

RESOLUTION NO. 2018-11

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, APPROVING THE INITIAL PROCEDURE FOR PERMIT APPLICATIONS TO OPERATE A COMMERCIAL CANNABIS BUSINESS UNDER CHAPTER 5.05 OF TITLE 5 OF THE CITY MUNICIPAL CODE

WHEREAS, the City of Moreno Valley is a General Law city organized pursuant to Article XI of the California Constitution; and

WHEREAS, pursuant to the authority granted the City by Article XI, Section 7 of the California Constitution, the City has the police power to adopt regulations designed to promote the public convenience or the general prosperity, as well as regulations designed to promote the public health and safety; and

WHEREAS, consistent with that authority the City Council lawfully adopted Ordinance 926 which became effective in December of 2017 and established a regulatory process for Commercial Cannabis Business Permits in the City by adding Chapter 5.05 to the Municipal Code; and

WHEREAS, Section 5.05.090 requires the City Council adopt by resolution the procedures to govern the Commercial Cannabis Business Permit Initial Application process; and

WHEREAS, Section 5.05.170 requires the City Council adopt by resolution a procedure guideline and review criteria by which the top applicants in each category of each commercial cannabis business will be evaluated during the Commercial Cannabis Business Permit Initial Application process;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

1. The Commercial Cannabis Business Initial Application Procedure, including the requirements under Chapters 5.05.090 and 5.05.170, attached as Exhibit "A" hereto is hereby approved as the governing document for the processing of such applications.

APPROVED AND ADOPTED this 20th day of March 2018.


Yxstian A. Gutierrez, Mayor

ATTEST:



Pat Jacquez-Nares, City Clerk

APPROVED AS TO FORM:



Martin Koczanowicz, City Attorney

RESOLUTION JURAT

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.

CITY OF MORENO VALLEY)

I, Pat Jacquez-Nares, City Clerk of the City of Moreno Valley, California, do hereby certify that Resolution No. 2018-11 was duly and regularly adopted by the City Council of the City of Moreno Valley at a regular meeting thereof held on the 20th day of March, 2018 by the following vote:

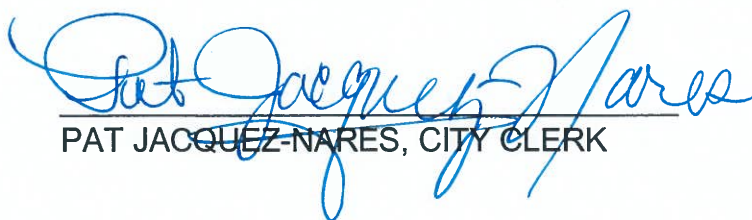
AYES: Council Members Marquez, Cabrera, Mayor Pro Tem Baca, and Mayor Gutierrez

NOES: Council Member Giba

ABSENT: None

ABSTAIN: None

(Council Members, Mayor Pro Tem and Mayor)


PAT JACQUEZ-NARES, CITY CLERK

(SEAL)



2018 INITIAL APPLICATION PROCEDURE TO OPERATE A COMMERCIAL CANNABIS BUSINESS IN MORENO VALLEY

The initial application process to operate a Commercial Cannabis Business (“CCB”) in Moreno Valley will open on **April 2, 2018**. Applications will be available from PlanetBids (http://www.moval.org/rfps/bids_rfps.shtml). For additional questions regarding the application process please review the FAQ’s, at the Moreno Valley webpage: www.moval.org. This document outlines the application process, required materials, and other information necessary to operate a CCB in Moreno Valley. **To be considered, applications must be submitted by 4:00 PM on May 11, 2018.** Applicants are solely responsible for “on time” submission of their application online. The City will only consider applications that have been transmitted successfully through PlanetBids. Transmission of applications by any other means will not be accepted. Applicants shall be solely responsible to familiarize themselves with online application system in order to properly utilize the application management system, for ensuring the capability of their computer system to upload the required documents, and for the stability of their internet service to successfully submit their application. Failure of the Applicant to successfully submit electronic forms shall be at the Applicant’s sole risk and no relief will be given for late and/or improperly submitted proposals. Proposers experiencing any technical difficulties with the submission process may contact PlanetBids at (818) 992-1771. Questions of an operational nature may be directed to the City’s Purchasing Division at (951) 413-3190. Neither the City nor PlanetBids makes any guarantee as to the timely availability of assistance or any assurance that any given problem will be resolved by the application submission deadline. This application process is adopted pursuant to the Moreno Valley Municipal Code Section 5.05.010, 5.05.040, and 5.05.090. **PLEASE NOTE: Upon awarding the provisional CCB Permit, the Plot Plan/Conditional Use Permit (“CUP”) process will need to be completed, as both permits, the CCB and CUP, are needed to operate a CCB in the City of Moreno Valley. These permits will remain provisional until any combination of the three State Licensing Authorities have permitted your business to operate and the City of Moreno Valley has issued your business a Certificate of Occupancy.**

