



# City of Canyon Lake

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## APPLICATION PROCEDURES & GUIDELINES FOR A RETAIL COMMERCIAL CANNABIS BUSINESS PERMIT

**Application Deadline**  
**OPENS – January 18, 2022**  
**CLOSES – March 3, before 4:00pm (PST)**

Information regarding the Commercial Cannabis Business (CCB) Application process can be found on the City's website at [www.canyonlakeca.gov/cannabis](http://www.canyonlakeca.gov/cannabis) and includes the following:

- Application Procedures, Guidelines and Review Criteria
- City of Canyon Lake Municipal Code (CLMC) Chapter 4.20
- Title 9 (Zoning)
- Property Owner Consent/Landlord Affidavit
- Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement
- Background Check Portal Link
- Commercial Cannabis Business (CCB) Permit Application
- Business Ownership Acknowledgement Form

During this application period the City of Canyon Lake (City) will be allowing **only one** retail cannabis business permit under this process. To be considered for issuance of a Cannabis Business Permit, final applications must be submitted to the Planning Department at the address listed on these procedures by the deadline. There will be no exceptions. This application process is adopted pursuant to the Canyon Lake Municipal Code (CLMC) Chapter 4.20.100 and 4.20.110.

*Applicants should monitor the City's web page for any additional information, FAQ's or updates. It is the responsibility of the Applicant to stay informed of this information.*

### ORIENTATION "KICK OFF" MEETING

The City will hold a virtual Orientation "Kick Off" Meeting on January 20, 2022 at 2:00 pm. Pre-registration for the Orientation Meeting is required however, attendance at the Orientation Meeting is not required to apply for a Cannabis Business Permit. The registration link is available on the City's website at <https://www.canyonlakeca.gov/Cannabis>.

### AMENDMENTS TO THE APPLICATION

Applicants will not be allowed to make amendments to their application or to supplement their application, except as otherwise specifically permitted in these procedures, or posted on the City's website as a clarification update, or as authorized in writing by the City Manager or his/her designee.

During Phase I, City staff and HdL Companies (“Consultant”) will conduct a preliminary evaluation of the applications for completeness and will reject any application that is missing a major component (for example, a Security Plan), notifying the applicant by email that they have been disqualified.

For those Applications which are missing essential information the primary contact will be notified by email if their application is found to be missing minor requirements (for example, signatures/dates on forms, proof of payment receipts, scanned pages in one of the scoring criteria documents, or incorrect formatting or organization of files). If this is the case, the Applicant may be granted five days from the date of the email to submit the required supplemental information. Should you receive an email from the City we ask that you confirm receipt of it immediately. If the City does not get confirmation from your primary contact within two days, it may, but is not required to, make an attempt to notify the primary contact by phone in case the email went into the recipient’s spam folder unnoticed. However, please note should this be the case you will not be provided additional time to complete the curing process so make sure you monitor your incoming or spam email carefully. Furthermore, you may not submit any additional information other than what was requested to cure the minor requirements. Finally, an applicant will be notified if their application is incomplete or if there is any other reason for which they will not be moving forward in the application process.

**LIMITATIONS ON MULTIPLE APPLICATIONS**

Applicants possessing an ownership interest of ten percent (10%), or more, in a retail cannabis permit application shall be limited to submitting only one retail application during this initial process. In addition, the City will only accept up to two retail application Zoning Verification Letters (ZVL) per property (APN). Every owner on the application with an owner interest of ten percent (10%) will be required to complete the Business Ownership Acknowledgement form which is provided on the City’s website.

**CITY’S RESERVATION OF RIGHTS**

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 license without liability, obligation, or commitment to any party, firm, or organization. In addition, the City reserves the right to request and obtain additional information from any Applicant submitting an application in order to conduct a complete review of the application or an investigation into the truthfulness of the statements set forth in the application or provided at any stage of the application process and it is not fully responsive to this request for a CCB application.

Late proposals WILL BE REJECTED. Applications must be received by the Planning Department by March 3, 2022, before 4pm (PST).

Furthermore, a proposal RISKS BEING REJECTED for the following reasons:

1. It is not responsive to this request for a Cannabis Business Permit application and the Procedures & Guidelines for a Cannabis Business Permit.
2. The issuance of the Cannabis Business Permit for the proposed location is inconsistent with State law, CLMC Chapter 4.20, and/or Title 9 (Zoning).

This application process is adopted pursuant to CLMC Section 4.20.100 and 4.20.110. Review the information regarding the application process and which documents you will need. Before submitting your application, review your application in its entirety to ensure that it is complete and accurate. Review the information regarding the Cannabis Business Permit application process for a CCB on the City webpage provided on page one of these procedures.

