



# City of Watsonville

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## CANNABIS USE PERMIT PRE-APPLICATION PROCEDURE GUIDELINES

**Pre-Application Deadline**  
**OPENS – September 15, 2020**  
**CLOSES – October 15, 2020 @ 4:00 PM**

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Information regarding the Cannabis Use Permit Pre-Application process can be found on the City's website at <https://www.cityofwatsonville.org/396/Cannabis-Facilities> and includes the following:

- California State regulations and resources
- Watsonville Municipal Code (WMC) Title 14, Chapter 53
- Cannabis Potential Zones Map
- Cannabis Use Permit Pre-Application
- Live Scan form
- Limitations on City's Liability waiver

The Pre-Application process to operate a CANNABIS FACILITY in Watsonville will open on September 15, 2020 and close at 5:00pm on October 15, 2020. CANNABIS USE PERMIT Pre-Applications will be available from the Community Development Department at City Hall at 250 Main Street, Watsonville, CA 95076 and online: <https://www.cityofwatsonville.org/396/Cannabis-Facilities>. CANNABIS USE PERMIT Pre-Applications must be mailed to the Community Development Department and postmarked prior to the submittal deadline.

**CANNABIS USE PERMIT** All Pre-Applications will be reviewed for completeness after submittal. Pre-Applications that meet the established submittal requirements will be determined complete and will therefore be eligible to advance to Phase 2. Pre-Applications determined to be incomplete will be disqualified.

### CANNABIS USE PERMIT PRE-APPLICATION SUBMITTAL REQUIREMENTS

All CANNABIS USE PERMIT Pre-Application materials required for Phases 1 – 3, must be submitted during the Phase 1 CANNABIS USE PERMIT Pre-Application submittal appointment. Applicants will be expected to submit via mail one (1) signed original CANNABIS USE PERMIT Pre-Application form (pages 1 – 4), and one (1) USB flash drive containing a scanned copy of the signed CANNABIS USE PERMIT Pre-Application form (PDF format) and all the Evaluation Criteria (Sections 1 – 5).

**Please Note:** Responses to all of the Evaluation Criteria (Sections 1 – 5 found in Appendix A of this document) shall be limited to 125 pages. Sections 1 – 5 will be evaluated and scored during Phase 2. Responses related to Proof of Capitalization are not included in the 125-page limitation. Proof of Capitalization material shall be saved in a separate digital file (see directions below).

Submittal documents should be saved on a single USB flash drive in the following manner:

- Digital File #1 – “Cannabis Use Permit Pre-Application” form (pages 1 – 4, including all required signatures and related documents)
- Digital File #2 – “Evaluation Criteria” (Responses to the Evaluation Criteria found in Sections 1 – 5. This file shall not exceed 125 pages. Points may be deducted for every page over the prescribed limit.)
- Digital File #3 – “Proof of Capitalization” (All bank statements, loan documents, promissory notes, financial and commitment letters)

## **CITY'S RESERVATION OF RIGHTS**

The City reserves the right to reject any and/or all Pre-Applications, with or without cause or reason. The City may also modify, postpone, or cancel the request for a CANNABIS USE PERMIT pre-application 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 Pre-Application. Late or incomplete Pre-Applications WILL BE REJECTED. Furthermore, a Pre-Application RISKS BEING REJECTED for the following reasons:

- It is not fully responsive to this request for a CANNABIS USE PERMIT Pre-Application.
- It contains excess or extraneous material not called for in the CANNABIS USE PERMIT Pre-Application.
- It exceeds 125 pages (File #2) in response to the evaluation criteria.
- The issuance of the CANNABIS USE PERMIT at the proposed location is inconsistent with State law, City of Watsonville Zoning Ordinance, or other applicable Watsonville city codes.

## **AMENDMENTS TO THE PRE-APPLICATION**

Applicants will not be allowed to make amendments to their Pre-Application or to supplement their Pre-Application, except as otherwise specifically permitted in these procedures or authorized in writing by the City. Applicants will be notified if any of the Principals are ineligible and/or if their Pre-Application is incomplete and will not move forward in the Pre-Application process. However, in some cases the City may move forward in the Pre-Application process to other phases should it anticipate that the Live Scan will take a significant amount of time to be returned to the City. In this case Applicants wishing to move forward in the process acknowledge by signing the Pre-Application that they agree to these terms and should they be disqualified as a result of a background or a Live Scan disqualification will not be eligible for a refund of any fees collected resulting from the modification of this procedure.

The following procedures outline the Pre-Application evaluation and selection process, required materials, and other information necessary to apply for a permit to operate a CANNABIS BUSINESS in Watsonville.

## **LIVE SCAN AND SUPPLEMENTAL BACKGROUND PRE-APPLICATIONS**

### **Fixed Fee: \$300**

As part of the Pre-Application process, each individual applying as an owner must undergo a Live Scan to check fingerprints against the Department of Justice's (DOJ) records. However, Live Scan forms will not be available until the City of Watsonville receives an official authorization code from the DOJ in approximately 8-10 weeks. Applicants are advised to monitor the City's website for updates and notification of when forms are available.

