



May 12, 2021

TO: CITY OF SANTA BARBARA
ANTHONY WAGNER INVESTIGATION

FROM: SINTRA GROUP
ROBERT VELASQUEZ – INVESTIGATOR
CHUCK HOOKSTRA - INVESTIGATOR

SUBJECT: EXECUTIVE SUMMARY / CONCLUSION

EXECUTIVE SUMMARY

At the request of the City of Santa Barbara and the Santa Barbara Police Department, we were tasked with investigating and determining whether or not City employee, Anthony Wagner, had a conflict of interest while serving as a C.A.R.T. (Cannabis Application Review Team) member when they approved the application of Golden State Greens for a Medical Marijuana Dispensary.

On March 12, 2021, L.A. Magazine published an article by Mitchell Kriegman that raised the question if there was a conflict of interest and the approval of Golden State Greens may have been improper. We reviewed that article as well as several others found via public records and internet searches. In addition, we conducted interviews with City employees and other individuals pertinent to this investigation.

The investigation focused on several areas of concern that were published in the article. The article stated that several years into Antony Wagner's tenure on the San Diego Planning Commission, Wagner and some of his associates in the cannabis business, went on to form the Southern California Responsible Growers Council or SCRGC and that Wagner did not seem to have had any experience as a grower, yet Wagner became the executive director and spokesperson for the group, billing himself as a "land-use policy expert."

The article stated that according to the Planning Commission agenda minutes of March 12, 2015, Wagner voted to approve Adam Knopf's Medical Marijuana Consumer Cooperative (MMCC), which had been denied three months earlier and it was Commissioner Wagner who initiated the motion to approve, advocating for his associates representing significant conflicts. Many players in Santa Barbara's dispensary sweepstakes contend that Wagner was actually brought up from San Diego to handle Santa Barbara's eight cannabis dispensary licenses from the beginning.

The article referenced that at least two other city employees were appointed to work with Wagner: Matt Fore, Senior Assistant to the City Administrator and Tava Ostrenger, Assistant City Attorney. The decision on licensing was made through a point system designed by Wagner. The scoring system and the actual scores for all the dispensary license applicants were confirmed through public information requests.

The article stated that in July 2018, following an eight-month review, three of the eight recreational cannabis dispensaries were selected. Golden State Greens, owned by Knopf from San Diego, was the recipient of one of the coveted licenses and that shortly after receiving the green light for the dispensary on State Street in the heart of downtown, without any construction and without opening the store for even a day, Golden State Greens flipped the license, selling it to Jushi, a company based out of Boca Raton, Florida. The purchase price was not disclosed, but multiple knowledgeable sources within the Santa Barbara weed business community speculate the price was approximately \$7 million dollars, \$5 million for the business and \$2 million for the building. Even though Golden State Greens never opened a store and simply sold the

license at what many believe was a windfall profit, the City did not restart the scoring process or notify the next company that had likely spent significant funds to prepare an application. If, as Wagner said, “it was close,” why wouldn’t the next-highest-rated applicant take over the license and that GSG could turn a profit at all by selling their license was controversial. Santa Barbara County does not allow the transfer of dispensary licenses, expressly to avoid windfall sales and speculation.

We reviewed the articles and several documents that we were provided. We also reviewed articles found via public records and internet searches. In addition, we conducted interviews with City employees and other individuals pertinent to this investigation to arrive at our finding.

APPLICATION PROCESS

The application process to Operate a Commercial Cannabis Business in Santa Barbara began on or about Thursday, February 1, 2018 and applications were accepted until March 30, 2018. The Application Process consisted of four phases which are as follows:

Phase 1: Application Submittal (including)

- i. Zoning Verification Letter
- ii. Completed Commercial Cannabis Licensing Live scan/ Background Check Form
- iii. Copy of receipt or payment from agency processing the Request for Live Scan Service Form
- iv. Proof of Property Owner Consent

Phase 2: Initial Cannabis Application Review Team Ranking

Phase 3: Public Meeting

Phase 4: Final Permit Application Evaluator Ranking

The Cannabis Application Review Team (CART), consisted of five City employees, of which Wagner was one, scored the applications in the initial Phase 2 scoring. The scores were reached by consensus of the CART members. The final Phase 4 scores were given by the Permit Application Evaluator, who was an employee designated by the City Administrator. No members of the CART were selected for the position of the Permit Application Evaluator.

(Refer to the **Exhibit “A”** Application Procedure to Operate A Commercial Cannabis Business in Santa Barbara” for details.)

WITNESS LIST

1. Anthony Wagner (with his Attorney James Cunningham)
 - a. The interview of Anthony Wagner was recorded and subsequently transcribed.
2. Adam Knopf
3. Tava Ostrenger
4. Micah Anderson
5. Andrew Bermond
6. Ryan Diguilio
7. Matt Fore

ARTICLES REVIEWED

The following articles were reviewed:

- “In Sleepy Santa Barbara”
- “OP-ED: Alleged Corruption by Wagner Doesn’t Pass “THE DUCK TEST”
- “SB Police PIO Placed On Leave
- San Diego Union-Tribune
- Lots of Innuendo But Little Substance in “Los Angeles” Magazine Article
- Three Pot Shops Get Green Light in Santa Barbara