The following procedures outline the application evaluation and selection process, required materials, and other information necessary to apply for a Cannabis Business Permit to operate a cannabis business in City of Canyon Lake.

**APPLICATION SUBMITTAL REQUIREMENTS**

Applications must respond to all requirements outlined in the “Application Procedures & Guidelines for a Cannabis Business Permit.” Applicants must submit all required application materials together in one complete comprehensive application package. This can be done in person, by U.S. Mail, or by common carrier delivery service (e.g. FED EX, UPS, etc.) as long as it is a complete application. The application package must include all the following documents with original signatures for each document:

- (a) Cannabis Business Permit Application;
- (b) Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement;
- (c) Agreement on Limitations of City’s Liability and Indemnification to City;
- (d) Application fee and Background Check fee(s);
- (e) Business Owner Acknowledgment Form;
- (f) Proof of Property Owner Consent/Landlord Affidavit; and
- (g) Proof of Insurance or letter of insurability from the Insurance Company

**FLASH DRIVE CONTENT**

In addition, all Applicants must submit a USB flash drive containing one complete copy of the application package per the requirements as outlined in the below format. The application package and application fees must be received by the Planning Department at the same time.

Responses to the Evaluation Criteria (Sections A-G found in Appendix A of the Application Procedures & Guidelines) shall be limited to 200 pages. Responses pertaining to Backgrounds, Proof of Capitalization, Zoning Verification Letter, and Proof of Property Ownership or Lease Agreements/Letter of Intent to Lease, Property Owner Consent/Landlord Affidavit, Business Owner Acknowledgement Form shall not be included in the 200-page limitation. Those responses should be saved in PDF files that are separate from the Evaluation Criteria (see below).

All materials must be submitted on a USB flash drive in a PDF format in the following files. Please submit the files in the correct format and organized correctly or your application may be rejected or subject to point deductions.

PDF File #1	Cannabis Business Permit Application (pages 1-3), Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement (pages F1-F3), Agreement on Limitations of City Liability, and Certification, Assurances, Warranties, and Indemnification to City (pages F4-F6); Proof of Property Ownership or Lease Agreement/Letter of Intent to Lease and Business Owners Acknowledgement Form. All copied documents shall display required signatures to be deemed complete.
PDF File #2	Evaluation Criteria (Responses to Sections A-G of Appendix A limited to 200 pages)

PDF File #3	Background Check documentation (All required documents for each owner). Upon submission of the online background application, Applicants will receive an email confirmation. This confirmation needs to be printed, scanned, and included within PDF File #3.
PDF File #4	Proof of Capitalization (Appropriate bank statements, loan documents, promissory notes, financial and commitment letters)
PDF File #5	Zoning Verification Letter (ZVL) which shows the correct location, unit, space, or suite number in the building being used. Proof of Insurance or a letter showing proof of insurability by a qualified insurance company which shows the location being insured in City of Canyon Lake, the type of activity being insured, and the name of the business being insured. Copies from another business location in another city owned by the Applicant will not be accepted.

### **CRIMINAL BACKGROUND CHECK**

Each Owner must undergo a criminal history background check to demonstrate they do not provide “good cause” for denial per CLMC Sections 4.20.080 and 4.20.310(k). Owners who do not meet the criminal history eligibility requirements of Section 4.20.310(k) will be disqualified. The background form can be found online at [https://hdlcompanies.formstack.com/forms/bc\\_canyon\\_lake](https://hdlcompanies.formstack.com/forms/bc_canyon_lake).

In addition, each successful applicant will be asked to submit to a Live Scan as part of the background check on a date to be determined by City Manager. Prior to being issued a permit the Applicant’s primary contact will be notified by email with the instructions on how to schedule the Live Scan appointment.

### **ZONING VERIFICATION LETTER (ZVL)**

Prior to submitting a CCB application an Applicant must obtain a Zoning Verification Letter (ZVL) from the Planning Department which needs to be submitted with the Application as part of Phase I. To secure this letter, an Applicant must make a written request 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. This process will not be conducted over the counter, and it may take up to 10 days to complete so all applicants should be mindful of when they submit their request in order to receive the ZVL back in time to submit it with their application.

The issuance of a ZVL 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 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.

