



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council **Item No.** _____

FROM: City Administrator

SUBJECT: DISCUSSION, CONSIDERATION AND/OR SELECTION OF COMMERCIAL CANNABIS PERMIT APPLICATIONS; APPROVE THE ISSUANCE OF NOTICE OF SELECTION IF COMMERCIAL CANNABIS PERMIT APPLICATIONS ARE SELECTED

MEETING DATE: November 13, 2018

RECOMMENDATION:

1. Discuss, consider and/or select Commercial Cannabis Permit applicants, pursuant to Ordinance No. 700 concerning commercial cannabis regulations, as attached hereto; and/or
2. If City Council makes selection, approve the issuance of a “Notice of Selection” to the selected CCP applicants, with the understanding that the issuance of same is conditional and contingent on selected applicants adhering to Ordinance No. 700 requirements, and identifying a known premises if not already; and/or
3. Make any motion(s) to execute any City Council directive(s).

DISCUSSION:

On September 4, 2018 the City Council approved for second reading and adoption Ordinance No. 700, establishing commercial cannabis regulations. The ordinance took effect on October 5, 2018 and on that date the City’s process for moving forward with the City opening the submittal of Commercial Cannabis Permit (CCP) applications process was published on the City’s Cannabis Regulations and Facts Page: <http://www.ci.commerce.ca.us/index.aspx?NID=1448>. The CCP application posted on the webpage gave a complete overview of the application submittal process and respective timelines. Further, applicants were directed to that webpage for any questions, to regularly monitor in case a
ny supplemental information to the application process was posted, and to submit any questions in writing if anything remained unclear at ccp@ci.commerce.ca.us.

CCP staff published the complete cannabis application on the Cannabis Facts page on October 5, 2018. On that same day, CCP staff began accepting appointment requests to submit a CCP application. The last day to submit an appointment request to the CCP was October 22, 2018 on or before 12:00 p.m. The timeframe established for appointments was from October 15 through October 26, 2018, which was the last day to submit an application via and pursuant to a pre-scheduled appointment. This was done in order to ensure an orderly process, including, but not limited to, giving CCP staff an opportunity to review application packets for completeness, to concurrently process LiveScan forms and finger-printing, and to make certain that all serious applicants were accommodated. CCP staff also held “walk-in” hours on October 18, 2018 for anyone that wanted to come to City Hall and submit their CCP application.

After the close of the application submittal period, there were forty-five (45) complete applications submitted to the City, which are now before the City Council for discussion, consideration, and/or selection. The eligible applications were reviewed by the Review Committee (RC), appointed by the City Administrator. The City Administrator was not a member of the RC, but did find grounds for disqualification, pursuant to Ordinance No. 700, for two (2) applications, which were not ranked by the RC.

Review Committee Methodology

Pursuant to Ordinance No. 700, the City Administrator assembled a Review Committee (RC) to evaluate the forty-five (45) eligible applications. The applications were evaluated based on the information within the application materials submitted by the applicants. Applicants were provided ample opportunities as part of the application to highlight the strengths of their business and CCP application. The RC identified key distinguishing application characteristics from high ranking applications. High ranking applicants submitted applications with strengths in the areas identified below:

1. Industry experience.
2. Community involvement/commitment to community services, including, direct monetary contributions.
3. Projected operating revenue/Strong Pro Forma.
4. Competitive commitment and/or pledges to operating fee proposal and/or annual Community Benefit Program contribution(s).
5. Existing ties to the City.

Review Committee Ranking System

The RC ranked applicants pursuant to Ordinance 700 Section 5.61.090 - *Application Review, Scoring and Selection Process*, which includes, but is not limited to, the following criteria:

1. Substantial compliance with the City CCP application requirements, policies, procedures and overall presentation;
2. Proposed premises diagram and site location to sensitive sites, if premises was identified; OR, applicants' demonstration of ability to obtain a location and proposed premises acquisition plan;
3. Facility operating procedures, including compliance with all applicable City and state regulations, and;
4. Proposed community benefits program components, including annual monetary contributions to City funds and non-profit organizations.

Table 1.1 on the following page summarizes the review, scoring and ranking system identified in Ordinance 700.