FINDINGS

Based on the documents reviewed, the articles written, and the interviews conducted, it is our opinion that there was no conflict of interest between Anthony Wagner, Golden State Greens, or any of the other applicants that participated in the City of Santa

Barbara process. Golden State Greens was not given any preferential scoring treatment. Golden State Greens was not among the three applicants initially chosen to receive a license. However, one of the competitors, SGSB, Inc. was disqualified because their location was within 1000 feet from another commercial cannabis storefront retailer, which is not allowed pursuant to Santa Barbara Municipal Code ("SBMC") Section 9.44.280 A. As a result, Golden State Greens moved up into the final three and was issued the license. After approximately one year of failing to obtain building permits, Golden State Greens made the decision to transfer their stock to JUSHI, a company based in Boca Raton, Florida, as allowed under SBMC Section 9.44.180. (Please see **Exhibit "B"** for applicable Municipal Code Sections.)

Anthony Wagner

On Friday April 02, 2021 at 1:20 p.m. Anthony Wagner was interviewed regarding conflict-of-interest allegations as it related to the application of Golden State Greens in the City of Santa Barbara. The allegations were based on articles published by L.A. Magazine and subsequently by other local Santa Barbara articles.

The interview was conducted over a "Zoom" call that included video and audio, however, only the audio portion of the interview was recorded. Those participating in the interview were Robert Velasquez, Sintra Group Investigator; Steve Bowman; Group President, James Cunningham; Attorney representing Anthony Wagner and Anthony Wagner. All parties agreed to the audio recording. The audio portion was recorded by Steve Bowman and James Cunningham at the beginning of the interview.

Anthony Wagner was at the office of his attorney, James Cunningham.

There were some preliminary discussions as to the parameters of the investigation prior to the commencement of the recording. For example, the interview was being conducted under the Peace Officer Bill of Rights (P.O.B.A.R.) that are afforded sworn peace officers in the State of California.

Bowman read Wagner the Lybarger Admonishment. Wagner agreed to cooperate with the investigation and be truthful in his answers. Bowman emailed a written copy of the

admonishment to Wagner and his attorney. Wagner signed it and returned it to Bowman via email.

Anthony Wagner told us he was hired by the City of Santa Barbara on March 27, 2017 as a Public Engagement Manager for the Santa Barbara Police Department. Since his hire in 2017 other duties and tasks evolved to include the following:

- Public Information Officer
- Staff administrative hearing officer
- Manager of public records and confidential redaction
- Manager of permits and licensing for alcohol, cannabis, and other licensing within the police department
- Emergency Operations Manager
- Other collateral duties

Wagner said he first learned of the position when it was publicly posted on NEOGOV, (An online service that provides on-demand human resources software to the public sector that includes screening and hiring), however, he doesn't recall when he found about the opening. Wagner said when he applied for the position, he felt qualified to do so.

Wagner submitted a resume with the application and was asked if he received any advice from anyone regarding the application process or anything of that nature. Wagner said he believes that Lori Luhnow communicated with him that the job would be open, and he should apply. I asked Wagner if this was prior to him seeing the opening on NEOGOV. Wagner couldn't recall the chronology. Wagner was asked if she (Luhnow) helped him at all during the process and he said, "No".

Wagner was asked if at the time he applied in Santa Barbara, or anytime during the process did he know that the City planned on adopting a commercial cannabis ordinance. Wagner, while not recalling when he became aware of it, said he did know that the City was interested in creating a cannabis ordinance but could not recall how or when he became aware of it. Wagner did say that he was asked to become a member

of C.A.R.T. (Cannabis Application Review Team) before its inception and while he was an employee for the City of Santa Barbara. Wagner said it was Chief Luhnnow and City Administrator Paul Casey who approached him as they knew of his background in San Diego. When asked how Paul Casey would know his background and he assumed it was the Chief that told him.

Wagner was asked about his association with **Micha Anderson**. He informed us that he met Anderson while at a conference for the California Bureau of Cannabis Control. Anderson was a client, who he helped with the land use entitlement process for his commercial cannabis operation. Wagner had dealings with Anderson after being hired to be the executive director of the Southern California Responsible Growers Council, an association where Anderson was President.

However, Wagner did not have any contact with Anderson during the Santa Barbara application process. His last contact with Anderson was the day after (Saturday) the article was published in L.A. Magazine. Wagner called Anderson to discuss the contents of article. They both agreed that the article was false and misleading. Wagner said that Nick Welsh, the journalist for the Santa Barbara Independent, called him the following Wednesday to verify Micha Anderson's identity. Wagner in turn called Anderson and asked that he call the reporter. Since that time, Wagner has had no contact with Anderson.

Wagner was asked about **Gina Austin**, the attorney he retained to handle a personal matter with his Wagner and Associates L.L.C. in San Diego. She was also the attorney representing Golden State Greens in the Santa Barbara process. Wagner said that Ms. Austin was on the interested parties list in the Golden State Greens application and was representing Adam Knopf in his application with the City of Santa Barbara. Wagner stated the fact that Ms. Austin represented him in his personal matter and represented Knopf in his application was purely a coincidence and the two matters had nothing to do with each other.

Wagner met Austin while he was a Planning Commissioner for the City of San Diego. According to Wagner, Ms. Austin had been before the Planning Commission countless times and he was impressed with her work. Wagner did not know if Ms. Austin was counsel for Golden State Greens when he retained her. Wagner paid Ms. Austin a total of \$1050 for her legal services with a final payment of \$300 being made in February of 2017.

