



City of Pacific Grove

Community Development Department
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APPLICATION PROCEDURES & GUIDELINES FOR A STOREFRONT RETAIL COMMERCIAL CANNABIS BUSINESS LICENSE

Application Period
OPENS – September 15, 2025
CLOSES – October 15, 2025

These Procedure Guidelines apply solely to Cannabis Retail Applications

NUMBER OF PERMITS

During this application period the City will be allowing up to one (1) cannabis Retail License under this process, consistent with the City's ordinance Section 11.100.050(B)(1).

RETAIL BUSINESS

"Retailer" shall have the same meaning as that contained in Section 26070(a)(1) of the California Business and Professions Code and Pacific Grove Municipal Code Section 11.100.030.

CONTACT

If you have any questions or would like an update on the status of your application, please contact the Planning Division in the Community Development Department at (831) 648-3190 or by email at cannabis@cityofpacificgrove.org.

APPLICABLE REGULATIONS

Information regarding the Commercial Cannabis Business (CCB) Application process can be found on the City's website at www.cityofpacificgrove.gov/cannabis and includes the following:

- Application Procedures Guidelines and Review Criteria
- City of Pacific Grove Municipal Code (PGMC) 23-018 Chapter 11.100 (Business Regulations)
- City of Pacific Grove Municipal Code (PGMC) 23-017 Chapter 23.92 (Zoning Regulations, Use Permit Application)
- Property Owner Consent/Landlord Affidavit
- Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement
- Background Check Portal Link
- Commercial Cannabis Business (CCB) Permit Application
- Cannabis FAQ's

To be considered for issuance of a Cannabis Business License, applications must be submitted to the Planning Division in the Community Development Department located at the address listed on these procedures by the deadline.

AMENDMENTS TO THE APPLICATION

If the City determines that a submitted application is incomplete or does not otherwise meet any or all of the requirements pursuant to any and all State and Local laws or regulations, the City shall send a Notice of Deficiency to the applicant generally describing the manner in which the application is incomplete or deficient. The applicant may resubmit omitted application material in order to correct any incompleteness or deficiencies. The applicant will not need to pay a new application fee. If an applicant fails to correct those sections deemed incomplete or deficient upon submission of the amendment, the application shall be rejected.

CITY'S RESERVATION OF RIGHTS

The City reserves the right to modify, postpone, or cancel the application period for a Cannabis Business License 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 applicant to conduct a complete review of the application or an investigation into the truthfulness of the statements set forth in the application or provided at any stage of the application process.

The City reserves the right for the Community Development Director to waive minor informalities or irregularities, which are merely a matter of form and not of substance, or immaterial defect in an application or variation of an application from the exact requirements of the process that can be corrected or waived without being prejudicial to other applicants. The City Manager shall give the applicant an opportunity to cure any deficiency resulting from a minor informality or irregularity in an application or waive the deficiency.

APPLICATION PROCESS

This Commercial Cannabis Business License application process is delineated in Pacific Grove Municipal Code Chapter 11.100. A CCB that receives a storefront license must also obtain a use permit and has 12 months to do so from the issuance of the license. The use permit process is delineated in Pacific Grove Municipal Code Chapter 23.92. A separate application is required for the use permit subsequent to the award of the license, and these application procedures and guidelines do not apply to the use permit. It is incumbent upon the applicant to review and comply with all State and Local applicable laws and regulations regarding the application process. Before submitting your application, review your application in its entirety to ensure that it is complete and accurate. Review the information regarding the Storefront Retail Cannabis Business License application process for a CCB on the City webpage provided on page one.

The following procedures generally outline the application evaluation and selection process, required materials, and other information necessary to apply for a Cannabis Business License to operate a Storefront Retail facility in the City of Pacific Grove.

APPLICATION SUBMITTAL REQUIREMENTS

Applications must respond to all requirements outlined in the "Application Procedures & Guidelines for a Cannabis Business License." This can be found at www.cityofpacificgrove.gov/cannabis. Applicants must submit all required application materials together in one complete comprehensive application package. This can be done in person, or can be sent to the City via FED EX, UPS or any other common carrier delivery service as long as it is a complete application. Electronic submissions such as Email, Dropbox, Google Docs, etc. will not be accepted. Complete applications also must be submitted prior to the close of the application deadline.

The application package must include all the following documents with original wet signatures and notaries for each document (where applicable).

1. Commercial Cannabis Business Application;
2. Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement;

3. Agreement on Limitations of City's Liability, and Certifications, Assurances, Warranties, and Indemnification to City;
4. Property Owner Consent/Landlord Affidavit;
5. Proof of Property Ownership or Lease Agreement/Letter of Intent to Lease;
6. Proof of insurability from an Insurance Company;
7. Zoning Verification Application;
8. Application Zoning Verification Letter;
9. USB Flash Drive;
10. Application fee.

