



CITY OF NOVATO
CALIFORNIA

Commercial Cannabis Business Permit

Request for Proposals

December 16, 2021



Commercial Cannabis Business Permit

Request for Proposals

Introduction

The Medicinal and Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”) regulates all commercial cannabis activities in the State of California. Cities may enact local laws or regulations pertaining to cannabis cultivation, dispensing, manufacturing, distribution, transportation and testing within its jurisdiction.

The Novato City Council formally adopted a commercial cannabis [Licensing Ordinance](#) and [Zoning Ordinance](#) on November 12, 2019, and adopted [Resolution 2019-069](#) which establishes the process for evaluating commercial cannabis business proposals, issuing commercial cannabis licenses and operations parameters for commercial cannabis business activities. **Please review these resolutions and ordinances prior to submitting a proposal.**

Available Licenses

The maximum number and types of available commercial cannabis businesses permits are listed below.

- 1. Non-Store Front Retail:** Unlimited
- 2. Testing Laboratory:** 2 available
- 3. Manufacturing:** 2 available
- 4. Indoor Cultivation:** 1 available
- 5. Microbusiness:** 2 available
- 6. Distribution:** 1 available if permitted as a standalone business holding a State license type 11 only. No limit if permitted as an ancillary activity to one of the business types 1-5 (where permitted by state law.)



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Selection Process

In order to operate a commercial cannabis business, Proposer(s) shall successfully complete a rigorous review process. The steps of the process are generally described as:

- 1** City issues a Request for Proposals to operate a Commercial Cannabis Business.
- 2** Verify the use is allowed at your preferred location by reviewing the zoning ordinance or by submitting the type of commercial use and property address to planning@novato.org. Proposals must include a letter of authorization from the property owner at the proposed location.
- 3** Submission of a complete Proposal for consideration by the City.
- 4** Successfully complete an interview, background investigation and vetting process.
- 5** Achieve a score of 80% or greater from the Proposal Review Committee and be forwarded to the City Council as a finalist.
- 6** Be awarded a Conditional Certificate (CC) by the City Council, which grants the Proposer the privilege of applying for a Commercial Cannabis Business Permit (CCBP).
- 7** Apply for and secure all required land use permits, other agency licenses or authorizations and building permits and complete any required environmental review pursuant to the California Environmental Quality Act (CEQA).
- 8** Complete the improvements permitted under the CC and land use permits necessary to apply for and secure the CCBP.
- 9** Complete all other requirements precedent to the issuance of a CCBP set forth in Novato Municipal Code Section 8-11.
- 10** Apply for and secure the ministerial CCBP.



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Community Benefit Agreements

In lieu of paying cannabis business tax, each Licensee will be required to execute a Community Benefit Agreement (CBA) with benefits generally equal to the value of a competitive tax rate. These benefits need to be detailed in your proposal and could include youth education programs, employee pay scales higher than the region, or cash payments to the City for services. Specific benefit packages must be agreed to as a condition of the Conditional Certificate. Current tax rates which will be used to evaluate the proposed benefits (and expressed as percentages of gross receipts) are: Retail 3.5%, Manufacturing 2%, Distribution 1%, Microbusinesses with Retail 4%, Microbusinesses without Retail 2.5%, Indoor Cultivation 3%.

Proposal Review Process

An administrative rating system has been created which reflects the priorities of the City. The City reserves the right to reject any or all Proposals if it is determined to be in the best interest of the City, taking into account any aspect of the health, safety and/or welfare of the community.

A Proposal Review Committee (“PRC”) shall consider each Proposal and will give particular consideration to the capacity, capitalization and history of the Proposer, the community benefits proposed to be proved by the proposed commercial cannabis business and any other factors that the City, in its discretion, deems necessary to maintain and/or promote the health, safety and general welfare of the public.

The purpose of the PRC is to develop a list of qualified finalists (“Finalists”) for the various types of cannabis businesses allowed. All Proposals receiving a score of 80% or higher by the PRC will be referred to the City Council as Finalists. Any decision of the PRC to reject a Proposal or to award a Proposal score of less than 80% may be appealed to the City Council, pursuant to Novato Municipal Code Section 8-11.19.



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Proposal Review Process (cont.)

The PRC reserves the right to contact any proposer if the PRC has additional questions after reviewing the Proposals and to interview any or all Proposers as the PRC finds necessary in order to provide each with an overall score.

The City will mail notices to all properties and property owners within 600-feet of the boundaries of the property upon which the commercial cannabis business is proposed, at least ten (10) days prior to consideration of the Finalists by the City Council.

Required Proposal Content

The content of each Proposal shall include the following minimum information and documents:

a.

Identifying information for ownership and management, including the respective percentages of ownership.

b.

Name and address of each commercial cannabis business owner and an explanation of the legal form of business ownership.

c.

Description of proposed operations. A description of the nature of the proposed commercial cannabis activity and its day-to-day operations, including product types, average or expected sales amounts by product type and average or expected amount of cannabis storage and average or expected amounts of all anticipated hazardous materials. Description should also include details on how the overall business plan will comply with the local regulatory ordinance and how the Proposer (s) intends to facilitate communications with the City.



