



## APPLICATION PROCEDURES & GUIDELINES FOR A COMMERCIAL CANNABIS BUSINESS **TESTING LABORATORY PERMIT** January 27, 2023

These application procedures apply ONLY to application for a cannabis testing laboratory. Information on the Commercial Cannabis Business (CCB) Application process can be found on the City's website at <https://www.fresno.gov/cannabis> and includes the following:

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| ▪ California State Regulations & Resources    | ▪ Application Procedures & Guidelines      |
| ▪ Fresno Municipal Code Chapter 15            | ▪ Background Application form              |
| ▪ Fresno Municipal Code Chapter 9, Article 33 | ▪ Commercial Cannabis Business Application |

Applications for a cannabis testing laboratory permit are accepted on an on-going basis in the City of Fresno. There is no limit to the number of cannabis testing laboratories that can operate within the City. **Please read these instructions carefully and contact the Office of Cannabis Oversight if you have questions at (559) 621-5555. INCOMPLETE APPLICATIONS ARE NOT ELIGIBLE FOR A FULL REFUND OF THE APPLICATION FEE.** Applicants must complete the application process and be issued a final cannabis business permit prior to commencing operations.

### CITY'S RESERVATION OF RIGHTS

To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a commercial cannabis business permit pursuant to FMC Chapter 9, Article 33 (FMC 9-3333). The City reserves the right to reject any and/or all applications, with or without cause or reason. The City may modify, postpone, or cancel the request for a CCB permit without liability, obligation, or commitment to any party, firm, or organization. Applicants shall have no right to a CCB permit. Each applicant assumes the risk that, at any time prior to the issuance of a permit, the City Manager may terminate or delay the program. In addition, the City reserves the right to request and obtain additional information from any candidate submitting an application. Furthermore, an application **RISKS BEING REJECTED** for the following reasons:

- The application/proposal does not contain the required elements, exhibits, nor is it organized in the required format.
- The application/proposal is not fully responsive to the City's Request for Permit application.
- The issuance of the CCB permit at the proposed location is inconsistent with State law, FMC Chapter 9, Article 33, or other applicable Fresno city codes.

## APPLICATION PROCESS

Review the information regarding the application process to determine which documents you will need. Before submitting it, review your application in its entirety to ensure that it is complete and accurate.

### CCB APPLICATION SUBMITTAL REQUIREMENTS

Applicants must submit their application, evaluation criteria, and required documents through the **City of Fresno Cannabis Permitting Portal** at: <https://lmsaca.fresno.gov/CitizenAccess/Login.aspx>. All CCB Application materials required for Phases I through IV must be submitted in order for the application to be considered complete. Applicants must submit their application, evaluation criteria, and required documents through the **City of Fresno Cannabis Permitting Portal** at: <https://lmsaca.fresno.gov/CitizenAccess/Login.aspx>. Please note: evaluation criteria responses should be submitted as separate PDF documents for each section (Sections 1-7 found in Appendix A of the Application Procedures Guidelines). Please respond to the criteria in the appropriate section, as there may be different application reviewers for different sections of the application criteria.

**Please Note:** Responses to the Evaluation Criteria (Sections 1-7 found in Appendix A of the Application Procedures Guidelines) shall be limited to 200 pages. Responses pertaining to Backgrounds and Proof of Capitalization shall not be included in the 200-page limitation. All materials must be submitted through the City of Fresno Cannabis Permitting Portal, including:

- CCB Initial Application – submitted directly through the Portal
- Evaluation Criteria (Responses to Sections 1-7 of Appendix A limited to 200 pages) – each section must be submitted in a separate PDF document uploaded to the Portal.
- Proof of Capitalization (All bank statements, loan documents, promissory notes, financial and commitment letters) – must be submitted as a PDF document uploaded to the Portal.
- Verification of Ownership, a “Letter of Intention” to Lease, or a Leasing Agreement.

All applications submitted to the City are public documents for purposes of Public Records Act requests and will be posted online on the City’s website after the interview process is complete, with the exception of redactions for the Security Plan and financial information.

