



Planning & Community Development Department

# Commercial Cannabis Application Workshop

Pasadena Convention Center  
November 13, 2018





PASADENA



Welcome!





# Agenda

Planning & Community Development Department

1. Background – How did we get here?
2. Process of Awarding a Permit
3. Commercial Cannabis Application
4. Review Criteria
5. Next Steps
6. Q & A



Planning & Community Development Department

# Background





# Background

Planning & Community Development Department

- November 8, 2016, California voters approved Prop 64 – *Control, Regulate and Tax Adult Use of Marijuana Act* (“AUMA”)
- In response to the changes in state law regarding the legalization of cannabis, the City embarked on a process of study and public outreach to determine what changes to Pasadena’s regulations on commercial cannabis would be appropriate
- Multiple meetings were held with the community, EdTech, Planning Commission, and City Council



# Background

Planning & Community Development Department

- Jan. 22, 2018, City Council directed staff to prepare and present ordinances regulating and taxing commercial cannabis businesses and all required documents for Council's consideration of placement on the ballot of the June 5<sup>th</sup> special election
- June 5, 2018, Pasadena voters approved Ballot Measures CC and DD



# Ballot Measures CC & DD

Planning & Community Development Department

- Measure CC allows a limited number of cannabis retailers, cultivators, and testing labs to operate within specific zoning districts in the city. Measure CC allows up to:
  - 6 retailer permits (w/ delivery)
  - 4 cultivation site permits
  - 4 testing laboratory permits
- Measure DD levies a business license tax on commercial cannabis businesses of up to \$10/canopy square foot (for cultivation) and between 4-6% of gross receipts (for retail sales)



# Preserving Local Control

Planning & Community Development Department

- LAND USE REGULATIONS
  - Exercise local regulatory control over an important land use; protect residents from secondary effects
- TAXATION
  - Help to fund general municipal services (police and code enforcement services necessary for the proper administration of regulations), as well as promote health education regarding the dangers of smoking cannabis, particularly to young people





# Overview of Regulations

Planning & Community Development Department

- Commercial cannabis regulations:
  - Are built on the input received during the public outreach effort and multiple public meetings
  - Utilize best practices and emerging approaches to the permitting and implementation of cannabis regulations
  - Take into consideration potential community impacts
  - Maintain a cautious and slow approach to cannabis regulations through limited permit types and a limited number of overall permits



# Overview of Regulations

Planning & Community Development Department

<b>Retailer</b>	
<b>Use</b>	Allows a commercial cannabis business to operate where cannabis and/or cannabis products are offered for retail sale, including deliveries as part of retail sale
<b>Zoning/ Location</b>	<ul style="list-style-type: none"><li>• Allowed in commercial and industrial zones – CO, CL, CG, CD, IG</li><li>• 600 ft. from residential zones</li><li>• 600 ft. from sensitive uses, including K-12 schools, libraries, parks, substance abuse centers, etc.</li><li>• 1,000 ft. from other cannabis retailers and cultivators</li></ul>
<b>Density</b>	<ul style="list-style-type: none"><li>• Up to 6 retailers may operate at any one time</li><li>• No more than one (1) per council district</li></ul>
<b>Operating Standards</b>	<ul style="list-style-type: none"><li>• Maximum retail use of 15,000 square feet</li><li>• Prohibits smoking, ingesting, or consumption onsite</li><li>• Hours of operation limited to 7 a.m. to 10 p.m., Mon – Sun</li><li>• Entrances strictly controlled w/ a buzz-in system to limit access/entry</li><li>• Additional regulations on exterior signage</li><li>• Requires advanced ventilation installations</li></ul>



# Overview of Regulations

Planning & Community Development Department

<b>Cultivation Site</b>	
<b>Use</b>	Allows a location where cannabis is planted, grown, harvested, dried, cured, graded, or trimmed, or where any combination of such activities is conducted
<b>Zoning/ Location</b>	<ul style="list-style-type: none"><li>• Allowed in CG and IG zones</li><li>• 600 ft. from residential zones</li><li>• 600 ft. from sensitive uses, including K-12 schools, libraries, parks, substance abuse centers, etc.</li><li>• 1,000 ft. from cannabis retailers and other cultivators</li></ul>
<b>Density</b>	<ul style="list-style-type: none"><li>• Up to 4 cultivation sites may operate at any one time</li><li>• No more than one (1) per council district</li></ul>
<b>Operating Standards</b>	<ul style="list-style-type: none"><li>• Maximum cultivation site of 30,000 square feet</li><li>• All outdoor cultivation prohibited</li><li>• No marijuana plants can be visible from public view</li><li>• Requires advanced ventilation systems for odor control</li><li>• Requires controlled use of pesticides and fertilizers</li><li>• Additional regulations on exterior signage</li></ul>



