

RESOLUTION NO.

1  
2 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERSIDE,  
3 CALIFORNIA, ADOPTING THE STOREFRONT RETAIL COMMERCIAL  
4 CANNABIS BUSINESS PERMIT PROCEDURE GUIDELINES AND  
5 APPLICATION REVIEW CRITERIA FOR THE CITY OF RIVERSIDE'S  
6 CANNABIS PROGRAM.

7 WHEREAS, Article XI, Section 7 of the California Constitution authorizes cities  
8 to make and enforce within their jurisdictional limits ordinances and regulations not in  
9 conflict with general laws to protect and promote the public health, safety, and welfare  
10 of its citizens; and

11 WHEREAS, on November 8, 2016, California voters approved Proposition 64,  
12 titled the Adult Use of Marijuana Act (the "AUMA") and enacted a state statutory  
13 scheme legalizing, controlling, and regulating the cultivation, processing,  
14 manufacturing, distribution, testing, and sale of nonmedical ("adult-use" or  
15 "recreational") cannabis, including cannabis, products, for use by adults twenty-one  
16 (21) years of age and older; and

17 WHEREAS, on June 27, 2017, the Medical and Adult Use Cannabis Regulation  
18 and Safety Act ("MAUCRSA") was signed into law, which provides a comprehensive  
19 regulatory framework for licensing, control, and taxation of medical and adult-use  
20 cannabis-related businesses in California; and

21 WHEREAS, the City Council of the City of Riverside ("City Council") desires  
22 to establish a strong and effective regulatory system with regard to cannabis businesses  
23 that protects the public health, safety and environmental resources, provides a consistent  
24 regulatory pathway for the cannabis industry consistent with state regulations, fosters a  
25 healthy, diverse and economically viable cannabis industry that contributes to the local  
26 economy, and ensures that environmental, public health, safety and nuisance factors  
27 related to the cannabis industry are adequately addressed; and

28

1           WHEREAS, in furtherance of these goals, on February 28, 2023, the City Council  
2 introduced and on March 14, 2023, adopted Ordinance 7628, amending Title 5 (Business Taxes,  
3 Licenses and Regulations) of the Riverside Municipal Code ("RMC") and replacing Chapter  
4 5.77 (Cannabis Business Activities) in its entirety, Ordinance 7629 amending Title 9 (Peace,  
5 Safety and Morals) of the RMC, and Ordinance 7630 amending Title 19 (Zoning) of the RMC;  
6 and

7           WHEREAS, Chapter 5.77 of the RMC regulates Cannabis Business Activities in  
8 the City of Riverside, including the types of businesses and maximum number  
9 permitted within the City, including up to 14 storefront retail commercial cannabis  
10 businesses as well as an unlimited number of manufacturing, distribution, and testing  
11 laboratories; and

12           WHEREAS, on August 17, 2023, the Economic Development, Placemaking and  
13 Branding/Marketing ("EDPBM") Committee met to review and provide direction on  
14 the draft procedure guidelines and review criteria; consider several key factors; and  
15 consider information related to additional staff to support the City's cannabis program.  
16 After discussion and deliberation, the EDPBM Committee voted to forward for City  
17 Council consideration procedure guidelines and review criteria; and

18           WHEREAS, pursuant to RMC Section 5.77.130(A), the City Council is required  
19 to adopt, by resolution, procedure guidelines and review criteria for permitting  
20 commercial cannabis businesses; and

21           WHEREAS, the City Council desires to adopt the rules and regulations entitled  
22 Storefront Retail Commercial Cannabis Business Permit Procedure Guidelines and  
23 Application Review Criteria, as set forth in Exhibit "A" attached hereto and  
24 incorporated herein.  
25

26           NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Riverside, as  
27 follows:  
28



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

I, Donesia Gause, City Clerk of the City of Riverside, California, hereby certify that the foregoing resolution was duly and regularly adopted at a meeting of the City Council of said City at its meeting held on the \_\_\_ day of \_\_\_\_\_, 2023, by the following vote, to wit:

Ayes:

Noes:

Absent:

Abstain:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Riverside, California, this \_\_\_ day \_\_\_\_\_, 2023.

\_\_\_\_\_  
DONESIA GAUSE  
City Clerk of the City of Riverside

\\Rc-citylaw\cycom\WPDOCS\D022\P040\00748003.DOC  
[23-1326] TAT 10/03/23

**EXHIBIT "A"**

**City of Riverside Storefront Retail Commercial Cannabis Business Permit  
Procedure Guidelines and Application Review Criteria**

**I. PURPOSE.**

The purpose of these Procedure Guidelines is to establish the procedures and requirements for the submittal of applications for, and the issuance of, Storefront Retail Commercial Cannabis Business (Storefront Retail CCB) Permits authorized by Chapter 5.77 of the Riverside Municipal Code (RMC).

