



# CITY OF SAN LUIS OBISPO

## Cannabis Business ~~License~~ Operator Permit

### <sup>1</sup>Scoring Guidelines

**Applicant:**

**Reviewer:**

1. Applicant will provide one hard copy and a digital copy in a readable PDF form ~~make three copies~~ of each application and proposal.
2. City will compile any additional information related to the applicant for consideration.
3. Discussion between the reviewers during the evaluation will be limited to clarification to ensure an equal understanding of the application.
4. Questions can also be directed to the consultant.
5. Each reviewer will complete a score sheet for each proposal.
6. Points may be awarded in an amount up to the possible points in each scoring criteria.
7. Each completed score sheet will be given to the consultant.
8. The consultant will review ~~all three~~ the score sheets for each proposal.
9. If there is a scoring deviation between reviewers on any scoring criteria of more than 30%, the consultant will discuss this specific score with the reviewers.
10. An adjusted score may be agreed upon by the reviewers and the consultant.
11. Once all criteria scores are reviewed and agreed upon, the total aggregate score for the all three-review-panel ~~ers~~ will be totaled then divided by the number of reviewers ~~three~~ to obtain the final score.
12. For an applicant to qualify for a contingent operator permit, the applicant must score from an average of all scorers at or above 70% of the total available points on the application of that application period.

#### Automatic Fail Criteria:

- Application received after the final filing date.
- Application is incomplete or inaccurate.
- Facility does not meet City business licensing standards.
- Only one license applicant allowed per location. It is the applicant's responsibility to verify that ~~must~~ ask potential landlords do not ~~if they~~ have existing, competing cannabis business applicants.

#### Definitions:

An "applicant" is the entity petitioning for the Cannabis Business Operator Permit license ~~and~~ A "principal(s)" are the individual members of the applicant team.

A "primary principal" is defined as an individual who has a 10% or greater ownership stake of the applicant business.

An "operator" is an applicant that has been licensed and conducts or conducted active cannabis operations.

A "majority" is defined as a greater number; more than half. An equal number does not constitute a majority.

<sup>1</sup> Changes made to this page for the Cannabis Business Operator Permit Scoring Guidelines to mirror language used on the Commercial Cannabis Business Operator Permit Application and to correctly reflect the structure of the seven-member Review Panel.

**Adult-Use Retail Cannabis Merit-Based Criteria and Possible Points**

**All applications for a license will be evaluated using the merit criteria outlined below. Applicants must submit supplemental documentation or references with the application that support the statements below for review by the City.**

## Manufacturing, Distribution and Non-Storefront Retail Evaluation Criteria

<b>Merit Criteria 1.0 - Community Benefit</b>			
	<b>Community Benefit (A):</b> Applicant demonstrates a commitment to City through local hiring and community support. Select all that apply within each category and total score. (Up to 20 Points – Deviation Threshold 6 Points)	<b>Possible points</b>	<b>Applicant score</b>
<b>1.1A</b>	Over 90% of employees will be San Luis Obispo County residents. <b>(10 points)</b> or 60% - 90% of employees will be San Luis Obispo County residents. <b>(5 points)</b>	10	
<b>1.2A</b>	Over 80% of supply and equipment expense (non-labor, non-rent expense) will be sourced from businesses within 90 miles. <b>(10 points)</b> or 50% - 80% of supply and equipment expense (non-labor, non-rent expense) will be sourced from local businesses within 90 miles. <b>(5 points)</b>	10	
<b>Total Community Benefit (A)</b>		<b>20</b>	
	<b>Community Benefit (B):</b> Continued support of community programs in San Luis Obispo (i.e. park cleanups, facility improvements, donating supplies/equipment to youth programs). (Up to <del>10</del> <sup>15</sup> Points - Deviation Threshold 3 points)	<b>Possible points</b>	<b>Applicant score</b>
<b>1.1B</b>	Providing over 20 hours per month of community support. <b>(5 points)</b> or Providing <del>over</del> <sup>3</sup> 10-20 hours per month of community support. <b>(2 points)</b>	5	
<b>1.2B</b>	Provide over \$1,000 per month for community support. <b>(5 points)</b> or Provide up to \$1,000 per month for community support. <b>(2 points)</b>	5	
<b>1.3B</b>	Applicant can demonstrate a history of supporting local community programs <u>for the past one year.</u> <sup>4</sup> <b>(5 points)</b>	5	
<b>Total Community Benefit (B)</b>		<b>15</b>	
<b>Total Merit Criteria 1.0</b>		<b>35</b>	

<sup>2</sup> Correction to possible points available in “Community Benefit (B)”.