Wagner was asked if had any relationship with anyone from **Golden State Greens** and he stated he has “zero” relationship with anyone from Golden State Greens.

Wagner told us that he had no contact with anyone from Golden State Greens prior to their application process in Santa Barbara. He said that Golden State Greens was given a score that placed them fourth overall and there were only three licenses that were going to be issued. It wasn't until number 3, SGSB Inc. was eliminated, that Golden State Greens was given the approval. As previously mentioned, SGSB, Inc. was taken out of the equation because their location violated SBMC Section 9.44.280 A. Golden State Greens having placed fourth in the process was moved up to number three and issued the license. After approximately one year of unsuccessfully trying to obtain the necessary building permits, Golden State Greens made the decision to sell stock in their company to JUSHI under SBMC Section 9.44.180.

Wagner was asked if he knew **Adam Knopf** prior to the Golden State Greens application with the City of Santa Barbara and he said that he did. Wagner explained that he sat on the San Diego Planning Commission and was part of approving Knopf's application for a marijuana dispensary in March 2015 in the City of San Diego. Wagner met Knopf through the City of San Diego's land use entitlement process as a quasi-judicial Planning Commissioner for the City of San Diego in 2008 but said he never had any business dealings with Knopf during that time. Wagner said his contact with Knopf during this time was “limited”. He said he would see him at a conference or a regulatory meeting and dealt with him as a Planning Commissioner. Wagner said he has never had a personal relationship with Knopf.

Wagner told us he did not have any contact with Knopf at any time prior to Golden State Greens application with the City of Santa Barbara but that he had informed Assistant City Attorney Tava Ostrenger and Senior to the Assistant City Administrator Matt Fore about his prior limited relationship with Knopf.

Wanger said he had a phone conversation with Tava Ostrenger (around February 2018) and explained that he was on the Planning Commission in San Diego and approved Knopf's dispensary application. Wagner thought he should bring it up as it may be a potential conflict. However, after their discussion, he, and Ms. Ostrenger both were of the agreement that it was not a conflict. He said their reasoning was he (Wagner) was acting in an official capacity as a Planning Commissioner and had no business or personal dealings with Knopf. Wagner said he last had contact with Knopf when he checked in on him at his dispensary in Santa Barbara about 2 years ago. Wagner said Knopf was not involved with the Southern California Responsible Growers Council.

Wagner was asked about his involvement with the **Southern California Responsible Growers Council (SCRGC)**. Wagner said Micah Anderson was a legitimate cannabis farmer, who along with other peers, struggled to get traction in the land use entitlement process. Anderson and other cannabis farmers combined to form the SCRGC. Anderson was the President of the SCRGC, and it was Anderson who hired Wagner in September 2017 to serve as a consultant to SCRGC. The L.A. Magazine article stated that Wagner was a founding member. Wagner said that was not accurate. He was not a founding member of SCRGC, and that Adam Knopf was not involved in the SCRGC.

Wagner was asked about his L.L.C., "Wagner and Associates, Limited Liability Company". Wagner stated that his L.L.C. was a consulting business for the land use entitlement process in the San Diego area. Wagner said that Micha Anderson had nothing to do with his LLC. Anderson was a client of Wagner's, as Wagner was a consultant to the Southern California Responsible Grower's Council. Wagner said he helped Anderson with the land use entitlement process for his commercial cannabis

operation. Wagner was asked if Adam Knopf was associated with his (Wagner's) L.L.C. and he said that he was not.

Wagner said that Wagner and Associates L.L.C. was just a title and that he was the only person running the L.L.C. Wanger and his wife, [REDACTED], cancelled the LLC. because it was too expensive at (\$1300 per year.)

In reviewing the Wagner and Associate L.L.C., Anthony Wagner listed his address as [REDACTED] in San Diego. Public records showed that a [REDACTED] [REDACTED] also lived there during the time the L.L.C. was in operation. [REDACTED]

[REDACTED]
[REDACTED].

In July 2020, Assistant City Attorney, John Doimas, posed several written questions to Wagner about his L.L.C. and submitted Conflict of Interest Statement after questions were raised during public comment at City Council meetings. Wagner also told us that he was truthful in his answers to Mr. Doimas regarding the Wagner and Associates L.L.C. and the Conflict-of-Interest Statement he signed and provided to the City.

Wagner was then asked about his relationship with **Lori Luhnnow**. Wagner said that while in San Diego, he was trying to recruit the Chief of Police in San Diego to participate in his Alcohol Policy Panel for the County of San Diego. However, the San Diego Police Chief decided to delegate the assignment to (at that time) Captain Lori Luhnnow who at the time was assigned to the Traffic Division and had responsibility for all alcohol and DUI matters. Wagner did not personally seek out Luhnnow to serve on the panel. Wagner and Luhnnow both served on the Alcohol Policy Panel.

Wagner was asked if he had any association with Jushi, the company that took over for Golden State Greens after Golden State Greens could not obtain the appropriate permits to continue with their license. He said he did not have any association with or know anyone from Jushi prior to Jushi acquiring the stock from Golden State Greens.

When the interview was complete, Wagner was asked if he was truthful with us in his answers to our questions and he said that he was.

The following are summaries of our interviews with other witnesses relevant to this investigation.