**II. AUTHORITY AND SCOPE.**

These Procedure Guidelines are authorized to be adopted pursuant to RMC § 5.77.130 and are intended to clarify and facilitate implementation of RMC Chapter 5.77. These Procedure Guidelines shall apply to all applications for Storefront Retail CCB Permits submitted for commercial cannabis activities pursuant to RMC Chapter 5.77. To the extent of any conflict between these Procedure Guidelines and RMC Chapter 5.77, the terms of RMC Chapter 5.77 shall govern. Unless the context otherwise clearly indicates, the terms used herein shall have the same meaning as defined in RMC § 5.77.060.

**III. PERMIT APPLICATION FOR STOREFRONT RETAIL COMMERCIAL CANNABIS BUSINESSES.**

**A. Application Period.**

Notice of the application period dates for the submittal of applications for Storefront Retail CCB Permits shall be posted on the City's website no less than fourteen (14) calendar days prior to the start of the application period. The application period will run for thirty (30) consecutive calendar days. The City Manager, at his/her sole discretion, may extend the length of the application period on terms he/she specifies. Notice and terms for any such extension will be posted on the City website. Applications for Storefront Retail CCB Permits will only be accepted during the application period and/or any extension established by the City Manager. Applications submitted after the application period, or any extension thereof, will be disqualified from consideration.

**B. Application Submittal Process.**

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

1. Application Submittal Requirements

Within the established application period, Storefront Retail CCB Permit Applicants must submit the following:

a. Application Packet

The applicant shall fully complete the following forms and submit them in an electronic format as designated by the City Manager. The following information is required to be provided on the City of Riverside Storefront Retail CCB Permit Application form where indicated:

i. Application Form:

(a) Applicant Information. The applicant's name, address, telephone number and e-mail address must be provided. Applicants who are individuals, shall provide both

the first and last name of the individual. For applicants that are business entities, provide the legal name of the business entity and, if applicable, the business trade name (i.e., DBA).

- (b) Primary Contact Information. Contact information for the applicant's designated primary contact person including the name, title, or relationship to applicant, address, phone number, and email address of the individual.
- (c) Business Entity Status. If any applicant or owner is a business entity or any other form of entity, the entity's legal status, formation documents (articles of incorporation, operating agreements, partnership agreements, and fictitious business name statements), and proof of registration with, or a certificate of good standing from, the California Secretary of State, as applicable.
- (d) Cannabis Activity Denials, Suspensions or Revocations. Whether the applicant or any owner, officer, or manager of the commercial cannabis business has, within the previous five (5) years, been denied the right to conduct any commercial cannabis activity in any jurisdiction and/or whether such person's authorization to conduct any commercial cannabis activity in any jurisdiction has been suspended or revoked. The applicant shall provide the type of license or permit applied for, the name of the licensing/permitting authority that denied, suspended or revoked the application or license/permit, the date of denial, suspension, or revocation, the length of suspension, if applicable, and the basis of the denial, suspension, or revocation.
- (e) Criminal Convictions. Attestation that the applicant and any owner, officer, or manager of the commercial cannabis business have not been convicted of any of the criminal activities enumerated in RMC § 5.77.080.
- (f) State Law Compliance. Attestation that the applicant will meet the requirements of the state cannabis laws, including, but not limited to, track-and-trace, inventory, returns, destruction of products, waste management, environmental sustainability, records retention, and operational requirements.
- (g) Insurance Compliance. Consistent with the requirements of RMC § 5.77.330, attestation that applicant has or will be able to obtain and maintain the following amounts and types of insurance:
  - (1) Commercial General Liability with a minimal limit of \$2,000,000 per occurrence/\$4,000,000 aggregate. Such insurance policy shall name the City and its directors, officials, officers, employees, agents, and volunteers as additional insureds by endorsement with respect to the operation of the commercial cannabis business and compliance with Chapter 5.77, the state cannabis laws or any other applicable law.
  - (2) Commercial/Business Automobile Liability with a coverage for "any auto" and a minimal limit of \$1,000,000 per accident for bodily and property damage.

(3) Workers' Compensation with limits as required by the Labor Code of the State of California.

(h) Labor Peace Agreement. Any applicant with five or more employees shall attest that it has entered into a labor peace agreement in compliance with RMC § 5.77.130 and will abide by the terms of the agreement. For applicants who have not yet entered into a labor peace agreement at the time of application submittal, the applicant shall provide a notarized statement indicating that within 30 days of cannabis permit from the City, the applicant will enter into and abide by the terms of a labor peace agreement . Once the applicant has entered into the labor peace agreement, the applicant shall provide the City Manager or his/her designee with a copy of the page of the labor peace agreement that contains the signatures of the union representative and the applicant.

ii. Background Form

(a) Owner, Officer and Manager Information. The name, address, telephone number, e-mail address and age, including documentation validating the identity and age of all owners, officers and managers and the percentage of ownership interest or other financial interest, if any, held by each owner, officer and manager must be provided. All individuals listed will be subject to Background and Live Scan checks in later stages of the CCB Permit selection process if identified as a finalist.

