



## APPLICATION PROCEDURE TO OPERATE A COMMERCIAL CANNABIS BUSINESS IN LYNWOOD

The application process to operate a Commercial Cannabis Business ("CCB") in Lynwood will open on Wednesday, February 1, 2017. **Applications will not be accepted until after February 20, 2017.** Applications are available at the Department of Development, Compliance and Enforcement Services located at City Hall. This outlines the application process, required materials, and other information necessary to operate a CCB in Lynwood. This application process is adopted pursuant to Lynwood Municipal Code Section 4-34-1, 4-34-3, and 4-34-9.

### **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.
- Review the information regarding the commercial cannabis business permit application on the webpage: [www.lynwood.ca.us](http://www.lynwood.ca.us) which includes the following information:
  - Local regulations governing Lynwood CCB's: Lynwood Municipal Code ("LMC") Chapters 4-34-1, 4-34-3, 4-34.9.
  - Background authorization form and/or Live Scan
  - State laws governing CCB's: The California Department of Justice Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use and Senate Bill 420 (Medical Marijuana Program Act).
  - Medical Cannabis Safety Act (MCRSA)
  - Adult Use Marijuana Act (AUMA)
  - Title 8, Article 300.6 (D)
  - Local Zoning Ordinance Chapter 25
  - Frequently Asked Questions

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

Zoning Verification Letter. \$235.21  
Background check fee for each principal (and for any Landlord, as applicable) \$300  
Live Scan Fee for each principal/Landlord \$124  
Phase 1: Preliminary determination of eligibility. \$3,701  
Phase 2: Initial ranking. \$954  
Phase 3: Second ranking. \$1,719  
Phase 4: City Manager's Final Recommendation to City Council. \$729

For more information, see Evaluation and Selection Process below.

- (2) **Criminal History Check:** As part of Phase 1 of the Application Process, every person applying to be a principal (and Landlord, if applicable) to operate a CCB ("Principal") must complete a criminal background check as determined by the City of Manager and also be subject to a Live Scan review for both the state and federal clearance. Due to delays, which may occur in processing the Live Scan each principal may be subject to a provisional background check at which time they will be required to sign a background authorization allowing the City to conduct a third party criminal investigation check. The background check fee shall be **\$300** and a Live Scan Fee will be **\$124**. Fingerprinting services are available at most police departments, sheriff's offices or any public applicant Live Scan Sites. The application for the Live

Scan will be available on the City website or available at the Development, Compliance & Enforcement Services office or at the City Clerk's office in City Hall. Please provide proof of completing your background authorization form and Live Scan form by providing copies with your application. This process will be required to meet the minimum threshold qualifications pursuant to LMC Section 4-34-3 and 4-34-9. Principals/Landlords who do not meet criminal history eligibility requirements will be disqualified.

- (3) Applicants will be required to obtain a **“Zoning Verification Letter”** from the Building, Safety, and Planning Department in City Hall, located at 11330 Bullis Road in Lynwood to ensure that the location proposal the applicant is applying for meets locational requirements prior to submitting their CCB application. The review process typically takes approximately ten (10) working days and will cost **\$235.21**. The **“Zoning Verification Letter”** will need to be included with the application package. Please note the issuance of a **“Zoning Verification Letter”** does not mean the written evidence of permission given by the City of Lynwood or any of its officials to operate a CCB, nor does it not mean **“permit”** within the meaning of the Permit Streamlining Act, nor does it constitute an entitlement under the Zoning or Building Code. A regulatory permit for regulating a CCB does not constitute a permit that runs with the land on which the CCB is established. Request for Zoning Verification Letters require a written request from the Building, Safety, and Planning Department and will not be completed over the counter since it may require additional research and review.
- (4) **Application:** Applicants must hand deliver two (2) complete comprehensive and signed copies of the Lynwood Commercial Cannabis Business Form, and all attachments, if any, along with a flash drive which contains one comprehensive and signed copy of the application in a pdf format, and payment of **\$3,701**, for the initial application fee. Payment must be made by a certified check, cashier's check or money order made payable to the City of Lynwood. Please note the City will not accept cash and Application Fees are non-refundable. A complete application will consist of the following information:
- a. The Lynwood Commercial Cannabis Business Form;
  - b. Background Authorization Form and/or Proof of Live Scan payment for each of the Principals;
  - c. Zoning Verification Letter; and
  - d. All the information about the CCB to be evaluated in Phase 1, Phase 2 and Phase 3 which is described in the Application and Evaluation Process section below in this procedure. The only information that can be submitted after the initial application is proof of property ownership or lease agreement. However, any change in location will require a new **“Zoning Verification Letter”** and must be submitted with the application package prior to Phase 3 of the selection process. Please note that should you choose to submit a different location prior to Phase 3 you can only do so if your initial proposed site was approved as part of your original application package.

