



## Merit Based Selection Criteria for Commercial Cannabis Business Permits (Limited Number of Permits Available)

| <u>Description of Criteria:</u>                                                                                                                           | <u>Points<br/>Awarded</u> | <u>Points<br/>Possible</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|
| <b>Section 1: Prioritize Medicinal Cannabis Access</b>                                                                                                    |                           |                            |
| a) Proposal for combined medicinal/adult use dispensary                                                                                                   |                           | 4                          |
| b) Proposal for medicinal only dispensary                                                                                                                 |                           | 3                          |
| c) Proposal for non-medicinal/adult use dispensary only                                                                                                   |                           | 0                          |
| d) Proposal includes Delivery Services                                                                                                                    |                           | 2                          |
| <b>Section 1: Sub-Total of Points Possible</b>                                                                                                            |                           | <b>6</b>                   |
| <b>Section 2: Geographical Preference/Neighborhood Relations</b>                                                                                          |                           |                            |
| a) Proposed location is within 1,200 feet of local public transportation                                                                                  |                           | 1                          |
| b) Proposal includes a process and schedule for at least two public outreach meetings per year that meet City approval                                    |                           | 2                          |
| c) Business plan includes a schedule for communication and receiving feedback from all entities within 300 feet of the business at least two times a year |                           | 2                          |
| d) Proposal includes the appointment of an employee as a designated liaison with the neighborhood                                                         |                           | 1                          |
| e) Designated liaison employee is a City resident                                                                                                         |                           | 1                          |
| f) Proposed location is more than 1,000 feet from an existing cannabis dispensary                                                                         |                           | 1                          |
| <b>Section 2: Sub-Total of Points Possible</b>                                                                                                            |                           | <b>8</b>                   |
| <b>Section 3: Facility Plan</b>                                                                                                                           |                           |                            |
| a) Business is formally associated with a non-retail cannabis or non-cannabis-related business in the City of Merced                                      |                           | 2                          |
| b) Proposal includes daily inspection to ensure maintenance of the interior and exterior of the facility (i.e. free of trash, graffiti, etc.)             |                           | 2                          |
| c) Location exceeds City parking requirements by 10% or more                                                                                              |                           | 1                          |
| e) Location exceeds minimum accessible parking requirements by 100% or more                                                                               |                           | 1                          |
| f) Location is within an existing building or facility with an ability to be open for business within 6 months of approval of the CCBP by the City        |                           | 1                          |
| <b>Section 3: Sub-Total of Points Possible</b>                                                                                                            |                           | <b>7</b>                   |