(b) Required State Financial Information. The applicant shall provide all financial information required by the State of California, pursuant to California Code of Regulations, Title 4, Section 15004 or other relevant law.

iii. Defense and Indemnification Form.

Consistent with the requirements of RMC § 5.77.330, an agreement for attestation and signature that the applicant agrees to: (1) indemnify, defend (at applicant's sole cost and expense), and hold the City of Riverside, and its officers, officials, employees, representatives, and agents, harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to, the City's issuance of the cannabis business permit, the City's decision to approve the operation of the cannabis business or activity, the process used by the City in making its decision, or the alleged violation of any federal, state or local laws by the cannabis business or any of its officers, employees or agents; and (2) reimburse the City for all costs and expenses, including but not limited to legal fees and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the applicant's cannabis business permit or related to the City's approval of a cannabis activity.

b. Business Proposal

All Storefront Retail CCB Permit applicants must prepare a narrative Business Proposal that will be used during the Merit-Based evaluation. The Business Proposal must be in 12-point font text that does not exceed a total of 50 single-sided pages that addresses the topics outlined in the Evaluation Criteria included as Appendix A to this document and details the following topic areas:

- i. Qualifications of Owners and Operators
  - ii. Business Plan/Financial Investment
  - iii. Operations Plan
  - iv. Safety/Security Plan
  - v. Labor, Employment, and Local Sourcing Plan
- c. Application Fee

All Storefront Retail CCB Permit applicants shall submit at the time of filing of the application the initial Application Fee in the amount and manner established by resolution of the City Council to cover all costs incurred by the City in the application review and merit-based evaluation process outlined in “Phase 1 – Application Clearance, Merit-Based Evaluation, and Ranking of Applicants” below (RMC 5.77.130(F)). As described below, applicants that proceed past Phase 1 under “D – Application Evaluation Process” will be required to submit an additional Site Review Fee to cover the additional staff time to review site-specific details.

**C. Proposal Review Panel**

All Storefront Retail CCB Permit applications shall be reviewed, and complete applications granted application clearance will be evaluated, scored and ranked by a review panel composed of City staff selected by the City Manager. The review panel shall meet the following criteria:

- No Financial Conflicts of Interest. All members shall be free of financial conflicts of interest, as determined pursuant to the laws, rules and regulations of the Political Reform Act.
- Panel Representation. City Manager has sole discretion as to composition of the review panel, which may include staff members from each of the following Departments:
  - City Manager’s Office;
  - Community and Economic Development Department;
  - Finance Department;
  - Fire Department;
  - Police Department.
- Prohibited Participation. The review panel shall not include and shall not discuss any information with the Mayor or members of the City Council, boards, commissions, or any other decision making or policy making body or their aides or staff.
- Communication. To ensure fairness and avoid misunderstandings, all communications must be in written format and submitted only to the City Manager or his/her designee. Any verbal communications will not be considered or responded to. All questions received by the application due date will be logged and reviewed and if required, a response will be provided publicly via an update on the Cannabis Web Portal on the City’s website. Any communications, whether written or verbal, with any City Councilmember, the Mayor, or City staff other than the City Manager or his/her designee, prior to issuance of a license



by the City, is strictly prohibited. Any Applicant who violates this provision shall be immediately disqualified from consideration.

- Independent Facilitator. The review panel's evaluation of the applications and any communications or clarification necessary related to the applications shall be coordinated and facilitated by an independent facilitator selected by the City Manager or his/her designee. This individual will have no conflict of interests, financial interest, shall not be a member of the review panel and shall have no communication regarding applications with the City Council, Mayor or Boards, Commission or Committee members.

#### **D. Application Evaluation Process**

##### **1. Phase 1 – Application Clearance, Merit-Based Evaluation, and Ranking of Applicants**

###### **a. Step 1.1: Application Clearance**

An application shall advance to the merit-based evaluation process set forth in Step 2 below only if it is granted application clearance. Upon receipt of an Application, the Independent Facilitator shall review all applications to ensure all required materials are complete and grant application clearance, unless he or she makes a finding of any of the following:

- i. Unpaid Fees. The applicant has not paid all fees required pursuant to RMC Chapter 5.77 or other applicable laws, rules, or regulations.
- ii. Application Disqualification. The application is incomplete, submitted late, or is otherwise not responsive to the requirements of RMC Chapter 5.77 or these Procedure Guidelines.

###### **b. Step 1.2: Merit-Based Evaluation**

Each application will be reviewed, evaluated, and ranked by the review panel based on the specific merit-based selection criteria and point system set forth in Appendix A.

###### **i. Evaluation Period**

The review panel Evaluation Period will run for forty-five (45) calendar days from the date the application period closes. The 45-calendar-day Evaluation Period may be extended by the City Manager at his or her sole discretion to properly review and fairly complete the evaluation process.

