

NOTICE OF SPECIAL MEETING

Pursuant to Section 54956 of the Government Code of the State of California, a Special meeting of the **Tracy City Council** is hereby called for:

Date/Time: **Tuesday, July 7, 2020 at 5:30 p.m.**
(or as soon thereafter as possible)

Location: **Tracy City Hall**
333 Civic Center Plaza, Tracy

THIS SPECIAL MEETING WILL BE CONDUCTED PURSUANT TO THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDER N-29-20 WHICH SUSPENDS CERTAIN REQUIREMENTS OF THE RALPH M. BROWN ACT

RESIDENTS ARE STRONGLY ENCOURAGED TO PARTICIPATE REMOTELY AT THE JULY 7, 2020 MEETING

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Tracy City Council on any item, before or during consideration of the item, however no action shall be taken on any item not on the agenda.

Remote Access to City of Tracy Council Meeting:

In accordance with the guidelines provided in Executive Order N-29-20 on social distancing measures, the City of Tracy will allow for remote participation at the upcoming Special City Council meeting on Tuesday, July 7, 2020.

As always, the public may view the City Council meetings live on the City of Tracy's website at www.CityofTracy.org or on Channel 26. To view from the City's website, select "Watch Live Council Meetings" from the drop down menu "Select an Online Service" at the top of the City's homepage. You will be directed to the "Council Meeting Videos" page where you may select the video for the appropriate date under "Upcoming Events."

If you only wish to watch the meeting and do not wish to address the Council, the City requests that you stream the meeting through the City's website or watch on Channel 26.

Remote Public Comment:

Public comment via email will only be accepted for agendized items before the start of the Special meeting at 5:30 p.m. Please send an email to publiccomment@cityoftracy.org. Identify the item you wish to comment on in your email's subject line.

During the upcoming Council meeting public comment will be accepted via the options listed below. If you would like to comment remotely, please follow the protocols below:

- *Comments via:*
 - **Phone** by dialing (209) 831-6010, or
 - **Online** by visiting <https://cityoftracyevents.webex.com> and using the following **Event Number:** 126 827 0562 and **Event Password:** TracyCC
 - **If you would like to participate in the public comment anonymously**, you may submit your comment via phone or in WebEx by typing "Anonymous" when prompted to provide a First and Last Name and inserting Anonymous@example.com when prompted to provide an email address.

- *Protocols for submitting comments by phone:*
 - *Comments received by phone for the “Items from the Audience/Public Comment” portion of the agenda must be received by the time the Mayor opens that portion of the agenda for discussion.*
 - *Comments received by phone on each “Agendized Item” will be accepted until the Mayor announces that public comment for that item is closed.*
- *Protocols for commenting via WebEx:*
 - *If you wish to comment under “Items from the Audience/Public Comment” portion of the agenda:*
 - *Listen for the Mayor to open “Items from the Audience/Public Comment”, then raise your hand to speak by clicking on the Hand icon on the Participants panel to the right of your screen.*
 - *If you no longer wish to comment, you may lower your hand by clicking on the Hand icon again.*
 - *Comments for the “Items from the Audience/Public Comment” will be accepted until the public comment period is closed.*
- *The total allotted time for public comment under “Items from the Audience/Public Comment” will be 15 minutes:*

1. Call to Order
2. Roll Call
3. Items from the Audience - Items from the audience - *In accordance with Council Meeting Protocols and Rules of Procedure, adopted by Resolution 2019-240, a five-minute maximum time limit per speaker will apply to all individuals speaking during “Items from the Audience/Public Comment”. For non-agendized items, Council Members may briefly respond to statements made or questions posed by individuals during public comment; ask questions for clarification; direct the individual to the appropriate staff member; or request that the matter be placed on a future agenda or that staff provide additional information to Council.*
4. DISCUSSION ITEMS
 - 4.A. APPROVE AMENDMENTS TO THE CITY’S CANNABIS BUSINESS PERMIT APPLICATION PROCEDURES AND GUIDELINES
 - 4.B. INTRODUCE AN ORDINANCE AMENDING VARIOUS SECTIONS OF CHAPTER 6.36 OF THE TRACY MUNICIPAL CODE REGARDING COMMERCIAL CANNABIS CULTIVATION

5. Council Items and Comments
6. Adjournment



Mayor

Posting Date Thursday, July 2, 2020

The City of Tracy complies with the Americans with Disabilities Act and makes all reasonable accommodations for the disabled to participate in public meetings. Persons requiring assistance or auxiliary aids in order to participate should call City Hall (209-831-6105), at least 24 hours prior to the meeting.

Any materials distributed to the majority of the Tracy City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's office located at 333 Civic Center Plaza, Tracy, during normal business hours.

July 7, 2020

AGENDA ITEM 4.A

REQUEST

APPROVE AMENDMENTS TO THE CITY'S CANNABIS BUSINESS PERMIT APPLICATION PROCEDURES AND GUIDELINES

EXECUTIVE SUMMARY

This agenda item allows for the discussion and approval of amendments to the Procedures and Guidelines (Guidelines) for Cannabis Business Permit applications. Staff anticipates receiving applications for cannabis business permits beginning in September 2020, and the enclosed amendments to the Guidelines provide prospective applicants with the guidance necessary to file an application and obtain a permit.

On May 19, 2020, City Council approved the Guidelines subject to staff returning with several amendments before the application filing is opened. The amendments include: 1) clarifying the postal zip codes that define a Tracy address for the purpose of establishing local preference considerations; 2) creating an additional “phase” in the application review process that enables applicants that are eligible for social equity consideration to defer property owner consent forms until later in the Cannabis Business Permit process; 3) increasing the points assigned for a Social Equity Plan to be the same as the Local Preference Plan. City Council also expressed interest in defining the criteria deeming an applicant eligible for “social equity” consideration. The Guidelines can be amended to include additional qualifications applicants must be in order to be considered a social equity applicant; examples are identified in this agenda item for discussion/possible inclusion. The Guidelines have been amended to allow for waivers or modified permitting requirements for applicants that meet certain point thresholds in the Social Equity Plan category. City Council will be asked in this agenda item if such waivers should be also applied to applicants who score appropriately high in the Local Preference Plan category as well.

Policy questions for City Council in this agenda item address possible waivers for potential Local Preference applicants, and social equity applicants. For clarity, the staff report also includes a brief discussion on administrative issues related to the filing of an application for more than one Cannabis Business type at a single location.

This agenda item follows City Council meetings on January 21, 2020, April 21, 2020, and May 19, 2020 where the Guidelines were discussed and modified.

DISCUSSION

This discussion follows staff reports and discussion with City Council on January 21, 2020, April 21, 2020, and May 19, 2020 where City Council evaluated and approved Guidelines and directed staff to make changes prior to opening the application process.

The current Guidelines include the following changes per Council direction on May 19, 2020:

- 1) Zip codes have been inserted into the Guidelines and Criteria, thereby enabling a Tracy Zip code to be used instead of the City limits in determining local ownership within the Local Preference Plan;
- 2) The criteria related to the Social Equity Plan has been weighted with additional points, reflecting City Council's desire to have the point totals for the Social Equity Plan be the same as the Local Preference Plan;
- 3) An additional phase of the application review process has been created in order to identify Social Equity applicants, who may be eligible for waiver(s) of permit processing requirements until later in the Cannabis Business Permit process. In these revisions, an applicant who score suitably high in the Social Equity Plan would receive a waiver to defer the requirement for the Notarized Owners Statement of Consent until later in the process. A successful permit awardee would have 30 business days after tentative/conditional permit issuance in order to submit the Notarized Owner's Statement of Consent Form to the City.

The Guidelines establish the required submittal materials, which are comprised of the following key components: application forms, a series of materials in the form of written plans identifying the operational nature of the proposed business, and the required fee to cover City costs incurred for processing the application.

New Phase in Cannabis Business Permit Process

The City's cannabis ordinance requires a quantitative evaluation, and the Guidelines implement this requirement by establishing a point-based merit system. As shown in the Guidelines (Attachment B), after application submittal, the process contains three phases: Phase 1 is an eligibility review, and Phase 2 (new) is a review of the contents of the Social Equity Plan, and to assign points to that plan in order to ascertain whether or not the applicant is deemed by the City to be a "Social Equity Applicant". Such a designation by the City would allow the applicant to submit the Owners Statement of Consent Form to the City within 30 business days upon notification by the City of conditional award of a Cannabis Business Permit. The award of permits, which involves final scoring of permit applications based on the proposed community benefit, would occur in Phase 3.

Two Policy Questions Related to the new Phase 2

As currently drafted, the City would be scoring applicants, identifying Social Equity Applicants, if any, and administering the waiver.

Question #1: Does the City Council desire to have the Local Preference Plan similarly scored for the purpose of identifying "Local Preference Applicants" in Phase 2 for the purpose of administering the same waiver?

Question #2: Does the City Council desire to expand the waivers enjoyed by such qualifying applicants to include waivers of other application requirements?

Definition of Social Equity Applicant

At the May 19, 2020 City Council meeting, City Council requested additional information on social equity criteria for possible inclusion into the Guidelines. Currently, the Guidelines only contain a single criterion related to social equity. However, the points awarded to this category have been increased, per Council direction on May 19, 2020 to be equal to the point total for the Local Preference Plan, effectively increasing the “weight” or value of social equity considerations in the review process.

The current Social Equity Plan criterion, as excerpted from the adopted Guidelines is as follows:

SECTION 5: SOCIAL EQUITY PLAN (13 possible points)	
a) Business Practices - Describe the business practices or characteristics that emphasize women in leadership roles, the degree of economic inclusion of employees (i.e. description of benefits), and opportunity for seniors and individuals from underrepresented groups in the business ownership.	0-3

City Council requested additional information on social equity. Attachment A to the staff report is the information from the January 19, 2020 staff report identifying how various jurisdictions include social equity considerations on a programmatic level. This should be distinguished from the point-in-time exercise of evaluating permit applications, which is not the same as a long-term social equity program. Selecting permittees based on several social equity criteria that favor short and long-term commitments by applicants is different than a funded, administered, social equity program that exists outside of a permit process.

Staff reviewed a number of cities' social equity programs and eligibility criteria for Council discussion and possible inclusion into the Guidelines (Long Beach, San Francisco, Sacramento, San Jose, Oakland, Berkeley, San Diego, for example). Staff's review of these programs revealed various eligibility criteria that these cities considered, including applicant's economic disadvantages, businesses that are women or veteran owned, applicants' cannabis arrest/conviction history, and applicants who have resided in disadvantaged communities such as those where a certain percentage of households had incomes that are at or below the federal poverty level and those disproportionately affected by higher amounts of cannabis-related law enforcement. The criteria identified in social equity programs typically seek to address the negative impact of the criminalization of drugs, specifically cannabis, and related enforcement efforts which led to the disproportionate arrest and incarceration of low-income and people of color, which is commonly referred to as the “War on Drugs.” The following summarizes the rationale behind cannabis social equity programs:

“Cannabis prohibition and criminalization had a devastating impact on populations and communities across California. Individuals convicted of a

cannabis offense and their families suffer the long-term consequences of prohibition and criminalization. These individuals have a more difficult time entering the newly created adult-use cannabis industry due, in part, to a lack of access to capital, business space, technical support, and regulatory compliance assistance. During the era of cannabis prohibition in California, the burdens of arrest, convictions, and long-term collateral consequences arising from a conviction fell disproportionately on African American/Black and Latinx/Hispanic people, even though people of all races used and sold cannabis at nearly identical rates. The California Department of Justice data shows that from 2006 – 2015, inclusive, African American/Black Californians were two times more likely to be arrested for cannabis misdemeanors and five times more likely to be arrested for cannabis felonies than Caucasian/White Californians. During the same period, Latinx/Hispanic Californians were 35 percent more likely to be arrested for cannabis crimes than Caucasian/White Californians. The collateral consequences associated with cannabis law violations, coupled with generational poverty and lack of access to resources, make it extraordinarily difficult for persons with convictions to enter the newly regulated industry.” (Governor’s Office of Business and Economic Development, February 2020)

The City Attorney’s Office advises that Council consider eligibility criteria for consideration as a “social equity” applicant that relates to a stated policy goal in order to provide legislative justification for the program. Below is an example of how a 13-point system could be organized around these themes or categories; it is by no means the extent to which social equity considerations could be utilized, or scored in Tracy’s Cannabis Business Permit process.

SECTION 5: SOCIAL EQUITY PLAN (13 possible points)	
A) Business Practices –	<p>1) Describe the business practices or characteristics that emphasize women in leadership roles.</p> <p>2) Describe how the cannabis business is twenty-five (25%) percent “day-to-day” women supervised and women owned.</p> <p>3) Describe how 50% or greater of ownership must be a Minority Business Enterprise (certification from National Minority Supplier Development Council) or a Women’s Business Enterprise (certification from the Women’s Business Enterprise National Council).</p>
B) Economic Inclusion –	<p>1) Describe the quality of compensation package to be offered to employees, including salary, (above State minimum wage), health insurance, other insurance, retirement plan, and paid leave.</p> <p>2) Describe the opportunities for seniors and individuals from underrepresented groups in the business ownership.</p> <p>3) Describe the degree the cannabis business employs persons who, at the time of starting employment at the business premises, reside in San Joaquin County and faces at least one of the following barriers to employment: (1) is homeless; (2) is a custodial single parent; (3) is receiving public assistance; (4) lacks a GED or high school diploma; (5) suffers from chronic unemployment; (6) is emancipated from the foster care system; (7) is a veteran; (8) is over 65 years of age and is financially compromised.</p>
C) Equity Hire –	<p>1) Describe the business plan to include 25% of the total annual hours of work performed be done by employees who at the time of employment have annual family incomes below 80% of the Area Median Income (AMI) in San Joaquin County.</p> <p>2) Business Plan includes hiring a current or former resident of San Joaquin County who has lived in a low income household for at least 5 years between 1980 and 2016. Annual family income must be at or below 80 % of the Area Median Income (AMI).</p> <p>3) Business Plan includes hiring a current or former resident of San Joaquin County who previously resided or currently resides in a low-income household (defined as 80% of AMI) and was either a) arrested or convicted for a cannabis related offense between the years 1980 and 2016, or is b) an immediate family member (parent, sibling, or child) of an individual in subsection a.</p>

D) Equity Ownership –

- 1) Describe how at least 25% of the owners at the time of application have annual family incomes below 80% of the Area Median Income (AMI) in San Joaquin County.
- 2) A cannabis business with not less than 51% ownership by individuals who are residents or former residents of San Joaquin County that have lived in a low income household (below 80% of AMI).
- 3) A cannabis business with not less than 51% ownership by individuals who currently or previously resided in a low-income household (80% of AMI) and was either a) arrested or convicted for a cannabis related offense prior to 2016, or is b) an immediate family member (parent, sibling, or child) of an individual in subsection a.

E) Arrest or Conviction for Cannabis-Related Offense –

- 1) Describe how at least 10% of the ownership is comprised of individual(s) arrested or convicted prior to 2016 for a cannabis-related offense in Tracy or San Joaquin County.
- 2) Describe how at least 10% of the ownership is comprised of individuals that have been arrested for or convicted of the sale, possession, use, manufacture, or cultivation of cannabis (including as a juvenile) prior to 2016.
- 3) Describe how at least 10% of the ownership is comprised of individuals that have a parent, sibling or child who was arrested for or convicted of the sale, possession, use, manufacture, or cultivation of cannabis (including as a juvenile) prior to 2016.
- 4) Describe how at least 10% of the ownership is comprised of individuals that have a parent, guardian, child, or sibling convicted of a crime relating to the sale, possession, use, or cultivation of cannabis, excluding those offenses, which would be disqualifying for cannabis licensure under current State law.

Two Policy Questions for City Council Related to Social Equity

Question #1: Does the City Council desire to include one or more of the social equity criteria listed above into the City's Guidelines?

Question #2: Does the City Council desire to include other criteria related to social equity into the Guidelines, and if so, what should those categories be?

Multiple Applications - Filing for more than one Cannabis Business Type at a Single Location

Since publishing the draft Guidelines, staff has received numerous inquiries related to the Cannabis Business Permit application process. For clarity, one question in particular raises to the level of informing City Council of the intended administrative procedure.

The Guidelines have been drafted to enable applicants applying for multiple cannabis business permit types that are anticipated to be located at the same location to consolidate their application submittal package. For example, an indoor Cultivation permit and a Distribution permit applicant may submit one application; however, the application materials must demonstrate that both businesses/permit types would be operated at the same location.

If an applicant is applying for multiple license types, and it is not anticipated that the licenses will be located at the same location, then the applicant must submit a separate application package for each location.

STRATEGIC PRIORITY

This agenda item relates to City Council's Economic Development Strategic Priority Goal #2: Develop and Implement Cannabis Regulations, (1) Establish application and permit processes.

FISCAL IMPACT

The City Council has directed staff to place cannabis general tax measure on a future ballot. The application processing by staff would be funded by the adoption of the Cannabis Business Permit Application Processing Fee.

RECOMMENDATION

City staff recommends that City Council adopt the amended Cannabis Business Permit Procedures and Guidelines and repeal Resolution No. 2020-077.

Next steps:

- September 1, 2020 – September 30, 2020 Application filing period open
- October-December, 2020 City to issue Cannabis Business Permits (if any).
- Permitted applicants and City draft Community Benefit Agreement (or other agreement as necessary) to ensure community benefit obligation is fulfilled.
- Permitted applicants begin application process to obtain Conditional Use Permits, consistent with TMC Title 10.
- Permitted applicants obtain building permits for tenant improvements, as necessary.

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Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

Attachment A – Social Equity Information from January 19, 2020 staff report

Overview of California Cannabis Equity Programs

Summary

Four California cities have moved to establish equity programs within their cannabis business licensing schemes. The equity programs are the result of studies and reports that analyze in part, the disproportionate impacts of cannabis law enforcement in disadvantaged communities. The cities of Oakland, San Francisco, and Los Angeles published reports that identify barriers to entry into the cannabis industry and set forth recommendations regarding policy options for equity programs. Sacramento is developing a Request for Proposal to hire a consultant to conduct similar analyses.

The reports from the cities of Oakland, San Francisco, and Los Angeles identify common barriers to entry into the cannabis industry including unavailability of real estate within areas eligible for permitting; unavailability of startup capital and banking infrastructure; unavailability of skills training to develop industry-specific knowledge; prior drug-related convictions; and limited awareness of cannabis equity programs among affected communities.

The reports also present recommendations regarding policy options for equity programs including the creation of equity-specific applicant criteria; community reinvestment; workforce development; financial and capital access; technical assistance; stakeholder engagement; public awareness and education; data collection and accountability; and programs that offer community reinvestment, technical assistance, incubator or industry partnering, fee waivers for equity applicants, and assistance with cannabis-related criminal record expungement.

This overview summarizes the key components of equity programs within the cities of Oakland, San Francisco, Los Angeles, and Sacramento. Information for this overview, including the referenced reports, was obtained via each city's cannabis program Internet homepage. A list of Reference & Resources is provided at the end of this overview.

Oakland

The Oakland Equity Permitting Program aims "to promote equitable business ownership and employment opportunities in the cannabis industry in order to decrease disparities in life outcomes for marginalized communities and address the disproportionate impacts of the war on drugs in those communities." (Oakland Ord. No. 13425, § 2.) Oakland's regulations consider studies that demonstrate racial and economic disparities, specifically the "Equity Analysis and Proposed Medical Cannabis Ordinance Amendments" prepared by the Department of Race and Equity and the City Administrator's Office's Special Activity Permits Division.

The Equity Permitting Program requires a minimum of half of all permits to be issued to Equity Applicants during the initial permitting phase. (Oakland Mun. Code, §§ 5.80.045, subd. (D), and 5.81.060, subd. (D)). An Equity Applicant is an Oakland resident with an annual income at or below 80% of the Oakland Average Medium Income and either has a cannabis conviction received in Oakland or has resided, for ten of the last twenty years, in police beats that experienced a

disproportionately higher amount of cannabis-related law enforcement. (*Id.*) All other applicants are General Applicants.

Under the Equity Incubator Program, a General Applicant provides an Equity Applicant with three years rent-free space to operate their business. This space must be at least 1,000 ft² and may be located either at the General Applicant's place of business or in another location in zones approved for cannabis activity. In turn, the General Applicant receives permitting priority, relative to other General Applicants. (*Id.*) In addition, Oakland facilitates partnering of General and Equity Applicants via an online search program, CannaEquity, through which applicants find potential partners with complementary qualifications.

San Francisco

The San Francisco Equity Program¹ is “designed to foster equitable access to participation in the cannabis industry, including equitable access to promotional and ownership opportunities in the industry. The Equity Program shall provide assistance to communities unfairly burdened by the War on Drugs, and shall be designed to ensure full and equal access to resources and opportunities made available as a result of Proposition 64. In particular, the Cannabis Equity Program shall provide support to individuals who have experienced social indicators that exacerbate inequities, and shall create strategies to uplift communities where those inequities have been concentrated.” (S. F. Police Code, § 1604, subd. (a).)

The Equity Program sets forth equity criteria, half of which both Equity Applicants and Incubators must satisfy. The equity criteria include (1) household income restrictions and an arrest from 1971 to 2016 for a cannabis-related offense; (2) having a parent, sibling or child receive a cannabis-related arrest from 1971 to 2016; (3) losing housing in San Francisco after 1995 through eviction, foreclosure, or subsidy cancellation; (4) attending school in the SFUSD for five years from 1971 to 2016; and (5) for five years from 1971 to 2016, living in San Francisco census tracts where at least 17% of the households had incomes at or below the federal poverty level. (S. F. Police Code, § 1604, subd. (b)).

Under the Equity Program, an Equity Applicant must have assets below the asset limits established by the Director of the Office of Cannabis (Director) and be any of the following: the business owner, the CEO and own at least 40% of the business, own at least 51% of the business, or on the board of a not-for-profit cannabis business where most of the Board also qualify as equity applicants. (S. F. Police Code, § 1604, subd. (b)). An Equity Incubator must provide an Equity Applicant with rent-free commercial space that is at least either 800 ft² or 10% of the Incubator's space and must include use of the Incubator's security services, or submit a written, actionable “Equity Incubator Plan” describing how the Incubator will encourage and support the establishment and growth of Equity Applicants who have been awarded Cannabis Business Permits. (*Id.* at § 1604, subd. (c)(4)). The Incubator must also, within three years of opening its

¹ This program was created in November 2017, in part pursuant to recommendations in the “Cannabis Equity Report” authored by the Office of Cannabis, the Office of the Controller, and the Human Rights Commission. (S.F. Ord. No. 230-17, adding art. XVI, § 1600 to 1639 to S.F. Mun. Code.)

business, hire local residents to perform 30% of all work hours, require its employees to meet most of the equity conditions, and provide a community investment plan with businesses and residents within 500 feet. The Incubator must commit to these obligations in the form of a Cannabis Equity Incubator Agreement submitted to the Director. (*Id.* at § 1604, subd. (c)).

In addition, San Francisco requires all cannabis business applicants to provide a Community Benefits Agreement that describes how the applicant will work to provide employment opportunities to persons that have been disproportionately impacted by the criminalization of cannabis and otherwise work to encourage and support San Francisco's equity goals. (S. F. Police Code, § 1609, subd. (b)(21)). Existing cannabis business operators (cultivators, distributors, manufacturers, testing laboratories, and delivery services) may receive temporary permits provided they registered before 11/30/2017 and were in operation since 9/26/2016. Only Equity Applicants and Incubators may apply for new permits in 2018.

Last, the Director will authorize disbursements from the Community Reinvestment Fund to eligible Equity Applicants and Equity Operators on a case-by-case basis. The Community Reinvestment Fund will provide assistance to entities that address the impact of racially disproportionate arrests and incarceration, generational poverty, community degradation, housing insecurity, loss of educational and employment opportunities, disruption of family structures, and other burdens of the War on Drugs. By April 1, 2018, the Director must adopt a policy for implementing the Community Reinvestment Fund. (S.F. Admin. Code, § 1.100-162.)

Los Angeles

The Los Angeles Cannabis Social Equity Program is “aimed at promoting equitable ownership and employment opportunities in the Cannabis industry” and “intended to decrease disparities in life outcomes for marginalized communities and to address disproportionate impacts of Cannabis prohibition in adversely-impacted and lower income communities.” (L.A. Mun. Code, § 104.00.) In October 2017, the City Council adopted the “Social Equity Analysis Report” as the findings for the Social Equity Program which, among other things, analyzes income data and police enforcement of cannabis laws.

The Cannabis Social Equity Program, pursuant to Los Angeles Municipal Code section 104.20, adopts a three-tier licensing framework and sets forth the following criteria, obligations, and benefits for each tier:

- “Tier 1” applicants must be either low income and have a prior California cannabis conviction or, low income and have resided for at least five years in a disproportionately impacted area and own at least 51% equity share of the business. Tier 1 participants receive business, licensing, and compliance assistance; expedited renewal processing; program site specific conditions; the potential for fee deferrals if the City adopts a fee deferral program; and access to an Industry Investment Fund, if established.
- “Tier 2” applicants must be either low income and have resided for at least five years in a disproportionately impacted area or, have resided for at least ten years in a

disproportionately impacted area. Tier 2 participants must own at least 33 1/3 % equity share of the business and must enter into a Social Equity Agreement with the City to provide business, licensing, and compliance assistance to Tier 1 participants. Tier 2 participants receive business, licensing, and compliance assistance; expedited renewal processing; and program site specific conditions.

- “Tier 3” applicants must enter into a Social Equity Agreement with the City to provide capital, leased space, and business, licensing, and compliance assistance to a Tier 1 or Tier 2 applicant. Tier 3 participants receive expedited renewal processing.

In addition, all Social Equity Applicants must make a good faith effort to employ residents who live within a specified radius of the business premises and employ Social Equity Workers and Transitional Workers. A “Social Equity Worker” is a person who is: low income and has a prior California cannabis conviction or low income and have resided for at least five years in a disproportionately impacted area. (L.A. Mun. Code, § 104.20, subd. (g)). A “Transitional Worker” is a person who resides in an economically disadvantaged area or extremely economically disadvantaged area and faces at least two of the identified barriers to employment including homelessness, lacking a GED or high school diploma, having a criminal record, or being a veteran. (*Id.* at § 104.11, subd. (m)).

Finally, the Department of Cannabis Regulation is required to establish the following programs and incentives to support the Social Equity Program: recruitment and outreach; licensing and compliance assistance; and general business assistance. Social Equity applications are accepted at the same time as other applicants. (*Id.* at § 104.20, subd. (j)).

Sacramento

On November 28, 2017, the Sacramento City Council adopted to establish an Equity Program to create a path for small businesses, women and veteran-owned businesses, and minority communities to enter the cannabis industry. The Equity Program is comprised of three applicant categories as follows:

First, individuals who reside in a zip code of a priority neighborhood for at least seven years, between 1994 and the date of application, or who are from a most negatively-impacted zip code are eligible to receive business support services, expungement of certain criminal convictions, and will be given priority Conditional Use Permit (CUP) and Business Operating Permit (BOP) processing and fee waivers or deferrals.

Second, individuals who are of economically-disadvantaged status, as marked by income below 200% Federal Poverty Level and net worth below \$250,000, or businesses that are women or veteran-owned, are eligible for business support services and priority CUP and BOP processing and fee deferral.

Third, businesses that commit to employ 51% transitional workers, a business with an equity incubator or Cannabis Social Enterprise, or a business that hosts an equity business are eligible for CUP and BOP priority processing.

Lastly, Sacramento is developing a Request for Proposal to hire a consultant to implement a Community Opportunity, Reinvestment, and Equity Program. The two-year pilot program will serve as an incubator program, a small business support center, and a resource to connect program participants and cannabis businesses. A draft ordinance will be presented to the City Council for consideration at a future meeting.

References & Resources

City of Oakland

- Cannabis Permitting: <http://www2.oaklandnet.com/government/o/CityAdministration/cannabis-permits/OAK068455>
- Race and Equity Analysis Report: City of Oakland, Dept. of Race and Equity, Staff Race and Equity Analysis Report (Feb. 23, 2017) at <<http://www2.oaklandnet.com/oakcal/groups/cityadministrator/documents/report/oak063627.pdf>> (as of Feb. 26, 2018)

City and County of San Francisco

- Office of Cannabis: <https://officeofcannabis.sfgov.org/equity>
- Cannabis Equity Report: City and County of San Francisco, Cannabis Equity Report (Nov. 1, 2017) at <https://officeofcannabis.sfgov.org/themes/custom/cannabis/pdf/11.19.2017_Equity_Report.pdf> (as of Feb. 26, 2018)

City of Los Angeles

- Department of Cannabis Regulation: <http://cannabis.lacity.org/resources>
- Cannabis Social Equity Analysis Report: Amec Foster Wheeler Environment & Infrastructure, Inc., Cannabis Social Equity Analysis Report (Oct. 18, 2017) at <http://clkrep.lacity.org/onlinedocs/2017/17-0653_rpt_CLA_10-20-2017.pdf> (as of Feb. 26, 2018).

City of Sacramento

- Office of Cannabis Policy & Enforcement:
<http://www.cityofsacramento.org/Finance/Revenue/Sacramento-Marijuana-Information>
- City Council Report: City of Sacramento, City Council Report, Establishing the Cannabis Equity Program and (Pass for Publication) Ordinances Amending the Sacramento City Code Relating to Cannabis Cultivation, Nonvolatile Manufacturing, and Distribution; Cannabis Manufacturing Businesses; and Interested Parties of a Cannabis Business (Nov. 21, 2017) <http://sacramento.granicus.com/MetaViewer.php?view_id=22&clip_id=4095&meta_id=508159> (as of Nov. 26, 2018)

Crafting Social Equity Considerations into the City's Application Procedures and Guidelines

Two principal questions to address in order to meet City Council objectives related to social equity in the Cannabis Business Permit process are as follows:

- 1) How do we wish to define social equity; what does eligibility include?
 - a. Local Ownership percentage
 - b. Live within the jurisdiction for a period of time and/or within an area characterized by the state as Disadvantaged or Disproportionately Impacted
 - c. Residency requirement
 - d. Have an arrest conviction related to cannabis or have a relative who was arrested for cannabis
 - e. Live in low-income housing
 - f. Earn less than 80% of local Area Median Income (AMI)
 - g. Application is by an individual, not a company
 - h. Board member of a non-profit cannabis business
 - i. Impacted by cannabis business
- 2) How do we select for social equity? (These would be considered as part of the application process)
 - a. Application must include two or more of the above?
 - b. Set aside certain percentage of the lottery draws for social equity applicants
 - c. Expand on the optional Local Preference Plan to include social equity considerations listed above

Broad considerations/themes for social equity on a more programmatic level

Individual opportunity (promoting ownership/employment)

Require/incentivize businesses to hire from affected demographic

Community repair/re-investment

Require businesses to contribute percentage of growth to some type of community reinvestment fund to finance public projects, job training, etc.

Require business to fund an expungement program, restoring those with past convictions to full employability

Program component considerations include fee waivers, technical assistance (incl. navigating regulations), assistance in securing capital, expungement, hiring goals, incubator program, grant / loan program. Such programs are staff-intensive and require a realistic assessment of what resources the City has to administer and monitor the program.

