



**THE CITY OF
WEST HOLLYWOOD**

**8300 Santa Monica Blvd
West Hollywood, CA 90069**

**Cannabis Business License Screening Application
Information Packet**



April 26, 2018



CANNABIS BUSINESS LICENSE SCREENING APPLICATION INFORMATION PACKET

Code Compliance Division
8300 Santa Monica Boulevard
West Hollywood, CA 90069

On November 20, 2017, the West Hollywood City Council adopted a Cannabis Ordinance allowing a variety of different cannabis businesses to be licensed in the City. Specifically, the City Council approved five types of cannabis business licenses (as shown below), and approved the issuance of eight (8) of each of the licenses.

- Eight (8) Adult-Use Retail Business Licenses
- Eight (8) Consumption Area (smoking, vaping, and ingestion) with on-site adult-use retail sales (sales of products to be consumed on-site) Business Licenses
- Eight (8) Consumption Area (edible ingestion only) with on-site adult-use retail sales (sales of products to be consumed on-site) Business Licenses
- Eight (8) Medical-Use Dispensary Business Licenses
- Eight (8) Delivery Service Business Licenses (where the physical location of the business is located in West Hollywood)

APPLICATION PROCESS OVERVIEW

As part of the Cannabis Ordinance the City Council adopted a merit based approach to selecting which applicants would receive the licenses listed above. The selection process starts with all interested applicants submitting a screening application to the City. The screening application will include information about the applicant's ownership/management team, proposed business plan, design concept, security plan, and experience. Applicants do not need to have secured a physical location to submit a screening application. Each screening application will be reviewed and scored by an independent five member Application Evaluation Committee appointed by the City Manager. The Application Evaluation Committee members will score the screening applications based on specific criteria and weighting (points) that were formulated based on the general selection criteria that the City Council adopted as a part of the Cannabis Ordinance (Municipal Code Section 5.70.035(3)). The Application Evaluation Committee members' scores will be totaled and averaged for each applicant. The weighting criteria are included with this screening application as Exhibit A.

After the Application Evaluation Committee has reviewed and scored all the screening applications, the top eight scoring applicants in each cannabis business license category will be allowed to move forward with obtaining a business license from the City (applicants are allowed 12 months to secure their City business license). The first step for the selected applicants will be to secure a physical location for their business. Once an applicant has secured a physical location they will need to obtain the appropriate planning permits (for example: zone clearance or administrative permit) from the City's Current and Historic Preservation Planning Division, affirming that the proposed use is permitted within the zoning for the property. After obtaining planning permits the applicant will have a hearing before the Business License Commission in which the commission will approve or deny issuance for the business license and set any necessary conditions on the business. During the same time the applicant is also encouraged to apply for any necessary Building and Safety permits needed to make improvements to the property (for example, building permits for tenant improvements). Prior to operation of the business the applicant will also need to secure their state cannabis license (after the City license has been issued).

SCREENING APPLICATION REQUIREMENTS

Documents Required in Screening Application Submittal:

The following information shall be included in each Screening Application Submittal:

- **Required Submittal Item 1:** Completed Applicant/Owner Information Form
- **Required Submittal Item 2:** Cover Letter
- **Required Submittal Item 3:** Proof of Payment of Screening Application Fee
- **Required Submittal Item 4:** Detail of the Applicant's Business Plan and Concept
(submit for each license type)

Sections shall include:

- Section 1: Business Plan
- Section 2: Design Concept
- Section 3: Security Plan
- Section 4: Applicant Experience

Further Information Regarding Required Items:

Applicant/Owner Information Form – Each screening application should include a completed Applicant/Owner Information Form (Required Submittal Item 1). This form includes basic information on the applicant, owners, and non-owners with a financial interest in the business. The information being requested by the City mostly mirrors the information being requested by the State.

Cover Letter – The Cover Letter (Required Submittal Item 2) should be a concise overview of the applicant's screening application, including the type of licenses being applied for and the proposed business concept and design. The Cover Letter should not exceed five pages.

Proof of Payment for Screening Application Fee – Applicants must pay a screening application fee for each type of license type they have applied for. Proof of payment must be included with the screening application submittal. The only proof of payment that will be accepted is a City of West Hollywood cashier receipt. Further information regarding the screening application fee and proof of payment is included on page 4.

Detail of Applicant's Business Plan and Concept – This section is the main portion of the screening application (Required Submittal Item 4). For each license type the applicant shall provide detailed information about their business plan, design concept, security plan, and experience. This section is limited to a total of 75 pages for each license type (50 pages of text and 25 pages of images). Applicants are encouraged to follow the ordering in the weighting criteria (Exhibit A) to the greatest extent possible when describing their business plan and concept; to make review of the screening applications as efficient as possible. Further information about the screening application is provided in the following pages.