Tava Ostrenger

Tava Ostrenger is an Assistant City Attorney employed by the City of Santa Barbara. Her role on the C.A.R.T. (Cannabis Application Review Team) was to provide legal counsel to the process.

In February 2018 Anthony Wagner reached out to Ms. Ostrenger wanting her to be aware that he had once sought legal advice from an attorney (Gina Austin) who he later learned represented Adam Knopf in his application for a commercial cannabis business permit in Santa Barbara. The advice he (Wagner) sought from Ms. Austin was for a personal matter and the fact the attorney now was counsel to Knopf was purely a coincidence.

Ms. Ostrenger vaguely recalled a conversation she had with Wagner regarding when he (Wagner) once participated in a commercial cannabis licensing application process where Golden State Greens (Adam Knopf) was an applicant while he (Wagner) was employed as a Planning Commissioner in San Diego. Wagner told Ostrenger that he did not have a personal relationship with Knopf.

Matt Fore

Matt Fore is the Senior Assistant to the City Administrator for the City of Santa Barbara. He served as the Phase II Permit Evaluator on the City of Santa Barbara's C.A.R.T. (Cannabis Application Review Team) during the 2018 Cannabis Business License application process.

Mr. Fore worked closely alongside Anthony Wagner during the entire application process. Mr. Fore was aware Wagner served on the Planning Commission in San Diego. Mr. Fore was also aware that Wagner was once involved in the Southern California Responsible Growers Council in San Diego.

Mr. Fore did not specifically remember having a conversation with Tava Ostrenger about Wagner being involved in a cannabis permit process during which Adam Knopf was an applicant for a permit. (This was during a time when Wagner served on the San Diego Planning Commission.)

Mr. Fore was aware that Wagner disclosed to Assistant City Attorney Tava Ostrenger that he (Wagner) once sought legal advice from an attorney who Wagner later learned represented Adam Knopf in his application for a commercial cannabis business permit in Santa Barbara. The advice Wagner sought was for a personal matter and not related Knopf's application. It was determined not to be a conflict of interest.

Mr. Fore said it was widely known that Wagner had significant experience in the commercial Cannabis industry in San Diego. He did not know of any direct connection between Wagner and Knopf.

Ryan Digiulio

Ryan Digiulio is a City of Santa Barbara, Fire Inspector. Mr. Digiulio's role on C.A.R.T. was to review the applications and ensure the applicable fire codes were adhered to. He did not participate in the in-person interviews.

Mr. Digiulio was not familiar with Anthony Wagner prior to process other than to see him at various locations (crime scenes, fires, etc.) in his (Wagner's) capacity as a Public Information Officer.

Mr. Digiulio was impressed by Wagner's knowledge of security needs for locations that deal in large amounts of cash (i.e., a need for ballistic glass, secure access, and security camera systems). Mr. Digiulio did not hear anything in their discussions that would indicate Wagner had a relationship with any of the applicants.

Andrew Bermond

Andrew Bermond is a City of Santa Barbara, Project Planner, and his role on the C.A.R.T. was to review the neighborhood integration plan. Mr. Bermond participated on the application evaluation team, and not in the in-person interviews. Mr. Bermond was not familiar with Adam Knopf or Golden State Greens and had little contact with Anthony Wagner prior to the selection committee. Initially he thought it was unusual to bring Wagner into the process, but as it turned out, having someone (Wagner) with knowledge of the San Diego applicants benefited the process. According to Mr. Bermond, Wagner told him that he was familiar with Golden State Greens but there was no indication Wagner had a relationship with them nor did Wagner advocate for any of the applicants during the process.

Mr. Bermond read the article in Los Angeles Magazine and believes it has no merit. He said the fact that Golden State Greens scored in fourth place (only the top three were eligible for permits) would indicate that no one in the process advocated for them or skewed the scoring process.

Micah Anderson

On March 31, 2021 @ 2:45 p.m. I interviewed Micah Anderson over the phone. The interview was not recorded. Anderson was the person that L.A. Magazine indicated had a business relationship with Anthony Wagner. Mr. Anderson was asked about the news article in Los Angeles Magazine. Mr. Anderson responded that he was familiar with the article and that he had nothing to do with the Santa Barbara application. Mr. Anderson said that the Santa Barbara application was solely made by Adam Knopf.

Knopf and Anderson did apply together for the City of Pasadena. Their application for Pasadena did reference the Santa Barbara application process because Adam Knopf was using that as part of his credentials on his resume.

Anderson told us that it is usually a third-party person who puts the applications together, but he didn't know if that was the case in this matter. When they applied in

Pasadena, Anderson said Knopf had already been granted the license in Santa Barbara.

Anderson was asked how he knew Anthony Wagner and he stated that he knew him from a trade association he ran about five or six years ago in San Diego, the Southern California Responsible Growers Council (SCRGC), a non-profit organization that no longer exists. Anderson said he hired Wagner to run the trade association as the executive director. Wagner was to help the Council in lobbying the County of San Diego to change the regulations and ordinances around. Anderson said the entity was dissolved after 12 months because they failed to get the county to shift their position. Anderson said this was the extent of his relationship with Anthony Wagner.

Anderson opined that the author of the Los Angeles Magazine article was trying to paint a picture that he and Wagner were business partners when they were not.