<sup>3</sup> Clarifies range between “over 20 hours” (worth 5 points) “and 10-20 hours” (2 points).

<sup>4</sup> Specifies the range for demonstrating a “history” of supporting local community programs.

<b>Merit Criteria 2.0 - Equity and Labor</b>			
		<b>Possible points</b>	<b>Applicant score</b>
	Applicant commits to equity ownership and competitive compensation in comparison to other mainstream commercial businesses. Applicants commitment will be confirmed during annual permit renewal process. Select all that apply and total score. (Up to 20 Points – Deviation Threshold 9 Points)		
<b>2.1</b>	Applicant includes 3 or more principals with 2% equity or higher who have earned at or below the median household income at the time of application. <b>(8 points)</b>  or Applicant includes 1 or 2 primary principals who have earned at or below the median household income at the time of application. <b>(4 points)</b>	8	
<b>2.2</b>	Business will have an average pay rate for entry and mid-level positions of at least 40% more than the median local income for similar positions in other mainstream businesses. <b>(8 points)</b>  or Business will have an average pay rate for entry and mid-level positions of at least 20% more than the median local income for similar positions in other mainstream businesses. <b>(4 points)</b>	8	
<b>2.3</b>	Base wages of employees exceed the minimum wage by at least \$3.00/hr.	2	
<b>2.4</b>	<del>Business will allow "labor peace agreement" at 20 or more non-management employees.<sup>5</sup></del>	<del>2</del>	
<b>Total Merit Criteria 2.0</b>		<b>2018<sup>6</sup></b>	

<sup>5</sup> Eliminate the “labor peace agreement” for “non-management” points; state law triggers at 20 employees.

<sup>6</sup> New total merit criteria points available in “2.0 Equity and Labor”.

<b>Merit Criteria 3.0 - Financial Investment</b>			
	<b>Financial Investment:</b> Applicant has plans and capital to support a vibrant business within the City. (Up to 25 Points – Deviation Threshold 3 Points)	<b>Possible points</b>	<b>Applicant score</b>
<b>3.1</b>	Applicant demonstrates financial capacity to capitalize, start up, and sustain business operations.	1-10	
<b>3.2</b>	Applicant commits to develop raw land that has been zoned for commercial use for a commercial cannabis facility.	1-10	
<b>3.3</b>	Applicant commits to major improvements, including façade rehabilitation, building expansion, site improvements and/or other investments in an underutilized/underdeveloped site that has been zoned for commercial use for a commercial cannabis facility.	1-5	
<b>3.4</b>	The proposed cannabis business site can accommodate the required number of parking spaces with safe and convenient access for customers/employees.	1-5	
<b>Total Merit Criteria 3.0</b>		<b>30</b>	

<b>Totals</b>		
	Total <b>GENERAL</b> Merit Criteria Points <b>Available</b>	<b>835<sup>7</sup></b>
	Total <b>GENERAL</b> Merit Criteria Points <b>Awarded</b>	
	<b>Total %</b>	