Cannabis Social Equity Comparison
January 15, 2020

Agency	51% Owner	Live in Disproportionate Area or jurisdiction for X amount of years	Must be Resident in agency jurisdiction	Have an arrest or conviction relating to Cannabis or have a relative who was arrested for Cannabis for Cannabis	Live in Low-Income Housing	Less than 80% of jurisdiction AMI	Apply as person not company	Board Member of Non-Profit Cannabis Business	Impacted by Cannabis Business
Los Angeles	X	X	X	X	X	X			
State of Illinois	X	X	X	X	X	X			
Sacramento	X	X	X	X	X	X			
Oakland	X	X	X	X	X	X			
San Francisco	X	X	X	X	X	X	X		
Long Beach	X	X	X	X	X	X	X		
Denver, CO			X						
Michigan	X	X	X	X	X	X			
San Jose	X	X	X	X	X	X			
Coachella	X		X	X	X	X			
Santa Cruz County									X
Humboldt County		X	X	X	X	X	X	X	X
Stockton	X	X							

**OTHER MAJOR CALIFORNIA CITY
SOCIAL EQUITY PROGRAMS
AND
RESOURCE LINKS**

Sacramento's Cannabis Opportunity Reinvestment and Equity (CORE) Program:

- <https://www.cityofsacramento.org/Finance/Revenue/Sacramento-Marijuana-Information/Core-Program>
- CORE Program Interest Form Link:
<https://www.cityofsacramento.org/Finance/Revenue/Sacramento-Marijuana-Information/Core-Program/Interest-Form>
- Business Reimbursement Request Form: <https://www.cityofsacramento.org/-/media/Corporate/Files/Finance/Revenue/Marijuana/Business-Reimbursement-Request-Form-Revised-5720.pdf?la=en>

Stockton's Equity Program Information (near bottom of page):

- <http://www.stocktongov.com/government/departments/communityDevelop/cdPlanMedCan.html> –
*External Links for social equity information included and highlighted on this webpage

Los Angeles' Social Equity Program Qualifications (currently being reviewed for potential revision):

- <https://cannabis.lacity.org/licensing/social-equity-program-2>
- Social Equity FAQ's: <https://cannabis.lacity.org/licensing/social-equity-program-4>
- Tutorial Video: <https://cannabis.lacity.org/licensing/phase-3-retail-round-1-8>

San Francisco's Equity Applicant Criteria:

- <https://officeofcannabis.sfgov.org/equity/applicant#equity-conditions>
- Verification Information: <https://sf.gov/get-verified-equity-applicant?from=sbs&sbsid=611&txid=397>
- Equity Applicant Form: <https://sfgovofficeofcannabis.forms.fm/equity-applicant-form/forms/4717>

Watsonville's Cannabis Program Overview:

- <https://www.cityofwatsonville.org/396/Cannabis-Facilities>
- Cannabis Equity Program:
<https://www.codepublishing.com/CA/Watsonville/html/Watsonville05/Watsonville0549.html>

Coachella Cannabis Program Overview:

- <https://www.coachella.org/departments/development-services/cannabis-regulations>
- Resolution and Equity Program Attachment:
<https://www.coachella.org/home/showdocument?id=7926>

City of Long Beach Equity Program:

- <http://www.longbeach.gov/citymanager/cannabis-information/cannabis-social-equity-program/open-an-equity-business/>
- Verification of Business Ownership Form: http://www.longbeach.gov/globalassets/city-manager/media-library/documents/office-of-cannabis-oversight/equity/verification-of-equity-business-ownership-form_final_fillable
- Cannabis Social Equity Program Verification and Form:
http://www.longbeach.gov/globalassets/city-manager/media-library/documents/office-of-cannabis-oversight/equity/cannabis-social-equity-program-verification-form_final_fillable

City West Hollywood Social Equity Program:

- <https://www.weho.org/business/cannabis>

City of San Jose Equity Program:

- <https://www.sanjoseca.gov/home/showdocument?id=57838>



SACRAMENTO

BUSINESS

CITY HALL

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ONLINE SERVICES

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OFFICE OF CANNABIS MANAGEMENT

CONDITIONAL USE PERMIT

▼ CORE PROGRAM

CORE PROGRAM INTEREST FORM

BUSINESS-REIMBURSEMENT-PROGRAM

CORE-RELATED NEWS & POLICY UPDATE

► APPEAL HEARINGS

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PERSONAL USE

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CANNABIS OPPORTUNITY REINVESTMENT AND EQUITY (CORE) PROGRAM

The CORE Program is a program created to assist individuals and communities who are facing barriers to starting cannabis businesses due to the historical disparate enforcement of cannabis crimes.

On November 28, 2017, the City Council authorized staff to create a program to address the negative impacts of disproportionate enforcement of cannabis related regulation in the city of Sacramento before the adoption of Proposition 64 and directed staff to return to City Council with a resolution to establish the program. On August 9, 2018, the City Council adopted [Resolution 2018-0323](#) establishing the program and adopting a zero-dollar fee and appropriate a funding for business permits for CORE participants.

On March 26, 2019, the City Council awarded the contract to two organizations, namely, the Sacramento Asian Chamber of Commerce (SACC) and the Greater Sacramento Urban League (GSUL) to administer the program.

HOW CAN I APPLY?

The CORE program will be administered by SACC and GSUL to which eligible applicants must submit their applications. If you are interested in becoming a CORE Program participant, please contact SACC and GSUL directly at the contact information provided below. Individuals and businesses who have previously submitted an interest form will be contacted by the organizations with regard to the next steps.

SACRAMENTO ASIAN CHAMBER OF COMMERCE

Contact: Brandon Lewis, Program Manager

Phone: 916-389-7473

Email: blewis@sacAsiancc.org

Website: www.sacramentogrowgreen.org

GREATER SACRAMENTO URBAN LEAGUE

Contact: Brenda Davis, Program Director

Phone: 916-576-2008

Email: sacgreenequity@gsul.org

Website: www.sacgreenequity.com

WHO CAN PARTICIPATE IN THE CORE PROGRAM?

To be eligible for the CORE Program, they must qualify under one of the five classifications below. Classifications 1 and 2 are for individuals, while Classifications 3, 4 and 5 are for businesses.

CLASSIFICATION 1

Lives or have lived in a low-income household in Sacramento AND:

- a) Have been arrested in Sacramento for cannabis-related crime between 1980-2011 or
- b) An immediate family member who meets the description above

CLASSIFICATION 2

Lived in a low income household in the following zip codes for 5 consecutive years between 1980 and 2011: 95811, 95815, 95817, 95820, 95823, 95824, 95826, 95828, 95818, 95838 and 95832.

CLASSIFICATION 3

Businesses with no less than 51% ownership by Classifications 1& 2 individuals.

CLASSIFICATION 4

CORE Program Incubator. CORE Incubator means a cannabis business which as a condition for receiving priority processing, either:

1. Hosts a participant; 30% of its workforce are Classification 1 or 2 eligible participants, measured by hours worked; and contracts no less than 51% of its cannabis products or services and ancillary business support with eligible participants; or
2. Is a shared manufacturing cannabis business and donates at least 10% of its hours of operation to allow participant(s) to utilize 100% of its business' floor space and equipment; or
3. Is a cannabis business that sells, gives or otherwise transfers no less than a 33% equity share in the CORE Incubator's cannabis business to eligible CORE participants or participants; 30% of its workforce be Classification 1 or 2 eligible; and contracts no less than 30% of its cannabis and ancillary business with Classification 1 or 2 eligible participants.

CORE Incubators shall host, donate to, employ, contract with, sell, give, or transfer to participants that reside within the city district in which the incubator sits. If no such participants exist, incubators shall utilize participants from other applicable areas.

CLASSIFICATION 5

Cannabis Social Enterprise with no less than 51% ownership by Classifications 1& 2 individuals.

SITEMAP

ONLINE SERVICES	LIVING HERE	BUSINESS	VISITORS	CITY HALL
311 Service Requests	Arts and Culture	Building Permits	Arts and Culture	City Auditor
Animals and Pets	Birth & Death Certificates	Business Operation Tax	Calendar	City Clerk
eBld Portal	Code Compliance	City Code	Demographics	City Code
Bike Registry	Education	Code Compliance	Parking & Transportation	Office of the City Manager
City Code	Jobs	Demographics	Photos and Videos	Office of the City Treasurer
Employment	Libraries	Doing Business with the City	Points of Interest	Code Compliance
Code Compliance	Marriage License	Inclusive Business Grants	Visit Sacramento	Departments
Council Meetings	Neighborhoods	Sales Tax Data	Other Resources	Executive Team
File a Police Report	Parking Services	Special Business Permits		Employment
Crime Statistics	Public Safety	Starting a Business		Green City
Donations	Recycling & Solid Waste	Taxes and Fees		Holiday Schedule
Fees and Charges	Residential Permits			Mayor & Council
Find Your District	Summer Heat			Meeting Schedules

City of
SACRAMENTO
Office of Cannabis Management

Cannabis Opportunity Reinvestment & Equity (CORE) Program

BUSINESS REIMBURSEMENT REQUEST FORM

Business Operating Permit (BOP) permit holders or applicants who have completed or are in the CORE program are eligible to receive a reimbursement of up to \$25,000 for expenses incurred towards obtaining their permit. Requesters must own at least 51% of business. Reimbursement funds are provided by the Bureau of Cannabis Control (BCC) Equity Grant Fund award to the City of Sacramento.

Completed forms and receipts must be submitted to **Office of Cannabis Management** either by:

- 1) Mail addressed to:
915 I Street, 2nd Floor
Sacramento, CA 95814; OR
- 2) Email to cannabis@cityofsacramento.org

Requester's Name: _____	(Last) _____	(First) _____
Business Name: _____		
Business Type: _____		Requester's % of Ownership: _____
BOP Status:		
<input type="checkbox"/> Issued *	Permit #:	Date: _____
<input type="checkbox"/> In Process	OP#:	_____
CORE Classification (check one): <u>1</u> <u>2</u> <u>3</u> <u>4</u> <u>5</u>		
CORE Program Completion:		
A. Sacramento Grow Green (Sacramento Asian Chamber of Commerce)		
<input type="checkbox"/> Completed	Date of Completion: _____	
<input type="checkbox"/> In Progress	Expected date of completion: _____	
B. Sacramento Green Equity (Greater Sacramento Urban League)		
<input type="checkbox"/> Completed	Date of Completion: _____	
<input type="checkbox"/> In Progress	Expected date of completion: _____	

**If BOP has been issued, qualifying expenses will be limited to those incurred after the issuance of the BOP.*

Reimbursements are limited to items on the qualifying expense list. Requester can mix and match items for a total reimbursement not to exceed \$25,000. Reimbursements are available on a per-permit basis. Receipts must be submitted along with request form or no reimbursement can occur. Invoices submitted in lieu of receipts must be accompanied by a written proof of payment such as a credit card or bank statement.

Check Item(s) that apply	QUALIFYING EXPENSE	DATE	AMOUNT
<input type="checkbox"/>	Building permit fees		
<input type="checkbox"/>	State application fees		
<input type="checkbox"/>	Other permit fees		
<input type="checkbox"/>	Rent (check qualifying criteria below):		
<input type="checkbox"/>	Paid for CUP; reimbursement up to amount of CUP fees		
<input type="checkbox"/>	Tenant in a shared manufacturing premises		
<input type="checkbox"/>	Incubator		
<input type="checkbox"/>	Security deposit		
<input type="checkbox"/>	Security system		
<input type="checkbox"/>	SMUD power upgrade		
<input type="checkbox"/>	Equipment (must be specific to the business type. Please specify below):		
<input type="checkbox"/>	Cultivation equipment:		
<input type="checkbox"/>	Manufacturing equipment:		
<input type="checkbox"/>	Equipment for delivery vehicles:		
<input type="checkbox"/>	Safes/secured storage:		
<input type="checkbox"/>	Inventory management system:		
	Business-related training or education (describe below):		
TOTAL (must not exceed \$25,000)			\$

CERTIFICATION:

I certify that the information provided on this application is true.

I authorize the Office of Cannabis Management to verify the authenticity of the receipts submitted along with this application.

Requester's Signature

Date

BUREAU OF CANNABIS CONTROL REPORTING REQUIREMENTS:

As a requirement of the BCC as part of the grant disbursement agreement, recipients of the grant funds must disclose the following demographic data. The information provided is not a basis for evaluating applicant's reimbursement request. The information collected will be consolidated and reported without the individual's identifying information.

A. Gender:

Male
 Female
 Gender Non-Conforming

Other (please state): _____
 Decline to state

B. Sexual Orientation:

Gay
 Lesbian
 Straight

Other (Please state): _____
 Decline to state

C. Race/Ethnicity:

White (Provide details below):

German
 Italian
 Irish

Polish
 English
 French

Other (please state): _____

Black or African American (Provide details below):

African American
 Nigerian
 Jamaican

Ethiopian
 Haitian
 Somali

Other (please state): _____

Asian (Provide details below):

Chinese
 Vietnamese
 Filipino

Korean
 Asian Indian
 Japanese

Other (please state): _____

Middle Eastern or North African (Provide details below):

Lebanese
 Syrian
 Iranian

Moroccan
 Egyptian
 Israeli

Other (please state): _____

Native Hawaiian or Other Pacific Islander (Provide details below):

Native Hawaiian
 Tongan
 Samoan

Fijian
 Chamorro
 Marshallese

Other (please state): _____

Some Other Race or Ethnicity (Please state): _____

Decline to state

D. Income (Personal Annual Income)

\$0 - \$25,000
 \$25,001 - \$49,000

\$49,001 - \$75,000
 \$75,001 and above

E. Prior Convictions

Yes

No

F. Veteran Status

Yes (Veteran)

No (Non-Veteran)



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Cannabis Business Permits

[Maps & Allowable Zoning Districts](#)

[Stockton Cannabis Policy](#)

[Legal Cannabis Businesses](#)

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Related Information

[Sitemap](#)

[Documents](#)

Cannabis Business Permits

The City of Stockton is accepting applications for commercial cannabis businesses.

Applications – Delivery, Non-Volatile Manufacturer, and Testing Lab

There is no limit on the number of permits for Delivery, Non-Volatile Manufacturer, and Testing Lab businesses. Interested parties may apply beginning April 4, 2019.

Applications – Retail Storefront, Cultivation, Volatile Manufacturer, and Microbusiness

The City will be issuing two new permits on an annual basis, using a lottery system, for each of these business types:

- Retail Storefront - Dispensary
- Cultivation
- Volatile Manufacturer
- Microbusiness

Applications for these permits will be accepted for General Pool and Equity Pool each year. Four of the annual permits issued – one per business type – will be reserved for an Equity Applicant. See "Equity Program" below.

2020 Commercial Cannabis Business Lottery - Updated June 1, 2020

This timeline is provided for applicants interested in participating in the 2020 Commercial Cannabis Business Lottery.

On March 12, 2020, the City of Stockton proclaimed a local emergency and adopted guidelines issued by the California Department of Public Health to reduce the spread of the coronavirus (COVID-19). As a result the timeline for the Commercial Cannabis Business Lottery has been updated and extended.

The 2020 Commercial Cannabis Lottery Application Deadline has passed. The Permit Center is no longer accepting applications for the Commercial Cannabis Lottery

- Application period: March 1 - May 29, 2020
- Information Sessions
 - In-Person sessions have been canceled. The City's Information Presentation can be viewed [here](#).
 - Email questions to Francesca.Carr@stocktonca.gov or submit a request through [Ask Stockton](#).
- Application Review: June 1 - 30, 2020
 - City staff will conduct a review of the applications and reject or approve applications. A lottery number will be assigned to each approved application. Each applicant will be notified of their assigned lottery number via email. The email provided on the application will be used and the applicant must notify the city to update the email address.
- Eligibility Notification: July 15, 2020
 - The applicant will be notified of eligibility if approved.
- Random Lottery Selection: July 30, 2020
 - The drawing will be streamed through a web conference meeting. To sign up to view the meeting, email Francesca.Carr@stocktonca.gov by July 24, 2020, and request to be added to the City's notification list.
- Selection Notification: July 30, 2020
 - Winners of the Commercial Cannabis Lottery will be notified by this date.
- Planning Application Due: September 30, 2020
 - Winners of the Commercial Cannabis Lottery must submit a Planning Application by September 30, 2020.

Previous Lottery Winners:

- [2019 Lottery Winners](#)

For any questions regarding the Lottery Process, please contact the Permit Center at (209) 937-8331.

Application and Permitting Process

Each applicant is responsible for reviewing the [Stockton Municipal Code](#) and submitting a complete application compliant with all laws and regulations.

- [Cannabis Business Use Permit Guide](#) - Flowchart and information about application and permit process

To start a cannabis business in Stockton, the City requires these permits:

- Land Use Permit
 - Provides authorization for land use and location requirements
 - Issued by the Community Development Department
 - [Planning Application](#) (Commission Use Permit and Administrative Use Permit)
- Business License
 - Required for all businesses within the City of Stockton
 - Issued by the Administrative Services Department, Business Licensing Division
- Operators Permit
 - Required for the business operator
 - Issued and approved by Stockton Police Department
 - [Delivery \(Retail, Non-Storefront\) Security Guidelines](#)
 - [Operators Permit Application](#)

Fees

The Annual Fee Schedule for FY 2018-19 has been amended with updated fees for Commercial Cannabis Businesses.

- [Annual Fee Schedule FY 2018-19](#) - 121 page PDF

- Section I-2: Page 6 of PDF
- Section F-1: Page 19 of PDF
- [Resolution Adopted March 5, 2019, Amending Fees](#)
 - New fees added by Resolution
 - Permit to Operate and Permit to Operate Renewal amended to \$16,640

Equity Program

The City will issue half of the permits for Retail Storefront - Dispensary, Cultivation, Volatile Manufacturer, and Microbusiness to Equity applicants. To qualify as an Equity Applicant:

- Greater than 50% of ownership must be a Stockton resident AND meet ONE of these criteria:
 - Minority Business Enterprise (MBE)
 - Women's Business Enterprise (WBE)
 - Live in one of Stockton, California Opportunity Zones
 - Live in an SB 535 Disadvantaged Area
 - Live in a HUD-designated Area
- Links to websites for these organizations can be found in External Links below.

Workforce Diversity Program

The Workforce Diversity Program is a voluntary program for Commercial Cannabis Businesses. A business will be able to apply for the program during the business license application process and annual business license renewal process.

- Commercial Cannabis Businesses must meet a 50% diverse workforce requirement during the time of application of the business license or at the time of renewal.
 - To qualify, at least 50% of the business' employees must reside within the SB 535 Disadvantaged Area of the City of Stockton boundaries or reside in the Kelley Drive neighborhood at the time of business license application or renewal.
- If the threshold is met, the Commercial Cannabis Business will be provided a 50% reduction of the total amount due in taxes based on estimated gross receipts provided at the time of renewal of the business license.
- Existing Commercial Cannabis Businesses will be able to participate in the voluntary program at the time of their annual business license renewal.

For questions relating to the Workforce Diversity Incentive Program, contact 209-937-8270.

Commercial Cannabis Business Tax Rates

Operators are required to pay a Commercial Cannabis Business Tax based on the revenue received.

As of August 15, 2019, the rates are:

- Storefront Retail (Dispensary) / Non-Storefront Retail (Delivery) - 5%
- Distribution - 1%
- Manufacturing (Volatile and Non-Volatile) - 3%
- Cultivation - 5%
- Testing - 0%
- Microbusiness - 5%

Stockton Municipal Code Sections for Commercial Cannabis Businesses

There are several sections within the [Stockton Municipal Code](#) on Commercial Cannabis Businesses.

- SMC Title 5 - Chapter 5.98, 5.99, and 5.100

- Development Code Title 16 - Chapter 16.20, Section 16.20.020; Chapter 16.64, Section 16.64.040; Chapter 16.80, Section 16.80.195; and Chapter 16.240, Section 16.240.020

The most recent changes were approved on July 17, 2019 and go into effect on August 15, 2019.

- [City Council Video](#)

External Links

[Bureau of Cannabis Control California](#)

[California Cannabis Industry Association](#)

[California Department of Food & Agriculture - CalCannabis Cultivation Licensing](#)

[California Department of Public Health - Manufactured Cannabis Safety Branch](#)

[California Department of Tax and Fee Administration](#)

[California Opportunity Zones](#)

[HUD \(Housing and Urban Development\)](#)

[Medicinal and Adult-Use Cannabis Regulation and Safety Act \(MAUCRSA\)](#)

[Minority Business Enterprise \(MBE\)](#)

[National Cannabis Industry Association](#)

[SB 535 Disadvantaged Communities](#)

[Women's Business Enterprise \(WBE\)](#)

This City of Stockton web page last reviewed on --- 6/2/2020

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General Contact Information: 425 N. El Dorado St * Stockton, CA * 95202

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Social Equity Program

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<https://cannabis.lacity.org/licensing/social-equity-program-3>

<https://cannabis.lacity.org/licensing/social-equity-program-4>

Social Equity Program Qualifications

The City of Los Angeles has adopted a Social Equity Program that offers priority application processing and business support to individuals who have been disproportionately impacted by the previous criminalization of cannabis activities. Applicants who are eligible for the program will have their applications and any subsequent renewals processed on a priority basis.

The Social Equity Program is broken up into three tiers, each with varying requirements and benefits. Social Equity Program applicants may qualify for certain benefits and be subject to certain restrictions if any of the following types or tiers of qualifications are met.

S O C I A L E Q U I T Y

PROGRAM QUALIFICATIONS

THE SOCIAL EQUITY PROGRAM IS BROKEN UP INTO THREE TIERS, EACH
WITH THE FOLLOWING REQUIREMENTS:

TIER 1

Must be low-income
-AND-

have an arrest or conviction for a cannabis offense
in CA prior to Nov. 8, 2016

-OR-

have been a resident for at least 5 years in a
"Disproportionately Impacted Area"

-PLUS-

applicant must own at least 51% of the business
applying for a license.

TIER 2

Must be low-income
-and-

have been a resident for at least 5 years in
a "Disproportionately Impacted Area"

- OR -

be a resident for at least 10 years in a
"Disproportionately Impacted Area"

- PLUS -

applicant must own at least 33 1/3 % of the business applying for a license.

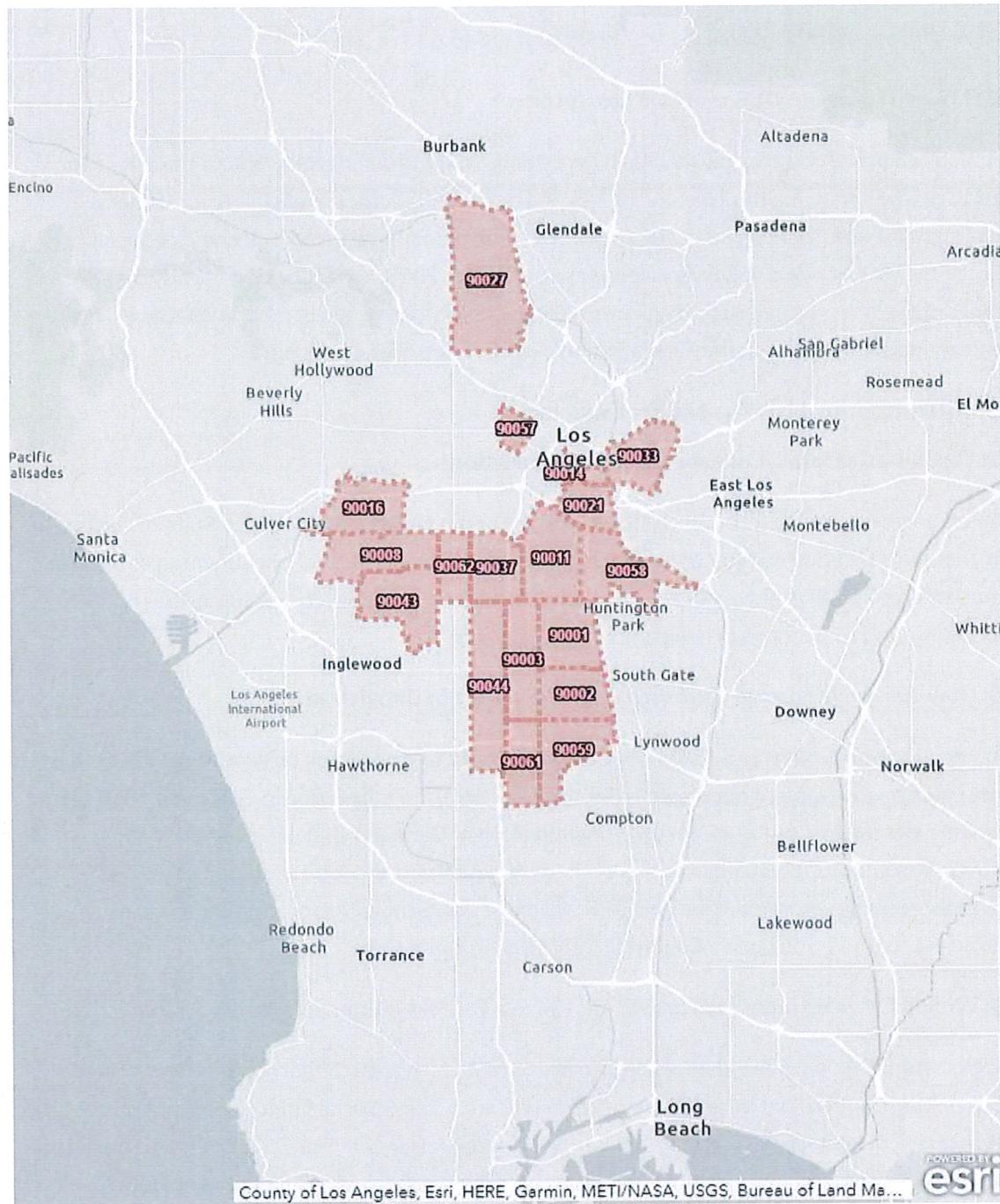
TIER 3

Must provide Tier 1 and Tier 2 applicants business licensing and compliance support. Additionally, a Tier 3 applicant must provide a Tier 1 applicant access to property.

DEPARTMENT OF CANNABIS REGULATION

Qualified Zip Codes

Disproportionately impacted areas are outlined according to certain zip codes.



Social Equity Program Qualification FAQs

Low Income Status

Q: What does Low Income mean?

A: Your gross or total income in 2017 or 2018 was \$45,644 or less.

Q: How do I prove to DCR that I am Low Income?

A: You can prove you are Low Income by providing DCR (i) your state or federal tax return for 2017 or 2018 showing total income of \$45,644 or less or (ii) proof of eligibility for General Assistance, Food Stamps, Medical/CALWORKS or Supplemental Security Income or Social Security Disability (SSI/SSDI) for calendar year 2017 or 2018. If you do not have any of these types of records, you can submit any other relevant records you might have and DCR will make a determination of whether they are sufficient to prove you are Low Income.

California Cannabis Arrest Or Conviction

Q: What is a California Cannabis Arrest or Conviction?

A: It is an arrest or conviction in California for any crime under the laws of the State of California or the United States relating to the sale, possession, use, manufacture, or cultivation of Cannabis that occurred prior to November 8, 2016. That includes arrests by federal authorities in California and convictions in federal court in California.

Q: How do I prove I have a California Cannabis Arrest or Conviction?

A: You can prove you have a California Cannabis Arrest or Conviction by providing DCR at least one court or government document reflecting your arrest or conviction in California relating to the sale, possession, use, manufacture, or cultivation of Cannabis that occurred prior to November 8, 2016. If you do have any of these types of records, you can submit any other relevant records you might have and DCR will make a determination of whether they are sufficient to prove you have a California Cannabis Arrest or Conviction.

Q: What if I have no records to prove that I have a California Cannabis Arrest or Conviction?

A: Unfortunately, if you have no records to prove that you have a California Cannabis Arrest or Conviction, DCR will not be able to verify that you are a Tier 1 Social Equity Applicant on the basis of an arrest or conviction. You may still be eligible to be a Tier 1 or Tier 2 Social Equity Applicant if you have records showing you are Low Income and have resided in a Disproportionately Impacted Area for the requisite period of time.

Residency In A Disproportionately Impacted Area

Q: What is a Disproportionately Impacted Area (DIA)?

A: The City Council commissioned a Social Equity Analysis Report to identify areas of the City that were disproportionately impacted by the prior criminalization of cannabis. The Report identified the following zip codes as DIAs:

Q: How do I prove I resided in a DIA for 5 or 10 years?

A: You should provide DCR at least one dated document that includes your name and address for each year you are attempting to prove residency. DCR will accept tax or financial records, property deeds, mortgage or lease documents, government housing or assistance records, utility bills, education records, employment records, vehicle registrations, identification cards, etc. If you do have any of these types of records, you can submit any other relevant records you might have and DCR will make a determination of whether they are sufficient to prove you have resided in a DIA for the requisite period of time.

Q: Did I have to reside in a DIA for 5 or 10 consecutive years?

A: No. You just have to prove that you have lived in a DIA for a cumulative period of 5 or 10 years. For example, if you lived in a DIA from 2001 through 2003 and 2011 through 2012, you will meet the 5-year residency requirement.

Q: Did I have to reside in a DIA at a certain point in my life?

A: No. Residency in a DIA at any point in your life will count towards the residency requirement.

Q: Can I use records with my parent's or guardian's name to prove I resided in a DIA as a minor?

A: Yes, you can submit residency records in your parent's or guardian's name, along with a birth certificate or other government record establishing your relation to your parent or guardian, and DCR will determine whether they are sufficient to prove residency.

Q: What if I have no records to prove that I resided in a DIA for the minimum number of years?

A: Unfortunately, if you have no records to prove residency in a DIA, DCR will not be able to verify that you are a Tier 1 or Tier 2 Social Equity Applicant on the basis of residency. You may still be eligible to be a Tier 1 Social Equity Applicant if you have records showing you are Low Income and have a California Cannabis Arrest or Conviction.

 
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Disclaimer: Cannabis laws and policies in the City of Los Angeles and the State of California are subject to change. Please check this site regularly for new or modified information.



Social Equity Program

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Overview

<https://cannabis.lacity.org/licensing/social-equity-program>

Qualifications

<https://cannabis.lacity.org/licensing/social-equity-program-2>

Benefits

Verification

<https://cannabis.lacity.org/licensing/social-equity-program-4>

Social Equity Benefits

Social Equity Applicants who have had their status verified by DCR qualify for a number of benefits:

**S O C I A L
E Q U I T Y**

Applicant Benefits

Tier 1



Tier 1 participants qualify for expedited application and renewal processing, business licensing and compliance assistance; as well as the potential for fee deferrals and access to an Industry Investment Fund, if established.

Tier 2



Tier 2 participants qualify for expedited application and renewal processing, business licensing and compliance assistance.

Tier 3





Tier 3 participants qualify for expedited application and renewal processing.



[Previous](#)



[Next](#)

Disclaimer: Cannabis laws and policies in the City of Los Angeles and the State of California are subject to change. Please check this site regularly for new or modified information.

[Translate](#)[Previous](#)[Next](#)

Social Equity Program

[Overview](#)[Qualifications](#)[Benefits](#)[Verification](#)

<https://cannabis.lacity.org/licensing/social-equity-program> <https://cannabis.lacity.org/licensing/social-equity-program-2> <https://cannabis.lacity.org/licensing/social-equity-program-3>

FREE Social Equity Program (SEP) Eligibility Verification Process

Per the instruction of the City Council, the Social Equity Program (SEP) Eligibility Verification Process is now CLOSED.

Potential Social Equity Applicants **MUST** complete the SEP Applicant Eligibility Verification Process in order to be eligible to apply in Round 1, Round 2 and the Delivery Pilot in Phase 3.

DCR will process registrations as they are received and provide eligibility determinations to applicants as soon as possible. It will treat all registrations submitted up to July 29th the same and applicants will not receive any special priority for Phase 3 processing based upon when they registered. Most importantly, **you do not have to pay any fees to DCR to register for verification** - DCR will review your registration free of charge.