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Request for Proposals

Required Proposal Content (cont.)

d.

Compliance with State, Regional & Local Regulations. Proposer(s) will list all licenses or permits needed in order to operate and detail how the operation will comply with those regulations.

e.

Additional identifying information for proposed Owners and all employees. The Proposer(s) shall submit for each commercial cannabis owner, as well as for each employee, specific personal information, including:

- | | |
|-----------------------------|--|
| ⇒ Names | ⇒ Relevant work history |
| ⇒ Birthdates | ⇒ Names, addresses, telephone numbers, email addresses and investor/partner information of businesses owned or operated within the last 10 years |
| ⇒ Addresses | |
| ⇒ Social Security numbers | |
| ⇒ Complete criminal history | |

Electronic fingerprint images and related information as required by the Chief of Police for the purpose of obtaining information as to the existence and content of a record of State or Federal convictions and arrests must also be provided. **Mandatory criminal background checks will be conducted using this information.**

f.

Security Plan. A description and documentation of how the Proposer(s) will secure the business and premises at all times as is required under [Novato Municipal Code section 8-11.27](#).



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Required Proposal Content (cont.)

g.

Disclosure of litigation and legal proceedings. A description of any litigation in which the Proposer(s) and/or principals have been involved within the 10 years immediately preceding the date of the Proposal and a statement of whether any authorization allowing the business currently operated by the Proposer(s) or the State license authorizing the operation of such business has been revoked or suspended within the 10 years immediately preceding the date of the Proposal.

h.

Emissions, Odor Control and Ventilation. A description (with plans, if available) of how facility will provide a sufficient odor absorbing ventilation and exhaust systems so that odor generated inside the facility is not detected outside the facility, anywhere on adjacent property or in public right-of-way, or within any other unit located within the same building as the cannabis facility is located. All commercial cannabis businesses must install a ventilation system that adequately controls for odor, humidity and mold.

i.

Wastewater. The applicant shall demonstrate to the satisfaction of the Novato Sanitary District that sufficient wastewater capacity exists for the proposed use. To the extent the proposed use will result in agricultural or industrial discharges to the District's wastewater system, the applicant shall provide a plan for meeting all federal, state, and local requirements for such discharges.



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Request for Proposals

Required Proposal Content (cont.)

j.

Water Supply. If proposed use will occupy an existing building, applicant shall demonstrate to the satisfaction of the North Marin Water District and the Novato Building Official that water usage is efficient and will not exceed that of the building's historical entitlement and existing utility infrastructure without additional review and prior approval by the City and North Marin Water District.

If proposed use will occupy a newly constructed building, the proposed use and construction design shall include all necessary devices and processes to ensure water usage is efficient and adequate supply is available for the zone in which it is proposed.

k.

Compliance with County Health Officials. Cannabis manufacturers, dispensaries, and delivery operations shall be subject to permit requirements and regulations, including inspections, established by the Marin County Departments of Environmental Health and Health & Human Services. All such permit requirements and regulations shall be interpreted to implement the purpose and intent of [Novato Municipal Code Chapter 19](#), and shall not prohibit or unreasonably restrict any commercial cannabis use allowed under that Chapter.

The City Manager may eliminate this requirement after the California Department of Public Health, or applicable state agency, establishes regulations related to cannabis product safety.



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Required Proposal Content (cont.)

l.

Pro Forma. Three years of pro forma estimates for operation, including a discussion of the business assumptions used to develop the estimates. Example assumptions include revenue, customer volume, visits and product costs, debt service, reserves, compensation of employees, net

m.

Startup Cost and Evidence of Sufficient Capitalization. An estimate of startup cost sufficient to, at a minimum, fund the business through the first three months of its operation. Startup cost shall include:

⇒ Rents

⇒ Insurance

⇒ Fees

⇒ Construction

⇒ Escrow costs if acquiring property

⇒ Tenant improvements

⇒ Equipment and software
purchases

Evidence of sufficient capital may be provided in the form of bank statements, letters of credit, and proof of loan agreements.

n.

Community Benefit. A description of the benefits that the commercial cannabis business will provide to the local community, such as employment for residents of the City, community contributions and/or economic incentives to the City. Any community benefits that a business agrees to provide will be incorporated into the terms and conditions under which the business will operate with the City's approval, if and when the Conditional Certificate is awarded.



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Required Proposal Content (cont.)

o.

Fees. An Administrative Review Fee Deposit as of \$2,615 shall be submitted to the City along with the Proposal to be used to cover the cost of all needed staff time, consultant and legal costs and other resources utilized in vetting the Proposal. The Proposer(s) shall also be responsible for reimbursing the City for any staff time and City resources, in excess of the deposit, if needed. If any monies are not expended, they shall be refunded. Proposer(s) shall be required to execute a cost recovery agreement with the City as a condition to submitting a Proposal.

p.

Additional information. The Proposal may also be required to include additional information and/or documents pursuant to regulations promulgated to implement and enforce the provisions of [Resolution No. 2019-069](#).

q.