FLASH DRIVE CONTENT

All applicants must submit a USB flash drive containing one complete copy of the application submittal requirements as outlined in the below format. The application package and application fees must be received by the Planning Division at the same time.

Responses to the Evaluation Criteria (Sections 1-5 found in Appendix A of the Application Procedures & Guidelines) shall be limited to 125 pages. Responses pertaining to Financial Responsibility, Indemnity and Consent to Inspection Terms, Agreement on Limitations of City Liability, and Certifications, Assurances, Warranties, and Indemnification to City, Proof of Capitalization, Zoning Verification Application/Letter (ZVL), and Property Owner Consent/Lease Agreements, Property Owner/Landlord Affidavit, shall not be included in the 125-page limitation. Those responses should be saved in PDF files that are separate from the Evaluation Criteria (see below).

All materials must be submitted on a USB flash drive in a PDF format in the following files. Please submit the files in the correct format and organize correctly. Improper organization of your application may be ground for rejection.

PDF File #1	Commercial Cannabis Business Application (pages 1-3), Financial Responsibility, Indemnity and Consent to Inspection Terms Agreement (pages F1-F3,) Agreement on Limitations of City Liability, and Certifications, Assurances, Warranties, and Indemnification to City (pages F4-F6), Property Owner Consent/Landlord Affidavit, Proof of Property Ownership or Lease Agreement/Letter of Intent to Lease, Proof of insurability, Zoning Verification Application, Application Zoning Verification Letter (ZVL), and Proof of Application Fee; and with required signatures and notaries for all documents (where applicable).
PDF File #2	Evaluation Criteria (Responses to Sections 1-5 of Appendix A limited to 125 pages).
PDF File #3	Proof of Capitalization (All bank statements, loan documents, promissory notes, financial and commitment letters).

BACKGROUND CHECK

Any person who is an owner (collectively "Cannabis Business Person(s)") must undergo a criminal history background check to demonstrate they do not provide "good cause" for denial per PGMC 23-018, Section 11.100.060(B)(2) Cannabis Business Person(s) who do not meet the criminal history eligibility requirements in Business & Professions Code Section 26057(b)(4)(A)-(E) will be disqualified. The background form can be found online at https://hdlcompanies.formstack.com/forms/bc_pacificgrove.

The initial background check fee for each Cannabis Business Person(s) shall be \$300.00. This process will be required to meet the minimum threshold qualifications pursuant to PGMC Section 11.100.060(B)(2).

ZONING VERIFICATION LETTER (ZVL)

Prior to submitting a Cannabis Business License Application, an Applicant must obtain a Zoning Verification Letter from the Planning Department. To secure this letter, an Applicant must apply for the Zoning Verification Letter, and pay all associated fees therewith. The Zoning Verification Letter must specify the intended use of the building (storefront retail), and the proposed building location. Applicants must submit a Retail Cannabis Business Zoning Verification Application prior to October 3, 2025.

The issuance of a Zoning Verification Letter does not constitute written evidence of permission given by the City or any of its officials to operate a cannabis business, nor does it establish a “permit” within the meaning of the Permit Streamlining Act, nor does it create an entitlement under the Zoning or Building Code. A regulatory permit for a CCB does not constitute a permit that runs with the land on which the cannabis business is established. Please note that the cannabis business will require a discretionary permit.

FEES

All applicants shall be required to submit a fee of \$9,272.48. This amount will be charged against time spent by City staff and any consultant reviewing applications and administering the application process. Applicants are advised that they may be required to pay additional amounts as required for the sole purpose of the City's completion of the application review process. However, there will also be a separate fee for the Zoning Verification Letter (ZVL) of \$210.00 per site and the Background Check Fee of \$300.00 per Cannabis Business Person(s).

Payment of all fees and monies must be made by a certified check, cashier's check or money order made payable to the City of Pacific Grove. Please note the City will not accept cash or credit cards. All application fees are non-refundable.

SUBMITTAL DEADLINE

Completed applications must be received by the Planning Division by **October 15, 2025 at 3:00pm**. Late applications will not be accepted.

APPLICATION EVALUATION, REVIEW AND APPROVAL PROCESS

PHASE I: REVIEW OF APPLICATION FOR COMPLETENESS

Applications must be completed and submitted in their entirety to move forward in the review process. Upon receiving an application, the application will be reviewed in its entirety using the Application Submittal checklist on Page 1 of the CCB Application to determine if the Application is complete. Applications determined to be complete will be forwarded to the Consultant for Phase II (Application Evaluation and Review).

