

AUGUST 16, 2018

APPLICATION PROCEDURES TO OPERATE A COMMERCIAL CANNABIS BUSINESS IN UNION CITY

The City of Union City is seeking qualified applicants to apply for the opportunity to be awarded a commercial cannabis permit. Applicants must abide by requirements laid out in this procedure and in Union City Municipal Code (“UCMC”) section 5.44.030 (D).

The City is currently seeking to award up to: three testing permits, two permits for cultivation, two permits for manufacturing, two permits for distribution, one permit for retail. The City Council has adopted resolutions of intent to award one cultivation, one manufacturing, one distribution and two retail permits to two potential operators. Should either operator not successfully obtain one or more of the permits, additional permits may become available. Preference will be given to qualified applicants proposing a vertically integrated operation that includes two or more uses in one location.

The application process to obtain a permit to operate a Commercial Cannabis Use (“CCU”) in Union City will open August 16, 2018.

Applicants are encouraged to attend a pre-bidders conference on Wednesday, September 19, 1:30 P.M. in the City Council Chambers. This will be the only opportunity to discuss the application process with staff.

Applicants should be prepared to address neighborhood concerns and plan accordingly on conducting early outreach to neighboring businesses in advance of the application submission.

Applicants who submitted a prior application for a commercial cannabis permit and were not recommended to the City Council for award of a permit are invited to reapply. Applicants who have received a City Council Declaration of Intent to Award a Cannabis Permit, may apply for additional permits for uses other than the tentatively awarded permit.

APPLICATION CALENDAR

The application will be available on Thursday, August 16, 2018 at www.unioncity.org/cannabisbiz.

Applications will be accepted between: Thursday, August 16, 2018 through Friday, December 7, 2018. **The Final Due Date is December 7, 2018, 5:00 P.M. Pacific Standard Time.**

Phase 1: Monday, December 10, 2018 – Friday, December 21, 2018 (ten business days)

Phase 2: Monday, December 24, 2018 – Monday, January 21, 2019 (eighteen business days)

Phase 3: Tuesday, January 22, 2019 – Thursday, February 7, 2019 (thirteen business days)

Phase 4: Dates determined by the City Manager

Please note that the proposed dates above are tentative and subject to change. Check www.unioncity.org/cannabisbiz for updated information on dates.

BEFORE YOU APPLY

REVIEW ALL MATERIALS IN ADVANCE

Review the application materials in their entirety and Union City's Cannabis Ordinance, UCMC Chapter 5.44, before filling out the application and submitting the required documentation.

Each applicant that successfully completes one phase of evaluation will be required to pay an additional specified fee before advancing to the next phase of evaluation.

The City webpage, www.unioncity.org/cannabisbiz includes the cannabis permit application and the following information:

1. Local regulations governing Union City CCU's: UCMC Chapter 5.44.
2. Background authorization form and Live Scan
3. Zoning Verification Form
4. Local Zoning Ordinances and Zoning Map: UCMC Chapter 18.117
5. Frequently Asked Questions

OBTAIN A ZONING VERIFICATION LETTER

Pursuant to UCMC section 5.44.030(D)(6)(e), applicants are required to obtain a Zoning Verification Letter from the Economic & Community Development Department in City Hall, located at 34009 Alvarado-Niles Road, to ensure that the location proposed by the applicant complies with Title 18 of the UCMC prior to submitting the CCU application. Applicants requesting a Zoning Verification Letter are required to fill out and submit a Zoning Verification Form. Include the address of the proposed business location and a check payable to the City of Union City in the amount of \$272.00 with the written request for a Zoning Verification Letter. The zoning review process typically takes approximately ten (10) working days. Be sure to plan adequate time to obtain the Zoning Verification Letter prior to submitting the permit application form. Applications without a Zoning Verification Letter confirming that the proposed location complies with Title 18 of the UCMC will be rejected.

The issuance of a Zoning Verification Letter does not constitute permission from the City of Union City or any of its officials to operate a CCU, nor does it not mean "permit" within the meaning of the Permit Streamlining Act, nor does it constitute an entitlement under the Zoning or Building Code.

COMPLETE A BACKGROUND CHECK

Each principal/owner must undergo a criminal background check demonstrating that they are allowed to serve as an operator per UCMC Section 5.44.030(F) (1)(b).

Please provide proof of completing your background form by providing a copy of the receipt with your application. The background check fee shall be made payable to the City of Union City at the submission of your application. Payments must be made by a certified check, cashier's check, money order payable to the City of Union City or credit card. There is a 2.25% convenience fee added to all credit card payments over \$2,500.00. Applicants that are not allowed to serve as an operator as determined by the Chief of Police will be disqualified.