## Cultivation Evaluation Criteria

<b>Merit Criteria 1.0 - Community Benefit</b>			
	<b>Community Benefit (A):</b> Applicant demonstrates a commitment to City through local hiring and community support. Select all that apply within each category and total score. (Up to 20 Points – Deviation Threshold 6 Points)	<b>Possible points</b>	<b>Applicant score</b>
<b>1.1A</b>	Over 90% of employees will be San Luis Obispo County residents. <b>(10 points)</b> or 60% - 90% of employees will be San Luis Obispo County residents. <b>(5 points)</b>	10	
<b>1.2A</b>	Over 80% of supply and equipment expense (non-labor, non-rent expense) will be sourced from businesses within 90 miles. <b>(10 points)</b> or 50% - 80% of supply and equipment expense (non-labor, non-rent expense) will be sourced from local businesses within 90 miles. <b>(5 points)</b>	10	
<b>Total Community Benefit (A)</b>		<b>20</b>	
	<b>Community Benefit (B):</b> Continued support of community programs in San Luis Obispo (i.e. park cleanups, facility improvements, donating supplies/equipment to youth programs). (Up to <del>40</del> <sup>15</sup> Points - Deviation Threshold 3 points)	<b>Possible points</b>	<b>Applicant score</b>
<b>1.1B</b>	Providing over 20 hours per month of community support. <b>(5 points)</b> or Providing over 10-20 hours per month of community support. <b>(2 points)</b>	5	
<b>1.2B</b>	Provide over \$1,000 per month for community support. <b>(5 points)</b> or Provide up to \$1,000 per month for community support. <b>(2 points)</b>	5	
<b>1.3B</b>	Applicant can demonstrate a history of supporting local community programs <u>for the past one year.</u> <sup>9</sup> <b>(5 points)</b>	5	
<b>Total Community Benefit (B)</b>		<b>15</b>	
<b>Total Merit Criteria 1.0</b>		<b>35</b>	

<sup>8</sup> Correction to possible points available in “Community Benefit (B)”.

<sup>9</sup> Specifies the range for demonstrating a “history” of supporting local community programs.

<b>Merit Criteria 2.0 - Equity and Labor</b>			
		<b>Possible points</b>	<b>Applicant score</b>
	Applicant commits to equity ownership and competitive compensation in comparison to other mainstream commercial businesses. Applicants commitment will be confirmed during annual permit renewal process. Select all that apply and total score. (Up to 20 Points – Deviation Threshold 9 Points)		
<b>2.1</b>	Applicant includes 3 or more principals with 2% equity or higher who have earned at or below the median household income at the time of application. <b>(8 points)</b>  or Applicant includes 1 or 2 primary principals who have earned at or below the median household income at the time of application. <b>(4 points)</b>	8	
<b>2.2</b>	Business will have an average pay rate for entry and mid-level positions of at least 40% more than the median local income for similar positions in other mainstream businesses. <b>(8 points)</b>  or Business will have an average pay rate for entry and mid-level positions of at least 20% more than the median local income for similar positions in other mainstream businesses. <b>(4 points)</b>	8	
<b>2.3</b>	Base wages of employees exceed the minimum wage by at least \$3.00/hr.	2	
<b>2.4</b>	<del>Business will allow "labor peace agreement" at 20 or more non-management employees.</del>	<del>2</del>	
<b>Total Merit Criteria 2.0</b>		<b>2018<sup>10</sup></b>	

<b>Merit Criteria 3.0 - Medical Retail Commitment</b>			
		<b>Possible points</b>	<b>Applicant score</b>
	Medical Retail Commitment (up to 10 points)		
<b>3.1</b>	Applicant commits to retain a California state medicinal cannabis cultivation license.	10	
<b>Total Merit Criteria 3.0</b>		<b>10</b>	

<sup>10</sup> New total merit criteria points available in "2.0 Equity and Labor".

<b>Merit Criteria 4.0 - Sustainability</b>			
	Applicant demonstrates past experience in and/or commits to sustainable and environmental business or building practices utilizing recognized industry standards. Applicants actions will be confirmed during annual permit renewal process. Select all that apply and total score. (Up to 20 Points – Deviation Threshold 6 Points)	<b>Possible points</b>	<b>Applicant score</b>
<b>4.1</b>	Applicant will recycle waste water (utilize purple pipe when available).	5	
<b>4.2</b>	Applicant will utilize certified organic practices.	3	
<b>4.3</b>	Applicant will utilize carbon free power sources for majority of power.	5	
<b>4.4</b>	Applicant will utilize energy efficient lighting.	4	
<b>4.5</b>	Applicant has plan to reduce water waste.	3	
<b>Total Merit Criteria 4.0</b>		<b>20</b>	