### SUPPLEMENTAL APPLICATION SUBMITTAL REQUIREMENTS

At the time of filing, pursuant to FMC 9-3316, all applicants are required to provide the following:

- A statement that the applicant employs or will employ within one year of receiving a commercial cannabis business permit, one supervisor and one employee who have completed a Cal-OSHA industry outreach course offered by a duly authorized training provider (FMC 9-3316(c)).
- A statement, signed under penalty of perjury, that all information contained in the application is true and correct. A subsequent finding of false information shall be grounds for denial or revocation of the commercial cannabis business permit. A denial or revocation on these grounds shall not be appealable (FMC 9-3319(d)). (This statement is part of the online application form)

### PROHIBITION ON EX PARTE COMMUNICATIONS

Beginning at the time of filing, no Applicant or Owner shall initiate, engage in, or continue any communication to or with any elected official or Planning Commissioner for the City of Fresno, and no elected official or Planning Commissioner shall initiate, engage in, or continue any communication to or with any Applicant or Owner, concerning any matter related to the

application. The application shall be rejected if prohibited communications take place (FMC 9-3316(g)).

## **BACKGROUND CHECK**

Each owner, operator, investor or manager must undergo a criminal history background check to demonstrate they do not provide grounds for denial per FMC Section 9-3318(c). Owners, operators, or managers who do not meet the criminal history eligibility requirements of Section 9-3318(c) will be disqualified. Included in the application package is a background self-disclosure form which must be completed and submitted as part of the application process.

This process will be required to meet the minimum threshold qualifications pursuant to FMC Section 9-3318. However, the background check will be completed at Phase IV of the application process and only those Applicants which are successful at being awarded a permit will be required to pay the background check fee.

## **ZONING INQUIRY LETTER (ZIL)**

Prior to submitting a CCB application (Phase I), an Applicant must obtain a Zoning Inquiry Letter from the Planning and Development Department. The fee for a Zoning Inquiry letter is \$522. To secure this letter, an Applicant must make a written request, submitted through the online application system FASTER, which should specify the intended use of the building (cannabis retail, etc.), and the proposed building location. Please advise the City if you currently occupy the premises or if there is a tenant currently occupying the premises. Please note: ZIL responses may take up to 14 business days so please submit your request in a timely fashion so that it can be included with your application. Please visit: <https://www.fresno.gov/darm/planning-development/applications-forms-fees/#tab-13>

The issuance of a ZIL does not constitute written evidence of permission given by the City or any of its officials to operate a cannabis business, nor does it establish a “permit” within the meaning of the Permit Streamlining Act, nor does it create an entitlement under the Zoning, Development, or Building Code. A regulatory permit for a CCB does not constitute a permit that runs with the land on which the cannabis business is established. Please note that the cannabis business will be required to obtain a Cannabis Conditional Use Permit, which in turn requires completion of a separate application that will be made available only after the awarding of the CCB permit at the end of Phase IV.

## **FEES**

Pursuant to FMC 9-3316(b)(6)(vi), a qualified social equity applicant’s application fees shall be waived.

All standard applicants will be required to submit a deposit covering the full amount of the application fee. This amount will be charged against time spent by City staff in reviewing applications and administering the application process. Applicants are advised that they may be required to pay additional amounts as required for the sole purpose of the City’s completion of the application review process. The application fee amount is **\$7,920.00**. There will be a background check fee of \$69.00 for each operator, owner, investor, and manager required in Phase IV.

Payments must be made either through the Cannabis Permit Portal at <https://lmsaca.fresno.gov/CitizenAccess/Login.aspx> or in the form of check, money order, or cashier’s check and mailed directly to the City Manager’s Office at the following address utilizing certified mail or a delivery service with confirmation (i.e. FedEx, UPS, etc.):

City of Fresno  
Office of the Mayor and City Manager  
**Office of Cannabis Oversight**  
2600 Fresno Street  
Fresno, California 93721

Payment must be received prior to application processing. If mailing your payment, please ensure that your business name, location address, and application number (assigned when you complete your application in the Portal) is included with your payment. **The full deposit amount is required to be paid at application submittal.** However, any remaining balance that is not used as a result of the Applicant not participating in any phase of the application process will be returned to the Applicant.

In addition to the application fee, FMC 9-2217 (h) states that each person granted a CCB permit shall be required to pay a permit fee established by resolution of the City Council to cover costs administering the CCB permit program. The Cannabis Business Permit Fee is \$19,798.00 and will be paid prior to issuance of the final CCB permit.

## **IMPORTANT**

Once you have fully submitted your application in the permit portal and paid the application fee (if applicable), please send an email to [cannabis.regs@fresno.gov](mailto:cannabis.regs@fresno.gov) with your application number.