# Overview of Regulations

Planning & Community Development Department

<b>Testing Laboratory</b>	
<b>Use</b>	Allows a laboratory, facility, or entity that offers or performs tests of cannabis or cannabis products that is both accredited by an independent accrediting body and licensed by the Bureau of Cannabis Control
<b>Zoning/ Location</b>	<ul style="list-style-type: none"><li>• Allowed in those zoning districts where laboratories, medical or otherwise, are permitted</li><li>• 500 ft. from cannabis retailers and cultivators*</li></ul>
<b>Density</b>	<ul style="list-style-type: none"><li>• Up to 4 testing laboratories may operate at any one time</li><li>• No more than one (1) per council district</li></ul>
<b>Operating Standards</b>	<ul style="list-style-type: none"><li>• Must comply with all state-mandated laboratory testing procedures, chain of custody protocols, and acquisition of cannabis or cannabis products for testing</li><li>• Must destroy any cannabis harvest batch whose testing sample indicates noncompliance w/ health and safety standards required by the Bureau of Cannabis Control</li><li>• Requires advanced ventilation systems for odor control</li></ul>



# Cannabis Business Tax

Planning & Community Development Department

- Intent of the tax is to generate proceeds to offset costs, not balance the General Fund budget
- Tax is designed to avoid over-taxing and ensure sustainability
- Provides for flexibility as the City Council can set the rate higher or lower, up to the maximum set by voters, to account for market fluctuations
- The State taxes combined with the City taxes would set the total taxing rate at approximately 30% max
- All cannabis businesses, legal and illegal, are required to pay the tax
- Cultivation will be taxed on a per square foot of cultivated space basis, all other business types will be taxed on gross receipts