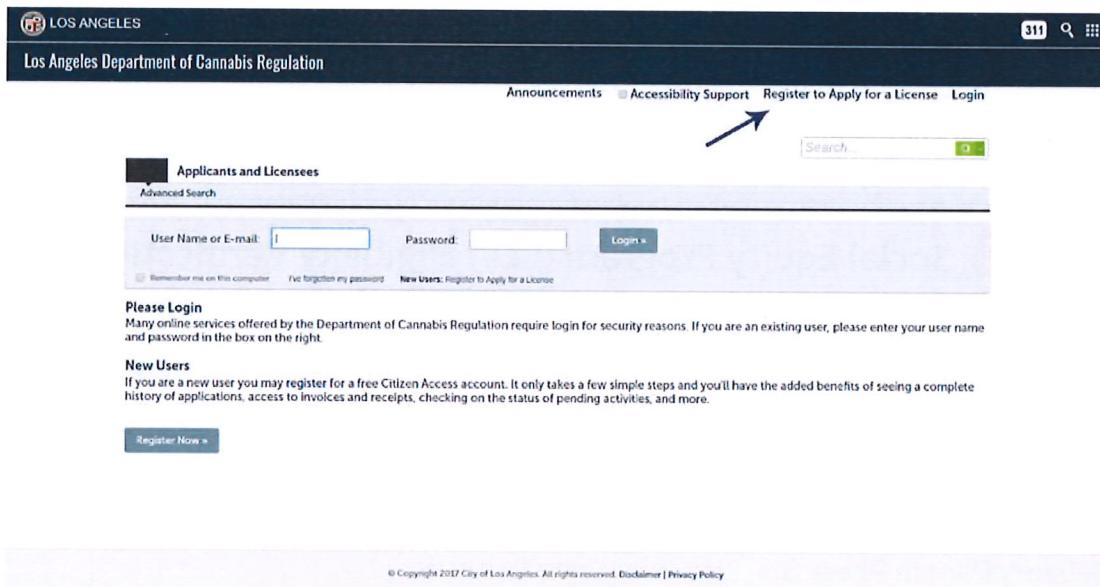
The deadline to apply for Social Equity Program Eligibility Verification was Monday, July 29, 2019 at 4 p.m. You must have registered by this deadline if you want to participate as a Social Equity Applicant in Phase 3 Round 1 of Type 10 Retail licensing, which opens September 3, 2019.

DCR will verify applicants on an ongoing basis.

How to Register for Verification

To register to be verified as a Social Equity Applicant, [click here](https://aca.accela.com/LADCR/Login.aspx) (<https://aca.accela.com/LADCR/Login.aspx>) to access the Accela Citizen Access portal.

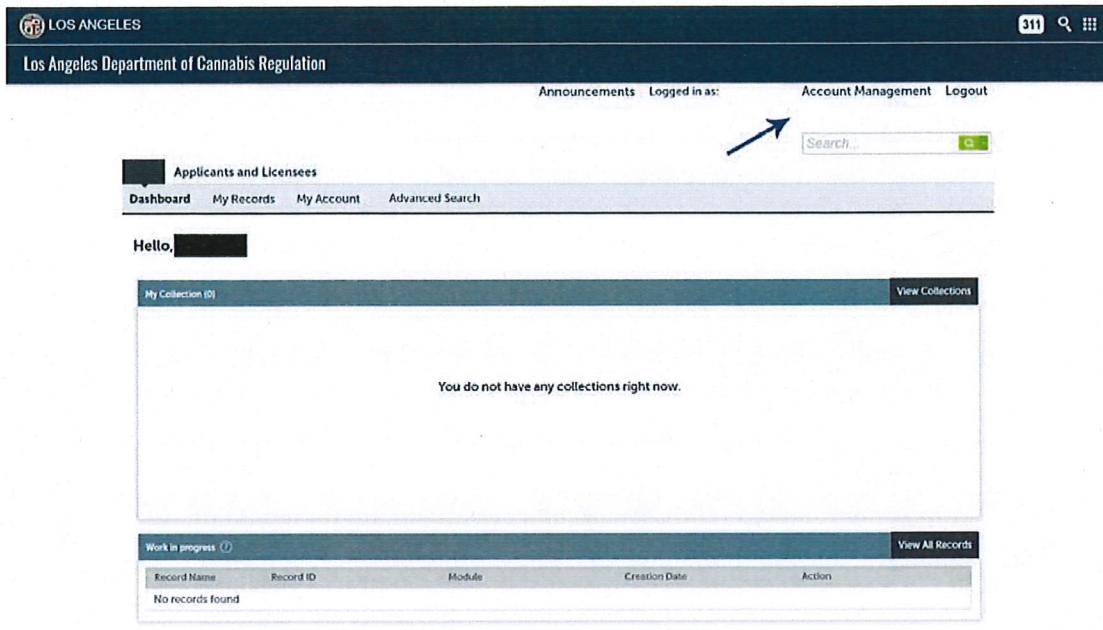
For New Users: click on "Register to Apply for a License". Follow the prompts to register for a new account to complete the Social Equity Program Eligibility Verification Process.



The screenshot shows the Los Angeles Department of Cannabis Regulation website. At the top, there is a navigation bar with links for Announcements, Accessibility Support, Register to Apply for a License, and Login. Below the navigation bar, there is a search bar with a magnifying glass icon. The main content area has a header 'Applicants and Licenses' and a sub-header 'Advanced Search'. Below this, there is a login form with fields for 'User Name or E-mail' and 'Password', and a 'Login' button. There are also links for 'Remember me on this computer', 'I've forgotten my password', and 'New Users: Register to Apply for a License'. Below the login form, there is a 'Please Login' section with a note about security reasons. At the bottom of the page, there is a 'New Users' section with a note about registering for a free Citizen Access account. A blue arrow points to the 'New Users: Register to Apply for a License' link.

When you have finished filling out the Social Equity Program Eligibility Verification questionnaire, you must still upload your supporting documents. See below for instructions on how to upload.

For Existing Users: if you have an account, log in, then click on "Account Management"



Los Angeles Department of Cannabis Regulation

Announcements Logged in as: Account Management Logout

Applicants and Licensees

Dashboard My Records My Account Advanced Search

Hello, [REDACTED]

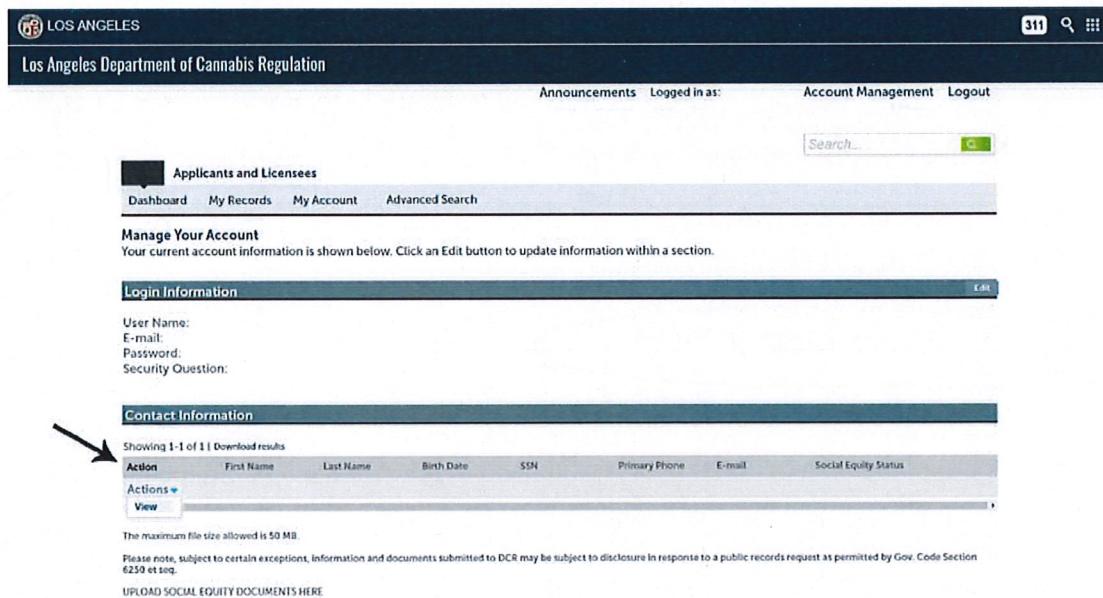
My Collection (0) View Collections

You do not have any collections right now.

Work in progress (0) View All Records

Record Name	Record ID	Module	Creation Date	Action
No records found				

From there, click on "Actions ->View" under Contact Information to answer the Social Equity Program Eligibility Verification questionnaire.



Los Angeles Department of Cannabis Regulation

Announcements Logged in as: Account Management Logout

Applicants and Licensees

Dashboard My Records My Account Advanced Search

Manage Your Account

Your current account information is shown below. Click an Edit button to update information within a section.

Login Information

User Name: [REDACTED]
E-mail: [REDACTED]
Password: [REDACTED]
Security Question: [REDACTED]

Contact Information

Showing 1-1 of 1 | Download results

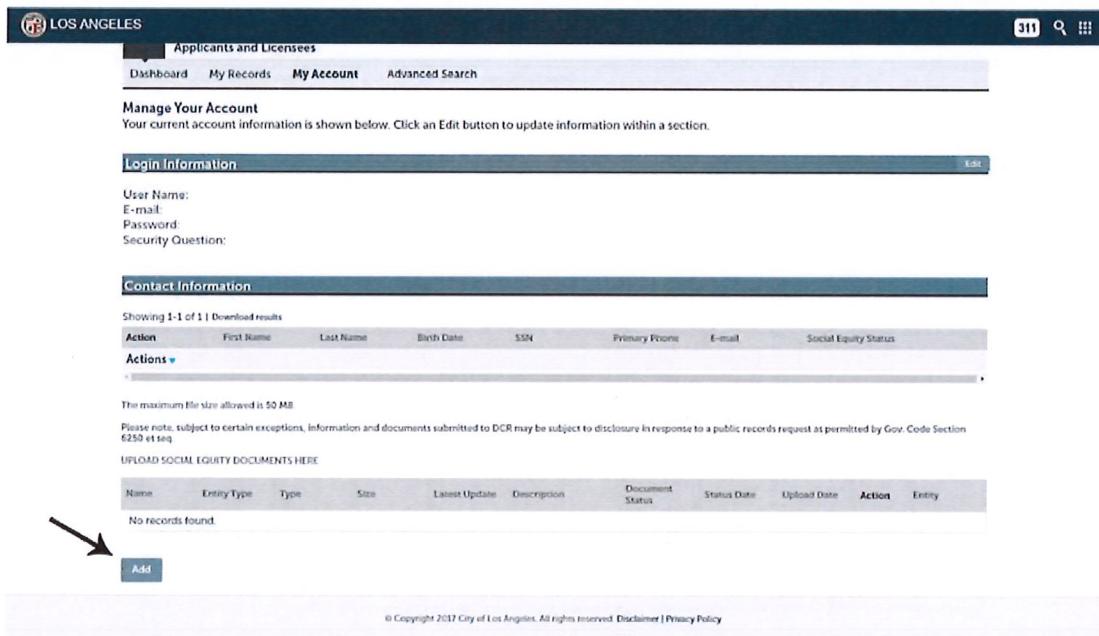
Action	First Name	Last Name	Birth Date	SSN	Primary Phone	E-mail	Social Equity Status
Actions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
View							

The maximum file size allowed is 50 MB.

Please note, subject to certain exceptions, information and documents submitted to DCR may be subject to disclosure in response to a public records request as permitted by Gov. Code Section 6250 et seq.

UPLOAD SOCIAL EQUITY DOCUMENTS HERE

For ALL Users: When you have completed the Social Equity Program Eligibility Verification questionnaire, click the Add button under Account Management to add your supporting documentation. The list of DCR Approved Documents is listed [below on this page](https://cannabis.lacity.org/licensing/social-equity-program-4#Required-Documents) ([//cannabis.lacity.org/licensing/social-equity-program-4#Required-Documents](https://cannabis.lacity.org/licensing/social-equity-program-4#Required-Documents)).



Manage Your Account
Your current account information is shown below. Click an Edit button to update information within a section.

Login Information Edit

User Name:
E-mail:
Password:
Security Question:

Contact Information

Showing 1-1 of 1 | Download results

Action	First Name	Last Name	Birth Date	SSN	Primary Phone	E-mail	Social Equity Status
Actions View							

The maximum file size allowed is 50 MB.
Please note, subject to certain exceptions, information and documents submitted to DCR may be subject to disclosure in response to a public records request as permitted by Gov. Code Section 6250 et seq.

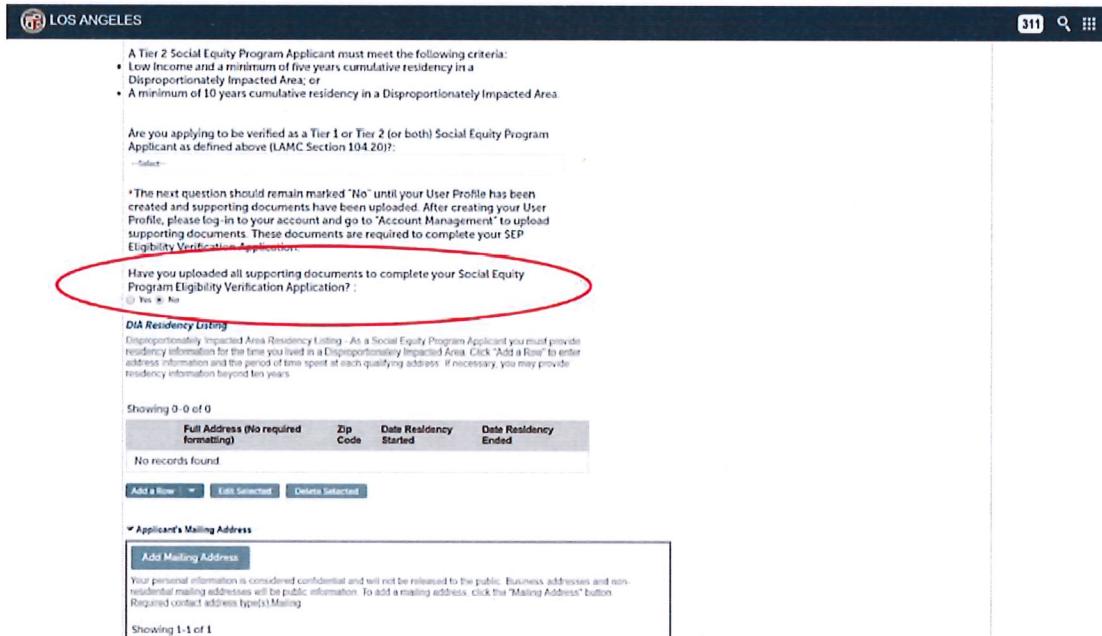
UPLOAD SOCIAL EQUITY DOCUMENTS HERE

Name	Entity Type	Type	Size	Latest Update	Description	Document Status	Status Date	Upload Date	Action	Entry
No records found.										

[Add](#)

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When you have finished adding files, navigate back to the Social Equity Program Eligibility Verification questionnaire (click "Actions->View" on the Account Management page), and answer the last question:



A Tier 2 Social Equity Program Applicant must meet the following criteria:

- Low Income and a minimum of five years cumulative residency in a Disproportionately Impacted Area; or
- A minimum of 10 years cumulative residency in a Disproportionately Impacted Area.

Are you applying to be verified as a Tier 1 or Tier 2 (or both) Social Equity Program Applicant as defined above (LAMC Section 104.20)?

Select

The next question should remain marked "No" until your User Profile has been created and supporting documents have been uploaded. After creating your User Profile, please log-in to your account and go to "Account Management" to upload supporting documents. These documents are required to complete your SEP Eligibility Verification Application.

Have you uploaded all supporting documents to complete your Social Equity Program Eligibility Verification Application? ?

Yes No

DIA Residency Listing
Disproportionately Impacted Area Residency Listing - As a Social Equity Program Applicant you must provide residency information for the time you lived in a Disproportionately Impacted Area. Click "Add a Row" to enter address information and the period of time spent at each qualifying address. If necessary, you may provide residency information beyond ten years.

Showing 0-0 of 0

Full Address (No required formatting)	Zip Code	Date Residency Started	Date Residency Ended
No records found.			

[Add a Row](#) [Edit Selected](#) [Delete Selected](#)

Applicant's Mailing Address

[Add Mailing Address](#)

Your personal information is considered confidential and will not be released to the public. Business addresses and non-residential mailing addresses will be public information. To add a mailing address, click the "Mailing Address" button. Required contact address type(s): Mailing

Showing 1-1 of 1

This will submit the Social Equity Program Eligibility Verification application for DCR review.

Please check back regularly for more detailed instructions from DCR.

Individuals that are verified as Tier 1 or Tier 2 Social Equity Applicants will be eligible to apply in Round 1 of retail licensing, which, per the instruction of the City Council, will begin by September 3. Verified Tier 1 and Tier 2 Social Equity Applicants will also be able to apply in Round 2 of retail licensing and the Delivery Pilot Program, the start dates of which are to be determined.

Social Equity Program (SEP) Eligibility Verification Registration Process

Most Frequently Asked Questions

Q: How do I register to be verified as a Tier 1 or Tier 2 Social Equity Applicant?

A: You can register to be verified by uploading the required documents through DCR online Portal. You must register and upload documents online to participate in the SEP Eligibility Verification Process.

Q: Can I submit my records at DCR's office?

A: No. DCR will not accept documents submitted in-person. All records must be uploaded through the DCR online portal.

Q: When can I register to be verified?

A: The DCR online portal will be open from May 28, 2019 until 4:00 p.m. on July 29, 2019.

Q: Does it matter when I submit my documents during the verification window?

A: No. It doesn't matter when you upload your documents onto the DCR online portal. DCR staff will be reviewing and verifying all documents submitted during the verification window. There is no priority given to Applicants that submit documents earlier in the verification window.

Q: Is this process first come, first served?

A: No. The SEP Eligibility Verification Process is not first come, first served. There is no priority processing assigned to applicants who submit earlier during the verification window.

Q: Is there a maximum number of individuals that will be verified?

A: No. There is no maximum number of individuals who can be verified during the SEP Eligibility Verification Process.

Q: Can I register to be verified as both a Tier 1 and Tier 2 Social Equity Applicant?

A: Yes. During the registration process, you will be asked to complete a questionnaire, where you can identify the Tier (or both Tiers) you want to register under. You can request to be verified as both, a Tier 1 and Tier 2 Social Equity Applicant and submit relevant documents to support your eligibility for both Tiers.

Q: What happens to my SEP Eligibility Verification Registration if I don't submit all the information or documents DCR requires?

A: DCR will notify you via email of any deficiencies or missing information in the documents submitted. All individuals who register for the SEP Eligibility Verification Process and submit documents in support, will receive one opportunity to correct deficiencies or upload additional documents by a specified deadline. If you fail to submit the requested documentation by the deadline, DCR will not verify you as a Tier 1 or Tier 2 Social Equity Applicant.

Q: How do I verify my income if I did not file taxes in 2017 or 2018?

A: An individual can complete an IRS Form 4506-T (<https://www.irs.gov/pub/irs-pdf/f4506t.pdf>) to request this proof. The service is free and requests are normally processed in 10-days.

This form can be used to request:

- **Verification of Nonfiling** from the IRS, which is proof from the IRS that the individual did not file a return for 2017 and 2018 year.
- **Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcripts.** The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2016, filed in 2017, will likely not be available from the IRS until 2018. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 10 business days.
- **Return Transcript**, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the

account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120-A, Form 1120-H, Form 1120-L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days.

Q: Do I need to register for the SEP Eligibility Verification Process during the 60-day window to be able to apply for a retail license during Phase 3?

A: Yes. You must be verified as a Tier 1 or Tier 2 Social Equity Applicant through the SEP Eligibility Verification Process to be eligible to submit an application in Rounds 1 and 2 of Phase 3 Retail (Type 10) Licensing.

Q: How do I get information about the verification process?

A: DCR staff are available to answer your questions about how to be verified as a Tier 1 or Tier 2 Social Equity Applicant. You can submit your questions by email to dcrlicensing@lacity.org, by phone to (213) 978-0738, or in person at 221 N. Figueroa St, Suite 1245, Los Angeles, CA, 90012, which is open Mondays through Fridays (excluding City holidays) from 9:00 a.m. to 4:00 p.m.

Q: Are there individuals or organizations outside of the DCR that can help me register to be verified as a Tier 1 or Tier 2 Social Equity Applicant?

A: The DCR is aware of consultants and/or organizations who offer individuals assistance with the SEP Eligibility Verification Process. **DCR, however, does not require you to use a consultant, attorney or agent to complete the verification process and submit the required documents on your behalf. The DCR provides free clinics ([//cannabis.lacity.org/events/LA-DCR-Social-Equity-Program-Technical-Assistance-Events](http://cannabis.lacity.org/events/LA-DCR-Social-Equity-Program-Technical-Assistance-Events)) to assist individuals seeking to participate in the SEP Eligibility Verification Process.**

Q: Is there a cost associated with the SEP Eligibility Verification Process?

A: **No. The DCR does not charge any fees to register for the eligibility verification process.**

Q: Is the 60-day eligibility verification window where I can get a retail license?

A: No. DCR will only determine whether or not you are eligible to apply for a retail license as a Tier 1 or Tier 2 Social Equity Applicant. Afterward, you must still apply

for a retail license (in Phase 3, Rounds 1 and 2), and meet all application requirements before you would receive a retail license.

Q: Does DCR endorse or authorize any individual or organizations to provide SEP Eligibility Verification Registration assistance?

A: No. DCR does not endorse or authorize any individual or organization to advise applicants on the verification process. Any claim by an individual or an organization that it is “endorsed,” “authorized,” “approved,” “licensed,” or otherwise sanctioned by DCR to provide verification assistance is absolutely false.

Q: Should I pay individuals or organizations to provide verification assistance?

A: You are free to decide whether to pay for verification assistance, but you should first consider submitting questions to DCR staff by email to cannabis@lacity.org (mailto:cannabis@lacity.org), by phone to (213) 978-0738, or in person at DCR’s office at 221 N. Figueroa St, Suite 1245, which is open Mondays through Fridays (excluding City holidays) from 9 am to 4 pm. DCR will provide all the information necessary to complete the verification process free of charge. Further, the DCR provides [free clinics](http://cannabis.lacity.org/events/LA-DCR-Social-Equity-Program-Technical-Assistance-Events) (//cannabis.lacity.org/events/LA-DCR-Social-Equity-Program-Technical-Assistance-Events) to assist individuals seeking to participate in the SEP Eligibility Verification Process.

Q: Do any individuals or organizations have inside information about the verification process?

A: No. DCR provides all information necessary to complete the verification on its website and in response to inquiries submitted by email, phone or in person. Any claim by an individual or organization that it has received exclusive information about the verification process from DCR is absolutely false.

Q: Is it more likely that DCR will approve my SEP Eligibility Verification Registration if I am associated with particular individuals or organizations?

A: No. The fact you are associated with a particular individual or organization will have absolutely no bearing on your application. DCR will base its determination on the information and documents you provide and nothing else.

Department of Cannabis Regulation (DCR) Social Equity Applicant Eligibility Verification List of DCR Approved Documents

DEPARTMENT OF CANNABIS REGULATION (DCR) SOCIAL EQUITY PROGRAM APPLICANT ELIGIBILITY VERIFICATION LIST OF DCR APPROVED DOCUMENTS

The City of Los Angeles adopted a Social Equity Program (SEP) to promote equitable ownership and employment opportunities in the cannabis industry for individuals and communities most impacted by cannabis criminalization and the war on drugs. For more information on the City's Social Equity Program please [click here](#).

Through the SEP, eligible applicants and businesses are authorized to participate in various licensing, technical assistance and business development programs.

The SEP Applicant Eligibility Verification application will be used to determine eligibility for certain programs, such as property assistance and the Fee Deferral Program, which are components of the City's Social Equity Program.

A Tier 1 Social Equity Applicant shall meet the following criteria at time of applying for a License:

- Low Income and prior California Cannabis Arrest or Conviction; or,
- Low Income and a minimum of five years' cumulative residency in a Disproportionately Impacted Area.

A Tier 2 Social Equity Applicant shall meet the following criteria at time of applying for a License:

- Low Income and a minimum of five years' cumulative residency in a Disproportionately Impacted Area; or,
- A minimum of 10 years' cumulative residency in a Disproportionately Impacted Area.

A Tier 3 Social Equity Program Applicant may not apply for Retailer Commercial Cannabis Activity Licenses or Microbusiness Commercial Cannabis Activity Licenses that includes Storefront Retail Activity (Type 10) and Non-Storefront Delivery-Only (Type 9).

If an Applicant does not possess the approved documents listed here, he or she may submit other documents he or she believes satisfies one or more the eligibility criteria. DCR will review such documents on a case-by-case basis and make a determination of whether or not they are sufficient. DCR will not accept declarations or affidavits as proof of an Applicant's eligibility.

For the purposes of the SEP, a California Cannabis Arrest or Conviction is an arrest or conviction in California for any crime under the laws of the State of California or the United States relating to the sale, possession, use, manufacture, or cultivation of Cannabis that occurred prior to November 8, 2016. It includes arrests by federal authorities in California and convictions in federal court in California.

Approved supporting documentation for California Cannabis Arrest or Conviction:

- Court records reflecting an Applicant's California cannabis arrest or conviction; and,
- Government records reflecting an Applicant's California cannabis arrest or conviction.

City of Los Angeles - Department of Cannabis Regulation
221 N. Figueroa Street, Suite 1245, Los Angeles CA, 90012
Version 2 – rev. July 8, 2019

<https://cannabis.lacity.org/sites/g/files/wph1171/f/Social%20Equity%20Program%20Applicant%20Eligibility%20Verification%20-%20List%20of%20Approved%20Documents.pdf>

**DEPARTMENT OF CANNABIS REGULATION (DCR)
SOCIAL EQUITY PROGRAM APPLICANT ELIGIBILITY VERIFICATION
LIST OF DCR APPROVED DOCUMENTS**

To qualify as Low Income, for purposes of the SEP, an Applicant's gross and total household income must have been \$45,644 or less in 2017 or 2018. A household's income is calculated by its gross income, which is the total income received before making subtractions for taxes and other deductions. If your filing status is Married filing separately, you must also provide a copy of your spouse's Federal tax return or your spouse's Internal Revenue Service (IRS) Verification of Nonfiling.

Approved supporting documentation for Income:

- Federal tax return for the calendar year 2017 or 2018; and,
- IRS Verification of Nonfiling, which is proof from the IRS that you did not file a return for the 2017 and 2018 tax year. Use the [IRS Form 4506-T](#) to order a Verification of Nonfiling transcript or Form 1040-series transcripts free of charge. For more information, please visit www.irs.gov/form4506t.

For the purposes of the SEP, an Applicants must provide evidence of cumulative residency for either a period of 5 years or 10 years in a Disproportionately Impacted Area (DIA). At least one dated document must be provided for each qualifying year. The City commissioned a Social Equity Program Analysis which determined that the following zip codes are to be considered Disproportionately Impacted Areas: (90001, 90002, 90003, 90008, 90011, 90013, 90014, 90016, 90021, 90027, 90033, 90037, 90043, 90044, 90057, 90058, 90059, 90061, 90062).

Approved supporting documentation for Residency in a Disproportionately Impacted Area:

- Federal or State tax returns for the calendar year;
- Property deeds, mortgage documents or residential lease agreements;
- Financial records reflecting lease or mortgage payments that are dated and contain an Applicant's name and address;
- Records reflecting government housing or other assistance that are dated and contain an Applicant's name and address;
- Utility bills, car registration, employment records, insurance documents or government-issued documents that are dated and contain an Applicant's name and address; and,
- Certified education records from a school, including transcripts or enrollment documents, which might reflect an Applicant's residence.

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Version 2 – rev. July 8, 2019

<http://cannabis.lacity.org/sites/g/files/wph1171/f/Social%20Equity%20Program%20Applicant%20Eligibility%20Verification%20-%20List%20of%20Approved%20Documents.pdf>

 [Social Equity Applicant Eligibility Verification - List of Approved Documents
http://cannabis.lacity.org/sites/g/files/wph1171/f/Social%20Equity%20Program%20Applicant%20Eligibility%20Verification%20-%20List%20of%20Approved%20Documents.pdf](http://cannabis.lacity.org/sites/g/files/wph1171/f/Social%20Equity%20Program%20Applicant%20Eligibility%20Verification%20-%20List%20of%20Approved%20Documents.pdf)

IMPORTANT NOTICE TO ALL SOCIAL EQUITY APPLICANTS

The number of applications received by the Department of Cannabis Regulation (DCR) demonstrated extraordinary interest in the Phase 3 Retail Round One Social Equity application process, which the [law](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.06.1.) ([http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_104.06.1.](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.06.1.)) requires DCR a limit of 100 applicants for further processing. That process has concluded, and the 100 applicants have been identified.

The Phase 3 Retail Round One application process is currently under review by an independent third-party auditor. That audit is being managed by the office of the [City Administrative Officer](http://cao.lacity.org/) (<http://cao.lacity.org/>)(CAO). Once final, the audit will help to inform our approach to the application process.

Introduction

With recent amendments to the City's cannabis ordinances and related Council instructions in April 2019, the Department has moved swiftly to prepare for Phase 3 Retail Round 1 Application Process which opened on September 3, 2019.

Accordingly, the Department launched Social Equity "Pre-Vetting," or the Social Equity Program eligibility verification application process, and began to administer technical assistance to help prospective applicants navigate the Social Equity eligibility verification process. In order to provide technical assistance, DCR facilitated four citywide workshops with more than 3,000 collective attendees; met with and hosted multiple stakeholders meetings; and held approximately 250 one-on-one clinics to guide folks through the eligibility verification process.

During the 60-day Social Equity eligibility verification application process, which began on May 28, 2019 and concluded on July 29, 2019, the Department received more than 1,800 applications. To date, DCR has been able to verify more than 1,600 Social Equity

Applicants and DCR is continuing to assist those applicants whose eligibility verification determination is still pending.

Verified Social Equity Applicants will be eligible for priority application processing, allowing them to be among the first-to-market in the City's developing cannabis retail market. Verified Social Equity Program Applicants may also qualify for fee deferrals; technical assistance; Business, Licensing and Compliance Assistance; and other programs designed to support equitable licensing and business development.

The Department is excited about the launch of the Phase 3 Retail Round 1 Application Processing which opened on September 3, 2019.

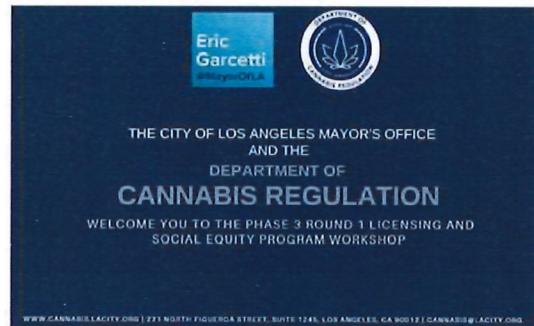
During the Phase 3 Retail Round 1 Application Process, 100 retail licenses will be available for verified Social Equity Applicants who meet certain requirements on a first-come, first-served basis.

The requirements for Phase 3 Retail Round 1 can be found in [LAMC Sec. 104.06.1.](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.06.1)

Phase 3 Retail Round 1 Licensing and Social Equity Workshop

On August 6, 2019 the Department of Cannabis Regulation hosted a Technical Assistance workshop to provide information regarding the Phase 3 Round 1 Retail Application Process. Please find materials related to the workshop below.

WELCOME, STAKEHOLDERS



Know the Law Regarding Phase 3 Retail Round 1

104.06.1

([http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_104.06.1](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.06.1)) (c) Type 10 Application Processing - Round 1.

DCR shall, on or after the date starting at its sole discretion, accept Type 10 applications for processing under this subsection for a period of 14 calendar days, provided that DCR posts written notice of the processing period on its website at least 15 calendar days before the start date of the processing period.