## **APPLICATION REVIEW, SCORING AND SELECTION CRITERIA**

### **PHASE I: DETERMINATION OF ELIGIBILITY**

Upon receiving a completed application, the City Manager's Office will conduct an initial review of the application for completeness. Applications that meet the minimum eligibility requirements will advance to Phase II (Criteria Evaluation and Initial Ranking).

### **PHASE II: CRITERIA EVALUATION AND INITIAL RANKING (1,600 points)**

Applications will be evaluated, scored and ranked based on the criteria below. These items should be saved in PDF format as instructed above. Responses to evaluation criteria shall not exceed 200 pages. See APPENDIX A for a description of the evaluation criteria:

- Section 1. Business Plan (300 points)
- Section 2. Social Policy and Local Enterprise Plan (400 points)
- Section 3. Neighborhood Compatibility Plan (300 points)
- Section 4. Safety Plan (300 points)
- Section 5. Security Plan (300 points)

Applicants that have responded satisfactorily to the evaluation criteria and application information, will move on to Phase III of the application process.

### **PHASE III: INTERVIEWS AND SECOND RANKING (2,400 points)**

Applicants will be interviewed and evaluated based upon the criteria below. See APPENDIX A for a description of the evaluation criteria:

- Section 1. Business Plan (300 points)
- Section 2. Social Policy & Local Enterprise Plan (500 points)
- Section 3. Neighborhood Compatibility Plan (300 points)
- Section 4. Safety Plan (300 points)
- Section 5. Security Plan (300 points)
- Section 6. Location (200 points)
- Section 7. Community Benefits and Investments Plan (500 points)

Phase III scores will be tabulated and combined with Phase II scores to establish an overall score of the application. Applicants that have responded satisfactorily to the evaluation criteria and application information, as determined by the City, will advance to Phase IV of the selection process.

### **PHASE IV: CITY MANAGER'S FINAL DETERMINATION AND ISSUANCE OF CCB PERMIT**

The City Manager will make a final determination regarding the Applicants to be awarded a permit and the decision is not necessarily determined by the application score alone. If requested by the City Manager, the Applicants may be requested to provide additional information or respond to further questions before the City Manager makes the final decision on the awarding of a permit(s). Permit awardees will be required to submit to a background check prior to advancing to the land use permitting process. Once the background check is successfully completed, permit awardees will then apply for the necessary land use permits,

including a Cannabis Conditional Use Permit (CUP) as required by FMC Sections 9-3305 and 15-2739. In addition, as part of the land use permitting approval process, those applicants awarded a permit will be required to produce Proof of Insurance.

As a condition of approval of any commercial cannabis business permit, applicants shall be required to meet all of the following conditions before they may be issued a permit:

1. Applicants must execute an agreement, in a form approved by the City Attorney, which indemnifies the City, its employees and agents from any and all claims, losses and liabilities arising out of the city's issuance of a commercial cannabis business permit (See FMC 9-3333(a) for the full extent of the indemnification).
2. Maintain insurance at coverage limits and with conditions thereon determined necessary and appropriate by the City Manager (FMC 9-3333(b)).
3. Reimburse the City for all costs and expenses, including but not limited to legal fees, costs, and court costs which the City may be required to pay as a result of any legal challenge related to the City's approval of a commercial cannabis business permit.

Any decision of the City Manager regarding **approval** of a CCB permit may be appealed to the City Council by: the approved applicant, the Mayor or the Councilmember whose district the business would be located in. Appeals must be initiated by filing a letter with the City Manager. Such action shall require a statement of reasons for the appeal. All appeals shall be filed with the City Manager in writing within 15 days of the date of the decision to issue a commercial cannabis business permit. A City Council hearing shall be set within twenty (20) days of the City Manager receiving an appeal. Ten (10) days prior to the scheduled City Council hearing, a notice of the hearing shall be sent to the applicant, to all properties and property owners of record within a minimum 1,000-foot radius of the proposed business location, and to the Councilmember in whose district the proposed location resides.

## **ESTABLISHMENT OF THE FRESNO COMMUNITY REINVESTMENT FUND**

In order to support equity in the local cannabis industry, The City of Fresno has established the Fresno Community Reinvestment Fund ("the Fund") to support local equity businesses operating in the City of Fresno under Article 33 Section 9-3315(b)(6). The fund will support local equity businesses in the area of workforce development, access to affordable commercial real estate, access to investment financing, and access to legal services and business administration technical assistance. Businesses are encouraged to consider this in the development of their community benefits and investments plan.

