



STOREFRONT & NON-STOREFRONT RETAIL CANNABIS BUSINESS PERMIT  
APPLICATION PROCEDURE GUIDELINES AND REVIEW CRITERIA  
**UPDATED 1/26/2024**

**Application Period**  
**OPENS – Friday, December 15, 2023**  
**CLOSES – Monday, January 29, 2024**

## APPLICATION PROCEDURES AND GUIDELINES

### INTRODUCTION

The City of Monterey is seeking qualified applicants to apply for Commercial Cannabis Storefront and Non-storefront Retail Permits. During this application period, the City will be allowing up to four (4) Storefront and one (1) Non-Storefront Retail Cannabis Business Permits, pursuant to Monterey Municipal Code (MMC) Section 7-7.06.

To qualify for a Cannabis Business Permit, all completed applications must be promptly submitted to the Community Development Department at the specified address mentioned in these guidelines. Please note that there will be no extensions granted beyond the deadline.

Applicants should monitor the City's website for any additional information, FAQs, or updates. It is the responsibility of the applicant to stay informed of this information. The Procedure Guidelines and Review Criteria, known hereafter as the "Procedures," have been established in accordance with the Monterey Municipal Code Section 7-7.09 through 7-7.11.

### CONTACT

If you have any questions or would like an update on the status of your application, please contact the Community Development Department by email at [cannabis@monterey.org](mailto:cannabis@monterey.org).

### APPLICABLE REGULATIONS

Information regarding the Commercial Cannabis Business (CCB) application process can be found on the City's website at <https://monterey.org/cannabis> and includes the following:

- MMC Chapter 7, Article 7 (Health and Safety Business Regulations – Cannabis Business Regulations)
- MMC Chapter 38, Article 16D (Zoning, Part III – Overlay District Regulations)
- Application Procedures Guidelines and Review Criteria
- Commercial Cannabis Business (CCB) Permit Application
- Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement
- Agreement on Limitations of City’s Liability and Indemnification to City
- Background Check and Live Scan Forms

For background and additional information regarding timelines and important updates moving forward please visit <https://haveyoursaymonterey.org/cannabis>.

## **NUMBER OF PERMITS AND LOCATION LIMITATIONS**

The City will be allowing up to four (4) Storefront Retail Cannabis Business Permits and one (1) Non-Storefront Retail Cannabis Business Permit, pursuant to Monterey Municipal Code (MMC) Section 7-7.06.

Cannabis retail businesses shall only be located in those zoning districts set forth in City Code Chapter 38, Article 16D (Zoning, Part III – Overlay District Regulations) and pursuant to the development standards set forth therein. Pursuant to MMC Section 7-7.07 (B), one (1) Storefront Retail Cannabis Business Permit may be issued in each of the following four (4) CB Zones:

- CB-1: Lighthouse/Foam Street Area
- CB-2: Downtown District
- CB-3: Wave Street
- CB-4: North Fremont Street

Applications shall be submitted without having secured a physical business location; however, a physical location shall be required prior to the issuance of a zone clearance or a Retail Cannabis Business Permit by the City.

## **LIMITATIONS ON MULTIPLE APPLICATIONS**

Pursuant to MMC Section 7-7.06 (E), a person may not have an ownership interest in more than one commercial cannabis business in the same DCC license category within the City.

## **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 posted on the City’s website as a clarification update, or as authorized in writing by the City Manager or their designee.

During Phase 1, City staff and/or the City's designated consultant will conduct a preliminary evaluation of the applications for completeness and will reject any application that is missing a major component notifying the applicant by email that they have been disqualified. Major components are defined as qualifications of owners, business plan, security plan, storage and transportation plan, labor and employment plan, local enterprise and engagement plan, and a description of sustainable and equitable business practices.

For those applications which are missing essential information (for example, signatures/dates on forms, proof of payment receipts, scanned pages in one of the scoring criteria documents, or incorrect formatting or organization of files), the primary contact will be notified by email. Applicants **may be** granted ten (10) business days from the date of the notice to correct the deficiency.