1. To be eligible to apply in Round 1, an Applicant shall have an individual Owner that is a Tier 1 or Tier 2 Social Equity Program Applicant verified pursuant to Subsection (b) of this section and who shall own an Equity Share in the Applicant who meets the requirements in Section 104.20

([http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_104.20](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.20)). An individual may not be the Tier 1 or Tier 2 Social Equity Applicant for more than one Applicant in Round 1. An individual who is an Owner of an EMM shall not be eligible to be the Tier 1 or Tier 2 Social Equity Program Applicant for an Applicant, but may be an Owner of an Applicant if otherwise allowed under this article.

2. During the 14-calendar-day application period, an Applicant shall submit, in a form and manner determined by DCR, an application that includes the following: 1) a copy of an executed lease agreement with proof of a deposit or property deed for its Business Premises; 2) an ownership and financial interest holder form; 3) a financial information form; 4) a Business Premises diagram; 5) proposed staffing and security plans; 6) a dated radius map including horizontal lines and labeling of any sensitive uses relative to a Type 10 License; 7) a labor peace agreement attestation form; 8) an indemnification agreement; and 9) all business records and agreements necessary to demonstrate that a Tier 1 or Tier 2 Social Equity Applicant owns the minimum Equity Share in the Applicant required under Section 104.20

([http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_104.20](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.20)).

3. An Applicant's Business Premises shall meet the following requirements:
 1. The Business Premises meets all applicable requirements of Article 5 of Chapter X

([http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterx\\$vid=amlegal:la_all_mc\\$anc=JD_104.20](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterx$vid=amlegal:la_all_mc$anc=JD_104.20)).

[xbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_C10A5](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_C10A5) of this Code;

2. The Business Premises is outside of a 700-foot radius of another Type 10 Applicant's Business Premises, as measured in the manner specified in LAMC Section [105.02](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapter105.02) ([xbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_105.02](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_105.02)).(b). If two or more Round 1 Applicant's Business Premises are within a 700-foot radius of one another, the Applicant who first submitted an application that meets the requirements of this subsection shall be eligible for further processing and all other Round 1 Applicants within a 700-foot radius of the first Applicant shall be ineligible for further processing in Round 1.
3. (iii) The Business Premises is not subject to a finding of Undue Concentration. For purposes of this subsection only, DCR shall determine whether the Business Premises is subject to a finding of Undue Concentration based upon the time and date an Applicant submitted an application that meets the requirements of this subsection.
4. The first 75 Tier 1 Applicants and the first 25 Tier 2 Applicants who meet the requirements of this subsection shall be eligible for further processing pursuant to Section [104.06](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapter104.06) ([xbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_104.06](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.06)). If less than 75 Tier 1 Applicants meet the requirements of this subsection, DCR may process additional Tier 2 applications, based upon the time and date of application submission, until DCR has identified 100 Tier 1 and Tier 2 Applicants who meet the requirements of this subsection. All Applicants who submitted an application that are not eligible for further processing may apply for Type 10 Application Processing - Round 2.
5. An Applicant shall pay all required application fees under Section [104.19](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.19) ([xbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_104.19](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.19)) within 10 days of being issued an invoice by DCR or its application shall be deemed abandoned.

** Important Note To All Applicants **

After an application has been submitted and during the licensing process, Applicants are prohibited from changing the address of their Proposed Business Premises.

Important Information to Know Regarding Business Premises Locations

The City has set several restrictions on where a cannabis retail business may be located. These restrictions include 1) sensitive uses, 2) zoning, and 3) areas of undue concentration.

Sensitive-Use Area Restrictions

The Business Premises of a Retail Business must be outside of a 700-foot radius of: 1) Schools; 2) Public Parks; 3) Public Libraries; 4) Alcoholism or Drug Abuse Recovery or Treatment Facilities; 5) Day Care Centers (does not include in-home family day cares); 6) Permanent Supportive Housing providing on-site Supportive Services; and, 7) any other Retailer or Microbusiness Commercial Cannabis Retailers having on-site retail sales

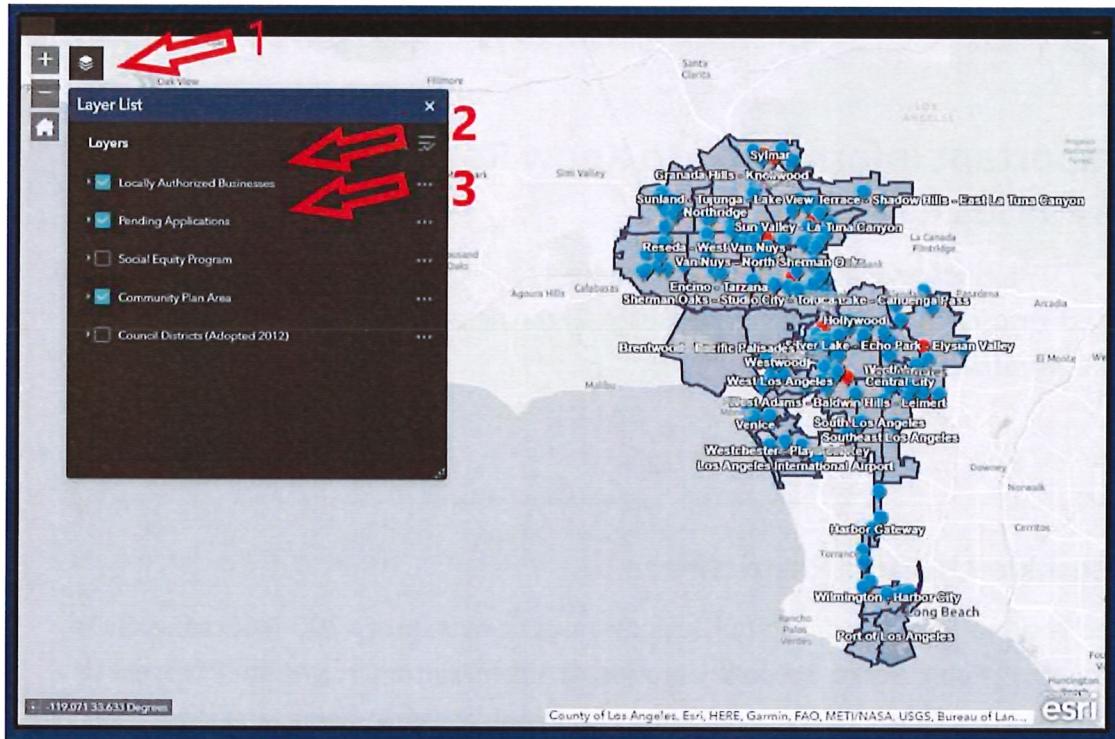
(LAMC Sec. 105.02

([The distance between Commercial Cannabis Type 10 Retailers shall be the horizontal distance measured in a straight line, without regard to intervening structures, from the closest exterior wall of each business.](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_105.02.)).</u></p></div><div data-bbox=)

The distance between any Commercial Cannabis Activity business and any School, Public Park, Public Library, Alcoholism or Drug Recovery or Treatment Facility, Day Care Center, or Permanent Supportive Housing, shall be the horizontal distance measured in a straight line, without regard to intervening structures, from the closest exterior wall of the business to the closest property line of the School, Public Park, Public Library, Alcoholism

or Drug Abuse Recovery or Rehabilitation Treatment Facility, Day Care Center, or Permanent Supportive Housing.

Please use the [DCR Licensing Map](http://cannabis.lacity.org/licensing/licensing-map) ([//cannabis.lacity.org/licensing/licensing-map](http://cannabis.lacity.org/licensing/licensing-map)) with "Locally Authorized Businesses" and "Pending Applications" toggled on to see current sensitive-uses that have been created by existing and pending retail license applications.



[\(/cannabis.lacity.org/licensing/licensing-map\)](http://cannabis.lacity.org/licensing/licensing-map)

Zoning Restrictions

The Business Premises of a Retail Storefront commercial cannabis business must be located in a C1 or less-restrictive Zone (i.e. C1.5, C2, C4, C5, CM, M1, M2, M3). [LAMC Section 105.02](#)

[\(\[http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates\\\$fn=default.htm\\\$3.0\\\$vid=amlegal:la_all_mc\\\$anc=JD_105.02.\]\(http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates\$fn=default.htm\$3.0\$vid=amlegal:la_all_mc\$anc=JD_105.02.\)\)](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_105.02.) identifies additional zones which may be compliant for designated Specific Plan Zones. Check zoning determinations at [ZIMAS](#) (<http://zimas.lacity.org/>) (Zoning Information Map Access System).

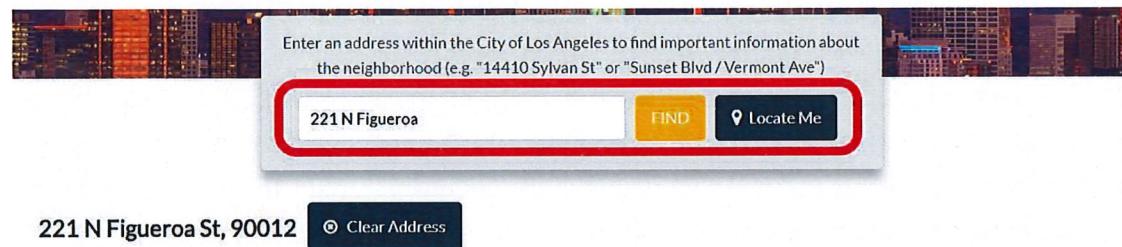
Undue Concentration

The City of Los Angeles restricts the number of Retail Businesses that can exist in any given Community Plan Area. Once a Community Plan Area has reached this limit, the area is said to have met Undue Concentration.

Applicants must know whether or not their proposed Business Premises is located in a Community Plan Area that has reached Undue Concentration.

Applicants are encouraged to identify the Community Plan Area of their proposed Business Premises here. Locate the Check business premises Community Plan Area of here: <https://neighborhoodinfo.lacity.org/>

An example of how to identify a location's Community Plan Area is provided below:



Enter an address within the City of Los Angeles to find important information about the neighborhood (e.g. "14410 Sylvan St" or "Sunset Blvd / Vermont Ave")

221 N Figueroa FIND Locate Me

221 N Figueroa St, 90012 Clear Address

Elected Officials

Mayor of Los Angeles	Eric Garcetti
Los Angeles City Controller	Ron Galperin
Los Angeles City Attorney	Mike Feuer
City Council	District 14: Jose Huizar
County Supervisor	District 1: Hilda L. Solis
State Senate	District 24: Maria Elena Durazo
State Assembly	District 53: Miguel Santiago
US Congress	District 34: Jimmy Gomez
LAUSD Schoolboard	District 2: Mónica García

Regional Services

TV Service	Charter Spectrum - Hollywood/Wilshire
Trash Collection	Wednesday
Parking Enforcement Area Offices	Central
Transportation District Office	Central
LA Unified School District	Belmont

Planning / Construction

Community Planning Area	Central City
Engineering District	Central
Area Planning Commission	Central APC
Building and Safety	Check For Permits Check Code Enforcement

Public Safety

Neighborhood Prosecutor	Central
Neighborhood Fire Station	3
Community Police Station	Central
Red Flag Parking Zone	No

Currently, the following Community Plan Areas have reached Undue Concentration for Retail licenses:

- Boyle Heights
- Central City
- Central City North

- Harbor-Gateway
- Hollywood
- North Hollywood-Valley Village
- Sherman Oaks - Studio City-Toluca Lake-Cahuenga Pass
- Sun Valley - La Tuna Canyon
- Venice
- West LA

Applicants with a Business Premises in a Community Plan Area that has reached Undue Concentration are not eligible for Phase 3 Retail Round 1 Application Processing.

Instead, these Applicants must first receive a finding of **Public Convenience or Necessity (PCN)** from the Los Angeles City Council (City Council) before DCR can accept and process the application.

Applicants who identify their proposed Business Premises as being located in a Community Plan Area that has met Undue Concentration will automatically be routed to the PCN request process. The Applicant will be required to pay a \$1,499 PCN fee within 10 calendar days of submitting the PCN request. If the fee is not paid within 10 calendar days, the PCN request is deemed abandoned. If the fee is timely paid, the PCN request will be transmitted to the Office of the City Clerk for City Council consideration. **PCN requests are not pending applications, do not receive a timestamp, and do not prevent another applicant from submitting a competing PCN request in the same area.**

DCR will not accept, review, or process any application from an Applicant located in area of Undue Concentration unless there is PCN finding from City Council.



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IMPORTANT NOTICE TO ALL SOCIAL EQUITY PROGRAM APPLICANTS

Access to the Accela User Profile Account is necessary to submit a Phase 3 Retail Round 1 Application on September 3, 2019. To ensure access to one's User Profile in the DCR online portal (also known as "Accela"), Applicants need to create and register their own private account. If an account has been created with the Applicant's name and Social Security Number by a third party, such as an attorney or other paid representative, the Applicant may find they are blocked from accessing the account. In that case, the Applicant MUST visit the DCR office in person to update their account to grant or restore access. Applicants will need to present a government-issued ID and Social Security Card to DCR staff in order to verify ownership of the account. It is highly recommended that Applicants confirm account accessibility before September 3, 2019 to ensure that all documents and contact information in the system are correct. It is the Applicant's responsibility to secure their private access to the user account associated with their application in order to participate in the Phase 3 Retail Round 1 application process, which opens September 3, 2019.



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Prepare the Following Before Applying

DCR has created a [checklist](#)

([//cannabis.lacity.org/sites/g/files/wph1171/f/P3R1Checklist.pdf](https://cannabis.lacity.org/sites/g/files/wph1171/f/P3R1Checklist.pdf)) to assist applicants during Phase 3 Retail Round 1 Application Processing opening on September 3, 2019.

Using the checklist is not mandatory and is for informational purposes only.

- Confirm Social Equity Program Eligibility Verification Status
 - [Log in \(https://aca.accela.com/LADCR\)](https://aca.accela.com/LADCR) to the individual's Accela profile
 - Click "My Account."
 - Scroll down to "Contact Information"
 - Select Actions->View.
 - Check the "Social Equity Verification Status" textbox and ensure that it reads "SEP Tier 1 Qualified," "SEP Tier 2 Qualified," or "SEP Tier 1 and 2 Qualified."
- Know whether the proposed [Business Premises](#) ([//cannabis.lacity.org/licensing/phase-3-retail-round-1-3](https://cannabis.lacity.org/licensing/phase-3-retail-round-1-3)) is:
 - located outside of a Sensitive-Use Area
 - properly zoned
 - an Area of Undue Concentration.
- Know if the application is for Medical Retail and/or Adult-Use Retail
- Know Business Premises Address Information
- Prepare your [Required Application Documents](#) ([//cannabis.lacity.org/licensing/phase-3-retail-round-1-6](https://cannabis.lacity.org/licensing/phase-3-retail-round-1-6))
- Review & Submit the Phase 3 Retail Round 1 Application

See the sections below for additional information on each of these application elements.



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Phase 3 Retail Round 1 Required Application Documents

LAMC 104.06.01

([http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_104.06.1](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.06.1)) requires verified Social Equity Program

Applicants to submit several forms and documents to be eligible for Phase 3 Retail Round 1 Application Processing. The following three documents are not forms and must be prepared by the Applicant. These documents may be combined into one file and are required to be uploaded to the application.

- Executed lease agreement (with proof of a deposit), purchase agreement, or property deed for the Business Premises
- Business Premises diagram
- Any and all Equity Share information to demonstrate that a Tier 1 or Tier 2 Social Equity Applicant owns at least the minimum Equity Share required in the application

The following six documents are DCR forms which are required to be completed and uploaded to the application in Accela. In order to facilitate and streamline the Phase 3 Retail Round 1 application process, the forms have been combined into one document.

Click on "Combined DCR Forms

(<http://cannabis.lacity.org/sites/g/files/wph1171/f/Combined%20DCR%20Forms.pdf>)" to complete the fillable document. Applicants must save the completed document to their computer in order to be able to upload it to the application in Accela on September 3, 2019. The Combined DCR Forms document contains the following:

- Ownership and Financial Interest Holder Disclosure Form
- Financial Information Form
- Proposed Staffing and Security Plan Form
- Labor Peace Agreement Attestation
- Indemnification Agreement
- Radius Map Attestation (& instructions on how to create a radius map using ZIMAS)

Executed Lease, Property Deed or Purchase Agreement

An Applicant must submit an executed, binding lease, sublease, purchase agreement or property deed for its proposed business premises. Such agreements may contain an opt-out clause in the event an applicant is not eligible for Phase 3 Retail Round 1 application processing, or does not ultimately receive a Retail license. **DCR will not accept non-binding documents, such as letters of intent to lease or purchase a property.**

The lease, sublease, purchase agreement or property deed, must be in the legal name of the Applicant applying for the license.

An Applicant who has secured its business premises by a lease or sublease must also provide proof of deposit, which may be a nominal amount, by submitting a financial record that reflects the deposit, including but not limited to a copy of a check, money order, or financial institution document.

Business Premises Diagram

A business premises diagram must be submitted that meets the following requirements:

- The diagram shall be to scale;
- The diagram shall show the boundaries of the property and the proposed retail premises to be licensed, showing all boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways;
- If the proposed premises consists of only a portion of a property, the diagram must be labeled indicating which part of the property is the proposed premises;

The diagram does not need to provide any information not listed above, such as the placement of security cameras or specific descriptions of the types of activities that will take place in each area of the premises. For this part of the process, DCR is only concerned with areas of the premises that will be licensed for retail activity.

If the Applicant is eligible for further processing in Phase 3 Retail Round 1, they will later be required to submit a more detailed diagram that meets all of the requirements found in BCC Regulation Sec. 5006. At that time, Applicants will be permitted to amend the diagram as the build-out is completed.

Documents to Prove Compliance with Equity Share Requirements

- Applicants must provide DCR all business records and agreements necessary to demonstrate that the verified Social Equity Program Applicant maintains at least the minimum Equity Share in the Applicant (Business Entity) applying for Phase 3 Retail Round 1 Application Processing. These records will vary based upon the structure of the business seeking a license, but must include all business formation documents that have been executed.
- Accordinging to LAMC 104.20 ([http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_104.20.](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.20.)) (b), "Equity Share" means a share of all of the following:
 1. a business's profits, including dividends, distributions or other payments;
 2. the proceeds of a sale of a business' assets, liquidation of a business, merger of a business into another business, or another transaction that would constitute the end of an original business; and
 3. the voting rights on fundamental decisions relating to the business.
- Additionally, applicants must provide DCR all agreements or contracts any owners have entered into concerning the distribution of the business' profits, revenues, or the right to control the business, including but not limited to, subscription agreements, management agreements, loan agreements, and profit-sharing agreements. If DCR determines any of these executed agreements violate the Equity Share requirements, the applicant will have an opportunity to revise them at DCR's direction to come into compliance with the Equity Share requirements.
- For more information about Equity Share requirements, review the guidance (<http://cannabis.lacity.org/sites/g/files/wph1171/f/Social%20Equity%20Applicant%20Eligibility%20Verification%20-%20Equity%20Shares%20Guidance.pdf>) on DCR's website.
- Please note that Tier 1 applicants have priority processing priority over Tier 2 applicants (LAMC Sec. 104.06.1 ([http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_104.06.1.](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.06.1.))c)
 - The first 75 Tier 1 Applicants and the first 25 Tier 2 Applicants who meet the requirements of this subsection shall be eligible for further processing pursuant to Section 104.06 ([http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:la_all_mc\\$anc=JD_104.06.](http://library.amlegal.com/nxt/gateway.dll/California/lamc/municipalcode/chapterxbusinessregulations?f=templates$fn=default.htm$3.0$vid=amlegal:la_all_mc$anc=JD_104.06.)). If less than 75 Tier 1 Applicants meet the

requirements of this subsection, DCR may process additional Tier 2 applications, based upon the time and date of application submission, until DCR has identified 100 Tier 1 and Tier 2 Applicants who meet the requirements of this subsection.

Ownership and Financial Interest Holder Form

A completed Ownership and Financial Interest Holder Disclosure Form (<https://cannabis.lacity.org/sites/g/files/wph1171/f/Ownership%20Disclosure%20Form.docx.pdf>) (Form: DCR-LIC-001) must be submitted in the application. The form includes instructions on how to complete it. An Applicant may amend this form if its ownership structure or financial interest holders change during the application process (provided, of course, that all Social Equity Program ownership and equity share requirements are met). DCR suggests, but does not require, that an Applicant with a multi-level ownership structure attach a chart illustrating the ownership structure to this form.

Financial Information Form

A complete Financial Information Form (https://bcc.ca.gov/clear/financial_information_form.pdf) (Form: BCC-LIC-013) must also be submitted. This is the same form the California Bureau of Cannabis Control (BCC) requires for state license applications.

Proposed Staffing and Security Plans

Applicants must complete a proposed staffing and security plan form (<https://cannabis.lacity.org/sites/g/files/wph1171/f/Proposed%20Staffing%20and%20Security%20Plan.pdf>) provided by DCR. After Applicant has completed the build-out and made further progress in establishing operating procedures, a more detailed staffing and security plan must be submitted.

Labor Peace Agreement Attestation Form

Applicants must submit an executed [Labor Peace Agreement Attestation Form](https://cannabis.lacity.org/sites/g/files/wph1171/f/Labor%20Peace%20Agreement%20Attestation%20Form.pdf) (<https://cannabis.lacity.org/sites/g/files/wph1171/f/Labor%20Peace%20Agreement%20Attestation%20Form.pdf>).

Indemnification Agreement

Applicants must submit an executed [indemnification agreement](https://cannabis.lacity.org/sites/g/files/wph1171/f/DCR%20Indemnification%20Agreement_0.pdf) (https://cannabis.lacity.org/sites/g/files/wph1171/f/DCR%20Indemnification%20Agreement_0.pdf).

Radius Map

Applicants must provide a dated radius map including horizontal lines and labeling of any sensitive uses relative to a Retail License. This radius map can be either (i) a radius map prepared by a mapping or surveying company or (ii) a ZIMAS map prepared by the Applicant along with a [radius map attestation](https://cannabis.lacity.org/sites/g/files/wph1171/f/Radius%20Map%20Attestation.pdf) (<https://cannabis.lacity.org/sites/g/files/wph1171/f/Radius%20Map%20Attestation.pdf>).

For information on how to use ZIMAS to complete this requirement please find instructions [here](https://cannabis.lacity.org/sites/g/files/wph1171/f/Radius%20Map%20Instructions.pdf) (<https://cannabis.lacity.org/sites/g/files/wph1171/f/Radius%20Map%20Instructions.pdf>).



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Phase 3 Retail Round 1 Application FAQ

DCR has received numerous questions about Phase 3 Retail Round 1 Processing. Below are some of our most frequently asked questions and their answers. If you have a question that is not listed here, please reach out to DCR, available by email at cananbis@lacity.org (<mailto:cananbis@lacity.org>), by phone at (213)-978-0738, and by visiting our public counter which is open Monday through Friday from 9 a.m. to 4 p.m.

Question: Can I *PREPARE* the required application forms and documents that are required to be uploaded as a part of the Phase 3 Retail Round 1 Application prior to September 3rd?

Answer: Yes. Applicants are encouraged to review our [Phase 3 Retail Round 1 Application Checklist](https://cannabis.lacity.org/sites/g/files/wph1171/f/P3R1Checklist.pdf) ([//cannabis.lacity.org/sites/g/files/wph1171/f/P3R1Checklist.pdf](https://cannabis.lacity.org/sites/g/files/wph1171/f/P3R1Checklist.pdf)) and prepare required application information and documents ([//cannabis.lacity.org/licensing/phase-3-retail-round-1-6](https://cannabis.lacity.org/licensing/phase-3-retail-round-1-6)) in advance of the start of the Phase 3 Retail Round 1 application submission window on September 3rd.

Question: Can I *UPLOAD* the required application forms and documents for Phase 3 Retail Round 1 to my Accela account prior to September 3rd?

Answer: No. All documents must be uploaded during the application process which will begin at 10:00 a.m. on Tuesday, September 3, 2019.

Question: Why can't I log into my Accela account?

Answer: On Wednesday, August 28, the Accela application portal was taken offline for scheduled maintenance in preparation for the Phase 3 Retail Round 1 application window.

Question: How should information on the [Online Licensing Map](https://cannabis.lacity.org/licensing/licensing-map) ([//cannabis.lacity.org/licensing/licensing-map](https://cannabis.lacity.org/licensing/licensing-map)) be interpreted?

Answer: This map is for informational purposes only. The information displayed in this map is collected from sources outside of DCR's control, such as other government agency websites, and is subject to change without notice. An applicant or potential applicant should not rely on the information on this map for confirmation that its proposed business premises meets the City's zoning, sensitive-use, or undue concentration restrictions, or other regulations as established by local law.

If DCR makes an initial determination that an applicant's business premises is within a 700-foot radius of a sensitive-use, it will review the applicant's radius map and allow the applicant to submit other evidence to demonstrate compliance with the City's sensitive-use restrictions.

Question: Will DCR review an applicant's application materials before they are submitted on September 3rd?

Answer: No. DCR does not review or pre-approve applications or application material. It is the responsibility of the applicant to make sure their application is complete at the time of submittal.

Question: Do I get priority over other applicants if I have been holding onto a property longer than other applicants?

Answer: No. While Phase 3 Retail Round 1 Processing was established in consideration of many stakeholders who may have been holding onto property for a considerable amount of time, all applications in Phase 3 Retail Round 1 will be processed on a first-come, first-served basis.

Question: Do I have to apply for Phase 3 Retail Round 1 Processing in the areas identified as Disproportionately Impacted Areas in the City's Social Equity Analysis?

Answer: No. You can apply for Phase 3 Retail Round 1 Processing anywhere that meets the City's zoning and sensitive use restrictions.

Question: Will applicants be scored on a point system?

Answer: Applications for Phase 3 Retail Round 1 Processing will be reviewed on a first-come, first-served basis with the first 100 applications that meet all applicable requirements being eligible for further processing. Applicants are not scored on a point system.

Question: Will an applicant who applied for eligibility verification, but who has yet to be verified as a Tier 1 and/or Tier 2 Social Equity Applicant, be able to submit additional eligibility verification application information at a later date in order to participate in future Retail and Delivery application processing opportunities?

Answer: DCR will notify prospective Social Equity Applicants who submitted eligibility verification applications of the process to seek further DCR review.

Question: Can I apply for Phase 3 Retail Round 1 Processing if my Business Premises is located in a Community Plan that has determined to be an area of Undue Concentration?

Answer: No. Applicants with Business Premises located in Areas of Undue Concentration are ineligible for Phase 3 Retail Round 1 Processing.

If your Business Premises is located in an Area of Undue Concentration, applicants must first receive a finding of Public Convenience or Necessity to have their Retail Type 10 License applications processed by DCR.

Question: If an applicant is not selected in Phase 3 Retail Round 1, can the applicant apply for future Retail and Delivery application processing opportunities afforded to verified Social Equity Applicants?

Answer: If an applicant is not selected in Phase 3 Retail Round 1, the applicant is free to apply for future Retail and Delivery application processing opportunities.

Question: Can I add non-retail activities at my Phase 3 Retail Round 1 location at a later date?

Answer: Yes, if your location meets all zoning, sensitive-use, undue concentration, and all other requirements as established by local law, you may apply to add non-retail activities once DCR opens the appropriate application window. Q

Question: When will the Delivery Pilot Program start?

Answer: The Delivery Pilot Program will start at a date to be determined by DCR.

Question: Is there a resource to assist applicants understand how to demonstrate that a Tier 1 or Tier 2 Social Equity Applicant owns at least the minimum Equity Share in the Applicant (Business)?

Answer: Yes. Please review [DCR's Equity Share Guidance Document](https://cannabis.lacity.org/sites/g/files/wph1171/f/Social%20Equity%20Applicant%20Eligibility%20Verification%20-%20Equity%20Shares%20Guidance.pdf) ([//cannabis.lacity.org/sites/g/files/wph1171/f/Social%20Equity%20Applicant%20Eligibility%20Verification%20-%20Equity%20Shares%20Guidance.pdf](https://cannabis.lacity.org/sites/g/files/wph1171/f/Social%20Equity%20Applicant%20Eligibility%20Verification%20-%20Equity%20Shares%20Guidance.pdf)) for information on how to demonstrate compliance with the Social Equity Program's Equity Share requirements.

Question: Can I apply as a sole proprietor?

Answer: Yes, you are free to apply as a sole proprietor.

Question: For required documents, are wet signatures required or is DocuSign acceptable?

Answer: Both wet signatures and DocuSign are acceptable.



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PLEASE NOTE: This list does not reflect an Applicant's compliance with Los Angeles Municipal Code (LAMC) Section 104.06.01(c) or an Applicant's compliance with the zoning and sensitive use requirements in LAMC Sections 104 and 105 *et seq.* Therefore, it does not establish or guarantee an Applicant's submission is eligible for further processing, a Temporary Approval, or an Annual License.

The information contained in the "Phase 3 Retail Round 1 Application Submissions" pdf document reflects Phase 3 Retail Round 1 (P3RR1) applications submitted during the 14-day application filing period. P3RR1 began on September 3, 2019 at 10:00 AM and ended on September 17, 2019 at 10:00 AM. The applications are listed in review order by submission date and timestamp. This list does not include Public Convenience or Necessity (PCN) requests for businesses with premises located in an area of Undue Concentration.

DCR is reviewing applications in submission order. Only applications which are complete and comply with LAMC Sections 104 and 105 *et seq.* will be considered. Pursuant to LAMC Section 104.06.1, the first 100 submitted applications that meet all requirements will be eligible for further processing. The initial application review process is currently ongoing but will conclude once DCR identifies the 100 applications eligible for further processing.

Click [here](https://cannabis.lacity.org/sites/g/files/wph1171/f/Phase%203%20Retail%20Round%201%20Application%20Submissions.pdf) to access the [Phase 3 Retail Round 1 Application Submissions](https://cannabis.lacity.org/sites/g/files/wph1171/f/Phase%203%20Retail%20Round%201%20Application%20Submissions.pdf) list.

To view a list of the 100 Phase 3 Retail Round One Social Equity applicants eligible for further processing click [here](https://www.cannabis.lacity.org/sites/g/files/wph1171/f/List%20of%20100%20Phase%203%20Retail%20Round%201%20Application%20Eligible%20for%20Further%20Processing%20-.pdf).



Department of Cannabis Regulation

Public Convenience or Necessity Application Process (PCN)



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[//cannabis.lacity.org/licensing/PCN/](https://cannabis.lacity.org/licensing/PCN/)

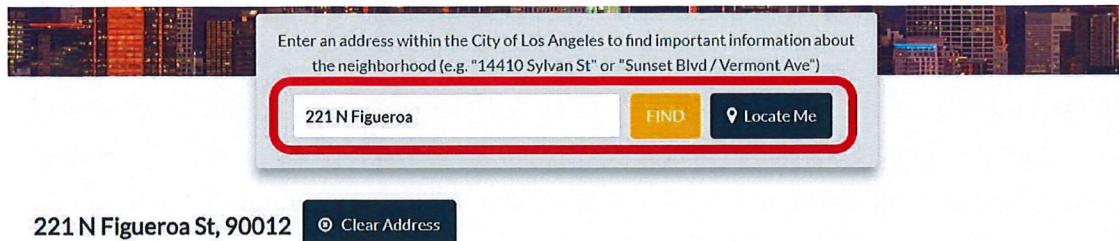
Undue Concentration and the PCN Process

The City of Los Angeles limits the number of Retail Licenses that can be issued in any given Community Plan Area. Once a Community Plan Area has reached this limit, the area is said to have met Undue Concentration.

Applicants must know whether or not their proposed Business Premises is located in a Community Plan Area that has reached Undue Concentration.