###### **ii. Ranking of Applicants – Provisional Approval**

A. Written Ranking. Each member of the review panel shall produce a complete Storefront Retail Merit-Based Evaluation Criteria form to include the number of points given in each category for each application. Written ranking shall include the points allocated to each application by each member of the review panel and shall be signed or initialed by the facilitator, acknowledging that the points are accurate, and the ranking represents the final decision of the evaluator. The facilitator will enter all scores from each committee member and tabulate a combined score from the overall review panel. The top 14 applications shall

receive Provisional Approval. Applications that do not receive Provisional Approval will remain ranked and notified of their ranked position.

- B. Notice of Ranking. The written ranking shall be posted on the City's website identifying those applications that have received Provisional Approval. All applicants will be notified when the ranking is available.
- C. Appeal. Appeal rights for denial of an application are set forth in RMC Chapter 5.77.
- D. Expiration of Ranking. The final ranking of the review panel shall expire twelve (12) months from the date it is posted on the City's website. The City Manager, in his/her sole discretion, may extend the expiration date for an additional twelve (12) month period. Upon expiration of the final ranking, any applicant who has not obtained final approval of their application pursuant to these Procedure Guidelines shall be deemed to have forfeited the Storefront Retail CCB Permit application and any right to a Storefront Retail CCB Permit.

## 2. Phase 2 – Application Final Approval

### a. Step 2.1: Location Selection

#### i. Preferred Location Submittal:

Within thirty (30) calendar days of the date of Provisional Approval pursuant to Section D-1-b-ii above, each successful applicant, shall be required to submit the following:

- (a) Preferred Location Information. Identify a preferred location that meets the zoning and locational requirements mandated in Titles 5 and 19 of the Riverside Municipal Code on a form provided by the City that includes the following:
  - (1) Address(es). The physical address including any specific unit or suite number of the premises where the commercial cannabis business activity is proposed to be conducted. Applicants may identify alternative premises locations in the event that the preferred location is secured by a higher-ranking applicant or not available for any reason. If an applicant identifies more than one potential premises, the location information shall be required for each potential premises.
  - (2) Property Owner Information. The name, address, telephone number and e-mail address of the record owner of the property where the commercial cannabis activity is proposed to be conducted if different than the applicant. If the applicant is the record owner of the property where the commercial cannabis activity is proposed to be conducted, the applicant shall provide a copy of the title or grant deed to the property.
  - (3) Property Owner Affidavit. If the applicant is not the record owner of the property where the commercial cannabis activity is proposed to be conducted, a signed affidavit from the record owner of the property acknowledging that the preferred

location(s) are available for operation as a storefront retail CCB by the applicant.

- (b) Site Review Fee. Submit a Site Review Fee in the amount and manner established by resolution of the City Council to cover all costs incurred by the City in the site-specific review process outlined in “Phase 2 – Application Final Approval.”

ii. Review and Verification of Preferred Location:

Beginning with the applicant that is ranked number one (1) during Phase 1, the Independent Facilitator shall review that applicant’s preferred location and confirm that the location has not been identified and selected as a preferred location by a higher ranked applicant.

(a) Failure to Meet Preferred Location Requirements, Resubmittals.

If the preferred location submitted by the applicant has already been identified and selected as a preferred location by a higher ranked applicant, the City Manager or his/her designee shall review in order any alternative locations provided on the preferred location form. If the preferred location and any provided alternative locations are unavailable for any reason, the City Manager or his/her designee shall notify the applicant.

Within twenty-one (21) calendar days of the date of such notice, the applicant shall be required to submit another preferred location for review by the City Manager or his/her designee and a determination whether that location has already been identified and selected as a preferred location by a higher ranked applicant. The twenty-one (21) calendar day period may be extended by the City Manager for up to twenty-one additional calendar days if the City Manager determines that the applicant needs additional time to identify an alternative preferred location.

The above submittal and review process may continue until the applicant submits a location that has not been identified and selected as a preferred location by a higher ranked applicant. If any applicant fails to resubmit the applicant's preferred location by the end of this twenty-one (21) calendar day period or such extended period of time permitted by the City Manager pursuant to this Section, the applicant shall be deemed to have forfeited the Storefront Retail CCB Permit application and any right to a Storefront Retail CCB Permit.

(b) Satisfaction of Preferred Location.

Once it has been confirmed that an applicant's preferred location has not been identified and selected as a preferred location by a higher ranked applicant, that applicant's approved location shall be posted on the City's website and the City Manager or his/her designee shall provide written notice to the applicant.

b. Step 2.2: Zoning Verification Letter

Zoning Compliance. Applicants receiving notice of preferred location authorization in Phase 2 – Step 2.1 above, shall be subject to a Zoning Verification Letter (ZVL) to confirm

that the proposed location is properly zoned and meets all the minimum distance requirements from sensitive uses identified in RMC Chapter 5.77.