**INCOMPLETE APPLICATIONS WILL NOT BE CONSIDERED.**

- (5) **Cannabis Expertise Examination:** The City at its sole discretion may require one Principal from each application to take and pass a *Cannabis Expertise Examination*. This examination will test the applicant's familiarity with the Lynwood Ordinance, the Medical Marijuana Regulation and Safety Act, the Adult Use Marijuana Act, California Laws related to cannabis, and the Attorney General's Guidelines on Medicinal Cannabis. This Optional Phase 2A would be taken prior to the scheduling of interviews for Phase 3, should the City deem it necessary.
- (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 Phase 1, applicants will be notified if any of the Principals/Landlord(s) are ineligible and/or if their application is incomplete and will not move forward in the application process. However, in some cases the City may move forward in the application process to other phases should it

anticipate that the Live Scan or background check may be delayed to expedite the application process in a timely manner. In this case Applicants wishing to move forward in the process acknowledge by signing the application that they agree to these terms and should they be disqualified because of a background or a Live Scan disqualification they will not be eligible for a refund of any fees collected resulting from the modification of this procedure.

- (7) **Payment of Application Fees:** The individual designated as the CCB contact on the application will be notified by e-mail as to whether the application is advancing to Phase 2 and, subsequently, to Phase 3. A payment of **\$954** will be due before Phase 2 and a payment of **\$1,719** will be due before Phase 3. As part of Phase 4 all eligible Applicants as determined by the Ordinance or by resolution will be presented to City Council and must pay a fee of **\$729** to move forward for final consideration. Deadlines for these payments will be included in the e-mail notification to the primary contact person.

### **EVALUATION AND SELECTION PROCESS:**

The evaluation and selection process shall consist of the following four phases:

- **Phase 1: Determination of Eligibility and Application**
  - Each Principal/Landlord must undergo a criminal history check demonstrating compliance with the eligibility requirements of LMC Section 4-34-3 and 4-34.9.
  - Applications must be complete to be considered. Applications will be considered complete only if they include all information required for Phases 1, 2 and 3.
  - Proposed location of business.
  - Execute an agreement indemnifying the City from liability.
  
- **Phase 2: Initial Ranking**
  - Applications will be evaluated based on the following criteria:
    - Proposed Location of business
    - Business Plan
    - Neighborhood Compatibility Plan, including a Public Engagement and Education component, showing the applicant's commitment to educating the public on the impact and safety and health issues related to cannabis/marijuana legalization
    - Safety and Security Plan
    - Air Quality Plan
    - Labor and Employment Plan (also including a component showing the Applicant's commitment to hiring local City residents, especially Veterans)
  
- **Phase 3: Second Ranking**
  - Complete applications in this Phase will be interviewed and evaluated by the Selection Committee based on the criteria listed below.
  - Prior to the scheduling of the interviews in Phase 3 each of the applicants will be required to have their proposed site inspected by the assigned City designee to ascertain current conditions of the facility.
  - One Principal may be required to pass a Cannabis Expertise Examination, demonstrating a working knowledge of state and local compliance standards as well as the Attorney General's Guidelines on Medicinal Cannabis.
  - The second ranking will be scored based on the following criteria:
    - Final Location (proof of ownership or a signed and notarized statement from the Property Owner)
    - Business Plan
    - Community Benefits
    - Enhanced Product Safety
    - Environmental Benefits

- Labor & Employment
- Local Enterprise
- Neighborhood Compatibility Plan
- Qualifications of Principals
- Safety and Security Plan
- Air Quality

- After all the applicants from Phase 3 have been tabulated they will be combined with Phase 2 to establish a new ranking of the top applicants. All the top applicants will move onto Phase 4 of the selection process.

➤ **Phase 4: City Manager’s Recommendations and City Council’s Final Approval**

**Phase 4: Steps to be followed:**

1. Selection Committee’s final review and evaluation.
2. City Manager presents final rankings and recommendation report to City Council.
3. City Council Approves Final recommendations.

