



Final Administrative Decision

Issue Date: December 20, 2018

By: David Martin, Director of Planning and Community Development 

Subject: Medicinal Cannabis Retailer Permit Selection

Introduction

On October 24, 2017 the City Council adopted the Santa Monica Cannabis Ordinance establishing regulations for the issuance of two Medicinal Cannabis Retail permits. In accordance with Chapter 2.201 of the Santa Monica Municipal Code (SMMC), the permits are being awarded through a competitive process. The applications submitted were evaluated based on objective criteria by an Evaluation Committee (“Committee”) which has submitted its recommendations to the Director of Planning and Community Development (Director). The selection process was facilitated by the Assistant Director of Planning and Community Development (Facilitator) whose primary responsibility was to ensure that the Santa Monica Cannabis Ordinance Rules and Regulations (Rules) governing the selection process were carried out in a fair and consistent manner. In accordance with the SMMC and the Rules the top two ranked applicants will be issued Preliminary Selection Letters to proceed to seek all other permits and approvals.

Discussion

Chapters 6.200 and 6.201 of the Santa Monica Municipal Code (SMMC) and the Santa Monica Cannabis Ordinance Rules and Regulations (Rules) provide the framework for evaluating and ranking the permit applicants. In compliance with these rules and regulations, on December 21, 2017 the City issued a Request for Applications (RFA). The RFA application deadline was 12:00 noon on February 28, 2018.

The RFA was advertised in the *Santa Monica Daily Press*, a local news publication, on January 5, 2018 and January 8, 2018, and *420 Intel*, a cannabis industry online publication, from January 3, 2018 to January 10, 2018. Twenty-one (21) applications

were received by the deadline and added to the “Received Applications” list. On August 22, 2018, after the police department completed background checks in accordance with the Rules, all 21 applicants were certified and placed on the “Qualified Applications List” for review by the Committee.

The Facilitator assembled the Evaluation Committee and provided formal notice of the Committee’s composition on August 23, 2018. All Committee members completed a Statement of Economic Interests Form 700 with the State of California Fair Political Practices Commission and the Santa Monica Medicinal Cannabis Retailer Evaluation Committee Conflicts of Interest Form. The Committee members were also subject to disqualification challenges by any permit applicant based on impartiality or a conflict of interest. One Committee member was disqualified as a result of such challenge. However, even with the disqualification, the Committee’s composition met the minimum required number of five members (Rules I (c)), and no new member was added to replace the disqualified member.

The Evaluation

On October 29, 2018 the Santa Monica Medicinal Cannabis Retail Evaluation Committee convened to conduct a Table Review of the applications. In addition to the applications, the Committee members were provided with a staff report prepared by the Facilitator in accordance with Rule II (e) (iii). The Committee successfully completed its evaluations and compiled its rankings in accordance with the objective criteria and standards set forth in the SMMC and the Rules.

The Standards

In establishing the rankings for each of the 21 applicants (from 1-21) and for ease of review by the Director, the Committee separated the applicants into two tiers. Tier 1 included the top 8 applicants which the Committee considered to be the most qualified based on their applications and proposals. Tier 2 included applicants ranked from 9-21. The Committee considered this second Tier of applicants to be appreciably less qualified, thus justifying this separation.

The Committee considered the following criteria and weights in accordance with Section 6.201.010 (c) of the SMMC and the Rules, with a total possible score of 70.

Criteria Number	Weight	Criteria
i	25%	Experience operating a retail establishment.
ii.	20%	Experience operating a medicinal cannabis retail establishment (i.e. dispensary).
iii.	5%	Experience in cultivation practices, if cultivation is proposed, including sustainability practices.
iv.	10%	Experience operating in a regulated environment.
v	10%	Prior compliance record with permitting, business licensing, tax/fee payments in other jurisdictions where the applicant currently operates or has ever operated in within the past 10 years.
vi	25%	Financial viability.
vii	5%	Proposed community benefits.

When considering these criteria and, to ensure consistency in how each criteria was evaluated, the Committee utilized the following standards:

- When considering “Experience operating a retail establishment” the Committee considered any type of retail experience, including prior experience operating any retail establishment (e.g. clothing store, ice cream shop, cannabis dispensary or co-operative).
- When considering “Experience operating a medicinal cannabis retail establishment” the Committee considered primarily an applicant’s experience and approach to dispensing cannabis to patients.