Planning & Community Development Department

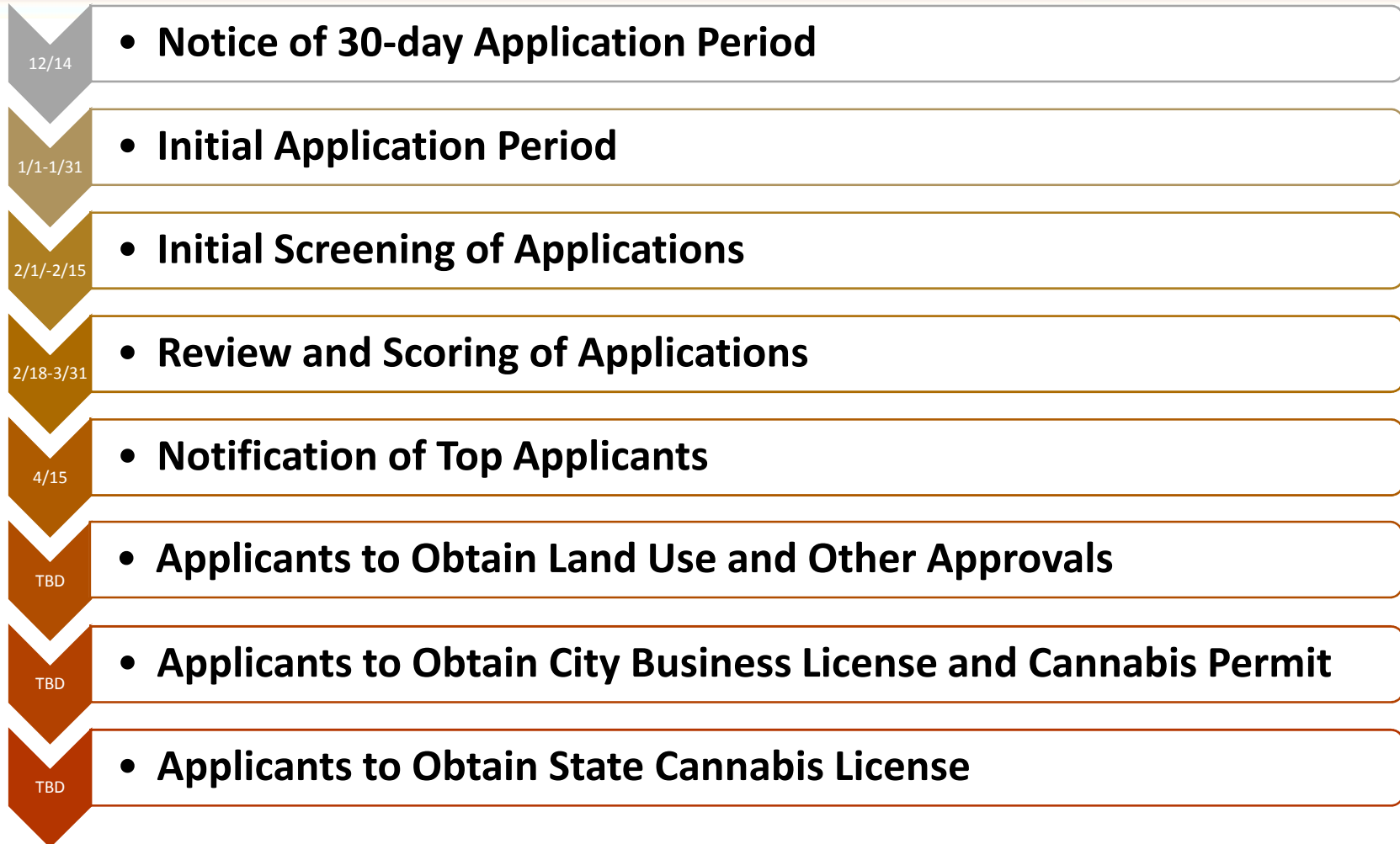
# Process of Awarding a Permit





# Selection Process

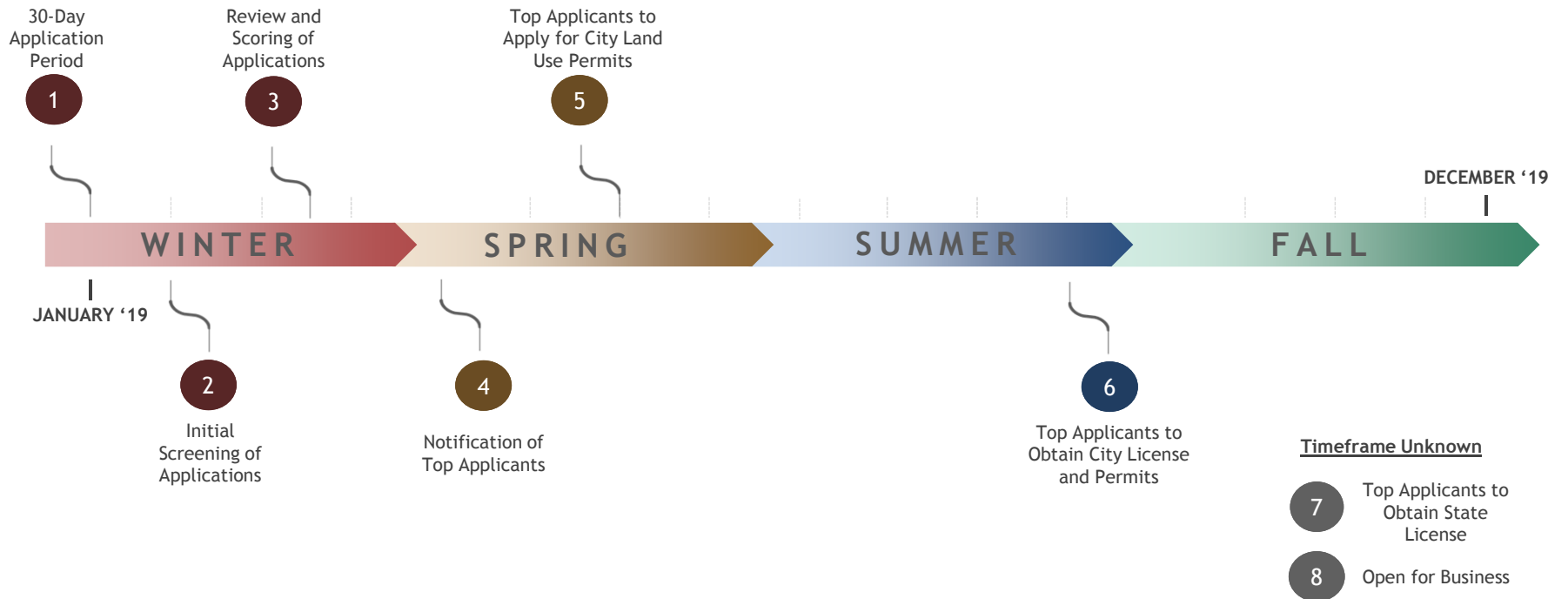
Planning & Community Development Department