Upon receiving an email from the City, we request that you promptly acknowledge receipt. If the City does not receive confirmation from your primary contact within two (2) days, the City reserves the right, but is not obligated, to attempt to contact the primary contact via phone. Please be aware that **there will be no extension beyond the ten (10) days provided to address any deficiencies**, and it is essential for applicants to monitor both incoming and spam emails. Additionally, please note that any extra information beyond what was specifically requested to rectify minor deficiencies will not be taken into consideration.

### **CITY'S RESERVATION OF RIGHTS**

The City reserves the right to reject any and/or all applications, with or without cause or reason. The City may modify, postpone, or cancel the request for a CCB permit without liability, obligation, or commitment to any person, party, firm, or organization. In addition, the City reserves the right to request and obtain additional information from any applicant in order to conduct a complete review of the application or an investigation into the truthfulness of the statements set forth in the application or provided at any stage of the application process.

## APPLICATION SUBMITTAL PROCESS

This application process is adopted pursuant to MMC Section 7-7.09 through 7-7.11. Please review the information regarding the application process and which documents you will need. Before submitting your application, review your application in its entirety to ensure that it is complete and accurate. In addition, applicants should regularly monitor the information regarding the Cannabis Business Permit application process on the City webpage for any additional information.

### APPLICATION SUBMITTAL REQUIREMENTS

Each application must respond to all requirements outlined in these procedures. Applicants must submit all required application materials together in one complete comprehensive application package. This can be done in person, by U.S. Mail, or by common carrier delivery service (e.g., FedEx, UPS, etc.) as long as it is a complete application. The application process must be secured in an envelope or box addressed as follows:

**Community Development Office  
Attn: Cannabis Application Process  
City of Monterey  
570 Pacific Street  
Monterey, CA 93940**

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#### HARD COPY CONTENT

One complete hard copy is required. The application package must include hard copies of the following documents with original signatures for each document (where applicable):

1. Cannabis Business Permit Application
2. Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement
3. Agreement on Limitations of City's Liability and Indemnification to City
4. Application Fee and Background Check Fee(s) Payment
5. Background Check Forms for each owner
6. All materials identified in the Application Procedure Guidelines and responses to the Evaluation Criteria, Sections A-G, provided in Appendix A of the Procedures

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#### FLASH DRIVE CONTENT

All applicants must submit a USB flash drive containing one complete copy of the application package per the requirements as outlined in the below format.

- Please note that responses to PDF File #2: "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 in PDF File #4, separate from the Evaluation Criteria (see below).

- Applicant responses to the Evaluation Criteria (Sections A-G) must be provided in the section order identified in Appendix A. Each section shall be clearly labeled, with responses provided in the appropriate section.

All materials must be submitted on a USB flash drive in a PDF format in the following files. Please submit the files in the correct format and organized correctly or your application may be rejected.

**PDF File #1** Cannabis Business Permit Application (pages 1-3); Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement (pages 1-3); Agreement on Limitations of City Liability; Certification, Assurances, Warranties, and Indemnification to City (pages 4-6); All copied documents shall display required signatures to be deemed complete.

**PDF File #2** – Evaluation Criteria (Responses to Sections A-G of Appendix A limited to 125 pages, excluding Proof of Capitalization, which shall be included separately in PDF File #4).

**PDF File #3** – Background Check Form for each owner.

**PDF File #4** – Proof of Capitalization (Appropriate bank statements, loan documents, promissory notes, financial and commitment letters); Copies of business entity formation and organizing documents (e.g. including articles of incorporation, statement of information, articles of association, and fictitious business name statement).

**PDF File #5** – **[UPDATED 1/26/2024]** Documents relating to other licensed cannabis facilities operated by the applicant, including copies of active state and local cannabis business license(s), local business license tax certificates, State sales tax seller’s permits, and a list of current prices for all products and services provided, as may be applicable.

## **SUBMITTAL DEADLINE**

Applications must be received by the Community Development Department by **4:00 pm on Monday, January 29, 2024**. Late applications will not be accepted. Furthermore, an application may be rejected if it is not responsive to these procedures for a Cannabis Business Permit.