Anderson was asked if he knew if Anthony Wagner had any business relationship with Adam Knopf. He said he was unaware of any relationship between the two. Anderson said he had no knowledge of Adam Knopf applying for the license in Santa Barbara until Knopf sold the license.

Adam Knopf

On Wednesday March 31, 2021 I called Adam Knopf in an attempt to interview him regarding this investigation. The phone went to voice mail and I left him a message asking him to call me. I had also sent him an email to contact me and I informed him of that as well on my voice mail message.

On Thursday April 1, 2021 @ 10:17 a.m., I received a response from Knopf to my email. The following is what Knopf sent me:
Rather not get caught up in the fake news or fake investigation.

Anthony Wagner....heard hes a good guy with all hi community services but other then that not sure how I can help as I do not know the guy other then him being a city employee

Hope this helps

Think you should look into Oprah and Ellen being on house arrest in your town for child trafficking.

Now that story would put Sintra on the map

Just a thought

God bless and help save the children

We did not attempt to contact him any further.

City of Santa Barbara Cannabis Application Review Team

The City of Santa Barbara formed a Cannabis Application Review Team to evaluate the applicants for the cannabis licenses. They also provided a link that provided us with the final scores of all the applicants in their Competitive Evaluation Process. The following businesses submitted applications and were rated on several criterion. The results of their rankings and overall score are listed below.

Golden State Greens was not in the top three in their final review. The licenses were issued to only the top three.

- | | |
|---|------------|
| ○ Coastal Dispensary, LLC | Score:938 |
| ○ SGSB, Inc. | Score: 935 |
| ○ Farmacy SB, Inc. | Score: 914 |
| ○ GSG SBCA dba Golden State Greens | Score: 901 |
| ○ Have a Heart 7 CA, LLC | Score: 874 |
| ○ Flagship Retail, Inc. dba Canndescent | Score: 839 |

It does not appear that Golden State Greens was in any way given any preferential scoring treatment based on the final scores. Golden State Greens actually finished 4th in this process behind Coastal Dispensary L.L.C., SGSB Inc., and Farmacy SB Inc. It was

the top three who were selected to receive a license. SGSB Inc. was removed from the process about a year later (not shortly after as written in the L.A. Magazine article) because of a problem with their proposed location as mentioned earlier. Golden State Greens thus moved up to number three and was subsequently issued the license.

CONCLUSION / FINDING

Golden State Greens was not given any preferential treatment based on the documents reviewed, the articles written, and the interviews conducted. It is our opinion that there was no conflict of interest between Anthony Wagner, Golden State Greens, or any of the other applicants in this process.

-End-



AMENDED

**APPLICATION PROCEDURE TO
OPERATE A COMMERCIAL
CANNABIS BUSINESS
IN SANTA BARBARA**

The application process to operate a Commercial Cannabis Business (“CCB”) in the City of Santa Barbara will open on or after **Thursday, February 1, 2018**. Applications will be accepted until **March 30, 2018**. Applications received after March 30, 2018 may not be considered. Applications are available at PlanetBids

<https://www.planetbids.com/portal/portal.cfm?CompanyID=29959>. Use Category code 45300 when registering. This procedure outlines the application process, required materials, and other information necessary to operate a CCB in the City of Santa Barbara. This application process is adopted pursuant to Santa Barbara Municipal Code Section 9.44.

BEFORE YOU APPLY:

1. Review the information to learn about the application process and which documents you will need.
2. Review the application in its entirety to ensure that it is complete and accurate.
3. Register free with PlanetBids at <https://www.planetbids.com/portal/portal.cfm?CompanyID=29959> to obtain and submit an application. Use Category code 45300 when registering.
4. Obtain a commercial cannabis business permit application from PlanetBids.
5. It is recommended that you review Santa Barbara Municipal Code (SBMC) Chapter 9.44 and Title 30 [Inland Zoning] of the Santa Barbara Municipal Code, the statewide laws and regulations pertaining to commercial cannabis businesses.

Ex Parte Communication Prohibited. Applicants are prohibited from talking to council members, the commercial cannabis application review team, Permit Application Evaluator, and City Administrator after the Informational Meeting for Prospective Commercial Cannabis Business Applicants to be held on February 22, 2018.

1. Application Process

Phase 1: Application Submittal (including)

- i. Zoning Verification Letter
- ii. Completed Commercial Cannabis Licensing Livescan/Background Check Form
- iii. Copy of receipt or payment from agency processing the Request for Live Scan Service Form

Phase 2: Initial Ranking

Phase 3: Public Meeting

Phase 4: Final Ranking

For more information, see Evaluation and Selection Process below.

2. Application Submittal

a. Registration (PlanetBids)

The City is conducting the application process electronically. Although the application process is for retail sales (including delivery only), manufacturing, distribution, and testing, **use Category code 45300** – Miscellaneous Store Retail when registering for any CCB permit type. Applicants must register with PlanetBids using the following link: <https://www.planetbids.com/portal/portal.cfm?CompanyID=29959> and follow the instructions.