Table 1.1 – Scoring Criteria Pursuant to Ordinance No. 700

No.	Criteria	Weight
1	Compliance with Application Submittal Requirements and Presentation	10%
2	Premises Diagram/Site Plan or Proposed Premises Diagram Site Plan, with Premises on Map Showing its Location is a Minimum Six-Hundred (600) feet from Sensitive Sites	10%
3	Operating Procedures	10%
4	Business and Financial Plan	20%
5	Community Benefits Program	20%
6	Applicant's and Owner(s) Qualifications and Experience	10%
7	Development Agreement Proposal	20%

Review Committee Application Scoring and Ranking

The RC sorted applications to identify applicants with like operating capabilities. The applications fell into four scoring blocks — Red, White, Blue and Orange. There was also one non-scoring block referred by the Review Committee to the City Administrator for Consideration of Disqualification or DQ. The RC identified applications with and without a known premises and filtered the applications based on a minimum score of 80%. The 80% minimum score highlights those applications which met 80% of the City's expectations.

Red Block – Applications with a known premises and overall score of 80% or higher.

White Block – Applications with an unknown premises and an overall score of 80% or higher;

Blue Block – Applications with a known premises and an overall score of less than 80%.

Orange Block – Applications with an unknown premises and an overall score of less than 80%.

City Administrator’s Discretion

DQ (Disqualified) – Applications which were subject to disqualification for failure to meet minimum eligibility requirements, including, but not limited to, lack of payment or failing background check, are listed on the table but were not ranked.

Table(s) 1.2 – Applicant Rank and Score Table, summarizes the rank of applicants in each of the color blocks.

Red	Proposed Location	Proposed Activities	Rank
1. 18-006	6046 E. Washington	1.C/M/D/RD	1
2. 18-027	6915 E. Slauson	2. C/M/D/RD	1
3. 18-013	6620 Telegraph	3. M/D/RD	2
4. 18-019	4220 E. Washington	4. C/M/D/RD	3
5. 18-002	6570 Telegraph	5. C/M/D/RD	4
6. 18-018	4202 Washington	6. M/D/RD	4
7. 18-043	5401 E. Washington	7. RD	4
8. 18-026	5608 E. Washington	8. Testing	5
9. 18-028	6140 Eastern	9. M/D/RD/MB	5
10. 18-030	2230 Tubeway	10. C/M/D/RD	6
11. 18-031 ¹	2616 Malt	11. MB = (M /D/RD)	6
Table Legend	Proposed Activities – C: Cultivation, M: Manufacturing, D: Distribution, RD: Delivery, MB: Micro Business, T: Testing		

Bold/Highlight = Addition or Correction

¹ Applicant identified a proposed location in the application but failed to submit the required certified property owner radius map and property owner labels. As such, this property was noticed as a “unknown” premises and surrounding property owners were not notified of the City Council meeting.

White	Proposed Locations	Proposed Activities	Rank
1. 18-036	Pending	1. C/M/D/RD	1
2. <i>18-074</i>	Pending	2. C/M	2
3. <i>18-086</i>	Pending	2. C/M/D/RD	2
4. 18-004	Pending	4. M	3
5. 18-005	Pending	5. C/M/D/RD	3
6. <i>18-017</i>	5400 Jillson (Submitted after 11/1)	6. C/M/RD	3
7. <i>18-046</i>	Pending	7. C/M/D/RD	3
8. <i>18-009</i>	Pending	8. C/M/D/RD	4
9. <i>18-069</i>	Pending	9. M/D	4
10. <i>18-003</i>	Pending	10. C/M/D/RD	5
11. <i>18-052</i>	Pending	11. C/M/D	5
12. 18-065	2919 Tanager (Submitted after 11/1)	12. C/M/D/RD	5
Table Legend	Proposed Activities – C: Cultivation, M: Manufacturing, D: Distribution, RD: Delivery, MB: Micro Business, T: Testing		

Italics = Position Corrected, **Bold/Highlight = Addition or Correction**

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Blue	Proposed Location	Proposed Activities	Rank
1. 18-047	3019 Vail	1. M/D	1
2. 18-053	5940 E. Washington	2. M/D/RD	1
3. 18-094	6436 Corvette	3. MB=C/M/D	1
4. 18-040	4336 E. Washington	4. M/ D/RD	2
5. 18-057	4334 E. Washington	5. M	2
6. 18-033	5500 E. Washington	6. RD	3
7. 18-070	1322 S. Gerhart	7. Testing	3
8. 18-048	4426 E. Washington	8. MB/C/M/D	4
9. 18-039	6403 E. Slauson	9. RD	5
10. 18-055	5416 Jillson	10. M/D	5
Table Legend	Proposed Activities – C: Cultivation, M: Manufacturing, D: Distribution, RD: Delivery, MB: Micro Business, T: Testing		

