

STEP-BY-STEP GUIDE-CANNABIS BUSINESS PERMIT APPLICATION



Contact Information:

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PLEASE READ CAREFULLY. These steps will not be taken out of order. You cannot start operations until you have completed all steps. PLEASE NOTE: Any false statements, misleading statements, or omissions placed on the Commercial Cannabis Business Permit Application or required attachments, shall be grounds for disqualification.

STEP ONE (Property Clearance):

Make an appointment with the Planning Division for an on-site inspection of the property for a determination as to whether it conforms to all current zoning development standards. If not, the property must be improved to the maximum extent possible to current zoning development standards. The property must be located within an eligible area identified on the most current "Possible Cannabis Activity Site Land Use Map". Upon successful completion of the on-site inspection, an appointment can be scheduled with the Planning Division for the submittal of your application. All portions of the application including the elements identified by the "Cannabis Business Permit Submittal Checklist" and within this Step-by-Step Guide must be submitted/addressed in the order identified in the "Commercial Cannabis Business Permit Submittal Checklist" for the application to be accepted by staff. Upon acceptance of the application, a case manager will be assigned to the project.

STEP TWO (Application Submittal):

During your appointment for the submittal of your application, all items identified in the "Cannabis Business Permit Submittal Checklist" and within this Step-by-Step Guide must be a part of the application. This includes all applicable fees. **IMPORTANT:** Incomplete Commercial Cannabis Business Permit applications will be rejected. No amendments or submittal of supplemental information will be accepted by the City or its consultants.

Applicants must deliver one (1) complete signed and notarized Cannabis Business Permit Application form (the Application must be in hard copy format with original signatures), in addition to one (1) USB flash drive containing a scanned copy of the Cannabis Business Permit Application and all responses to the Evaluation Criteria found in pages 2 through 6 of this document. The USB flash drive must contain only two separate digital PDF files. PDF File #1 shall contain the scanned Application and PDF File #2 shall contain the Evaluation Criteria. The Evaluation Criteria shall be in the order outlined below and shall not exceed 200 pages.

IMPORTANT: Responses to each Evaluation Criteria shall be provided in the section the criteria is asked for. Applicants will not receive points for information located in other parts of the application.

STEP THREE (Background Check Appointment):

Upon the successful completion of Step Two, each owner must undergo a criminal background check as required by LHMC Chapter 18.22. The cost of the background check will be assessed against the application deposit. Planning Division Staff will contact you within five (5) working days following the submittal of your application packet to set up an appointment to begin the Background Check. During this appointment, you will be provided background check paperwork for all of the owner(s)/corporate officer(s) that you listed in the Commercial Cannabis Business License application. **IMPORTANT: This step applies to owner(s)/corporate officer(s) only.**

You will have an opportunity to start the background check process for all other employees after completing Step Seven. You are to provide proof of a completed background form and/or Live Scan form within five (5) business days after receiving the background check paperwork. This process will be required to meet the minimum threshold qualifications pursuant to LHMC Chapter 18.22. Failure to meet the five (5) business days deadline will result in the rejection of the Cannabis Business Permit Application. In addition, owners who do not meet criminal history acceptability requirements will be disqualified and will result in the rejection of the Cannabis Business Permit Application.

1. **Cannabis Business Permit Application.** Within the application all owners and financial interest holders those terms are defined in 17 CCR 40101(a) & (b) are required to be identified along with their percentage of interest and corporate title with appropriate forms of identification.
2. **Cannabis Permit Employee/Owner Background Application/Live Scan Form.**
 - a. These forms will be provided to you by the Planning Division and are used to conduct a background check overseen by the La Habra Police Department. The Police Department will bill the cost of the background investigation against the Cannabis Business Permit Application deposit fee for each individual named a part of the business operation.
 - b. Staff will assign a unique identifier code for each individual that you have listed in the Cannabis Business Permit Application.
 - c. You must make an appointment with the La Habra Police Department for each person to be processed. To make an appointment, please call (562) 383-4300.

Applicants will be notified if any of the owners are ineligible and/or if their application is incomplete. These applications will not move forward in the application process. However, when the City anticipates the Live Scan or background check may be delayed, the City may continue with the application process beyond Step Four to prevent undue delays for the Applicant subject to consent of the Applicant. In these cases, expedition of the application without the Live Scan or background check completed will not create eligibility for a refund of any fees expended from the continuation of the process while waiting for the background check and Live Scan.