Completion of a LiveScan is required for all partners who advance to Phase 3. The application for the LiveScan is available at www.unioncity.org/cannabisbiz. Applicants that have advanced to Phase 3 may update partners and investors and complete a background check prior for the new partner prior to the Phase 3 interview.

INDEMNIFICATION

To the maximum extent permitted by law, any selected operators shall be required to defend (with counsel acceptable to the City), indemnify and hold harmless the City and its respective officials, officers, employees, representatives, agents and volunteers from any liability, damages, actions, claims, demands, litigation, loss (direct or indirect), causes of action, proceedings, or judgment (including legal costs, attorneys' fees, expert witness or consultant fees, City Attorney or staff time, expenses or costs) against the City to attack, set aside, void or annul, any cannabis-related approvals and actions and strictly comply with the conditions under which such permit is granted, if any. The City may elect, in its sole discretion, to participate in the defense of said action and the operator shall reimburse the City for its reasonable legal costs and attorneys' fees.

PHASE 1: PRELIMINARY DETERMINATION OF ELIGIBILITY

REQUIRED MATERIALS AT THE TIME OF SUBMISSION

The application must be submitted via our online application portal at www.unioncity.org/cannabisapp. The online application will become available August 27, 2018. You will first need to create an account with a unique email address and password. Please note that the email address listed for the 24/7 Primary Contact person will receive the email notification indicating that your application has been received.

The online application allows you to start, stop and save your work, allowing you to complete your application over days or weeks. Submissions will be accepted only from August 27, 2018 through December 21, 2018. Late applications will not be considered.

All components of the application are to be submitted through the on-line process. More detailed instructions on what is to be submitted online are provided on the Application FAQs, which can be found at www.unioncity.org/cannabisbiz.

All application submissions for Phase 1 shall include the following at the time of submission:

1. Payment submitted for Phase 1;
2. Proposed business location with zoning verification letter;
3. Proof of payment of background check, zoning verification and Phase 1 (Refer to **PAYMENT OF APPLICATION FEES**)
4. Complete the entire application form and submit documentation for the following:

- a. Proposed Location
- b. Business Plan
- c. Development Plan
- d. Site Safety Plan
- e. Security Plan
- f. Air Quality Plan
- g. Labor and Employment Plan
- h. Community Benefits
- i. Enhanced Product Safety
- j. Environmental Benefits
- k. Local Enterprise
- l. Qualifications of Principals

All plans and descriptions submitted with the application must include information required by, and abide by, the UCMC including the requirements of UCMC 5.44.030(D)(6). Please note the expectations and criteria for plans and descriptions.

In order to move onto Phase 2, applicants must have achieved two requirements:

1. Submitted a fully completed application by the due date with all of the required information and documents.
2. All principals have passed a background check with approval by Union City Police Department.

REQUIRED APPLICATION PLANS AND DESCRIPTIONS

PROPOSED LOCATION

Your application must include the address and a detailed description of the proposed location. This section should also describe all sensitive uses described in within one hundred (100) feet of the proposed location from the property line of a K-12 school, daycare center and youth center. The CCU must be in the appropriate zoning district as required by UCMC Chapter 18.117 and meet all the distance requirements of UCMC Chapter 5.44.040(E)(3), UCMC Chapter 5.44.050(E), and UCMC Chapter 5.44.060(C).

Note that proof of ownership, or a notarized letter of the owner's willingness to lease will not be given any additional consideration until Phase 3.

BUSINESS PLAN

With as much detail as possible, the Business Plan should describe:

- a. Day-to-day operations that meet industry best practices for the specific type of permit, in which they will be applying for in the City.
- b. How the CCU will conform to local and state law.
- c. How cannabis will be tracked and monitored to prevent diversion.
- d. A schedule for beginning operation, including a narrative outlining any proposed construction

- and improvements and a timeline for completion.
- e. A budget for construction, operation, maintenance, compensation of employees, equipment costs, utility costs, and other operation 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.
 - f. Proof of capitalization demonstrating sufficient capital is in place to pay startup costs.
 - g. A pro forma income statement for at least three years of operation.

DEVELOPMENT PLAN

Development Plans shall be submitted for the proposed location that address the provisions listed in UCMC 5.44.030(D)(6)(l-n). Plans shall address how the site will be utilized, include any necessary improvements, address deferred site maintenance issues, and mitigate potential impacts on the surrounding community. Development Plans shall be to scale and include: a vicinity map of the surrounding area; a dimensioned site plan that includes at a minimum: property lines, adjacent properties and businesses, parking and access layout, and all existing and proposed structures; and dimensioned floor plan.