To account for the weighting of scores, the following formula was utilized:

Criteria Number	Maximum Points Before Weighting	Weight (Percent of 70 Total Points)	Formula to Determine Weighting Factor	Weighted Maximum Points
i	10.00	25%	$(70 \times .25) / 10$	17.50
ii.	10.00	20%	$(70 \times .20) / 10$	14.00
iii.	10.00	5%	$(70 \times .05) / 10$	3.50
iv.	10.00	10%	$(70 \times .10) / 10$	7.00
v	10.00	10%	$(70 \times .10) / 10$	7.00
vi	10.00	25%	$(70 \times .25) / 10$	17.50
vii	10.00	5%	$(70 \times .05) / 10$	3.50
Totals	70.00	100%		70.00

The Committee Review

Based on the weighted scoring values, the following is the Committee's recommended rankings by Tier:

Tier 1		
Rank	Applicant	Score
1	CPC Compassion, Inc.	60.76
2	Harvest of Santa Monica, LLC	60.13
3	Chaos Enterprises, Inc. (dba Botany - Santa Monica)	57.96
4	MM of Santa Monica, Inc. (aka MedMen)	57.68
5	Pacific Bay Wellness Center, Inc. (dba The Apothecarium Santa Monica)	56.49
6	Santa Monica Community Partners, LLC	52.50
7	Bay City Ventures, Inc.	49.49
8	HAH 9 LLC (dba Have a Heart Santa Monica)	48.02

Tier 2		
Rank	Applicant	Score
9	Samo Women	44.40
10	GW Medical (SM), Inc	43.60
11	CCC CA 1 LLC (dba Clear Choice Cannabis)	39.80
12	Carl E. Clines	38.60
13	Sun-Light Medical, LLC (dba Metro Green Meds "MGM")	37.50
14	BNTFL, Inc. (dba The Apothecary LA)	36.80
15	Emerald Harvest Distributors, LLC	35.40
15	Los Angeles Wellness Center (dba ERBA)	35.40
17	Purple Heart Patient Center (dba Purple Heart)	34.80
18	Santa Monica Management Group, LLC (dba SweetBud)	34.61
19	JMAAlternative Care, Inc. (dba Super Clinic)	34.00
20	Ohana Gardens	32.68
21	Stone Limited International	23.60

In accordance with the Rules, the Facilitator compiled all ratings of each Committee member for the Table Review and prepared a staff report for the Director. The report outlined the results of the Committee's evaluation process and was delivered to the Director on November 14, 2018.

Final Rankings

SMMC Section 6.201.030(c) provides that the Director shall review de novo the Committee's recommendations, along with any other information the Director deems relevant, and establish the final rankings of the applicants. The Director agrees with and adopts the Committee's assigned weight for each criteria. The Director further reviewed

each applicant against the criteria, adopting the Committee's recommendations where appropriate and scored each applicant accordingly.

The Director disagrees with the Committee's application of Evaluation criteria iii (experience in cultivation practices). More specifically, the Director disagrees with the Committee's inclusion of this factor (cultivation practices) in the Committee's total scoring points for every applicant, because only two of the applicants (CPC Compassion, Inc. and Samo Women) indicated that they would be conducting on-site cultivation as part of their retail operations. The Request for Application and Rules indicated that cultivation experience/practices would only be considered and scored if cultivation is proposed. Accordingly, the Director has re-evaluated and re-calculated the final scoring for each applicant by excluding criteria iii from all applicants that did not propose to engage in cultivation and re-weighting the scores accordingly.

The Director hereby certifies and publishes the following final rankings under this approach.

Rank	Applicant	Score
1	Harvest of Santa Monica, LLC	62.19
2	CPC Compassion, Inc.	60.76
3	MM of Santa Monica, Inc. (aka MedMen)	60.35
4	Chaos Enterprises, Inc. (dba Botany - Santa Monica)	58.95
5	Pacific Bay Wellness Center, Inc. (dba The Apothecarium Santa Monica)	57.11
6	Santa Monica Community Partners, LLC	53.42
7	Bay City Ventures, Inc.	50.47
8	HAH 9 LLC (dba Have a Heart Santa Monica)	49.37
9	Purple Heart Patient Center (dba Purple Heart)	49.00
10	JM Alternative Care, Inc. (dba Super Klinik)	47.89
11	GW Medical (SM), Inc	47.53
12	CCC CA 1 LLC (dba Clear Choice Cannabis)	45.68
13	Carl E. Clines	45.68
14	Samo Women	42.70
15	Sun-Light Medical, LLC (dba Metro Green Meds "MGM")	41.63
16	Emerald Harvest Distributors, LLC	39.79
17	BNTFL, Inc. (dba The Apothecary LA)	37.95
18	Ohana Gardens	36.47
19	Santa Monica Management Group, LLC (dba SweetBud)	33.89
20	Los Angeles Wellness Center (dba ERBA)	23.58
21	Stone Limited International	18.05