IT IS RECOMMENDED THAT BEFORE YOU APPLY YOU:

- 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 City webpage: http://www.moreno-valley.ca.us/rfps/bids_rfps.shtml which includes the following information:
 - Application procedure to Operate a Commercial Cannabis Business in Moreno Valley
 - Commercial Cannabis Business Permit Application Form
 - Employee/Owner Background Application Form and/or Live Scan
 - Limitations on City’s Liability and Certifications, Assurances and Warranties
- Review the information regarding the commercial cannabis business permit process and requirements on the City webpage : www.moval.org
 - Local regulations governing Moreno Valley CCB’s: Moreno Valley Municipal Code (“MVMC”) Chapter 5.05 and Title 9 as it pertains to Cannabis Business Activities
 - Ordinance No. 926
 - Frequently Asked Questions

- Review the information regarding the commercial cannabis business through the state of California
 - Medical and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA)
 - Any other state requirements

- (1) **Application Process: Evaluation and Ranking:** The selection process shall consist of the evaluation and ranking of the following required documents, which must be submitted electronically in PlanetBids:
- a. City of Moreno Valley Commercial Cannabis Business Permit Application Form and all attachments specified in those documents.
 - b. City of Moreno Valley Commercial Cannabis Business Employee/Owner Background Application.
 - c. City of Moreno Valley Limitations on City's Liability and Certifications, Assurances and Warranties. A completed form is required for each Employee/Owner.
 - d. Copies of receipts for the payment of all applicable fees. Application Fees must be paid in full, prior to the application submittal in PlanetBids in order for your application to be considered.

Note: a separate application and fee is required for each category of CCB Permit.

For more information, see Evaluation and Selection Process section below in this procedure.

- (2) **CCB Permit Application:** Applicants must submit a completed and signed copy of the City of Moreno Valley Commercial Cannabis Business Permit Application Form and all attachments specified in those documents. A complete application will consist of the following information:
- a. The City of Moreno Valley Commercial Cannabis Business Permit Application Form; and
 - b. All the information about the proposed Cannabis Business to be evaluated which is described in the Evaluation and Selection Process section below in this procedure.
- (3) **Employee/Owner Background Application:** As part of the Application Process, each employee/owner must undergo and pass a criminal background check or be subject to "good cause" denial per MVMC Section 5.05.070 (d) or 5.05.310(m). The background check fee per each employee/owner shall be **\$300** plus proof of Live Scan payment. Background checks are required to meet the minimum threshold qualifications pursuant to MVMC Section 5.05.090. Owners who do not meet criminal history eligibility requirements will be disqualified. Payment must be made by a certified check, cashier's check or money order made payable to the City of Moreno Valley. Please note the City will not accept cash and Application Fees are **non-refundable**.
- (4) **Limitations on City's Liability and Certifications, Assurances and Warranties:** This document must be signed and notarized and is required to be submitted with the two applications above.
- (5) **Application Fees:** A payment of **\$9,551** for the Permit Application Fee plus a **\$300** Background Application check fee for each employee/owner and **\$150** for each employee must also be submitted to the Business License group of the Financial and Management Services Department located on the second floor of 14177 Frederick Street, Moreno Valley, CA 92553 (City Hall). **The Application Fees must be paid prior to the submission of the application. Receipts from the payment of fees, must be submitted with the application in PlanetBids.** Payment must be made by a certified check, cashier's check or money order made payable to the City of Moreno Valley. Please note the City will not accept cash or credit cards and Application Fees are **non-refundable**.

LATE AND/OR INCOMPLETE APPLICATIONS WILL NOT BE CONSIDERED

- **Amendments to the Application:** Applicants will not be allowed to make amendments to their application

or to supplement their application in PlanetBids after May 11, 2018.

Notification: Based on the evaluation and selection process below, the individual designated as the CCB contact on the application will be notified by e-mail as to whether the application is advancing to the interview process.

Please note: Applicants will be required to obtain a “Plot Plan/Conditional Use Permit” from the Planning Division of the Community Development Department, to ensure that the applicant can receive the land use entitlement for the proposed business. Information as located on the City website at www.moreno-valley.ca.us/cdd/departement/divisions--planning.html.

EVALUATION AND SELECTION PROCESS:

The evaluation and selection process shall consist of the following:

1. Applications will be evaluated based on the following criteria (within the maximum points allowed):
 - Location (proof of ownership or a signed and notarized statement from the Property Owner allowing cannabis business operations) (200 Points)
 - Business Plan (400 Points)
 - Neighborhood Compatibility Plan (300 Points)
 - Safety and Security Plan (300 Points)
 - Air Quality Plan (100 Points)
 - Labor and Employment Plan (200 Points)
 - Community Benefits (300 Points)
 - Enhanced Product Safety (200 Points)
 - Environmental Benefits (200 Points)
 - Local Enterprise (200 Points)
 - Qualifications of Owners (300 Points)
2. Applications must score a minimum of 70% of points within each individual criterion and score a minimum overall score of 80% of the points to be eligible for consideration for the next step in the application process.
3. Eligible Applicants, which have a minimum overall score of 80%, will be scheduled for an interview. Notification of interviews will be sent via e-mail to the individual designated as the CCB contact on the application and will include the scheduled date and time for the interview. Prior to the start of the interview, a payment of **\$1,556 for the Permit Application – Interview Fee** must be submitted to the Business License group of the Financial and Management Services Department located on the second floor of 14177 Frederick Street, Moreno Valley, CA 92553 (City Hall). Payment must be made by a certified check, cashier’s check or money order made payable to the City of Moreno Valley. Please note the City will not accept cash or credit cards and Permit Application – Interview Fees are **non-refundable**.
 - Interviews will not begin or be conducted without proof of payment of the Permit Application – Interview Fees.
 - Interviews will be scored on similar criteria to set 1 above.
4. CCB Applicants receiving a minimum final overall interview score of 80% will be placed in a pool of eligible applicants. Permits will be issued by lottery from the pool of eligible applications in each category. The number of permits will be limited based on the following uses:

Permit Category	Total Permits Available for Award
Cultivation	5
Distribution	2
Manufacturer (Types 6 Non-Volatile Only)	5
Microbusiness	2
Dispensary/Retailer	10
Testing Lab	2

DESCRIPTION OF EVALUATION CRITERIA:

- **Location.** Your application must include the address and a detailed description of the proposed location. (Proof of ownership, or a notarized letter of the owner’s willingness to lease must be included. 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. The CCB must be in the appropriate zoning and meet all the locational requirements as described in the Moreno Valley Municipal Code.
- **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 MVMC Sections 5.05.040, 5.05.210, 5.05.270, 5.05.290, 5.05.310 and Ordinance 096.
 - How medical and adult-use will be tracked and monitored to prevent diversion.
 - A schedule for beginning operation, including a narrative outlining any proposed construction, improvements, and a timeline for completion.
 - Demonstrate the economic viability of the business in an evolving market place.

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 1/4"]) should be included for each potential location.
- **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 licensed 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 licensed security consultant.** Security plans will not be made public. City reserves the right to require additional or different security measures during the entitlement process. Qualification of a location for the CCB Permit is not per se approval of the Security Plan.
- 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").
- **Air Quality Plan.** Must demonstrate the air circulation does not impact the employees' health and welfare nor those in the surrounding businesses.
- **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);
 - 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.
- **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. Preference shall be provided to CCB's which ensure quality projects (appearance, sophistication, etc.) and which may provide to the revitalization to commercial areas that would benefit from significant reinvestment.
- **Enhanced Product Safety.** The application should state how the CCB will ensure enhanced consumer safety as required by State and/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.
- **Local Enterprise.** The application should state the extent to which the CCB will be a locally managed enterprise whose Owners reside within Moreno Valley and/or the County of Riverside.
- **Qualifications of Owners.** The application should include information concerning any special business experience or professional qualifications or licenses of Owners 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 applications, 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 and without a fee refund obligation. City also reserves its right to amend these procedures during the application process; no rights to the current process are bestowed on any applicant by the virtue of filing the application. In addition, the City reserves the right to request and obtain additional information from any candidate submitting a proposal. Late proposals WILL NOT BE ACCEPTED OR CONSIDERED.

Final Award of Permits

Successful Applicants will be required to obtain a “Plot Plan/Conditional Use Permit” from the Planning Division of the Community Development Department. Information as located on the City website at www.moreno-valley.ca.us/cdd/department/divisions--planning.html.

Upon awarding the provisional CCB Permit, the Plot Plan/Conditional Use Permit (“CUP”) process will need to be completed, as both permits, the CCB and CUP, are needed to operate a CCB in the City of Moreno Valley. These permits will remain provisional and stayed until any combination of the three State Licensing Authorities have permitted your business to operate and the City of Moreno Valley has issued your business a Certificate of Occupancy.

A final CCB Permit (CCB Annual Permit) will only be issued following the receipt of the Conditional Use Permit, a State Permit, and issuance of a Certificate of Occupancy by the City of Moreno Valley Building Division.

Prior to the issuance of the CCB Annual Permit, payment of **\$58,356 for the CCB Annual Permit Fee** must be submitted to the Business License group of the Financial and Management Services Department located on the second floor of 14177 Frederick Street, Moreno Valley, CA 92553 (City Hall). Payment must be made by a certified check, cashier’s check or money order made payable to the City of Moreno Valley. Please note the City will not accept cash or credit cards and CCB Annual Permit Fees are **non-refundable**.

CONTACT:

All questions related to the CCB Application shall be submitted through PlanetBids. If you have any questions or would like an update on the status of your application following submission, please contact the numbers below:

Application and Permit	Conditional Use Permit	Certificate of Occupancy
Business License 951-413-3080	Planning Division 951-413-3206	Building Division 951-413-3350