



# CITY OF HAWTHORNE CANNABIS BUSINESS LICENSE APPLICATION INSTRUCTIONS AND INFORMATION

On November 8, 2022 the Hawthorne City Council adopted a Cannabis Ordinance ([Ordinance No. 2255](#)) allowing a variety of different cannabis businesses to be licensed in the City. Specifically, the City Council approved the following types of cannabis business licenses:

- Adult-Use Retail Business Licenses (**maximum of six**);
- Consumption Area Business Licenses for Retail Business only (**maximum of three**);
- Delivery Service Business Licenses based in the City of Hawthorne (**maximum of eight**);
- Delivery Service Business Licenses based outside of the City of Hawthorne (**no maximum**);
- Cultivation (indoor only), Manufacturing, Distribution and Testing Labs (**no maximum**).

## APPLICATIN INTAKE INFORMATION

Submittal Period and Intake Times – Cannabis Business License applications may be submitted at the City Attorney’s Office located on the 2<sup>nd</sup> Floor of City Hall. Applications will be accepted Monday through Thursday between 10:00 AM and 2:00 PM, by reservation, beginning December 19<sup>th</sup> until January 19<sup>th</sup>. While walk-ins are welcome, **application intake without a reservation is subject to availability.**

Reservations can be made using the link <https://calendly.com/nickejma/30min>. All walk-in applicants checked-in by 2:00PM will be entered into the submittal queue and will be served in the order of arrival, based on staff availability. There will be NO EXCEPTIONS to the 2:00PM cutoff time. All prospective applicants arriving after 2:00PM will be required to return. Time will be announced by staff using City devices. Walk-in applicants are encouraged to be at City Hall well before the 2:00 PM cutoff time to ensure access to the queue. Applications received before or after the submittal period (December 19 – January 19) will not be accepted. No additional weight will be given to applications that are submitted earlier than others (for example, a Cannabis Business License application received on December 19<sup>th</sup> will receive no additional advantage over an application received on January 19<sup>th</sup>). **ALL APPLICATIONS MUST BE RECEIVED BY 2:00PM (PACIFIC TIME) ON JANUARY 19, 2023. NO EXCEPTIONS TO THIS DEADLINE WILL BE HONORED.**

## APPLICATION PROCESS OVERVIEW

*The following is an overview of the application process and is not meant to be exhaustive of all City requirements. It is the applicant's responsibility to review and comply with all ordinance requirements and other City directives as posted on the City's cannabis webpage.*

As part of the Cannabis Ordinance the City Council adopted a merit-based approach to selecting which applicants would receive the licenses listed above. The selection process starts with all interested applicants submitting a cannabis business license application to the City. The cannabis business license application will include information about the applicant's ownership/management team, proposed business plan, design concept, security plan, and experience. Applicants do not need to have secured a physical location to apply for a business license. Eligible applicants will have up to 12 months to secure an approved location, before any business license will be granted.

Applications for retail and delivery will be reviewed and scored by a seven-member Cannabis Evaluation Panel, as prescribed by the City's Cannabis Ordinance (Hawthorne Municipal Code Chapter 5.100.080). The Cannabis Evaluation Panel members will score and rank the applications based on specific criteria and weighting (points) that were formulated based on the general selection criteria that the City Council adopted as a part of the Cannabis Ordinance (Municipal Code Chapter 5.100 et seq.). The Cannabis Evaluation Panel will score all applications as a body based on the criteria outlined in the ordinance (Municipal Code Chapter 5.100.080). The application scoring criteria sheet is included with this application as Attachment A.

Prior to submitting retail and delivery applications to the Cannabis Evaluation Panel, City staff shall review all applications for general compliance with the Municipal Code or any other applicable laws and shall reject any application which does not meet such requirements. **Rejected applications shall not be scored. The City shall also disqualify any application that contains false or misleading information. Applicants of rejected or disqualified applications will be notified of such. Paid application fees will not be refunded for rejected or disqualified applications.** All eligible applicants (those not rejected for non-compliance) will be posted publicly on the City's cannabis webpage within 60 days of the initial application submission deadline and retail and delivery business applications will be submitted to the Cannabis Evaluation Panel for review and scoring. Non-retail applicants will move forward with business license issuance once an approved location is secured.

After the Cannabis Evaluation Panel has reviewed and scored all retail and delivery business applications, the top scoring applicants will be allowed to move forward with the process of obtaining a business license from the City. The first step for the top applicants will be to secure a physical location for their business if one has not already been secured. Next, top applicants must apply for a conditional use permit. Please note that a conditional use permit can only be processed after a physical location is secured. Each top applicant shall have one year from the date of top applicant notification to obtain a conditional use permit, but must apply for the conditional use permit within 6 months of being notified as a top applicant (i.e. applicants have 6 months to apply and 6 months to secure approval).