The Independent Facilitator will transmit the preferred location list to the Planning Division for review and processing. The review process may take up to fourteen (14) calendar days.

The issuance of a ZVL does not constitute written evidence of permission given by the City of Riverside 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 or vested right under the Zoning or Building Code.

c. Step 2.3: Site Submittal and Review

Upon receipt of the Zoning Verification Letter, the applicant shall have 90 calendar days to submit detailed site and operational information for the preferred and verified location. The Independent Facilitator shall review the following site and operational information for compliance with the Riverside Municipal Code and Citywide Design Guidelines as well as consistency with the preliminary information provided by the applicant during Phase 1. Applicants will be notified in writing within 30 calendar days if the information provided is complete, accurate and in compliance.

i. Site Details

The applicant shall submit a complete and detailed set of plans for the proposed location. If the proposed location consists of only a portion of a parcel, property, or structure, the diagrams must be labeled indicating which part of the property/structure the proposed business will be located and how the remaining property/structure is used. The plans shall include the following:

A. Site Plan

A fully dimensioned Site Plan must be prepared by a design professional and drawn to scale. The Site Plan must include the entire property and identify the specific location of the proposed business.

B. Floor Plan

A fully dimensioned Floor Plan must be prepared by a design professional and drawn to scale. The Floor Plan must indicate all boundaries, dimensions, entrances, and exits, interior partitions, walls, rooms, windows, and doorways. The Floor Plan must also identify the principal activity to be conducted in each area of the proposed business location as well as areas to be used as limited-access areas.

C. Elevations or Building Exterior Photos

Fully dimensioned, color elevations of the building or location exterior must be prepared by design professional and must indicate all proposed materials and colors. Alternatively, for existing spaces, digital photographs of all exterior walls and entrances must be provided. Any new structures or structural modifications to an existing building may be subject to a Design Review and building permits in accordance with the RMC and standard City procedures.

D. Existing or Proposed Landscaping Plan or Photos

Fully dimensioned landscape plans must be prepared by a design professional and shall indicate the size, placement, and species of all new plantings. Alternatively, for existing locations, digital photographs of all planting and landscape areas demonstrating that the landscape areas are in good condition and well-maintained. All new landscaping proposed shall comply with RMC Title 19 and may be subject to a Landscape Design Review pursuant to RMC Chapter 19.570.

E. Proposed Signs

Fully dimensioned, color plans of the proposed signs must be prepared by a design professional. Proposed signs must meet the requirements of Title 19 and any approved sign program for the location. Building signs must obtain all required permits in accordance with the RMC and standard City procedures.

ii. Business Plan, Operational Plan, and Safety/Security Plan

A. Business Plan. The applicant shall submit a business plan following standard business practices that includes at minimum an executive summary, company description and history, business concept, products and services to be offered, target market, key leadership, marketing strategy, current and projected financial outlook, unique or innovative business practices, and any other information that describes or demonstrates the business and its goals, vision, and mission.

B. Operations Plan. The applicant shall submit an operations plan that contains, at a minimum, operational information as required in RMC Chapter 5.77 and the following information:

(i) Schedule for Opening. A schedule for the anticipated beginning of operations, including planning and completion of any proposed construction and improvements.

(ii) Staffing, Training & Education. A description of anticipated/proposed staffing levels, positions, employee training, and consumer education.

(iii) Standard Operating Procedures. A description of standard operating procedures for daily operations, including, but not limited to, mechanisms for ensuring compliance with state and local laws.

(iv) Air Quality/Odor Control. A description of the ventilation and air purification (odor) control system proposed to be used at the premises.

C. Security Plan. The applicant shall submit a security plan that contains, at a minimum, the security measures required in RMC Chapter 5.77 and the following information:

(i) Employees. A description of employee roles and responsibilities, including, but not limited to, safety education and theft reduction.

- (ii) Security Guards. A description of security guard coverage, duties, protocols and daily procedures and operations.
- (iii) Security Procedures. A detailed description of the proposed security measures for the premises, including, but not limited to, identifying ingress and egress access, perimeter security, product access protocols, product security (at all hours, including during deliveries) and internal security measures.
- (iv) Cash Management. A description of cash handling processes and procedures.
- (v) Video Camera Surveillance. A detailed description of the video surveillance system proposed for the premises, including general camera placement, quality and practices for the maintenance of video surveillance equipment, live feed capability, storage of video footage, recorded video retention policies, and Police access to recorded media or live feed.
- (vi) Alarm System. A description of the alarm system proposed for the premises.

d. Step 2.4: Final Permit Approval

i. Conditions of Final Approval

The City Manager may grant final permit approval of an application for a Storefront Retail CCB Permit if each of the following conditions are satisfactorily met:

- A. Proof of Property Control. Within 180 days of notice of completion of Step 2.3, the applicant must provide evidence that they are the legal owner of record or provide a copy of the lease or other documents demonstrating a legal ability to occupy the space for the proposed Storefront Retail CCB.
- B. Commercial Cannabis Operational Agreement.
  - (i) Requirement. Within twenty-one (21) calendar days of the successful completion of Step 2.3, the applicant shall execute, in a manner deemed acceptable by the City Manager and City Attorney in their sole and absolute discretion, a Commercial Cannabis Operational Agreement with the City pursuant to RMC § 5.77.360-C. The twenty-one (21) calendar day period may be extended by the City Manager for up to twenty-one (21) additional calendar days. Since the commercial cannabis operational agreement will confer substantial private benefit on a permittee and the permittee representatives, it will also provide for consideration to the public to balance the private benefits.
  - (ii) Form and Content. In addition to the requirements below, the commercial cannabis operational agreement shall be in a form and include any other provisions approved by the City Manager and City Attorney in their sole and absolute discretion.
  - (iii) Failure to Execute Agreement. If any applicant has not satisfactorily executed a Commercial Cannabis Operational Agreement with the City by the end of this

twenty-one (21) calendar day period or such extended period of time permitted by the City Manager pursuant to this Section, the applicant shall be deemed to have forfeited the Storefront Retail CCB Permit application and any right to a Storefront Retail CCB Permit.

(iv) Minimum Provisions of Agreement. The commercial cannabis operational agreement, at a minimum, shall include provisions substantially consistent with the following requirements:

[a] Insurance. A requirement to obtain and maintain insurance in the amounts and types acceptable to the City and to name the City, its directors, officials, officers, employees, agents and volunteers as additional insureds by endorsement.

[b] Indemnification. A requirement to defend (with counsel of City's choosing), indemnify and hold the City, its directors, officials, officers, employees, agents and volunteers free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, to the extent arising out of, pertaining to, or incident to the City's issuance of the Storefront Retail CCB Permit, the process used by the City in making its decision to issue a Cannabis Business Permit or approve the operation of the commercial cannabis business, the operation of the commercial cannabis business or the prosecution of the applicant, permittee, or any permittee representative for violation of federal law or the state cannabis laws, including without limitation the payment of all settlement amounts, expert witness fees and attorney's fees and other related costs and expenses.

[c] Audits. A provision that permits the City to inspect and conduct an audit of the books and records of the commercial cannabis business upon request and pursuant to RMC § 5.77.340. The costs of such an audit shall be borne by the City.

[d] Community Benefit. A commitment to implement any community benefit actions or measures described in the applicant's application packet.

[e] Local Hiring Practices. A commitment to promote local hiring or implement incentives for local residents to work with the commercial cannabis business, if such practices are described in the applicant's application packet.

[f] Labor Peace Agreement. Pursuant to RMC § 5.77.130-G, for applicants with five or more employees, the applicant shall attest that the applicant has entered into a labor peace agreement as defined in Business and Professions Code Section 26001(y) with a Bona Fide Labor Organization as defined by 29 U.S.C 402(i) and will abide by the terms of the agreement, and the applicant shall provide a copy thereof to the City.

[g] Local Sourcing Practices. A commitment to secure supplies and equipment from local sources, if such practices are described in the applicant's application packet.

- C. State License. Within twelve (12) months of the date of the successful completion of Step 2.3, the applicant shall obtain all State licenses required by the state cannabis laws to authorize the applicant to operate the Storefront Retail CCB. The twelve (12) month period may be extended by the City Manager for up to one hundred eighty (180) additional calendar days, if necessary, for the applicant to obtain all required State licenses provided that the applicant has proceeded with due diligence to obtain such licenses. If the applicant has not obtained all required State licenses by the end of this twelve (12) month period, as may be extended, the applicant shall be deemed to have forfeited the Storefront Retail CCB Permit application and any right to a Storefront Retail CCB Permit.
- D. City Business Tax Certificate. Prior to opening, the applicant shall obtain a City Business Tax Certificate to conduct the commercial cannabis business permitted by the Storefront Retail CCB Permit and pay the applicable tax, as required by RMC Chapter 5.04. If the applicant has not obtained a City business tax certificate prior to opening, the applicant shall be deemed to have forfeited the commercial cannabis business permit application and any right to a Storefront Retail CCB Permit.
- E. Entitlements. If it is determined by the Planning Division that entitlements, including, but limited to Design Review for new construction, are required consistent with RMC Title 19, the Applicant shall be responsible for submitting an application and applicable fees for the entitlements in accordance with Title 19 and standard City procedures and timelines.
- F. Building, Fire and Occupancy Permits. Within one hundred eighty (180) calendar days of the date of the successful completion of Step 2.3, the applicant shall take all necessary actions to open its commercial cannabis business, including, but not limited to, completing all construction and tenant improvements, and obtaining all building, fire and occupancy permits that will permit the applicant to open the commercial cannabis business to the public. The one hundred eighty (180) calendar day period may be extended by the City Manager for up to sixty (60) additional calendar days, if necessary, for the applicant to obtain the required building, fire and occupancy permits provided that the applicant has proceeded with due diligence to obtain such permits. If the commercial cannabis business is not fully permitted and operating by the end of this one hundred eighty (180) calendar day period, as may be extended, the applicant shall be deemed to have forfeited the Storefront Retail CCB permit application and any right to a Storefront Retail CCB Permit.