In the meantime, and in addition to the Live Scan, each individual applying as an owner shall complete the online Background Pre-Application found at [https://hdlcompanies.formstack.com/forms/bc\\_watsonville](https://hdlcompanies.formstack.com/forms/bc_watsonville).

Individuals who do not meet the State and/or City's eligibility requirements will be disqualified. Eligibility disqualifiers may be found in State Law BPC Division 10, Chapter 5, Section 26057 (B) (4) and in Watsonville Municipal Code Sections 14.53-110 and 14.53-111.

## **Phase 1: Pre-Application Submittal and Determination of Eligibility**

### **Fixed Fee: \$4,200**

Pre-Applications must be submitted, which constitutes submittal of all Pre-Application materials and payment of all required fees, by 5:00pm on October 15, 2020. Pre-Applications shall be accepted via mail and email only. The City requires one (1) complete signed original of the Pre-Application and all materials identified below as part of Phase 1 – 4 and one (1) USB Flash Drive containing materials saved in three digital files as described on Page 2 of this document.

Payment should be made by certified check, cashier's check, or money order made payable to the City of Watsonville. The City will not accept cash or credit card payment and Pre-Application fees are non-refundable. During Phase 1, applicants will be notified if any of the Owners are ineligible and/or if their Pre-Application is incomplete and may not move forward in the Pre-Application process (i.e. may not advance to Phases 2 – 4). Applicants reviewed during Phase 1 who meet established criteria will be notified and will be permitted to advance to Phase 2, including submittal of the required materials and submittal of Phase 2 Pre-Application fees. **LATE PRE-APPLICATIONS WILL NOT BE CONSIDERED.**

## **Phase 2: Pre-Application Evaluation and First Ranking (1,000 points)**

Pre-Applications will be evaluated and scored based on the criteria below. These items should be saved in a single digital file not to exceed 125 pages. See APPENDIX A for a description of the evaluation criteria:

- Section 1. Business Plan (200 Points)
- Section 2. Labor and Employment Plan (200 Points)
- Section 3. Neighborhood Plan (200 Points)
- Section 4. Community Benefits Plan (200 Points)
- Section 5. Owner Qualifications (200 Points)

## **Phase 3: Interviews and Second Ranking (1,500 points)**

### **Fixed Fee: \$3,700**

The City's Cannabis Selection Committee will interview and evaluate three more applicants than the number of cannabis use permits available for each permit type. Three more applications than the number of available permits in each permit category will be invited to interview as part of Phase 3. Those applicants interviewed will have received the highest scores from Phase 2 for each category. (For example, the 5 top-scoring retail applications will be interviewed for 2 available retail permits).

Applicants will be interviewed and evaluated based upon the criteria below. See APPENDIX A for a description of the evaluation criteria:

- Business Plan (450 Points)
- Labor & Employment (450 Points)
- Community Benefits (300 Points)
- Qualifications of Owners (300 Points)

Phase 3 scores will be tabulated and combined with Phase 2 scores to establish an overall score.

## **Phase 4: Interview Panel Final Decision**

The top scoring applicants from the interview will be invited to apply for the available CANNABIS USE PERMITS based on permit type (Phase 4). For example, 2 retail applicants will be invited to apply for the 2 available retail

CANNABIS USE PERMITS. Prior to making a final decision, the City reserves the right to request and obtain additional information from any candidate who has submitted a Pre-Application.

The Interview Panel will make a final determination on the advancement of applications. However, the City reserves the right to award a lesser number of permits than are available, or to award no permits at all. Successful applicants will be authorized to apply for a discretionary permit upon the Interview Panel's determination to allow submittal of a CANNABIS USE PERMIT application, and should be prepared to attend all discretionary permit hearings to represent their request for a Conditional Use Permit and to respond to questions.

Note: Payment should be made by certified check, cashier's check, or money order made payable to the City of Watsonville. The City will not accept cash or credit card payment and Pre-Application fees are non-refundable. Being invited to apply for a 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, business tax, or reviews as may be deemed necessary by the relevant departments or governmental entities in charge of said permits. Nor does it guarantee that the plans submitted via the CANNABIS USE PERMIT Pre-Application process meet the standards or requirements of those permitting departments.

## **CONTACT**

If you have any questions or would like an update on the status of your Pre-Application, please contact the Community Development Department at 831.768.3050 or by email [cdd@cityofwatsonville.org](mailto:cdd@cityofwatsonville.org).