# Selection Process Timeline

Planning & Community Development Department



PASADENA





Planning & Community Development Department

# Commercial Cannabis Application





# Application Procedures

Planning & Community Development Department



## Commercial Cannabis Permit Screening Application Information Packet



PASADENA

November 13, 2018

<https://ww5.cityofpasadena.net/planning/marijuana-regulations/>



PASADENA

**COMMERCIAL CANNABIS PERMIT  
SCREENING APPLICATION INFORMATION PACKET**  
Planning & Community Development Department  
175 N. Garfield Avenue  
Pasadena, CA 91101

On June 5, 2018, Pasadena voters approved Ballot Measures CC and DD. Measure CC allows a limited number of cannabis (marijuana) retailers, cultivators, and testing labs to operate within specific zoning districts in the city. Measure DD levies a business license tax on commercial cannabis businesses of up to \$10/canopy square foot (for cultivation) and between 4-6% of gross receipts (for retail sales). Measures CC and DD allow up to:

- Six (6) Retailer Permits (with delivery)
- Four (4) Cultivation Site Permits
- Four (4) Testing Laboratory Permits

#### APPLICATION PROCESS OVERVIEW

The City will utilize a merit-based approach to selecting which applicants will receive the commercial cannabis permits listed above. The selection process starts with all interested applicants submitting a screening application to the City via the online submittal portal. The screening application will include information about the applicant's ownership/management team, proposed business plan, security plan, and experience. Applicants do not need to have secured a physical location to submit a screening application. Each screening application will be reviewed and scored by an independent Selection Committee appointed by the City Manager. The Selection Committee members will score the screening applications based on specific review criteria and weighting (points). The Selection Committee members' scores will be totaled and averaged for each applicant. The review criteria are included with this screening application as Exhibit A.

After the Selection Committee has reviewed and scored all the screening applications, the top scoring applicants in each commercial cannabis permit category will be allowed to move forward with obtaining a permit from the City (applicants are allowed 12 months to secure their commercial cannabis permit). The first step for the selected applicants will be to secure a physical location for their business. Once an applicant has secured a physical location they will need to obtain the appropriate planning and health (if necessary) permits (e.g., use permit from the City's Planning & Community Development Department, public health permit) affirming that the proposed use is permitted at the property. After obtaining planning and health permits the applicant may submit for the commercial cannabis permit. During the same time, the applicant is also encouraged to apply for any necessary Building and Safety permits needed to make improvements to the property (e.g., building permits for tenant improvements). Prior to operation of the business, the applicant will also need to secure their State cannabis license (after the City commercial cannabis permit has been issued). Failure to obtain a State cannabis license will render any City permit approvals null and void.

2



# Application Procedures

Planning & Community Development Department

- Highlights:
  - City will utilize a **merit-based approach** to selecting which applicants will receive the cannabis permits
  - Applicants do not need to have secured a physical location to submit a screening application
  - Applications can only be submitted via the online submittal portal
  - Payment of screening application fees must be made at the time of submittal utilizing the portal's PayPal feature



# Application Procedures

Planning & Community Development Department

- Documents Required in Screening Application Submittal:
  - ❑ **Required Submittal Item 1:** Completed Applicant/Owner Information Form
  - ❑ **Required Submittal Item 2:** Cover Letter
  - ❑ **Required Submittal Item 3:** Applicant's Business Plan
    - Section 1: Business Plan
    - Section 2: Neighborhood Compatibility & Enhancement
    - Section 3: Security Plan
    - Section 4: Qualifications of Owner/Operators



# Applicant/Owner Information Form

Planning & Community Development Department

- Provide basic information on the commercial cannabis permit type being applied for, the applicant, and the owners
- Two additional questions:
  - Have you ever operated a marijuana dispensary in Pasadena without explicit approval from the City after November 6, 2017?
  - Are there any factors that would disqualify you for a State cannabis license?