Orange	Proposed Locations	Proposed Activities	Rank
1. <i>18-059</i>	Pending	1. M/D	1
2. <i>18-010</i>	Pending	2. C/M/D/RD/MB	2
3. 18-023	Pending	3. Testing	2
4. 18-064	Pending	4. M/D	2
5. 18-077	Pending	5. D/RD	3
6. 18-066	Pending	6. RD	3
7. <i>18-091</i>	Pending	7. RD	3
8. <i>18-061</i>	Pending	8. C/D	4
9. 18-058	Pending	9. RD	5
10. 18-037	Pending	10. M/D	6
11. 18-068	Pending	11. C/M/D/RD	6
12. 18-001	Pending	12. C/M/D/RD	7
Table Legend	Proposed Activities – C: Cultivation, M: Manufacturing, D: Distribution, RD: Delivery, MB: Micro Business, T: Testing		

Italics = Position Corrected, **Bold/Highlight = Addition or Correction**

1. 18-085
2. 18-095

FISCAL IMPACT

The recommended action will have a positive fiscal impact by recovering all City costs relating to the implementation of the Commercial Cannabis Business Permitting Program. A general evaluation of the applicant financial plan / pro forma points to a healthy annual revenue that will cover all City costs, but more importantly, provide a funding mechanism for an array of Community Benefit Programs going forward.

CEQA ANALYSIS

The City Council's selection of qualified applicants is exempt for the California Environmental Quality Act pursuant to State Guidelines Section 15378(b)(4), which states, in relevant part, "A project does not include...the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment." Further, the underlying commercial cannabis activities may be subject to future discretionary approval(s) by the Planning Commission and/or City Council, and accordingly environmental review of any resulting impact is premature.

ALTERNATIVES:

1. Discuss, consider and/or select Commercial Cannabis Permit applicants, pursuant to Ordinance No. 700 concerning commercial cannabis regulations, as attached hereto; and/or
2. If City Council makes selection, approve the issuance of a "Notice of Selection" to the selected CCP applicants, with the understanding that the issuance of same is conditional and contingent on selected applicants adhering to Ordinance No. 700 requirements, and identifying a known premises if not already; and/or
3. Make any motion(s) to execute any City Council directive(s).

RELATIONSHIP TO STRATEGIC GOALS:

The subject matter is consistent with Economic Growth Guiding Principle #4 of the City's Strategic Plan. This Guiding Principle calls for a focus on strategic economic development pursuits that will increase local jobs, generate additional revenue and create demand for supporting businesses.

Respectfully submitted: Edgar P. Cisneros, City Administrator
Recommended by: Rene Bobadilla, Interim Director of Economic Development and Sustainability
Reviewed by: Vilko Domic, Finance Director
Approved as to form: Norma Copado, Assistant City Attorney

Attachments:

1. Commercial Cannabis Business Regulations Revised Ordinance
2. September 4 Agenda Report
3. Rankings / **See Corrections on Rankings**
4. Map / **See Updated Map**
5. Public Notice

