



STAFF REPORT
5/13/2020

TO: Honorable Mayor and City Council Members

FROM: Luis Lopez, Development Services Director

SUBJECT: Resolution No. 2020-23 Establishing Revised Selection Criteria and Related Policies to be used during the review of Conditional Use Permits for Cannabis Retailers and Retail Microbusinesses (Round #2) within Subzone #1 (Pueblo Viejo), #3 (Dillon Road), #4 (Wrecking Yard), or #5 (Industrial Park) of the City.

STAFF RECOMMENDATION:

Staff recommends that the City Council adopt the attached Resolution No. 2020-23 establishing the revised selection criteria to be used during the review of Conditional Use Permits for Cannabis Retailers and Retail Microbusinesses (Round #2) within Subzone #1 (Pueblo Viejo), #3 (Dillon Road), #4 (Wrecking Yard), and #5 (Industrial Park) of the City.

BACKGROUND:

On March 11, 2020 the City of Coachella City Council conducted a study session and gave staff direction to update and revisit the selection criteria for Round #2 Retail Cannabis applicants, in light of other directives including the hiring of a city consultant to assist with developing an on-line portal, a pre-submittal workshop, and new criteria benefitting local owners and social equity applicants.

On April 22, 2020 staff presented a discussion item of the various policies and criteria that are in need of updating and modifications. The City Council gave affirmative direction on how to change the policies and selection criteria. This new information is now reflected in the attached resolution and Exhibit A (Selection Criteria) along with “Appendix A – City of Coachella Cannabis Social Equity Program” which will be used to reference who are the “eligible applicants” and what is an “eligible business” under the City’s social equity program.

DISCUSSION/ANALYSIS:

Listed below is a comparison of the “Current Policy” or “Current Selection Criteria” and the “New Policy” or “New Selection Criteria” based on the April 22, 2020 discussion, and a brief explanation of the changes. The attached Resolution No. 2020-23 and “Attachment A” with Appendix 1, will supersede the prior policies and selection criteria approved under Resolution No. 2019-51.

“Exhibit A” Preamble:

The Selection Criteria preamble has been changed by adding additional “highlighted” language as shown below:

The City of Coachella is located at the eastern end of the Coachella Valley and enjoys a rich cultural heritage known for its entrepreneurial families and engaged youth population. It is the City Council’s desire to promote potential cannabis businesses that will further the economic development goals, and cannabis social equity policies, of the community in order to create jobs, provide a stronger tax base, and enhance the public health and wellness of the community. The policies and selection criteria listed below, along with the Eligible Applicant and Eligible Business descriptions in the attached “Appendix 1 – City of Coachella Cannabis Social Equity Program” will be used in the City’s Retail Cannabis (Round #2) reviews of Conditional Use Permit applications.

Revised Subzone 1 Policy – Round #1 Applicants Prioritized:

This policy has been updated as shown on the highlighted text below.

The applicants which submitted a complete application for Change of Zone and Conditional Use Permit for Retail Cannabis Businesses as part of Round #1 and were prioritized by the Cannabis Ratings Committee in the Pueblo Viejo (Sub-Zone #1) will be allowed to proceed with Conditional Use Permit public hearings on any qualifying location without competing with new applicants in Round #2, if the previously-approved location was adversely affected by the removal of the R-C (Retail Cannabis Overlay) zone as part of Ordinance No. 1040. The previously-ranked applicant that chooses a new location will be required to forfeit their prior-approved location. All Round #1 dispensary owners are disqualified from competing for a second dispensary as part of Round #2 applications.

Subzone 2 Policy – Reserved through a Development Agreement:

No changes proposed to this policy.

Revised Subzones 1, 3, 4, & 5 Selection Criteria–Round #2 Applicants:

This policy has been updated to reflect new schedule for application window period, as shown in the highlighted text below.

With the adoption of Ordinance No. 1140 setting the zoning and regulatory framework for new retailers, the City anticipates that there may be more applications for cannabis business conditional use permits than allowed under the City regulations. Only four (4) new businesses will be moving forward, after the Round #1 awardees have been given an additional nine (9) months to establish their businesses.

I. Completeness Review

This policy has been updated to reflect the City’s new application procedures and to reflect the new schedule to begin in late July 2020.

All cannabis retailers are required to submit a Conditional Use Permit (CUP) application with fee using the City's on-line resources and guidance documents, and a Cannabis Regulatory Permit Application with all required Attachments. The applicant shall participate in the City's pre-submittal workshop and shall become informed about the City's cannabis social equity policies in the attached Appendix 1. The City's staff and consultants shall review all applications for "completeness" to ensure that applicants have submitted all the required information necessary for review of the application. Only applications received between July 27, 2020 and August 31, 2020 ("initial review and prioritization period") and deemed complete will move on for review under the City's revised selection criteria, unless exempted through a Development Agreement. Persons and/or entities that are currently involved or were involved in the 6 months prior to the initial review and prioritization period with an active court proceeding adverse to the City are ineligible to apply for a CUP.

II. Revised Selection Criteria

The title and preamble to the selection criteria have been updated to reflect the new point system.

The following selection criteria will be used by the Development Services Department to evaluate and prioritize CUPs for retailers and retail microbusinesses. Selection criteria are each worth a maximum of either 5, 10, or 15 points, with a grand total of 85 100 points possible. To obtain the points, the applicant must demonstrate compliance with each criterion listed in the section below.

1. Proof of Applicant's Ability to Open in Short Period of Time (Up to 30 points)

This policy has been updated to: reflect a total of 30 points possible; include a time limit for opening the business at 180 days instead of 180-360 days; deleting the detailed description of property management to avoid negative impacts of loitering and nuisance (this item has been moved to Item 4 below); deleting requirements for building and fire code compliance; and, adding a new 10-points question for a construction schedule and signed affidavit as shown in the highlighted text below.

- a. Has the landowner provided written authorization for a retailer and provided the applicant with a lease agreement? (Worth 5 points)
- b. Is the proposed retailer property capable of opening the business within 180 180-360 days after approval? (Worth 5 points)
- c. Is the proposed retailer property not the subject of any outstanding code enforcement activity? (Worth 5 points)
- d. ~~Has the applicant provided a detailed description of how the premises and exterior building areas will be managed so as to avoid nuisance, loitering, and other negative impacts on surrounding properties? (Worth 5 points)~~
- e. ~~Does the applicant provide a detailed tenant improvement plan that identifies compliance with California Building and Fire Codes? (Worth 5 points)~~
Has the applicant submitted a construction schedule with a signed affidavit acknowledging an informed consent that the City will revoke an approved CUP for retail cannabis business if the business does not open within six (6) months of the effective date of the CUP? (Worth 10 points)

2. Proof of Local Ownership (Up to 30 35 Points)

This policy has been revised with a new 15-points question for a social equity applicant, and a new 10-point question for a social equity business (per the City's adopted Cannabis Social Equity Program) and a revised question requiring a written commitment to hire 75% local residents for all employees of the dispensary, as shown below.

- a. ~~Is there evidence showing that: 1) the Local Stakeholder Owner of the retail cannabis business has a primary residence in the City of Coachella where he/she has been residing for the past 36 months; or, 2) the Local Stakeholder Owner is a Coachella business owner which has 5 or more City of Coachella residents employed which have been employed during the past 36 months? (Worth 10 points)~~ Is the applicant an eligible applicant under the City's Cannabis Social Equity Program as a Classification 1 or Classification 2 applicant? (Worth 15 Points)
- b. ~~Does the applicant commit to hiring City of Coachella residents for 85% of all hires of the retail cannabis and secondary businesses? (Worth 10 points)~~ Is the proposed Cannabis Retailer or Cannabis Microbusiness an eligible applicant under the City's Cannabis Social Equity Program as a Classification 3 business? (Worth 10 points)
- c. ~~Does the applicant have proof (through financial documents and/or capital investments) that there is a 20% Local Stakeholder Ownership Interest by either the applicant, partner or shareholder to apply for all aspects of retailer or retail microbusiness? (Worth 10 points)~~ Does the applicant commit in a signed writing to hire City of Coachella residents for 75% of all hires of the retail cannabis business? (Worth 10 points)

3. Proof of Ability to Open a Secondary Business (Up to 20 Points)

This policy has been revised to require proof of financing and ability to open the secondary business, clarify the local hiring policy, and delete the "community contributions" question (this has been reworded and included in Item 4 below).

- a. Does the applicant propose to operate a new secondary business (such as a restaurant, retail sales, hotel, bed & breakfast, bakery, art gallery, bar/tavern, coffee shop, bookstore or personal service business, etc.) on separate premises within 12 months of the application date in addition to the proposed retailer business? (Worth 5 points)
- b. ~~Does the applicant describe credible benefits to the overall community, local economy, and any community or non profit contributions or affiliations? (Worth 5 points)~~ Does the applicant provide written proof of available financing to construct a secondary business consisting of new construction or tenant improvements with the ability to open the business at the same time as the dispensary. (Worth 5 points)

- ~~c. Does the applicant commit to hiring City of Coachella residents for 85% of all hires? (Worth 5 points) Does the applicant commit in a signed writing to hire City of Coachella residents for 75% of all hires for the secondary business? (Worth 5 points)~~
- d. Does the secondary business have a minimum of 1,000 square feet and is it located within on a separate commercial suite from the retail cannabis business? (Worth 5 points)

4. Proposed Retail Location/Community Benefits (Up to 20 Points)

- a. Does the applicant provide a detailed architectural plan for building façade improvements (Worth 5 points)
- ~~b. Is the applicant committing to exterior façade improvements that will enhance the surrounding areas? (Worth 5 points) Does the applicant provide a written commitment for intended contributions to a Coachella community-based organization or non-profit in the form of recurring monetary donations for a minimum of ten years. (Worth 5 points)~~
- c. Is the applicant committing to exterior façade and landscape improvements that will enhance the surrounding areas? (Worth 5 points)
- d. Has the applicant provided a detailed description of how the premises and exterior building areas will be managed so as to avoid nuisance, loitering, and other negative impacts on surrounding properties? (Worth 5 points)

III. Ranking and Appeals

No changes were recommended for the ranking and appeals section.

FISCAL IMPACT:

None.

CONCLUSIONS AND RECOMMENDATIONS:

Staff recommends that the City Council adopt the attached Resolution No. 2020-23 establishing the Revised Selection Criteria and to implement these policies in an expedited manner.

Attachments: Resolution No. 2020-23 w/ Exhibit A and Appendix 1