# Applicant's Business Plan

Planning & Community Development Department

- Main part of the screening application (Req'd Submittal Item 3)
- Applicant to provide detailed information about their business plan, security plan, and experience, and provide a description of how the business will be compatible with the surrounding neighborhood (in concept)
- Section is limited to a total of 50 pages (double sided pages count as 2 pages)
- Applicants are encouraged to follow the ordering in the review criteria to the greatest extent possible



# Screening Application Fees

Planning & Community Development Department

- Applicants required to pay fees with the submittal of their screening application
- Application fees will not be refunded if an applicant is not selected as one of the top scoring applicants\*
- Fees are used to cover the costs of the City to prepare and implement the screening application process, including expenses of the Selection Committee

Permit Type	Screening Application Fee
Retailer	\$13,654
Cultivation Site	\$13,654
Testing Laboratory	\$13,654



Planning & Community Development Department

# Review Criteria







# Review Criteria

Planning & Community Development Department

## CITY OF PASADENA – COMMERCIAL CANNABIS PERMIT APPLICATION REVIEW CRITERIA

SCREENING APPLICATION TOTAL POTENTIAL POINTS	1400	1375	1375
<b>SECTION 1: BUSINESS PLAN</b> (Potential Points)	<b>500</b>	<b>450</b>	<b>450</b>
<b>Sub-Section 1A: OPERATIONS</b>	<b>Retailer</b>	<b>Cultivation Site</b>	<b>Testing Laboratory</b>
<i>Standard operating procedures; finances; employee training.</i>			
<u>Standard Operating Procedures (SOP)</u> - Overall quality and detail of the proposed operating procedures, including the extent to which the applicant incorporated industry best practices into the operating procedures. Additionally, did the applicant show specific examples of where the practices they included have worked before?	0-50	0-50	0-50
<u>Financial Plan</u> - Financial plan and/or budget to start-up and operate the business as described in the application (e.g., business pro forma, cash flow, accounting procedures).	0-30	0-30	0-30
<u>Funding/Proof of Capitalization</u> - Demonstration or identification of access to operational capital and/or on-going line of credit once business is operational.	0-30	0-30	0-30
<u>Records Software</u> - Standard operating procedures include electronic tracking and storage of required records of sales, delivery manifests, and inventory.	10	10	10
<u>Track-and-Trace</u> - Standard operating procedures include detailed California Cannabis Track-and-Trace (CCTT) procedures as outlined by the State.	20	20	20
<u>State Testing Requirements</u> - Standard operating procedures include plans and procedures for how all cannabis products on the premises or held by the applicant have met the testing requirements as defined by the State.	10	10	10
<u>Employee Training</u> - Quality of proposed employee training, for example, training on differences in products, potency of products, customer service, and/or laws governing personal use.	0-30	0-30	0-30
<u>Delivery Plan</u> - Quality and detail of product delivery protocol, including security and safety procedures, customer verification methods, cash and product storage (when on deliveries), vehicle type to be used, and community sensitivity (e.g., re: parking).	0-30	-	-
<u>Online Ordering System</u> - Quality, detail, visual appeal, and user friendliness of proposed online ordering system. (Include conceptual visual examples, if available.)	0-20	-	-
<u>Customer Education</u> - Quality and detail of plan for educating customers regarding cannabis products, including the potency and effects of products, as well as variety.	0-50	0-50	0-50



# Review Criteria

Planning & Community Development Department

- Considering the operator; a location is not required at this stage
- Four categories of criteria:
  - **Section 1: Business Plan**
    - Sub-Section 1A: Operations
    - Sub-Section 1B: Community Benefits
    - Sub-Section 1C: Product Offerings
  - **Section 2: Neighborhood Compatibility & Enhancement**
  - **Section 3: Security Plan**
  - **Section 4: Qualifications of Owner/Operators**



Planning & Community Development Department

# Next Steps





# Next Steps

Planning & Community Development Department

- What's on the horizon?
  - Questions can be emailed to the City at [marijuanaregulations@cityofpasadena.net](mailto:marijuanaregulations@cityofpasadena.net) until Dec. 7, 2018
  - Dec. 14, 2018 – Answers to questions and release of final application materials
  - Jan. 1 – Jan. 31, 2019 (11:59pm) – **Application Window**



Planning & Community Development Department

# Questions & Answers





PASADENA



Thank you for attending.