Applicants are encouraged to identify the Community Plan Area of their proposed Business Premises here: <https://neighborhoodinfo.lacity.org/> (<https://neighborhoodinfo.lacity.org/>)

An example of how to identify a location's Community Plan Area is provided below:



The screenshot shows a search interface for a business address. At the top, there is a text input field with placeholder text: "Enter an address within the City of Los Angeles to find important information about the neighborhood (e.g. "14410 Sylvan St" or "Sunset Blvd / Vermont Ave")". Below the input field is a red box containing the address "221 N Figueroa". To the right of the address are two buttons: a yellow "FIND" button and a dark blue "Locate Me" button with a location pin icon. Below the search bar, the address "221 N Figueroa St, 90012" is displayed, followed by a "Clear Address" button.

Elected Officials

Mayor of Los Angeles	Eric Garcetti
Los Angeles City Controller	Ron Galperin
Los Angeles City Attorney	Mike Feuer
City Council	District 14: Jose Huizar
County Supervisor	District 1: Hilda L. Solis
State Senate	District 24: Maria Elena Durazo
State Assembly	District 53: Miguel Santiago
US Congress	District 34: Jimmy Gomez
LAUSD Schoolboard	District 2: Mónica García

Regional Services

TV Service	Charter Spectrum - Hollywood/Wilshire
Trash Collection	Wednesday
Parking Enforcement Area Offices	Central
Transportation District Office	Central
LA Unified School District	Belmont

Planning / Construction

Community Planning Area	Central City
Engineering District	Central
Area Planning Commission	Central APC
Building and Safety	Check For Permits Check Code Enforcement

Public Safety

Neighborhood Prosecutor	Central
Neighborhood Fire Station	3
Community Police Station	Central
Red Flag Parking Zone	No

Currently, the following Community Plan Areas have reached Undue Concentration for Retail licenses:

- Boyle Heights
- Central City
- Central City North
- Harbor-Gateway
- Hollywood
- North Hollywood-Valley Village
- Sherman Oaks - Studio City-Toluca Lake-Cahuenga Pass
- Sun Valley - La Tuna Canyon
- Venice
- West LA

Applicants with a Business Premises in a Community Plan Area that has reached Undue Concentration are not eligible for Phase 3 Retail Round 1 Application Processing.

Instead, these Applicants must first receive a finding of **Public Convenience or Necessity** (PCN) from the Los Angeles City Council (City Council) before DCR can accept and process the application.

Applicants who identify their proposed Business Premises as being located in a Community Plan Area that has met Undue Concentration will automatically be routed to the PCN request process. The Applicant will be required to pay a \$1,499 PCN fee within 10 calendar days of receiving an invoice from DCR. If the fee is not paid within 10 calendar days, the PCN request is deemed abandoned. If the fee is timely paid, the PCN request will be transmitted to the Office of the City Clerk for City Council consideration. **PCN requests are not pending applications, do not receive a timestamp, and do not prevent another applicant from submitting a competing PCN request in the same area.**

DCR will not accept, review, or process any application from an Applicant located in area of Undue Concentration unless there is PCN finding from City Council.



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Disclaimer: Cannabis laws and policies in the City of Los Angeles and the State of California are subject to change. Please check this site regularly for new or modified information.



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CANNABIS
REGULATION

Department of Cannabis Regulation

Public Convenience or Necessity Application Process (PCN)



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<https://cannabis.lacity.org/licensing/PCN-1>

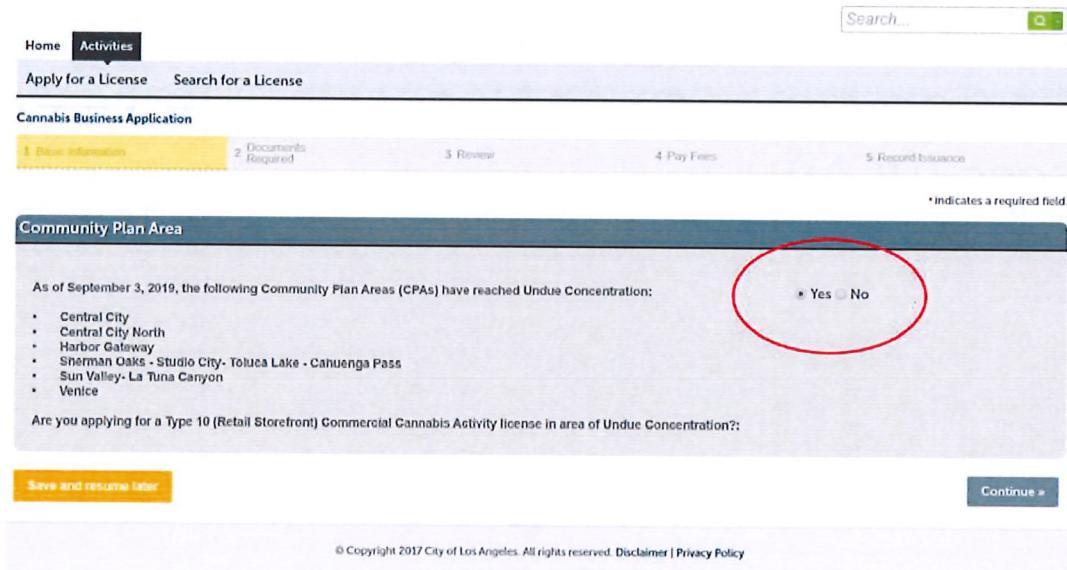
[Request a PCN
Finding](#)

[PCN FAQs](#)
<https://cannabis.lacity.org/licensing/PCI>

Steps to request a PCN Finding

1. Verified Social Equity Program Applicants may log into their [Accela Citizen Access](https://aca.accela.com/LADCR/Default.aspx) account (<https://aca.accela.com/LADCR/Default.aspx>) and Select "Apply for a License" under the "Activities" tab.
2. Applicant responds "Yes" to the question regarding Areas of Undue Concentration, completes the process as directed, including uploading documents, then submitting the PCN request. Upon completion, a record number will be issued.

- Illustrated below is a screenshot of the first question you must answer to be directed to the PCN process. Failure to select "Yes" will route applicants to the Phase 3 Retail Round 1 application and applicants applying for Phase 3 Retail Round 1 whose premises is in an area of undue concentration will automatically have their applications deemed ineligible.



The screenshot shows a step-by-step application process. The current step is 'Community Plan Area'. It asks if the applicant is applying for a Type 10 (Retail Storefront) Commercial Cannabis Activity license in an area of Undue Concentration. The 'Yes' radio button is selected and highlighted with a red circle. The 'No' radio button is also present. The page includes a list of CPAs that have reached undue concentration, a 'Save and resume later' button, and a 'Continue »' button.

3. DCR staff will conduct a cursory review of the information provided. If no immediate disqualifiers are identified, a PCN Request Fee invoice will be issued to the Applicant.
4. Applicant must pay the PCN Request Fee of \$1,499 at the Office of Finance within 10-days of the date of the invoice date.
5. Within two business days of payment, the Applicant will be able to complete the PCN Request Form; DCR will forward the completed PCN Request Package to the City Clerk to be assigned a Council File Number (CFN) within the City's Council File Management System (<https://cityclerk.lacity.org/lacityclerkconnect/index.cfm>).
6. Once the request is assigned a CFN, the Applicant will have five days to provide any supporting documentation to DCR which will be forwarded to the City Clerk and uploaded to the Applicant's CFN. The Applicant is encouraged to subscribe via email for updates to the assigned CFN, so they will know when their request is scheduled before the City Council.



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<https://cannabis.lacity.org/licensing/PCN-1> <https://cannabis.lacity.org/licensing/PCN-2>

[PCN FAQs](#)

Type 10 Retail License Processing in Areas of Undue Concentration FAQs

Question: Will I be able to apply for a Type 10 Retail License if my Business Premises is located in a geographic area of Undue Concentration on or after September 3, 2019?

Answer: Yes. DCR will process Type 10 Retail Licenses for Applicants who meet the following requirements:

1. Applicant must have been verified as a Tier 1 and/or Tier 2 Applicant during the 60-day pre-vetting window;
2. Applicant must submit the same documents as required for Phase 3 Retail Round 1 Processing;
3. The business premises must comply with zoning and sensitive use location requirements; and
4. The City Council makes a finding or deems to have found that approval would serve public convenience or necessity ("PCN Finding").

Question: If the City Council approves my PCN request, will my application for Type 10 Retail Licenses be processed on a first-come, first-served basis?

Answer: Yes. These applications will be processed on a first come, first served basis determined by the date and time the application is submitted to DCR through Accela. Therefore, Applicants should submit their applications for Type 10 Retail Licenses immediately after the City Council's decision is issued.

Question: How do I request a PCN Finding from City Council?

Answer: Beginning on September 3, 2019, Applicants who are seeking a PCN Finding from City Council must follow the following instructions:

1. Log Into Accela and Select the "Apply for a License;"
2. Answer the question regarding Areas of Undue Concentration with a "Yes" and complete the process as directed, which includes uploading documents ([//cannabis.lacity.org/licensing/phase-3-retail-round-1-6](https://cannabis.lacity.org/licensing/phase-3-retail-round-1-6)). Accela will issue a record number, LA-P-19-310__-R-APP;
3. DCR will conduct a cursory review of the information provided and will send an invoice for the PCN Request Fee to the Applicant.
4. Pay PCN Request Fee of \$1,499 at the Office of Finance within 10 days of the date of the invoice date;
5. Take the receipt of payment to DCR. At that time, the Applicant will be able to complete the PCN Request Form;
6. DCR will forward the PCN Request Package to the City Clerk to be agendized before the City Council.

Please note that this process is not an application for a commercial cannabis license. If and when the City Council finds that approval of the application serves the public convenience or necessity, the applicant will have to complete an application for a Type 10 Retail License with DCR.

Question: What happens if I don't pay the PCN request fee within the 10 days allotted by DCR?

Answer: DCR will abandon the request for PCN Finding in Accela and the Applicant will have to begin the process again. The Office of Finance will not be able to accept payment after the 10 day payment window.

Question: What happens after the PCN request is routed to the City Clerk?

Answer: The City Clerk will assign a Council File Number (CF) to the PCN request or "Item." The City Council has 90 business days from receipt to either approve or deny the PCN request based upon evidence in the record. If the City Council does not make a

determination within the allotted time, the PCN request is deemed approved in accordance with law.

Question: What happens if the City Council approves my request for PCN Finding?

Answer: The Applicant may now continue to apply for a Type 10 Retail License through Accela. In order to be able to proceed with the application process, the Council File Number assigned to the item by the City Clerk will need to be entered into Accela. DCR staff will review each Type 10 Retail License Application in the order received.

Question: What happens if the City Council denies my request for a PCN Finding?

Answer: Unfortunately, without a finding of public convenience or necessity from City Council, DCR is unable to process the application.

Question: Can anyone apply for a PCN Finding?

Answer: No. At this time only verified Social Equity Program Applicants who applied for pre-vetting during the 60-day window (May 28, 2019 to July 29, 2019) can request a PCN Finding in order to comply with Social Equity Program processing ratios.

Question: Where do I pay the PCN Request fee?

Answer: The invoice and payment must be taken to the Office of Finance. Applicants with cash payments in excess of \$1,000 are required to make an appointment for payment at Los Angeles City Hall, located at 200 N. Spring Street, Room 101, Los Angeles, CA 90012.



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Disclaimer: Cannabis laws and policies in the City of Los Angeles and the State of California are subject to change. Please check this site regularly for new or modified information.



Get verified as an Equity Applicant

Equity Applicants must be verified by the Office of Cannabis before applying for a cannabis business permit.

Cost

No cost to apply for an initial permit. You will pay \$5000 for renewals in future years.

Equity conditions

You must meet some requirements that involve residency, income, cannabis arrests, and housing insecurity.

What to do

1. Check if you meet the eligibility criteria

You must have household assets below a certain level. For example, if you have 3 people in your household, you cannot have more than \$249,000 in any

savings, checking, or investment accounts. [See details about household asset requirements.](#)

Generally, you must meet at least 3 of these conditions:

- Have been arrested for cannabis offenses, including as a juvenile
- Have a close relative who was arrested for cannabis offenses, including as a juvenile
- Lost housing in San Francisco through eviction, foreclosure or subsidy cancellation
- Attended school in the San Francisco Unified School District for 5 years
- Lived in San Francisco census tracts for 5 years, where at least 17% of households were at or below the federal poverty level
[Check the map](#)
- Have a household income below 80% of the Area Median Income (AMI) in San Francisco in 2018

The following are 80% AMI by household size in 2018:

- For 1 person, \$66,300
- For 2 people, \$75,750
- For 3 people, \$85,250
- For 4 people, \$94,700
- For 5 people, \$102,300
- For 6 people, \$109,900
- For 7 people, \$117,450
- For 8 people, \$125,050
- For 9 people, \$132,600

[See detailed checklist](#)

2. Gather your documents

You will need to have proof of [household assets](#), household debts, and how you meet equity conditions.

You can upload pictures you've taken of documents. If you are uploading pictures, make sure the photos are clear so we can read it.

You can also give the Office of Cannabis your documents in person.

3. Get verified as an Equity Applicant

[Apply now](#)

We will review the documents that you submit.

After you are verified

1. We will send you your unique Equity Applicant ID number.
2. Determine what ownership percentage and role you intend to hold.
3. Get free legal help from the Cannabis Law Committee of the Bar Association of San Francisco, if you want. Ask the Office of Cannabis to get matched.
4. Partner with an incubator business if you want. Check the [list of Equity Incubators](#) and what kind of support they offer.
5. See what you need to do when [applying for a cannabis business permit](#).
6. We will send you a link for part 1 of the permit application. You'll need to use your unique Equity Applicant ID number to apply.
7. Apply for a Cannabis Business Permit, Part 1.

Equity Applicant

To be eligible for the Equity Program, you must meet the requirements below and get verified as an Equity Applicant.

GET VERIFIED

<https://sfgovofficeofcannabis.forms.fm/get-verified-as-an-equity-applicant>

Steps to become an Equity Applicant

1. Check to see if you meet the eligibility criteria
<https://housing.sfgov.org/equity/applicant#equity-conditions>
.
2. Get verified
<https://sfgovofficeofcannabis.forms.fm/get-verified-as-an-equity-applicant>
as an Equity Applicant.
3. If we verify you as an Equity Applicant, we will send you your unique Equity Applicant ID number.
4. Determine what ownership percentage and role you intend to hold. The Office of Cannabis will need to verify this submitted information as part of the application review process.
5. Partner with an incubator business if you want, following the rules for incubation
<https://housing.sfgov.org/equity-incubator-requirements>
.
6. Use the Cannabis Business Permit Application (part 1) Checklist
<https://housing.sfgov.org/requirements/checklist>

to gather all the required documentation for your application.

7. The Office of Cannabis will send you a link for part 1 of the permit application. You'll need to use your unique Equity Applicant ID number to apply.
8. Apply for a Cannabis Business Permit (part 1).

For more information on equity incubation, email officeofcannabis@sfgov.org
<https://housing.sfgov.orgmailto:officeofcannabis@sfgov.org>

Equity Applicant requirements

To qualify as an Equity Applicant you must:

- apply as a person, not a company
- have net assets below established limits for each household. This means you will not qualify as an Equity Applicant if your 1 person household has net assets over \$193,500. See [Equity verification requirements](https://sfgovofficeofcannabis.forms.fm/get-verified-as-an-equity-applicant)
<https://sfgovofficeofcannabis.forms.fm/get-verified-as-an-equity-applicant> for asset limits of larger households.
- be one of the following:
 - the business owner
 - own at least 40% of the business and be the CEO
 - own at least 51% of the business
 - a board member of a non-profit cannabis business where most of the board also qualify as Equity Applicants
 - an individual with a membership interest in a cannabis business formed as a cooperative

Equity conditions

You must also meet at least 3 of the 6 equity conditions:

1.

Have a household income below 80% of the average median income (AMI) in San Francisco for 2018. This amount is calculated based on how many people are in your household.

- 1 person household: \$64,550 or less
- 2 person household: \$73,800 or less

See Equity verification requirements

<https://sfgovofficeofcannabis.forms.fm/get-verified-as-an-equity-applicant>
for larger households' AMI.

2.

Have been arrested for or convicted of the sale, possession, use, manufacture, or cultivation of cannabis (including as a juvenile) from 1971 to 2016

3.

Have a parent, sibling or child who was arrested for or convicted of the sale, possession, use, manufacture, or cultivation of cannabis (including as a juvenile) from 1971 to 2016

4.

Lost housing in San Francisco after 1995 through eviction, foreclosure or subsidy cancellation

5.

Attended school in the San Francisco Unified School District for a total of 5 years from 1971 to 2016

6.

Have lived in San Francisco census tracts for a total of 5 years from 1971 to 2016 where at least 17% of the households had incomes at or below the federal poverty level

CHECK MAP

<http://sfgov.maps.arcgis.com/apps/InformationLookup/index.html?appid=ab20f95c88a24d13bfb7ea0eabd4b1c1>



For more information,

CONTACT US

[https://housing.sfgov.orgmailto:officeofcannabis@sfgov.org](mailto:officeofcannabis@sfgov.org)

San Francisco Office of Cannabis
<https://housing.sfgov.org/home>



SAN FRANCISCO OFFICE OF CANNABIS

Equity Applicant form - Get verified as an Equity Applicant

You can go through the form without submitting documents to see if you might be an Equity Applicant.

Before submitting the form, you will need to upload proof of:

- household assets
- household debts
- how you meet 3 of the 6 equity criteria

You can upload scans or pictures you've taken of documents. If you are uploading pictures, make sure the photos are clear so we can read the document.

You may also submit your documents in person:

San Francisco Office of Cannabis
1 Dr Carlton B Goodlett Pl # 18,
San Francisco, CA 94102

The Equity Program is the primary pathway through which new businesses can apply for cannabis business permits in San Francisco.

The Office of Cannabis will review the documents that you submit, and let you know if you are verified.

If the Office of Cannabis verifies you as an Equity Applicant, you are still required to meet ownership requirements in order to apply for a Cannabis Business Permit.

CONTACT EMAIL

officeofcannabis@sfgov.org

Chapter 49 CANNABIS EQUITY PROGRAM

Sections:

5-49.01 Purpose.

5-49.02 Definitions.

5-49.03 Creation of the Watsonville cannabis equity program.

5-49.04 Eligibility criteria.

5-49.05 Equity program benefits.

5-49.06 Severability.

5-49.01 Purpose.

The purpose of the chapter is to provide for administering a cannabis equity program in the City of Watsonville and in particular to mitigate the barriers to equity within the commercial cannabis market place for populations that were negatively or disproportionately impacted by cannabis criminalization and for pursuing aid from compassionate cannabis care programs.

This chapter is not intended to conflict with Federal or State law. It is the intention of the City that this chapter be interpreted to be compatible with Federal and State enactments and in furtherance of the public purpose that those enactments encompass.

(§ 1, Ord. 1381-19 (CM), eff. March 26, 2019)

5-49.02 Definitions.

As used in this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

(a) "Applicant" shall mean the person or entity submitting an application for eligibility to participate in the equity program.

(b) "Cannabis" shall mean all parts of the plant Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, as defined under Business and Professions Code Section 19300.5(f), as may be amended.

(c) "Commercial cannabis business" shall mean a licensed cannabis cultivation, distribution, manufacturing or retail business located in the City of Watsonville.

(d) "Equity program" shall mean the cannabis equity program created by this chapter.

(e) "License" shall mean the written evidence of permission given by the licensing official for a licensee to operate a commercial cannabis business. "License" does not mean "permit" within the meaning of the Permit Streamlining Act, and a license does not constitute a permit that runs with the land on which a dispensary sits.

(f) "Licensee" shall mean the person or entity holding a valid license to operate a commercial cannabis business under this chapter.

(g) "Licensing official" shall mean the official appointed by the City Manager who is responsible for implementing the provisions of this chapter.

(§ 1, Ord. 1381-19 (CM), eff. March 26, 2019)

5-49.03 Creation of the Watsonville cannabis equity program.

(a) There is hereby created the Watsonville cannabis equity program. The program shall be operated by the licensing official.

(b) The licensing official shall take the necessary steps to build and manage the equity program. This includes, but is not limited to, accomplishing the following tasks in compliance with this chapter:

- (1) Create grant application forms for new commercial cannabis businesses;
- (2) Approve and deny grant equity program applications;
- (3) Create and conduct workshops for applicants on various technical aspects of commercial cannabis businesses regulatory compliance;
- (4) Establish methods to provide direct technical assistance to applicants and licensees, such as, for example: cultivation, manufacture, testing, dispensary (retailer), delivery and microbusiness;
- (5) Create a system to administer fee waivers for cannabis-related use permits and business licenses;
- (6) Create a system to provide direct assistance in paying State regulatory and licensing fees and appropriate capital investment for program participants;
- (7) Assist applicants and licensees securing business locations before or during the use permit and cannabis business license process;
- (8) Establish and/or recommend adoption of any policies, procedures, rules, or regulations, necessary to implement the program; and
- (9) Work with other officials in the City to ensure that applicants and licensees comply with all aspects of the Municipal Code.

(§ 1, Ord. 1381-19 (CM), eff. March 26, 2019)

5-49.04 Eligibility criteria.

(a) Eligibility for the equity program shall be limited to applicants or operators of licensed commercial cannabis businesses who can demonstrate that they, their employees, or their customers meet at least three (3) of the following nine (9) standards:

- (1) Have been negatively impacted in a disproportionate way by cannabis criminalization and can demonstrate what they have done and will do to address such negative impacts, including but not limited to supporting compassionate care programs within the community (defined as the jurisdictional territory of the Pajaro Valley Unified School District);
- (2) Reside within boundaries of the Pajaro Valley Unified School District;
- (3) Attended school in the Pajaro Valley Unified School District for a total of five (5) years from 1971 to 2016;
- (4) Are economically disadvantaged, which may be demonstrated, for example, by being adjudicated bankrupt under Chapters 7, 11, 12 or 13 of the United States Bankruptcy Code, by losing their primary residence through a judicial or nonjudicial foreclosure after 2005, or have otherwise been involuntarily displaced from their primary residence since 2005 such as by eviction or subsidy cancellation;
- (5) Are twenty-five (25%) percent "day-to-day" women supervised and women owned businesses;
- (6) Have a household income below eighty (80%) percent of the average median income (AMI) for 2017 based on the number of people in your household;
- (7) Have lived in a census tract within the community (defined as the jurisdictional territory of the Pajaro Valley Unified School District) at least five (5) years between 1971 and 2016 where at least seventeen (17%) percent of the households had incomes at or below the Federal poverty level;
- (8) Have been arrested for or convicted of the sale, possession, use, manufacture, or cultivation of cannabis (including as a juvenile) from 1971 to 2016; or
- (9) Have a parent, sibling or child who was arrested for or convicted of the sale, possession, use, manufacture, or cultivation of cannabis (including as a juvenile) from 1971 to 2016.

(b) For purposes of subsection (a) of this section, "compassionate care programs" include, but are not limited to:

- (1) Programs which provide free or discounted cannabis to medical cannabis patients and primary caregivers; and/or
- (2) Programs which provide palliative and/or end of life care for medical cannabis patients.

(§ 1, Ord. 1381-19 (CM), eff. March 26, 2019)

5-49.05 Equity program benefits.

Assistance programs for equity program licensees will include:

- (a) Workshops to gain a better understanding of various technical aspects of compliance with local and State regulations;
- (b) Direct technical assistance with all categories and levels of State and local licensing issues, including but not limited to:
 - (1) Assistance with technical aspects of local permit application drafting;
 - (2) Training on and direct assistance in applying for air district permits, hazardous materials business permits, State Water Board permits and other permits and programs to be identified by the licensing official;
- (c) Fee waivers for use permits and cannabis business licenses;
- (d) Direct assistance paying for State licensing and regulatory fees; and
- (e) Assistance from the Community Development Director with securing business locations prior to or during the use permit and cannabis business license process.

(§ 1, Ord. 1381-19 (CM), eff. March 26, 2019)

5-49.06 Severability.

If any section, subdivision, paragraph, sentence, clause or phrase of the ordinance codified in this chapter is for any reason held to be unconstitutional or invalid, such a decision shall not affect the validity of the remaining portion of the ordinance. The Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase of the ordinance codified in this chapter irrespective of the unconstitutionality or invalidity of any other section, subdivision, subsection, paragraph, sentence, clause or phrase of the ordinance codified in this chapter.

(§ 1, Ord. 1381-19 (CM), eff. March 26, 2019)

The Watsonville Municipal Code is current through Ordinance 1403-20 (CM), passed April 28, 2020.

Disclaimer: The City Clerk's Office has the official version of the Watsonville Municipal Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

City Website: <https://www.cityofwatsonville.org/>

City Telephone: (831) 768-3040

Code Publishing Company

RESOLUTION NO. 2019-15

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COACHELLA, CALIFORNIA REGARDING AUTHORIZING THE IMPLEMENTATION OF THE CANNABIS SOCIAL EQUITY PROGRAM AND ADOPT A ZERO-DOLLAR FEE FOR PROGRAM PARTICIPANTS

WHEREAS, on January 27, 2016, the City Council passed and adopted Ordinance No. 1083, which established a regulatory permit process for medical cannabis cultivation, manufacturing, distribution, testing and transportation facilities; and

WHEREAS, on November 8, 2016, the People of the City of Coachella passed, approved and adopted Ordinance No. 1101 “Measure II”, which established a tax on cannabis business operations within the City of Coachella; and

WHEREAS, on November 9, 2016, California voters approved Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act (“AUMA”); and

WHEREAS, on April 26, 2017, the City Council passed and adopted Ordinance No. 1103, which established amendments to the City’s municipal code and regulations for the industrial park overlay zone; and

WHEREAS, on June 27, 2017, Senate Bill 94, signed by the Governor, reconciled the standards for medical marijuana with the standards for adult-use cannabis activity under a single law, entitled Medical and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”); and

WHEREAS, on July 12, 2017, the City Council passed and adopted Ordinance No. 1108 and 1109, which established amendments to the City’s municipal code and regulations to allow commercial cannabis activity zoning and regulatory permits; and

WHEREAS, on February 14, 2018, the City Council passed and adopted Ordinance No. 1115, which established and regulated the retail cannabis overlay zone; and

WHEREAS, Staff has developed the attached, Cannabis Social Equity Program (“Program”), set forth in (“Exhibit A”). The Program is designed to assist individuals who have been negatively impacted by the disproportionate enforcement of cannabis-related crimes by providing them assistance and opportunity to participate in the cannabis industry; and

WHEREAS, the Program will contribute to the City cannabis tax revenue and support the revitalization of neighborhoods and new businesses development through the reinvestment of funds and the establishment of business owned by Program participants.

WHEREAS, the Program will have access to various resources and support for the development of cannabis-related business plans, workforce development and business education, job training, mentoring, technical assistance, regulatory compliance, priority processing of Program applicants permit applications, and assistance with the expungement of criminal

records; and

WHEREAS, Program participants will benefit from a zero-dollar fee for cannabis permit fees, The City may set fees at less at less than full recovery to ensure program access and viability;

WHEREAS, the Program may be revised at the direction of the City Council and will be contingent on grant funding authorized by the California Equity Act of 2018; and

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the City Council of the City of Coachella, as follows:

Section 1. Incorporation of Recitals. The City Council hereby finds and determines that the foregoing Recitals of this Resolution are true and correct and hereby incorporated into this Resolution as though fully set forth herein.

Section 2. This resolution establishes and adopts the two-year pilot Cannabis Social Equity Program (“Exhibit A”).

Section 3. City staff will continue to monitor and evaluate the Program to address any disparate, negative impacts of cannabis-related regulations and enforcement within the City of Coachella.

Section 4. The City Manager, or the City Manager’s designee, is authorized to select a vendor to facilitate the Program on behalf of the City through the City’s competitive selection process in accordance with the City Municipal Code.

Section 5. The City Manager, or the City Manager’s designee, is authorized to make amendments that are not substantive to the Program. Substantive amendments must be approved by resolution of the City Council.

Section 6. The fee for cannabis business permits for qualified Program participants shall be zero dollars (\$0). This fee shall expire upon the expiration of the Program.

Section 7. Excess revenue from cannabis-related business operations tax shall be utilized to recover the associated cost of processing business permits for qualified Program participants by the City.

Section 8. Exhibit A is part of this resolution.

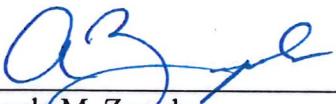
Section 9. The resolution shall be effective on March 28, 2019.

PASSED, APPROVED and ADOPTED this 27th day of March 2019.



Steven A. Hernandez
Mayor

ATTEST:



Angela M. Zepeda
City Clerk

APPROVED AS TO FORM:



Carlos Campos
City Attorney

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF COACHELLA)

I HEREBY CERTIFY that the foregoing Resolution No. 2019-15 was duly adopted by the City Council of the City of Coachella at a regular meeting thereof, held on the 27th day of March, 2019 by the following vote of Council:

AYES: Councilmember Bautista, Councilmember Beaman Jacinto, Councilmember Gonzalez, Mayor Pro Tem Martinez, and Mayor Hernandez.

NOES: None.

ABSENT: None.

ABSTAIN: None.

Andrea J. Carranza
Andrea J. Carranza, MMC
Deputy City Clerk

RESOLUTION NO. 2020-23

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COACHELLA, CALIFORNIA, ESTABLISHING REVISED SELECTION CRITERIA TO BE USED DURING THE REVIEW OF CONDITIONAL USE PERMITS FOR CANNABIS RETAILERS AND RETAIL MICROBUSINESSES (ROUND #2) WITHIN SUBZONE #1 (PUEBLO VIEJO), #3 (DILLON ROAD), #4 (WRECKING YARD), OR #5 (INDUSTRIAL PARK) OF THE CITY.

WHEREAS, pursuant to the authority granted to the City of Coachella (“City”) by Article XI, Section 7 of the California Constitution, the City has the police power to regulate the use of land and property within the City in a manner designed to promote public convenience and general prosperity, as well as public health, welfare, and safety; and,

WHEREAS, adoption and enforcement of comprehensive zoning regulation and other land use regulations lies within the City’s police powers; and,

WHEREAS, in November 2016, voters approved Proposition 64, otherwise known as the Control, Regulate, Tax Adult Use of Marijuana Act (“AUMA”) which legalized the adult use of cannabis and created a statutory framework for the state to regulate adult use of cannabis. Senate Bill 94, adopted on June 27, 2017, reconciled standards for medical cannabis with the standards for adult use cannabis activity under a single law, entitled Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”); and,

WHEREAS, MAUCRSA retains the provisions in the MCRSA and the AUMA that granted local jurisdictions control over whether non-commercial and commercial cannabis activities could occur in a particular jurisdiction. Specifically, California Business and Professions Code section 26200 provides that MAUCRSA shall not be interpreted to supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances that completely prohibit the establishment or operation of one or more businesses licensed under the state licensing authority and shall not approve an application for a state license for a business to engage in commercial cannabis activity if approval by the state license will violate the provisions of any local ordinance or regulation. State licensing authorities began issuing licenses to cannabis businesses beginning January 1, 2018; and,

WHEREAS, MAUCRSA establishes a regulatory structure for cultivation, processing, manufacturing, tracking, quality control, testing, inspection, distribution, and retail sale of commercial cannabis, including medicinal and adult-use cannabis. The Act designates applicable responsibilities for oversight of cannabis commerce to several State agencies; and,

WHEREAS, the City Council of the City of Coachella, California (“City Council”), did on the 8th day of May, 2019 and on the 26th day of June, 2019, held duly noticed public hearings

to consider changes to the City of Coachella Municipal Code (“Code”), and adopted Ordinance Nos. 1140 establishing retail and personal cannabis regulations and a conditional use permit review process; and,

WHEREAS, Ordinance 1140 amends Title 17 (Zoning), Chapters 17.34, 17.46, 17.47, 17.84, and 17.85 to (i) comply with current City policies and State law; (ii) to allow additional cannabis retail businesses in the City; (iii) to designate additional areas in the City where cannabis retail businesses may operate; and,

WHEREAS, the City has established five new subzones where cannabis will be allowed. These subzones are identified geographically as part of Ordinance No. 1140 as follows: Subzone #1 (Modified Downtown/Pueblo Viejo Area); Subzone #2 (Expanded Glenroy Resort Area); Subzone #3 (Dillion Road Area); Subzone #4 M-W (Wrecking Yard Area); and Subzone #5 MS-IP (Industrial Park Area); and,

WHEREAS, the City Council directed staff to establish a selection criteria that allowed for Sub-Zone #1 (Downtown/Pueblo Viejo) applicants in Round #1 to participate without a competitive process including an allowance to relocate the business from its approved Round #1 location, and to establish new criteria for applicants within Sub-Zones #2 (Glenroy Resort), #3 (Dillion Road), #4 (M-W, Wrecking Yard Area), and #5 (MS-IP, Industrial Park) to be used for retailers and retail microbusinesses during the conditional use permit process in Round #2 to ensure that only qualified operators are permitted in the City and to provide a basis for prioritizing applicants should the number of applicants exceed the number or locations of available conditional use permits; and,

WHEREAS, on October 9, 2019 the City Council adopted Resolution No. 2019-51 establishing the new selection criteria for review of retailers and retail microbusinesses during the conditional use permit process to ensure that only qualified operators are permitted in the City and to provide a basis for prioritizing applicants should the number of applicants exceed the number or locations of available conditional use permits; and,

WHEREAS, on March 11, 2020, April 22, 2020, and May 13, 2020 the City Council gave staff direction to revise the new selection criteria previously adopted by Resolution No. 2019-51.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COACHELLA DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Adoption of Recitals. The City Council hereby adopts the foregoing recitals as its findings in support of the following regulations and further finds that the following revised regulations to establish selection and prioritization criteria for retailers and retail microbusinesses are beneficial and appropriate to protect the health, safety and welfare of the residents and businesses of the City of Coachella.