## ATTACHMENT 5

### EXHIBIT A



## Merit Based Selection Criteria for Commercial Cannabis Business Permits (Limited Number of Permits Available)

| <u>Description of Criteria:</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <u>Points<br/>Awarded</u> | <u>Points<br/>Possible</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|
| <b>Section 4: Standards and Procedures for the Safe Operation of Facilities:</b>                                                                                                                                                                                                                                                                                                                                                                                                              |                           |                            |
| a) Proposal includes documented employee safety training program                                                                                                                                                                                                                                                                                                                                                                                                                              |                           | 1                          |
| b) Proposal includes documented employee cannabis educational training program                                                                                                                                                                                                                                                                                                                                                                                                                |                           | 1                          |
| c) Business Plan includes enhanced security measures, including at least three of the following: panic buttons, dye packets, bulletproof window film (with break strength of 400 lbs. per inch or better), a UL-approved safe with a fire rating that is 2-hour 1700 degrees F or better with a complex locking device; motion sensing lighting; or other enhanced security measures acceptable to the City. (0 to 4 points to be awarded at the discretion of the City Selection Committee.) |                           | 0 to 3                     |
| d) Proposal includes climate-controlled environment                                                                                                                                                                                                                                                                                                                                                                                                                                           |                           | 1                          |
| e) Proposal includes plan for disposal of all solid waste based on best practices of the State                                                                                                                                                                                                                                                                                                                                                                                                |                           | 1                          |
| f) Proposal includes a comprehensive documented process for 24-hour minimum response time to cannabis product recall notifications                                                                                                                                                                                                                                                                                                                                                            |                           | 2                          |
| g) Proposal includes more than one on-site security guard during business hours                                                                                                                                                                                                                                                                                                                                                                                                               |                           | 2                          |
| h) Proposal includes a separate lobby area where identification is checked to ensure that only qualified individuals gain access to separate, locked areas where cannabis products are displayed                                                                                                                                                                                                                                                                                              |                           | 2                          |
| i) Proposal includes electronic storage of required records of sales, delivery manifests, patient information (if medicinal and required by State), inventory, etc., which can be provided to City personnel upon request                                                                                                                                                                                                                                                                     |                           | 2                          |
| j) Proposal includes any proposed “green” business practices relating to energy and climate, water conservation, and materials/waste storage                                                                                                                                                                                                                                                                                                                                                  |                           | 1                          |
| k) Proposal includes secured loading/unloading area for deliveries                                                                                                                                                                                                                                                                                                                                                                                                                            |                           | 1                          |
| <b>Section 4: Sub-Total of Points Possible</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                |                           | <b>17</b>                  |



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| <u>Description of Criteria:</u>                                                                                                                                                                                               | <u>Points<br/>Awarded</u> | <u>Points<br/>Possible</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|
| <b>Section 5: Prior Experience in Business Ownership and Management</b>                                                                                                                                                       |                           |                            |
| a) Combined prior experience of proposed owners is between 6 months to 3 years of verified successful management of a legal retail cannabis facility                                                                          |                           | 1                          |
| b) Combined prior experience of proposed owners is more than 3 years of verified successful management of a legal retail cannabis facility                                                                                    |                           | 1                          |
| c) Combined prior experience of proposed owners is more than 3 years of verified successful management of any non-cannabis legal retail facility                                                                              |                           | 2                          |
| d) Combined prior experience of proposed owners is more than 1 year and up to 3 years with a verified Mutual Benefit Non-Profit Corporation for cannabis in compliance with California law and with proof of payment of taxes |                           | 1                          |
| e) Combined prior experience of proposed owners is more than 3 years and up with a verified Mutual Benefit Non-Profit Corporation for cannabis in compliance with California law and with proof of payment of taxes           |                           | 2                          |
| f) Above prior experience was obtained within the City or County of Merced                                                                                                                                                    |                           | 3                          |
| g) Above prior experience was obtained within 100 miles of the City of Merced                                                                                                                                                 |                           | 1                          |
| <b>Section 5: Sub-Total of Points Possible</b>                                                                                                                                                                                |                           | <b>11</b>                  |
| <b>Section 6: Qualifications of Principals/Business Plan</b>                                                                                                                                                                  |                           |                            |
| a) At least one owner is a military veteran with an honorable discharge                                                                                                                                                       |                           | 2                          |
| b) At least one owner is a full-time resident of the County of Merced                                                                                                                                                         |                           | 2                          |
| c) At least one owner is a full-time resident of the City of Merced                                                                                                                                                           |                           | 3                          |
| d) More than 30% of the ownership is full-time residents of the City of Merced                                                                                                                                                |                           | 2                          |
| e) More than 50% of the ownership is full-time residents of the City of Merced                                                                                                                                                |                           | 2                          |
| f) Does the business qualify as a Disadvantaged Business Enterprise (DBE) as defined by the U.S. Department of Transportation?                                                                                                |                           | 2                          |
| g) Does the business have documented proof of access to at least \$150,000 in capital (or enough capital to pay all startup costs plus at least 3 months of operating costs)?                                                 |                           | 3                          |
| h) Does the business have documented proof of access to at least \$300,000 in capital (or enough capital to pay all startup costs plus at least 6 months of operating costs)?                                                 |                           | 3                          |
| i) Business Plans contain a valid pro forma for at least 3 years of operation                                                                                                                                                 |                           | 2                          |
| j) Business has documented agreements with cannabis distributors to supply products to their business                                                                                                                         |                           | 2                          |
| <b>Section 6: Sub-Total of Points Possible</b>                                                                                                                                                                                |                           | <b>23</b>                  |