## **BACKGROUND CHECK**

Each owner, as defined in MMC Section 7-7.02, must undergo a criminal history background check per MMC Section 7-7.13. Owners who do not meet the criminal history eligibility requirements of MMC Sections 7-7.13 will be disqualified. The initial background check fee for each applicant, owner, or responsible person shall be \$300. In addition, each applicant will be required to submit a Live Scan to the Monterey Police Department when submitting their application. Applicants may have their Live Scan conducted at the Monterey Police Department or another California Department of Justice approved Live Scan facility. A fee will be paid directly to the agency conducting the Live Scan and may vary by location. Applicable Background Check and Live Scan forms may be found at <https://monterey.org/cannabis>.

## **APPLICATION FEES**

All applicants will be required to submit a fee of \$9,045. The application fee will be paid according to the following schedule:

- A total of \$4,845 for Phase 1 (\$1,510) and Phase 2 (\$3,335) is due between January 4, 2024 and January 29, 2024. Applications will not be reviewed without confirmed receipt of payment.
- At notification of the applicant moving on to Phase 3, the amount \$1,840 is due within five (5) business days. Regardless of the five (5) business days, interviews will not be conducted without confirmed receipt of payment.
- At notification of the applicant moving on to Phase 4, the amount of \$2,360 is due within five (5) business days.

This amount will be charged against time spent by City staff and the consultant 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. A separate payment for the background check fee of \$300 per owner will be required when fees are due between January 4, 2024 and January 29, 2024.

Payment must be made by cash, credit card (processing fees apply), certified check, cashier's check, or money order made payable to the City of Monterey. Please note all fees are non-refundable.

# APPLICATION REVIEW, SCORING, AND APPROVAL PROCESS

## **PHASE 1: APPLICATION SUBMITTAL AND DETERMINATION OF ELIGIBILITY**

During Phase 1, applications will be reviewed for completeness and compliance with minimum submittal requirements, and background checks will be completed on all owners. Determination of eligibility will be based on the criteria outlined in these procedures, developed pursuant to MMC Section 7-7.09 and 7-7.11. As detailed on page 2 of this document, “Amendments to the Application,” the City will reject any application that is missing a major component notifying the applicant by email that they have been disqualified. These procedures may be amended in writing. For clarification to application submittal questions, refer to the City’s Commercial Cannabis page at <https://monterey.org/cannabis>.

**Fees Due between January 4, 2024 and January 29, 2024:** \$4,845 and \$300 per background check

## **PHASE 2: APPLICATION EVALUATION AND REVIEW**

During Phase 2, the City’s consultant will review and score each application using a merit-based system. Each application will be scored and ranked based on how it addresses the following major components:

- Section A. Qualifications of Owners (40 points)
- Section B. Business Plan (40 points)
- Section C. Security Plan (40 points)
- Section D. Storage and Transportation Plan (10 points)
- Section E. Labor and Employment Plan (20 points)
- Section F. Local Enterprise and Engagement Plan (30 points)
- Section G. Sustainability (20 points)

Phase 2 scores will be tabulated to establish an overall application ranking. The top eight (8) storefront retail and top three (3) non-storefront retail applications in Phase 2 may be eligible to advance to Phase 3. If there is a tie in scoring, it is possible to advance more applications, as multiple tied rankings are permitted. Notice of the results of Phase 2 will be provided in writing via email to the primary contact listed on the application. Detailed evaluation criteria are identified in Appendix A.

## **PHASE 3: SELECTION COMMITTEE**

During Phase 3, the Selection Committee, comprised of the Mayor and Vice Mayor, and staffed by the City Manager or the City Manager’s designee, will conduct an additional merit-based application review, as well as an interview for each applicant. Applications will be scored and ranked based on how they address the same major components listed in Phase 2. Detailed evaluation criteria are identified in Appendix A.

Upon completion of Phase 3, the scores awarded by each member of the Selection Committee shall be totaled and averaged for each application. The applications shall then be ranked from highest to lowest based on the scores they received through the Phase 3 merit-based application review and interview process. Should there be a tie in any scoring, the Selection Committee shall force rank each of the applications.

**Fees Due:** \$1,840

#### **PHASE 4: FINAL SCORING AND PERMIT ISSUANCE**

Upon completion of Phase 3, the top four (4) storefront retail applications and the top application for non-storefront retail, as determined by the Selection Committee will be recommended to City Council for approval. The top four (4) applicants approved by City Council will be placed in a lottery and each applicant will have their name drawn at random. When an applicant's name is drawn, they will then have the opportunity to select their zone of preference. Once all zones have been assigned, applicants will then be required to seek a zone clearance prior to permit issuance. Applicants are obligated to seek and acquire a zone clearance from the City's Community Development Department – Planning Office.