### **FEES**

All applicants will be required to submit an initial fee deposit of **\$11,731.00**. This amount will be charged against one-time costs incurred by the City in establishing the regulatory system as well as time spent by City staff and the Consultant in reviewing applications and administrating the application process. The initial fee deposit is based on an estimated six applications. In the event of more applications, applicants may be refunded a portion of the application fee. In the event of fewer applications, applicants may be required to deposit additional funds to ensure full cost recovery by the City. In the event additional funds are required, applicants will have ten (10) business days to deposit the additional funds or they risk disqualification. In addition, there will also be a separate fee for the Zoning Verification Letter (ZVL)

of **\$179.00** per site and the Background Check Fee of **\$300**. For the successful Applicants there will also be a Live Scan Fee of **\$73.00** prior to obtaining the Cannabis Business Permit.

Payment must be made by a certified check, cashier's check or money order made payable to the City of Canyon Lake. Please note the City will not accept cash or credit cards and application fees are non-refundable.

## **APPLICATION REVIEW, SCORING, AND APPROVAL PROCESS**

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

Applications will be reviewed for completeness and compliance to meet the minimum submittal requirements. The determination of eligibility will be based on the criteria outlined in these procedures and as described in Appendix A. However, the criteria will be evaluated and scored with the process adopted in these procedures in accordance with CLMC Section 4.20.100 and 4.20.110 and may be amended as provided in CLMC Section 4.20.380 A & C in writing for clarification to application submittal questions which will be posted in the FAQ section of the Cannabis Information webpage and shall go into effect immediately upon being posted on the website.

### **PHASE II: APPLICATION EVALUATION AND REVIEW (2,500 points)**

During Phase II, the City and/or consultant will review and score each application using a merit-based system. All applicants who score a minimum of 90% or higher (2,250 points) in Phase II may be eligible to advance to Phase III. Notice of the results of Phase II will be provided in writing via email to the primary contact listed on the application. See APPENDIX A for a description of the evaluation criteria:

- Section A. Business Plan (400 points)
- Section B. Labor, Equity, Diversity, and Inclusion Plan (400 points)
- Section C. Safety Plan (300 points)
- Section D. Security Plan (300 points)
- Section E. Qualifications of Owners (400 Points)
- Section F. Neighborhood Compatibility Plan (400 Points)
- Section G. Proposed Location (300 Points)

### **PHASE III: PUBLIC MEETING**

Upon the completion of Phase II, the City Manager or his/her designee will tabulate the scores of all applicants from Phase II to create a final ranking which will be used to form the basis for determining who will be invited to participate in the Public Meeting and subsequently be interviewed by the City Manager for final consideration.

The Public Meeting will be set to allow concerns of residents, businesses, and community organizations alike to be brought before the City. The City Manager or his/her designee will conduct the Public Meeting pursuant to CLMC Section 4.20.110 (d) prior to the City Manager making the final decision. Those applicants selected to participate in the Public Meeting will be invited to attend and will be given an opportunity to address any concerns from the public presentation.

### **PHASE IV: CITY MANAGER'S INTERVIEWS, NEGOTIATIONS, AND FINAL DECISION**

Upon the completion of Phase III, the City Manager will review the summary report of the Public Meeting before interviewing the final Applicants to determine who will be awarded the CCB permit. Each

Applicant should be prepared to negotiate with the City Manager regarding the community benefits and economic incentives to the City. Further details as to date, time, place, and length of presentation will be provided prior to the City Manager's interviews and negotiations.

After the City Manager has concluded negotiations and made a determination as to who if any Applicant will be awarded a CCB permit and as a condition of issuance of the regulatory permit, the retail operator shall enter into a Neighborhood Compatibility Agreement and Community Benefit Agreement with the City setting forth the terms and conditions under which the cannabis facility will operate pursuant to the requirements of Sections 4.20.110 (e) and 4.20.300 (c), including, but not limited to community benefits such as public outreach and education, community service, payment of fees and other charges as mutually agreed, and such other terms and conditions that will protect and promote the public health, safety and welfare.

In addition, any community benefits that a commercial cannabis business agrees to provide shall be incorporated into the terms and conditions under which the commercial cannabis business will operate with the City of Canyon Lake approval, if and when a Community Benefit Agreement is executed. Upon successful negotiations in this phase of the process the Applicant will then be authorized to proceed to apply for any required land use permits, business license and related approvals.

Any Applicant wishing to appeal Phase I through Phase III of the Application Process may appeal pursuant to the provisions of Chapter 4.20.

**Note:** Being awarded a CCB does not constitute a land use entitlement and does not waive or remove the requirements of applying for and receiving permits for all construction, including: electrical, plumbing, fire, planning permits or reviews, and any other permits, licenses, or reviews as deemed necessary by the relevant departments or governmental entities in charge of said permits. Nor does the award of a CCB guarantee that the plans submitted via the CCB application process meet the standards or requirements in Chapter 4.20 and any other permit requirements from other City departments or agencies.