#### **E. Steps Following Forfeiture**

In the event that an applicant for a Storefront Retail CCB Permit is deemed to have forfeited the Storefront Retail CCB Permit application and any right to a Storefront Retail CCB Permit pursuant to the Procedure Guidelines or RMC Chapter 5.77, the next ranked applicant will not be moved



up to the ranking of the forfeited applicant. Instead, in the event that an applicant who is ranked between 1 and 14 is deemed to have forfeited the Storefront Retail CCB Permit application and any right to a Storefront Retail CCB Permit pursuant to the Procedure Guidelines or RMC Chapter 5.77, the City Manager will provide notice to the next sequential applicant that is ranked at a number greater than 14 on the final ranking list. Upon receipt of such notice, that applicant shall be subject to the requirements and forfeiture consequences of these Procedure Guidelines and shall be required to submit all forms and documents and take all actions required by Section III.D within the time periods established therein.

## Appendix A

### City of Riverside Storefront Retail Cannabis Merit-Based Evaluation Criteria

All Storefront Retail Commercial Cannabis Business Permit applications for storefront retail cannabis businesses will be evaluated using the merit-based criteria outlined below to ensure that the most qualified and experienced businesses are authorized to operate within the City of Riverside. Applicants must include documentation, references, or descriptions within their Storefront Retail Commercial Cannabis Business Permit application packet that support the statements below for review by the City.

0 = no content provided, 1 = limited or below minimum information provided, 2 = minimum information provided, 3 = all information provided and offers additional benefits, 4 = all information provided with additional benefits and quality standards, 5 = information exceeds request and offers highest quality standards.

A. Qualifications of Ownership/Operators		
No.	Merit Criteria	Possible Points
A.1	<u>Cannabis Business Experience</u> - Proposal demonstrates Owner's experience in owning, managing and operating a legally permitted or licensed retail cannabis business in the United States.	5
A.2	<u>Cannabis Industry Knowledge</u> - Proposal demonstrates Owner's overall knowledge of the cannabis industry (as demonstrated throughout the application), including identification of how industry best practices and state regulations have been incorporated in existing/prior legal businesses outside the City of Riverside.	5
A.3	<u>Compliance Record</u> - Proposal demonstrates record of operating a compliant commercial cannabis or other business, with more points awarded for operating a cannabis business. A compliant business operation is one that does not have a documented history of local or state level violations relating, but not limited to: business code, public safety, environmental impacts, employment, and financial payments.	5
A.4	<u>Other Business Ownership Experience</u> - Proposal demonstrates Owner's experience and successful management of a permitted or licensed non-cannabis retail business within the City of Riverside.	5
A.5	<u>Local Ownership</u> - Proposal demonstrates that a current resident or business owner within the City owns at least fifty-one percent (51%) of the cannabis business and describes the involvement of the ownership team in day-to-day operation of the business.	5
<b>Category Subtotal</b>		<b>25</b>

<b>B. Business Plan &amp; Financial Investment</b>		
No.	Merit Criteria	Possible Points
B.1	<u>Unique or Innovative Business Model</u> – Uniqueness of the proposed business model, such as the applicant’s understanding and description of the intended market which the business plans to serve (for example: local residents, tourists, medical patients, or other niche markets) and how the business will utilize innovative approaches to integrating into the Riverside business market.	5
B.2	<u>Marketing and Design Concept</u> – Quality and detail of the key aspects of the marketing plan that would be generated and incorporated into the business plan and quality of design concept/aesthetic theme for proposed business, including exterior, interior, and sign concepts and inspiration.	5
B.3	<u>Financial Plan</u> - Proposal includes a financial plan/budget that demonstrates sufficient financial capacity to capitalize, start up, and sustain business operations, with more points awarded for including a valid proforma financial statement for at least 3 years of operation.	5
B.4	<u>Funding / Proof of Capitalization</u> - Proposal demonstrates or identifies access to operational capital and/or on-going line of credit once business is operational.	5
B.5	<u>Supply Agreements</u> - Proposal demonstrates that Owner has documented agreements with cannabis distributors to supply products to Owner’s business.	5
<b>Category Subtotal</b>		<b>25</b>