Application fees for conditional use permits are separate from any other cannabis-related fees and must be paid as part of a completed application. Failure to obtain a conditional use permit within 12 months (or by the date specified by an approved extension request), will result in immediate abandonment of the application. Abandoned applications will not be further processed. During the conditional use permit process, applicants are encouraged to apply for any necessary Building and Safety permits needed to make improvements to the property

(for example, building permits for tenant improvements). Prior to operation of the business the applicant will also need to secure their state cannabis license (after the City license has been issued). The cannabis fee schedule, as established by [Resolution No. 8384](#), is attached as Attachment B.

## **DOCUMENTS, FOMS AND ATTACHMENTS**

Application Cover Sheet  
Form No. 1 – Owner/Application Information Form  
Form No. 2 – Waiver and Release of Liability Form  
Form No. 3 – Verification Authorization Form  
Form No. 4 – Application Disclosure Form  
Form No. 5 – Zoning Verification Form  
Attachment A – Scoring Criteria Sheet  
Attachment B – Fee Schedule

## **CANNABIS BUSINESS LICENSE APPLICATION REQUIREMENTS**

### **Documents Required in Application Submittal:**

The following information shall be included in each Cannabis Business License Application Submittal:

- **Required Submittal Item 1:** Completed Applicant/Owner Information Form
- **Required Submittal Item 2:** Cover Letter
- **Required Submittal Item 3:** Proof of Payment of Application Fee
- **Required Submittal Item 4:** Detail of the Applicant’s Business Plan and Concept

Sections shall include:

- Section 1: Business Plan
- Section 2: Design Concept
- Section 3: Security Plan
- Section 4: Applicant Experience

\*Applicants securing multiple licenses within the same property may submit one Business Plan and Concept, but each section must address each of the proposed licensed activities. For example, retailers who are also applying for delivery must include both retail and delivery in the business plan, design concept, security plan and applicant experience sections.

- **Required Submittal Item 5:** Waiver and Release of Liability (Form #2)
- **Required Submittal Item 6:** Verification Authorization (Form #3)
- **Required Submittal Item 7:** Application Disclosures Form (Form #4)

- **Required Submittal Item 8:** Signed Applicant Intake Checklist

### **Further Information Regarding Required Items:**

Applicant/Owner Information Form – Each application should include a completed Applicant/Owner Information Form (Required Submittal Item 1/Form #1). This form includes basic information on the applicant, owners, and non-owners with a financial interest in the business. The information being requested by the City mostly mirrors the information being requested by the State.

Cover Letter – The Cover Letter (Required Submittal Item 2) should be a concise overview of the applicant’s cannabis application, including the type of licenses being applied for and the proposed business concept and design. The Cover Letter should not exceed five pages.

Proof of Payment for Cannabis Business License Application Fee – Applicants must pay a cannabis business license application fee for each type of license type they have applied for, even if the activities will be located in the same facility. Proof of payment must be included with the application submittal. The only proof of payment that will be accepted is a City of Hawthorne cashier receipt. Further information regarding the application fee and proof of payment is included on page 4.

Detail of Applicant’s Business Plan and Concept – This section is the main portion of the application (Required Submittal Item 4). For each license type the applicant shall provide detailed information about their business plan, design concept, security plan, and experience. This section is limited to a total of 50 pages for each license type (max of 25 pages of images). Applicants are encouraged to follow the ordering in the scoring criteria sheet (see Attachment A) to the greatest extent possible when describing their business plan and concept; to make review of the applications as efficient as possible.

### **Required Application Format and Submittal Guidelines:**

Length - Applications shall be no longer than 50 pages, per business or activity type. The page total does not include the applicant/owner information form, proof of payment, or the cover letter (cover letter should not exceed five pages). Double sided pages count as two pages. Points are not awarded based on the length of the application. As such, please limit the use of duplicative information throughout the submittal and present information in a clear, concise and cohesive format. The total page count includes images and graphics, which are encouraged to illustrate design concepts.

Font and Page Size - 12-point font shall be used in the narrative portions of the application. All pages shall be 8.5 x 11.

Order of Information - The “required submittal items” shall be provided (and labeled) in the application in the same order as shown on page 2. Applicants are also encouraged to follow the ordering in the scoring criteria to the greatest extent possible when describing their business plan and concept (Required Submittal Item 4); to make review of the applications as efficient as possible.

Document Submittal – All applications shall be submitted, initially, IN PERSON, at City Hall

during the submittal period, on designated days/times. Applicants must bring ONE paper copy of their completed application. A USB drive with an electronic replica of the applicant's application materials is strongly encouraged. If the application is deemed incomplete at intake (i.e., application package is missing forms or documents), staff will notify the applicant of the missing items during the submittal meeting. The applicant will be required to complete the required documents/forms and resubmit them by 2:00 PM on January 19, 2023 (no exceptions). For applicants' convenience, the City will allow resubmittals electronically through a Box link that will be provided to the applicant during the application intake meeting.