Table												
ID#	#	Applicant	1	2	3	4	5	6	7	Total	Type	Address
18-001		Jonathan Kohn	0	0	1	2	0	0	1	4	C/M/D/RD	N/A
18-002		Golden Perspective	2	0	2	3	5	4	3	19	C/M/D/RD	6570 Telegraph
18-003		J&L Property Holdings	2	1	2	3	5	2	1	16	C/M/D/RD	2939 Vail/2041 Davie
18-004		High Note	1	1	1	3	6	4	2	18	M	N/A
18-005		Heng Xin Int'l	2	0	2	3	6	2	3	18	C/M/D/RD	N/A
18-006		California Green World	2	0	2	4	6	5	3	22	C/M/D/RD	6046 E. Washington
18-009		Green Rush	1	0	1	4	6	3	2	17	C/M/D/RD	N/A
18-010		Commerce Cannabis Co.	1	2	1	1	1	3	4	13	C/M/D/RD/MB	N/A
18-013		RD Commerce	2	1	2	3	6	3	4	21	M/D/RD	6620 Telegraph
18-017		2SBK	2	2	2	3	4	2	3	18	C/M/RD	5600 Jillson
18-018		New Earth	2	1	2	3	4	4	3	19	M/D/RD	4202 E. Washington
18-019		New Era	2	1	2	3	5	4	3	20	C/M/D/RD	4220 E. Washington
18-023		A&E	2	0	2	-1	5	2	3	13	Testing	N/A
18-026		VK Labs	2	1	1	3	6	2	3	18	Testing	5608 E. Washington
18-027		ABC Commerce	2	2	2	3	6	3	4	22	C/M/D/RD	6915 E. Slauson
18-028		Delta 9	2	2	1	3	4	3	3	18	M/D/RD/MB	6140 Eastern
18-030		Asceend	2	1	2	0	5	2	4	16	C/M/D/RD	2230 Tubeway
18-031		Lifted Global	1	1	2	3	5	2	2	16	MB = (C/D/RD)	2616 Malt
18-033		Growing Talent	2	0	2	2	2	3	1	12	RD	5500 E. Washington
18-036		Claremont Capital	2	2	2	2	5	4	4	21	C/M/D/RD	N/A
18-037		MJ4ANKH	1	1	1	1	2	2	1	9	M/D	N/A
18-039		SD Partners	1	1	1	1	1	2	3	10	RD	6403 E. Slauson
18-040		HXC LLC	1	0	1	4	2	3	3	14	M/D/RD	4336 E. Washington
18-043		Have a Heart	2	1	2	4	4	2	4	19	RD	5401 E. Washington
18-046		Septem Leaf	2	0	2	2	6	2	4	18	C/M/D/RD	N/A
18-047		Summit	2	1	2	3	2	2	3	15	M/D	3019 Vail
18-048		Euroknox	1	1	1	2	1	2	3	11	MB = (C/M/D)	4426 E. Washington
18-052		DJCC	2	0	2	2	6	1	3	16	C/M/D	N/A
18-053		RS Innovations	2	1	2	3	2	2	3	15	M.D.RD	5940 E. Washington
18-055		Commerce Hive	0	0	0	3	4	1	2	10	M/D	5416 Jillson
18-057		Style Haus	2	1	2	2	2	3	2	14	M	4334 E. Washington
18-058		Herbal Remedies	1	0	1	1	3	2	2	10	RD	N/A
18-059		Commerce Concentrates	2	1	1	3	4	1	2	14	M/D	N/A
18-061		Green Growth	2	1	1	3	1	1	2	11	C/D	N/A
18-064		NotStanLA	1	1	1	2	2	2	4	13	M/D	
18-065		From the Earth	2	1	1	2	3	3	4	16	C/M/D/RD	2919 Tanager
18-066		GE United Tech	0	1	1	4	3	1	2	12	RD	N/A
18-068		ATLL	1	0	2	3	1	0	2	9	C/M/D/RD	N/A
18-069		CANNEX	2	2	2	4	3	1	3	17	M/D	N/A
18-070		U.S Can Labs	1	0	1	3	5	0	2	12	Testing	1322 S. Gerhart
18-074		The Cure Co.	2	0	2	3	6	3	3	19	C/M	N/A
18-077		EEL Holdings	0	2	0	4	4	0	3	13	D/RD	N/A
18-086		MCR	2	0	2	3	6	2	4	19	C/M/D/RD	N/A
18-091		Canna America	2	1	1	2	2	1	3	12	RD	N/A
18-094		Corvette LLC	1	2	2	4	1	2	3	15	C/M/D/MB	6436 Corvette

