

Cannabis Business Permit Application Review Process and Review Criteria

COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

City Council

October 17, 2023



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BACKGROUND

- February 28, 2023 - City Council
 - Adopted:
 - Ordinance 7628 Replacing Chapter 5.77 (Cannabis Business Activities) of the RMC in its entirety;
 - Ordinance 7629 Amending Title 9 (Peace, Safety and Morals) of the RMC; and
 - Ordinance 7630 Amending Title 19 (Zoning) of the RMC
 - Directed Staff to:
 - Implement a Cannabis Permit Program
 - Develop a Cannabis Equity Program






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PERMITTED BUSINESS TYPES

Business Type	Maximum Number
 Storefront Retail	14
 Manufacturing/Distribution	No Limit
 Testing Laboratories	No Limit

Prohibited Business Types:

- Commercial Cultivation
- Microbusinesses


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TITLE 5 REQUIREMENTS

- Cannabis Business Permit
- Background Checks
- Community Benefits
- Business Tax Certificate
- Operational Requirements
- Security Requirements
- Compliance with Zoning

- Location Restrictions:
 - 600 feet from:
 - Commercial Daycare Centers
 - Community Centers
 - 1,000 feet from:
 - K-12 Public/Private Schools

- Resolution to adopt Application Procedure Guidelines and Application Review Criteria


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PROPOSED APPLICATION REVIEW PROCESS

- August 17, 2023 –Economic Development, Placemaking, Branding and Marketing Committee provided direction on Draft Procedure Guidelines and Evaluation Criteria:
 1. Limit the application period to 30 days
 2. Allow concurrent review of application and proposal;
 3. Amend time to secure a property to 180 days;
 4. Review Panel comprised of City Manager, Fire, Police, and CEDD;
 5. Remove the design and location requirement from the scoring criteria;
 6. Remove City Council from selection of finalists;
 7. Return with additional information in support of request for 5 staff positions;
 8. Consider the process for non-retail cannabis uses at a later time; and
 9. Issue all 14 permits at this time, without equity set-aside.



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PEER ANALYSIS

- Staff researched 12 cities with established cannabis programs:

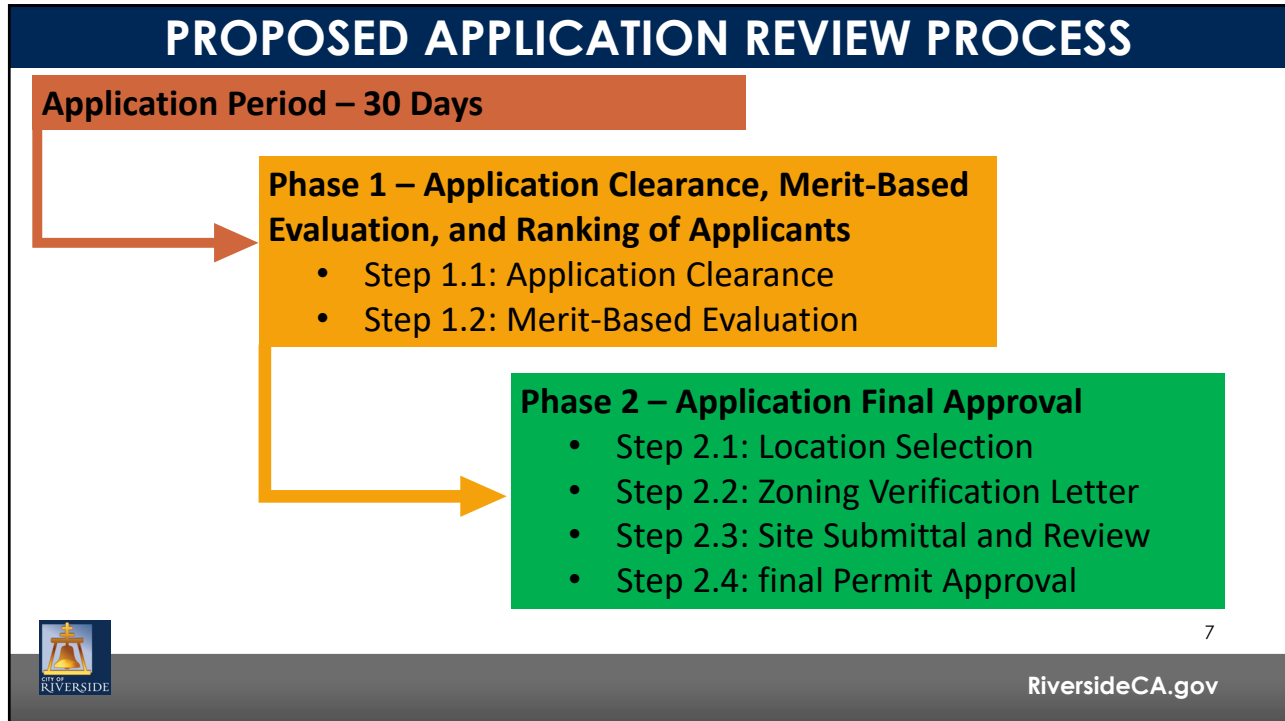
• Corona	• Modesto	• Sacramento	• Stanton
• Costa Mesa	• Moreno Valley	• San Bernardino	• Stockton
• Long Beach	• Oakland	• Santa Ana	• West Hollywood
- Peer Research Topics:
 - Application Period
 - Application Review/Evaluation Process
 - Staffing Needs and Time Commitment
 - Timing and Duration of Each Step
 - Review Panel Members
 - Equity Programs



