***City of Sonoma***

**Agenda Item Summary**

**Meeting:** City Council - 17 Nov 2021

**Department**

Administration

**Staff Contact**

Garrett Toy, City Manager

David A. Storer, AICP, Planning & Community Services Director

### Agenda Item Title

1. Consideration, Discussion and Possible Action to Adopt Two Resolutions Approving Commercial Cannabis Retail Business Regulations in Order to Open a Request for Proposal Process (RFP) for a Second Retail Storefront Commercial Cannabis Business in the City Implementing the Provisions of the Sonoma Municipal Code, including: (a) Resolution Approving “Administrative Regulations” and “Application Procedures and Guidelines” and Finding that the Proposed Administrative Regulations and Application Procedures and Guidelines are Not Projects Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378 and are also Exempt from CEQA Pursuant To CEQA Guidelines Section 15061(B)(3); and (b) Resolution Approving Commercial Cannabis Fees; and
2. Provide Direction on the Timing for the New/Updated RFP Process to Commence

### Summary

In June 2019, the City Council adopted two ordinances (Ordinance No. 03-2019 that added Section 5.36 to the Sonoma Municipal Code and Ordinance No. 04-2019 that amended Title 19 – commonly called the “Development Code”) that permit and regulate future commercial cannabis businesses that wish to operate within the City. The City Council authorized one retail business, one non-storefront retail business, one manufacturing business (Type N or Type P) and one testing laboratory business (a combined total of four businesses) to operate in the City.

On December 16, 2019, the City Council adopted resolutions approving “Administrative Regulations” and “Application Procedures and Guidelines”, “Commercial Cannabis Fees” and “Background Checks” to allow one retail commercial cannabis storefront business and one non- retail storefront commercial cannabis business.

Between January 3rd, 2020 and February 21, 2020, the City received ten proposals in response to the RFP. Upon evaluation by the City, this resulted with the City Council awarding a Conditional Certificate (CC) to SPARC. This then allowed SPARC to seek land use approval of a Use Permit which it obtained from the Planning Commission in the Fall.

On April 19, 2021, at a duly noticed public hearing, the City Council adopted an ordinance to amend the Municipal Code to allow a second retail storefront commercial cannabis business to operate in the City. This amendment became effective on May 19, 2021. Also at the afore- mentioned meeting, the City Council directed staff to review the prior evaluation process used in 2020, to see if it could be streamlined.

On September 8, 2021, after receiving a staff presentation regarding new/revised regulations and receiving comments from the public, the City Council directed staff to return in November,

2021, with new draft “Administrative Regulations” and “Application Procedures and Guidelines” (see attached) with revised fees and new authorizations for background checks. The proposed new/updated procedures are very similar to the first process created in 2019 in that they allow for competition amongst large and small potential operators by selecting a site after Phase 1, Step 3 and not as a part of an initial submittal. The proposed updated process is anticipated to be shorter in length by approximately 10 weeks and even more-so if fewer proposals are submitted to the City during the RFP process. The time savings are from shortening the RFP response time, assuming no appeals per the prior process, removing the Zoning Verification Letter process altogether and shortening staff review times.

Adoption of the two Resolutions attached to this report will replace the previously adopted “Administrative Regulations” and “Application Procedures and Guidelines”, dated December 16, 2019, and create new fees for the processing of proposals. The new application processing fee is no longer a deposit and has been increased from the first process to a non-refundable amount of $12,000.00 per applicant versus $11,000.00. The Appeal fee has been increased from $2,437.00 to $2,500.00, the Zoning Verification Letter fee of $175.00 has been eliminated and the Background Check fee has been increased from $371.00 to $400.00.

Timing of the release of the RFP to request proposals for a second retail storefront commercial cannabis business:

1. Status of Valley-wide Use Permits. At the September 8th, 2021, City Council meeting, the City Council requested staff to provide an updated report on the status of three retail storefront cannabis applications in Sonoma Valley. The City Council was evaluating the proximity of the aforementioned three proposed locations (albeit in the unincorporated County of Sonoma) in addition to the location of SPARC’s business in the City limits on Hwy 12, to determine if sufficient competition is likely to be provided to residents of the Sonoma Valley and the City. That updated status report is provided in the attachments. From the data, it can be seen that Sonoma Valley has the potential to have four retail commercial cannabis storefronts in the next few years to serve a combined incorporated and unincorporated population of just over 30,000 in a 12.43 square mile area. Staff is unaware of any metric or market data that provides guidance as to an appropriate ratio of commercial cannabis storefronts to total population or area served.
2. Status of SPARC. SPARC has secured a Use Permit and a subsequent Use Permit Amendment modifying the exterior appearance. A building permit has been issued for the interior tenant improvements. Demolition and remediation is complete and construction is underway. SPARC has also submitted a building permit application for the exterior update and anticipates receiving that permit in the coming weeks, which will align with the schedule for the interior construction. SPARC is also working to secure contracts for the proposed community benefits and will have these completed before construction is complete and occupancy for the space is received. SPARC expects construction will conclude in February, 2022, which will permit it to apply for and receive a CCBP from the City Manager prior to beginning operations. SPARC is currently in the process of finalizing the appropriate materials for submission to the State Department of Cannabis for purposes of obtaining a state commercial cannabis license. SPARC anticipates receiving its state license at or around issuance of the CCBP and will not operate until both the CCBP and state license have been issued pursuant to State and City of Sonoma requirements.
3. Community benefits/impacts and Tax revenue. During its deliberations during their review of the ten proposals in 2020, the City Council spent a lot of time trying to understand (from the proposers) the communitywide benefits and impacts of their

potential operations. At this time, as stated above, SPARC has not commenced operations and is not likely to do so until the end of the First Quarter of 2022.

1. RFP. Staff recommends that the City Council consider the second “RFP” process after receiving tax data/reports following a 6-month operational/finance reporting period. This would allow the City Council to not only determine the fiscal benefits of authorizing a second commercial cannabis business to operate in the City, but also provide adequate time to evaluate any communitywide benefits or impacts associated with the use. Staff anticipates being able to report back to the City Council in Fall 2022 regarding any potential impacts and would return to the City Council for direction on the timing of the release of the RFP, ostensibly prior to the end of the calendar year.

### Recommended Council Action

1. Approve the two attached resolutions: (a) Resolution Approving “Administrative Regulations” and “Application Procedures and Guidelines” and Finding that the proposed Administrative Regulations and Application Procedures and Guidelines are Not Projects Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378 and are also Exempt from CEQA Pursuant To CEQA Guidelines Section 15061(B)(3); and (b) Resolution Approving Commercial Cannabis Processing Fees.
2. Consider issuance of the new/updated RFP after SPARC has been in operation for six months in order to evaluate any potential impacts.

### Alternative Actions

Take no action, provide direction and continue the matter.

### Financial Impact

Implementation of administrative regulations and application procedures and guidelines will not result in any unreimbursed costs being incurred by the City since the governing documents specify that any costs incurred by the City in implementing a new/updated cannabis regulatory program (including the drafting and processing of the administrative regulations) will be fully cost-recovered from the applicants desiring to establish the second commercial cannabis businesses in the City. Furthermore, fees collected by the City for the processing of proposals pursuant to the Municipal Code and any administrative regulations are provided by resolution.