<b>Merit Criteria 5.0 - Financial Investment</b>			
	<b>Financial Investment:</b> Applicant has plans and capital to support a vibrant business within the City. (Up to 25 Points – Deviation Threshold 3 Points)	<b>Possible points</b>	<b>Applicant score</b>
<b>5.1</b>	Applicant demonstrates financial capacity to capitalize, start up, and sustain business operations.	1-10	
<b>5.2</b>	Applicant commits to develop raw land that has been zoned for commercial use for a commercial cannabis facility.	1-10	
<b>5.3</b>	Applicant commits to major improvements, including façade rehabilitation, building expansion, site improvements, removing visual blight, and/or other investments in an underutilized/underdeveloped site that has been zoned for commercial use for a commercial cannabis facility.	1-5	
<b>5.4</b>	The proposed cannabis business site can accommodate the required number of parking spaces with safe and convenient access for customers/employees.	1-5	
<b>Total Merit Criteria 5.0</b>		<b>30</b>	



<b>Totals</b>		
	Total Merit Criteria Points <b>Available</b>	<b>1135<sup>11</sup></b>
	Total Merit Criteria Points <b>Awarded</b>	
	<b>Total %</b>	

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<sup>11</sup> New total for “General Merit Criteria Points Available”.

## Retail Evaluation Criteria

<b>Merit Criteria 1.0 - Community Benefit</b>			
	<b>Community Benefit (A):</b> Applicant demonstrates a commitment to City through local hiring and community support. Select all that apply within each category and total score. (Up to 20 Points – Deviation Threshold 6 Points)	<b>Possible points</b>	<b>Applicant score</b>
<b>1.1A</b>	Over 90% of employees will be San Luis Obispo County residents. <b>(10 points)</b> or 60% - 90% of employees will be San Luis Obispo County residents. <b>(5 points)</b>	10	
<b>1.2A</b>	Over 80% of supply and equipment expense (non-labor, non-rent expense) will be sourced from businesses within 90 miles. <b>(10 points)</b> or 50% - 80% of supply and equipment expense (non-labor, non-rent expense) will be sourced from local businesses within 90 miles. <b>(5 points)</b>	10	
	<b>Total Community Benefit (A)</b>	<b>20</b>	
	<b>Community Benefit (B):</b> Continued support of community programs in San Luis Obispo (i.e. park cleanups, facility improvements, donating supplies/equipment to youth programs). (Up to 10 Points - Deviation Threshold 3 points)	<b>Possible points</b>	<b>Applicant score</b>
<b>1.1B</b>	Providing over 20 hours per month of community support. <b>(5 points)</b> or Providing over 10-20 hours per month of community support. <b>(2 points)</b>	5	
<b>1.2B</b>	Provide over \$1,000 per month for community support. <b>(5 points)</b> or Provide up to \$1,000 per month for community support. <b>(2 points)</b>	5	
<b>1.3B</b>	Applicant can demonstrate a history of supporting local community programs. (5 points)	5	
	<b>Total Community Benefit (B)</b>	<b>15</b>	
	<b>Total Merit Criteria 1.0</b>	<b>35</b>	

<b>Merit Criteria 2.0 - Experience</b>			
	<b>Record of compliant current or previous business operations:</b> Applicant has previous record of operating a compliant cannabis operation (including medical). A compliant operation is defined as having a substantially compliant record (may have some minor resolved/corrected violations) without a documented history of unresolved local or state level violations relating, but not limited to: business code, public safety, environmental impacts, employment, and financial payments. (Up to 30 Points – Deviation Threshold 9 Points)	<b>Possible points</b>	<b>Applicant score</b>
<b>2.1</b>	91% to 100% of the primary principals have operated a local compliant cannabis operation for 5 or more years.	35	
	or 81% to 90% of the primary principals have operated a local compliant cannabis operation for 5 or more years.	30	
	or 71% to 80% of the primary principals have operated a local compliant cannabis operation for 5 or more years.	25	
	or 61% to 70% of the primary principals have operated a local compliant cannabis operation for 5 or more years.	20	
	or 51% to 60% of the primary principals have operated a local compliant commercial cannabis operation for 5 or more years.	15	
<b>2.2</b>	10-50% of the primary principals operated a compliant cannabis operation outside of SLO County for 5 or more years.	10	
	or 10-50% of the primary principals operated a compliant cannabis operation outside of SLO County for less than 5 years.	5	
<b>Total Merit Criteria 2.0</b>		<b>35</b>	