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| <u>Description of Criteria:</u>                                                                                                                                                                                                                                                                                              | <u>Points<br/>Awarded</u> | <u>Points<br/>Possible</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------|
| <b>Section 7: Employee &amp; Public Relations</b>                                                                                                                                                                                                                                                                            |                           |                            |
| a) The business promotes local hiring or provides incentives for City/County of Merced residents to work with the business                                                                                                                                                                                                   |                           | 3                          |
| b) The business provides employee health benefits for all employees                                                                                                                                                                                                                                                          |                           | 2                          |
| c) The business employs more than 5 people full-time, not counting the owners or security personnel                                                                                                                                                                                                                          |                           | 2                          |
| d) Proposal includes an ongoing public information program to inform City residents of cannabis issues and proper/safe/legal use of cannabis products                                                                                                                                                                        |                           | 2                          |
| <b>Section 7: Sub-Total of Points Possible</b>                                                                                                                                                                                                                                                                               |                           | <b>9</b>                   |
| <b>Section 8: Community Benefits</b>                                                                                                                                                                                                                                                                                         |                           |                            |
| a) Proposal includes benefits to the community, such as defined monetary contributions to local community organizations, or donating time to local community organizations, or any other proposed community benefit acceptable to the City. (0 to 5 points to be awarded at the discretion of the City Selection Committee.) |                           | 0 to 5                     |
| <b>Section 8: Sub-Total of Points Possible</b>                                                                                                                                                                                                                                                                               |                           | <b>5</b>                   |
| <b>Section 9: Discretion of the City Selection Committee</b>                                                                                                                                                                                                                                                                 |                           |                            |
| a) 0 to 14 additional points may be awarded to a proposal for outstanding features, measures, or programs (above and beyond the minimum requirements) proposed in the Commercial Cannabis Business Permit Application at the discretion of the City Selection Committee.                                                     |                           | 0 to 14                    |
| <b>Section 9: Sub-Total of Points Possible</b>                                                                                                                                                                                                                                                                               |                           | <b>14</b>                  |
| <b>TOTAL POINTS POSSIBLE</b>                                                                                                                                                                                                                                                                                                 |                           | <b>100</b>                 |



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### **DISCLAIMER:**

Although the City welcomes the applicant to suggest how many points they believe should be awarded in the "Points Awarded" column above, please note that the FINAL determination of how many points are awarded is at the sole discretion of the City's Selection Committee, made up of the City Manager, Police Chief, and the Director of Development Services or their designees. Final scores of the Committee members will be combined and divided by three for an average score. In the event of any tied scores, a random drawing will be used to break the tie.

**PLEASE NOTE THAT FAILURE OF THE PROPOSED OWNERS (ANYONE WITH OWNERSHIP INTEREST) TO SUCCESSFULLY PASS THE DETAILED PHASE 2 BACKGROUND CHECK TO THE SATISFACTION OF THE POLICE CHIEF WILL RESULT IN AUTOMATIC DISQUALIFICATION OF THE APPLICATION FROM FURTHER CONSIDERATION.**

### **APPLICANT CERTIFICATION (REQUIRED)**

Under penalty of perjury, I hereby declare that I have read and understood the criteria above and I have provided information relative to how my cannabis business addresses that criteria in the application or attached to this document. I declare that this information is completely true and accurate. I understand that a misrepresentation of fact is cause for rejection of this application, denial of the license, or revocation of a license issued.

Signed \_\_\_\_\_ Date \_\_\_\_\_