## **CONTACT**

If you have any questions or would like an update on the status of your application, please contact the City of Fresno (559) 621-5555 or by email at [Cannabis.regs@fresno.gov](mailto:Cannabis.regs@fresno.gov).



## APPENDIX A: EVALUATION CRITERIA

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### **CRITERIA**

#### **1. BUSINESS PLAN**

- 1.1. Please describe your company ownership structure (ie LLC with one member that is a corporation and list the officers of the corporation).
- 1.2. Owner qualifications. Resumes are not to exceed two (2) pages per owner.
- 1.3. A budget for construction, operation, and maintenance, compensation of employees, equipment costs, utility cost, and other operation costs.
- 1.4. Proof of capitalization in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets which can be verified by the City.
- 1.5. Pro forma for at least three years of operation.
- 1.6. Fully describe hours of operation and opening and closing procedures.
- 1.7. Please state the State of California cannabis license type(s) you intend to apply for.
- 1.8. Daily operations. With as much detail as possible, the Business Plan should describe the day-to-day operations which meet industry best practices.

1.10. Fully describe the day-to-day operations if you are applying for a **TESTING** permit:

##### 1.10.1 Criteria for all testing operations:

- i. Describe the sampling standard operating procedures
- ii. Describe procedures for transporting cannabis field samples
- iii. Describe the chain of custody for field samples
- iv. Describe the quality control procedures
- v. Describe the Laboratory Supervisor/Manager responsibilities and qualifications
- vi. Identify location and procedures for storing cannabis products

#### **2. SOCIAL POLICY AND LOCAL ENTERPRISE PLAN**

- 2.1. Describe whether the Commercial Cannabis Business is committed to offering employees a Living Wage.
- 2.2. Briefly describe benefits provided to employees such as health care, vacation, and medical leave, to the degree they are offered as part of employment.
- 2.3. Describe compensation to and opportunities for continuing education, apprenticeships, and employee training.
- 2.4. Describe the Commercial Cannabis Business plan to recruit individuals who meet the criteria listed in the Social Policy Section 9-3316 (b) (1) of the Fresno Municipal Code (FMC) and the percentage of local employees it hires.
- 2.5. Describe the extent to which the Commercial Cannabis Business will be a locally managed enterprise whose owners and /or managers reside within or own a commercial business within the City of Fresno, for at least one year prior to March 2, 2020.
- 2.6. Describe the number of employees, title/position and their respected responsibilities.
- 2.7. Describe whether the CCB has five (5) or more employees and whether it has signed a labor peace agreement allowing employees to unionize without interference.
- 2.8. Commitment for 30% of employees to be local hires; the business must show that it has either hired or made a good faith effort to hire bona fide residents of Fresno who have not established residency after the submission of an application for employment with the applicant/permittee.
- 2.9. Describe whether the business is willing to serve as a Social Equity Business

Incubator by offering support to local cannabis social equity businesses in the form of mentorship, training, equipment donation, a percentage of shelf space dedicated to Fresno equity business products, legal assistance, financial services assistance, or other technical assistance support.

### 3. NEIGHBORHOOD COMPATIBILITY PLAN

- 3.1. Describe how the CCB will proactively address and respond to complaints related to noise, light, odor, litter, vehicles, and pedestrian traffic.
- 3.2. Describe how the CCB will be managed to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community.
- 3.3. Describe odor mitigation practices.
- 3.4. Identify potential sources of odor.
- 3.5. Describe odor control devices and techniques employed to ensure that odors from cannabis are not detectable beyond the permitted premises.
- 3.6. Describe all proposed staff odor training and system maintenance.
- 3.7. Describe the waste management plan.

### 4. SAFETY PLAN

The Safety Plan should consider all possible fire, medical and hazardous situations. **Complete policy/procedures manuals are not required at this point in the application process.** Please only provide a description for each criterion which incorporates the following provisions:

- 4.1. The Safety Plan shall be prepared and/or assessed by a professional fire prevention and suppression consultant.
- 4.2. Describe accident and incident reporting procedures.
- 4.3. Describe evacuation routes.
- 4.4. Location of fire extinguishers and other fire suppression equipment.
- 4.5. Describe procedures and training for all fire and medical emergencies.