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APPLICATION PERIOD



- 30-day Application Window



- Cannabis-Specific Web Portal Go-Live Prior to Application Window
 - Application Forms and Guidelines
 - Reference Documents
 - Frequently Asked Questions

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APPLICATION SUBMITTAL REQUIREMENTS

- **Application Form**
 - Applicant/Owner Information
 - Business Entity Status
 - Cannabis Experience
 - Criminal Convictions
 - State Law Compliance
 - Insurance Compliance
 - Labor Peace Agreement
 - Defense and Indemnification
- **Business Proposal**
 - Qualifications of Owners and Operators
 - Business Plan/Financial Investment
- **Operations Plan**
 - Staffing, Training & Education
 - Standard Operating procedures
 - Air Quality Control
- **Safety/Security Plan**
- **Labor, Employment, and Local Sourcing Plan**



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PHASE 1 – CLEARANCE, MERIT-BASED EVALUATION, AND RANKING

- **Step 1.1: Application Clearance**
 - Initial Application Completeness Review
 - Review of Clearance Requirements
- **Step 1.2: Merit-Based Evaluation (Ranking)**
 - Points assigned based on the following Criteria:
 - Owner Qualifications and Experience
 - Business Plan/Financial Investment
 - Operations Plan
 - Safety/Security Plan
 - Labor, Employment, and Local Sourcing Plan



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PHASE 2 – APPLICATION FINAL APPROVAL



- **Step 2.1: Location Selection**
 - Preferred Location Submittal
 - Preferred Location Information (Address, etc.)
 - Property Owner Information
 - Property Owner Affidavit
 - Cannot be same location as a higher ranked applicant
 - Review and Verification of Preferred Location
- **Step 2.2: Zoning Verification Letter**
 - Zoning Compliance
 - Location/Separation Review
- **Step 2.3: Site Submittal and Review**
 - Site Details
 - Business Plan, Operational Plan, and Safety/Security Plan



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PHASE 2 – APPLICATION FINAL APPROVAL