Initial submittals MUST go through the intake process at City Hall (in-person). Electronic resubmittals will not be re-reviewed to ensure all documents are submitted. The online document portal will only be available to transmit documents. As such, it is the applicant's responsibility to ensure all missing items are complete when submitted. If an applicant wishes to have their application re-reviewed by staff to ensure all required materials are present, the applicant can re-submit, in-person, at City Hall during the submittal period on designated days/times as a walk-in or applicants can make a reservation while reservation times are available. All applications submitted to the online submission box (after initial intake) will be reviewed "as is" and the applicant will not have any further opportunity to cure deficiencies. **Only complete applications will be scored/ranked by the Cannabis Evaluation Panel.** If more than one PDF file is being submitted, they should be compressed into a single ZIP file, and that ZIP file shall be uploaded. Applicants should be aware that depending on the size of their application it may take some time for the document to upload; please plan accordingly. Submission deadline still applies to online re-submittals. All submissions are time and date stamped by the Box application and there will be no exceptions to the deadlines. Applicants are encouraged to submit their applications in a timely manner to ensure proper submission.

Application Completeness Determination - Complete application packages, received by the deadline, will be submitted to staff to review for compliance with City zoning, design guidelines, setbacks, and other development standards. If an applicant does not have a physical location secured, they can use a proposed site OR identify a general area for the business location. If the proposed business meets the code standards and regulations, the application will be deemed COMPLETE and forwarded to the Cannabis Evaluation Panel for scoring/ranking. This process will be done in accordance with CEQA and the Permit Streamlining Act, as applicable. Incomplete applications will be disqualified and will NOT be scored by the Cannabis Evaluation Panel. Incompleteness and/or Disqualification notifications will be issued to applicants within 60 days of review, or a time otherwise specified by the City Manager based on staffing.

Multiple Applications – Applicants applying for more than one license type that are anticipated to be located at the same location are encouraged to combine their application submittal package. For a combined application package, applicants should submit only one applicant/owner information form (Item/Form #1) and cover letter (Item 2) for the entire combined package, however, applicants need to submit separate proof of payment (Item 3) and a separate Business Plan and Concept (Item 4) for each license type. The page limitation stated previously applies to the Business Plan and Concept not the combined application package. Applicants securing multiple licenses within the same property may submit one Business Plan and Concept (max of 50 pages total) but each section must address each of the proposed licensed activities. For example, retailers who are also applying for delivery must include both retail and delivery in the business plan, design concept, security plan and applicant experience sections.

If an applicant is applying for multiple license types, and it is not anticipated that the licenses

will be located at the same location, then the applicant should submit a separate application package for each location. In general, combined application packages should be for businesses that plan to have more than one license type in the same location with a unified business plan and design concept.

**Cannabis Application Fees**

Applicants are required to pay the following fees prior to submittal of their application.

License Type	Application Fee
Adult-Use Retail	<b>\$12,302</b> non-refundable
Cannabis Consumption Area	<b>\$12,302</b> non- refundable
Delivery Service (with retail location or non-storefront)	<b>\$12,302</b> non-refundable
Cultivation, Manufacturing, Distribution and Testing	<b>\$12,302</b> non-refundable
Cannabis Delivery Services without a physical location in Hawthorne	<b>\$8,996</b> non-refundable
Conditional Use Permit (storefront retail locations)	<b>\$31,504</b> fees may be subject to a partial refund if the application is withdrawn. Only actual costs incurred by the City for processing of a withdrawn CUP will be withheld.

If applicants are submitting applications for more than one type of cannabis business license, they must pay the applicable application fee for each license type (for example, if an applicant is submitting applications for an adult-use retail license, and consumption area license they would need to pay \$24,604 (\$12,302 multiplied by two). Applicants may pay with a single domestic check, money order, cashier's check, or credit card (fees may apply) but they should indicate to the cashier what type of licenses they are paying for, so that the receipt accurately reflects each license type. Please note: CASH PAYMENTS WILL NOT BE ACCEPTED.

**Cannabis Business License application fees will not be refunded if an applicant is not selected as one of the top scoring applicants.** Fees will not be refunded because they are used to cover the costs of City expenses (staffing time and other costs) to prepare and implement the application process, as well as expenses of the Cannabis Evaluation Panel.

Proof of payment must be included with the application submittal. The only proof of payment that will be accepted is a City of Hawthorne cashier receipt. The City will not accept online payments. Payments must be made in person at the Cashier’s Window of City Hall during normal operation hours (Monday – Thursday, 8AM-5PM).