### 5. SECURITY PLAN\*\*

The Security Plan should consider all access control, inventory control, cash handling procedures. **Complete policy/procedures manuals are not required at this point in the application process.** Please only provide a description for each criteria which incorporates the following provisions:

5.1 The Security Plan shall be prepared and/or assessed by a professional security consultant.

5.2 Premises (Security) Diagram. In addition to diagrams submitted for other sections of the application, applicants are expected to submit a premises diagram (or site plan) which, focuses on the proposed security measures and how they relate to the overall business. (Pursuant to CCR Title 16, Division 42, §5006. Premises Diagram).

5.2.1 The diagram shall be accurate, dimensioned and to scale (minimum scale 1/4"). The scale may be smaller if the proposed location exceeds more than a 1/2-acre parcel. The diagram is submitted in PDF format and must be legible. **(Blueprints and engineering site plans are not required at this point of the application process)**

5.2.2 The diagram must be drawn to scale and clearly identify property boundaries, entrances, exits, interior partitions, walls, rooms, windows, and doorways. The activity in each room and the location of all cameras must be identified in the diagram.

5.2.3 Description of cannabis activity that will be conducted in each area of the premise. Commercial cannabis activities that must be identified on the diagram/site plan may include but are not limited to the following if applicable to the business



operations; storage areas, batch sampling areas, loading/unloading of shipment areas, packaging and labeling, customer sales areas, training areas, employee break room areas, extractions, infusions, processing, and testing areas.

5.2.4 Limited-access areas, defined as areas in which cannabis goods are stored or held and only accessible to permittees, or its employees or contractors and areas used for video surveillance monitoring and storage devices (Pursuant to CCR Title 16, Division 42, §5000 (m) Limited-Access Area and §5042 Limited-Access Area.

5.2.5 Number and location of all video surveillance cameras.

5.3 Identify intrusion alarm and monitoring system including the name and contact information for the monitoring company (if the company has been selected).

5.4 Briefly describe cash handling procedures which covers day to day transactions with customers, vendors armor carrier vehicles and transporting it to the bank.

5.5 Discuss whether the CCB will utilize the services of on-site security guards. Include in the discussion:

5.5.1 Number of guards.

5.5.2 Hours guards will be on-site.

5.5.3 Locations at which they will be positioned.

5.5.4 Guards' roles and responsibilities.

## 6. LOCATION

6.1. In addition to the location-related details provided in the Commercial Cannabis Business (CCB) Application (pages 1-7), the application shall include a thorough description of the proposed location, including but not limited to the overall property, building, and floor plan.

6.2. The application shall include at least one (1) photograph of the front (street side) of the building or street view of the vacant parcel.

6.3. Premises (Site) Diagram for each proposed location. In addition to diagrams submitted for other sections of the CCB Application, applicants are expected to submit a premise/site diagram that focuses on the overall property, building. This diagram should show the overall parcel and adjoining or neighboring buildings that may be affected by the commercial cannabis business.

6.3.1. A Premise (Site) Diagram must be accurate, dimensioned and to-scale (minimum scale of 1/4"). The diagram shall provide a detailed description of all available/shared parking spaces, driveway locations, and auxiliary buildings on the parcel. **(Blueprints and engineering site plans are not required at this point of the application process. Security features are not required for this section.)**

## 7. COMMUNITY BENEFITS AND INVESTMENTS PLAN

7.1. The CCB Application should describe the social responsibility plan. This should include all benefits the CCB has provided or plans to provide to the local community, for example by directly aiding, participating in, or funding the work of local non-profits, community-based organizations, civic organizations, or social services organizations. Benefits may be in the form of volunteer services, monetary donations, financial support of City-sponsored activities or organizations, in-kind donations to the City or other charitable organizations and/or any other economic incentives to the City. It may also include, but is not limited to:

7.1.1 Providing funding for or hosting expungement clinics or outreach services.

7.1.2 Incorporating an environmentally sustainable business model including energy efficient buildings and vehicles.

- 7.1.3 Utilizing vacant buildings, brownfields land, or blighted areas of the city for the business.
- 7.2. Describe the Commercial Cannabis Business plan to develop a public health outreach and educational program that outlines the risks of youth use of cannabis and that identifies resources available to youth related to drugs and drug addiction.
- 7.3. Describe whether the Business plans to contribute to the Fresno Community Reinvestment Fund, established to support local cannabis equity businesses.

\* Should an applicant wish the financial information to be treated as confidential, they should clearly identify it on each page as such. However, applicants should be aware that the information may be subject to disclosure under Government Code Section 6254. All applications submitted are considered public documents for Public Records Act request purposes.

\*\* Security Plans will not be made public pursuant to Government Code Section 6254(f).