After the completion of the application interviews in Phase 3 and prior to the Selection Committees final review and evaluation, the City reserves the right to request and obtain additional information from any candidate who submitted a proposal. Upon the completion of the final review process, the Selection Committee will tabulate its final scores of the all applicants who were interviewed in Phase 3. The City Manager will present to the City Council the final ranking along with his/her recommendation in which the City Council may award up to the amount permitted by the Ordinance or Council Resolution pursuant to LMC Section 4-34-4 C, 4-34-5 and 4-34-9. 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 Lynwood 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 CCB 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 25 or any other permit requirement from other city departments or agencies. All permit awardees will still be required to execute a Development Agreement in accordance to Section 4-34-5 prior to receiving a permit and must comply with all proposed construction or occupation requirements and building/planning permits for their facility.

**DESCRIPTION OF EVALUATION CRITERIA:**

- **Proposed Location.** Your application must include the address and a detailed description of the proposed location. (Note that proof of ownership, or a notarized letter of the owner’s willingness to lease will not be given any additional consideration until Phase 3). This section should also describe all sensitive uses described in within six hundred (600) feet of the proposed location from the property line of a K-12 school, daycare center and youth center or within fifty (50) of a residential zone as described in Section LMC 4-34-6. The CCB must be in the appropriate zoning and meet all the locational requirements as in described in LMC Chapter 25 and LMC 4-34-6.

- **Business Plan.** With as much detail as possible, the Business Plan should describe:
  - Description of day-to-day operations which meet industry best practices for the specific type of permit in which they will be applying for in the City.
  - How the CCB will conform to local and state law. See LMC Sections 4-34-3, and LMC Sections 4-34-10, and the Attorney General’s Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use.
  - Mechanisms for ensuring that the CCB will operate on a Not-for-Profit basis until the Medical Cannabis Regulation and Safety Act is fully in effect or until the implementation of the Adult Use Marijuana Act (AUMA) or those requirements stipulated by Chapter 4-34-1.
  - How medical and retail cannabis will be tracked and monitored to prevent diversion.
  - A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.

The Business Plan should also 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.
- **Neighborhood Compatibility Plan.** For the proposed location, your application should address how the CCB, including its exterior areas and surrounding public areas, will be managed, to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community. Furthermore, a site plan (accurate, dimensioned and to-scale [minimum scale of ¼”]) should be included for each potential location. Also, the Public Engagement and Education Plan should demonstrate the applicant’s commitment to educating the public on the impact and safety and health issues related to cannabis/marijuana legalization, either through partnerships with non-profit or other recognized programs or entities.
- **Safety and Security Plan.** For each proposed location, your application should include:
  - A detailed **safety plan**. This plan should 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 operational security, including but not limited to general security policies for the facility, employee specific policies, training, sample written policies, transactional security, visitor security, 3rd party contractor 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.** Security plans will not be made public.
  - A **floor 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”).
- **Community Benefits.** The application should describe benefits that the CCB would provide to the local community, such as employment for residents of the City, community contributions, or economic incentives to the City.
- **Enhanced Product Safety.** The application should state how the CCB will ensure enhanced consumer safety as required by State or local law.

- **Environmental Benefits.** The application should describe any proposed “green” business practices relating to energy and climate, water conservation, and materials and waste management.
- Labor & Employment.** The application should describe to what extent the CCB will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees. Specific practices that are subject to consideration include the following:
  - Providing compensation to and opportunities for continuing education and training of employees/staff (applications should provide proof of the CCB policy and regulations to employees);
  - Implementing a plan to hire qualified City residents for a meaningful portion of the jobs available at the site, including a demonstrated commitment to hiring Veterans of the U.S. armed forces.
  - Providing a “living wage” to facility staff and employees. Wage scale should be provided in writing for all levels of employment at the facility. “Living Wage” shall mean 150% of the minimum wage mandated by California or Federal law, whichever is greater.
- **Local Enterprise.** The application should state the extent to which the CCB will be a locally managed enterprise whose Principals reside within Lynwood and/or the County of Los Angeles.
- **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 CCB 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. Incomplete proposals WILL BE REJECTED. Furthermore, a proposal RISKS 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.

### **CONTACT:**

If you have any questions or would like an update on the status of your application, please contact the Department of Development, Compliance and Enforcement Services.