SITE SAFETY PLAN

This plan should describe the fire prevention, suppression, HVAC and alarm systems the facility will have in place. It should include an assessment of the facility's fire safety by a qualified licensed fire prevention and suppression consultant. An appropriate plan will have considered all possible fire, hazardous material, and inhalation issues/threats and will have both written and physical mechanisms in place to deal with each specific situation. To the extent the applicant intends to use any hazardous materials in its operations, this plan shall include information required pursuant to UCMC 5.44.030(D)(6)(i).

SECURITY PLAN

A detailed security plan should include:

- a. A description and detailed schematic of the overall facility security. It should have details on operational security, including but not limited to general security policies for the facility, employee specific policies, training, sample written policies, transactional security, visitor security, third-party contractor security, and delivery security.
- b. Address ingress and egress access, perimeter security, product security (at all hours), internal security measures for access (area specific), types of security systems (alarms and cameras), and security personnel to be employed.
- c. An assessment of site security by a qualified licensed security consultant.
- d. A floor plan showing existing conditions. If changes are proposed as part of the project, then a proposed floor plan should also be submitted. The floor plan(s) should be accurate, dimensioned and to-scale.

THE SECURITY PLAN MUST COMPLY WITH THE REQUIREMENTS OF UCMC SECTION 5.44.030(J). SECURITY PLANS WILL NOT BE MADE PUBLIC UNLESS REQUIRED UNDER APPLICABLE LAW.

AIR QUALITY PLAN

This plan must demonstrate that the air circulation does not impact the employees' health and welfare and will not impact the surrounding businesses.

LABOR AND EMPLOYMENT PLAN

The plan should describe to what extent the CCU will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees. Specific practices that are subject to consideration include the following:

- Providing compensation and opportunities for continuing education and training of employees/staff (applications should provide proof of the CCU policy and regulations to employees);
- Providing a "living wage" to facility staff and employees. Wage scale should be provided in writing for all levels of employment at the facility. "Living Wage" shall mean 150% of the minimum wage mandated by California or Federal law, whichever is greater.

COMMUNITY BENEFITS

The description should describe benefits that the CCU would provide to the local community, such as employment for residents of the City, community contributions, or economic incentives to the City.

ENHANCED PRODUCT SAFETY

The description should state how the CCU will ensure enhanced consumer safety as required by State and/or local law.

ENVIRONMENTAL BENEFITS

The description should describe any proposed "green" business practices relating to energy and climate, water conservation, greenhouse gas emissions pursuant to UCMC 5.44.030(D) (6)(h) and waste management. Please note you may need separate authorization from Alameda County Water District and Union Sanitary District regarding adequate water supply and waste treatment for the proposed use pursuant to UCMC 5.44.030(D)(6)(j-k).

LOCAL ENTERPRISE

This description should state the extent to which the CCU will be a locally managed enterprise whose Principals/Owners reside within Union City and/or the County of Alameda.

QUALIFICATIONS OF PRINCIPALS

The application should include information concerning any special business or professional qualifications, or licenses of principals/owners that would add to the number or quality of services that the CCU would provide, especially in areas related to medicinal cannabis, such as scientific or

health care fields. Include an organizational chart with the name and role of each known member of the management team. Roles that are known but unfilled should be identified. Attach resumes for each member.

PHASE 2 OF THE APPLICATION PROCESS: EVALUATION AND RANKING BY CONSULTANT TEAM

Applicants who pass Phase 1 by submitting all necessary and required information with their application will be invited to participate in Phase 2. Phase 2 applicants must first pay the associated fee before participating in Phase 2 (Refer to **PAYMENT OF APPLICATION FEES**).

In this phase, applications will be evaluated by the following criteria for a total of 3,100 points:

- a. Proposed Location – 200 points
- b. Business Plan – 400 points
- c. Development Plan – 300 points
- d. Site Safety Plan – 300 points
- e. Site Security Plan – 300 points
- f. Air Quality Plan – 100 points
- g. Labor and Employment Plan – 200 points
- h. Community Benefits – 400 points
- i. Enhanced Product Safety – 200 points
- j. Environmental Benefits – 300 points
- k. Local Enterprise – 100 points
- l. Qualifications of Principals – 300 points

Those applicants who score a minimum of 80% by the consultant team will move on to **Phase 3** to be evaluated by a City Selection Committee.