Required Format and Submittal Guidelines for Screening Application:

Length - Screening Applications shall be no longer than 75 pages for each license type. The page total does not include the applicant/owner information form, proof of payment, or the cover letter (cover letter should not exceed five pages). Of the 75 pages, only 50 pages can consist primarily of text; the other 25 shall consist of only images (limited description of the images is allowed). Double sided pages count as two pages. Please limit the use of duplicative information throughout the submittal.

Font and Page Size - 11-point font shall be used in the narrative portions of the screening application. All pages shall be 8.5 x 11.

Order of Information - The “required submittal items” shall be provided (and labeled) in the screening application in the same order as shown on page 2. Applicants are also encouraged to follow the ordering in the weighting criteria (Exhibit A) to the greatest extent possible when describing their business plan and concept (Required Submittal Item 4); to make review of the screening applications as efficient as possible.

Submittal Period – Screening applications may be submitted to the City anytime between 12:00am (pacific time) on May 2, 2018 and 11:59pm (pacific time) on May 31, 2018. Screening applications received before or after this period will not be accepted. No additional weight will be given to screening applications that are submitted earlier than others (for example, a screening application received on May 20th will receive no additional advantage over an application received on May 30th).

Document Submittal – All screening applications shall be submitted electronically through a Box link that will be located on the City’s cannabis webpage (www.weho.org/cannabis) starting on May 2nd. Applicants will need to drag and drop their PDF document(s) into the portal provided, no registration is required. If more than one PDF file is being submitted they should be compressed into a single ZIP file, and that ZIP file shall be uploaded. Applicants should be aware that depending on the size of their screening application it may take some time for the document to upload; please plan accordingly). The City will no longer be using PlanetBids for submittal of the applications.

Multiple Applications – Applicants applying for more than one license type that are anticipated to be located at the same location are encouraged to combine their application submittal package. For a combined application package, applicants should submit only one applicant/owner information form (Item 1) and cover letter (Item 2) for the entire combined package, however, applicants need to submit separate proof of payment (Item 3) and a separate Business Plan and Concept (Item 4) for each license type. The page limitation stated previously applies to the Business Plan and Concept for each license type, not the combined application package (for example: if an applicant were submitting a combined application package for an Adult-Use Retail License and Consumption Lounge License, the Business Plan and Concept Section for each license type could be 50 pages of text and 25 pages of images). It is necessary for applicants to submit a separate business plan and concept for each license type, because they will be scored separately.

If an applicant is applying for multiple license types, and it is not anticipated that the licenses will be located at the same location, than the applicant should submit a separate application package for each location. In general, combined application packages should be for businesses that plan to have more than one license type in the same location with a unified business plan and design concept.

Screening Application Fees

Applicants are required to pay the following fees prior to submittal of their screening application.

License Type	Screening Application Fee
Adult-Use Retail	\$9,880
Cannabis Consumption Area (both types)	\$9,880
Medical-Use Dispensaries	\$9,880
Cannabis Delivery Services with a Physical Location in West Hollywood	\$5,025

If applicants are submitting screening applications for more than one type of cannabis business license they must pay the applicable screening application fee for each license type (for example, if an applicant is submitting screening applications for an adult-use retail license, medical dispensary license, and consumption lounge license they would need to pay \$29,640 (\$9,880 multiplied by three)). Applicants may pay with a single check, but they should indicate to the cashier what type of licenses they are paying for, so that the receipt accurately reflects each license type.

Screening application fees will not be refunded if an applicant is not selected as one of the top scoring applicants. Fees will not be refunded because they are used to cover the costs of City expenses (staffing time and other costs) to prepare and implement the screening application process, as well as expenses of the Application Evaluation Committee.

Proof of payment must be included with the screening application submittal. The only proof of payment that will be accepted is a City of West Hollywood cashier receipt. The City will not accept online payments. Payments must be made in person at the Cashier's Window on the first floor of City Hall during normal operating hours (Monday-Thursday 8am-6pm, and Friday 8am-5pm). If an applicant is not able to come to City Hall they may mail a check to the City's Revenue Management Division for payment processing. The mailed check shall include a cover letter with an email address where a copy of the payment receipt can be emailed. A copy of the emailed receipt shall be included with the screening application submittal. If applicants choose to mail their payment, they should do so well in advance of the screening application submittal deadline; the City will not take any responsibility for checks not received on time. For any questions regarding mailing a check to City Hall please contact Laura D'Ambrosia (ldambrosia@weho.org or 323-848-6319).