STEP FOUR (Initial Ranking 1,000 points):

Upon the successful completion of Step Three, applications will be evaluated and scored by the City's consultant (HdL Companies) as to whether the materials submitted successfully address all components identified for each specific Section below:

SECTION A: PROPOSED LOCATION (Criteria to be evaluated in Steps 4 & 5)

1. Describe the neighborhood, property, building, and floor plan areas. A site plan (accurate, dimensioned and to-scale minimum of ¼") is to be provided capable of identifying all the physical improvements on the property. A floor plan (accurate, dimensioned and to-scale minimum of ¼") is to be provided capable of identifying the existing layout. A floor plan (accurate, dimensioned and to-scale minimum of ¼") is to be provided that identifies the proposed business operation layout within the interior of the building.
2. Identify and describe any sensitive use areas (parks a minimum 0.6 acres in size, schools from kindergarten through 12 grade, daycare centers, or youth centers) within six hundred (600) feet of the proposed location.
3. Confirm the property has the appropriate zoning and meets all the locational requirements as described in LHMC Chapter 18.22.

4. Neighborhood Compatibility Plan
 - a. Address how the Cannabis Business, including its exterior and surrounding public areas, will be managed to avoid becoming a nuisance or having negative impacts on its neighbors and/or surrounding community.
 - b. Describe proactive measures designed to reduce or eliminate quality of life complaints associated with noise, odor, light, loitering, and vehicle and pedestrian traffic.
5. Air Quality Plan
Describe the measures designed to reduce or eliminate odor. The odor plan should include elements of building design, air circulation equipment and polices used to prevent impacts to employees and surrounding businesses.

SECTION B: BUSINESS PLAN (Criteria to be evaluated in Steps 4 & 5)

1. Describe the target consumer for your product or service.
2. Ownership – Identify all owners and their percentage of ownership. Each owner should submit a one- or two-page resume, include information concerning any special business or professional qualifications. Identify whether they are a part of any other cannabis operations within the State of California and their relationship to the business.
3. Documents pertaining to business structure, if applicable
 - a. Articles of Incorporation
 - b. Articles of Organization
 - c. Certificate of Limited Partnership
 - d. Statement of Partnership Authority
4. Finances – A budget for construction, operation, maintenance, compensation of employees, equipment costs, utility costs, and other operational 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.
 - a. Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets.
 - b. A pro forma for at least three years of operation.
 - c. A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.
5. Daily Operations – With as much detail as possible, the Business Plan should describe the day-to-day operations which meet industry best practices for the specific type license being sought. At a minimum it should include the following:
 - a. Describe the total number of employees that will be employed.
 - b. Identify any third-party vendors/consultants that will be utilized at your onsite operation.
 - c. Describe the supply chain your facility will utilize to acquire items for this operation.
 - d. Detail the specifics of the Commercial Cannabis Activity from the prospective of components and materials as a part of the business operation. This should identify each step of the process and give numerical detail, such as capacity of the business operation.
 - e. Describe in detail the methods used to store and then distribute/deliver products. At minimum, it should include the following:
 1. Onsite warehousing capacity.
 2. Location of any offsite warehousing, if applicable.
 3. The number of vehicles used for the transportation/distribution/delivery of product.
 4. The type of vehicles utilized for this

- transportation/distribution/delivery.
- 5. When authorized by State law, whether a third-party transport company will be utilized. You must identify the transport company.
- f. Include a construction budget and how waste will be managed.
- 6. Describe how the Cannabis Business will conform to local and state law. What type of state license will the business be applying for at the state level? See LHMC Chapter 18.22 (Commercial Cannabis Activity).
- 7. Describe how cannabis 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 (Criteria to be evaluated in Steps 4 & 5)

1. The Safety Plan shall be prepared by a professional fire prevention and suppression consultant.
2. The Safety Plan shall describe all fire prevention and suppression measures, identify fire extinguisher locations, evacuation routes and alarm systems the facility will have in place.
3. Identify storage locations of all gases, pesticides, and chemicals. In addition, suppression systems, gas detection equipment and exhaust systems.
4. Describe accident and incident reporting procedures.
5. Identify and describe waste management locations and procedures.

