



**City of Canyon Lake Commercial Cannabis Application
Phase II Evaluation Report**

Panacea Farms MV LLC / DBA Sipkoi
 Applicant Name / DBA
31320 Railroad Canyon Road, Canyon Lake, CA 92587 APN: 355-300-033
 Proposed Location
 Retail
 License Type

PAGE LIMIT	
Application Page Limit	200
Pages in Application	52
	0

SCORE SUMMARY	
2,280	Points Received
2,500	Points Available
91.20% Score	

Criteria	Scoring Basis	Points Available	Points Received	Evaluation
Section A: Business Plan (400 pts)		400	400	
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.	<i>Percentage</i>	200	200	Addressed criteria
1.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.				
1.B Provided a pro forma for at least three years of operations.				
1.C Provided a schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.				
2 RETAIL Daily Operations – Provided a Business Plan describing the day-to-day operations which meet industry best practices for a retail permit. This plan should include at a minimum the following criteria:	<i>Percentage</i>	200	200	
2.A Described customer check-in procedures.				
2.B Identified the location and procedures for receiving deliveries during business hours.				
2.C Identified the name of the Point-of-Sale system to be used and the number of Point-of-Sale locations.				
2.D Estimate the number of customers to be served per hour/day.				
2.E Described the proposed product line to be sold and estimate of the percentage of sales of flower and manufactured products.				
2.F If proposed, described delivery service procedures, number of vehicles and product security during transportation.				
2.G Described how the cannabis business will conform to local and state laws. CLMC 4.20.310 through 4.20.370 and Title 9 (Zoning) as they pertain to retail establishments in the City of				
2.H Described how cannabis and cannabis products will be tracked and monitored to prevent diversion. Described the Point-of-Sale system to be used and how it will interact with the state’s mandated track and trace system.				
Summary	A detailed budget plan identifying start up costs was included, along with sufficient Proof of Capitalization in the amount of \$400,000. A three-year pro forma, schedule for beginning operations, and construction narrative was included. Product distributors would deliver to their Moreno Valley Sipkoi location, (microbusiness), and a designated employee would transport the product to the Canyon Lake location, in an unmarked car, to the secured delivery area. Hours of operation listed as 7am-10pm. The point of sale (POS) software was identified as LeafLogix, with five (5) POS terminals. Estimated 300-350 daily customers. Proposed product to be sold: Flower (50.48%), cartridges (25.47%), pre-rolls (8.22%), edibles, (10%), concentrates, (5.1%), tinctures, (0.93%), topicals .(0.33%), uncategorized (1.02%). If awarded a cannabis license, Sipkoi would implement a delivery service with one vehicle.			



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Section B: Labor, Equity, Diversity and Inclusion Plan (400 pts)				
1 Described 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.	Percentage	100	90	The application did not describe collective bargaining rights of employees.
2 Identified the number of employees at initial opening and the maximum number of employees when the business is at full capacity.	All or none	20	20	Addressed criteria
3 Described 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.	Percentage	100	100	Addressed criteria
4 Identified all positions and their responsibilities.	Percentage	100	100	Addressed criteria
5 Described compensation to and opportunities for continuing education and training for employees.	All or none	20	20	Addressed criteria
6 Described whether the cannabis business is committed to offering employees a Living Wage.	All or none	20	20	Addressed criteria
7 Described benefits provided to employees such as health care, vacation, and medical leave, to the degree they are offered as part of employment.	All or none	20	0	The application did not describe benefits such as healthcare, vacation, and medical leave, to the degree they are offered as part of employment.
8 Described 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.	All or none	20	20	Addressed criteria
Summary	Employee starting wage minimum rate of \$17 per hour (plus), and compensation would be evaluated every six months. At opening, they intend to employ 8 budtenders, 2 shift leads, and 1 retail manager. The application stated all employees would receive relevant job training, including annually training in accordance with 2013 Fire Code Section 405, Emergency Evacuation Drills and 406, Employee Training and Response Procedures. Owners are also operators. Application stated employee benefits would consist of 15% off all products in the store, vendor product samples, and access to professional cannabis conferences. Owner Kreg McCoy has been a resident of Canyon Lake since 1977, and Kris Hansen since 1993.			

Criteria	Scoring Basis	Points Available	Points Received	Evaluation
Section C: Safety Plan (300 pts)				
1 Provided a detailed Safety Plan prepared by a California professional fire prevention and suppression consultant.	All or none	100	0	The application lacked a Safety Plan prepared by a California professional fire prevention and suppression consultant.
2 This plan must describe all fire prevention and suppression measures, fire extinguisher locations, evacuation routes and alarm systems the facility will have in place.	Percentage	100	25	The plan lacked a description of all fire prevention and suppression measures, fire extinguisher locations, evacuation routes and alarm systems the facility will have in place. The three paragraph safety plan found on PDF#2, PAGE 21, lacked substantial detail and failed to describe all fire prevention and suppression measures.
3 Described all accident and incident reporting procedures.	All or none	50	50	Addressed criteria
4 Described the waste management locations and procedures.	Percentage	50	50	Addressed criteria
Summary	The application contained a brief description/outline for accident and incident reporting procedures, and waste management procedures.			