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## APPENDIX A: DESCRIPTION OF EVALUATION CRITERIA

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All of the following information must be submitted on a single USB thumb drive in PDF format (Please do not save any documents in Word format)

### **EVALUATION CRITERIA**

#### **1. BUSINESS PLAN**

- 1.1. Owner qualifications. Resumes/CV are not to exceed one (1) page per owner
- 1.2. A budget for construction, operation, and maintenance, compensation of employees
- 1.3. Equipment costs, utility cost, and other operation costs
- 1.4. Proof of capitalization
- 1.5. A pro forma for at least three years of operation
- 1.6. Fully describe hours of operation and opening and closing procedures
- 1.7. Fully describe the day-to-day operations for each permit type being sought
  - 1.7.1. Additional criteria for **RETAIL** Pre-Applications only
    - a. Describe customer check-in procedures
    - b. Identify procedures for receiving deliveries during business hours
    - c. Identify estimated number of customers to be served per hour/day.
    - d. Describe the proposed product line(s) and estimate the percentage of sales of flower and manufactured products
    - e. Describe delivery service procedures, number of vehicles and product security during transportation
    - f. Fully describe inventory control procedures to include, identification point-of-sales and track and trace software
    - g. Fully describe cash handling procedures
  - 1.7.2. Additional criteria for **TESTING** Pre-Applications only
    - a. Describe the sampling standard operating procedures
    - b. Describe procedures for transporting cannabis field samples
    - c. Describe the chain of custody for field samples
    - d. Describe the quality control procedures
    - e. Describe the Laboratory Supervisor/Manager responsibilities and qualifications
    - f. Identify location and procedures for storing cannabis products
    - g. Fully describe cash handling procedures
  - 1.7.3. Additional criteria for **DISTRIBUTION** Pre-Applications only
    - a. Identify the number of delivery drivers, hours of delivery and vehicles to be used
    - b. Describe the transportation security procedures
    - c. Describe how inventory will be received, processed, stored, and secured on the licensed premises
    - d. Describe the quality control procedures designed to ensure all cannabis is proper packaged, labeled and tested
    - e. Fully describe cash handling procedures
  - 1.7.4. Additional criteria for **MANUFACTURING** Pre-Applications only
    - a. Identify all cannabis products manufactured within the licensed premises
    - b. Describe quality control procedures
    - c. Describe inventory control procedures
    - d. Describe the extraction process, equipment and room in which extractions will be conducted
    - e. Provide detail as to whether the extraction equipment has been reviewed and certified by a Professional Engineer or Certified Industrial Hygienist
    - f. Describe the sanitation procedures
    - g. Fully describe cash handling procedures

- 1.7.5. Additional criteria for **PROCESSING** Pre-Applications only
  - a. Identify the source of all cannabis plants to be processed within the licensed premises
  - b. Describe quality control procedures
  - c. Describe inventory control procedures
  - d. Describe all processing activities to be conducted within the licensed premises
  - e. Fully describe cash handling procedures
- 1.7.6. Additional criteria for **CULTIVATION** Pre-Applications only – Please Note: Applicants will be notified when the Cultivation criteria will be required.

## 2. LABOR AND EMPLOYMENT PLAN

- 2.1. Describe whether the Cannabis Use Permits committed to offering employees a Living Wage. (“**Living Wage**” shall mean 150% of the minimum wage mandated by California)
- 2.2. Describe compensation to and opportunities for continuing education and employee training
- 2.3. Describe the extent to which the Cannabis Use Permit will be a locally managed enterprise whose owners and /or managers reside within Santa Cruz County area
- 2.4. Describe the number of employees, title/position, and their respected responsibilities
- 2.5. Thoroughly describe employee policies and procedures (complete manuals are not required to be submitted)
- 2.6. If the Cannabis Use Permit has twenty (20) or more non-supervisory employees, the applicant must attest that they are committed to or have entered into a labor peace agreement and will abide by its terms.

## 3. NEIGHBORHOOD PLAN

- 3.1. Describe how the CANNABIS USE PERMIT will proactively address and respond to complaints related to noise, light, odor, vehicle, and pedestrian traffic
- 3.2. Describe how the CANNABIS USE PERMIT will be managed to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community
- 3.3. Describe Air Quality/Odor Mitigation practices
  - 3.3.1. Identify potential sources of odor and/or odor emitting activities.
  - 3.3.2. Describe odor control devices and techniques employed to ensure that odors from cannabis are not detectable beyond the licensed premises.
  - 3.3.3. Describe odor control related maintenance activities, frequency and role/title(s) of personnel performing such activities.
  - 3.3.4. Describe administrative controls such as staff training procedures and recordkeeping systems and forms associated to the odor control system.
  - 3.3.5. Describe the waste management plan. The plan shall include waste disposal security measures, and methods of rendering all waste unusable and unrecognizable.

## 4. COMMUNITY BENEFITS PLAN

- 4.1. The Pre-Application should describe all benefits the Cannabis Use Permit and/or their principals have provided to their local community in the last 3 years. The Plan will also outline any benefits the Cannabis Use Permit will provide to the Watsonville community. Benefits may be in the form of volunteer services, monetary donations to local non-profit organizations, financial support of City sponsored activities or organizations, in kind donations to the City or other charitable organizations and/or any other economic incentives to the City.

## 5. QUALIFICATION OF OWNERS

- 5.1. In addition to the one (1) page resume/CV per owner, all applicants, directors, managers and/or laboratory supervisors must provide details regarding any experience they have in operating a retail establishment, a regulated business, or managing employees. If you have any experience operating a cannabis business

please provide 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.