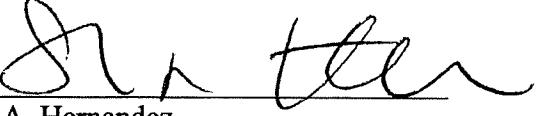
SECTION 2. Adoption of Revised Selection Criteria. The City Council hereby adopts the revised selection criteria set forth in Exhibit "A," attached hereto, to review retailer applicants through the conditional use permit process.

SECTION 3. Severability. If any section, subsection, subdivision, paragraph, sentence, clause, or phrase in this resolution or related ordinances or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this resolution or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof irrespective of the fact that any one (1) or more subsections, subdivisions, paragraphs, sentences, clauses, or phrases be declared unconstitutional, or invalid, or ineffective.

SECTION 4. Immediate Effect. This Resolution shall take effect immediately upon its adoption by the City Council, and the Clerk of the Council shall attest to and certify the vote adopting this Resolution.

SECTION 5. Supersession. This Resolution hereby annuls, repeals, and replaces in its entirety, the new selection criteria previously approved by City Council as part of Resolution No. 2019-51.

PASSED, APPROVED and ADOPTED this 27th day of May 2020.

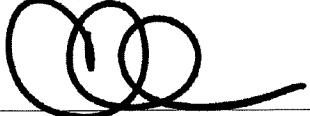

Steven A. Hernandez
Mayor

ATTEST:



Angela M. Zepeda
City Clerk

APPROVED AS TO FORM:

A handwritten signature consisting of three interlocking circles and a long, sweeping line extending to the right.

Carlos Campos
City Attorney

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF COACHELLA)

I HEREBY CERTIFY that the foregoing Resolution No. 2020-23 was duly adopted by the City Council of the City of Coachella at a regular meeting thereof, held on the 27th day of May 2020, by the following vote of Council:

AYES: Councilmember Bautista, Councilmember Beaman Jacinto, Councilmember Gonzalez, Mayor Pro Tem Martinez and Mayor Hernandez.

NOES: None.

ABSENT: None.

ABSTAIN: None.

Andrea J. Carranza
Andrea J. Carranza, MMC
Deputy City Clerk

EXHIBIT “A”

The City of Coachella is located at the eastern end of the Coachella Valley and enjoys a rich cultural heritage known for its entrepreneurial families and engaged youth population. It is the City Council’s desire to promote potential cannabis businesses that will further the economic development goals, and cannabis social equity policies, of the community in order to create jobs, provide a stronger tax base, and enhance the public health and wellness of the community. The policies and selection criteria listed below, along with the Eligible Applicant and Eligible Business descriptions in the attached “Appendix 1 – City of Coachella Cannabis Social Equity Program” will be used in the City’s Retail Cannabis (Round #2) reviews of Conditional Use Permit applications.

Revised Subzone 1 Policy – Round #1 Applicant Policies:

The applicants which submitted a complete application for Change of Zone and Conditional Use Permit for Retail Cannabis Businesses as part of Round #1 and were prioritized by the Cannabis Ratings Committee in the Pueblo Viejo (Sub-Zone #1) will be allowed to proceed with Conditional Use Permit public hearings on any qualifying location without competing with new applicants in Round #2, if the previously-approved location was adversely affected by the removal of the R-C (Retail Cannabis Overlay) zone as part of Ordinance No. 1040. The previously-ranked applicant that chooses a new location will be required to forfeit their prior-approved location. All Round #1 dispensary owners are disqualified from competing for a second dispensary as part of Round #2 applications.

Subzone 2 Policy – Reserved through a Development Agreement:

The City reserves the right to allocate two (2) retail cannabis businesses within the Glenroy Resort Sub-Area #2, subject to a negotiated Development Agreement, and these two businesses will not be required to compete in Round #2.

Revised Subzones 1, 3, 4, & 5 Selection Criteria – Round #2 Applicants:

With the adoption of Ordinance No. 1140 setting the zoning and regulatory framework for new retailers, the City anticipates that there may be more applications for cannabis business conditional use permits than allowed under the City regulations. Only four (4) new businesses will be moving forward, after the Round #1 awardees have been given an additional nine (9) months to establish their businesses.

The City has enacted, through Resolution, the following process for prioritizing applications.

I. Completeness Review

All cannabis retailers are required to submit a Conditional Use Permit (CUP) application with fee using the City’s on-line resources and guidance documents, and a Cannabis Regulatory Permit Application with all required Attachments. The applicant shall participate in the City’s pre-submittal workshop and shall become informed about the City’s cannabis social equity policies contained in the attached Appendix 1. The City’s staff and consultants shall review all applications for “completeness” to ensure that

applicants have submitted all the required information necessary for review of the application. Only applications received between July 27, 2020 and August 31, 2020 (“initial review and prioritization period”) and deemed complete will move on for review under the City’s revised selection criteria, unless exempted through a Development Agreement. Persons and/or entities that are currently involved or were involved in the 6 months prior to the initial review and prioritization period with an active court proceeding adverse to the City are ineligible to apply for a CUP.

II. Revised Selection Criteria

The following selection criteria will be used by the Development Services Department to evaluate and prioritize CUPs for retailers and retail microbusinesses. Selection criteria are each worth either 5, 10, or 15 points, with a grand total of 125 points possible. To obtain the points, the applicant must demonstrate compliance with each criterion listed in the section below.

1. **Proof of Applicant’s Ability to Open in Short Period of Time** (Up to 25 Points)
 - a. Has the landowner provided written authorization for a retailer and provided the applicant with a lease agreement? *(Worth 5 points)*
 - b. Is the proposed retailer property capable of opening the business within 180 days after approval? *(Worth 5 points)*
 - c. Is the proposed retailer property not the subject of any outstanding code enforcement activity? *(Worth 5 points)*
 - d. Has the applicant submitted a construction schedule with a signed affidavit acknowledging an informed consent that the City will revoke an approved CUP for retail cannabis business if the business does not open within six (6) months of the effective date of the CUP? *(Worth 10 points)*
2. **Proof of Local Ownership** (Up to 30 Points)
 - a. Is there evidence showing that: 1) the Local Stakeholder Owner of the retail cannabis business has a primary residence in the City of Coachella where he/she has been residing for the past 36 months; or, 2) the Local Stakeholder Owner is a Coachella business owner which has 5 or more City of Coachella residents employed which have been employed during the past 36 months? *(Worth 10 points)*
 - b. Does the applicant commit to hiring City of Coachella residents for 85% of all hires of the retail cannabis and secondary businesses? *(Worth 10 points)*
 - c. Does the applicant have proof (through financial documents and/or capital investments) that there is a 20% Local Stakeholder Ownership Interest by either the applicant, partner or shareholder to apply for all aspects of the retailer or retail microbusiness? *(Worth 10 points)*
3. **Proof of Social Equity Factors** (Up to 30 Points)
 - a. Is the applicant an eligible applicant under the City’s Cannabis Social Equity Program as a Classification 1 or Classification 2 applicant? *(Worth 10 Points)*
 - b. Is the proposed Cannabis Retailer or Cannabis Microbusiness an eligible applicant under the City’s Cannabis Social Equity Program as a Classification 3 business? *(Worth 10 points)*

- c. Does the applicant commit in a signed writing to hire City of Coachella residents for 85% of all hires of the retail cannabis business? *(Worth 10 points)*
- 4. Proof of Ability to Open a Secondary Business (Up to 20 Points)
 - a. Does the applicant propose to operate a new secondary business (such as a restaurant, retail sales, hotel, bed & breakfast, bakery, art gallery, bar/tavern, coffee shop, bookstore or personal service business, etc.) on separate premises within 12 months of the application date in addition to the proposed retailer business? *(Worth 5 points)*
 - b. Does the applicant provide written proof of available financing to construct a secondary business consisting of new construction or tenant improvements with the ability to open the business at the same time as the dispensary. *(Worth 5 points)*
 - c. Does the applicant commit in a signed writing to hire City of Coachella residents for 85% of all hires for the secondary business? *(Worth 5 points)*
 - d. Does the secondary business have a minimum of 1,000 square feet and is it located within a separate commercial suite from the retail cannabis business? *(Worth 5 points)*
- 5. Proposed Retail Location/Community Benefits (Up to 20 Points)
 - a. Does the applicant provide a detailed architectural plan for building façade improvements *(Worth 5 points)*
 - b. Does the applicant provide a written commitment for intended contributions to a Coachella community-based organization or non-profit in the form of recurring monetary donations for a minimum of ten years. *(Worth 5 points)*
 - c. Is the applicant committing to exterior façade and landscape improvements that will enhance the surrounding areas? *(Worth 5 points)*
 - d. Has the applicant provided a detailed description of how the premises and exterior building areas will be managed so as to avoid nuisance, loitering, and other negative impacts on surrounding properties? *(Worth 5 points)*

III. Ranking and Appeals

Applications will be ranked by a 3-Member Ad-Hoc Committee made up of one disinterested member of the Chamber of Commerce, one disinterested member of the City Parks Commission, one disinterested Community Resident, and one disinterested 3rd Party Consultant, with the Director of Development Services serving as the Committee coordinator. The final rankings of the Ad-Hoc Committee will be subject to an appeal hearing by a 3-Member Appellate Board made up of two City mid-management staff and one City executive staff member.

Attachment: APPENDIX 1 – Coachella Social Equity Program

Exhibit A



CITY OF COACHELLA

Cannabis Social Equity Program

The City of Coachella will establish a pilot social equity program dedicated to aiding individuals and businesses that were negatively or disproportionately impacted by cannabis criminalization within the City of Coachella. The goal of the program will be to allow participants to gain entry and successfully operate in the State of California's regulated cannabis marketplace and economy.

Office of the City Manager

3/27/2019

CITY OF COACHELLA

CANNABIS SOCIAL EQUITY PROGRAM

1. PROGRAM PURPOSE:

The Cannabis Social Equity Program ("Program") will reduce the barriers of entry and participation for applicants and businesses that have been negatively impacted by the disproportionate law enforcement of cannabis related criminalization by providing them access to cannabis business development resources and small business support services. This program will make a cognizant effort to provide technical assistance and services to those persons from economically disadvantaged communities that experienced high rates of poverty or communities most harmed by cannabis prohibition, regardless of economic status, gender, racial, cultural background and criminal history. Although City of Coachella funding for the Program shall expire in two years from the date of adoption, the Program's definition, eligibility, processing, benefits, features and functions shall remain intact as policy.

2. REVIEW PROCESS:

The City Manager or their designee shall review and approve all Program applications that meet the eligibility requirements described in Section 3 below. If an application is denied, that applicant may appeal to the City for further evaluation and a final determination.

3. PROGRAM ELIGIBILITY:

An applicant must provide documentation, as described in Section 4 below that sufficiently demonstrates that the applicant satisfies any one of the following Classifications:

- a. **Individuals:** An individual that is eligible to participate in the Program must be lawfully able to work in the United States and be Twenty-One (21) years of age or older. They must satisfy a Classification below as well:
 - i. **Classification 1.** A current or former resident of the City of Coachella who previously resided or currently resides in a low-income household and was either: a) arrested or convicted for a cannabis related crime in the City of Coachella between the years of 1980 and 2011; or is b) an immediate family member of an individual in subsection a of Classification 1 or Classification 2.
 - ii. **Classification 2.** A current or former resident of the City of Coachella who has lived in a low-income household for at least five (5) years, between the years of 1908 and 2018. Annual family income must be at or below 80 percent of the Area Median Income (AMI) and net worth below \$250,000.

b. **Businesses:** A cannabis business that is eligible to participate must provide a description of a statutory entity or business form that will serve as the legal structure for the applicant and a copy of its formation and organizing documents, including, but not limited to, articles of incorporation, certificate of amendment, statement of information, articles of association, bylaws, partnership agreement, operating agreement and fictitious business name statement. They must satisfy a Classification below as well:

- i. **Classification 3.** A cannabis business with not less than 51% ownership by individuals meeting Classification 1 or 2 criteria that their business resides within the City of Coachella. If no such individual exists, individuals meeting Classification 1 or 2 criteria from other applicable areas may be utilized.
- ii. **Classification 4.** A Cannabis Incubator Business or a Cannabis Social Enterprise with not less than 51% ownership by individuals meeting Classification 1 or 2 criteria.

4. DOCUMENTATION AND REVIEW:

An applicant shall provide the following with its application for the Program, in addition to any other documentation that the City of Coachella deems necessary to determine the applicant's eligibility:

- a. **Proof of Income.** Proof of income shall be supported with federal and state tax returns and at least one of the following documents from the last five (5) years: two months of pay stubs; proof of current eligibility for General Assistance, food stamps, Medi-Cal/CalWORKs, supplemental security income, or social security disability, or similar documentation.
- b. **Proof of residency.** Proof of residency shall be supported by a minimum of two of the following documents: California driver's or identification card records, property tax billings and payments, signed rental agreement, verified copies of state or federal tax returns with an address in the geographic area of the city of Coachella, school records, medical records, banking records, Coachella Housing Authority records, or utility, cable, or internet company billing and payment records.
- c. **Proof of arrest or conviction of a cannabis related crime.** Proof of an arrest or conviction of a cannabis related crime shall be demonstrated by federal or state court records indicating the disposition of the criminal matter, records expungement documentation, or any other applicable law enforcement record.

5. PARTICIPANT BENEFITS:

General program benefits may include but are not limited to: business plan development, business mentoring, assistance securing capital, business needs assessment, loan readiness assessment, market assessment, data and research strategies and support, assistance with establishing a legal entity, assistance with criminal records expungement, lease negotiation assistance, small business legal considerations, mentoring, fiscal management, marketing/social media, technical training, employee training, and regulatory compliance. The City will also work with local partners and stakeholders to develop a workforce development educational program to assist with a creation of a well-trained, qualified and diverse workforce, including transitional workers. A program participant shall be entitled to receive the following benefits based on eligibility:

- i. All business support services offered under the program;
- ii. The City will provide priority processing of the participant's cannabis related business and conditional use permit;
- iii. The City will waive all fees associated with participants cannabis related business permit;
- iv. The City shall provide assistance with State and City regulatory compliance.

6. CONDITION ON CANNABIS BUSINESS OPERATION PERMIT:

Program participants are required to continue, maintain, and carry out their respective eligibility requirements through the term of their respective cannabis business operations permit. Compliance with this section 6 shall be a condition of participants respective cannabis business operations permit, such that failure to comply with this section 6 shall be grounds to deny, suspend, or revoke such cannabis business operations permit pursuant to City of Coachella Municipal Code.

7. PROGRAM MONITORING AND REPORTING:

The Office of the City Manager shall provide bi-annually updates to the City Council on the status of the Program, including number of participants, participant success measured by the number of participants either ready to obtain or that have obtained a cannabis business operating permit. The City will reevaluate and update the Program when data becomes available or known to it that may expand the eligibility and benefits of the program; including, but not limited to, an analysis of disproportionate impacts within census tracts. Additionally, the report should include an evaluation of any ongoing barriers to entry and participation, any reevaluations of the Program, and recommend solutions as needed to advance equity and accomplish the City of Coachella's goals, which, includes achieving 50 percent of all cannabis business permits awarded to Program participants.

8. DEFINITIONS:

- a) "Eligible local jurisdiction" means a local jurisdiction that has adopted or operates a local equity program.
- b) "Local equity applicant" means an applicant who has submitted, or will submit, an application to a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.
- c) "Local equity licensee" means a person who has obtained a license from a local jurisdiction to engage in commercial cannabis activity within the jurisdictional boundaries of that jurisdiction and who meets the requirements of that jurisdiction's local equity program.
- d) "Local equity program" means a program adopted or operated by a local jurisdiction that focuses on inclusion and support of individuals and communities in California's cannabis industry who are linked to populations or neighborhoods that were negatively or disproportionately impacted by cannabis criminalization.
- e) "Local jurisdiction" means a city, county, or city and county.
- f) "State commercial cannabis license" means a license issued pursuant to the Medicinal and Adult-Use Cannabis Regulation and Safety Act by the Bureau, the California Department of Public Health, or the California Department of Food and Agriculture.
- g) "Transitional worker" means a person who, at the time of starting employment at the business premises, resides in a ZIP Code or census tract area with higher than average unemployment, crime, or child death rates, and faces at least one of the following barriers to employment: (1) is homeless; (2) is a custodial single parent; (3) is receiving public assistance; (4) lacks a GED or high school diploma; (5) has a criminal record or other involvement with the criminal justice system; (6) suffers from chronic unemployment; (7) is emancipated from the foster care system; (8) is a veteran; or (9) is over 65 years of age and is financially compromised.

LONG BEACH



CITY MANAGER

[Home](#) » [City Manager](#) » [Office Of Cannabis Oversight](#) » [Cannabis Social Equity Program](#) » Open An Equity Business

OPEN AN EQUITY BUSINESS

Individuals who qualify for the Equity Program and want to open an adult-use cannabis business in Long Beach are eligible to receive benefits and assistance to help navigate the City's cannabis application and licensing process.

To qualify for the Equity Program,



QUESTIONS ABOUT THE EQUITY PROGRAM?

Contact the Office of Cannabis Oversight at (562) 570-5250

individuals must be verified as Equity Applicants by the Office of Cannabis Oversight and have a minimum of 51% ownership of the entity that will apply for an Adult-Use Cannabis Business License.

EQUITY PROGRAM BENEFITS INCLUDE:

- ***Application workshops.*** Get assistance on how to prepare and submit a complete cannabis business license application and learn strategies on how to increase opportunities for approval at each stage of the application process.
- ***Fee waivers.*** The application review fee, background investigation fee, first year regulatory fee and ongoing social equity program fee will be waived for your initial application, which amounts to a savings of approximately \$6,000.
- ***Expedited application and plan check review.*** Equity Businesses will receive priority application review and facility plan check review, allowing them to move quicker through the application process.
- ***Cultivation tax deferrals.*** Equity owned cultivation businesses may pay their first year's taxes on a monthly payment plan instead of the full payment that is usually required prior to issuance of a cannabis cultivation business license.

For more information on the City's cannabis business license process, please [view our page](#).

STEPS TO OPEN AN EQUITY BUSINESS

STEP 1: CHECK TO SEE IF YOU QUALIFY AS AN EQUITY APPLICANT

To qualify as an Equity Applicant, you must meet the following eligibility criteria:

- Apply as a person, not a company
- In the last year, your annual family income was at or below 80% Los Angeles-Long Beach-Glendale (LA County) Area Median Income (AMI). Your annual family income is adjusted for family size. [See information on income limits](#).
- Have a net worth below \$250,000
- Satisfy at least **1** of the following 3 criteria:
 - Have lived in a Long Beach census tract for a minimum of 3 years where at least 51% of current residents have a household income at or below 80% of the Los Angeles Area Median Income. [Check map](#).
 - Was arrested or convicted for a crime relating to the sale, possession, use, or cultivation of cannabis in the City of Long Beach prior to November 8, 2016 that could have been prosecuted as a misdemeanor or citation under California law.
 - Is a Long Beach resident currently receiving unemployment benefits.

STEP 2: GET VERIFIED AS AN EQUITY APPLICANT

Submit a Cannabis Social Equity Program Verification Form along with supporting documentation to the Office of Cannabis Oversight (OCO).

Office of Cannabis Oversight
Long Beach City Hall
411 W. Ocean Blvd., 10th Floor
Long Beach, CA 90802
Email: angie.maina@longbeach.gov

Monday through Friday 7:30 a.m. to 4:00 p.m.

Due to COVID-19, City Hall is currently closed to the public. During this time, applications may only be submitted by mail or e-mail to the address above.

Individuals who qualify as Equity Applicants will receive a verification letter from the OCO, verifying their status as an Equity Applicant.

STEP 3: MEET THE EQUITY BUSINESS OWNERSHIP REQUIREMENT

To qualify as an Equity Business, Equity Applicants must have a minimum of 51% ownership of the business applying for an Adult-Use Cannabis Business License. The requirement can be met by one or multiple Equity Applicants collectively.

Complete a Verification of Equity Business Ownership Form to be included with your Adult-Use Cannabis Business License Application. All owners of the business must sign and verify that the business meets this requirement.

STEP 4: APPLY FOR AN ADULT-USE CANNABIS BUSINESS LICENSE

Visit the [Cannabis Business Information](#) page for information on how to apply for an Adult-Use Cannabis Business License.

PLEASE NOTE: To apply as an Equity Business, the following documents must be included with the cannabis business license application:

- Verification letter issued by the Office of Cannabis Oversight
- Verification of Equity Business Ownership Form

HAVE A QUESTION?

Please contact the Office of Cannabis Oversight by visiting the [Contact Us](#) page.

LBMC CHAPTER 5.92 VERIFICATION OF EQUITY BUSINESS OWNERSHIP

(All owners of the Equity Business must sign and date this form)

We/I declare that fifty-one percent (51%) or more of the entity _____
(Corporation/LLC/Partnership Applicant)
applying for an Adult-Use Cannabis Business Permit located at _____
(Proposed Business Site)
is owned by an Equity Business Owner(s), as defined in Section 5.92.1510.B of the Long Beach Municipal
Code (LBMC). We/I have read, understand, and will ensure compliance with the provisions of Chapter 5.92 of
the LBMC, and certify that this statement is true to the best of our/my knowledge. We/I hereby acknowledge
and understand that knowingly making any false, misleading, or fraudulent statement of material fact in the
application for an Adult-Use Cannabis Business Permit is grounds for: (1) termination of all assistance
available to the Equity Business; (2) denial of an application for an Adult-Use Cannabis Business Permit; and
(3) suspension or revocation of an Adult-Use Cannabis Business Permit. I declare under penalty of perjury that
the foregoing is true and correct.

_____ (Signature of Equity Business Owner/Applicant)	_____ (Printed Name & Title)	_____ (Date)
_____ (Signature of Equity Business Owner/Applicant)	_____ (Printed Name & Title)	_____ (Date)
_____ (Signature of Non-Equity Business Owner/Applicant)	_____ (Printed Name & Title)	_____ (Date)
_____ (Signature of Non-Equity Business Owner/Applicant)	_____ (Printed Name & Title)	_____ (Date)

**Applicant may print multiple copies of the form if additional signatures are needed)*



City of Long Beach
Office of Cannabis Oversight
411 West Ocean Blvd., 10th Floor
Long Beach, CA 90802
Ph: (562) 570-5250 Email: angie.maina@longbeach.gov

Cannabis Social Equity Program Verification

Verification Process

The purpose of this document is to provide information and guidelines and should not be construed as legal advice or as a substitute for legal counsel. To qualify as an Equity Applicant for the Cannabis Social Equity Program ("Equity Program"), you must meet the following eligibility criteria:

- You are applying as a person, not a company.
- In the last year, your annual family income was at or below 80% Los Angeles – Long Beach – Glendale (LA County) Area Median Income (AMI). Your annual family income is adjusted based on the size of your family. Please visit our website to check your AMI.
- Have a net worth below \$250,000.
- Meet at least 1 of the following 3 criteria:
 - Have lived in a Long Beach census tract for a minimum of 3 years where at least 51% of current residents have a household income at or below 80% of the Los Angeles County Area Median Income (AMI).
 - Was arrested or convicted for a crime relating to the sale, possession, use, or cultivation of cannabis in the City of Long Beach prior to November 8, 2016 that could have been prosecuted as a misdemeanor or citation under California law.
 - Is a Long Beach resident currently receiving unemployment benefits.

You must submit all required documents and be verified as an Equity Applicant before applying for an adult-use cannabis business license to receive Equity Program benefits. All documents submitted to the Office of Cannabis Oversight ("OCO") must be typed or handwritten clearly in blue or black ink. All documents must also be correct and complete in all aspects. You may submit all required documents to be verified as an Equity Applicant by mail, email, or in-person to:

Long Beach City Hall
10th Floor, Office of Cannabis Oversight
411 W. Ocean Blvd, Long Beach, CA 90802
Email: angie.maina@longbeach.gov

Monday through Friday
7:30 a.m. to 4:00 p.m.

The OCO will review all of the documents you submit and will send you a verification letter letting you know if you meet the eligibility criteria above as an Equity Applicant. Once you are verified as an Equity Applicant, you may apply for an adult-use cannabis business license as an Equity Business if you have a minimum of 51% ownership of the business that is applying for an adult-use cannabis business license.

As an Equity Business, you must still meet the requirements of Long Beach Municipal Code Chapter 5.92 to apply for an adult-use cannabis business license. The following two documents must be included with the adult-use cannabis business license application to apply as an Equity Business and receive Equity Program benefits:

1. Verification letter issued by the Office of Cannabis Oversight
2. Verification of Equity Business Ownership Form

Once you submit the documents above with your adult-use cannabis business license application, your Equity Business will be eligible to receive the following Equity Program benefits:

- Access to application assistance workshops
- Fee waivers
- Expedited application review
- Expedited facility plan check review
- Cultivation tax deferrals

PLEASE NOTE: If the OCO determines that you did not meet the eligibility criteria for the Equity Program, you will receive a letter from the OCO that you do not qualify as an Equity Applicant and are not eligible to receive Equity Program benefits. If you do not qualify as an Equity Applicant, you may still apply for an adult-use cannabis business license without Equity Program benefits or assistance.

For information or questions on eligibility requirements or how to submit a verification form, please contact the Office of Cannabis Oversight at (562) 570-5250 or email us at angie.maina@longbeach.gov.

Reminder to All Applicants: Any document or record that is used, retained, or maintained by the City during the course of business is considered public record. Unless a specific exemption from disclosure applies, the City may be required to disclose application information in response to a California Public Records Act request (Government Code Section 6250 et seq.).

CANNABIS SOCIAL EQUITY PROGRAM VERIFICATION FORM

(All forms must be typed or clearly printed in blue or black ink)

EQUITY APPLICANT INFORMATION

FIRST NAME
LAST NAME
MAILING ADDRESS
EMAIL
PHONE NUMBER
HOW SHOULD WE GET IN CONTACT WITH YOU?
<input type="checkbox"/> EMAIL <input type="checkbox"/> PHONE <input type="checkbox"/> MAIL

ELIGIBILITY CRITERIA

To qualify as an Equity Applicant, you must meet the following eligibility criteria:

1. Apply as a person, not a company.
2. In the last year, your annual family income was at or below 80% Los Angeles – Long Beach – Glendale (LA County) Area Median Income (AMI). Your annual family income is adjusted based on the size of your family. Please visit our website to check your AMI.
3. Have a net worth below \$250,000.
4. Meet at least 1 of the following 3 criteria:
 - a) Have lived in a Long Beach census tract for a minimum of 3 years where at least 51% of current residents have a household income at or below 80% of the Los Angeles County Area Median Income (AMI).
 - b) Was arrested or convicted for a crime relating to the sale, possession, use, or cultivation of cannabis in the City of Long Beach prior to November 8, 2016 that could have been prosecuted as a misdemeanor or citation under California law.
 - c) Is a Long Beach resident currently receiving unemployment benefits.

Yes, I meet the eligibility criteria

No, I do not meet the eligibility criteria

Note: This is NOT proof of equity status for the Cannabis Social Equity Program. You are not verified as an Equity Applicant until you are issued a verification letter from the Office of Cannabis Oversight – Page 1

SUPPORTING DOCUMENTATION

For eligibility criteria (2) and (3), please provide the following supporting documentation as **proof of income**:

- Federal tax returns
- At least **1** of the following documents:
 - Two months of pay stubs
 - Current Profit and Loss Statement
 - Balance Sheet
 - Proof of current eligibility for General Assistance, Food Stamps, Medical/CALWORKS
 - Supplemental Security Income
 - Social Security Disability (SSI/SSDI)

For eligibility criteria (4), please provide supporting documentation for at least **1** of the following:

- (4a) For **proof of residency**, please provide a minimum of 2 of the documents listed below, evidencing a minimum of 3 years of residency. All residency documents must list the first and last name of the applicant, and the Long Beach residence address in a qualifying Long Beach census tract.
 - California driver's record or driver's license
 - California identification card record
 - Property tax billing and payments
 - Verified copies of state or federal income tax returns where a Long Beach address within a qualifying Long Beach census tracts is listed as a primary address
 - School records
 - Medical records
 - Banking records
 - Long Beach Housing Authority records
 - Utility, cable or internet company billing and payment covering any month in each of the 3 years.
- (4b) For **proof of conviction**, please provide federal or State court records indicating the disposition of the criminal matter. NOTE: If you wish to submit court records concerning arrests or conviction you sustained as a juvenile, you should obtain permission from the appropriate juvenile court before sharing those records with us.
 - Federal court records
 - State court records
- (4c) For **proof of unemployment benefits**, please provide the following:
 - Notice of Unemployment Insurance Award* issued by the State of California Employment Development Department (EDD), evidencing an active claim at the time of submission of this application.
 - Proof of residency anywhere in Long Beach by providing a minimum of 2 of the residency documents described above under eligibility criteria 4(a).

OATH OF APPLICATION

I declare under penalty of perjury that all of the information provided in this application and provided in all attachments are true and correct. I certify that this application has been complete to the best of my knowledge. I have read, understand, and will ensure compliance with the provisions of Long Beach Municipal Code Chapter 5.92. I also acknowledge that it is my responsibility to comply with the provisions of the Long Beach Municipal Code and all laws, rules, and regulations which govern my application to be eligible for the Cannabis Social Equity Program. I acknowledge and understand that including false, misleading, or fraudulent information in this application may cause my adult-use cannabis business license application to be denied or my adult-use cannabis business license to be suspended or revoked.

(Signature of Applicant)

(Printed Name)

(Date)

We thank you for your patience with this process, all of the applications combined total more than 20,000 pages in length, so while the committee members are diligently working to review and score all of them, it is taking some time.