All questions and answers about the application or the application process must be submitted through PlanetBids. Do not rely upon oral explanations.

b. Criminal History Check

As part of Phase 1 of the Application Process, every person applying to be a principal (and Landlord, if applicable) to operate a CCB (“Principal”) must complete a criminal background check and be subject to a Live Scan review for both state and federal clearance. Due to delays which may occur in processing the Live Scan, each principal may be subject to a provisional background check at which time they will be required to sign a background authorization allowing the City to conduct a third party criminal investigation check. Fingerprinting services are available at most police departments, sheriff’s offices or any public applicant Live Scan site. The application for the Live Scan will be available on PlanetBids or at the Santa Barbara Police Department located at 215 East Figueroa. Please provide proof of completion of the background authorization form and Live Scan form by providing copies with your application. This process will be required to meet the minimum threshold qualifications pursuant SBMC Chapter 9.44. Principals/Landlords who do not meet criminal history eligibility requirements will be disqualified.

c. Zoning Verification Letter

Prior to submitting the CCB application, applicants will be required to obtain a “Zoning Verification Letter” from the City of Santa Barbara Community Development Department to ensure that the proposed location meets locational requirements. The review process typically takes approximately ten (10) working days. The “Zoning Verification Letter” will need to be included with the application package. Please note the issuance of a “Zoning Verification Letter” does not mean written evidence of permission given by the City of Santa Barbara or any of its officials to operate a CCB, nor does it mean “permit” within the meaning of the Permit Streamlining Act, nor does it constitute an entitlement under the Zoning or Building Code. A regulatory permit for operating a CCB does not constitute a permit that runs with the land on which the CCB is established. Request for Zoning Verification Letters must be in writing and submitted to the Community Development Department at the Planning counter and will not be completed over the counter.

d. Property Owner Consent

Notarized statement of property owner of proposed CCB location on form provided by City that applicant has property owner’s consent to occupy the property for the intended use.

e. Indemnification Agreement

Applicants must execute an agreement indemnifying the City against any and all claims, actions, or proceedings brought against the City as a result of applicants CCB applications or applicants actions associated with its CCB application.

f. Payment of Application Fees

Payment of an application fee in the amount of \$5,600 is required prior to submittal of the application to PlanetBids. Application fee receipt must be included with application submittal. Payment must be made by a certified check, cashier’s check or money order made payable to the City of Santa Barbara. Please note the City will not accept cash and application fees are non-refundable.

g. Submittal

Applicants must submit complete applications and all attachments to PlanetBids at <https://www.planetbids.com/portal/portal.cfm?CompanyID=29959>. A complete application will consist of the following information:

- i. Completed Application Form;
- ii. Background Authorization Form and/or Proof of Live Scan payment for each of the Principals;
- iii. Zoning Verification Letter;

- iv. Copy of City of Santa Barbara receipt showing payment of the application fee;
- v. Proof of Property Ownership or Consent of Landlord; and
- vi. Indemnification Agreement,

Any cost incurred by the applicant in preparation application or submittal of the application shall be borne solely by the applicant.

h. 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 authorized in writing by the City. During Phase 1, applicants will be notified if any of the Principals/Landlord(s) are ineligible. Additionally, applicants will be notified if their application is incomplete and will not be moved forward in the application process unless a complete application is submitted within 10 days from the date of written notice of incompleteness. However, in some cases the City may move forward to other phases in the application process should it anticipate that the Live Scan or background check may be delayed, in order to expedite the application process. In this case, Applicants wishing to move forward in the process will acknowledge by signing the application that they agree to these terms and that should they be disqualified because of a background or a Live Scan disqualification they will not be eligible for a refund of any fees.

INCOMPLETE APPLICATIONS WILL NOT BE CONSIDERED.

3. Evaluation and Selection Process

The evaluation and selection process shall consist of the following four phases:

Phase 1: Application Submittal

- i. Register
- ii. Submit complete application within required time frame.

Phase 2: Initial Ranking (1,000 Points)

Phase 2 applications will be evaluated by a commercial cannabis application review team designated by the City Administrator. Applications will be evaluated based on the following criteria:

- i. Business Plan (400 Points)
 - a. Operations, Best Practices & Financial Pro Forma (200 Points)
 - b. Qualifications of Principals (100 Points)
 - c. Community Benefits (50 Points)
 - d. Environmental Benefits (25 Points)
 - e. Local Enterprise (25 Points)

- ii. Safety and Security Plan (300 Points)
- iii. Neighborhood Integration Plan (200 Points)
- iv. Labor & Employment Plan (25 Points)
- v. Air Quality Plan (75 Points)

Those applicants who scored a minimum of 80% or 800 Points in Phase 2 will move on to Phase 3.

Phase 3: Public Meeting for Interviews

Those applicants who scored a minimum of 80% or 800 Points in Phase 2 will receive an invitation to make a presentation to, and be subject to a public interview, by City Administrator's designated Permit Application Evaluator. Applicants will be given the opportunity to present on their application and proposed CCB operation and should be prepared to answer questions from the Permit Application Evaluator. The interviews will be subject to public comment.

Those applicants that participated in the public interview process will be notified of a date for a site inspection after the interview. Applicants may be permitted to amend and resubmit their application for final review and ranking in Phase 4 only if directed by the Permit Application Evaluator at the public interview.

Phase 4: Final Ranking (1,000 Points)

Phase 4 applicants will be evaluated and scored by the Permit Application Evaluator based on the following criteria obtained from the submitted complete application, public interview, and site visit:

- i. Business Plan (400 Points)
 - a. Operations, Best Practices & Financial Pro Forma (200 Points)
 - b. Qualifications of Principals (100 Points)
 - c. Community Benefits (50 Points)
 - d. Environmental Benefits (25 Points)
 - e. Local Enterprise (25 Points)
- ii. Labor & Employment (25 Points)
- iii. Neighborhood Integration Plan (200 Points)
- iv. Safety and Security Plan (300 Points)
- v. Air Quality (75 Points)

All applicants will be ranked based on their final points score.