### Environmental Review Status

 Environmental Impact Report  Negative Declaration

 Exempt

 Not Applicable

 Approved/Certified  No Action Required  Action Requested

### Attachments

Process Chart

[Resolution - New/Updated Admin Regulations & Application Procedures](#_bookmark0)  [Exhibit 1 - Administrative Regulations with Process Chart](#_bookmark1)

[Exhibit 2 - Application Guidelines and Procedures](#_bookmark2)  [Resolution - Processing Fees for Proposals](#_bookmark3)

[Status Report - Commercial Cannabis Applications - Sonoma Valley](#_bookmark4)

City of Sonoma

### RESOLUTION # – 2021

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA APPROVING NEW/REVISED “ADMINISTRATIVE REGULATIONS” AND “APPLICATION**

**PROCEDURES AND GUIDELINES” AND FINDING THAT THE PROPOSED ADMINISTRATIVE REGULATIONS AND APPLICATION PROCEDURES AND GUIDELINES ARE NOT PROJECTS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) GUIDELINES SECTION 15378 AND ARE ALSO EXEMPT FROM CEQA PURSUANT TO CEQA GUIDELINES SECTION 15061(B)(3)**

**WHEREAS,** the City of Sonoma, California (the "City") is a municipal corporation, duly organized under the constitution and laws of the State of California; and

**WHEREAS,** on November 8, 2016, California voters approved the Control, Regulate and Tax Adult Use of Marijuana Act ("AUMA"). The AUMA added Division 10 to the California Business and Professions Code, sections 26000, *et seq.,* which grants State agencies the authority to create, issue, renew, discipline, suspend, or revoke licenses for cannabis businesses. The AUMA provides that the State shall begin issuing licenses to cannabis businesses under Division 10 of the California Business and Professions Code by January 1, 2018. California Business and Professions Code section 26055(d) provides that a State licensing authority shall not approve an application for a State license for commercial non-medicinal cannabis activity if approval of the State license will violate the provisions of any local ordinance; and

**WHEREAS,** on June 27, 2017, the Governor signed into law Senate Bill 94 which created a single regulatory scheme for both medicinal and non-medicinal cannabis known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"). The MAUCRSA retains the provisions in earlier cannabis-related legislation and the AUMA that granted local jurisdictions control over whether commercial cannabis activity could occur in a particular jurisdiction. Specifically, California Business and Professions Code section 26200 provides that the MAUCRSA shall not be interpreted to supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances that completely prohibit the establishment or operation of one or more businesses licensed under the State, within that local jurisdiction. Furthermore, the MAUCRSA provides that a State licensing authority shall not approve an application for a State license for a business to engage in commercial cannabis activity if approval of the State license will violate the provisions of any local ordinance or regulation. The MAUCRSA requires that a State licensing authority begin issuing licenses to cannabis businesses beginning January 1, 2018; and

**WHEREAS,** on October 1, 2018, the City Council adopted Ordinance No. 05-2018 which regulates personal cultivation activities and commercial cannabis deliveries within the city; and

**WHEREAS,** on March 4, 2019, the City Council directed staff to prepare an ordinance that regulates commercial cannabis activities in the City and to prepare accompanying resolutions if necessary to implement its direction and also directed staff to present draft ordinances to the Planning Commission in order for it to provide the City Council the former’s recommendations; and

**WHEREAS**, on April 11, 2019 the Planning Commission conducted a study session on commercial cannabis regulations; and

**WHEREAS**, on April 15, 2019, the City Council conducted a second study session and provided additional direction to staff to prepare any necessary documents to regulate commercial cannabis businesses within the City; and

**WHEREAS,** on May 9, 2019, at a duly noticed public hearing, the Planning Commission adopted Resolution No. 05-2019, that recommended approval to the City Council of two ordinances that regulate commercial cannabis businesses in the City; and

**WHEREAS**, on June 10, 2019, the City Council conducted a public hearing on draft requirements for the operation of commercial cannabis businesses in the City; and

**WHEREAS** on June 17, 2019, the City Council conducted the First Reading of an ordinance to amend Chapter 5.36 of the Sonoma Municipal Code to allow commercial cannabis businesses in the City; and

**WHEREAS**, on June 24, 2019, the City Council adopted Ordinance #03-2019 that added Chapter 5.36 to the Sonoma Municipal Code permitting and regulating commercial cannabis businesses in the city and also conducted the First Reading of an Ordinance that made changes to the Development; and

**WHEREAS** on June 24, 2019, the City Council conducted the First Reading of an ordinance to amend Title 19 of the Sonoma Municipal Code that makes changes to the Development Code to allow commercial cannabis businesses uses within specified zoning districts within the City; and

**WHEREAS**, on June 30, 2019, the City Council adopted Ordinance #04-2019 that made changes to the Development Code (Title 19) to allow commercial cannabis businesses uses within specified zoning districts within the City; and

**WHEREAS**, on December 19, 2019, the City Council adopted “Application Procedures and Guidelines” and “Administrative Regulations”; and

**WHEREAS**, On April 19, 2021, at a duly noticed public hearing, the City Council adopted an ordinance to amend to the Municipal Code to allow a second retail storefront commercial cannabis business to operate in the City; and

**WHEREAS**, at the same meeting, the City Council directed staff to create a new/revised process to allow that second retail commercial cannabis business to operate in the City; and

**WHEREAS,** on September 8th, 2021, at a public meeting, the City Council considered draft new/revised commercial cannabis business permit regulations and continued the hearing to November 17, 2021, after providing direction to staff; and

**WHEREAS**, a new/revised commercial cannabis business permit application process has been created that consists of various phases of review with applicants advancing to a subsequent phase review only after completing and satisfying the requirements of the prior phase of review; and

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of Sonoma, State of California, as follows:

1. That the City Council of the City of Sonoma hereby approves and finds the establishment of new/revised Administrative Regulations (Exhibit 1) for commercial cannabis businesses (Retail Store Front) and new/revised Application Procedures and Guidelines (Exhibit 2) that wish to operate in the City are not projects pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378 and are also exempt from CEQA pursuant to CEQA Guidelines Section 15061(B)(3) as the adoption of regulations and application procedures by the City will not in and of themselves have a significant effect on the environment. Land use approvals for commercial cannabis businesses described in these aforementioned governing documents will be subject to independent CEQA review as entitlements are sought.
2. That the City Council is approving the “administrative regulations” and “Application Procedures and Guidelines” as attached and the City Manager is authorized to make final edits and changes that follow the Council’s direction and/or for additional clarity or thoroughness.

**ADOPTED** this 17th day of November 2021, by the following vote: AYES:

NOES: ABSENT: ABSTAIN:

Madolyn Agrimonti, Mayor ATTEST:

Rebekah Barr City Clerk

## ADMINISTRATIVE REGULATIONS

**Commercial Cannabis Business (1- Retail Store Front Business)**

*Approved by the City Council on , 2021*

*Introduction:* The Sonoma Municipal Code authorizes the City Manager to establish rules and regulations implementing Chapter 5.36, subject to the approval of the City Council. These “Administrative Regulations” constitute the rules and regulations envisioned by the Municipal Code. Capitalized terms used herein shall have the same meaning assigned to those terms in the Municipal Code. These Administrative Regulations outline the City’s approach for the selection and operation of commercial cannabis businesses for a second retail store front business.

The City has also created “Application Procedures and Guidelines” for a Commercial Cannabis Business (1 x Retail Store Front) with additional information, procedures and guidelines. Proposers will want to follow both the Administrative Regulations and the Application Procedures and Guidelines documents and to review Title 19 of the Municipal Code (Integrated Development Regulations and Guidelines – aka “The Zoning Code”)

### SECTION 1. COMMERCIAL CANNABIS BUSINESS SELECTION PROCESS

1. Overview of Process and Request for Proposal (RFP) -- In order to operate a retail storefront retail commercial cannabis business, Proposer(s) shall successfully complete a rigorous review process. The process is generally described as follows (and as shown on Exhibit 1).

The City shall prepare and disseminate (by posting on the City’s website and using other means determined effective by the City Manager) requests for proposals (“RFP”), soliciting Proposals to establish and operate one retail cannabis business under the Municipal Code. Subject to Section 2 below, the form and content of the RFP shall be determined by the City Manager. The RFP shall include a deadline by which Proposals must be submitted to the City Clerk. Proposals delivered after the deadline will not be reviewed or considered.

Each Proposer who qualifies to move forward in the process must successfully complete a review of the paper application, interview, background investigation, site review and vetting process.

To apply for a Commercial Cannabis Business Permit (CCBP), the selected Proposer must be awarded a Conditional Certificate (CC) at the end of Phase 2 by the City Council and if applicable provide evidence of a final lease agreement.