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Criteria	Scoring Basis	Points Available	Points Received	Evaluation
Section D: Security Plan (300 pts)		300	285	
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.	<i>All or none</i>	100	100	Addressed criteria
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 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.	<i>Percentage</i>	70	55	2. The application lacked a premise diagram meeting all requirements of DCC §15006. (§5006). The diagram failed to identify video surveillance recording equipment or waste locations. 2.A The diagram did not show the boundaries of the property. 2.B The interior diagram did not identify all limited access areas. 2.C The diagram did not identify assigned camera numbers for identification purposes. On page 24 of the application, 'Floor Plan (A-2) CCTV V2.2 Layout,' the image/icons are not clearly labeled.
2.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.				
2.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.				
2.C The diagram shall show where all cameras are located and assign a number to each camera for identification purposes.				
2.D The diagram should be accurate, dimensioned and to-scale (minimum scale of 1/4").				
2.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 Provided a description of operational security, including but not limited to general security for access/visitor control, inventory control and cash handling procedures.	<i>Percentage</i>	40	40	Addressed criteria
4 Provided a description of perimeter security, on-site security guards, light, and parking.	<i>Percentage</i>	40	40	Addressed criteria
5 Identified transportation techniques and security procedures.	<i>All or none</i>	25	25	Addressed criteria
6 Described employee training and general security policies.	<i>All or none</i>	25	25	The application contained a brief outline stating employees would receive
Summary	A security plan was prepared by professional consultants Modern Pro Audio and CCTV, and L1G Protection/Golden Security Solutions. An interior diagram was included, which identified the general activities taking place in each room. The security plan contained a detailed outline describing perimeter security, on-site security guards, lighting, and parking. Bollards would be used to prevent vehicles from driving through the perimeter. There would be one (1) security guard on-site 24/7. Per the security plan, employees would be trained annually in fire safety, their respective job duties, and relevant local and state laws, including Cal/OSHA.			



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Section E: Qualification of Owners (400 pts)				
1 Experience - Demonstrated the business owner's experience in owning, managing, and operating a cannabis business. For the purpose 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.	<i>All or none</i>	100	100	Addressed criteria
2 Cannabis Industry knowledge - Demonstrated 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.	<i>Percentage</i>	150	150	Addressed criteria
3 Ownership Team - Described 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.	<i>Percentage</i>	150	150	Addressed criteria
Summary	Business is locally owned by Kris Hansen, (33.3%), Derek Sipkoi, (33.4%), and Kreg McCoy. (33.3%). Owners have extensive and successful entrepreneur experience. They currently own a microbusiness in Moreno Valley. (Cultivation, Distribution, Retail). Overall, application demonstrated an understanding of the cannabis industry, best practices, and applicable state and local laws and regulations. The owners would be directly involved in day-to-day operations.			



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Section F: Neighborhood Compatibility Plan (400 pts)		400	400	
1 List any nearby well-traveled paths to schools, churches or libraries and described how the cannabis business will proactively protect the youth on these paths from exposure to the cannabis business.	Percentage	100	100	Addressed criteria
2 Described how the business will proactively take steps about community concerns to protect the youth generally from the impacts of the cannabis business.	Percentage	50	50	Addressed criteria
3 Described how the business will proactively address and respond to complaints related to noise, light, odor, and vehicle and pedestrian traffic.	Percentage	50	50	Addressed criteria
4 Described how the business will be managed to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community.	Percentage	100	100	Addressed criteria
5 Describe odor mitigation practices:	All or none	25	25	Addressed criteria
5.A Identify potential sources of odor.				
5.B Described odor control devices and techniques employed to ensure that odors from cannabis are not detectable beyond the licensed premises.				
5.C Described all proposed staff training and system maintenance plans.				
6 Described 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.	Percentage	25	25	Addressed criteria
7 The application should include the following information about the proposed location:	Percentage	50	50	Addressed criteria
7.A Physical address and a detailed description of the proposed location, including the overall property, building, and interior floor plan.				
7.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.				
7.C List any nearby well-traveled paths to schools and described how the cannabis business will proactively protect the youth on these paths from exposure to the cannabis business.	Duplicate see 1 above			
7.D Described how the business will proactively take steps about community concerns to protect the youth generally from the impacts of the cannabis business.	Duplicate see 2 above			
7.E Proof of ownership, lease agreement, or a Letter of Intent to Lease.				
7.F Vicinity map.				
7.G Photographs of existing site and buildings.				
7.H Evidence that the location has access to public transportation for employees or customers.				
Summary	The plan described how the business will take proactive steps in regards to community concerns and to protect youth. The proposed business is not located on a main street and has only one route to the facility. The closest church is 1 mile away, and school 2 miles away. There will be no marketing materials or ads at nearby schools, churches, or libraries. The business is committed to being a positive asset to the community. A detailed description of the proposed location, including sensitive use areas, ownership, a vicinity map, and photographs of the existing site and building were included.			



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Section G: Proposed Location (300 pts)		300	300	
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).	<i>All or None</i>	200	200	Addressed criteria
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.	<i>Percentage</i>	50	50	Addressed criteria
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.	<i>Percentage</i>	50	50	Addressed criteria
Summary A City of Canyon Lake Zoning Verification letter approving and verifying the premise is not located within 50 feet of sensitive use areas, was included.				