PHASE 3 OF THE APPLICATION PROCESS: EVALUATION AND RANKING BY CITY SELECTION COMMITTEE

All applicants who score at least 80% in Phase 2 will be forwarded to the City Selection Committee who will evaluate and rank the applicants based on the results of an interview process and a review of their applications.

At the onset of notification, applicants shall first pay the fee for Phase 3 (Refer to **PAYMENT OF APPLICATION FEES**). Submit payment for the LiveScan fee through the Cashiers Office and complete the application. The application for the Live Scan is available at www.unioncity.org/cannabisbiz.

Applicants may update partners and funders prior to the Phase 3 interview.

Prior to the scheduling of the interviews, each of the applicants will be required to have proof of ownership or a signed and notarized statement from the Property Owner consenting to the use of the proposed location for commercial cannabis purposes.

The City Selection Committee will forward the results of Phase 3 to the City Manager along with their recommendation on finalists.

PHASE 4 OF THE APPLICATION PROCESS: CITY MANAGER RECOMMENDATION, PUBLIC HEARING AND CITY COUNCIL'S INITIAL APPROVAL

The City Manager reserves the right to ask for additional information or implement additional application requirements as he/she sees fit for this phase of the application process.

Applicants on the final list are the only applicants eligible at this point to be issued a permit.

The City Manager will present to the City Council his/her recommendation on any award(s). Finalists being recommended by the City Manager for consideration to the City Council are required to attend a public hearing before the City Council.

The City Council is the final authority on choosing whether or not to make the initial declaration to award.

SECTION 6: ADDITIONAL CONSIDERATIONS

PAYMENT OF APPLICATION FEES

Payments must be made by a certified check, cashier's check, money order payable to the City of Union City or credit card. There is a 2.25% convenience fee added to all credit card payments over \$2,500.00

No refunds will be issued.

Applicants who progress through the process will be required to pay additional fees, which are stated here:

- a. Phase 1: Preliminary determination of eligibility \$3,979.00
- b. Phase 2: Evaluation and ranking by consultant team \$1,581.00
- c. Phase 3: Evaluation and ranking by City Selection Committee \$1,568.00 and Live/Scan Fee of \$174.00 per principle.
- d. Phase 4: City Manager evaluation and recommendation \$2,030.00

In addition to the Phase 1 application fee, the following fees will need to be paid by the applicants at the time of payment of the Phase 1 application fee.

- a. Background Review \$300.00 per principal
- b. Zoning Verification Letter \$272.00

The individual designated as the CCU contact on the application will be notified by e-mail as to whether the application is advancing to Phase 2 and subsequently, Phase 3. Deadlines for these payments will be included in the e-mail notification to the primary contact person.

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 as authorized in writing by the City Manager or his/her designee. During Phase 1, applicants will be notified if any of the Principals are ineligible and/or if their application is incomplete and will not move forward in the application process. However, in some cases the City may move forward in the application process to other phases should it anticipate that the Live Scan or background check may be delayed in order to expedite the application process in a timely manner. In this case, applicants wishing to move forward in the process acknowledge by signing the application that they agree to these terms and should they be disqualified because of a background or a Live Scan disqualification they will not be eligible for a refund of any fees collected resulting from the modification of this procedure.

LAND USE ENTITLEMENTS

Please note that being awarded a CCU 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, planning permits or reviews, and any other permits, licenses, or reviews as may be necessary by the relevant departments or governmental entities in charge of said permits. Nor does it guarantee that the plans submitted via the CCU application process meet the standards or requirements in Title 18 and any other permit requirements from other city departments or agencies. Furthermore, a commercial cannabis permit does not constitute a permit that runs with the land on which the CCU is established.

CEQA AND CONDITIONS OF OPERATIONS

Following initial approval by the City Council and as standard with any development application, any approved Applicants will be required to undergo California Environmental Quality Act (“CEQA”) review for the proposed commercial cannabis use and final approval by the City Council with any conditions of operation deemed necessary.

THE CITY’S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all proposals, with or without any cause or reason. The City may also, modify, postpone, or cancel the request for permit applications without liability, obligation, or commitment to any party, firm, or organization. In addition, the City reserves the right to request and obtain additional information from any candidate submitting a proposal. Late proposals WILL BE REJECTED. Furthermore, a proposal RISKES BEING REJECTED for any of the following reasons:

- a. The application or documents submitted are incomplete, filed late, or not responsive to the requirements of this code.
- b. The issuance of the permit or operation of the commercial cannabis business at the proposed location is inconsistent with State law, UCMC Chapter 5.44, or other applicable City of Union City Municipal Codes.