: FINAL SELECTION BY CITY MANAGER

Prior to the City Manager’s final selection of permittees, the City reserves the right to request and obtain

additional information from any candidate who advanced to Phase IV. The City Manager will review the totality of the record and decide which applicants are to receive commercial cannabis permits. As part of the final selection process the top applicants or finalists should be prepared to attend a public hearing before the City Manager to address any additional questions before a final decision is rendered. The City Manager's selection of the prevailing applicants shall be final. Unsuccessful applicants shall have the right to appeal pursuant to Section 5.42.160 of the Chico Municipal Code.

When the City Manager receives the final scores and recommendation, he/she will use this information to prepare a report to submit to the City Council on the final ranking and selection for pursuant to CMC Section 5R.42.050.

PLEASE NOTE – Applicants who have been awarded a license will be required to pay five (5) percent of gross receipts annually to a community benefits fund.

ZONING VERIFICATION LETTER (ZVL) – Applicants will be required to obtain a Zoning Verification Letter from the Community Development Department as part of the selection process. The letter will verify if the submitted site is eligible for cannabis retail as outlined in Title 19 of the Chico Municipal 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. Please be advised that the City will only accept up to three Zoning Verification Letters (ZVL) per property. Once it receives the maximum number for each location it will no longer accept request to review them. When requesting a ZVL the Applicant will need to show that it either owns the property, signed a lease agreement, or received a letter of "Intention to Lease" from the property owner.

Zoning Verification Letters require a written request to the Community Development 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. The ZVL will cost \$156 and payment is due at the time of application submission.

Please note the issuance of a ZVL does not constitute written evidence of permission given by the City of Chico 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 Codes. Although a ZVL will be issued and added to the application, the identification of sensitive uses will continue up until the final issuance of a permit and Conditional Use Permit, and where a sensitive use in operation prior to the date of application is identified, the application will be deemed disqualified.

LAND USE & BUILDING PERMIT PROCESS

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

Furthermore, being awarded a Cannabis Business 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, planning permits or reviews, and any other permits, licenses, or reviews as may be required 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 5.42, Title 19 or any other permit requirements from other City departments or agencies.

PROOF OF INSURANCE AND INDEMNITY

The Applicant shall provide proof of insurance in the form of a certificate of insurance with the appropriate minimum coverage specified in the City’s Cannabis License Application. All Applicants are required to sign the application, and by so doing they confirm their indemnification of the City and thereby release the City from liability for any claim arising from commercial cannabis activity generally, any repeal or amendment of the City Code regarding commercial cannabis activity, or any related violation of state or federal laws.

PAYMENT OF APPLICATION FEE

The applicant will provide the application and zoning verification fee at the time of the application submission.

CONTACT INFORMATION

If you have any questions or would like an update on the status of your application, please email Cannabis@chicoca.gov.

APPENDIX A: EVALUATION CRITERIA

While the following identify a standardized set of criteria for use in preparing applications, any and all provisions of Chico Municipal Code Chapters 5.42, 5R.42 and Title 19.75, other local codes and State laws and regulations serve as additional criteria for evaluating applications. Thus, it is the applicant's responsibility to ensure a high-quality submission which addresses all relevant requirements for the specific Cannabis business type.

SECTION A: BUSINESS PLAN

1. Owners Experience – Resumes are not to exceed one (1) page per owner. The owners should provide any experience they have in operating a retail establishment, a regulatory business, or managing employees. If you have any experience operating a cannabis business please provide 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. In addition, list all college degrees, certificates, or professional licenses that you have obtained which would demonstrate other technical knowledge that may guide you to successfully run a business organization.
2. 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.
3. 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 cannabis license. 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.
4. How the Cannabis Business will conform to local and state laws. See CMC Title 19.75, and Sections 5.42 and 5R.42 as they pertain to retail establishments in the City of Chico.
5. 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 B: LABOR & LOCAL ENTERPRISE PLAN

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.
2. Identify number of employees at initial opening and the maximum number of employees when the business is at full capacity.
3. Identify any social equity programs that will be developed as part of the business model to ensure employees are provided equal opportunities for development.
4. Identify all positions and their responsibilities.
5. Describe compensation to and opportunities for continuing education and training for employees.

SECTION C: SAFETY PLAN

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. 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) The plan should demonstrate how they wish 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, 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.
 - 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 premise 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 for internal controls and for removing it off the premises to financial institutions or armor carriers.
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: NEIGHBORHOOD COMPATIBILITY PLAN

1. Describe how the CCB will proactively address and respond to complaints related to noise, light, odor, vehicle, and pedestrian traffic.
2. Describe how the CCB 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 from any cannabis or cannabis products being sold.
 - 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.
 - D. Describe the waste management plan. The plan shall include waste disposal locations, security measures, methods of rendering all waste unusable and unrecognizable, and the process or vendor in charge of disposal.
4. The application should include the following information on 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 CMC Title 19.75.
- C. Proof of ownership, lease agreement, or a “Letter of Intent” to lease.
- D. Vicinity map.
- E. Photographs of existing site and buildings on the property.
- F. Evidence that the location has access to public transportation for employees or customers.
- G. Site diagram for each proposed location, including at a minimum:
 - 1) Location and dimensions of all buildings and structures – including square footage.
 - 2) Location of all parking areas and driveways and means of ingress and egress to the property.
 - 3) Uses for all buildings and structures indicated on the site plan.
 - 4) If any exterior alterations are proposed for the existing building(s), attach proposed site plans.
- H. Floor diagram for each proposed location, including at a minimum:
 - 1) Interior and exterior walls and partitions, entrances and exits, rooms, doorways, and windows.
 - 2) Dimensions and square footage of all interior spaces.
 - 3) Proposed use of all interior spaces.

SECTION F: COMMUNITY BENEFITS AND INVESTMENTS PLAN

The CCB Application 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.

*Should an applicant wish the financial information to be treated as confidential, they should clearly identify it on each page as such. However, applicants should be aware that the information may be subject to disclosure under Government Code Section 6254.

**Security Plans will not be made public pursuant to Government Code Section 6254(f).