Only those applicants who scored a minimum of 90% or 900 Points in this Phase 4 will be issued a permit. Storefront – Retailer applicants scoring 90% or 900 Points or better will be subsequently ranked based on points. Storefront-Retailer Permits will be issued to the Storefront-Retailer Applicants with the highest score, and based on permit availability. In the case of a tie, the Storefront-Retailer applicant scoring highest on the Neighborhood Integration Plan will receive the higher ranking.

4. Issuance of Permit

After ranking is complete, the City Administrator will notify the qualifying applicants of selection for permit issuance subject to clearance of a background check. Final selection will occur on or after May 30, 2018.

The City Administrator reserves the right to award a lesser number of permits, or to award no permits at all in the event that no applicants receive a ranking of 90% or better in Phase

Please note that 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 may be necessary by the relevant departments or governmental entities in charge of said permits; nor does it guarantee that the plans submitted via the application process meet the standards or requirements in SBMC Title 30 or any other permit requirement from other City departments or agencies. All permit awardees must comply with all applicable land use permit requirements and conditions of approval, and any building permit requirements.

DESCRIPTION OF EVALUATION CRITERIA:

1. Business Plan

- a. With as much detail as possible, the Business Plan should **describe**:
 - i. Description of day-to-day operations which meet industry best practices for the specific type of permit in which they will be applying for in the City.
 - ii. How the CCB will conform to local and state law.
 - iii. How medical and adult-use cannabis will be tracked and monitored to prevent diversion.
 - iv. Proposed point of sale system and software and how it integrates with the state's Track and Trace requirements.
 - v. How the CCB's record management will comply with SBMC Chap. 9.44 including, but not necessarily limited to, customer records, point of sale, track and trace, and employee records.
 - vi. A schedule for beginning operation, including a narrative outlining any proposed construction and improvements, and a timeline for completion.
 - vii. Community Benefits. The benefits that the CCB would provide to the local community, such as employment for residents of the City, community contributions, or economic incentives to the City.
 - viii. Local Enterprise. The application should state the extent, if any, to which the CCB will be a locally managed enterprise whose Principals reside within County of Santa Barbara.

b. The Business Plan should **include**:

- i. A budget for construction, operation, maintenance, compensation of employees, equipment costs, utility costs, and other operation 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.
- ii. Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets.
- iii. A pro forma for at least three years of operation.
- iv. Environmental Benefits. The application should describe any proposed “green” business practices relating to energy and climate, water conservation, and materials and waste management.
- v. Qualifications of Principals. The application should include each principals’ curriculum vitae, which may include information concerning any special business or professional qualifications or licenses of principals that would add to the number or quality of services that the CCB would provide, especially in areas related to medical cannabis, such as scientific or health care fields.

2. Neighborhood Integration Plan

For the proposed location, your application should address how the CCB, including its exterior areas and surrounding public areas, will be managed, to avoid becoming a nuisance or having an adverse impact on its neighbors and the surrounding community. If issued a permit explain how you would operate as a “good neighbor” and engage in community relations. Furthermore, a site plan (accurate, dimensioned and to-scale [minimum scale of 1/4”]) should be included for each potential location.

3. Safety and Security Plan

For each proposed location, your application should include:

- i. A detailed safety plan. This plan should describe the fire prevention, suppression, HVAC and alarm systems the facility will have in place. It should include an assessment of the facility’s fire safety by a qualified licensed fire prevention and suppression consultant. An appropriate plan will have considered all possible fire, hazardous material, and inhalation issues/threats and will have both written and physical mechanisms in place to deal with each specific situation. Explain in detail how your safety plan will comply with the Santa Barbara Municipal Code and state law.
- ii. A detailed security plan. This plan should include a description and detailed schematic of the overall facility security. It should have details on operational security, including but not limited to general security policies for the facility, employee specific policies, training, sample written policies, transactional security, visitor security, 3rd party contractor security, and delivery security. In particular, applications should address ingress and egress access, perimeter security, product security (at all hours), internal

security measures for access (area specific), types of security systems (alarms and cameras), and security personnel to be employed. The security plan shall also include an assessment of site security by a qualified licensed security consultant. Security plans will not be made public. If you are an applicant that intends to engage in delivery of cannabis to a non-commercial customer, please include your security plan for delivery. Security plans must include a floor plan.

- iii. Enhanced Product Safety. The application should state how the CCB will ensure enhanced consumer safety as required by State and/or local law.

4. Labor & Employment Plan.

The application should describe to what extent the CCB will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees. Specific practices that are subject to consideration include the following:

- i. Providing compensation to and opportunities for continuing education and training of employees/staff (applications should include proof of the CCB policy and regulations to employees);
- ii. Providing a “living wage” to facility staff and employees. Wage scale should be provided in writing for all levels of employment at the facility.
- iii. “Living Wage” shall be defined as set forth in SBMC Chap. 9.128.

5. Air Quality Plan.

Must demonstrate the air circulation does not impact the employees’ health and will not be detectable outside the business premises.

THE CITY’S RESERVATION OF RIGHT

The City reserves the right to reject all proposals, with or without any cause or reason. The City may also, modify, postpone, or cancel the request for permit applications 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 candidate submitting a proposal. A proposal **MAY BE REJECTED** for any of the following reasons:

- a. The application or documents submitted are incomplete, filed late, or not responsive to the requirements of this procedure.
- b. The issuance of the permit or operation of the commercial cannabis business at the proposed location is inconsistent with State law, Chapter 9.44, or other applicable Santa Barbara Municipal Codes.
- c. For any reason set forth in SBMC section 9.44.090.H.

Chapter 9.44 COMMERCIAL CANNABIS BUSINESSES**9.44.180 Change in Ownership when the Permittee is a Partnership or Corporation.**

A. One or more proposed partners in a partnership granted a commercial cannabis business permit may make application to the City Administrator, together with the fee established by the City Council, to amend the original application, providing all information as required for partners in the first instance and, upon approval thereof, the transfer of the interests of one or more partners to the proposed partner or partners may occur. If the Permittee is a partnership and one or more of the partners should die, one or more of the surviving partners may acquire, by purchase or otherwise, the interest of the deceased partner or partners without effecting a surrender or termination of such permit, and in such case, the commercial cannabis business permit, upon notification to the City Administrator, shall be placed in the name of the surviving partners.

B. If the commercial cannabis business permit is issued to a corporation, stock may be sold, transferred, issued, or assigned to stockholders who have been named on the application. If 51% or more of any stock is sold, transferred, issued, or assigned to a person not listed on the application as a stockholder, the permit shall be deemed terminated and void; provided, however, the proposed stock purchaser transferee may submit to the City Administrator, together with the fee established by the City Council, an application to amend the original application providing all information as required for stockholders in the first instance under this chapter, and, upon approval thereof, the transfer may then occur.

C. All proposed changes in ownership, with the exception of transfers occurring due to death of a partner or stockholder as described in this section, must be submitted to the City 30 calendar days prior to the change, along with any proposed organizational documents reflecting said changes. If the change in ownership is approved by the City Administrator all organizational documents must be submitted the City Administrator within 30 calendar days of being executed, or if applicable, filed with the Secretary of State. (Ord. 5813, 2017)

Chapter 9.44 COMMERCIAL CANNABIS BUSINESSES

9.44.280 Operating Requirements for Storefront Retail Facilities.

- A. No commercial cannabis retailer offering storefront purchase shall be located within 1000 feet from another commercial cannabis storefront retailer. The distance specified in this section shall be the horizontal distance measured in a straight line from the property line of one commercial cannabis storefront retailer to the closest property line of the lot on which another commercial cannabis business is located without regard to intervening structures.
- B. Prior to dispensing medicinal cannabis or medicinal cannabis products to any person, the commercial medicinal cannabis business shall obtain verification from the recommending physician that the person requesting medicinal cannabis or medicinal cannabis products is a qualified patient, and shall maintain a copy of the physician recommendation or Identification Card as described in [Health and Safety Code](#) Sections 11362.71 through 11362.77, as may be amended from time to time, on site for period of not less than seven years.
- C. Storefront retailers also providing delivery shall comply with the requirements pertaining to deliveries in Section [9.44.290](#) of this chapter.
- D. Commercial cannabis retailers selling medicinal cannabis shall verify the age and all necessary documentation of each customer to ensure the customer is not under the age of 18 years and that the potential customer has a valid doctor's recommendation. Adult use retailers shall verify the age of all customers to ensure persons under the age of 21 are not permitted on the premises. Entrances into the retailer shall be locked at all times with entry strictly controlled. A "buzz-in" electronic/mechanical entry system shall be utilized to limit access to and entry to the retailer to separate it from the reception/lobby area.
- E. Retailers may have only that quantity of cannabis and cannabis products reasonably anticipated to meet the daily demand readily available for sale on-site in the retail sales area of the retailer.
- F. All restroom facilities shall remain locked and under the control of management.
- G. A cannabis storefront retailer may not sell, give away, or donate specific devices, contrivances, instruments, or paraphernalia necessary for consuming cannabis or cannabis products, including, but not limited to, rolling papers and related tools, pipes, water pipes, and vaporizers.
- H. A cannabis storefront retailer shall notify qualified patients, primary caregivers, and customers of the following verbally (or by written agreement) and by posting of a notice or notices conspicuously within the permitted premises:
 1. "The sale or diversion of cannabis or cannabis products without a permit issued by the City of Santa Barbara is a violation of State law and the Santa Barbara Municipal Code."
 2. "Secondary sale, barter, or distribution of cannabis or cannabis products purchased from [Insert Name of Licensee] is a crime and can lead to arrest."
 3. "Patrons must immediately leave the commercial cannabis business and not consume cannabis or cannabis products in public view or in any place not lawfully permitted. Staff shall monitor the location and vicinity to ensure compliance."
 4. "Commercial cannabis businesses shall post viewable, written warnings that the use of cannabis or cannabis products may impair a person's ability to drive a motor vehicle or operate heavy machinery."
 5. "CALIFORNIA PROP. 65 WARNING: Smoking of cannabis and cannabis-derived products will expose you and those in your immediate vicinity to cannabis smoke. Cannabis smoke is known by the State of California to cause cancer." (Ord. 5813, 2017)