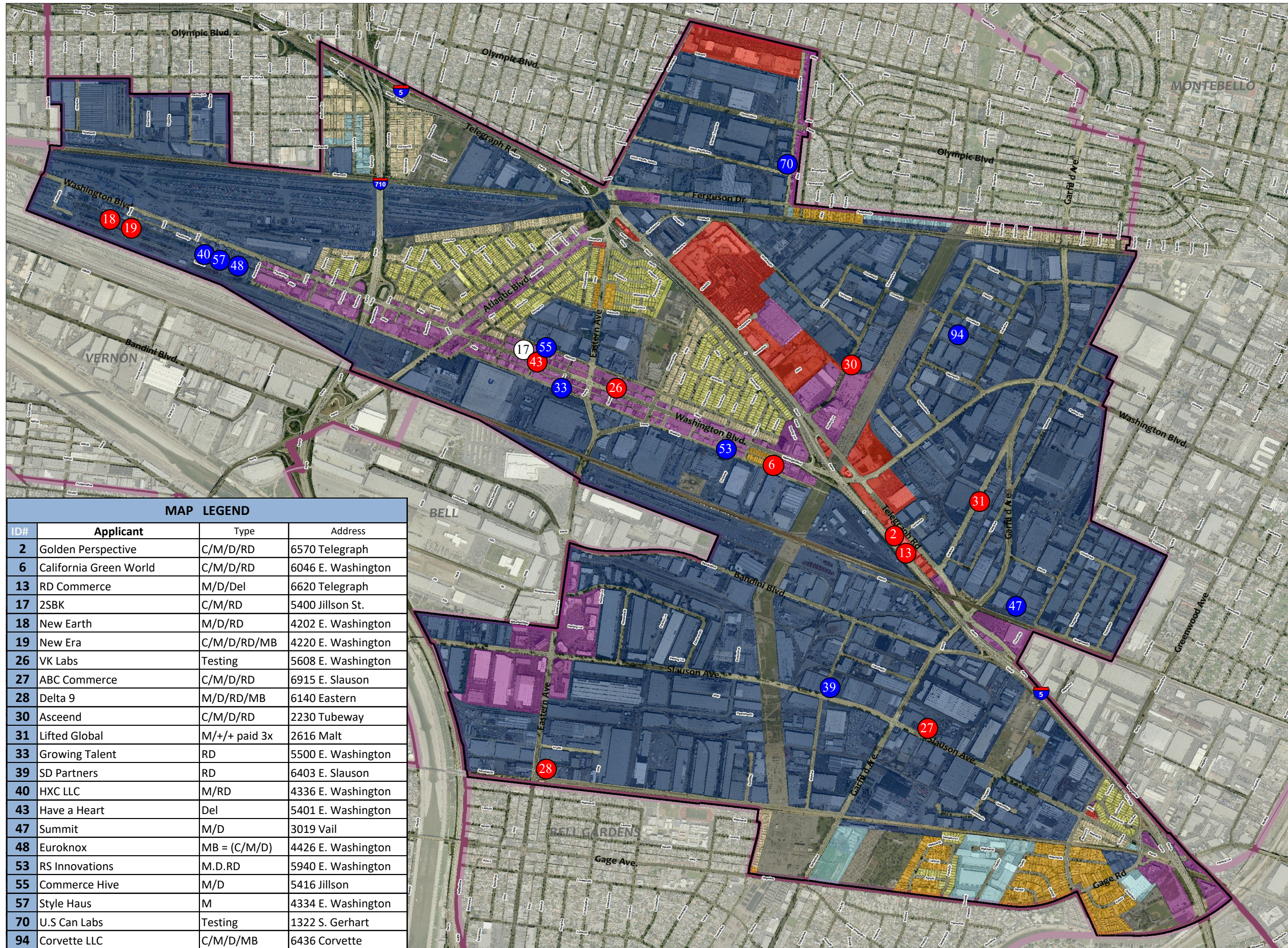


ZONING MAP
City of Commerce, CA

Legend

ZONING

- R1- Single Family Residential
- R2- Light Multiple Residential
- R3- Medium Multiple Residential
- C2- Unlimited Commercial
- C/M1- Commercial Manufacturing
- M1-Light Manufacturing
- M2- Heavy Industrial
- PF- Public Facility
- City Boundary



MAP LEGEND

ID#	Applicant	Type	Address
2	Golden Perspective	C/M/D/RD	6570 Telegraph
6	California Green World	C/M/D/RD	6046 E. Washington
13	RD Commerce	M/D/Del	6620 Telegraph
17	2SBK	C/M/RD	5400 Jillson St.
18	New Earth	M/D/RD	4202 E. Washington
19	New Era	C/M/D/RD/MB	4220 E. Washington
26	VK Labs	Testing	5608 E. Washington
27	ABC Commerce	C/M/D/RD	6915 E. Slauson
28	Delta 9	M/D/RD/MB	6140 Eastern
30	Asceend	C/M/D/RD	2230 Tubeway
31	Lifted Global	M/+ paid 3x	2616 Malt
33	Growing Talent	RD	5500 E. Washington
39	SD Partners	RD	6403 E. Slauson
40	HXC LLC	M/RD	4336 E. Washington
43	Have a Heart	Del	5401 E. Washington
47	Summit	M/D	3019 Vail
48	Euroknox	MB = (C/M/D)	4426 E. Washington
53	RS Innovations	M.D.RD	5940 E. Washington
55	Commerce Hive	M/D	5416 Jillson
57	Style Haus	M	4334 E. Washington
70	U.S Can Labs	Testing	1322 S. Gerhart
94	Corvette LLC	C/M/D/MB	6436 Corvette



0 300 600 1,200 1,800 2,400 Feet

Revisions

Description	Date
Revision Covers Zone Changes 10-01 and 14-01	10-24-15

PROJAVIER
Coordinate System: StatePlane California Zone 1, 2011, feet (NAD) Datum: NAD 83
This map is a public resource of general information. The feature data provided on this map represents the most accurate zoning and parcel information available at the most recent date of revision. In the event of a conflict, the parcel data, as shown on the map, shall prevail over the zoning data. This map is not intended to be used for legal purposes. For more information, please contact the City of Commerce Department of Public Works & Development Services.
Printed October 11, 2015
Zoning Map 10-2015.mxd