

# City of Healdsburg

## Commercial Cannabis Application Phase II Evaluation Report

**Mercy Wellness Healdsburg**

Applicant Name / DBA:

20 Dry Creek Road, Healdsburg CA 95448

Proposed Location / Physical Address:

Microbusiness

License Type:

Original Report

Report Type:

Monday, August 28, 2023

Report Date:

Complete Upon Initial Review.

Report Status:

Points Available: 1,200

Points Awarded: 1,145

Score: **95.42%**

### PHASE II: APPLICATION EVALUATION AND REVIEW (1,200 Points)

During this application period the City will allow up to two (2) cannabis business permits. The Procedure Guidelines and Review Criteria constitute the application process and are adopted pursuant to the City of Healdsburg Municipal Code (HMC) Chapter 20.20.095 and Chapter 20.08 (Zoning). Applications will be reviewed and scored using a merit-based system. The top ranked applicants from Phase II, as determined by the City, may be eligible to advance to Phase III. The decision as to how many Applicants will be interviewed will be determined by the City Manager, based upon the overall quantity and quality of applications that the City receives. Notice of the results of Phase II will be provided in writing via email to the primary contact listed on the application.

Section A: Business Plan (400 pts)	Scoring Basis	Page Number	Points Available	Points Received	Evaluation	
<b>Business Plan:</b>						
<b>A.1.</b>	<b>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. Budget demonstrates sufficient capital to pay startup costs, at least 3 months of operating costs, and a describes sources and use of funds.</b>					
<b>A.1.A.</b>	Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, Letters of Credit, or other equivalent assets.	Percentage	PDF #4, pgs. 3, 49, 51	100	100	Addressed criteria
<b>A.1.B.</b>	Pro forma for at least three years of operations.	Percentage	PDF #2, pgs. 7, 87-93	50	50	Addressed criteria
<b>A.1.C.</b>	A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.	Percentage	PDF #2, pgs. 8, 94-96	50	50	Addressed criteria
<b>A.1.D.</b>	A letter from a bank, credit union, or similar financial institution stating that the cannabis Applicant has, or will be provided, access to banking services.	All or None	PDF #2 pg.8	30	0	PDF #2, page 8 indicates the Application PDF #4 contains a letter from local bank Community First Credit Union however, no such letter was located. Stock Certificates provide no stock price.
<b>Daily Operations (Retail):</b>						
<b>A.2.</b>	<b>Describes the day-to-day operations which meet best practice if you are applying for a RETAIL permit, including at a minimum the following criteria:</b>					
<b>A.2.A.</b>	Describe customer check-in procedures.	Percentage	PDF # 2, pgs. 10-12	50	50	Addressed criteria
<b>A.2.B.</b>	Identify the location and procedures for receiving deliveries during business hours.	All or None	PDF # 2, pg. 12	20	20	Addressed criteria