1. Phase One – RFP, Preliminary Qualifications and Selection of Finalists
	1. Each Proposer must timely submit a complete Proposal for consideration by the City. Each Proposal must address and respond to the matters identified in the RFP. See "Application Procedures and Guidelines” document for further direction.

### STEP 1: INITIAL RANKING (1,000 POINTS)

Submitted complete Applications will be evaluated based on the following criteria. See APPENDIX A of the “Application Procedures & Guidelines” for a description of the evaluation criteria.

1. Owner Qualifications and Experience (200 Points)
2. Business Plan (400 Points)
3. Safety Plan (150 Points)
4. Security Plan (150)
5. Labor and Employment Plan (100 Points)

### STEP 2: INTERVIEW RANKING (Proposal Review Committee) (1,500 POINTS)

The interview by the Proposal Review Committee will be evaluated based on the following criteria. See APPENDIX A of the “Application Procedures & Guidelines” for a description of the evaluation criteria. [Note – The Proposal Review Committee shall consist of the Planning Director, the City’s cannabis consultant, the City’s Police Chief, and the Executive Director of the Chamber of Commerce).

1. Owner Qualifications and Experience (400)
2. Business Plan (500)
3. Safety Plan (100)
4. Security Plan (200)
5. Labor & Employment Plan (200)
6. Community Benefits (100)

### STEP 3: QUALIFIED FINALIST PRESENTED TO CITY COUNCIL

Upon the completion of Step 2, the Proposal Review Committee will tabulate final scores of all applicants from Step 1 and Step 2. The City Manager will review the Selection Committee’s final evaluation and present the top five finalists to the City Council for the next step in the process.

The City Council will confirm the final eligible list from Step 3 and the top proposers will be given 30 days to secure an eligible location as part of Phase 2.

Prior to review by the City Council at Step 3, any Applicants not satisfied with their score and ranking will be given ten days to appeal the decision in accordance SMC Sections

5.36.200 and 5.36.210. All appeals will be heard by the City Council.

1. Phase Two - Final Applicant Selection Process and Site Review/Selection

As part of Phase 2, the top Applicants are given thirty days to secure a location on a properly zoned site and submit additional information as outlined below.

* 1. Information and Description of the Proposed Site(s). The site address, description of the premises, name and address of the property owner(s) where the commercial cannabis business is proposed to be located, as well as a site plan and floor plan(s) of the proposed commercial cannabis business and evidence that the Applicant has the right to use the premises for a retail storefront establishment which shall be submitted to the City in the time requested. This Site Packet will not exceed 25 pages per site.
	2. Rental Lease Agreement or Letter of Intent to Lease. If the applicant is not the landowner of the real property upon which the premise is located, the applicant shall provide to the City a copy of the rental agreement lease or Letter of Intent to Lease from

the landowner evidencing that they will be permitted to conduct commercial cannabis activity on the property. As part of Phase Two, it shall be permissible for more than one Applicant to sign a Letter of Intent to Lease with a property owner for the same property*.* However, once the City Council has selected their final candidates, there shall only be one cannabis business operation permitted at any one location.

* 1. Site Visit / Council Presentation. Prior to the final vendor selection, the City Council individually or collectively may conduct a site visit to gather additional information or to evaluate each of the final Applicants’ proposed location(s).

Furthermore, as part of Phase Two, each final Applicant may be requested to conduct a presentation to the City Council at a public meeting in order to show that the location selected is best suited for a retail storefront establishment in the community. The presentation shall demonstrate neighborhood compatibility with other surrounding businesses, general operations, security, address traffic congestion issues, demonstrate adequate patron and employee parking and the location does not create serious public safety concerns.

* 1. Award of Conditional Certificate. Upon the completion of Phase 2, the City Council may select the most suitable Applicant(s) to be awarded a Conditional Certificate.
	2. Use Permit / Building Permit -- To obtain a Commercial Cannabis Business Permit (CCBP), a Final Proposer must apply for and secure all required land use permits, other agency licenses or authorizations and building permits and complete any required environmental review pursuant to the California Environmental Quality Act. The Finalist will be required to demonstrate reasonable progress of securing all the proper permits and licenses and must be open for business no later than one year from being awarded the Conditional Certificate. Should the Proposer fail to meet this deadline (or request an extension per Sonoma Municipal Code Section 5.36.110(C), they must show “just cause” for not being able to meet this deadline otherwise the City Manager at his/her discretion may disqualify the business and seek authorization from the City Council to award one of the other finalists the Conditional Certificate.
	3. After all land use and building permits are approved, a Finalist Proposer must apply for and secure the ministerial CCBP to establish, open and operate a commercial cannabis business in the City of Sonoma.

### SECTION 2. REQUIRED PROPOSAL CONTENT

The content of each Proposal shall include the following minimum information and documents:

1. Ownership Information. Identifying information for ownership and management, including the respective percentages of ownership the aggregate of the ownership must equal one hundred percent. Per the Municipal Code, “Owner” is defined as the following:
	1. A person with aggregate ownership interest of 5% or more in the business applying for or holding a CCBP;
	2. The manager of a nonprofit or other entity applying for or holding a CCBP;
	3. A member of the board of directors of a for-profit or nonprofit entity applying for or holding a CCBP; and/or
	4. An individual who will be or is participating in the direction, control, or management of the business applying for and/or holding a CCBP.
2. Legal Ownership Information. The name and address of each commercial cannabis business owner and an explanation of the legal form of business ownership.
3. Description of Proposed Operations. A description of the nature of the proposed commercial cannabis use and its day-to-day operations, including product types, average or expected sales amounts by product type, and average or expected amount of cannabis storage. It should also include how the overall business plan will comply with the local regulatory ordinance and how the Proposer(s) intends to facilitate communication with the City.
4. Proof of State License Compliance. A description of the specific State License(s) or permits that the Proposer(s) plans to obtain. The Proposer(s) shall describe how the business will meet the State Licensing requirements.
5. Background Checks / Information for Owners and all Employees.
	1. The Proposer(s) shall submit for each commercial cannabis business Owner, as well as for each employee, specific personal information including names, birth dates, addresses, social security numbers, complete criminal history, relevant work history, and the names, addresses, telephone numbers and email addresses of businesses owned or operated within the last ten (10) years, investor or partner information of those businesses, and electronic fingerprint images and related information as required by the Chief of Police for the purpose of obtaining information as to the existence and content of a record of State or Federal convictions and arrests.
	2. Mandatory criminal background checks will be conducted using this information. All confidential information shall be held in a confidential file, and except as may be otherwise ordered by a court of competent jurisdiction, shall be treated as exempt from disclosure as a public record pursuant to Government Code Section 6255(a). Employee information will only be required prior to commencing operations, but in no case will any employee be permitted to work until a background check has been completed and approved.
6. Disclosure of Litigation and Legal Proceedings. A description of any litigation in which the Proposer(s) and/or its principals have been involved within the ten (10) years immediately preceding the date of the Proposal and a statement of whether any authorization allowing any business currently operated by the Proposer(s) or the State License authorizing the operation of such business has been revoked or suspended within the ten (10) years immediately preceding the date of the Proposal.
7. Security Plan. A description and documentation of how the Proposer(s) will secure the business and premises at all times as is required under section 5.36.270 of the Ordinance and as otherwise required under these Regulations. All security plans shall be held in a confidential file, and except as may be otherwise ordered by a court of competent jurisdiction, shall be treated as exempt from disclosure as a public record pursuant to Government Code Section 6255(a).
8. Odor Control. A description (with plans if available) of how the facility will provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the facility is not detected outside the facility, anywhere on adjacent property or in public rights- of-way, or within any other unit located within the same building as the cannabis facility may be located.
9. Certificate of Insurance / Insurance Coverage. Certificates of insurance demonstrating ability to comply with the insurance requirements set forth in the Ordinance, these Regulations or in the RFP. Commercial cannabis businesses shall maintain at all times commercial general liability providing coverage at least as broad as ISO CGL Form 00 01 on an occurrence basis for bodily injury, including death, of one (1) or more persons, property damage and personal injury with limits of not less than five million dollars ($5,000,000.00) per occurrence, combined single limit and comprehensive automobile liability (owns, non-owned, hired) providing coverage at least as broad as ISO CGL Form 00 01 on an occurrence, combined singled limit basis for bodily injury, including death, of one (1) or more persons, property damage and personal injury with limits of not less than five million dollars ($5,000,000.00). The commercial general liability policy shall provide contractual liability, shall include a severability of interest or equivalent wording, shall specify that insurance coverage afforded to the City shall be primary, and shall name the City, its officers, and employees as additional insured.
10. Pro Forma. Three years of pro forma estimates for operations, including a discussion of the business assumptions used to develop the estimates. Example assumptions include revenue, customer volume, visits, and product costs, debt service, reserves, compensation of employees, net income and profit, equipment costs, utility costs, and other operation and maintenance costs. The Applicant must denote the submitted Pro Forma plans as confidential/proprietary in order to be treated as exempt from disclosure as a public record pursuant to Government Code Section 6255(a).
11. Startup Cost and Evidence of Sufficient Capitalization. An estimate of startup cost sufficient to, at a minimum, fund the business through the first three months of its operations. Startup cost shall include rents; insurance; fees; escrow costs if acquiring property; construction; tenant improvements; equipment and software purchases. Evidence of sufficient capital to