Checks mailed to the City should be sent to the following address:

City of West Hollywood
Attn: Revenue Management Division
c/o Laura D'Ambrosia
8300 Santa Monica Blvd
West Hollywood, CA 90069

Other Key Information

Contact With City Officials, City Staff, and Members of the Application Evaluation Committee – On February 5, 2018, the City Council adopted a practice that prohibits applicants (or their representatives) from contacting any member of the Application Evaluation Committee or the Business License Commission in any way. Any violation will result in the dismissal of the applicant's screening application. Additionally, applicants should be aware that all Application Evaluation Committee members are required to immediately report any attempted contact by an applicant (email, phone, in person, by mail, etc..) to the City Manager. The City Council also adopted a practice that prohibits City Councilmembers or Business License Commissioners from contacting Application Evaluation Committee members.

Applicants are allowed to contact City Councilmembers, but they should be aware that the City Council will not be reviewing or scoring the screening applications and will not be deciding which applicants will be eligible to receive business licenses through the screening process. In addition, City Councilmembers are not allowed to contact Application Evaluation Committee members. Staff strongly encourages applicants to carefully review the weighting criteria, and focus their efforts on submitting a detailed and comprehensive screening application that aligns with the criteria.

Multiple Licenses – Applicants are allowed to submit screening applications for multiple types of cannabis licenses. However, an applicant may not submit a screening application for more than one of the same type of cannabis license. For example, an applicant could submit screening applications for an adult-use retail license, medical dispensary license, and consumption license, but could not submit for two adult-use retail licenses (Municipal Code Section 5.70.030(8)).

If an applicant submits screening applications for more than one type of license they do not need to be located at the same location (for example: an applicant can submit an application for a consumption lounge in one location and a retail store in another).

Multiple Licenses in One Location – Applicants are allowed to have more than one type of cannabis business license at the same location. For example, an adult-use retail license, medical dispensary license, and consumption license could all be located at the same location (Municipal Code Section 5.70.030(6)). However, applicants should be aware that certain restrictions apply to consumption lounges that are located on the same premises as adult-use retail or medical dispensaries (Municipal Code Section 5.70.041(13)(d)).

Licenses Not Transferrable – The assignment of, or attempt to assign, any cannabis license is unlawful and any such assignment or attempt to assign a license shall render the license null and void. (Municipal Code Section 5.70.060)

Public Records Requests and Proprietary Data – All screening applications will become the property of the City when received. Information contained in the screening applications may be subject to disclosure under the California Public Records Act. Any sections or pages the applicant considers proprietary should be clearly marked within the screening application, although such marking is not determinative of whether it is proprietary under state law. The City reserves the right to disclose and/or withhold any information contained therein in accordance with the law.

Existing Medical Dispensaries – The four existing medical dispensaries do not need to submit a screening application for a medical dispensary license. However, they should notify the City by May 31st of their intent to maintain their medical license. If any of the four existing medical dispensaries wishes to apply for an adult-use retail license, consumption license, and/or delivery license they are required to submit a screening application for those licenses and follow the process outlined previously.

Ownership Stake in Multiple Applications (Same License Type) – Individuals may not be listed as Owners in more than one of the same type of license application. The definition of owner is provided on the Applicant/Owner Information Form and is consistent with the State definition of Owner.

Ties – After scoring is complete, if a tie exists that impacts which applicants are included in the top eight (for example: a tie between the number 8 and number 9 ranking applicant) the Application Evaluation Committee will meet and discuss both of the applications to determine which is the highest quality application. If after further deliberation the Application Evaluation Committee still believes the two applications are tied, a game of chance (coin flip or random drawing) will occur to select the top applicant.

Original Ordinance and Subsequent Amendment – On November 20, 2017, the City Council adopted the City's Cannabis Ordinance and on April 16, 2018, the City Council approved several amendments to the Ordinance, including a provision that permits indoor smoking of cannabis at cannabis consumption lounges. Both the original ordinance and the amendment can be found on the City's Cannabis webpage (www.weho.org/cannabis).

Questions – Questions regarding the screening application and weighting criteria should be emailed to City staff at cannabis@weho.org until May 1, 2018. The City will endeavor to answer all timely submitted questions on the City's cannabis webpage before May 2, 2018, when the screening period begins.

On April 11, 2018, the City held a meeting to answer questions related to the draft weighting criteria and application screening process. A recording of this meeting can be found on the City's cannabis webpage. Additionally, the City has received a number of questions regarding the weighting criteria and application screening process over the last month. These questions, and the City's response to them, can also be found on the City's cannabis webpage (www.weho.org/cannabis).

Disclosure Regarding Changes to Published Information – While the City does not anticipate any changes to the published information, the City reserves the right to update the information on the City's cannabis webpage as necessary to resolve any unanticipated issues that may arise before or during the screening period. Any updated information will be noted as updated. All applicants are encouraged to check the City's cannabis webpage before submitting their application.