SECTION D: SECURITY PLAN (Criteria to be evaluated in Steps 4 & 5)

1. The Security Plan shall be prepared by a professional security consultant. (Security plans will not be made public.)
2. Premises Diagram: In addition to the site plan submitted for the Proposed Location, a Premises Diagram plan must be included with the Security Plan. The diagram must meet the requirement of the Bureau of Cannabis Control CCR Title 16, Division 42, §5006. Premises Diagram.
 - a. 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.
 - b. 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.
 - c. The diagram shall show where all cameras are located and assign a number to each camera for identification purposes.
 - d. The diagram should be accurate, dimensioned and to-scale (minimum scale of 1/4").
 - e. 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.
3. In addition, the Security Plan shall describe at a minimum, the following components (additional components may be added by the City during the CUP review process):
 - a. Details on operational security, including but not limited to:
 - i. Employee specific policies, training, sample written operational policies and procedures;
 - ii. Transactional security;
 - iii. Visitor security;

- iv. Third party contractor security. Security personnel, if utilized, must be licensed by the State of California Bureau of Security and Investigative Services;
 - v. Delivery security;
 - vi. Cash Handling procedures;
 - vii. Inventory Control
4. A description of the overall facility security, including but not limited to:
- a. Perimeter security:
 - i. An alarm system on all perimeter entry points and perimeter windows shall be professionally installed, maintained, and monitored.
 - ii. The exterior of the business shall be monitored at all times by web-based closed-circuit television for security purposes. The camera and recording system must have adequate quality, color rendition, and resolution to allow the ready identification of any individual committing a crime anywhere on or adjacent to the location. The operator shall maintain at least 90 days of concurrent hours of digitally recorded documentation. The owner/operator shall make the recordings available to the La Habra Police Department within 24 hours of receipt of such a request.
 - iii. Location of exterior lighting including parking area.
 - b. Building ingress and egress access security:
 - i. Sensors shall be installed to detect entry and exit from all secure areas;
 - ii. Any bars installed on the windows or the doors of the cannabis business shall be installed only on the interior of the building if allowed by the California Building Code.
 - c. Product security (at all hours)
 - d. Internal security measures for access (area specific)
 - e. In addition to the site plan submitted for the Proposed Location, an accurate, to scale Security Premises Diagram must be included with the Security Plan capable of identifying Limited-Access areas, location of surveillance equipment, safe/vault/locked and secured room (locked and secured room should be further described).
 - f. Each cannabis business shall have the capability to remain secure and operational during a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel; thus, ensuring that locks are not released during a power outage.

SECTION E: LABOR & EMPLOYMENT PLAN (Criteria to be evaluated in Steps 4 & 5)

1. The application should describe to what extent the Cannabis Business will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees.
2. Identify number of employees at initial opening and the maximum number of employees when the business is at full capacity.
3. Identify all positions and their responsibilities.
4. Describe compensation to and opportunities for continuing education and training for employees.
5. State the extent to which the Cannabis Business will be a locally managed enterprise whose owners and/or managers reside within La Habra and/or the County of Orange.
6. Local hiring and sourcing practices.

SECTION F: COMMUNITY BENEFITS (Criteria to be evaluated in Step 5 only)

The application should describe benefits that the Cannabis Business would provide to the local community, community contributions, or economic incentives to the City. This could include any or all of the following:

1. Volunteer Services
2. Monetary Donations to Local Non-Profit Organizations
3. Financial support to City sponsored activities or organizations
4. In kind donations to the City or other charitable organizations

The Cannabis Business Permit Application will be scored via the following point system:

- A. Proposed Location (200 Points)
- B. Business Plan (400 Points)
- C. Safety Plan (150 Points)
- D. Security Plan (150 Points)
- E. Labor & Employment Plan (100 Points)

A minimum score of 80% (800 points) must be achieved in order for a Cannabis Business Permit Application to continue to Step Five. In the case where more Cannabis Business Permit Applications exceed the minimum score of 80% than there are available Cannabis Business Licenses, the highest scoring top five (5) applications will proceed to Step Five. Those not scoring in the top five will have the option of remaining on a waiting list for up to one year should a license become available after the top five applicants have completed the process. Those applicants who are placed on the waiting list will proceed to the next step if/when a license becomes available. Applicants on the waiting list will proceed to the next step until all licenses have been issued. Applicants that remain on the wait list will not be refunded any unused funds until the full year has been completed or they request to be removed from the list, whichever comes first. Those applicants desiring to remain on the waiting list beyond one year must submit such a request in writing to the City. An applicant can modify its application by submitting a new application and the required fee. Should a license become available after the waiting list has expired, a new submittal deadline period will be established by staff and all applicants shall begin at Step One.