The last of the compliance letters to applicants will be sent out (via mail and email) on Friday, August 31st. If you have not received a compliance letter by Wednesday, September 5th, please email John Leonard at jleonard@weho.org for a copy of your letter. As described in previous updates, these letters are based on a preliminary review of each application for compliance with the basic submittal guidelines. Applicants will either receive a letter notifying them that their application was in compliance with the submittal guidelines and was forwarded to the Evaluation Committee for review and scoring, or that there was an issue with their application. For those applications with an issue, the applicant may have the opportunity to correct the item (depending on the issue), which will be detailed in the letter.

The submittal period for cannabis business license screening applications closed on May 31, 2018. The City received a total of 313 screening applications from 122 different applicants (most applicants submitted applications in multiple categories). The following number of applications were received in the five different license categories:

License Type	Applications
Adult-Use Retail	94
Consumption Lounge (Smoking, vaping, edible)	81
Delivery	66
Medical Dispensary	50
Consumption Lounge (edible only)	22

During the months of June and July, the City reviewed all of the applications for basic conformance with the submittal guidelines. This review is complete and applicants will be receiving a mailed and emailed letter stating whether their application was deemed complete and forwarded to the application evaluation committee for review and scoring. For applications that were not yet deemed complete, the applicant will receive a letter shortly detailing any issues with the submittal. In some cases, the applicant will not be able to resolve the issue (by way of example only, a late submittal or failure to pay the application fee). For any such application that is not accepted as complete, the applicant will be allowed to request a refund of their application fee. Applicants should receive their letters by the middle of August. Please do not be alarmed if you do not receive a letter immediately. Given the remarkable response to the City's call for applications, it takes time to review all of the applications and process individual letters to 122 applicants. Please be patient as we work through this process.

The application evaluation committee members began their review of applications in late July. We do not yet know when their review will be complete. During future updates (to occur on the 1st and 15th of each month) we will be able to provide a better estimate of when we believe review will be complete, and when the City can announce the top scoring applicants in each category.

Thank you again for your patience as we move through this exciting process.



Green Light for Cannabis Businesses in the City of West Hollywood

The City of West Hollywood has been at the forefront of the national discussion about decriminalizing the use of cannabis and the City has a long track record of supporting cannabis use for medicinal purposes and, more recently, in supporting adult-use cannabis.

To respond to the passage, in 2016, of California Prop. 64, The Adult Use of Marijuana Act, the City of West Hollywood engaged leading experts from California and Colorado and convened discussions throughout 2017 to inform the creation of public policy regarding cannabis businesses.

In November 2017, the City of West Hollywood approved an Ordinance to approve amendments to the municipal code and zoning ordinance to regulate cannabis land uses.

The City's Ordinance makes the City of West Hollywood one of the only cities in the region authorizing business licenses for consumption areas, where cannabis can be purchased and consumed on-site.

On April 16, 2018, the West Hollywood City Council approved amendments to the City's ordinance. You can view these changes [here](#).

The Ordinance allows the cannabis use business licenses listed below.

The top eight applicants in each category will be chosen by an Evaluation Committee to move forward in the Business License application process. If chosen, the applicants will then require the approval of a Zone Clearance followed by approval of a business license by the City's Business License Commission. Cannabis licenses may be applied for in the following categories:

- Eight (8) Adult-Use Retail Business Licenses;
- Eight (8) Consumption Area (smoking, vaping, ingestion) with On-site Adult-Use Retail (sales of products to be consumed on-site) Business Licenses;

- Eight (8) Consumption Area (edible ingestion only) with On-Site Adult-Use Retail (sales of products to be consumed on-site) Business Licenses;
- Eight (8) Medical-Use Dispensary Business Licenses; and
- Eight (8) business licenses for cannabis delivery services located in West Hollywood and no limit on the number of business licenses issued for cannabis delivery services that are located outside the City limits and deliver cannabis to customers within the City of West Hollywood.

From 2009 to 2017, the City of West Hollywood had four (4) medical cannabis establishments in operation. Under the City's adopted ordinance, these four dispensaries may choose to continue to operate Medical-Use Dispensaries at their current location subject to the approval of a state license. If all four choose to continue operations, then an additional four (4) Medical-Use Dispensary Business Licenses will be available beginning in 2018.

The following individuals are members of the City's Cannabis Application Evaluation Committee:

- Sam Baxter
- Lynne Lyman
- Neil Hall
- Cynthia Wang
- Kathleen Rosenow

As a reminder, applicants (or their representatives) are prohibited from contacting any member of the Application Evaluation Committee or the Business License Commission in any way. Any violation will result in the dismissal of the applicant's screening application. Additionally, applicants should be aware that all Application Evaluation Committee members are required to immediately report any attempted contact by an applicant (email, phone, in person, by mail, etc..) to the City Manager.

If an Application Evaluation Committee Member has a personal or business relationship with an applicant, they are required to notify the City Manager and recuse themselves from scoring the application.

Reference Documents

- [Screening Application: Information Packet \(4.26.18\)](#)
- [Screening Application: Submittal Checklist](#)
- [Screening Application: Applicant/Owner Information Form](#) (updated)
- [Screening Application: Weighting Criteria \(4.23.18\)](#)
- [Screening Application - Questions and Answers \(UPDATED 5.8.18\)](#)
 - [CPRA Exemptions](#)
- [Commercial and Public Use Design Guidelines](#).
- [Cannabis License Types and Application Process Information Sheet \[PDF\]](#)
- [Download the FAQs About Cannabis in the City of West Hollywood \[PDF\]](#)
- [Cannabis Reference Map](#)

<u>Sub-Section 1D: SOCIAL EQUITY</u>	<u>Social Equity in Terms of Provision of Providing a Living Wage and Employee Benefits and Compliance with Local, State, and Federal Employee Non-Discrimination Policies (WH Municipal Code 5.70.035(3)(d))</u>	<u>Adult Use Retail</u>	<u>Medical Dispensary</u>	<u>Consumption Lounge (Smoking, Vaping, Edibles)</u>	<u>Consumption Lounge (Edibles Only)</u>	<u>Delivery</u>
<u>Hiring Practices</u> – Quality and detail of plan to promote social equity in hiring (for example: seeking employees from, and advertising positions to, veterans, the LBGT community, women, and/or communities disproportionately impacted by prior cannabis laws).	0-4	0-4	0-4	0-4	0-4	0-4
<u>Compensation Package</u> - Quality of compensation package to be offered to employees; including, salary (above State minimum and City living wage), health insurance, other insurance, retirement plan, and paid leave.	0-8	0-8	0-8	0-8	0-8	0-8
<u>Small Cannabis Cultivators</u> – Extent to which products will be purchased from small scale cannabis cultivators (cultivators of less than one-half acre in total (total includes all state licenses the cultivator receives)). Proposed partnerships and selection process should be explained. Partnerships with cultivators of 10,000 sq. ft. or less are especially desirable.	0-3	0-3	0-3	0-3	0-3	0-3
<u>Economic Inclusion (Production)</u> – Extent to which products will be purchased from cultivators or manufacturers located in census tracts with income and poverty levels below state averages. Proposed partnerships and selection process should be explained.	0-3	0-3	0-3	0-3	0-3	0-3
<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 involved in the business or ownership).	0-3	0-3	0-3	0-3	0-3	0-3
<u>Non-Discrimination</u> – Plan to promote and ensure local, state, and federal employee non-discrimination policies.	1	1	1	1	1	1



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Chris Burton

SUBJECT: CITY COUNCIL POLICY
PRIORITY #9 CANNABIS EQUITY
APPLICANT

DATE: April 28, 2020

Approved /s/
 Kim Walesh

Date 4/30/2020

INFORMATION

The purpose of this staff report is to provide Council with an update regarding progress on City Council Policy Priority #9, Cannabis Equity Applicant Program. This update covers the creation of San José's Cannabis Equity Applicant Program, which would facilitate the inclusion and support of individuals and communities in the cannabis industry who are linked to populations and neighborhoods that may have been negatively or disproportionately impacted by cannabis criminalization.

This report was scheduled to be heard at the Community and Economic Development Committee meeting on March 23, 2020, which was cancelled due to the COVID-19 shelter-in-place orders. It is important to note that all staff assigned to this Council Priority are currently redeployed to the Emergency Operations Center to respond to the COVID-19 crisis, so work on this item has paused.

BACKGROUND

Cannabis equity programs seek to provide opportunities for those disproportionately likely to have been arrested, incarcerated, or otherwise impacted by previous cannabis policies to have access to employment and entrepreneurship in the new cannabis industry. On March 5, 2019, the City Council voted to place creation of a Cannabis Equity Applicant Program on the Council Policy Priority list and ranked it Number 13 (due to the February 25, 2020 update, it is now Number 9).

On March 26, 2019, the City Council approved an ordinance amending the San José Municipal Code to add definitions and set forth criteria for a Cannabis Equity Assistance Program.

The ordinance defines an equity employee applicant as a natural person who:

- A. *"Has lived in San José for at least four years in a census tract where at least fifty-one percent (51%) of current residents have a household income at or below eighty percent (80%) of the AMI for Santa Clara County; or*
- B. *Attended a San José public school, or schools, for at least four years located in a census tract where at least fifty-one (51%) of current residents have a household income at or below 80% of the AMI for Santa Clara County for at least four years; or*
- C. *Were arrested or convicted for a crime relating to the sale, possession, use, or cultivation of cannabis, excluding those offenses which would be disqualifying for cannabis licensure under current State law; or*
- D. *Had a parent, guardian, child, or sibling convicted of a crime relating to the sale, possession, use, or cultivation of cannabis in the City of San José, excluding those offenses which would be disqualifying for cannabis licensure under current State law."*

An equity business owner must meet the above criteria, as well as having a minimum of 51 percent ownership of the cannabis business applying for registration.

State Grant Funding Update

The California Cannabis Equity Act of 2018 established by Senate Bill 1294 (Bradford 2018), became effective January 1, 2019, and authorized the California Bureau of Cannabis Control to develop an equity grant program to disperse grant funding to local jurisdictions with equity programs to assist local equity applicants or local equity licensees to gain entry to, and successfully operate in, the State's regulated market. The State of California has allocated \$10 million for local jurisdictions that have commercial cannabis equity programs providing direct assistance to local equity applicants or local equity licensees. On October 9, 2019, the Bureau of Cannabis Control notified the City Manager that the City had been approved to receive funding in the amount of \$560,082.30. On February 4, 2020, Council unanimously adopted a resolution authorizing the City of San José to enter into the standard grant agreement with the Bureau. The City is awaiting disbursement of funds from the State on the Bureau of Cannabis Control grant.

On February 5, 2020, the California Governor's Office of Business and Economic Development (GO-Biz) released its Cannabis Equity Grants Program for Local Jurisdictions. Grant applications were due by March 9, 2020. This grant opportunity has a total of \$30 million available statewide for fiscal year 2019-2020. The GO-Biz Cannabis Equity Program grant had two types of funding available:

- Funding Request Type 1: Assistance for Cannabis Equity Assessment and Program Development. This would provide jurisdictions that have not yet conducted a cannabis equity assessment with up to \$60,000 to conduct an assessment of communities harmed by cannabis

HONORABLE MAYOR AND CITY COUNCIL

April 28, 2020

Subject: Council Policy Priority #9, Cannabis Equity Applicant Program

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prohibition and funds to develop a cannabis equity program, with a maximum grant request of \$150,000.

- **Funding Request Type 2: Assistance for Cannabis Equity Program Applicants and Licensees.** This funding would only be available to jurisdictions that have already conducted a cannabis equity assessment and have an adopted program. The maximum grant request is \$10 million.

The Administration evaluated the work needed to complete a cannabis equity assessment and determined while some form of report could be submitted to the State by the grant deadline, significant critical data would be lacking. Additionally, important community engagement work is needed to vet the cannabis equity assessment and develop the program.

On March 6, 2020, the Administration applied for \$149,300.37 in Type 1 funding from the Governor's Office of Business and Economic Development ("GO-Biz"). On April 15, 2020, GO-Biz informed the Administration that it was awarded the full funds of \$149,300.37 in grant funding. Acceptance of this grant will require Council resolution.

ANALYSIS

Currently, San José's cannabis program is open to applications from both equity and non-equity applicants interested in opening manufacturing, distribution, or testing facilities. Equity applicants in manufacturing, distribution, or testing are eligible for Phase 1 application assistance from the Division of Cannabis Regulation. If successful, these equity applicants are eligible for site assistance from the Office of Economic Development and technical assistance from a community-based organization under contract with the City. Additionally, the grant from the Bureau of Cannabis Control will allow for waivers of some permitting costs and annual operating fees.

To date, interest from equity entrepreneurs in manufacturing, distribution, or testing businesses has been quite low. Community advocates report that prospective applicants are most interested in delivery-only and storefront retail due to the lower capital costs and technical needs.

With the funding from GO-Biz, staff plans to develop a cannabis equity assessment to inform the development of an equity applicant program. Best practices in both cannabis equity and racial equity work find it is important to know the local impact of "War on Drugs" era policies on our residents. This report would document past impacts of cannabis arrests. The goal is to identify impacted neighborhoods, police beats, census districts, and demographics to better target outreach and develop program metrics. The outcome would be to increase access to employment and entrepreneurship in this new industry by reaching those disproportionately likely to have been arrested or incarcerated or have experienced impacts from previous cannabis prohibition in San José.

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Based on the findings from the assessment and research into best practices in cannabis equity programs, staff may bring forward recommendations for updating the City's Cannabis Equity Ordinance to better serve those impacted by past cannabis prohibition.

The Administration is exploring opening retail registration to equity applicants, as was outlined in the April 23, 2020 Informational Memorandum on City Council Policy Priority #7, Review of Cannabis Land Use and Regulatory Provisions ([pdf](#)). Should Council approve this program expansion, the City's Cannabis Equity Applicant Program will be housed in the Office of Economic Development, with technical assistance from the Division of Cannabis Regulation at the San José Police Department and policy development assistance from the City Manager's Office of Administration, Policy, and Intergovernmental Affairs.

Best Practices in Cannabis Equity Programs

Staff has engaged with organizations and individuals working to advance cannabis equity both locally and statewide and heard a number of concerns about program practices that have not worked. Even California cities with long established cannabis equity programs have very few success stories. And in the worst cases, equity entrepreneurs have been exploited by disreputable landlords, financiers, or partners. Some have lost savings, spent months paying rent for an empty space without income coming in as they worked to navigate the licensing and business start-up process. Others have been brought on as the "equity face" of a business which is actually run by individuals ineligible for the equity process. In the worst scenarios, the equity owner may actually have few shares in the business or may only earn shares over a period of time during which their name and identity is being used by others to gain access to a valuable license and right to do business in the cannabis industry.

Staff wants to avoid these issues in San José. It is our goal to ensure that our cannabis equity program has integrity and authenticity. Our program should serve San José residents who were disproportionately impacted by past cannabis prohibition.

To that end, staff has learned the following from those working in the field and other cities' experience:

1. Technical assistance and training need to be available before the application process is opened.
2. Technical assistance requires more than a single workshop or day of workshops, especially in a heavily regulated and taxed industry. Critical types of assistance include:
 - a. Developing and implementing a robust and realistic business plan. This is important considering approximately 20 percent of small businesses close within the first year¹, according to the Small Business Administration (SBA).
 - b. Legal and regulatory compliance.

¹ U.S. Small Business Administration Office of Advocacy fact sheet:

<https://www.sba.gov/sites/default/files/advocacy/Frequently-Asked-Questions-Small-Business-2018.pdf>

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- c. Marketing and sales outreach.
- d. Supply chain and product management.
- e. Hiring and employment requirements.
- f. Ongoing mentorship that continues after the business is up and running.

3. Requiring applicants lease or own their site prior to obtaining licensing approval have resulted in significant costs equity applicants cannot afford, especially if there are long delays in approvals. (Note: this is a lesson San José learned during its first round of registration in 2015. San José updated its application process for the currently open categories of manufacturing, distribution, and testing labs and no longer requires site designation in the first phase of the application process.)
4. Access to capital is a significant barrier for equity applicants.
5. The federal government forbids using federal resources to aid businesses working in the cannabis space. This includes SBA financing, but also includes any federal grant-funded activities, such as working with existing Office of Economic Development/Work2Future partners that receive federal funding.

The Administration has identified a number of groups interested in partnering with the City to provide technical assistance such as business planning, legal assistance, regulatory compliance, accounting, and other areas as the program expands.

Potential Cannabis Equity Employees

Using funds from the Bureau of Cannabis Control grant, the Administration plans to hold a job fair and employment-related workshops for individuals seeking to work in the cannabis industry. Workshops will connect individuals with City and nonprofit resources, help with resumes and applications, explain the Police Department badging process, and provide information on how to expunge past convictions from an individual's record. San José's 16 registered cannabis dispensaries have expressed great interest in partnering in this effort.

CONCLUSION

Should the Council approve changes to cannabis zoning or the regulatory program as is being explored through Council Priority #7 (Review of Cannabis Land Use and Regulatory Provisions), the Administration will develop a work plan and budget for implementing the Cannabis Equity Program as part of the overall program changes.

HONORABLE MAYOR AND CITY COUNCIL

April 28, 2020

Subject: Council Policy Priority #9, Cannabis Equity Applicant Program

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EVALUATION AND FOLLOW-UP

The Administration will report the outcome of the pending grant application to the Council via informational memorandum. If needed, additional actions will be presented to Council concurrent with Council Policy Priority #7, Review of Cannabis Land Use and Regulatory Provisions.

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

COORDINATION

This memorandum was coordinated with the City Manager's Office of Administration, Policy, and Intergovernmental Relations; the Police Department; and the City Attorney's Office.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/

CHRIS BURTON
Deputy Director, Office of Economic Development

For questions, please contact Chris Burton, Deputy Director, at (408) 535-8114.

RESOLUTION 2020-_____

APPROVING AMENDMENTS TO THE CANNABIS BUSINESS PERMIT APPLICATION PROCEDURES AND GUIDELINES AND REPEALING RESOLUTION NO 2020-077

WHEREAS, In November 1996, California voters approved the Compassionate Use Act of 1996 ("CUA") which authorized a limited defense to criminal charges for the use, possession or cultivation of marijuana (cannabis) for medical purposes when a qualified patient has a doctor's recommendation for the use of cannabis, and

WHEREAS, In November of 2016, California voters approved Proposition 64, the Adult Use of Marijuana Act ("AUMA"), which legalized the use of non-medicinal (recreational) cannabis by adults and the cultivation of up to six cannabis plants for personal use; and the AUMA also created a statewide regulatory framework for the cultivation, production, and sale of non-medical cannabis for adult use, and

WHEREAS, In June, 2017, the State legislature adopted Senate Bill 94 creating a new statewide comprehensive regulatory system for medical and adult use commercial cannabis activity titled Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA"), and

WHEREAS, CUA, AUMA, and MAUCRSA do not prohibit cities from enacting regulations regarding commercial cannabis activities and uses, and

WHEREAS, The City seeks to establish regulations for commercial cannabis activity in the City of Tracy to ensure such activities are conducted in a manner that mitigates negative impacts, protects the public health, safety, and welfare of residents, and supports economic development, and

WHEREAS, On December 3, 2020, the Tracy City Council adopted Ordinance 1277, establishing local regulations for commercial cannabis activity in Tracy and requiring a Cannabis Business Permit to engage in commercial cannabis activity within the City of Tracy, and

WHEREAS, Ordinance 1277 establishes that the City Council shall adopt, by resolution, the procedures to govern the application process, and the manner in which the decision to issue a cannabis business permit(s) is made (the "Application Procedures and Guidelines"), and

WHEREAS, The proposed Application Procedures and Guidelines is exempt from the California Environmental Quality ACT (CEQA) pursuant to Business and Professions Code Section 26055(h) which provides that CEQA does not apply to the adoption of an ordinance, rule, or regulation that requires discretionary review and approval of permits or other authorizations to engage in commercial cannabis activity, and

WHEREAS, This Project is further exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) which provides that CEQA only applies to projects that have the potential for causing a significant effect on the environment. As this is only application processing guidelines, it can be seen with certainty that there is no possibility that the resolution approving the Application Procedures and Guidelines will have a significant effect on the environment, and

WHEREAS, On January 21, 2020, and April 21, 2020, the City Council conducted public hearings to consider the Application Procedures and Guidelines, and

WHEREAS, On May 19, 2020 the City Council adopted the Application Procedures and Guidelines, and directed additional amendments be made, and

WHEREAS, On July 7, 2020 the City Council conducted a public hearing to consider the amendments to the Application Procedures and Guidelines;

NOW, THEREFORE, BE IT RESOLVED, By the City Council of the City of Tracy as follows:

- 1) Resolution 2020-077 is hereby repealed, and
- 2) The City Council of the City of Tracy hereby adopts the amended Application Procedures and Guidelines for commercial cannabis businesses as set forth in Exhibit 1, attached hereto.

The foregoing Resolution 2020-_____ was adopted by the City Council on the 7th day of July 2020, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK



City of Tracy

Development Services Department
333 Civic Center Drive
Tracy, CA 95376
P: 209.831.6400

APPLICATION PROCEDURES & GUIDELINES FOR A CITY OF TRACY CANNABIS BUSINESS PERMIT

OPENS – September 1, 2020
CLOSES – September 30, 2020 @ 3:00 PM

The City of Tracy may issue Cannabis Business Permits to individuals interested in operating a cannabis cultivation, distribution, manufacturing, testing laboratory, retail (storefront and non-storefront), or microbusiness in accordance with Chapter 6.36 of the Tracy Municipal Code (TMC). The application process to obtain a permit to operate a Cannabis Business in Tracy will open on September 1, 2020. Applications will be available from the Development Services Department located in City Hall or online on the City's website, www.cityoftracy.org.

The City's Cannabis Business Permit application process consists of three phases. Phase 1 is a merit-based evaluation/eligibility screening during which applications will be reviewed for completeness and compliance with these guidelines and applicable provisions of the TMC and California state cannabis laws and regulations, as well as evaluated against the selection criteria contained herein by the City's review committee. It is important to note that applications will be evaluated against one-another and provided an eligibility score. The applications will be reviewed and evaluated for clarity and responsiveness to the criteria in Appendix A, and the City will select the applications that best meet the City's criteria.

Phase 2 is a review of the application materials to determine if any waivers to the application requirements or procedures apply. This review is intended to address the City's interest in providing modified submittal requirements for applicants that demonstrate higher points in the review categories related to the Social Equity Plan. High scoring applicants (as described in Appendix A) in the Social Equity Plan will be deemed by the City to be Social Equity Applicants. Such designation by the City signifies that certain application requirements or procedures necessary for Phase 3 of the application process would be modified. Such applicants may have a different point system and thus may have different point totals used to determine their score.

Phase 3 is the final evaluation and final scoring by the City which precedes the award by the Chief of Police of the Cannabis Business Permits, if any. Applicants for all types receiving a minimum score of 80% will be permitted to advance to Phase 3 during which applicants must submit to the City the extent of the proposed Community Benefit for final scoring of the applications.

Also, at this stage, applicants must submit a form with a property owner acknowledgement that the applicant intends to use the property for cannabis related business and activities, unless this requirement is waived to a later time due to the City determining in Phase 2 that the applicant qualifies as a Social Equity Applicant. However, in any instance, applicants do not need to have secured a physical location in order to submit an application for a Cannabis Business Permit.

Pursuant to TMC Section 6.36, the City will only issue up to a maximum of 4 Retail-Storefront (Dispensary) permits.

Multiple Applications – Applicants applying for more than one business type that are anticipated to be located at the same location may consolidate their application submittal package. For example, an indoor Cultivation permit and a Distribution permit, the applicant may submit one application, however, the application materials must demonstrate that both businesses/permit types would be operated at the same facility.

If an applicant is applying for multiple license types, and it is not anticipated that the licenses will be located at the same location, then the applicant must submit a separate application package for each business.

For questions regarding the application process, please review the information on the City's website: www.cityoftracy.org, which outlines the application process, forms and other, required materials, FAQs, and other information relevant to engaging in commercial cannabis activity in Tracy. Additional information relevant to the application process can be found in California state cannabis laws, regulations and resources, and TMC Chapter 6.36 and Section 10.08.3196.

To be considered for a Cannabis Business Permit, applications **must be** submitted by September 30, 2020 to the City Development Services Department located at 333 Civic Center Plaza, Tracy, CA, 95376 by 3:00 PM. This application process is established pursuant to Section 6.36.050(a) of the TMC.

Applicants should monitor the City's website for any additional information, FAQs or updates. It is the responsibility of the applicant to stay informed of any changes or new information during the application and selection process.

CITY'S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all applications, with or without any cause or reason. The City may modify, postpone, or cancel the application submittal date for a Cannabis Business Permit application without liability, obligation, or commitment to any party, firm, or organization. Persons submitting applications assume the risk that all or any part of the program, or any particular category or permit potentially authorized under TMC Chapter 6.36, may be cancelled at any time prior to Cannabis Business Permit issuance. In addition, the City reserves the right to request and obtain additional information from any applicant submitting an application. Late applications WILL BE REJECTED. Furthermore, an application RISKS BEING REJECTED for the following reasons:

1. The Cannabis Business Permit Application is incomplete, non-responsive, or inconsistent with the application form and/or these Application Procedures & Guidelines, or the provisions of TMC Section 6.36.070.

Furthermore, the City will be placing a Cannabis Tax Measure on the November 2020 ballot for the voters to consider which would tax the sale of cannabis. 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 from eligibility for a Cannabis Business Permit.

COMMUNITY BENEFIT REQUIREMENT

Applicants acknowledge by signing the application form that a requirement of the Cannabis Business Permit award process includes providing community benefits. Those applicants obtaining a screening score of 80% will be eligible to compete for a final score. The final score is determined after evaluating the community benefit. These procedures are further described below.

AMENDMENTS TO APPLICATIONS

Applicants will not be permitted to make amendments to their application or to supplement their application, except as otherwise specifically permitted in these procedures, as may be amended from time to time. At the conclusion of Phase 1, all applicants will be notified as to the status of their application and eligibility to proceed to Phases 2 and 3. Those applicants proceeding to Phase 3 will be eligible to submit information pertaining to the proposed community benefit; such information is required to be submitted to the City no later than 15 City business days from notification of eligibility to proceed to Phase 3.

Public Records Requests and Proprietary Data

All applications will become property of the City when received. Information received in the applications may become subject to disclosure under the California Public Records Act. Any sections or pages the applicant considers proprietary should be clearly marked within the application, although such marking is not determinative of whether it is proprietary under state law. The City retains the right to disclose and/or withhold any information contained therein in accordance with the law.

APPLICATION PROCESS

INSTRUCTIONS TO THE APPLICANT:

The information you provide in your application will be used to evaluate your application for a Cannabis Business Permit. Any interested applicants are advised to review the information regarding the application process and list of required documents. Review your application in its entirety to ensure that it is complete and accurate. Review the information regarding the Cannabis Business Permit application on the City website www.cityoftracy.org. The following procedures outline the application evaluation and selection process, required materials, and other information necessary to apply for a Cannabis Business Permit to operate in Tracy.

The City's application process to obtain a Cannabis Business Permit involves the following:

- 1) Application submittal to the City
- 2) Phase 1 Eligibility Review: City review of the applications for completeness and evaluation against the selection criteria. During Phase 1, all applications scoring a minimum of 80% will be deemed eligible to proceed to Phases 2 and 3. The results of Phase 1 shall be communicated in writing to each applicant and the Chief of Police.
- 3) Phase 2: Application of Waivers/City Determination of Social Equity Application: Applications will be evaluated to determine if the Social Equity Plan has attained 85% of the points in that category. Applications that have received 85% point totals in that category will be deemed by the City to be Social Equity Applicants. Such applicants may enjoy waivers from further application requirements, as follows:
 - A) Notarized Owner's Statement of Consent form - The Social Equity Applicant would be required to submit, only if the applicant is conditionally awarded a permit.
 - B) To Be Determined

For the purposes of establishing what constitutes a Tracy address, the following ZIP codes shall be used, whether or not such address is located within the City limits or not:

95304, 95376, 95377, 95378, 95391

- 4) Phase 3 Final Scoring and Permit Award: Applicants for all types receiving a minimum score of 80% will be permitted to advance to Phase 3 during which applicants must submit to the City the extent of the proposed Community Benefit for final scoring of the applications.

At this stage, applicants must submit the Notarized Owner's Statement of Consent Form, unless this requirement is waived to a later time due to the City determining in Phase 2 that the applicant qualifies as a Social Equity Applicant.

During this Phase, subject to approval up to the maximum number of cannabis businesses of each type authorized to operate in Tracy (TMC Section 6.36.040 (a)(vi.)) the Chief of Police awards Cannabis Business Permits, if any, to applicants identified as receiving the highest applicable cumulative score.

- 5) In the event of a tie in final (Phase 3) scores for retail-storefront (dispensary) applicants, such that there are more than four applications in the top four scoring slots, the City, at a noticed public hearing, will conduct a random drawing or multiple random drawings, if necessary, between the applicants in those top slots in order to issue a maximum of four

permits for this business type. The random drawing would be conducted only when necessary to break a tie.

Prior to commencing cannabis business operations, Cannabis Business Permittees must obtain additional permits, including a Conditional Use Permit, Cannabis Employee Permits, and a City Business License. Information on those permits and processes can be found on page four (4) of these Procedures and Guidelines.

Background Check

As part of the application submittal requirements, each owner must undergo a criminal background check demonstrating they do not provide "good cause" for denial per TMC Section 6.36.060 and 6.36.070 and pay applicable fees and charges. The Background Check Authorization Form will be available on the City website or in the Police Department located at 1000 Civic Center Drive, Tracy, CA 95376 (adjacent to City Hall). Owners must submit the Background Check Authorization Form to the Police Department. After the Background Check Authorization Form has been processed, owners will receive a Request for Live Scan services, State of California Form BCIA 8016 from the Police Department. At that time, the owners may conduct the Live Scan at the Police Department or visit other Live Scan background service providers. Visit the California Department of Justice website <https://oag.ca.gov/fingerprints/locations?county=San%20Joaquin> for a list of Live Scan service providers in San Joaquin County. Documentation demonstrating that owners background checks have been completed or are in process is required on or before 3:00 pm on September 30, 2020 in order for your application to proceed. Owners who do not meet criminal history eligibility requirements will be disqualified and their application will be deemed disqualified.

APPLICATION SUBMITTAL REQUIREMENTS

Applicants must hand-deliver five hard copy of all materials, and a complete electronic copy (PDF format) of all materials on a USB thumb drive (i.e. flashdrive), at the time of application submittal. All applicants must submit, with the exception of site or building plans, all hard copy materials single sided in a simple 3-ring binder of 8.5 x 11 inch sized paper, one-sided pages. No applications in a "Spiral" or "Comb" type of binding, or stapled documents will be accepted. For larger size hard copy materials such as site or building plans, submit sheets no greater than 30x42 inches, folded, collated, unstapled, and secured together with rubber bands.

A complete application will consist of the following:

1. Application Forms:

- a) City of Tracy Cannabis Business Permit Application Form with signatures
- b) Applicant Indemnification Form with signatures - Applicant will execute a waiver and release of liability and an agreement indemnifying the City from any liability
- c) Proof of Insurance for cannabis business, if operational
- d) Notarized Owner's Statement of Consent from property owner acknowledging that the applicant intends to use the property for cannabis related business and activities.

Note: Applicants will be required to be submit the Owner's Statement of Consent at Phase 3 to the City AFTER Phase 1 eligibility review, and AFTER

Phase 2 of the City's application of waivers process. For applicants deemed by the City in Phase 2 to be Social Equity Applicants, those applicants will be required to submit the Owner's Statement of Consent to the City within 30 business days upon notification from the City of conditional award, in order for the permit to become valid.

