

Frequently Asked Questions (FAQ)

If a business has multiple owners, do all owners need to sign page 2 of the Cannabis Business Permit Application or is it just one owner who signs page 2 and everyone signs page 3?

Only one owner (whoever is filling out the application) is required to sign page 2. All owners will be required to sign page 3.

Will the City only accept wet signatures on all forms and documents and electronic signatures are not allowed? Also, could you please clarify on what documents/forms exactly original signatures are applicable?

The City will not accept any electronic signatures. Original signatures are applicable on all documents requiring a signature.

Do the Cannabis Business Permit Application, Financial Responsibility, Indemnity and Consent to Inspection, Agreement on Limitation of City's Liability, and Background Check forms count towards the 125-page limit?

Responses to "Evaluation Criteria," Sections A-G (found in Appendix A of the Procedures) shall be limited to 125 pages. Responses pertaining to Proof of Capitalization shall not be included in the 125-page limitation and should be saved separate from the Evaluation Criteria.

Is there a particular font or font size that should be used for the application?

Any legible font is acceptable. Please use a font size no smaller than 11-pt.

Procedural guidelines state that Live Scans must be submitted with an application, however, they are not included in a Hard Copy Content/Flash Drive Content. In what section of the application should Live Scans be included?

The applicant will not receive their Live Scan results. The Monterey Police Department (MPD) will receive an electronic notification of the results and upon receipt, MPD will advise the permit-issuing department of the results. There is no need for the applicant to include any Live Scan information in the application documents.

What should be put as Authorized Applicant Type and Type of License on the Live Scan form?

Monterey Police Department (MPD) is currently awaiting an update from the California Department of Justice (DOJ) regarding the Authorized Applicant Type

section. This is a section that DOJ must provide an input for prior to MPD being able to process a Live Scan related to cannabis business.

Once DOJ has updated the Authorized Applicant Type for MPD, a Live Scan form with these sections pre-filled will be provided, giving applicants the ability to utilize these forms at any California Department of Justice-approved Live Scan facility.

The type of license should be input as “Cannabis permit.”

Could you please confirm that the application fee due at submission is \$4845.00 (\$1,510 for phase 1 and \$3,335 for phase 2) in addition to a background check fee of \$300 per owner?

The application fee of \$4,845.00 for Phases 1 and 2 is due between January 4 and January 29, 2024. Applications will not be processed for Phase 3 without confirmed receipt of payment. Background check fees of \$300 per owner should be paid upon application submission.

What is the process of making an application fee payment? What department in the City is accepting payments for cannabis applications and what are their hours?

The City of Monterey’s Planning Office will accept application fee payments. Their hours are Monday through Friday 9:00 a.m. to 4:00 p.m. and they are located at 570 Pacific St. Suite A in Monterey. More information about the Planning Office may be found at monterey.org/planning.

Based on Ordinance No. 3674 relating to cannabis businesses, it appears that no persons under the age of 21 can access retail storefront facilities, including medical patients though medical patients can be served via delivery. Can you please confirm that this is the correct interpretation of the ordinance and medical customers under the age of 21 can only be served via delivery and not in retail storefront locations?

Pursuant to City Code section 7-7.12(a)(3), only persons 21 and older are allowed inside a cannabis business. Minors receiving medicinal cannabis may obtain it by delivery only pursuant to City Code section 7-7.18(b)(13).

If I open a retail dispensary, am I unable to sell more than 49% of the business? If so, how long does this restriction remain in effect?

Pursuant to City Code section 7-7.12(g) the permit is not transferrable to other persons, entities, projects, or locations. For example, a person or entity that has 100% ownership of the business at the time the permit is issued by the City cannot

reduce that ownership interest to less than 51%. Any assignments contrary to this section render the permit null and void, and the next highest ranked applicant on the waitlist shall be invited to apply for the permit. The waitlist remains in effect until January 1, 2026. Thereafter, a change in ownership request may be made through a request to amend the permit pursuant to Section 7-7.12(j). The City Manager will develop rules and regulations governing the transfer of business ownership pursuant to Section 7-7.08.

The application requires a security plan that includes perimeter security as well as other items that seemingly would require a location to complete. How do we complete the application requirements for these issues without a location?

All locations share common characteristics that may be considered without having a specific address or building selected beforehand. Applicants are encouraged to provide a creative and detailed plan that addresses all areas of security that may be of concern (robbery, break-in, shoplifting, etc.). The security plan will be updated to reflect specific building characteristics after selected applicants have chosen a zone of preference.

“PDF File #5 – Documents relating to other licensed cannabis facilities operated by the applicant, including copies of active state cannabis business license(s), tax compliance documentation (i.e. City business license tax certificates, State sales tax seller’s permits, and recent financial statements and tax returns), annual budget of operations, and list of current prices for all products and services provided, as may be applicable.”

Can you please detail a specific list of what legal documents are required in PDF File #5?

If the applicant has these documents for their existing cannabis operations, please include them. If the applicant does not currently have cannabis operations, this section is not applicable.