STEP FIVE (Second Ranking 1,000 points-City Cannabis Review Board Interview)

The Cannabis Review Board (CRB), consisting of the City Manager, Director of Community and Economic Development, Police Chief, Finance Director, and Director of Public Works, or their respective designee, will review your application and conduct an interview to determine your knowledge of the Cannabis Business Permit Application, La Habra Municipal Code Chapter 18.22 (Commercial Cannabis Activity) and State Law. The application and interview will be evaluated using the scoring criteria outlined below.

- A. Proposed Location (200 Points)
- B. Business Plan (350 Points)
- C. Safety Plan (100 Points)
- D. Security Plan (100 Points)
- E. Labor & Employment Plan (100 Points)
- F. Community Benefits (150 Points)

The top applications that match the available number of commercial cannabis business licenses

for the specific type applied for, based on the total combined score from Step Four and Step Five, will be permitted to advance to Step Six. All other successful applicants shall be placed on a wait list.

STEP SIX (Development Agreement):

The successful applications from Step Five will be notified that they may begin negotiations on a Development Agreement. The Applicant must successfully negotiate a Development Agreement with the City within 120 days of notification to proceed to the Development Agreement stage. Failure to reach agreement on a Development Agreement terminates the application process.

Please note that the completion of the Development Agreement stage does not constitute a land use entitlement and does not waive or remove the requirements of applying for and receiving a Conditional Use Permit from the Planning Commission and approval of the Development Agreement by the City Council. Completion of Step Six allows you to proceed to Step Seven.

STEP SEVEN (Conditional Use Permit):

Upon completion of Step Six, a Notice to Proceed will be issued allowing you to submit a Conditional Use Permit (CUP) application. The Qualified Cannabis Applicant has 60 days to submit an application for a CUP to the Planning Division. Should the property require site improvements to comply with existing Conditions of Approval from a previous Planning Commission/City Council action applicable to the property, all such improvements are to be completed within 60 days of the completed negotiated Development Agreement before the Conditional Use Permit application will be accepted by staff.

In the case where the property does not comply with current development standards or where compliance with current zoning development standards are not possible due to site constraints, the property is to be improved to the maximum extent possible per the timeframe placed on the property through the CUP process via Conditions of Approval. Failure to comply within the noted time period established within the Conditions of Approval will result in the approved CUP being terminated. Upon approval of a CUP, a cannabis license for the requested action will be set aside until the City Council acts on the required Development Agreement. Should either the CUP or Development Agreement be denied, the set aside cannabis license will be released and be made available to the next qualified Applicant if such exists on a Waiting List having been through the interview process. All unspent deposited Cannabis Business Permit Application fees will be returned to the Applicant.

STEP EIGHT (Cannabis Business Permit):

The Planning Division will issue a Cannabis Business Permit upon completion of the following items:

1. An approved CUP with all conditions implemented.
2. An approved Development Agreement.
3. All applicable permits finalized which may include, but are not limited to, building permits and/or fire permits.
4. An approved Certificate of Occupancy issued. Temporary Certificates of Occupancy are not allowed.
5. Submittal of proof of insurance.
6. An approved County of Los Angeles Fire Department Notice to Prospective Businesses Statement of Intended Use form submitted to the Planning Division.

During this stage, you may also begin the submittal process of background applications for non-ownership employees. Please call the Planning Division Staff at (562) 383-4100 for submittal requirements. Once you have satisfied the above requirements, you may contact the Planning Division Staff for an appointment to receive your Cannabis Business Permit.

STEP NINE (Cannabis Business License):

This step must be completed after successful completion of Steps One through Eight. Please call the Finance Department at (562) 383-4050 to obtain a Cannabis Business License form.

NOTE: The Cannabis Business shall not be permitted to operate without valid proof that a State Cannabis license has been obtained consistent with the use permitted by the CUP.