pay for all processing costs, site acquisition costs, improvement costs and at least three months of operational expenses must be submitted. Evidence of said capital may be provided in the form of bank statements, letters of credit, and proof of loan agreements which can be validated by the City.

1. Community Benefits. A description of the benefits that the commercial cannabis business will provide to the local community, such as employment for residents of the City, community contributions, and/or economic incentives to the City. Any community benefits that a commercial cannabis business agrees to provide shall be incorporated into the terms and conditions under which the commercial cannabis business will operate with the City’s approval, if and when the Conditional Certificate is awarded. Said agreement may take the form of a written agreement and/or conditions of approval, at the City’s option. The form of such an agreement may or may not be included in RFP, at the City Manager’s discretion. Such terms and conditions shall be in addition to the requirements of the Ordinance and will ultimately be made a condition of any land use entitlements obtained by the Proposer and of the CCBP also.
2. Signature of Proposer(s). The Proposal shall be signed by all Proposer(s), certifying, under penalty of perjury, that all information submitted as part of the Proposal process is, to the best of their knowledge, true, accurate and complete.
3. Fees. The Proposers will be responsible for paying fees associated with this process and evaluation of their application as outlined in the items below.
	1. A Non-refundable Application Review Fee shall be submitted to the City along with the Proposal to be used to cover the cost of all needed staff time, consultant and

legal costs and other resources utilized in vetting the Proposal and preparing for the development of commercial cannabis businesses in the City.

* 1. Proposers that receive a Conditional Certificate will be required to seek a Use Permit and pay the associated fees.
1. Information and Description of the Proposed Site(s). The site address, description of the premises, name and address of the property owner(s) where the commercial cannabis business is proposed to be located, as well as a site plan and floor plan(s) of the proposed commercial cannabis business and evidence that the Applicant has the right to use the premises for a retail or non-storefront retail establishment which shall be submitted to the City in the time requested. This Site Packet will not exceed 25 pages per site.
2. Rental Lease Agreement or Letter of Intention to Lease. If the applicant is not the landowner of the real property upon which the premise is located, the applicant shall provide to the City a copy of the rental agreement lease or Letter of Intent to Lease from the landowner evidencing that they will be permitted to conduct commercial cannabis activity on the property. As part of Phase Two, it shall be permissible for more than one Applicant to sign a Letter of Intention to Lease with a property owner for the same property*.* However, once the City Council has selected their final candidates for each retail and non-storefront retail operator there shall only be one cannabis business operation permitted at any one location.
3. Additional information: The Proposal may also be required to include additional information and/or documents as directed by the City Manager or the Proposal Review Committee (PRC) which may include but not limited to the names of all individuals which have a financial interest in the cannabis business but are not considered owners as defined by state law.

### SECTION 3 PROPOSAL REVIEW COMMITTEE PROCESS

1. The Proposal Review Committee (“PRC”) shall consider each Proposal and shall give particular consideration to the capacity, capitalization, qualifications, general operations, and history of the Proposer, the community benefits proposed to be provided by the proposed commercial cannabis business and any other factors that the City, in its discretion, deems necessary to maintain and/or promote the health, safety, and general welfare of the public. An administrative rating system shall be created by the City Manager that reflects these priorities. Said rating system shall be explained in the RFP. The City reserves the right to reject any or all Proposals if it is determined to be in the best interest of the City, taking into account any aspect of the health, safety and/or welfare of the community.
2. The purpose of the PRC is to develop a list of qualified finalists (“Finalists”) to be recommended to the City Council for the retail storefront retail cannabis business.
3. The Proposal Review Committee reserves the right to:
	1. Contact any Proposer if the PRC has any additional questions after reviewing the Proposals.
	2. Interview any or all Proposers as the PRC finds necessary which meet the specified criteria in order to provide each Proposal an overall score.
4. The top five proposals in Phase One (with aggregate scores from Step One and Step Two) shall be referred to the City Council as Finalists.
5. Prior to review by the City Council at Step 3, any Applicant who is not a recommended finalist in the process will be given ten days to appeal the scoring/ranking pursuant to SMC Sections 5.36.200 and 5.36.210 of the Municipal Code. All appeals will be heard by the City Council as they concurrently consider the top five finalists..

### SECTION 4 SECURITY MEASURES

1. Each Cannabis retail location shall comply with the Security Measures in the California Code of Regulations Division 42, Article 5, which includes Sections 5042 through 5047. The following security measures shall also be included in each and every commercial cannabis business allowed under the Ordinance, but shall not be limited to, all of the following:
	1. Alarm system (perimeter, fire, and panic buttons).
	2. Remote monitoring of alarm systems by licensed security professionals.
	3. Perimeter lighting systems (including motion sensors) for afterhours security.
	4. Perimeter security and lighting as approved by the Police Chief and Director of the Planning and Community Services Department or his/her designee.
	5. Preventing individuals from remaining on the premises of the commercial cannabis business if they are not engaging in an activity directly related to the permitted operations of the commercial cannabis business.
	6. Establishing limited access areas accessible only to authorized commercial cannabis business personnel.
	7. All cannabis and cannabis products shall be stored in a secured and locked vault or vault equivalent. All safes and vaults shall be compliant with Underwriter Laboratories burglary-resistant and fire-resistant standards. All cannabis and cannabis products shall be kept in a manner as to prevent diversion, theft, and loss.
	8. Any bars installed on the windows or the doors of the commercial cannabis business shall be installed only on the interior of the building.
	9. Each commercial cannabis business shall have the capability to remain secure during a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage.
	10. Each commercial cannabis business shall have an accounting software system in place to provide point of sale data as well as audit trails or both product and cash, where applicable.
	11. Exterior vegetation shall be planted, altered and maintained in a fashion that precludes its use as a hiding place for persons on the premises.
	12. Emergency access and emergency evacuation plans that are in compliance with state and local fire safety standards.
2. Each commercial cannabis business shall identify a designated security representative/liaison to the City of Sonoma, who shall be reasonably available to meet with the City Manager or his/her designee(s) regarding any security related measures or and operational issues**.** The designated security representative/liaison shall, on behalf of the commercial cannabis business, annually maintain a copy of the current security plan on the premises of the business, to present to the City Manager or his/her designee upon request that meets the following requirements:
3. Confirms that a designated Manager will be on duty during business hours and will be responsible for monitoring the behavior of employees.
4. Identifies all Managers of the commercial cannabis business and their contact phone numbers.
5. Confirms that first aid supplies and operational fire extinguishers are located in the service areas and the Manager’s office.
6. Confirms that burglar, fire, and panic alarms are operational and monitored by a licensed security company 24 hours a day, seven days a week, and provides contact information for each licensed security company.
7. Identifies a sufficient number of licensed, interior and exterior security personnel who will monitor individuals inside and outside the commercial cannabis business, the parking lot, and any adjacent property under the business’ control. This requirement may be waived for non-storefront retailers as determined by the City Manager or his/her designee.
8. Confirms that the licensed security personnel shall regularly monitor the parking lot and any adjacent property to ensure that these areas are: (i) free of individuals bothering patrons or causing a disturbance; (ii) are cleared of employees and their vehicles one-half hour after closing.
9. As part of the application and permitting process each commercial cannabis business shall have a storage and transportation plan, which describes in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, any hazardous materials that may be used by the business, and any currency. This plan shall be submitted and reviewed by the City upon request.
10. The commercial cannabis business shall cooperate with the City whenever the City Manager or his/her designee(s) makes a request, with or without prior notice, to inspect or audit the effectiveness of any security plan or of any other requirement of the Ordinance or Administrative Regulations.
11. A commercial cannabis business shall notify the City Manager or his/her designee(s) within twenty-four (24) hours after discovering any of the following:
	1. Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the City Manager or his/her designee(s).
	2. Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business.
	3. The loss or unauthorized alteration of records related to cannabis, customers or employees or agents of the commercial cannabis business.
	4. Any other breach of security.
12. Compliance with the foregoing requirements shall be verified by the City Manager or his/her designee prior to commencing business operations. The City Manager or his/her designee may supplement these security requirements once operations begin, subject to review by the City Manager.

### SECTION 5 GENERAL OPERATING REQUIREMENTS.

1. Hours of Operation. Commercial cannabis businesses may operate only during the hours specified in the Conditional Certificate, Use Permit and/or CCBP issued by the City. No person under the age of 21 shall operate, or be issued a permit for, a commercial cannabis business of any kind.
2. Reporting and Tracking of Product and of Gross Sales. Each commercial cannabis business shall have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City.
3. Legal/Licensed Facilities. All cannabis and cannabis products sold, shall be cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with the State and local regulations.
4. Emergency Contact. Each commercial cannabis business shall provide the City Manager or his/her designee(s) with the name, telephone number (both land line and mobile, if available) of an on-site employee or owner to whom emergency notice can be provided at any hour of the day.
5. Signage and Notices.
	1. In addition to the requirements otherwise set forth in this section, business identification signage for a commercial cannabis business shall conform to the requirements of the City of Sonoma ordinance (Title 18 – Signs and Display Advertising), including, but not limited to, seeking the issuance of a City sign permit.
	2. No signs placed on the premises of a commercial cannabis business shall obstruct any entrance or exit to the building or any window.
	3. Each entrance to a commercial cannabis business shall be visibly posted with a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the commercial cannabis business is prohibited.
	4. Business identification signage shall be limited to that needed for identification only and shall not contain any logos or information that identifies, advertises, or lists the services or the products offered. No commercial cannabis business shall advertise by having a person holding a sign and advertising the business to passersby, whether such person is on the premises of the commercial cannabis business or elsewhere including, but not limited to, the public right-of-way.
	5. Signage shall not depict any image of cannabis or cannabis products. No banners, flags, billboards or other prohibited signs may be used at any time.
	6. In accordance with state law and regulations or as stipulated in the City of Sonoma regulatory permit, holders of a commercial cannabis business permit shall agree that, as an express and ongoing condition of permit issuance and subsequent renewal, the holder of the permit shall be prohibited from advertising any commercial cannabis business located in the City of Sonoma utilizing a billboard

(fixed or mobile), bus shelter, placard, aircraft, or other similar forms of advertising. This paragraph is not intended to place limitations on the ability of a commercial cannabis business to advertise in other legally authorized forms, including on the internet, in magazines, or in other similar ways.

1. Minors. The following parameters apply to minors.
	1. The entrance to the commercial cannabis business shall be clearly and legibly posted with a notice that no person under the age of twenty-one (21) years of age is permitted to enter upon the premises of the commercial cannabis business, unless they are age 18-20 with a physician’s recommendation and/or Medicinal Cannabis Card.
	2. Persons under the age of twenty-one (21) years and shall not be allowed to serve as a driver for a mobile delivery service.
2. Odor Control. Odor control devices and techniques shall be incorporated in all commercial cannabis businesses to ensure that odors from cannabis are not detectable off-site. Commercial cannabis businesses shall provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the commercial cannabis business that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the commercial cannabis business.
3. Display of Permit and City Business License. The original copy of the commercial cannabis business permit issued by the City pursuant to the Ordinance and the City issued business license shall be posted inside the commercial cannabis business in a location readily-visible to the public.
4. Permits and other Approvals. Prior to the establishment of any commercial cannabis business or the operation of any such business, the person intending to establish a commercial cannabis business must first obtain all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such commercial cannabis business intends to establish and to operate.
5. Training Standards for Employees. Each commercial cannabis operator shall establish minimum training standards for all employees. Prior to commencing operations, the operator/owner shall provide the City Manager a copy of said training standards. The City Manager shall have the discretion to require other training for the business operations should the City identify deficiencies or non-compliance issues with City or state requirements.
6. Public Consumption / City’s No Smoking/Vaping Regulations. State law does not allow for the public consumption of cannabis products. In addition, the City of Sonoma has a strict “no smoking / no vaping” municipal ordinance that prohibits smoking of all products including cannabis in public places (sidewalks, parks and the Plaza) and many private locations as well. All commercial cannabis businesses shall ensure each paying customer is informed of these regulations upon their exiting of the business. Notice may be in the form of signage, handout, or educational brochure approved by the City and/or information included with the exit package. Specific notice requirements will be reviewed with and determined by the City Manager (or designee) and may change over time.

### SECTION 6 OPERATING REQUIREMENTS FOR RETAIL FACILITIES.

1. No more than the number of cannabis retailers specified in Section 5.36.090 of the Ordinance may operate within the City of Sonoma at any one time and shall be issued a commercial cannabis business permit by the City of Sonoma.
	1. At this time, the City has approved a 2nd retail storefront commercial cannabis business.
2. Retailers shall verify the age and all necessary documentation of each customer to ensure the customer is not under the age of eighteen (18) years. If the potential customer is 18 to 20 years old, retailers shall confirm the customer’s is in possession of a valid doctor's recommendation or Medicinal Cannabis Card. For adult-use purchases, retailers shall verify that all customers are 21 years of age or older for the purchase of cannabis or cannabis products.
3. Prior to being granted entrance individuals must show their government-issued identification, and, in the case of medical cannabis facilities, their physician’s recommendation, or a Medicinal Cannabis Card in order to gain access into the retailer. The Medicinal Cannabis Card or doctor’s recommendation must also be shown at the point of sale station at the time of purchase. Doctor recommendations are not to be obtained or provided at the retail location.
4. A retail licensee shall hire or contract for security personnel who are at least 21 years of age to provide security services for the retail premises to serve as a visual deterrent to unlawful activities. The security personnel shall dress in attire that distinctly identifies them as being a security guard by wearing apparel with the word security on a shirt, jacket or uniform. All security personnel hired or contracted for by the Licensee shall be licensed by the Bureau of Security and Investigative Services and shall comply with Chapters 11.4 and

11.5 of Division 3 of the Business and Professions Code.

1. Retailers shall only serve customers who are within the licensed premises, or at a delivery address that meets the requirements of the Ordinance and these Regulations.
2. The sale and delivery of cannabis goods shall not occur through a pass-through window or a slide-out tray to the exterior of the premises.
3. Retailers shall not operate as or with a drive-in or drive-through at which cannabis goods are sold to persons within or about a motor vehicle.
4. No cannabis goods shall be sold and/or delivered by any means or method to any person within a motor vehicle.
5. All cannabis goods sold by a retailer shall be contained in child-resistant packaging.
6. Retailers shall record point-of-sale areas and areas where cannabis goods are displayed for sale on the video surveillance system. At each point-of-sale location, camera placement must allow for the recording of the facial features of any person purchasing or selling cannabis goods, or any person in the retail area, with sufficient clarity to determine identity.
7. Limited Access Areas. A Retailer shall establish limited-access areas and permit only authorized individuals to enter the limited-access areas. Authorized individuals include

individuals employed by the Retailer as well as any outside vendors, contractors, or other individuals conducting business that requires access to the limited access areas.

1. Operating Hours. Operating hours of a Retailer shall be limited to the hours of 9:00 a.m. through 9:00 p.m., seven days a week.
2. Retailer Security Requirements. All provisions incorporated within Section 5.36.270 of the Municipal Code and Section 5 of these Regulations are directly applicable to and binding on all commercial cannabis businesses, including all Retailers unless expressly noted in these regulations or on the permit issued.

### SECTION 7 DELIVERY VEHICLE REQUIREMENTS

1. Proof of ownership of the vehicle or a valid lease for any and all vehicles that will be used to deliver cannabis or cannabis products.
2. The year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for any and all vehicles that will be used to deliver cannabis goods.
3. Proof of insurance as required in Section 5.36.250(b) of the Ordinance for any and all vehicles being used to deliver cannabis goods.
4. The Licensee shall provide the City with the information required by this section in writing for any new vehicle that will be used to deliver cannabis goods prior to using the vehicle to deliver cannabis goods.
5. Subject to subsection (D), above, the Licensee shall provide the City with any changes to the information required by this section in writing within thirty (30) calendar days of the change taking place.

### SECTION 8 COMMUNITY RELATIONS

1. Each commercial cannabis business shall provide the name, telephone number, and email address of a community relations contact to whom notice of problems associated with the commercial cannabis business can be provided. Each commercial cannabis business shall also provide the above information to all businesses and residences located within one hundred (100) feet of the commercial cannabis business.
2. The business’ Owner, manager, and community relations representative shall attend meetings with the City Manager or his/her designee(s), and other interested parties as deemed appropriate by the City Manager or his/her designee(s), to discuss costs, benefits, and other community issues arising as a result of the implementation of the Ordinance and the operations of the commercial cannabis businesses permitted under the Ordinance.
3. Commercial cannabis businesses to which a CCBP is issued shall develop public outreach and educational information (subject to the City Manager’s approval) for youth organizations and educational institutions including providing as part of their exit packaging for all retail products information approved by the City that outlines the risks of cannabis use by youth, and that identifies resources available regarding youth drug use.

### SECTION 9 RENEWAL OF COMMERCIAL CANNABIS BUSINESS PERMITS

1. An application for renewal of a CCBP shall be filed at least sixty (60) calendar days prior to its expiration date.
2. The renewal application shall contain all the information required for new applications for a CCBP which will be determined by the City Manager at that time.
3. The applicant shall pay a fee in an amount to be set by the City Council to cover the costs of processing the renewal permit application, together with any costs incurred by the City to administer the program created under the Ordinance.
4. An application for renewal of a CCBP shall be denied if any of the following exists:
	1. The application is filed less than sixty (60) days before the CCBP’s expiration.
	2. The CCBP is suspended or revoked at any the time between the date of the submittal of the application and the date of the decision to grant or deny the application.
	3. The commercial cannabis business has not been in regular and continuous operation during the four (4) months prior to the date the renewal application is submitted.
	4. The commercial cannabis business has failed to conform to the requirements of this the Ordinance, or of any regulations adopted pursuant to the Ordinance, or of any conditions of approval of any of the permits granted to the business by the City, or of any terms and/or conditions of any agreement entered into by and between the City and the owner of the business.
	5. The permittee’s State license has been revoked or suspended or the permittee fails or is unable to renew its State license.
	6. If the City or State determines or has determined, based on substantial evidence, that the permittee or applicant is in violation of the requirements of the Ordinance, state laws, or the state rules and regulations, and the City or State has determined that the violation is grounds for termination or revocation of the CCBP.
5. The City Manager or his/her designee(s) is authorized to make and shall make all decisions concerning the renewal of a CCBP. In making the decision, the City Manager or his/her designee(s) is authorized to impose additional conditions on the CCBP or to modify the CCBP’s existing conditions, if it is determined to be necessary to ensure compliance with state or local laws and regulations in effect at the time of the City Manager’s decision or to preserve the public health, safety or welfare. The City Manager’s decision shall be in writing and is subject to appeal to the City Council pursuant to Section 5.36.190 through Section 5.36.210 of the Ordinance.
6. If a renewal application is denied, the person whose renewal application is denied may file a new application pursuant to these Regulations the Ordinance no sooner than one (1) year from the date of the final decision denying the renewal.

### SECTION 10 NOTICE OF HEARINGS

Whenever the Ordinance or these Regulations requires or provides for a hearing before the City Council, that hearing shall be noticed pursuant to this Section 11.

1. First, the notice of the hearing shall include the date, time, and place of the hearing, the identity of the hearing body, a general explanation of the matter to be considered, and a general description, in text or by diagram, of the location of the real property, if any, that is the subject of the hearing.
2. Second, the notice shall be posted on the City’s website, posted on the bulletin board at City Hall, published in at least one newspaper of general circulation within the City and mailed to the addresses of all real properties located within 300 feet of the subject property at least 10 days prior to the hearing.

### SECTION 11 CITY’S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all proposals, with or without any cause or reason. The City may modify, postpone, or cancel the request for a CCB 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 proposal. Late proposals WILL BE REJECTED. Furthermore, a proposal RISKS BEING REJECTED for the following reasons:

* 1. It is not responsive to this request for a Commercial Cannabis Business.
	2. The issuance of the CCB permit for the proposed location is inconsistent with the State law, Chapter 5.36, or Title 19 and other applicable City of Sonoma Municipal Codes.

City Council also reserves the right to award a lesser number of Conditional Certificates, or to award no Certificates at all. Only those applicants on the final list will be eligible to be issued a Conditional Certificate from the initial permit process.

The City also reserves the right to include additional steps or criteria or modify the process subject to City Council approval.

The City has also created “Application Procedures and Guidelines” for a Commercial Cannabis Business (1 x Retail Store Front) with additional information, procedures and guidelines. The City Council has reviewed the “Application Procedures and Guidelines” and authorizes the City Manager to finalize this document as needed to initiate the Request for Proposal (RFP) process within the approved Administrative Regulations. The City Manager is authorized to make administrative and non-policy related changes to the “Guidelines” in order to ensure clarity and necessary information for the RFP.

### ATTACHMENTS

Exhibit 1 – Process Chart.

Exhibit 2 - Application Procedures and Guidelines.

City of Sonoma

Planning Department

No. 1 the Plaza Sonoma, CA 95476 cityhall@sonomacity.org

P: 707.938.3681

**APPLICATION PROCEDURES & GUIDELINES FOR A 2ND COMMERCIAL CANNABIS RETAIL STOREFRONT BUSINESS**

# Request for Proposals

### OPENS – FALL 2022 CLOSING DATE – FALL 2022

As adopted and approved by the City Council, the City of Sonoma is opening a Request for Proposal process for applications for one (1) retail-store front retail commercial cannabis business. This application process is adopted pursuant to the Sonoma Administrative Regulations (“Administrative Regulations”) implementing Chapter 5.36 of the Sonoma Municipal Code. Information regarding the Commercial Cannabis Retail Business application process can be found on the City’s website at [www.sonomacity.org/cannabisretailRFP](http://www.sonomacity.org/cannabisretailRFP). Applications will be available from the Planning Department located in City Hall or on-line at the address above.

For questions regarding the application process, please review the information on the Sonoma webpage: [www.sonomacity.org/cannabisretailRFP](http://www.sonomacity.org/cannabisretailRFP) which outlines the application process, required materials, FAQ’s, and other information necessary to operate a Commercial Cannabis Business (CCB) in Sonoma. To be considered for issuance of a commercial cannabis business permit (CCBP)1, final applications **must be** submitted to the City Clerk located at No. 1 The Plaza, Sonoma, CA, 95476 by 3:00 P.M. on the closing date above.

***Applicants should monitor the City’s web page for any additional information, FAQs or updates.***

***It is the responsibility of the Applicant to stay informed of this information.***

**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 as authorized in writing by the City Manager or his/her designee. During Phase 1, Step 1 applicants will be notified if any of the owners are ineligible and/or if their application is incomplete which will not permit them to move forward in the application process. Since the City anticipates the Live Scan check will be delayed from being approved by the Department of Justice it will conduct a provisional background check to prevent undue delays for the applicant. Therefore, the applicants acknowledge, by signing the application and paying

1 Acronyms used herein shall have the same meaning as they have in Chapter 5.36, unless the context indicates otherwise.

the application fee, should later results of the Live Scan identify an ineligible activity, the Applicant will be disqualified, and no refunds will be issued for any of the application process in which they participated up to that point.

### CITY’S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all proposals, with or without any cause or reason. The City may modify, postpone, or cancel the request for a CCBP 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 proposal. Late proposals WILL BE REJECTED. Furthermore, a proposal RISKS BEING REJECTED for the following reasons:

1. It is not responsive to this request for a Commercial Cannabis Business Permit application.
2. The issuance of the CCBP for the proposed location is inconsistent with the State law, Chapter 5.36, or Title 19 and other applicable provisions of the City of Sonoma Municipal Code.

City Council also reserves the right to award a lesser number of Conditional Certificates, or to award no Certificates at all. Only those applicants on the final list will be eligible to be issued a Conditional Certificate from the initial permit process.

The City also reserves the right to include additional steps or criteria or to modify the process subject to City Council approval throughout this process.

# APPLICATION PROCESS

Review the information regarding the application process and which documents you will need. Review your application in its entirety to ensure that it is complete and accurate. Review the information regarding the CCB Permit application on the City webpage below.

[www.sonomacity.org/cannabisretailRFP](http://www.sonomacity.org/cannabisretailRFP).

*The following procedures outline the application evaluation and selection process, required materials, and other information necessary to apply for a permit to operate a CCB in Sonoma.*

### ADMINISTRATIVE REGULATIONS

The City Council has approved Administrative Regulations that implement Section 5.36 of the Sonoma Municipal Code. Please review these regulations to understand the requirements and process for applying for and operating a retail CCB in Sonoma.

### APPPLICATION SUBMITTAL REQUIREMENTS

Applicants must hand deliver to the City a flash drive containing a complete, comprehensive application package digitally in a PDF format. However, the City of Sonoma Commercial Cannabis Business Application Form, Indemnification Form, and Background Check Form will also be required to be submitted in paper format with original signatures. The Application must respond to all requirements outlined in the “Administrative Regulations” and these “Application Procedures & Guidelines”. The flash drive,, the signed copy of the documents additionally required to be submitted in hard copy format and the deposit for the initial application fee must be received by the City no later than 3:00 PM. on the closing date.

A complete application will consist of the following information:

1. Application Package
	* City of Sonoma Commercial Cannabis Business Application Form with signatures.
	* Indemnification Form with signatures - Applicant will execute an agreement indemnifying the City from liability.
	* Background Check Form with signatures.
	* Responses to the RFP shall not exceed 125 pages in total.
2. Background Check Authorization Form and/or Proof of Live Scan payment for each owner.
3. All information pertaining to the CCB required in Phase One which will be evaluated in Step 1 and Step 2 in the Application and Evaluation Process section below.
4. Administrative Review Fee.

### BACKGROUND CHECK

As part of Phase 1 of the application process each owner must undergo a criminal background check demonstrating s/he does not provide “good cause” for denial per SMC Section 5.36.070 and 5.36.080. The application for the Live Scan and background form will be available on the City website or in the Planning Department in City Hall. Please provide proof of a completed background form and/or Live Scan form along with proof of payment with your application on or before the closing date. This background process will be required to meet the minimum threshold qualifications pursuant to SMC Section 5.36.060 and 5.36.070. Owners who do not meet criminal history eligibility requirements will be disqualified.

### FEES

Applicants will be subject to the following fees.

1. Application Review Fee -- All applicants will be required to submit a non-refundable fee of

$12,000, in which they will be charged for City staff, legal and the Consultant time for reviewing applications and administrating the application process. Applicants are advised that they may be required to pay additional amounts as required for the sole purpose of the City’s completion of the application review process. The fees below are in addition to the Administrative Review Fee deposit.

* 1. Background Check Fee -- $400.00 per principal/owner
1. Appeal Fee -- $2,500 per application

Payment must be made by a certified check, cashier’s check or money order made payable to the City of Sonoma. Please note the City will not accept cash or credit cards and application fees are non- refundable.

### APPLICATION EVALUATION PROCESS

**SELECTION PROCESS**

**PHASE 1 – RFP, Preliminary Qualifications and Selection of Finalists**

**STEP 1: INITIAL RANKING (1,000 POINTS)**

Submitted complete Applications will be evaluated based on the following criteria. See APPENDIX A for a description of the evaluation criteria.

1. Owner Qualifications and Experience (200 Points)
2. Business Plan (400 Points)
3. Safety Plan (150 Points)
4. Security Plan (150)
5. Labor and Employment Plan (100 Points)

### STEP 2: INTERVIEW RANKING (Proposal Review Committee) (1,500 POINTS)

The interview will be evaluated based on the following criteria. See APPENDIX A for a description of the evaluation criteria.

1. Owner Qualifications and Experience (400)
2. Business Plan (500)
3. Safety Plan (100)
4. Security Plan (200)
5. Labor & Employment Plan (200)
6. Community Benefits (100)

### STEP 3: QUALIFIED FINALIST PRESENTED TO CITY COUNCIL AND COUNCIL SELECTS FINALIST

Upon the completion of Step 2, the Proposal Review Committee will tabulate final scores of all applicants from Step 1 and Step 2. The City Manager will review the Proposal Review Committee’s final evaluation and present the top five finalists to the City Council.

Prior to review by the City Council in Step 3, any Applicants who were not recommended to move forward as one of the five finalists in the process may appeal. Applicants that wish to appeal such a determination will be given ten days to appeal the decision in accordance SMC Sections 5.36.200 and 5.36.210 and pay the appeal fee. All appeals will be heard by the City Council during step 3 along with the top 5 finalists.

### PHASE TWO: FINAL VENDOR/SELECTION PROCESS WITH SITE SELECTION AND AWARD OF CONDITIONAL CERTIFICATE

The final applicants will be asked to conduct a brief presentation to the City Council in which they will demonstrate that the location selected is best suited for a retail storefront establishment in the community. The presentation shall demonstrate neighborhood compatibility with other surrounding businesses, address traffic congestion issues, show adequate patron/employee parking and the location does not create serious public safety concerns. The City Council may choose to conduct a tour of the sites. In the Council’s discretion it may decide to conduct in- person tours of the sites chosen by the finalists before the Council makes its final decision in which case the Council may continue the hearing for that purpose.

The City Council may select the most suitable Applicant to be awarded a Conditional Certificate for the one retail storefront location as allowed by SMC Section 5.36.090 (a)(1) and (a) (2). City Council also reserves the right to award a lesser number of Conditional Certificates, or to award no Certificates at all. Only those applicants on the final list will be eligible to be issued a Conditional Certificate from the initial permit process.

### LAND USE & BUILDING PERMIT PROCESS

The applicant who is awarded a Conditional Certificate is then required to apply for the land use entitlements that are necessary to establish and operate the CCB for which s/he has been awarded the CC, typically a Use Permit. A Use Permit application is reviewed and acted upon by the Planning Commission and is likely to require CEQA review. After land use entitlements are obtained, the applicant may then submit for Building Permits for renovation or construction.

[Please note that being awarded a Conditional Certificate 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 being awarded a CC guarantee that the plans submitted as part of the CCBP application process meet the standards or requirements in Chapter 5.36, Title 19 and/or any other permit requirements of other City departments or agencies.]

### CONTACT INFORMATION

If you have any questions or would like an update on the status of your application, please call the Planning Department at 707.938.3681 or by email at cityhall@sonomacity.org.

**APPENDIX A: DESCRIPTION OF EVALUATION CRITERIA**

### SECTION A: QUALICATIONS OF OWNERS

The application should include information concerning any special business 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 medicinal cannabis, such as scientific or health care fields. A description of any and all commercial cannabis activity engaged in as an owner, manager, lender, employee, volunteer, or agent by the Applicant and all owners of the commercial cannabis business, officers, and managers including, but not limited to, 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.

### SECTIONS B: BUSINESS PLAN

1. Finances – A budget for construction, operations, maintenance, compensation of employees, equipment, property lease, security equipment and staff, City fees, state fees, utility costs, product purchases and other anticipated contingency 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 which can be verified by the City.
	* A pro forma for at least three years of operations.
	* A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.
2. Daily Operations – With as much detail as possible, the Business Plan should describe the day- to-day operations which meet industry best practices for a retail or non-storefront retail license.
3. How the Cannabis Business will conform to local and state laws. See Administrative Regulations Implementing Chapter 5.36 of the Sonoma Municipal Code as they pertain to retail storefront retail establishments in the City of Sonoma.
4. How cannabis and cannabis products will be tracked and monitored to prevent diversion. Describe the Point of Sale system to be used and how it will interact with the state’s mandated track and trace system.

### SECTION C: SAFETY PLAN

1. The detailed Safety Plan shall be prepared by a professional fire prevention and suppression consultant.
2. This plan will describe all fire prevention and suppression measures, fire extinguisher locations, evacuation routes and alarm systems the facility will have in place.
3. Accident and incident reporting procedures.
4. Waste management locations and procedures.

### SECTION D: SECURITY PLAN

1. The security plan shall be prepared by a professional security consultant. (Security plans will not be made public.) This plan which is to be submitted as part of Step 1 and discussed in Step 2 during the interview process will be a proof of concept plan in which the applicant demonstrates how they wish to develop the floor plan and address other security issues on the property until a final site location is established at which time is will be required to update the security plan to accurately reflect what will be submitted to the Planning Department for the Site Review.
2. Premises Diagram: In addition to the site plans submitted for the Proposed Location, a Premises Diagram must be included with the Security Plan section of the application. The diagram must meet the requirement of the Bureau of Cannabis Control CCR Title 16, Division 42, §5006.

Premises Diagram.

* + The diagram shall show the boundaries of the property and the proposed location to be licensed, showing all boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways, and shall include a brief statement or description of the principal activity to be conducted therein.
	+ The diagram shall show and identify commercial cannabis activities that will take place in each area of the premises and identify all limited-access areas.
	+ The diagram shall show where all cameras are located and assign a number to each camera for identification purposes.
	+ The diagram should be accurate, dimensioned and to-scale (minimum scale of 1/4”).
	+ If the proposed location consists of only a portion of a property, the diagram must be labeled indicating which part of the property is the proposed location and what the remaining property is used for.
1. Description of operational security, including but not limited to general security for access/visitor control, inventory control and cash handling procedures.
2. Description of perimeter security, on-site security guards, light and parking
3. Identify transportation techniques and security procedures.
4. Employee training and general security policies.

### SECTION E: LABOR & EMPLOYMENT PLAN

1. The application should describe to what extent the Cannabis Business will adhere to heightened pay and benefits standards and practices but at a minimum adheres to the City of Sonoma’s Living Wage Ordinance (Chapter 2.70) and Minimum Wage Ordinance (Chapter 2.80).
2. The business shall describe how they will recognize the collective bargaining rights of employees which will include establishing a mandatory “card check” process as a method by which employees can state they wish to organize into a labor union.
3. Identify number of employees at initial opening and the maximum number of employees when the business is at full capacity.
4. Identify any social equity programs that will be developed as part of the business model to ensure employees are provided equal opportunities for development.
5. Identify all positions and their responsibilities.
6. Describe compensation to and opportunities for continuing education and training for employees
7. State the extent to which the Cannabis Business will be a locally managed enterprise whose owners and/or managers reside within the City of Sonoma and/or the County of Sonoma. In order to receive points for this category Applicant must show proof that the owners/managers have been residents for at least one year prior to submitting this application.

### SECTION F: COMMUNITY BENEFITS

The application should describe benefits that the Cannabis Business would provide to the local community, such as employment for residents of the City, community contributions which can be substantiated, or economic incentives to the City.

City of Sonoma

**RESOLUTION # - 2021**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA ESTABLISHING AND ADOPTING FEES TO PROCESS PROPOSALS FOR COMMERCIAL CANNABIS RETAIL BUSINESSES IN THE CITY**

**WHEREAS**, on June 24, 2019, the City Council adopted Ordinance #03-2019 that added Chapter 5.36 to the Sonoma Municipal Code permitting and regulating commercial cannabis businesses in the city and also conducted the First Reading of an Ordinance that made changes to the Development Code to allow commercial cannabis businesses uses within specified zoning districts within the City; and

**WHEREAS**, on June 30, 2019, the City Council adopted Ordinance #04-2019 that made changes to the Development Code (Title 19) to allow commercial cannabis businesses uses within specified zoning districts within the City; and

**WHEREAS**, On April 19, 2021, at a duly noticed public hearing, the City Council adopted

an ordinance to amend to the Municipal Code to allow a second retail storefront commercial cannabis business to operate in the City; and

**WHEREAS**, at the same meeting, the City Council directed staff to create a new/revised process to allow that second retail commercial cannabis business to operate in the City; and

**WHEREAS**, a new/revised commercial business permit application process consists of various phases of review with applicants advancing to a subsequent phase review only after completing and satisfying the requirements of the prior phase of review; and

**WHEREAS**, the City Council desires to adopt fees for the review of processing applications to establish a second commercial cannabis businesses in the City and for other related costs in order for the City to recover the costs of administering the commercial cannabis business permit application process; and

**WHEREAS,** the fees established by this resolution are fair and reasonable and are equal to or less than the cost of the city to implement and administer the commercial cannabis business permit application process.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of Sonoma, State of California, that the City Council of the City of Sonoma hereby approves and adopts the fees reflected below for the implementation and administration of commercial cannabis business permit application process.

* 1. Application Review Fee -- All applicants will be required to submit a non-refundable proposal submittal fee of $12,000.00, which will be used for City staff, legal counsel and the Consultant time for reviewing applications and administrating the application process. The fees below will be required at a later time in the proposal review process:
		1. Background Check Fee -- $400.00 per principal/owner
		2. Appeal Fee -- $2,500.00 per application

**ADOPTED** this 17th day of November 2021, by the following vote:

AYES: NOES: ABSENT: ABSTAIN:

MADOLYN AGRIMONTI, Mayor

ATTEST:

Rebekah Barr, MMC, City Clerk

STATUS OF RETAIL CANNABIS APPLICATIONS IN SONOMA VALLEY, NOV. 2021

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **MAP No.** | **PROJECT NO.** | **ADDRESS/APN** | **SIZE** | **DISTANCE TO CITY LIMITS** | **NOTES** |
|  |  |  |  |  |  |
| 1 | UPC17-0094 | 15499 Arnold Drive054-130-024GLEN ELLEN | 1891 sqftin existing bldg 3847 sqft | 4.1 miles | Board of Supervisors denied the appeal and a lawsuit has been filed regarding CEQA May take a year to be resolved |
|  |  |  |  |  |  |
| 2 | UPC18-0023 | 15 Fremont Drive128-461-014 | 1328 sqftin existing bldg | 3.2 miles | Incomplete: preparing technical studiestentatively set for Summer/Fall 2021 |
|  |  |  |  |  |  |
| 3 | UPC19-006 | 8910 Highway 12 #12B050-162-031KENWOOD | 1900 sqftin existing bldg | 10 miles | Incomplete |
|  |  |  |  |  |  |
| 4 | SPARC | 19315 Sonoma Highway (former El Gallo Pinto restaurant) | 2500 | 0 | Proceeding through consytruction and estimates opening in late First Quarter of 2022 |