# City of Healdsburg

## Commercial Cannabis Application Phase II Evaluation Report

<b>A.2. Cont'd</b>	<b>A.2.C.</b>	Describe the Point-of-Sale system to be used (including name), how it will interact with the states track-and-trace system, and the number of Point-of-Sale terminals at full capacity.	Percentage	PDF # 2, pg. 13	75	75	Addressed criteria
	<b>A.2.D.</b>	Estimate the number of customers to be served per hour or per day.	Percentage	PDF # 2, pg. 14	10	10	Addressed criteria
	<b>A.2.E.</b>	Describes how cannabis will be tracked and monitored to prevent diversion.	All or None	PDF # 2, pgs. 15-16	10	10	Addressed criteria
	<b>A.2.F.</b>	Describes waste management plan, including waste disposal locations, security measures, methods of rendering all waste unusable and unrecognizable, and the vendor in charge of disposal.	Percentage	PDF # 2, pgs. 16-17	5	5	Addressed criteria
<b>Summary</b>	<p><b>Applicant's start-up budget &amp; first 3 months operating costs for a Microbusiness with Retail Storefront &amp; delivery totaled approximately \$1.2M. Applicant provided proof of sufficient capital to cover start-up costs. Annual revenue projections started at approximately \$3.6M in Year 1 to \$6M in Year 3. Applicant's construction and building renovations for an existing vacant suite 4,482 sq. ft. suite estimated at \$990K. The Retail area would consist of 3,284 sq. ft. Construction consists of interior tenant buildout and remodel of the front entry, including ADA grading for compliant accessibility. Commencement of operations if awarded a license by April 2024. Applicant provided a thorough description of customer check-in and receiving deliveries. There would be four (4) point of sale terminals to serve approximately 100 customers per day, 8.33 per hour, at the beginning of operations. Applicant proposed 2 delivery vehicles, which would be stored at the location. TREEZ point of sale software systems, as well as the METRC™ system, were identified as the inventory platform to meet regulations and prevent diversion. Waste management plan identified third-party GAIACA as the designated waste disposal vendor.</b></p>						
<b>Section B: Labor and Employment Plan (400 pts)</b>			<b>Scoring Basis</b>	<b>Page Number</b>	<b>Points Available</b>	<b>Points Received</b>	<b>Evaluation</b>
<b>B.1.</b>	Describe the extent the business will recognize the collective bargaining rights of employees in accordance with Department of Cannabis Control DCR Title 4, Division 19, §15002.		All or None	PDF # 2, pg. 38	50	50	Addressed criteria
<b>B.2.</b>	Identify the number of employees at initial opening and maximum number of employees at full capacity.		Percentage	PDF # 2, pgs. 38-42	50	25	Application indicates at initial opening it will have a total of 15 employees however, it fails to identify the number of employees at full-capacity. The list of employee positions identifies a total of 20 employees.
<b>B.3.</b>	Identify all positions and their responsibilities.		Percentage	PDF # 2, pgs. 38-41	150	150	Addressed criteria
<b>B.4.</b>	Identify benefits provided to employees, including health care, vacation, and medical leave to the degree they are offered as part of employment.		Percentage	PDF # 2, pg. 42	150	150	Addressed criteria
<b>Summary</b>	<p><b>Applicant pledged to enter into a Labor Peace Agreement within 60 days after hiring it's 20th employee. There would be a total of thirteen (13) employees consisting of eight (8) full-time and five (5) part-times. Job positions consisted of a General Manager, Assistant Manager, Delivery Manager, Receiving &amp; Inventory Coordinator, Vault Coordinator, and Budtenders. Employee benefits include comprehensive healthcare, 401k options, annual bonuses, paid vacation, employee discounts, and continuing education. Hourly employees also acquire paid vacation and paid time off.</b></p>						
<b>Section C: Security Plan (400 points)</b>			<b>Scoring Basis</b>	<b>Page Number</b>	<b>Points Available</b>	<b>Points Received</b>	<b>Evaluation</b>
<b>C.</b>	The Security Plan shall be prepared by a qualified professional. Security plan can be prepared with in-house staff or third-party security consultant.						
<b>C.1.</b>	Clearly demonstrates that it meets the professional standards requested, and provided qualifications of the person(s) preparing the security plan.		All or None	PDF # 2, pg. 42	100	100	Addressed criteria

**City of Healdsburg**  
**Commercial Cannabis Application Phase II Evaluation Report**

<b>C.2.</b>	Premises Diagram. Premises Diagram must be included in this Security Plan of the application.					
<b>C.2.A.</b>	Diagram must meet the requirements of the Department of Cannabis Control DCR Title 4, Division 19, §15006 Premises Diagram.	All or None	PDF # 2, pg. 119	25	25	Addressed criteria
<b>C.2.B.</b>	Diagram shall show boundaries of property and proposed location to be licensed and show 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.	All or None	PDF # 2, pg. 119	25	25	Addressed criteria
<b>C.2.C.</b>	Diagram shall show and identify commercial cannabis activities to take place in each area of the premises and identify all limited-access areas.	All or None	PDF # 2, pg. 119	25	25	Addressed criteria
<b>C.2.D.</b>	Diagram shall show all camera locations and include assigned an number to each camera for identification purposes.	All or None	PDF # 2, pg. 119	25	25	Addressed criteria
<b>C.2.E.</b>	If the proposed location consists of only a portion of a property, the diagram is labeled indicating which part of the property will be used for the licensed premises and what activities will be used for the remaining property.	Not Scored	Not Scored	N/A	N/A	
<b>C.3.</b>	Describe operational security, including but not limited to general security for access/visitor control and inventory control.	Percentage	PDF #2, pgs. 105-109	50	50	Addressed criteria
<b>C.4.</b>	Describe cash handling procedures, including the process for receiving, tracking, storing and transporting cash generated.	Percentage	PDF # 2, pg. 109	50	50	Addressed criteria
<b>C.5.</b>	Describe perimeter security, exterior lighting, on-site security guards, proposed guard hours and their responsibilities.	Percentage	PDF # 2, pgs. 16, 24, 43, 109-110	75	75	Addressed criteria
<b>C.6.</b>	Describe employee training and general security policies.	All or None	PDF # 2, pgs. 110-117	25	25	Addressed criteria
<b>Summary</b>	<p>Security Plan prepared by qualified security consultant Clayton Taylor with E.S.P. Pros Security, as well as Mercy Wellness owners. The application included a premise diagram meeting requirements of Department of Cannabis Control DCR Title 4, Division 19, §15006. Employees would be issued identification cards with limited access controls. Application contained a detailed description of how the business would conform to local and state laws, as well as tracking and monitoring inventory to prevent diversion.</p> <p>Plan discussed cash handling,</p> <p>A summary of employee training procedures to be implemented included operations, product safety knowledge, consumption, good neighbor policy, de-escalation, situational awareness, emergency action and response, fire extinguishers, accident reporting, and First Aid CPR protocols. General security policies consistent with industry best practices, applicable laws and regulations.</p>					