<b>Merit Criteria 3.0 - Equity and Labor</b>			
		<b>Possible points</b>	<b>Applicant score</b>
	Applicant commits to equity ownership and competitive compensation in comparison to other mainstream commercial businesses. Applicants commitment will be confirmed during annual permit renewal process. Select all that apply and total score. (Up to 20 Points – Deviation Threshold 9 Points)		
<b>3.1</b>	Applicant includes 3 or more principals with 2% equity or higher who have earned at or below the median household income at the time of application. <b>(8 points)</b>  or Applicant includes 1 or 2 primary principals who have earned at or below the median household income at the time of application. <b>(4 points)</b>	8	
<b>3.2</b>	Business will have an average pay rate for entry and mid-level positions of at least 40% more than the median local income for similar positions in other mainstream businesses. <b>(8 points)</b>  or Business will have an average pay rate for entry and mid-level positions of at least 20% more than the median local income for similar positions in other mainstream businesses. <b>(4 points)</b>	8	
<b>3.3</b>	Base wages of employees exceed the minimum wage by at least \$3.00/hr.	2	
<b>3.4</b>	Business will allow "labor peace agreement" at 20 or more non-management employees.	2	
<b>Total Merit Criteria 3.0</b>		<b>20</b>	

<b>Merit Criteria 4.0 - Messaging</b>			
		<b>Possible points</b>	<b>Applicant score</b>
<b>4.1</b>	Applicant commits to responsible use messaging practices. Select all that apply and total score. (Up to 10 Points – Deviation Threshold 3 Points)		
<b>4.2</b>	Business articulates strategy to keep cannabis from being diverted to minors including advertising that is appropriately targeted to adult audiences.	1-5	
<b>4.3</b>	Business promotes responsible use including messaging on packaging, offering lower dose THC product options, offering to track use via "user determined quotas", posting information on cannabis use disorder and cautions re: development of the adolescent brain.	1-5	
<b>Total Merit Criteria 4.0</b>		<b>10</b>	

<b>Merit Criteria 5.0 - Medical Retail Commitment</b>			
		<b>Possible points</b>	<b>Applicant score</b>
	Medical Retail Commitment (up to 10 points)		
<b>5.1</b>	Applicant commits to provide retail medical cannabis products to consumers.	10	
<b>Total Merit Criteria 5.0</b>		<b>10</b>	

<b>Merit Criteria 6.0 - Property Control</b>			
	<b>Control of business location:</b> Applicant demonstrates control of a site to ensure a successful and timely transition from being awarded a license to opening the business. Incomplete purchase or lease agreements do not constitute site control. (Up to 10 Points – Deviation Threshold 3 Points)	<b>Possible points</b>	<b>Applicant score</b>
	<u>Choose one:</u>		
<b>6.1</b>	Majority ownership in site property.	10	
<b>6.2</b>	Minority ownership in site property.	8	
<b>6.3</b>	10+ years future lease of site property.	8	
<b>6.4</b>	5-10 years future lease of site property.	5	
<b>6.5</b>	2-5 years future lease of site property.	3	
<b>6.6</b>	Less than 2 years future lease of site property.	1	
<b>Total Merit Criteria 6.0</b>		<b>10</b>	

<b>Merit Criteria 7.0 - Financial Investment</b>			
	<b>Financial Investment:</b> Applicant has plans and capital to support a vibrant business within the City. (Up to 25 Points – Deviation Threshold 3 Points)	<b>Possible points</b>	<b>Applicant score</b>
<b>7.1</b>	Applicant demonstrates financial capacity to capitalize, start up, and sustain business operations.	1-10	
<b>7.2</b>	Applicant commits to major improvements, including façade rehabilitation, building expansion, site improvements, removing visual blight, and/or other investments in an underutilized/underdeveloped site that has been zoned for commercial use for a commercial cannabis facility.	1-5	
<b>7.3</b>	The proposed cannabis business site can accommodate the required number of parking spaces and safe and convenient access for customers/employees.	1-5	
<b>Total Merit Criteria 7.0</b>		<b>20</b>	

<b>Totals</b>	
Total Merit Criteria Points <b>Available</b>	<b>140</b>
Total Merit Criteria Points <b>Awarded</b>	
<b>Total %</b>	