For applicants who have successfully obtained a zone clearance from the City, their applications must undergo review and approval by the City Manager before a cannabis business permit can be issued. These permits may include conditions of approval, necessitating compliance with the objective review criteria outlined in the initial application.

If any of the selected storefront or non-storefront retail applicants fail to utilize a cannabis business permit within the specified timeframe as outlined in Section 7-7.12(F), all rights to the permit will be terminated and forfeited.

In the event that the City Council authorizes additional cannabis businesses or if any of the permit holders fail to utilize a Storefront or Non-Storefront Retail Cannabis Permit within 12 months of selection, or within 18 months if the City Manager has granted an extension under Section 7-7.12(H), the City Manager will invite the applicants from the next highest-ranked application based on the results of the City's initial screening application process in the relevant license category to apply for a cannabis permit. It's important to note that the waitlist for such opportunities will expire on January 1, 2026. Once a waitlist applicant is notified of the right to apply for a vacant permit, they must secure a permit within the timeframe specified in Section 7-7.12(H). Failure to do so will result in their removal from the waitlist.

**Fees Due:** \$2,360



Note:

Being awarded a Retail Cannabis Business Permit 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, Community Development Department permits or reviews, and any other permits, licenses, or reviews as deemed necessary by the relevant departments or governmental entities in charge of said permits. Nor does the award of a Cannabis Business Permit guarantee that the plans submitted via the CCB application process meet the standards or requirements in MMC Chapter 7, Article 7 and any other permit requirements from other City departments or agencies.

## APPENDIX A: EVALUATION CRITERIA

**Public Records Requests.** The City of Monterey is a public agency subject to the California Public Records Act (“CPRA”). In the event a request for information under the CPRA seeks disclosure of application materials marked by an applicant as “Confidential Information,” the City will make reasonable efforts to provide notice to the applicant prior to such disclosure to allow the applicant to seek a protective order, injunctive relief, or other appropriate remedy. If the applicant contends any designated application materials are exempt from the CPRA and wishes to prevent disclosure, the applicant is required, at the applicant’s own cost, liability, and expense to obtain a protective order, injunctive relief or other appropriate remedy from a court having jurisdiction over the matter at least two (2) days before City’s deadline to respond to the CPRA request. If the applicant fails to obtain such a remedy before the deadline for the City’s response to the CPRA request, the City will disclose the requested information and shall not be liable or responsible for such disclosure.

### **SECTION A: QUALIFICATIONS OF OWNERS (40 POINTS)**

1. **Cannabis Business Experience:** Describe the business owner’s prior experience in owning, managing, and operating a legally permitted or licensed retail cannabis business in the State of California, or other business in a similarly State regulated activity. For purposes of this section, owner shall mean the State definition of owner in the State Business and Professions Code Section 26001.
2. **Cannabis Industry Knowledge:** Describe your overall knowledge of the cannabis industry, including identification of how industry best practices and State regulations have been incorporated in existing/prior legal businesses outside the City of Monterey.
3. **Ownership Team Involvement:** Describe the involvement of the ownership team in the day-to-day operation and management of the proposed business.
4. **Professional Certifications/Training:** Describe any professional certifications and/or formal training of the owners, managers or staff involved in the day-to-day operations and/or oversight of the proposed cannabis business.

### **SECTION B: BUSINESS PLAN (40 POINTS)**

1. **Business Operations:** Describe the day-to-day operations which meet industry best practices for the type of retail cannabis business for which you are applying. This should include, at a minimum, a description of the following:
  - a. Hours of operation
  - b. If applicable, customer check-in procedures