- **Step 2.4: Final Permit Approval**
 - Conditions of Final Approval
 - Proof of Property Control
 - State License
 - City Business Tax Certificate
 - Entitlements
 - Building, Fire and Occupancy Permits
 - Commercial Cannabis Operational Agreement
 - Insurance
 - Indemnification
 - Community Benefits
 - Local Hiring Practices
 - Labor Peace Agreement
 - Local Sourcing Practices



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TENTATIVE PROCESS SCHEDULE		
Application Period		
Application Period	30 Days	Nov. 15 – Dec. 15, 2023
Phase 1 – Clearance, Merit-Based Evaluation, and Ranking		
Step 1.1: Application Clearance	7 Calendar Days (max)	Nov. 2023 – Dec. 2024
Step 1.2: Merit-Based Evaluation	45 Calendar Days	Dec. 2023 – Jan. 2024
Phase 2 – Application Final Approval		
Step 2.1: Location Selection	Due within 30 Calendar Days 7 Calendar Day Review	Jan. 2024 – Mar. 2024
Step 2.2: Zoning Verification Letter	14 Calendar Days	Jan. 2024 – Apr. 2024
Step 2.3: Site Submittal and Review	Due 90 Days from ZVL 30 Calendar Day Review	Jan. 2024 – May 2024
Step 2.4: Final Permit Approval	Varies – Applicant Must Meet All Conditions of Approval	Mar. 2024 – May 2025




STAFFING NEEDS
<ul style="list-style-type: none"> • Five positions identified to support cannabis program: <ul style="list-style-type: none"> – Community and Economic Development - \$319,886 <ol style="list-style-type: none"> 1. Facilitator/Project Manager - \$101,539 2. Senior Planner - \$114,330 3. Building Inspector I-II - \$104,017 – Police Department - \$138,809 <ol style="list-style-type: none"> 4. Detective – Finance Department - \$121,170 <ol style="list-style-type: none"> 5. Principal Management Analyst



CANNABIS EQUITY PROGRAM

Cannabis Equity Program Timeline	
Procurement Process	
Issue RFP for cannabis equity consultant	October 2023
Consultant selected	November 2023
Council considers consultant agreement	January 2024
Cannabis Equity Assessment	
Consultant begins equity assessment report	January 2024
Consultant concludes assessment report (earliest)	August 2024
Committee receives update on assessment report	September 2024
Council receives update on assessment report	October 2024
Program Development Framework	
Consultant begins program development framework	October 2024
Consultant finishes program development framework (earliest)	February 2025
Committee and Council consider approval of the program	March 2025
Establishment of Cannabis Equity Program	April 2025


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CANNABIS APPLICATION FEES

Two-Stage Fee Structure – To be considered October 24, 2023

- **Application Fee**
 - All applicants must pay concurrent with application.
 - Covers staff costs to perform application clearance and merit-based evaluation by review panel.

- **Site Review Fee**
 - Top 14 ranked applicants must submit this fee with the preferred site information.
 - Covers cost of preparing Zoning Verification Letter, negotiation/preparation of Operational Agreement, and detailed review of site plan, operational plan, business plan, safety/security, and other required documents.



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STRATEGIC PLAN ALIGNMENT

Envision Riverside 2025 Strategic Plan Priorities




#3 Economic Opportunity




#5 High Performing Government


Cross-Cutting Threads




Community Trust




Fiscal Responsibility




Sustainability & Resiliency



Equity



Innovation


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RECOMMENDATIONS

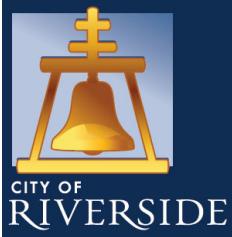
Staff recommends that the City Council:

1. Adopt a Resolution to adopt the Storefront Retail Commercial Cannabis Business Permit Procedure Guidelines and Application Review Criteria; and
2. With at least five affirmative votes authorize an increase of five (5) Full Time Equivalent (FTEs) in the General Fund for the purpose of Cannabis Permit Review Guidelines


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REFERENCE SLIDE



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