## OTHER KEY INFORMATION

### **Contact with City Officials, City Staff, and Member of the Application Evaluation Panel**

On November 8, 2022, the City Council adopted a practice that prohibits applicants or their representatives from contacting any member of the Cannabis Evaluation Panel or initiating contact with City cannabis staff or consultants in any way during the application process. Applicants are allowed to meet with cannabis staff for application intake. All other communication must be made directly via email at: [cannabis@cityofhawthorne.org](mailto:cannabis@cityofhawthorne.org). Any violation will result in the dismissal of the applicant's application. Additionally, applicants should be aware that all Application Evaluation Panel members, cannabis staff and consultants are required to immediately report any attempted contact by an applicant (email, phone, in person, by mail, etc.) to the City Manager. The City Council also adopted a practice that prohibits City Councilmembers from contacting Application Evaluation Panel members.

Applicants are allowed to contact City Councilmembers, but they should be aware that the City Council will not be reviewing or scoring the applications and will not be deciding which applicants will be eligible to receive business licenses through the process.

In addition, City Councilmembers are not allowed to contact Cannabis Evaluation Panel members. Staff strongly encourages applicants to carefully review the scoring criteria and focus their efforts on submitting a detailed and comprehensive application that aligns with the criteria.

**Multiple Licenses** – Applicants are allowed to submit applications for multiple types of cannabis licenses. However, an applicant may not submit an application for more than one of the same type of cannabis license. For example, an applicant could submit applications for an adult-use retail license and consumption area license but could not submit for two adult-use retail licenses.

If an applicant submits applications for more than one type of license they do not need to be located at the same location (for example: an applicant can apply for a cultivation facility in one location and a retail store in another).

**Multiple Licenses in One Location** – Applicants are allowed to have more than one type of cannabis business license at the same location. For example, an adult-use retail license and consumption license could all be located at the same location, however, applicants should be aware that certain restrictions apply to consumption lounges that are located on the same premises as adult-use retail businesses.

**Licenses Not Transferrable** – The assignment of, or attempt to assign, any cannabis license is unlawful and any such assignment or attempt to assign a license shall render the license null and void (Municipal Code Chapter 5.100.190).

**Public Records Requests and Proprietary Data** – All applications will become the property of the City when received. Information contained in the applications may be subject to disclosure under the California Public Records Act. Any sections or pages the applicant considers proprietary should be clearly marked within the application, although such marking is not determinative of whether it is proprietary under state law. The City reserves the right

to disclose and/or withhold any information contained therein in accordance with the law.

Ownership Stake in Multiple Applications (Same License Type) – Individuals may not be listed as Owners in more than one of the same type of license application. The definition of owner is provided on the Applicant/Owner Information Form and is consistent with the State definition of Owner.

Score/Rank Ties – After scoring is complete, if a tie exists that impacts applicants' ranking (for example: a tie score between two or more applicants for a ranking), the applicants with the higher scores in the Business Model category (D)(1) of the scoring criteria will be selected to be top candidates. The remaining applicants from the tie will be placed on the waitlist. In the event of an additional tie in the Business Model category, the applicant with the higher score in Design Concept (D)(2) of the narrative scoring criteria will be selected to be the top candidate. The remaining applicants from the tie will be placed on the waitlist. In the event of an additional tie in the Business Mode category, for license types without storefront, the applicant with the higher score in Operations (D)(3) of the scoring criteria will be selected to be the top candidate. The remaining applicants from the tie will be placed on the waitlist. In the event of any additional ties after (a) or (b), the tied applications shall be entered into a random lottery for a selection of a top candidate with the remaining applicants to be placed on the waitlist.

Questions – Questions regarding the application and weighting criteria should be emailed to City staff at [cannabis@cityofhawthorne.org](mailto:cannabis@cityofhawthorne.org) by 5:00PM December 30, 2022. The City will endeavor to answer all timely submitted questions on the City's cannabis webpage before the period begins.

Prospective Applicant Informational - The City will hold an informational for all prospective applicants on December 29<sup>th</sup> at 5:00PM. The informational meeting will be held via Zoom and registration will be made available online. City staff will answer any questions received before and during the workshop during the zoom informational meeting. Questions received after the meeting (must be submitted by 5:00 PM Friday, December 30<sup>th</sup>), will be posted on the City's cannabis webpage prior to the application submission deadline. Duplicative questions will be omitted. While staff will attempt to answer all questions before the submission deadline, the volume of questions may impact response time. As such, applicants are strongly encouraged to submit all questions well in advance of December 29<sup>th</sup>.

Disclosure to the Published Information – While the city does not anticipate substantive changes to the information herein, the City reserves the right to update the information on the cannabis webpage as necessary to resolve any unanticipated issues that may arise before or during the application process. Any updated information will be noted as updated. Applicants are encouraged to check the City's cannabis webpage before submitting their application and regularly throughout the applicant process. It is the applicant's responsibility to be informed during this process