- c. The point-of-sale system (including name) to be used and how it will interact with the state's mandated track and trace system. Identify the number of point-of-sale terminals to be used when the business is at full capacity.
- d. How compliance with the state's track and trace system for cannabis and cannabis products will be achieved
- e. The accounting software system to be used to provide point-of-sale data and audit trails of both product and cash
- f. The number of customers to be served per hour/day
- g. The proposed product line, including brand names, to be sold at the business, and the estimated percentage of sales of flower and manufactured products
- h. Location(s) and procedures for receiving deliveries during business hours
- i. If applicable, describe delivery service procedures, number of vehicles, and product security during transportation.
- j. How the cannabis business will conform to local and state laws (See MMC Chapter 7, Article 7 as they pertain to retail establishments in the City of Monterey.)
- k. How cannabis and cannabis products will be tracked and monitored to prevent diversion
- l. The proposed waste management plan, including waste disposal locations, security measures, methods of rendering all waste unusable and unrecognizable, and the vendor in charge of disposal.
- m. The proposed odor control plan to prevent any odor generated inside the location from being detected on adjacent properties or public rights-of-way, or within any other unit located within the same building as the cannabis business if the cannabis business occupies only a portion of a building.

**2. Finances:**

- a. Provide 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.
- b. Provide 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.
- c. Provide a pro forma for at least three (3) years of operations.
- d. Provide a schedule for beginning operation, including a narrative outlining any proposed construction and improvements, as well as a timeline for completion.

## **SECTION C: SECURITY PLAN (40 POINTS)**

1. **Security Plan:** 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 listed below.
2. **Operational Security:** A description of operational security, including but not limited to:
  - a. Access Control Systems and Visitor control to prevent unauthorized access.
  - b. Inventory control and storage.
  - c. Alarm systems.
  - d. Surveillance equipment.
  - e. Record Storage and retention
3. **Perimeter Security:** A description of perimeter security, including but not limited to:
  - a. Protecting surrounding properties.
  - b. Physical barriers.
  - c. Exterior lighting.
  - d. On-site security guards and their proposed guard hours and responsibilities.
4. **Employee Training and Policies:** A description of employee training and general security policies to protect the physical safety of employees.

## **SECTION D: STORAGE AND TRANSPORTATION PLAN (10 POINTS)**

1. **Storage and Transportation Plan:** A plan detailing the procedures for safely securing, storing, and transporting all cannabis, cannabis products, any hazardous materials that may be used by the business, and any currency.

## **SECTION E: LABOR AND EMPLOYMENT PLAN (20 POINTS)**

1. **Local Hire:** Describe the applicant's plans for local outreach and hiring of residents of the City of Monterey for open positions and/or compensation for continuing education, and any other actions proposed by the applicant that are intended to benefit the local workforce and/or applicant's local employees.
2. **Number of Employees:** Identify the number of employees at initial opening, and the maximum number of employees when the business is at full capacity.
3. **Employee Responsibilities:** Identify all positions to be employed by the proposed business, and their responsibilities.

4. **Employee Wages:** Identify the wages provided to all employees.
5. **Employee Benefits:** Identify the benefits provided to all employees, including health care, vacation, and medical leave, to the degree they are offered as part of employment.
6. **Employee Non-discrimination Policies:** Describe how your business will comply with federal employee non-discrimination policies.

## **SECTION F: LOCAL ENTERPRISE AND ENGAGEMENT PLAN (30 POINTS)**

1. **Community Engagement:** A description of community engagement including past, present, or planned activities that demonstrate how the cannabis business plans to integrate into the community, and involvement in local non-profits/charitable/volunteer organizations.
2. **Community Alignment:** A description detailing the applicants:
  - a. Connection to the City, ability to serve the City, familiarity with the City, and innovative business models consistent with the City's community.
  - b. Ability to conform with the City's general plan, any applicable specific plans, and design standards.
3. **Local Business Partnerships:** A description of any local business partnerships or collaborations your cannabis business has established or plans to establish within the City.

## **SECTION G: SUSTAINABILITY (20 POINTS)**

1. **Sustainable and Equitable Business Practices:** A description of sustainable and equitable businesses practices, including but not limited to:
  - a. Steps the cannabis business will take to reduce the carbon footprint of cannabis by reducing greenhouse gas emissions.
  - b. Describe energy conservation/sustainability features to be included in the project (as example, commitment to LEED certified, minimum percentage of on-site electricity generation, or installation of EV chargers, etc.).
  - c. Steps the cannabis business will take to ensure the cannabis it receives is sourced from cultivators/manufacturers that provide safe working conditions and pay wages to laborers for work performed.