## **CONTACT**

If you have any questions or would like an update on the status of your application, please contact the City of Canyon Lake Planning Department by email at [cannabis@canyonlakeca.gov](mailto:cannabis@canyonlakeca.gov).

## APPENDIX A: EVALUATION CRITERIA

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The City is a public agency subject to the California Public Records Act (“CPRA”). In the event a request for information under the CPRA seeks disclosure of application materials marked by Applicant as “Confidential Information,” the City will make reasonable efforts to provide notice to Applicant prior to such disclosure to allow Applicant to seek a protective order, injunctive relief, or other appropriate remedy. If Applicant contends any designated application materials are exempt from the CPRA and wishes to prevent disclosure, it is required, at its own cost, liability, and expense to obtain a protective order, injunctive relief or other appropriate remedy from a court having jurisdiction over the matter at least two (2) days before City’s deadline to respond to the CPRA request. If Applicant fails to obtain such a remedy before the deadline for the City’s response to the CPRA request, the City will disclose the requested information and shall not be liable or responsible for such disclosure.

### SECTION A: BUSINESS PLAN (400 points)

1. Finances\* – A budget for construction, operations, maintenance, compensation of employees, equipment, property lease, security equipment and staff, City fees, state fees, utility costs, product purchases and other anticipated contingency costs. The budget must demonstrate sufficient capital in place to pay startup costs and at least three months of operating costs, as well as a description of the sources and uses of funds.
  - A. 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.
  - B. A pro forma for at least three years of operations.
  - C. A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.
2. Daily Operations - The Business Plan should describe the day-to-day operations which meet industry best practices for the type of cannabis business you are applying.
  - 2.1 Describe the day-to-day operations if you are applying for a RETAIL permit. This should include at a minimum the following criteria:
    - A. Describe customer check-in procedures.
    - B. Identify location and procedures for receiving deliveries during business hours.
    - C. Identify the name of the Point-of-sale system to be used and the number of Point-of-Sale locations.
    - D. Estimate the number of customers to be served per hour/day.
    - E. Describe the proposed product line to be sold and estimate the percentage of sales of flower and manufactured products.
    - F. If proposed, describe delivery service procedures, number of vehicles and product security during transportation.
    - G. How the Cannabis Business will conform to local and state laws. See CLMC Sections 4.20.310 through 4.20.370 and Title 9 (Zoning) as they pertain to retail establishments in the City of Canyon Lake.
    - H. How cannabis and cannabis products will be tracked and monitored to prevent diversion. Describe the Point-of-Sale system to be used and how it will interact with the state’s mandated track and trace system.

## **SECTION B: LABOR, EQUITY, DIVERSITY & INCLUSION PLAN (400 points)**

1. The application should describe to what extent the cannabis business will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees.
2. Identify number of employees at initial opening and the maximum number of employees when the business is at full capacity.
3. Describe any diversity and inclusion programs that will be developed as part of the business model which embraces a rich and diverse work force with a diverse set of perspectives, work, and life experiences, as well as religious and cultural differences that provide equal opportunities for employee development.
4. Identify all positions and their responsibilities.
5. Describe compensation to and opportunities for continuing education and training for employees.
6. Describe whether the cannabis business is committed to offering employees a Living Wage.
7. Briefly describe benefits provided to employees such as health care, vacation, and medical leave, to the degree they are offered as part of employment.
8. Describe to the extent to which the cannabis business will be a locally owned enterprise and the owner(s) reside within the County of Riverside. In order to qualify for this criteria, an owner must have lived in the County of Riverside for at least one year prior to October 1, 2021.

## **SECTION C: SAFETY PLAN (300 points)**

1. The detailed Safety Plan shall be prepared by a California professional fire prevention and suppression consultant.
2. This plan will describe all fire prevention and suppression measures, fire extinguisher locations, evacuation routes and alarm systems the facility will have in place.
3. Describe all accident and incident reporting procedures.
4. Describe the waste management locations and procedures.

## **SECTION D: SECURITY PLAN (300 points)**

1. The security plan shall be prepared by a professional security consultant. This can be done with in-house staff or a consultant, but it must clearly demonstrate that it meets the professional standards requested to receive the appropriate points for each criterion in this section.
  - A. The plan should demonstrate how the cannabis business wishes to develop the floor plan and address other security issues on the property.
2. Premises Diagram: In addition to the site plans submitted for the Proposed Location (in Section G of Appendix A), a separate Premises Diagram must be included in this Security Plan section (Section D) of the application. The diagram must meet the requirements of the Bureau of Cannabis Control CCR Title 16, Division 42, §5006 Premises Diagram.