Description of Proposed Site. The site address, description of the premises, name and address of the property owner(s) where the commercial cannabis business is proposed to be located, as well as a site plan and floor plan(s) of the proposed commercial cannabis business and a letter from the property owner acknowledging the proposed cannabis business use.



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Consideration of Finalists

The City Council will hold a duly noticed public hearing to consider awarding Conditional Certificates to one or more Finalists. The award of Conditional Certificates shall be left to the sole discretion of the City Council.

The City Council's award of each Conditional Certificate will be memorialized in written decisions supporting each award and identifying any additional conditions and/or agreements required by the City Council. The Council may award Conditional Certificates for each category of commercial business identified in Novato Municipal Code Section 8-11.9 in an amount no greater than the numbers assigned.

The City Council reserves the right to reject any or all Proposals and reserves the right to request and obtain additional information from any Proposer, should the City Council find such actions necessary in order for the Council to make an informed decision or otherwise act in the best interests of the health, safety and/or welfare of the City.

At any time prior to a Commercial Cannabis Business Permit being issued to any Proposer, the City Council may modify, postpone or cancel (i) any requirement applicable to any Proposer, or (ii) the entire program without any liability, obligation or commitment to any Proposer, party, firm or organization. All Proposers assume the risk that all or any part of the program, or any particular category of permit, may be cancelled or eliminated at any time prior to the Proposer being issued a Commercial Cannabis Business Permit.



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Request for Proposals

Request for Proposals Process & Information

Availability. A copy of this RFP are available for download from the City's Cannabis Regulations page on our website at www.novato.org.

Affirmative Action. The City affirmatively ensures that minority or women business enterprises will be afforded full opportunity to submit proposals in response to this notice and will not be discriminated against on the basis of race, religions creed, color, national origin, ancestry, physical handicap, medical condition, marital status or sex.

Right to Reject. The City reserves the right to reject any and all Proposals for failure to meet the requirements contained herein, to waive any irregularities.

Delivery of Proposals. It is the Proposer's responsibility alone to ensure that the proposal is received by the City of Novato prior to the date and hours of the deadline. Any proposals received after that hour and date shall be returned unopened. The delivery package shall be clearly marked with the name indicated on the last page of this RFP and clearly marked with the following, "Commercial Cannabis Proposal."

Interpretation of the RFP. If the Proposer is in doubt as to the meaning of any part of this RFP, they must submit a written request (email is acceptable) for interpretation or correction direct to the person named at the end of this RFP, no less than three business days prior to the submittal deadline.

Authorization. The proposal must include a cover letter with the type of Commercial Cannabis business being proposed, the specific types of State licenses that will be necessary to operate, the proposed location of the business and must be signed by a member of the ownership team identified in the Proposal.



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Request for Proposals Process & Information

Ranking of Proposals. The criteria that will be used to rank applications is attached to this RFP.

Proposed Schedule. A timetable for the selection process is summarized below. Note that these target dates are subject to change by the City.

General Conditions: The issuance of this RFP constitutes only an invitation to present responses. The City reserves the right, at its sole discretion, to determine whether or not any aspect of the response satisfactorily meets the criteria established in the RFP and regulatory documents. The City reserves the right to seek additional information and/or clarification from the Proposer, the right to confer with any Proposer submitting a response and the right to reject any and all responses with or without cause. In the event that the RFP is withdrawn by the City for any reason, the City shall have no liability to any respondent for any costs or expense incurred with the preparation of this RFP, however, the City will refund the applica-

Timeline for Selection Process	
Key Activity	Target Date(s)
RFP Release	December 16, 2021
Deadline for Submission of Proposals	January 24, 2022
Evaluation by Proposal Review Committee (PRC)	January 25 - 31, 2022
Interviews by PRC if Necessary	February 7 - 8, 2022
Selection of Finalists by City Council	March 8, 2022
Notification of Award of Conditional Certificate (CC)	March 9, 2022
Complete all Necessary Land Use and Permitting Actions	Up to 2 Years from Award of CC
Complete all Necessary Requirements of Licensing or Community Ben-	
Award of Commercial Cannabis Business Permit	



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Attachments

1. Commercial Cannabis Business Operational Requirements
2. Commercial Cannabis Proposal Ranking Sheet

Submission Instructions

Submit eight (8) hard copies in three ring binders plus one (1) electronic copy on a thumb drive of the complete proposal package, together with an application review payment in the amount of \$2,615, either by mail or delivery to:

Will Morat
Sr. Analyst, Economic Development
wmorat@novato.org
City of Novato
922 Machin Avenue
Novato, CA 94945
415-899-8933

Proposals must be received no later than 5:00 pm, Monday, January 24, 2022.

Proposals delivered directly to the City of Novato shall be delivered to the Main Lobby at 922 Machin Avenue, Monday through Thursday between the hours of 9:00 am—5:00 pm. Current COVID protocols in effect on the date of delivery will be enforced and are subject to change between the publishing of this Request for Proposals and the delivery date.



CITY OF NOVATO
CALIFORNIA

Commercial Cannabis Business

OPERATIONAL REQUIREMENTS

Commercial Cannabis Business

OPERATIONAL REQUIREMENTS

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SECURITY MEASURES

Security Plans must include all of the following:

1.

Alarm System (perimeter, fire and all other). System shall be professionally installed, maintained by a security company licensed by the State of California Bureau of Security and Investigative Services

2.

Remote monitoring of alarm systems by licensed security professionals.

3.

Perimeter lighting systems (including motion sensors) for after-hours security.

4.

Perimeter security and lighting as approved by the Police Chief and Community Development Director or designee.

5.

Prevention of individuals from remaining on the premises of the commercial cannabis business if they are no longer engaging in an activity directly related to the permitted operations of the commercial cannabis business.

6.

Establishing limited access areas accessible only to authorized commercial cannabis business personnel.

7.

Secured Storage. Except for live growing plants which are being cultivated at a cultivation operation, all cannabis and cannabis products shall be stored in a secured and locked vault or vault equivalent. All safes and vaults shall be compliant with Underwriter Laboratories burglary-resistant and fire-resistant standards. All cannabis and cannabis products, including live plants that are being cultivated, shall be kept in a manner as to prevent diversion, theft and loss.

Commercial Cannabis Business

SECURITY MEASURES

8.

Installing 24-hour security surveillance cameras of at least HD-quality to monitor all entrances and exits to and from the premises, all interior spaces within the commercial cannabis business which are open and accessible to the public, all interior spaces where cannabis, cash or currency is being stored for any period of time on a regular basis and all interior spaces where diversion of cannabis could reasonably occur.

All cameras shall record in color. All exterior cameras shall be in weather-proof enclosures, shall be located so as to minimize the possibility of vandalism, and shall have the capability to automatically switch to black and white in low light conditions.

The commercial cannabis business shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the City Manager or his/her designee(s), and that it is compatible with the City's software and hardware.

Video recordings shall be maintained for a minimum of 90 days and shall be made available to the City Manager or his/her designee(s) upon request.

Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the site of the commercial cannabis business and shall be capable of enlargement via projection or other means.

Internet Protocol address information shall be provided to the Novato Police Department by the commercial cannabis business, to facilitate remote monitoring of security cameras by the Department of its designee.

9.

Sensors shall be installed to detect entry and exit from all secure areas and shall be monitored in real time by a security company licensed by the State of California Bureau of Security and Investigative Services.

10.

Any bars installed on the windows or doors of the commercial cannabis business shall be installed only on the interior of the building.

Commercial Cannabis Business

SECURITY MEASURES

11.

Any security personnel must be licensed by the State of California Bureau of Security and Investigative Services personnel and shall be subject to the prior review and approval of the City Manager or his/her designee(s), with such approval not to be unreasonably withheld.

Firearms may be carried by security personnel while they are on duty if authorized by the Chief of Police.

12.

Power outages. Each commercial cannabis business shall have the capability to remain secure during a power outage and shall ensure that all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during a power outage.

13.

Entrance areas are to be locked at all times and under the control of a designated responsible party that is either (a) an employee of the commercial cannabis business, or (b) a licensed security professional.

14.

Accounting software. Each commercial cannabis business shall have an accounting software system in place to provide point of sale data as well as audit trails or both product and cash, where applicable.

15.

Track and trace. Each commercial cannabis business shall demonstrate to the Chief of Police, City Manager or their designees, compliance with the State's track and trace system for cannabis and cannabis products, as soon as it is operational.

16.

Inventory, facility and employee protection. Each commercial cannabis business shall have a professionally installed video surveillance system, access control and intrusion alarm systems designed to protect inventory, facility and employees. Each business shall have network security protocols that are certified by Underwriters Laboratories.

Commercial Cannabis Business

SECURITY MEASURES

17.

Exterior vegetation shall be planted, altered and maintained in a fashion that precludes its use as a hiding place for persons on the premises.

18.

Emergency access and emergency evacuation plans that are in compliance with state and local fire safety standards.

DESIGNATED SECURITY REPRESENTATIVE

Each commercial cannabis business shall identify a designated security representative/liaison to the City, who shall be reasonably available to meet with the City Manager or his/her designee(s) regarding any security related measures or any operational issues.

The designated security representative/liaison shall, on behalf of the commercial cannabis business, annually maintain a copy of the current security plan on the premises of the business, to present to the City Manager or his/her designee upon request that meets that following requirements:

1.

Confirms that a designated manager will be on during business hours and will be responsible for monitoring the behavior of employees.

2.

Identifies all managers of the commercial cannabis business and their contact phone numbers.

3.

Confirms that first aid supplies and operational fire extinguishers are located in the service areas and the manager's office.

4.

Confirms that burglar, fire and all other alarms are operational and monitored by a licensed security company 24 hours a day, 7 days a week, and provides contact information for each licenses security company.

Commercial Cannabis Business

SECURITY MEASURES

DESIGNATED SECURITY REPRESENTATIVE (CONT.)

5.

Identifies a sufficient number of licensed, interior and exterior security personnel who will monitor individuals inside and outside the commercial cannabis business, the parking lot, and any adjacent property under the business' control.

6.

Confirms that the licensed security personnel shall regularly monitor the parking lot and any adjacent property to ensure that these areas are: (i) free of individuals loitering or causing disturbances; (ii) are cleared of employees and their vehicles one-half hour after closing.

STORAGE AND TRANSPORTATION PLAN

As part of the application and permitting process, each commercial cannabis business shall have a storage and transportation plan, which describes in detail the procedures for safely and securely storing and transporting all cannabis, cannabis products, any hazardous materials that may be used by the business, and any currency.

INSPECTION/AUDIT

Commercial cannabis businesses shall cooperate with the City whenever the City Manager or his/her designee(s) makes a request, with or without prior notice, to inspect or audit the effectiveness of any security plan.

Commercial Cannabis Business

SECURITY MEASURES

NOTIFICATION

A commercial cannabis business shall notify the City Manager or his/her designee(s) within 24 hours after discovering any of the following:

1. Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the City Manager or his/her designee(s).
2. Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business.
3. The loss or unauthorized alteration of records related to cannabis, customers or employee or agents of the commercial cannabis business.
4. Any other breach of security.

COMPLIANCE

Compliance with these requirements shall be verified by the City Manager or his/her designee prior to commencing business operations. The City Manager or his/her designee may supplement these security requirements once operations begin, subject to review by the City Manager is requested by the business owner.

Commercial Cannabis Business

GENERAL OPERATIONAL REQUIREMENTS

GENERAL REQUIREMENTS

a.

Commercial cannabis business may operate only during the hours specified in the Commercial Cannabis Business Permit (CCBP) issued by the City. No person under the age of 21 shall operate, or be issued a permit for, a commercial cannabis business of any kind.

b.

No cannabis or cannabis related products or graphics depicting cannabis products shall be visible from the exterior of any property issued a CCBP, or on any of the vehicles owned or used as part of the commercial cannabis business. No outdoor storage of cannabis or cannabis products is permitted at any time.

c.

Each commercial cannabis business shall have in place a point-of-sale or management Inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City.

The commercial cannabis business shall ensure that such information is compatible with the City's record-keeping systems. In addition, the system must have the capability to produce historical transactional data for review and any system selected must be approved and authorized by the City Manager or his/her designee(s) prior to being used by the permittee.

d.

All cannabis and cannabis products sold, distributed or manufactured shall be cultivated, manufactured and transported by licensed facilities that maintain operation in full conformance with the State and local regulations.

e.

Each commercial cannabis business shall provide the City Manager or his/her designee(s) with the name, telephone number (both land line and mobile, if available) of an on-site employee or owner to whom emergency notice can be provided at any hour of the day.

Commercial Cannabis Business

GENERAL OPERATIONAL REQUIREMENTS

SIGNAGE AND NOTICES

1. Business identification signage for a commercial cannabis business shall conform to the requirements of the City of Novato ordinance, including, but not limited to, seeking the issuance of a City sign permit.
2. No signs placed on the premises of a commercial cannabis business shall obstruct any entrance or exit to the building or any window.
3. Each entrance to a commercial cannabis business shall be visibly posted with a clear and legible notice indicating that smoking, ingesting or otherwise consuming cannabis on the premises or in the areas adjacent to the commercial cannabis business is prohibited.
4. Business identification signage shall be limited to that needed for identification only and shall not contain any logos or information that identifies, advertises or lists the services or the product offered. No commercial cannabis business shall advertise by having a person holding a sign and advertising the business to passerby, whether such person is on the premises of the commercial cannabis business or elsewhere, including, but not limited to, the public right-of-way.
5. Signage shall not depict any image of cannabis or cannabis products. No banners, flags, billboards or other prohibited signs may be used at any time.
6. In accordance with state law and regulations or as stipulated in the City of Novato regulatory permit, holders of a Commercial Cannabis Business Permit shall agree that, as an express and ongoing condition of permit issuance and subsequent renewal, the holder of the permit shall be prohibited from advertising any commercial cannabis business located in the City of Novato utilizing :
 - Billboards (fixed or mobile)
 - Bus shelter
 - Placard
 - Aircraft
 - Any other similar form of advertising

This is not intended to place limitations on the ability of a commercial cannabis business to advertise in other legally authorized forms including on the internet, in magazines or in other similar ways.

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GENERAL OPERATIONAL REQUIREMENTS

MINORS

Persons under the age of 21 years old shall not be allowed on the premises of a commercial cannabis business and shall not be allowed to serve as a driver for a mobile delivery service. It is unlawful and a violation of City regulations for any person to employ any person at a commercial cannabis business who is not at least 21 years of age.

The entrance to the commercial cannabis business shall be clearly and legibly posted with a notice that no person under the age of 21 years of age is permitted to enter upon the premises of the commercial cannabis business.

ODOR CONTROL

Odor control devices and techniques must be incorporated in all commercial cannabis businesses to ensure that odors from cannabis are not detectable off-site.

Commercial cannabis businesses must provide a sufficient odor absorbing ventilation and exhaust system so that odor generated inside the commercial cannabis business that is distinctive to its operation is not detected outside of the facility, anywhere on adjacent property or public-right-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as the commercial cannabis business. As such, commercial cannabis business must install and maintain the following equipment, or other equipment which the City Manager or his/her designee(s) determine is a more effective method or technology:

1.

An exhaust air filtration system with odor control that prevents internal odors from being emitted externally.

2.

An air system that creates negative air pressure between the commercial cannabis business's interior and exterior, so that the odors generated inside the commercial cannabis business are not detectable on the outside of the commercial cannabis business.

Commercial Cannabis Business

GENERAL OPERATIONAL REQUIREMENTS

HAZARDOUS MATERIALS

To the extent that the applicant intends to use any hazardous materials in its operations, the applicant must provide evidence of approval from Novato Fire Protection District and Marin County CUPA as required, identifying all hazardous materials proposed for storage, use or handling on the premises, including compressed and cryogenic gases such as carbon dioxide, nitrogen and others, and confirming a plan for safe, secure storage.

“Hazardous materials” includes any hazardous substance regulated by any federal, state or local laws or regulations intended to protect human health or the environment from exposure to such substances.

DISPLAY OF PERMIT & BUSINESS LICENSE

The original copy of the commercial cannabis business permit issued by the City and the City-issued business license shall be posted inside the commercial cannabis business in a location readily-visible to the public.

LOITERING

The owner and/or operator of a commercial cannabis business shall prohibit loitering by persons outside the facility both on the premises and within 50 feet of the premises. The cannabis business must notify the Novato Police Department if anyone continues to loiter around the building or premises after all reasonable action has been taken to remove the individual(s) and the action has failed to do so in a timely manner.

PERMITS & OTHER APPROVALS

Prior to the establishment of any commercial cannabis business or the operation of any such business, the person intending to establish a commercial cannabis business must first obtain all applicable planning, zoning, building and other applicable permits from the relevant governmental agency which be applicable to the zoning district in which the commercial cannabis business intends to establish and operate.

TRAINING STANDARDS

Each commercial cannabis operator must establish minimum training standards for all employees. The City Manager shall have the discretion to require other training for the business operations should the City identify deficiencies or non-compliance issues with City or State requirements.

Commercial Cannabis Business

NON-STORE FRONT RETAIL REQUIREMENTS

NON-STORE FRONT RETAIL OPERATING REQUIREMENTS

a.

A Non-Store Front Retailer License Owner and/or Operator shall only sell cannabis or cannabis products to a natural person 21 years of age or older, or a natural person 18 years of age or older who possesses a physician's recommendation or cannabis card issued pursuant to Health and Safety Code Section 1136.71 for cannabis medical use only.

b.

Non-Store Front Retailer (Delivery) License Owners and Operators are required to verify the age and documentation, if necessary, of each customer. If customer is under the age of 21 years old, the Owner/Operator must verify that the potential customer has a valid doctor's recommendation or cannabis card issued pursuant to Health and Safety Code Section 11362.71. Doctor recommendations are not to be obtained or provided at the retail location.

c.

All Retailers which conduct deliveries into or within the City of Novato shall be required to obtain a permit from the City of Novato in order to conduct retail sales regardless if they are located in the City or another jurisdiction. Out of City retailers shall obtain permits in accordance with Novato Municipal Code section 8-11.30 through 8-11.32 and operate in accordance with Section 8-11.32 and all other applicable sections of chapter 8-11.

d.

Operating hours of the Non-Store Front Retailer shall be limited to the hours of 8:00am through 10:00pm, seven days a week.

Commercial Cannabis Business

NON-STORE FRONT RETAIL REQUIREMENTS

NON-STORE FRONT RETAIL VEHICLE REQUIREMENTS

Prior to commencing operations, a Non-Store Front Retailer must provide the following information to the City:

a.

Proof of ownership of the vehicle or a valid lease for any and all vehicles that will be used to deliver cannabis or cannabis products.

b.

The year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for any and all vehicles that will be used to deliver cannabis goods.

c.

Proof of insurance as required in Novato Municipal Code Section 8-11.25 for any and all vehicles being used to deliver cannabis goods.

d.

The licensee shall provide the City with the information required in writing for any new vehicle that will be used to deliver cannabis goods prior to using the vehicle to deliver cannabis goods.

e.

The licensee shall provide the city with any changes in writing within 30 calendar days.

Commercial Cannabis Business

TESTING LAB REQUIREMENTS

TESTING LAB REQUIREMENTS

a.

Testing Labs shall be required to conduct all testing in a manner pursuant to Business and Professions Code Section 26100 and shall be subject to state and local law. Each Testing Lab shall be subject to additional regulations as determined from time to time as City regulations and State laws and regulations develop and change.

b.

Testing labs shall conduct all testing in a manner consistent with general requirements for competence of testing and calibrations activities, including sampling using verified methods.

c.

All cannabis testing laboratories performing testing shall obtain and maintain ISO/IEC 17025 accreditation as required by the Bureau of Cannabis Control.

d.

Testing labs shall destroy any harvest batch whose testing sample indicates noncompliance with health and safety standards required by the bureau unless remedial measures can bring the cannabis or cannabis products into compliance with quality standards as specified by law and implemented by the bureau.

e.

Each operator shall ensure that a testing laboratory employee takes the sample of cannabis or cannabis products from the distributor's premises for testing required by state law and that the testing laboratory employee transports the sample to the testing laboratory.

f.

Except as provided by state law, a testing laboratory shall not acquire or receive cannabis or cannabis products except from a licensee in accordance with state law, and shall not distribute, sell or dispense cannabis or cannabis products from the licensed premises from which the cannabis or cannabis products were acquired or received. All transfer or transportation shall be performed pursuant to a specified chain of custody protocol.

g.

A testing laboratory may receive and test samples of cannabis or cannabis products from a qualified patient or primary caregiver only if the qualified patient or primary caregiver presents the qualified patient's valid physician's recommendation for cannabis for medicinal purpose. A testing lab shall not certify samples from a qualified patient or primary caregiver for resale or transfer to another party or licensee.

All tests performed by a testing laboratory for a qualified patient or primary caregiver shall be recorded with the name of the qualified patient or primary caregiver and the amount of the cannabis or cannabis related products received.

Commercial Cannabis Business

MANUFACTURING REQUIREMENTS

MANUFACTURING REQUIREMENTS

Edibles and other Cannabis product; Sale or Distribution of Edible and other Cannabis Products

a.

Only manufacturers possessing a State License Type 6, 7, N or P are permitted to establish and operate a manufacturing site in the City.

b.

Facilities may use non-volatile processes such as heat, screens, presses, steam distillation, ice water, ethanol, and other methods without employing solvents or gases to creating keef, hashish, bubble hash or infused dairy butter, or oils or fats derived from natural sources.

c.

Facilities may use volatile solvents allowed under State licensing requirements only after demonstrating compliance or the ability to comply with all Federal, State and Local requirements for hazardous materials, use, storage and handling.

Commercial Cannabis Business

DISTRIBUTOR REQUIREMENTS

DISTRIBUTOR REQUIREMENTS

a.

Distribution activities are allowed as both a stand-alone and as an ancillary activity to another locally permitted commercial cannabis activity such as manufacturing or cultivation. All Distribution activities require a license from the State which allows a licensee to transport cannabis goods between licenses, to arrange for testing of cannabis goods, and to conduct the quality assurance review of cannabis goods to ensure compliance with all packaging and labeling requirements. A licensed distributor may only distribute cannabis goods, cannabis accessories and licensees' branded merchandise or promotional materials.

b.

A distributor shall not distribute non-cannabis good or non-cannabis accessories at a licensed premise. For the purpose of this section, non-cannabis goods are any goods that do not meet the definition of cannabis goods as defined in Section 5000(c) of the California Code of Regulations.

c.

After taking physical possession of a cannabis goods batch, the distributor shall contact a testing laboratory and arrange for a laboratory employee to come to the distributor's licensed premises to select a representative sample for laboratory testing.

d.

A distributor shall ensure that all cannabis goods batches are stored separately and distinctly from other cannabis goods batches on the distributor's premises.

e.

The distributor shall ensure that the batch size from which the sample is taken meets the requirements of state law, specifically the testing provisions with the California Code of Regulations.

f.

A distributor or an employee of the distributor shall be physically present to observe the laboratory employee obtain the sample of cannabis goods for testing and shall ensure that the increments are taken from throughout the batch. The sampling shall be video-recorded, and the recording kept available to the state and local authorities for a minimum of 180 days, pursuant to Section 5305 of the California Code of Regulations.

g.

A distributor shall not transport cannabis or cannabis products to a licensed retail facility until and unless it has verified that the cannabis or cannabis products have been tested and certified by a testing lab as being in compliance with state health and safety requirements pursuant to Sections 5705, 5710 and 6714 of the California Code of Regulations.

Commercial Cannabis Business

CULTIVATION REQUIREMENTS

COMMERCIAL CULTIVATION REQUIREMENTS

a.

This section applies to all commercial cannabis cultivation uses and activities, including but not limited to indoor cultivation environments and associated drying, curing, grading and trimming facilities. Cannabis cultivation does not include operations that manufacture cannabis products such as oils, tincture or edibles, which are classified separately.

b.

Outdoor or mixed light cultivation is prohibited. The cultivation of cannabis for commercial use may only occur within a fully enclosed structure which can be secured against entry.

c.

All cultivation activities shall at all times comply with the maximum canopy sizes of their State and local licenses and permits.

d.

Structures and areas where cannabis is processed, dried, aged, stored, trimmed, packaged or weighed, and areas where equipment is stored and washed, shall be limited to the on-site cultivation use only.

e.

Cultivation activities shall utilize measures to reduce water use to the maximum extent practical. Operators shall ensure practices are followed which eliminate overwatering or runoff, or other water waste.

f.

The best lighting technology resulting in lowered energy use which is readily available to this industry shall be used for artificial lighting of the canopy.

g.

Cultivation uses that provide access to the public, including but not limited to employees, vendors, contractors or business partners shall meet Novato Municipal Code requirements for accessibility, including accessible parking, accessible path of travel, restrooms and washing facilities.

Commercial Cannabis Business

MICROBUSINESS REQUIREMENTS

MICROBUSINESS REQUIREMENTS

- a.** Storefront retail activities as a component of a microbusiness is prohibited.

- b.** All activities of a microbusiness shall comply with the requirements of individual constituent activities as required in Sections 300 through 900 of [Resolution 2019-069](#).



Commercial Cannabis Business Permit

Proposal Rating Sheet

Points Key

- 0 Not Complete
- 1-3 Below Average
- 4-6 Average
- 6-8 Above Average
- 9-10 Exceptional

Business Name: _____

License Type: _____

Rater Name: _____

Date: _____

A maximum of ten points may be awarded in each category.

1.	<u>Description of Proposed Operations</u>	<u>Points</u>
1.	<p>Proposer(s) provides a description of the nature of the proposed commercial cannabis activity and its day-to-day operations, including:</p> <ul style="list-style-type: none"> • Product types • Average or expected amount of cannabis storage • Average or expected amounts of all anticipated hazardous materials. • Average or expected sales amounts by product type <p>Description should also include details on how the overall business plan will comply with the local regulatory ordinance and how the Proposer (s) intends to facilitate communications with the City.</p>	
2.	<p style="text-align: center;"><u>Compliance with State, Regional & Local Regulations</u></p> <p>Proposer(s) provides a description of the specific State License(s) or permits they plan to obtain; applicant describes how the business will meet the State licensing requirements as well as applicable regulations from other State, regional and local agencies such as Regional Water Quality Control Board and County Environmental Health.</p>	
3.	<p style="text-align: center;"><u>Security Plan</u></p> <p>Proposer(s) provides a description and documentation of how the Proposer(s) will secure the business and premises at all times as is required under Novato Municipal Code section 8-11.27.</p>	



4.	<p style="text-align: center;"><u>Emissions, Odeur Control and Ventilation</u></p> <p>Proposer(s) provides a description (with plans, if available) of how facility will provide a sufficient odor absorbing ventilation and exhaust systems so that odor generated inside the facility is not detected outside the facility, anywhere on adjacent property or in public right-of-way, or within any other unit located within the same building as the cannabis facility is located.</p> <p>All commercial cannabis businesses must install a ventilation system that adequately controls for odor, humidity and mold.</p>	
5.	<p style="text-align: center;"><u>Water Supply</u></p> <p>If proposed use will occupy an existing building, Proposer(s) demonstrates that water usage is efficient and will not exceed that of the building's historical entitlement and existing utility infrastructure without additional review and prior approval by the City and North Marin Water District.</p> <p>If proposed use will occupy a newly constructed building, the proposed use and construction design includes all necessary devices and processes to ensure water usage is efficient and adequate supply is available for the zone in which it is proposed.</p>	
6.	<p style="text-align: center;"><u>Wastewater</u></p> <p>The Proposer(s) demonstrates that sufficient wastewater capacity exists for the proposed use. To the extent the proposed use will result in agricultural or industrial discharges to the Novato Sanitary District's wastewater system, the applicant provides a plan for meeting all federal, state, and local requirements for such discharges.</p>	
7.	<p style="text-align: center;"><u>Pro Forma</u></p> <p>The Proposer(s) provides three years of pro forma estimates for operation, including a discussion of the business assumptions used to develop the estimates.</p> <p>Example assumptions include revenue, customer volume, visits and product costs, debt service, reserves, compensation of employees, net income and profit, equipment costs, utility costs, and other operation and maintenance costs.</p>	



8.	<p style="text-align: center;"><u>Startup Cost and Evidence of Sufficient Capitalization</u></p> <p>Proposer(s) provides an estimate of startup cost sufficient to, at a minimum, fund the business through the first three months of its operation and includes (1) rent, (2) insurance, (3) fees, (4) construction, (5) escrow costs if acquiring property, (6) tenant improvements, (7) equipment and software purchases.</p> <p>Evidence of sufficient capital may be provided in the form of bank statements, letters of credit, and proof of loan agreements.</p>	
9.	<p style="text-align: center;"><u>Community Benefit</u></p> <p>Proposer(s) provides a description of the benefits that the commercial cannabis business will provide to the local community, such as employment for residents, community contributions and/or economic incentives to the City.</p>	
10.	<p style="text-align: center;"><u>Description of Proposed Site</u></p> <p>Proposer(s) provides the site address, description of the premises, name and address of the property owner(s) where the commercial cannabis business is proposed to be located, as well as a site plan and floor plan(s) of the proposed commercial cannabis business and evidence that the Proposer has the right to use the premises for the purpose of the applied-for cannabis business.</p>	
	<p><u>Local Business Bonus:</u> An additional 5 points will be awarded to Proposer(s) who are Novato residents.</p> <p><i>In order to qualify for this bonus, the Proposer, if a single individual, must be a current resident of Novato and must have resided within the City for the consecutive 12 months immediately preceding the date the Proposer's Proposal is submitted to the City; and, if an organization, at least 50% of the ownership of or controlling interest in, the organization must be held or exercised by an individual or individuals who are current residents of Novato and must have resided within the City for the consecutive 12 months immediately preceding the date the Proposer's Proposal is submitted to the City.</i></p> <p><i>"Organization" means a firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, whether organized as a nonprofit or for profit entity, and includes the plural as well as the singular number.</i></p>	
	<u>TOTAL</u>	