<b>C. Operations Plan</b>		
No.	Merit Criteria	Possible Points
C.1	<u>Standard Operating Procedures</u> – Overall quality and detail of the proposed operating procedures; including, the extent to which the applicant noted examples of industry best practices and incorporated them into operating procedures. Additionally, the applicant has shown specific examples of where the practices included in their SOPs have worked.	5
C.2	<u>Community Benefits</u> – Overall quality, scope, and commitment to providing community benefits pursuant to RMC 5.77.110. Includes community engagement plan that details how business will work with local nonprofits and other Riverside community groups (volunteer efforts, partnerships, etc.).	5
C.3	<u>Air Quality/Odor Control</u> - Quality of ventilation and air purification system, including demonstrated effectiveness (proposal may include examples of where a similar system has worked effectively).	5
C.4	<u>Customer Education Plan</u> - Quality and detail of plan for educating customers regarding cannabis products, include the potency and effects of products.	5

C.5	<u>Responsible Use Messaging</u> - Proposal includes a coherent strategy to keep adult-use cannabis products out of the hands of consumers under the age of 21 and business plans to use "responsible use" language on packaging and messaging.	5
C.6	<u>Records Software</u> - Standard operating procedures include electronic tracking and storage of required records of sales, delivery manifests, and inventory (over and above that required by the state's "track and trace" requirements).	5
C.7	<u>Daily Inspection</u> - Proposal includes a plan for daily inspection to ensure maintenance of the interior and exterior of the facility (i.e., free of trash, graffiti, etc.).	5
C.8	<u>Environmentally Conscious Business</u> – Quality of proposed environmentally conscious business practices in excess of those required by local and state law. Proposal includes "green" business practices relating to energy and climate, water conservation, and materials/waste storage and disposal.	5
<b>Category Subtotal</b>		<b>40</b>

<b>D. Safety/Security Plan</b>		
No.	Merit Criteria	Possible Points
D.1	<u>Security Procedures</u> - Overall quality and detail of proposed Security Plan and measures contained therein. Additional weight given to a Security Plan prepared by a qualified professional consultant with a demonstrated successful track record of preparing Security Plans for other cannabis retail businesses.	5
D.2	<u>Security Guards</u> - Quality of proposed security guard plan for the business, including number of guards, hours, protocols, and day-to-day procedures/operations (over and above that required by the state).	5
D.3	<u>Video Camera Surveillance</u> - Proposal includes video camera surveillance. at or greater than state minimum requirements. Consideration to be given to the overall quality of Owner's plan to use cameras, including number of cameras, locations, resolution, how long footage is saved, and whether live feed is proposed for law enforcement.	5
D.4	<u>Product Access Protocols</u> - Proposal includes a separate check-in area where identification is checked to ensure that only qualified persons gain access to where cannabis products are displayed.	5
D.5	<u>Cash Management Plan</u> - Quality and detail of cash management plan, including cash counting/reconciliation procedures, cash storage, cash transport, depositing into a banking institution, and employee training.	5
D.6	<u>Employee Safety Education</u> - Quality of employee safety education plan, including training regarding product handling, burglary/robbery protocols, and other potential hazards of the cannabis business.	5
D.7	<u>Employee Theft Reduction Measures</u> - Quality and extensiveness of employee theft reduction measures, including audits and check in/out.	5

D.8	<u>Product Deliveries</u> – Quality of plan for securing product deliveries to the business, from distribution vehicle to building.	5
D.9	<u>Background Checks</u> – Explain application process for background checks in the employee hiring process consistent with RMC 5.77.080.	5
D.10	<u>Driver Security and Safety Procedures</u> – Quality and detail of distribution driver security and safety procedures/plan, including driver education related to potential hazards and risks.	5
<b>Category Subtotal</b>		<b>50</b>

E. Labor, Employment, and Local Sourcing Plan		
No.	Merit Criteria	Possible Points
E.1	<u>Local Hiring Practices</u> - Proposal includes plan to promote local hiring or provides incentives for local residents to work with the business.	5
E.2	<u>Significant Social Equity Component</u> – Additional business practices or characteristics demonstrating a focus on social equity (including by way of example individuals from minority groups or other underrepresented groups involved in the business or ownership). Applicant details at least three mechanisms for social equity programs and partnerships with a social equity program or organization not owned or otherwise affiliated with applicant.	5
E.3	<u>Labor Peace Agreement</u> - applicant agrees to enter into a labor peace agreement per RMC 5.77.130-G and will abide by the terms of the agreement.	5
E.4	<u>Employee Relations</u> - Owner proposes to provide employee health and retirement benefits for all employees.	5
E.5	<u>Employee Training Plan</u> - Overall quality of proposed employee training, including training on differences in products, potency of products, customer service, and laws governing personal use.	5
E.6	<u>Compensation Package</u> – Quality of compensation package to be offered to employees, including salary (above state minimum and City living wage) and paid leave.	5
E.7	<u>Local Sourcing Practices</u> - Proposal includes plan to secure supplies and equipment from local sources.	5
E.8	<u>Non-Discrimination</u> – Plan to promote and ensure local, state, and federal employee non-discrimination policies.	5
E.9	<u>Staffing Plan</u> – Application details anticipated staffing levels with titles and number of staff positions.	5
<b>Category Subtotal</b>		<b>45</b>
<b>Total Possible Points</b>		<b>185</b>