2. Background Check Authorization Form and Proof of Live Scan payment for each owner
3. The following information, which is further described in Appendix A:
 - a) Copies of State licenses relating to cannabis activities that the applicant holds, if any
 - b) Tax Compliance documentation including copy of state tax seller's permit, and applicant's recent year's financial statement and tax returns
 - c) Business and Operations Plan
 - d) Community Relations Plan
 - e) Safety and Security Plan
 - f) Local Preference Plan
 - g) Social Equity Plan
 - h) Community Benefit proposal required for all permit types during Phase 3, described below.
4. Cannabis Business Application Fee (see below)

FEES

All applicants will be required to pay a fee of \$TBD for costs associated with City staff and consultant(s) 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 and evaluation process. Payment of the \$TBD fee must be made by a certified check, cashier's check or money order made payable to the City of Tracy. Please note the City will not accept cash or credit cards and application fees are non-refundable.

APPLICATION EVALUATION PROCESS

THE CITY HAS A THREE PHASE APPLICATION REVIEW/EVALUATION AND SELECTION PROCESS

PHASE 1 – APPLICATION COMPLETENESS / EVALUATION AND ELIGIBILITY REVIEW

Applications received will be logged into the City's permit system, provided a permit number and will be evaluated by the City based on these Application Procedures and Guidelines, and Tracy Municipal Code Chapter 6.36. See APPENDIX A for additional descriptions of the evaluation criteria and scoring. Questions about the application process from applicants after application submittal should be made in writing and the City will share questions and responses with applicants on the City's website, under FAQs.

For all Cannabis Business Permits, the City's Review Committee will assign points corresponding to conformance with the TMC requirements and these Application Procedures and Guidelines, as may be amended from time to time by Council resolution. It is anticipated that the City's process to review all of the applications could take 90 City business days.

For all business types, an 80% score will enable the application to proceed to Phases 2 and 3.

PHASE 2 - Application of Waivers/City Determination of Social Equity Application

After Phase 1 eligibility review, in this Phase 2, the City will determine whether or not one or more filed applications are eligible for waivers from certain application/processing requirements because the applications score 85% in the Social Equity Plan. It is not a requirement that any application scores 85% or higher in this category; rather, applications that score 85% or higher (of the point total for the Social Equity Plan category) shall be entitled to waivers from certain application/processing requirements until after Phase 3. Such waivers include the following:

- A) Notarized Owner's Statement of Consent
- B) To be Determined

If an applicant has been deemed by the City to be a Social Equity Applicant, the Notarized Owner's Statement of Consent form (form) shall only be required in order for a City- issued Cannabis Business Permit to take effect. In order for a permit to take effect for a Social Equity Applicant, the form shall be submitted within thirty business days from the date the conditional permit issuance is granted by the Chief of Police in Phase 3.

PHASE 3 - CANNABIS BUSINESS PERMIT ISSUANCE

Applications receiving the minimum points as described in Phase 1 and 2 will be eligible to submit for evaluation the proposed community benefit. The City will assign a final score based on the community benefit, subject to approval up to the maximum number of cannabis businesses of each type authorized to operate in Tracy (TMC Section 6.36.040 (a)(vi.)).

At this stage, applicants must submit the Notarized Owner's Statement of Consent form, unless this requirement is waived to a later time due to the City determining in Phase 2 that the applicant qualifies as a Social Equity Applicant, as provided above, in Phase 2.

The Chief of Police will award Cannabis Business Permits, if any, to applicant identified as receiving the highest applicable cumulative score from all phases in accordance with TMC Section 6.36.060 for all Cannabis Business Permit types.

In the event of a tie in final (Phase 3) scores, such that there are more than four applications in the top four scoring slots for the Retail-Storefront (Dispensary) permit type, the City, at a noticed public hearing, will conduct a random drawing or multiple random drawings, if necessary, between the applicants in those top slots in order to issue a maximum of four permits. The random drawing would be conducted only when necessary to break a tie.

Furthermore, the City reserves the right to award a lesser number of Cannabis Business Permits than may be deemed eligible for Phase 3, or to award no permits at all.

After the Chief of Police makes the final decision to issue a Cannabis Business Permit, any applicant wishing to appeal the Chief of Police's final decision may appeal that decision to the City Manager within ten (10) City business days from the issuance of the permit. Such appeals shall comply with the requirements of TMC Chapter 1.12.

Written notice of the results of Phase 3 shall be provided within five City business days to all applications/applicants.

Please note that 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 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 6.36, Section 10.08.3196 or any other permit requirements from other City departments or agencies.

ADDITIONAL CITY APPROVALS REQUIRED PRIOR TO OPERATING A CANNABIS BUSINESS IN TRACY

Conditional Use Permit & Building Permit

Upon receiving a Cannabis Business Permit, applicants are then required to submit for a Conditional Use Permit (CUP), which will be reviewed by the Planning Commission and may require review pursuant to the California Environmental Quality Act (CEQA). After a CUP is obtained, applicants may then submit applications for building permits for any necessary renovation or construction. Information and application forms and requirements for a CUP can be found [here](#) and information and application forms for Building Permits can be found [here](#).

Please note that the CUP and the Building Permit require the payment of separate processing fees for each of those permits, in addition to the fee required for the Cannabis Business Permit.

City Business License

Prior to commencing any cannabis business operation, a City business license must be obtained. Information on obtaining a City business license may be found [here](#).

Cannabis Employee Permit

Pursuant to TMC Section 6.36.150, any person who is an employee or who otherwise works within a cannabis business must obtain a cannabis employee permit from the City prior to performing any work at any cannabis business. Information on obtaining a City of Tracy cannabis employee permit may be found [here](#).

Community Benefit Agreement or Development Agreement

Prior to commencing any cannabis business operation, a Community Benefit Agreement or a Development Agreement must be executed between the permit holder and the City to ensure

completion of the community benefit.

CONTACT INFORMATION

If you have any questions or would like an update on the status of your application, please call the Development Services Department at **209.831.6400** or by email at des@cityoftracy.org.

DRAFT

APPENDIX A: DESCRIPTION OF APPLICATION AND EVALUATION CRITERIA

SECTION 1: Application format and completion of required forms

This section relates to the form of the application and the thoroughness with which the application forms have been completed. Please note that if any of the required forms are not submitted, the application will be disqualified.

1. Are all of required forms included with signatures?
Commercial Cannabis Application Form
Applicant Indemnification Forms
Notarized Owner's Statement of Consent Form (when and if applicable, see Phase 2 information)
2. Has the application followed the required format?
3. Is there a flash drive?
4. Have the requisite number of copies been submitted?

SECTION 2: Background Check Authorization Form and Proof of Live Scan Payment

This section relates to the completion of a background check. If this process has not been initiated and documentation of proof of payment has not been completed, the application will be disqualified.

1. Has proof of the Live Scan payment been submitted?

SECTION 3: Information Pertaining to the Cannabis Business

This section relates to the Merit Based Selection Criteria (attached) for Commercial Cannabis Businesses. The detail and quality of responses will be used in scoring applications; applications will be reviewed against the criteria, the TMC, and each other. The City will review applications for clarity, responsiveness, and which applications best meet and are most responsive the City's criteria. The attached criteria establish the potential points per category, and also identifies required application components.

SECTION 4: Information Pertaining to the Community Benefit:

The community benefit should be quantified and described. The community benefit will be scored by the City. Examples of community benefit include those items identified in the merit based selection criteria.

CITY OF TRACY - MERIT BASED SELECTION CRITERIA FOR COMMERCIAL CANNABIS BUSINESS
PERMIT APPLICATION/ELIGIBILITY SCREENING

7/7/2020

DESCRIPTION OF CRITERIA	All Cannabis Business Types	Points Awarded
The detail and quality of responses will be used in scoring applications against one another. All criteria are required meaning that if an application fails to address a criterion, or if the application lacks sufficient detail to demonstrate how the criterion will be met, the application will be deemed ineligible to receive a permit.	86-point system: Eligibility, then Final Score	
SECTION 1: BUSINESS AND OPERATIONS PLAN (18 possible points)		
a) Finances and Budget - Describe the budget for the construction, operation, 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 start-up costs and at least three months of operating costs, as well as a description of the sources and uses of funds.	0-3	
b) Daily Operations - With as much detail as necessary, the Business and Operations Plan should describe the day-to-day operations that meet the industry best practices for the type of business permit sought, and how such practices have been included into the business Standard Operating Procedures (SOPs).	0-3	
c) Conformance with Local and State Laws - Describe how the Cannabis Business will conform to local and state laws.	0-3	
d) Professional Qualifications – Do the owners demonstrate bona fide business experience? List and describe special business or professional qualifications or licenses of owners that would add to the number or quality of services that the Cannabis Business would provide, especially in areas related to medicinal cannabis, such as scientific or health care fields.	0-3	
e) Cannabis Business Experience - Describe 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.	0-3	
f) Conformance with State Testing – Describe the SOPs for how all cannabis products on the premises have met the testing requirements as defined by the State.	0-3	

DESCRIPTION OF CRITERIA	All Cannabis Business Types	Points Awarded
SECTION 2: COMMUNITY RELATIONS PLAN (9 possible points)		
a) Customer Education - Describe the proposed process to educate customers regarding cannabis products, including the potency and effects of products, as well as variety. Describe the SOP for 24-hour minimum response time to issue cannabis recall notifications.	0-3	
b) Good Neighborliness - Describe how the Cannabis Business will proactively manage its private, semi-private, and surrounding public areas to avoid becoming a nuisance or having negative impacts on neighbors and surrounding community.	0-3	
c) Odor Control – Describe methods and plan for odor control and compliance with TMC Section 6.36.020 (d).	0-3	
SECTION 3: SAFETY AND SECURITY PLAN (18 possible points)		
a) Safety/Security Experience – Describe the security experience of the individual/firm designing the security plan. Does the firm have licensed professionals in areas of fire prevention and suppression?	0-3	
b) Employee Safety Education – Describe the employee safety education plan, including training regarding product handling, security and burglary/robbery protocols, and other potential hazards of the cannabis business.	0-3	
c) Security Guards – Describe the anticipated security guard plan for the business, including number of guards and hours.	0-3	
d) Video Camera Surveillance – Describe video camera surveillance and how they meet or exceed state requirements. Include detail on the number of cameras and resolution of cameras.	0-3	
e) Inventory Control/Visitor Access Control – Describe the visitor access control measures, and operational security related to inventory control.	0-3	
f) Alarm System – Describe the plan for alarm systems and how they are professionally monitored and how all alarms are responded to by a private security company.	0-3	
SECTION 4: LOCAL PREFERENCE PLAN (13 possible points)		
a) 51% Local Ownership – State the extent to which the Cannabis Business will be a locally managed enterprise whose owners (at least 51%) reside within Tracy, as defined by the following ZIP codes: 95304, 95376, 95377, 95378, and 95391. Applicants must show proof that at least 51% of the owners have been residents of Tracy for at least 2 years prior to June 6, 2020. Such proof shall consist of a utility bill with owners name(s), a lease, a deed, or other similar documentation.	0-5	

DESCRIPTION OF CRITERIA		All Cannabis Business Types	Points Awarded
b)	Number of years of residency in Tracy of owners beyond 2 years	0-5	
c)	Economic Inclusion (Production) – Describe the extent to which products will be purchased from cultivators or manufacturers located in San Joaquin County.	0-3	
SECTION 5: SOCIAL EQUITY PLAN (13 possible points)			
a)	Business Practices– Describe the business practices or characteristics that emphasize women in leadership roles the degree of economic inclusion of employees (i.e. description of benefits), and the opportunity for seniors and individuals from minority groups in the business ownership.	0-13	
SECTION 6: COMMUNITY BENEFITS PROPOSAL (15 points)			
a)	City Council Strategic Priorities – Describe and quantify the community benefit and how it facilitates or better furthers one or more of the City Council's adopted Strategic Priorities, for example, by: Total Financial Contribution – Quantify the extent of the financial contribution as a component of the community benefit. The higher the contribution, the higher the points awarded; and/or by: Total Hours of Commitment – Quantify the extent of the involvement in volunteer hours that will be dedicated to furthering one or more of the City Council's Strategic Priorities. The higher the contribution, the higher the points awarded	0-15	
Phase 1 Point Total: Points from Eligibility Screening (passing eligibility score for in all business types is 57= 80% of 71 points)			
Phase 2 Point Total: Points from Social Equity Plans (Score required to be deemed by City to be a Social Equity Applicant is 85% of 13 points from the Social Equity Plan category. 85% of 13 = 11 points required. Such a point total of 11 points in this category enables applicant to be eligible for waiver(s) from certain application / processing requirements as established in the Guidelines.			
Points from Community Benefit (total of 15 points)			
Total Cumulative Points from Eligibility Screening and Community Benefit Proposal Combined (71 possible points from eligibility screening + 15 possible points from community benefit = 86 total possible points)			

July 7, 2020

AGENDA ITEM 4.B

REQUEST

INTRODUCE AN ORDINANCE AMENDING VARIOUS SECTIONS OF CHAPTER 6.36 OF THE TRACY MUNICIPAL CODE REGARDING COMMERCIAL CANNABIS CULTIVATION

EXECUTIVE SUMMARY

Chapter 6.36 of the Tracy Municipal Code (“TMC”) contains regulations for commercial cannabis activities in Tracy (the “regulatory ordinance”). Since December 3, 2019, regulations have been in place for commercial cannabis activities including, cultivation, distribution, manufacturing, microbusinesses, dispensaries (including non-storefront/delivery), and testing laboratories. On June 2, 2020, the regulatory ordinance was amended to clarify or “cleanup” provisions, reflect technical changes, and add new regulatory measures to address a fast-evolving industry.

Since the recent amendment to the regulatory ordinance, staff has determined that further amendment is necessary to clarify that all non-outdoor cultivation license types permitted under state law and regulations will be allowed to operate in Tracy. The proposed ordinance would clarify the types of commercial cannabis cultivation that may be eligible for a City Cannabis Business Permit.

DISCUSSION

On December 3, 2019, the City Council adopted the regulatory ordinance in Chapter 6.36 of the TMC to establish local regulations for commercial cannabis activity in Tracy. The regulatory ordinance was amended on June 2, 2020 to clarify and “cleanup” certain provisions, reflect technical changes, and add new regulatory measures. Following the most recent amendment, staff identified a need to make additional amendments to the regulatory ordinance to allow all non-outdoor cultivation license types permitted under state law and regulations to operate in Tracy to address questions from interested stakeholders.

A summary of the proposed amendments to Chapter 6.36 include:

- Addition of non-outdoor cultivation license types permitted under state law and regulations, which include:
 - Specialty Cottage – Indoor and Mixed-Light Tier 1 and 2,
 - Specialty – Indoor and Mixed-Light Tier 1 and 2,
 - Small – Indoor and Mixed-Light Tier 1 and 2,
 - Medium – Indoor and Mixed-Light Tier 1 and 2,
 - Nursery, and
 - Processor.
- Addition of a definition of “Mixed-light cultivation” to restate that all outdoor cultivation is prohibited in Tracy. Under state regulations, this type of cannabis cultivation may include cultivation of mature cannabis in structures that may be in

an outdoor setting. This definition seeks to make clear that all mixed-light cultivation shall be conducted indoors, in a fully enclosed building.

The proposed ordinance seeks to clarify the types of commercial cannabis cultivation that may be eligible for cannabis business permits.

STRATEGIC PLAN

This agenda item supports the City of Tracy's Public Safety and Quality of Life Strategic Priorities, which are to enhance community safety by promoting a responsive public safety system that includes civic engagement and partnerships, prevention, intervention, and suppression services that meet the needs of Tracy residents, and to provide an outstanding quality of life by enhancing the City's business mix and services.

FISCAL IMPACT

There is no fiscal impact associated with this agenda item.

RECOMMENDATION

That the City Council introduce and waive the full reading of an ordinance amending various sections of Chapter 6.36 of the Tracy Municipal Code regarding commercial cannabis activity regarding cultivation.

Prepared by: Bianca Rodriguez, Assistant City Attorney
Leticia Ramirez, City Attorney

Reviewed by: Karin Schnaider, Finance Director
Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

Attachment(s):

A - Redline Copy of Proposed Amendments to Chapter 6.36 of the Tracy Municipal Code

Attachment A – Redline Proposed Amendments to Chapter 6.36 of the Tracy Municipal Code

6.36.012 - Definitions.

“Mixed-light cultivation” means cultivation of cannabis using any combination of natural and supplemental lighting with the cultivation site in a fully enclosed building. For the purposes of this definition, “building” shall have the same meaning as provided in Title 10 of this Code. The use of natural light does not include opening of any part of the building to the outside air such that odors from the cannabis business may be detectable off-site.

6.36.330 - Commercial Cannabis Cultivation Permit Requirements.

- (a) No person shall operate a cannabis cultivation business in the City without a valid cannabis business permit issued pursuant to this chapter, or in a manner that is inconsistent with the permit issued. This section shall not apply to the cultivation of cannabis for personal use allowed under state law.
- (b) Permit Fee. A cannabis cultivation permit program fee is established and imposed. The City Council shall establish by resolution the amount of the permit fee and any related penalties.
- (c) Cannabis Business Permit(s) will only be issued for the following types of cannabis cultivation businesses:
 - i. Specialty Cottage:
 - A. Indoor - Indoor cultivation up to 500 square feet of total canopy size on one cultivation site.
 - B. Mixed-Light Tier 1 and 2 - Mixed-light cultivation up to 2,500 square feet of total canopy size on one cultivation site.
 - ii. Specialty:
 - A. Indoor - Indoor cultivation of between 501 and less than or equal to 5,000 square feet of total canopy size on one cultivation site.
 - B. Mixed-Light Tier 1 and 2 - Mixed-light cultivation between 2,501 and 5,000 square feet of total canopy size on one cultivation site.
 - iii. Small:
 - A. Indoor - Indoor cultivation between 5,001 and 10,000 square feet of total canopy size on one cultivation site.
 - B. Mixed-Light Tier 1 and 2 - Mixed-light cultivation between 5,001 and 10,000 square feet of total canopy size on one cultivation site.
 - iv. Medium:
 - A. Indoor - Indoor cultivation between 10,001 and 22,000 square feet of total canopy size on one cultivation site.
 - B. Mixed-Light Tier 1 and 2 - Mixed-light cultivation between 10,001 and 22,000 square feet of total canopy size on one cultivation site.

Attachment A – Redline Proposed Amendments to Chapter 6.36 of the Tracy Municipal Code

- v. Nursery - A cultivation site that conducts only cultivation of clones, immature plants, seeds, and other agricultural products used specifically for the propagation of cultivation of cannabis.
- vi. Processor - A cultivation site that conducts only trimming, dying, curing, grading, packaging, or labeling of cannabis and nonmanufactured cannabis products.
- (d) Indoor Only. A cannabis cultivation permittee shall only cultivate cannabis in a fully enclosed building. Outdoor cultivation of commercial cannabis is expressly prohibited.
- (e) A cannabis cultivation permittee shall not allow cannabis or cannabis products on the cultivation site to be visible from the public right-of-way, the unsecured areas surrounding the buildings on the site, or the site's main entrance and lobby.
- (f) A cannabis cultivation permittee may conduct all activities permitted by the State License.
- (g) Any cultivation activity that will be conducted by the permittee shall be included on the permit application. No additional cultivation activity can be conducted without applying for and receiving written permission from the City for that additional activity.
- (h) At all times, the cannabis cultivation site shall be compliant with all state regulations for cannabis cultivation including Title 3 of the California Code of Regulations as may be amended.
- (i) Inspections by the Fire Chief or designee may be conducted any time during the business's regular business hours.
- (j) Site Requirements. A cannabis cultivation site shall comply with the following requirements:
 - i. Entrances. All entrances into the buildings on the cultivation site shall be locked at all times with entry controlled by the permittee's managers and staff, provided that such secured areas do not violate the emergency egress requirements in the Building Code.
 - ii. Cultivation area. All cultivation areas in any building on the cultivation site shall be separated from the main entrance and lobby, and shall be secured by a lock accessible only to managers and staff of the permittee from the lobby area. As such, managers and staff of the permittee shall not be required to exit the building in an emergency through the cultivation area.
 - iii. Transport area. Each building with a cultivation area shall have an area designed for the secure transfer of cannabis from a vehicle to the cultivation area.
 - iv. Storage area. Each building with a cultivation area shall have adequate storage space for cannabis that has been tested or is waiting to be tested. The storage areas shall be separated from the main entrance and lobby, and shall be secured by a lock accessible only to managers and staff of the permittee, provided that such secured areas do not violate the emergency egress requirements in the Building Code.
- (k) Signage. A cannabis cultivation permittee shall post in the lobby of the cultivation site signs that state the following:
 - i. "This site is not open to the public."
 - ii. "Retail sales of any goods and services is prohibited."
 - iii. "Persons under twenty-one (21) years of age are prohibited from entering this site."
 - iv. "Smoking, ingesting, or consuming cannabis or cannabis products on this site or in a public place is prohibited."

Attachment A – Redline Proposed Amendments to Chapter 6.36 of the Tracy Municipal Code

- v. Each sign described in must be at least eight (8) inches by ten (10) inches in size and must be displayed at all times in a conspicuous place so that it may be readily seen by all persons entering the cultivation site.
- vi. Each sign shall comply with California's accessibility requirements for persons with visual impairments.

(I) Restricted Site. No cannabis cultivation permittee shall open their cultivation site to the public.

- i. No cannabis cultivation permittee shall allow anyone on the cultivation site, except for managers, staff, and other persons with a bona fide business or regulatory purpose for being there, such as contractors, inspectors, and distribution drivers.
- ii. A manager must be on the cultivation site at all times that any other person, except for security guards, is on the site.
- iii. While on the cultivation site, managers and staff of the cannabis cultivation business must maintain evidence of their cannabis employee permit, issued by the City, at all times.
- iv. Any person other than managers or staff who are on the cultivation site must sign in, wear a visitor badge, and be escorted on the site by a manager, or designee, at all times.
- v. Retail Sales Prohibited. No person shall conduct any retail sales of any good or services on or from a permitted cannabis cultivation site.
- vi. Cannabis cultivation sites shall not contain an exhibition or product sales area or allow for retail distribution of products at that location.
- vii. Location Requirements. Cannabis cultivation permittees shall locate in a site consistent with section 10.08.3196.

ORDINANCE _____

AN ORDINANCE OF THE CITY OF TRACY AMENDING VARIOUS SECTIONS OF CHAPTER 6.36 OF TITLE 6 "BUSINESSES, PROFESSIONS, AND TRADES" OF THE TRACY MUNICIPAL CODE REGARDING LOCAL REGULATIONS OF COMMERCIAL CANNABIS ACTIVITY IN THE CITY OF TRACY

WHEREAS, In November 1996, California voters approved the Compassionate Use Act of 1996 ("CUA") which authorized a limited defense to criminal charges for the use, possession or cultivation of marijuana (cannabis) for medical purposes when a qualified patient has a doctor's recommendation for the use of cannabis, and

WHEREAS, In November 2016, California voters approved Proposition 64, the Adult Use of Marijuana Act ("AUMA"), which legalized the use of non-medicinal (recreational) cannabis by adults and the cultivation of up to six cannabis plants for personal use; and the AUMA also created a statewide regulatory framework for the cultivation, production, and sale of non-medical cannabis for adult use, and

WHEREAS, In June 2017, the State Legislature adopted Senate Bill 94 creating a new statewide comprehensive regulatory system for medical and adult use commercial cannabis activity titled Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA"), and

WHEREAS, CUA, AUMA and MAUCRSA do not prohibit cities from enacting regulations regarding commercial cannabis activities and uses, and

WHEREAS, The City Council seeks to establish regulations for commercial cannabis activity in the City of Tracy to ensure such activities are conducted in a manner that mitigates negative impacts, protects the public health, safety, and welfare of residents, and supports economic development, and

WHEREAS, The City of Tracy engaged in a comprehensive review and study of state and local cannabis regulations, conducted community outreach on this topic, and held various public meetings to discuss commercial cannabis activity, provide policy direction to staff, and receive public input on the topic of commercial cannabis activity, and

WHEREAS, The City Council adopted an ordinance establishing local regulations on commercial cannabis activity in the City of Tracy on December 3, 2019, which are set forth in Chapter 6.36 of the Tracy Municipal Code, and

WHEREAS, On June 2, 2020, the City Council adopted an ordinance amending various provisions of Chapter 6.36 of the Tracy Municipal Code to further protect the public health, safety, and welfare of residents by adding regulatory measures to a fast-evolving industry, to reflect technical changes, and to cleanup provisions, and

WHEREAS, The proposed Ordinance would further amend Chapter 6.36 of the Tracy Municipal Code to clarify the types of indoor commercial cannabis cultivation that may be eligible for cannabis business permits.

The City Council of the City of Tracy does ordain as follows:

SECTION 1. The foregoing recitals are true and correct and are incorporated herein as findings.

SECTION 2. Amended Section. Section 6.36.012 of Article 1 of Chapter 6.36 is hereby amended to add the following text:

““Mixed-light cultivation” means cultivation of cannabis using any combination of natural and supplemental lighting with the cultivation site in a fully enclosed building. For the purposes of this definition, “building” shall have the same meaning as provided in Title 10 of this Code. The use of natural light does not include opening of any part of the building to the outside air such that odors from the cannabis business may be detectable off-site.”

SECTION 3: Amended Section. Section 6.36.330 of Article 4 of Chapter 6.36 of the Tracy Municipal Code is hereby amended to read as follows:

“Section 6.36.330 Commercial Cannabis Cultivation Permit Requirements.

- (a) No person shall operate a cannabis cultivation business in the City without a valid cannabis business permit issued pursuant to this chapter, or in a manner that is inconsistent with the permit issued. This section shall not apply to the cultivation of cannabis for personal use allowed under state law.
- (b) Permit Fee. A cannabis cultivation permit program fee is established and imposed. The City Council shall establish by resolution the amount of the permit fee and any related penalties.
- (c) Cannabis Business Permit(s) will only be issued for the following types of cannabis cultivation businesses:
 - i. Specialty Cottage:
 - A. Indoor - Indoor cultivation up to 500 square feet of total canopy size on one cultivation site.
 - B. Mixed-Light Tier 1 and 2 - Mixed-light cultivation up to 2,500 square feet of total canopy size on one cultivation site.
 - ii. Specialty:
 - A. Indoor - Indoor cultivation of between 501 and 5,000 square feet of total canopy size on one cultivation site.
 - B. Mixed-Light Tier 1 and 2 - Mixed-light cultivation between 2,501 and 5,000 square feet of total canopy size on one cultivation site.
 - iii. Small:
 - A. Indoor - Indoor cultivation between 5,001 and 10,000 square feet of total canopy size on one cultivation site.
 - B. Mixed-Light Tier 1 and 2 - Mixed-light cultivation between 5,001 and 10,000 square feet of total canopy size on one cultivation site.
 - iv. Medium:
 - A. Indoor - Indoor cultivation between 10,001 and 22,000 square feet of total canopy size on one cultivation site.

- B. Mixed-Light Tier 1 and 2 - Mixed-light cultivation between 10,001 and 22,000 square feet of total canopy size on one cultivation site.
- v. Nursery - A cultivation site that conducts only cultivation of clones, immature plants, seeds, and other agricultural products used specifically for the propagation of cultivation of cannabis.
- vi. Processor - A cultivation site that conducts only trimming, dying, curing, grading, packaging, or labeling of cannabis and nonmanufactured cannabis products.
- (d) Indoor Only. A cannabis cultivation permittee shall only cultivate cannabis in a fully enclosed building. Outdoor cultivation of commercial cannabis is expressly prohibited.
- (e) A cannabis cultivation permittee shall not allow cannabis or cannabis products on the cultivation site to be visible from the public right-of-way, the unsecured areas surrounding the buildings on the site, or the site's main entrance and lobby.
- (f) A cannabis cultivation permittee may conduct all activities permitted by the State License.
- (g) Any cultivation activity that will be conducted by the permittee shall be included on the permit application. No additional cultivation activity can be conducted without applying for and receiving written permission from the City for that additional activity.
- (h) At all times, the cannabis cultivation site shall be compliant with all state regulations for cannabis cultivation including Title 3 of the California Code of Regulations as may be amended.
- (i) Inspections by the Fire Chief or designee may be conducted any time during the business's regular business hours.
- (j) Site Requirements. A cannabis cultivation site shall comply with the following requirements:
 - i. Entrances. All entrances into the buildings on the cultivation site shall be locked at all times with entry controlled by the permittee's managers and staff, provided that such secured areas do not violate the emergency egress requirements in the Building Code.
 - ii. Cultivation area. All cultivation areas in any building on the cultivation site shall be separated from the main entrance and lobby, and shall be secured by a lock accessible only to managers and staff of the permittee from the lobby area. As such, managers and staff of the permittee shall not be required to exit the building in an emergency through the cultivation area.
 - iii. Transport area. Each building with a cultivation area shall have an area designed for the secure transfer of cannabis from a vehicle to the cultivation area.
 - iv. Storage area. Each building with a cultivation area shall have adequate storage space for cannabis that has been tested or is waiting to be tested. The storage areas shall be separated from the main entrance and lobby, and shall be secured by a lock accessible only to managers and staff of the permittee, provided that such secured areas do not violate the emergency egress requirements in the Building Code.
- (k) Signage. A cannabis cultivation permittee shall post in the lobby of the cultivation site signs that state the following:
 - i. "This site is not open to the public."
 - ii. "Retail sales of any goods and services is prohibited."
 - iii. "Persons under twenty-one (21) years of age are prohibited from entering this site."

- iv. "Smoking, ingesting, or consuming cannabis or cannabis products on this site or in a public place is prohibited."
- v. Each sign described in must be at least eight (8) inches by ten (10) inches in size and must be displayed at all times in a conspicuous place so that it may be readily seen by all persons entering the cultivation site.
- vi. Each sign shall comply with California's accessibility requirements for persons with visual impairments.

(I) Restricted Site. No cannabis cultivation permittee shall open their cultivation site to the public.

- i. No cannabis cultivation permittee shall allow anyone on the cultivation site, except for managers, staff, and other persons with a bona fide business or regulatory purpose for being there, such as contractors, inspectors, and distribution drivers.
- ii. A manager must be on the cultivation site at all times that any other person, except for security guards, is on the site.
- iii. While on the cultivation site, managers and staff of the cannabis cultivation business must maintain evidence of their cannabis employee permit, issued by the City, at all times.
- iv. Any person other than managers or staff who are on the cultivation site must sign in, wear a visitor badge, and be escorted on the site by a manager, or designee, at all times.
- v. Retail Sales Prohibited. No person shall conduct any retail sales of any good or services on or from a permitted cannabis cultivation site.
- vi. Cannabis cultivation sites shall not contain an exhibition or product sales area or allow for retail distribution of products at that location.
- vii. Location Requirements. Cannabis cultivation permittees shall locate in a site consistent with section 10.08.3196. "

SECTION 4. If any provision or the application of this Ordinance is for any reason held to be unconstitutional, invalid, or otherwise unenforceable, such decision shall not affect the validity of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have adopted each subsection or provision of this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance enforced.

SECTION 5. This Ordinance shall take effect 30 days after its final passage and adoption.

SECTION 6. The City Council finds that this Ordinance is exempt from CEQA in accordance with Business and Professions Code section 26055(h) because it requires discretionary review and approval of permits, licenses, or other authorizations to engage in commercial cannabis activity.

SECTION 7. This Ordinance shall either (1) be published once in a newspaper of general circulation, within 15 days after its final adoption, or (2) be published in summary form and posted in the City Clerk's office at least five days before the ordinance is adopted and within

15 days after adoption, with the names of the Council Members voting for and against the ordinance. (Gov't. Code §36933.)

* * * * *

The foregoing Ordinance _____ was introduced at a regular meeting of the Tracy City Council on the 7th day of July 2020, and finally adopted on the _____ day of _____, 2020, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK