

DATE SUBMITTED 3/15/2018  
 SUBMITTED BY CITY MANAGER'S OFFICE  
 DATE ACTION REQUIRED 3/21/2018

COUNCIL ACTION (x)  
 PUBLIC HEARING REQUIRED ( )  
 RESOLUTION ( )  
 ORDINANCE 1<sup>ST</sup> READING ( )  
 ORDINANCE 2<sup>ND</sup> READING ( )  
 CITY CLERK'S INITIALS [Signature]

**IMPERIAL CITY COUNCIL  
 AGENDA ITEM**

SUBJECT: <b>DISCUSSION/ACTION: AMENDMENT TO POLICY AND PROCEDURES FOR MEDICAL CANNABIS APPLICATIONS</b>  1. APPROVE AND ADOPT RESOLUTION NO. <u>18-07</u> TO AMEND RESOLUTION NO. 2018-01, DEFINING APPLICATION PROCESS AND PROCEDURES FOR MEDICAL CANNABIS FACILITY APPLICATIONS;	
DEPARTMENT INVOLVED: CITY MANAGER'S OFFICE/CITY ATTORNEY/COMMUNITY DEVELOPMENT	
BACKGROUND/SUMMARY:  On February 7, 2018 the City Council approved Resolution No. 2018-01 to adopt the process and procedures for the selection of a medical cannabis applicant in the City of Imperial. During the implementation period of this process, it has come to the City's attention that a resolution is required by the Department of Justice to obtain life scan criminal history reports. Applicants must pass the background prior to their application being scored as outlined in the adopted policies. If approved, this resolution will authorize an application to be submitted on behalf of the City of Imperial to the Department of Justice to obtain a special mail/ROI code. This code is necessary to complete the application process as outline by the City Council. As such, the City must update the policies and procedures previously adopted. <b>Items amended include:</b> Timeline: 60 day application period to a 180 days; Background Checks: Provisional Background Checks provided by independent third party; City Manager Review: City Manager to designate independent third party review for scoring verification; Fee Schedule Update: \$300 per principal for provisional background check/ \$1500 third party application review (cost pass through); Please see the attached amended administrative process for further details.	
FISCAL IMPACT: NO FISCAL IMPACT	FINANCE INITIALS <u>[Signature]</u>
STAFF RECOMMENDATION: It is staff's recommendation to approve the amended policy and procedures.	DEPT. INITIALS <u>[Signature]</u>
MANAGER'S RECOMMENDATION: I agree with staff's recommendation to amend the current administrative process.	CITY MANAGER'S INITIALS <u>[Signature]</u>
MOTION:	
SECONDED: _____ APPROVED ( ) REJECTED ( ) AYES: _____ DISAPPROVED ( ) DEFERRED ( ) NAYES: _____	

**RESOLUTION NO. 2018-07**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL  
AMENDING EXHIBIT "A" TO RESOLUTION NO. 2018-01**

**WHEREAS**, the City Council of the City of Imperial ("Council") adopted Resolution No. 2018-01 on February 7, 2018; and

**WHEREAS**, Exhibit "A" to Resolution No. 2018-01 established, among other things, procedures and fees related to medical cannabis facilities; and

**WHEREAS**, the Council wishes to amend Exhibit "A" to Resolution 2018-01.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF IMPERIAL  
DOES RESOLVE AS FOLLOWS:**

- 1) The recitals set forth herein are true and correct and are incorporated by reference.
- 2) The attached Exhibit "A" is hereby approved and shall replace Exhibit "A" to Resolution No. 2018-01. Said Resolution shall be designated 2018-07.

**PASSED, APPROVED, AND ADOPTED** at a Regular Meeting of the City Council of the City of Imperial held on the 21<sup>st</sup> day of March, 2018.

\_\_\_\_\_  
Geoff Dale, Mayor

ATTEST:

\_\_\_\_\_  
Debra Jackson, City Clerk



## APPLICATION PROCEDURE TO OPERATE A MEDICAL CANNABIS FACILITY IN IMPERIAL

The application process for a license to operate a Medical Cannabis Facility/Operation or Delivery/Transportation Service in Imperial will open on [redacted] date [redacted]. The application period will run for [redacted] # [redacted] days. The closing date will be [redacted] date [redacted] @ 4:00 PM (PST).

Applications will be available at the Community Development Department located at City Hall. For questions regarding the application process please review the FAQ's, at the City of Imperials webpage: [www.cityofimperial.org](http://www.cityofimperial.org).

This document outlines the application process, required materials, and other information necessary to operate a MCD or Delivery/Transportation service in Imperial.

To be considered, final applications must be submitted by 4:00 PM (PST) on [redacted] at the Community Development Department located at 420 S Imperial Avenue; Imperial, CA 92251.

This application process is adopted pursuant to Imperial Municipal Code section 15-85.4.Regulations.

### BEFORE YOU APPLY:

- Review the information to learn about the application process and which documents you will need.
- Review the application in its entirety to ensure that it is complete and accurate.

**(1) Application Process: Evaluation and Ranking:** The selection process shall consist of the following Stages (1-5):

- Stage 1: Preliminary Determination of Eligibility (\$1,235.00)
- Stage 2: Ranking of applications (\$1,235.00)
- Stage 3: City Manager Review by Third Party (\$1500.00)
- Stage 4: Public Meeting and City Council Final Selection of applicant. (\$1,235.00)

**Total Application Fees: (Stages 1, 2, 3 & 4): \$5205.00**

- Stage 5: Conditional Use Permit Application (\$1,673.00)

**\*\*\*Optional Provisional Background Check for Principals: \$300.00\*\*\***

**(2) Criminal History Check:**

As part of Stage 1 of the Application Process, each individual applying to be a principal of any "medical cannabis use operation/facility" must apply for a Live Scan criminal history check.

Currently, the City of Imperial has not been issued the “mail code” from the Department of Justice, there is a tentative 9-10 week wait period for the City to receive the “mail-code” required to process the “criminal background check”.

The City is offering the option of a “Provisional Background Check” meanwhile the “mail-code” is issued. The “Provisional Background Check” cannot be used in lieu of the official DOJ background check, it is optional.

Due to limited staff resources you are encouraged to contact City Staff for details and to schedule your appointment as early as possible in order to complete your Live Scan requirement before the due date of the application. The City is not responsible for applicants who are unable to schedule an appointment prior to the application deadline. Please be advised that there will be a Live Scan processing fee per person, which must be paid at the time of the Live Scan at the Sheriff’s office. The Live Scan process involves submitting fingerprints to the DOJ, which will review for criminal offender record information (CORI). CORI reports will be provided to the City of Imperial for the sole purpose of determining eligibility for operating a “MCD” or related uses outlined in City of Imperial “Ordinance 795”.

**\*Applicants/Principles who do not meet criminal history eligibility requirements will be disqualified.\***

**(3) Application:** Applicants must hand deliver a complete and signed copies of the City of Imperial Medical Cannabis Uses Application Form, and all attachments along with a flash drive which contains one comprehensive and signed copy of the application in a pdf format, and corresponding application payment starting on [REDACTED] for Medical Cannabis Operations. The deadline for Medical Cannabis Operations Application will be 4:00 PM on [REDACTED].

**(4) Payment:**

- Payment must be made at the time of submission.
- Application Fees are non-refundable.

**(5)Recap:**

A complete application will consist of the following information:

- a. The Imperial Medical Cannabis Operations Application Form;
- b. Proof of Live Scan payment for each of the Principals;
- c. Indemnification Agreement (attached); and
- d. All of the information outlined to be evaluated in **Stages 1 - 4** which are described in the Application and Evaluation Process section below in this procedure.
- e. Any change in location will require a new Application submission.

**LATE AND/OR ANY INCOMPLETE APPLICATIONS WILL NOT BE CONSIDERED.**

**(6) Amendments to the Application:**

Applicants will not be allowed to make amendments to their application or to supplement their application, except as otherwise specifically permitted in these procedures or authorized in writing by the City. During Stage 1, applicants will be notified if any of the Principals are ineligible and/or if their application is incomplete and will not move forward in the application process.

**EVALUATION AND SELECTION PROCESS:**

The City Manager or Designee (along with relevant City Staff) will review and evaluate all applications. The evaluation and selection process shall consist of the following four phases:

**Stage 1: Determination of Eligibility and Application:**

- Each Principal must undergo a criminal history background check.
- Applications must be complete to be considered. Applications will be considered complete only if they include all information required for Stages 1 and 2.
- Proposed location of business with proof of ownership or a signed and notarized statement from the Property Owner.

**Stage 2: Ranking:**

(1325 Total Points Possible for Medical Cannabis Facilities/Operation)

Applications will be evaluated based on the following criteria:

- Qualifications of Principals (150 Points)
- Business Plan including delivery protocols (100 Points)
- Community Benefits Plan (50 Points)
- Site and Floor Plans (maps for dispensaries/transportation operations vehicle storages) – (100 Points)
- Security Plan (200 Points)
- Proof of “Living Wage” – (25 Points)
- Employee Handbook – (100 Points)
- Standard Operating Procedures (100 Points)
- Disposal Procedures (50 Points)
- Inventory Control (150 Points)
- Odor Management Plan (150 Points)
- Signage Plan (25 Points)
- Preference to participate in Clinical or Academic Research (25 Points)
- Cash Management (100 Points)

After all the applicants from Stage 2 scores have been tabulated those applicants for cultivation, manufacturing, distribution, testing, dispensing which amount to 1150 or greater if applicable, will move onto Stage 3 selection process.

## Ranking Definitions:

- *Qualifications of Principals (150 points):* Verifiable experience dealing with Medical Cannabis Uses.
- *Business Plan (100 points):* A document setting out the business's future objectives and strategies for achieving them.
- *Community Benefits Plan (50 points):* A document setting out the business's meaning and intent (if applicable) that will benefit the citizens of the City.
- *Site and Floor Plans (100 points):* A drawing to scale, showing a view from above, of the relationships between rooms, spaces and other physical features at one level of a structure.
- *Proof of living wage (25 points):* a wage that is high enough to maintain a normal standard of living.
- *Employee Handbook (100 points):* Book given to employees by employer. The employee handbook usually contains several key sections and includes information about company culture, policies, and procedures.
- *Standard Operating Procedures (100 points):* Document outlining procedures specific to your operation that describe the activities necessary to complete tasks in accordance with industry regulations and provincial laws.
- *Disposal Procedures (50 points):* Document describing how all waste and hazardous waste will be properly and safely managed from its generation through handling, storage, and preparation for transportation.
- *Inventory Control (150 points):* Document that describes the process of ensuring that all stock is accounted for at any given time.
- *Odor Management Plan (150 points):* Document that determines the source of potential odors, identifies control practices and establishes a monitoring strategy to help manage the smells associated with the operation.
- *Signage Plan (25 points):* Plan depicting the height, size, style, type and location of signs for proposed project.
- *Preference to participate in Clinical or Academic Research (25 points):* Business or operation must provide verifiable proof of participation that they intend or are enrolled in a clinical or academic research program at the time of submission.
- *Cash Management Plan (100 points):* Document describing the process in which payment transaction will be conducted, how deposits will be made, the cash flow monitoring controls, account organization and the intended house bank for the operation.

### Stage 3:

## **Stage 4: Selection Committees Final Evaluation and City Council's Final Selection**

### **Stage 4 Steps to be followed:**

1. City Manager or designee (and relevant City staff) final review and evaluation.
2. City Manager presents final rankings and recommendation report to City Council.
3. City Council makes final selection.

The City reserves the right to request and obtain additional information from any candidate who submitted a proposal. The City Manager will present to the City Council the final ranking in which the City Council may award at its discretion one (1) applicant the ability to apply for a Conditional Use Permit for the following operations regarding Medical Cannabis: dispensary, cultivation, manufacturing, distribution and testing pursuant to Ordinance 795 Section 15-85.2(b).

The City Council reserves the right to award a lesser number of permits, or to award no permits at all. Only those applicants on the final list will be eligible to be issued a permit from the initial permit process. The top Applicants which are being recommended by the City Manager for consideration to the City Council should be prepared to attend a City Council meeting in the City of Imperial in order to provide a public presentation before the Mayor and City Council introducing their team and providing an overview of their proposal if requested by the City Manager.

- Please note that being awarded a permit does not constitute a land use entitlement and does not waive or remove the requirements of applying for and receiving permits for any and 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 Medical Cannabis Operations application process meet the standards or requirements in City of Imperial Municipal Ordinance 795 or any other permit requirement from other city departments or agencies. All permit awardees will still be required to apply and receive a Conditional Use Permit (CUP) with the City of Imperial, Business License and if applicable Building Permits for the proposed construction, improvements, or occupation of their facility.

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### **DESCRIPTION OF EVALUATION CRITERIA:**

- Proposed Location. Your application must include the address and a detailed description of the proposed location. This section should also describe all sensitive uses (outlined in Ordinance 795) within (600) foot radius and should certify that the proposed location is not within six hundred (600) foot radius of a school whether it be public or private, residential zones, churches/places of assembly, and other sensitive uses as described in Ordinance 795. The Medical Cannabis Operation must be located in the appropriate

zoning (C-2 Commercial General) meet all of the locational requirements as in described in City of Imperial Municipal Code Chapter 15/Ordinance 795.

- Business Plan. With as much detail as possible, the Business Plan should describe:
  - Description of day-to-day operations.
  - How the business/facility will conform too local and state law.
  - Odor control plan with detailed ventilation options for mitigating noxious odors.
  - The application should describe any proposed “green” business practices relating to energy and climate, water conservation, and materials and waste management.
  - Signage.
  - A schedule for beginning operation, including a narrative outlining any proposed Construction/improvements and a timeline for completion.
  
- The Business Plan should include:
  - A budget for construction, operation, maintenance, compensation of employees, equipment costs, utility costs, and other operation costs. The budget must demonstrate sufficient capital in place to pay startup costs and at least three months of operating costs, as well as a description of the sources and uses of funds.
  - Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets.
  - A pro forma for at least three years of operation.
  - Safety and Security Plan. For each proposed location, your application should include:
    - A detailed safety plan. This plan should identify a Security Manager and describe the fire prevention, suppression, HVAC and alarm systems the facility will have in place. It should include an assessment of the facility’s fire safety by a qualified fire prevention and suppression consultant. An appropriate plan will have considered all possible fire, hazardous material, and inhalation issues/threats and will have both written and physical mechanisms in place to deal with each specific situation.
    - A detailed security plan. This plan should include a description and detailed schematic of the overall facility security. It should have details on both facility and operational security, including but not limited to general security policies for the facility, employee specific policies, training, sample written policies, transactional security, visitor procedures, 3rd party vendor security, and delivery security. In particular, applications should address ingress and egress access, perimeter security, product security (at all hours), internal security measures for access (area specific), types of security systems (alarms and cameras), and security personnel to be employed. The security plan shall also include an assessment of site security by a qualified security consultant(s). For all security consultants their name, contact information and business license number shall be provided. Security plans will not be made public.



- A floor plan and site plan showing existing conditions. If changes are proposed as part of the project, then a proposed floor plan should also be submitted. The floor plan(s) should be accurate, dimensioned and to scale (minimum scale of 1/4”).
- Photographs accurately depicting the entire interior and exterior and exterior of the proposed site(s), including entrance(s), including entrance(s), street frontage(s), parking, front, rear and sides of the proposed site.

**Community Benefits.** The application should appoint a Community Liaison and describe benefits that the Medical Cannabis Operation would provide to the local community, such as employment for local residents of the City, community contributions, or economic incentives to the City.

**Enhanced Product Safety and Labeling.** The application should state how the facility/operation will ensure enhanced consumer safety beyond that required by Ordinance 795.

**Inventory Control Plan.** The application should describe the POS software the business will be using to track inventory and/or sales of medical cannabis. The applicant should provide evidence of ability to secure Worker’s Comp and General liability insurance with an aggregate limit of not less than \$1,000,000.00.

**Local Enterprise.** The application should state the extent to which the facility/business will be a locally managed enterprise whose Principals reside within Imperial and/or the County of Imperial.

**Qualifications of Principals.** The application should include information concerning any special business or professional qualifications or licenses of principals that would add to the number or quality of services that the operation would provide, especially in areas related to medical cannabis, such as scientific or health care fields.

**The City’s Reservation of Right’s**

The City reserves the right to reject any and/or all proposals, with or without any cause or reason. The City may also, modify, postpone, or cancel the request for permit applications without liability, obligation, or commitment to any party, firm, or organization. In addition, the City reserves the right to request and obtain additional information from any candidate submitting a proposal.

**Late Medical Cannabis Dispensary Applications and/or generally incomplete Applications WILL BE REJECTED.**

Furthermore, an application RISKES BEING REJECTED for any of the following reasons:

1. Proposal considered not fully responsive to this request for a permit application.
2. Proposal contains excess or extraneous material not called for in the request for permit application.

**City of Imperial Medical Cannabis Facility**  
**Application Attachments**

1. Complete interior floor plan on paper no larger than 11" x 17" (multiple sheets allowed) to include the following information:
  - a. Dimensions of interior floor plan.
  - b. Indicate location of all exit doors, widths of doors and panic hardware.
  - c. Principal uses of the floor area including where non-patients will be permitted, private consulting areas, storage areas, retail areas, areas for cash handling and storage, and restricted areas
  - d. Show the separation of the areas that are open to persons who are not patients from those areas open to patients

NOTE: All areas of proposed business site must be disabled access compliant pursuant to Title 24 of the State of California Code of Regulations and the Americans with Disabilities Act.

2. Proof of Worker's Compensation Insurance including the limits of each policy, policy numbers, name of the insurer, effective date, and expiration date of each policy.
3. Proof of Liability Insurance including the limits of each policy, policy numbers, name of the insurer, effective date, and expiration date of each policy.
4. Copy of CA Seller' Permit (for retail businesses only)
5. Copy of your Fictitious Name Filing, if applicable.
6. Corporation, Limited Liability Companies, Limited Liability Partnerships:
  - a. Copy of your Articles of Incorporation
  - b. Copy of your Statement of Information
7. Standard Operating Plan Procedures to include the following information (as outlined in the Regulations):
  - a. General Operating Procedures
  - b. Security
  - c. Operational Security
  - d. Facility Security
  - e. Community Service
  - f. Fire Plan
  - g. Labor Relations/Employee Handbook
  - h. Business Plan / Financials
8. Proof of Ownership, lease, and/or letter of landlord's commitment to lease upon issuance of a license to the proposed business location.
9. Copy of one (1) valid government issued form of identification for each owner and managing member.
10. Copy of Live Scan receipt/completion for each owner and business manager.
11. Completed City of Imperial Conditional Use Permit Application.
12. All fees must be paid upon submission or the applications will not be considered complete.