The ordinance defines an Owner as anyone with 5% or more ownership percentage in the business. Would someone who owns less than 5% of the of the business participate in the Phase 3 interview and Phase 4 City Council Hearing? Or is participation in these phases of the process restricted to Owners with a minimum of 5% Ownership interest?

No more than two (2) individuals will be eligible to participate in the interview process on the applicant’s behalf. If the applicant elects to send two (2) individuals to the interview, one (1) of these individuals must have an ownership stake of 5% or

greater. The second individual may be an owner with any ownership stake or another person of the applicant's choosing. Any number of people may attend the City Council meeting and share comments subject to the time limits allotted to each speaker by the Mayor (generally three minutes per person).

Regarding the security plan, I have not been able to identify the "qualified professional standard." How is the City defining "qualified professional standards?"

The guidelines have been updated to remove the reference to the "qualified professional standard." The application must include a security plan. The security plan can be prepared by in-house staff or a third-party security consultant and must address the elements of Operational Security, Perimeter Security, and Employee Training and Policies noted in the updated guidelines.

The City asks for a "list of current prices for all products," could you please clarify what prices should be provided (i.e., retail prices, wholesale prices or any other prices)? In the same section, it's required to provide an "annual budget of operations" - could you please confirm that this is for existing locations that an applicant operates?

As stated in the guidelines, this refers to current prices of all products. The price refers to retail prices charged by the business. This section refers to all existing location(s) that an applicant currently operates.

Can you please define the "applicant?"

The "applicant" refers to all owners. Ordinance No. 3674 defines an "owner" as "any of the following, or a group or combination of any of the following, acting as a unit: a person with an aggregate ownership interest of 5 percent or more in the cannabis business applying for a permit under this article, whether a partner, shareholder, principal, member, or the like, unless the interest is solely a security, lien or encumbrance.

Are the documents required for PDF #5 required for cannabis businesses that are not yet operational?

No.

Will owner documents and applicant information required for PDF File #5 be redacted?

Personal identifiable information will be redacted from documents required in PDF File #3, #4, and #5.

When mentioning "the annual budget of operations", is this a general estimate with a basic breakdown of annual operational costs associated with retail cannabis or is this specific to each cannabis facility operated by an applicant?

The Storefront and Non-Storefront Retail Cannabis Business Permit Application Procedure Guidelines and Review Criteria document has been updated to remove this requirement.

Can you provide clarification as to the type of information reviewers are looking for when asking about an applicant's connection to the City? Does this refer to experience conducting business in the City of Monterey, local residency, participation in charity and/or volunteer services, or something else?

This refers to any type of connection, including but not limited to the types of activities mentioned above that applicants have to the City of Monterey.

Can you please elaborate on "familiarity with the City?" Does this refer to the applicant's familiarity with community-oriented activities or the team's understanding of the City's goals as outlined in the general plan or both? Or does this refer to an understanding of the unique culture and demographics of the City, perhaps a market analysis?

Any type of familiarity that applicants have with the City of Monterey will be considered.

Can you provide an example of an "innovative business model consistent with the City's community?"

The City is looking for applicants to describe how their business model demonstrates innovation and creativity.

How soon after January 29th cut off, will applicants find out if they were accepted? How long do they have to find a location after getting permit approval in one of the four zones?

Applicants are projected to receive final approval and expected to obtain a zone clearance between April 12, 2024 and May 10, 2024. Timeline is subject to change.

Please consider removing or revising those requirements that seem to imply providing all ownership in financial statements, tax returns, tax compliance documents, and annual budgets of all owned operations.

The City requires copies of the State and local business license specifically. The City agrees that other tax compliance documentation, including recent financial

statements and tax returns, may be provided by applicants but are not required. The Storefront and Non-Storefront Retail Cannabis Business Permit Application Procedure Guidelines and Review Criteria document has been updated to remove this requirement.

Please clarify the requirements for PDF File #5. If the applicant will be a new entity with owners who, as individuals, hold interest in other entities that hold cannabis licenses, should that information be included in PDF file #5? Or is PDF #5 only requesting information about other cannabis businesses operated by the applying business entity?

All owners holding an interest in other cannabis businesses should provide the information required in PDF File #5.

Are you only accepting certified electronic copies of articles of information and statement of information or are the downloaded publicly available documents on the Secretary of State website sufficient?

The downloaded copies from the Secretary of State website are sufficient.

For a new corporation that's currently waiting for approval from the Secretary of State. What type of documentation would be acceptable?

A receipt of submission to the office of the Secretary of State will suffice.

In the future, can the dispensary business be transferred to a subsidiary to the parent company after the license is granted?

Pursuant to City Code section 7-7.12(g) the permit is not transferrable to other persons, entities, projects, or locations. For example, a person or entity that has 100% ownership of the business at the time the permit is issued by the City cannot reduce that ownership interest to less than 51%. Any assignments contrary to this section render the permit null and void, and the next highest ranked applicant on the waitlist shall be invited to apply for the permit. The waitlist remains in effect until January 1, 2026. Thereafter, a change in ownership request may be made through a request to amend the permit pursuant to Section 7-7.12(j). The City Manager will develop rules and regulations governing the transfer of business ownership pursuant to Section 7-7.08.