- A. The diagram shall show the boundaries of the property and the proposed location to be licensed, showing all boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways, and shall include a brief statement or description of the principal activity to be conducted therein.
  - B. The diagram shall show and identify commercial cannabis activities that will take place in each area of the premises and identify all limited-access areas.
  - C. The diagram shall show where all cameras are located and assign a number to each camera for identification purposes.
  - D. The diagram should be accurate, dimensioned and to-scale (minimum scale of 1/4”).
  - E. If the proposed location consists of only a portion of a property, the diagram must be labeled indicating which part of the property will be used for the licensed premises and what activities will be used for the remaining property.
3. Description of operational security, including but not limited to general security for access/visitor control, inventory control and cash handling procedures.
  4. Description of perimeter security, on-site security guards, lighting, and parking.
  5. Identify transportation techniques and security procedures.
  6. Description of employee training and general security policies.

**SECTION E: QUALIFICATION OF OWNERS (400 points)**

1. Experience – Demonstrate the business owner’s experience in owning, managing, and operating a cannabis business. For purposes of this section, owner shall mean the State definition of owner in the State Business and Professions Code Section 26001 and all persons, companies, and entities that will be directing, controlling, and/or managing the day-to-day operations of the business. Evidence that prior experience was from legally permitted activities.
2. Cannabis Industry Knowledge – Demonstrate overall knowledge of the cannabis industry (as demonstrated throughout the screening application), including identification of how industry best practices and State regulations have been incorporated in existing/prior legal businesses outside the City of Canyon Lake.
3. Ownership Team – Describe the involvement of the ownership team in day-to-day operation of the business. Owner is defined based upon the State definition of owner, see Business and Professions Code Section 26001.

**SECTION F: NEIGHBORHOOD COMPATIBILITY PLAN (400 points)**

1. List any nearby well-traveled paths to schools, churches or libraries and describe how the cannabis business will proactively protect the youth on these paths from exposure to the cannabis business.
2. Describe how the business will proactively take steps about community concerns to protect the youth generally from the impacts of the cannabis business.
3. Describe how the business will proactively address and respond to complaints related to noise, light, odor, and vehicle and pedestrian traffic.

4. Describe how the business will be managed to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community.
5. Describe odor mitigation practices:
  - a. Identify potential sources of odor.
  - b. Describe odor control devices and techniques employed to ensure that odors from cannabis are not detectable beyond the licensed premises.
  - c. Describe all proposed staff training and system maintenance plans.
6. Describe the waste management plan. The plan shall include waste disposal locations, security measures, methods of rendering all waste unusable and unrecognizable, and the vendor in charge of disposal.
7. The application should include the following information about the proposed location:
  - a. Physical address and a detailed description of the proposed location, including the overall property, building, and interior floor plan.
  - b. Description of all known nearby State and local sensitive use areas. The cannabis business must have the appropriate zoning and meet all the locational requirements as described in CLMC sections 4.20.250 and Title 9.
  - c. List any nearby well-traveled paths to schools and describe how the cannabis business will proactively protect the youth on these paths from exposure to the cannabis business.
  - d. Describe how the business will proactively take steps about community concerns to protect the youth generally from the impacts of the cannabis business.
  - e. Proof of ownership, lease agreement, or a Letter of Intent to Lease.
  - f. Vicinity map.
  - g. Photographs of existing site and buildings.
  - h. Evidence that the location has access to public transportation for employees or customers.

## **SECTION G: PROPOSED LOCATION (300 points)**

In addition to the location related details required in the Security Plan section of this application, the application shall include a thorough narrative description of the proposed location, including but not limited to the overall site, existing and/or proposed building(s), parking spaces, driveways, pedestrian sidewalks/rights-of-way, and neighboring businesses on the parcel. Description of floor plans and interior design are not a requirement of this section. In addition to the narrative description of the proposed locations, Applicants shall also include the following items.

1. The CBP applicant must have the appropriate zoning and meet all the locational requirements as described in CLMC Section 4.20.250 and Title 9 (Zoning).
2. The application shall include photographs of the front (street facing) side of the building. In the event the proposed location is undeveloped land, photographs shall depict the property from all vantage points of the property.
3. The application must include a (Site) diagram depicting all details described in the narrative description of the proposed location. The diagram required for this section need not include a description of any building interior, floor plan or security detail.