PHASE II: APPLICATION EVALUATION AND REVIEW

Applications will be evaluated by using the criteria listed below. See APPENDIX A for a description of the evaluation criteria:

- Section 1. Business Plan
- Section 2. Labor and Local Enterprise Plan
- Section 3. Neighborhood Compatibility Plan
- Section 4. Security Plan
- Section 5. Location

Those applications which are determined to meet the requirements in each category will move on to Phase III of the application process. If the application is incomplete or does not otherwise meet the minimum requirements, the Applicant may resubmit those sections that have been deemed incomplete or deficient.

Please note that Applicants may only amend their application one time, therefore, Applicants are encouraged to provide a quality application when resubmitting the requested information.

PHASE III: LOTTERY

If more than one (1) application is received and determined to meet the requirements of PHASE II, then that application will advance in the process pursuant to PGM 11.100.070. In the case of only one (1) application, the PHASE III Lottery will not be required. If more than one (1) application is received and determined to meet the requirements of PHASE II, then all applications will advance to PHASE III and will be entered into the random lottery drawing.

The City will announce the location, date, and time at least two (2) weeks before conducting the lottery drawing on the City's website linked above. The lottery drawing details will be emailed to the submitted applicants who have made it through to this phase, and any other interested person who has requested to receive cannabis lottery updates.

Results of the lottery drawing will be available immediately to those persons attending the lottery drawing in person. The City will also notify the applicants included in the lottery and post the lottery winners on the website at www.cityofpacificgrove.gov/cannabis.

One (1) storefront retail local license shall be provisionally granted from the results of the lottery. From the date the local license is provisionally approved, the applicant will have twelve (12) months to secure approval of a use permit for a premise, in addition to any other land use permits or entitlements that may be required by this code for the premises. If the applicant who received a provisional license does not obtain the use permit or any other required land use permits or entitlements for the premises within this time frame, then the provisional license shall become null and void.

Each person granted a commercial cannabis business license shall be required to pay the permit fee established by resolution of the city council, to cover the costs of administering the commercial cannabis business license program created in this article prior to commencing business in the city.

APPEALS

Any Applicant wishing to appeal any decision made in the application process or determination of acceptance into the lottery, may appeal the decision within ten calendar (10) days of the Applicant receiving a notice that their application does not meet the standards to enter the lottery. Such appeals shall comply with the requirements of Pacific Grove Municipal Code.

Note: Being awarded a Cannabis Business License 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 Department permits or reviews, and any other permits, licenses, or reviews as deemed necessary by the relevant departments or governmental entities in charge of said permits. Nor does the award of a Cannabis Business License guarantee that the plans submitted via the Cannabis Business License application process meet the standards or requirements and any other permit requirements from other City departments or agencies. Further, it is understood and agreed to by the Applicant that 1) the business has 12 months to secure approval of their use permit, in addition to any other land use permits or entitlements that may be required. If a business does not obtain the use permit or any other required land use permits or entitlements within this time frame, then the provisional license shall become null and void a license maybe granted to another applicant from the lottery. 2) subsequent to the issuance of a local license, the licensee shall report any transfer of ownership in the cannabis business to the city within 30 calendar days of that change. Violation of these two issues shall deed any Cannabis Business License null and void.

CONTACT

If you have any questions or would like an update on the status of your application, please contact the City of Pacific Grove Planning Division (831) 648-3190 or by email at cannabis@cityofpacificgrove.org.

APPENDIX A: EVALUATION CRITERIA

All of the following information must be submitted on a USB flash drive in PDF format (Please do not submit any documents in Word format) when the application is initially filed for consideration as part of Phase I. All responsive documentation must be saved in three (3) individual digital files as described in the APPLICATION PROCEDURES & GUIDELINES FOR A COMMERCIAL CANNABIS BUSINESS LICENSE.

1. BUSINESS PLAN

- 1.1. Owner qualifications. Provide detail regarding prior cannabis experience.
- 1.2. Describe the number of employees, title/position, and their respected responsibilities.
- 1.3. A budget for construction, operation, and maintenance, compensation of employees, equipment costs, utility cost, and other operation costs.
- 1.4. Proof of capitalization in the form of documentation of cash or other liquid assets on hand, Letters of Credit, or other equivalent assets.
- 1.5. Pro forma for at least three (3) years of operation.
- 1.6. Describe hours of operation and opening and closing procedures.
- 1.7. Describe the day-to-day operations if you are applying for a **STOREFRONT RETAIL** permit. This should include at a minimum the following criteria.
 1. Identify the name of the Point-of-Sale system to be used and the number of Point-of-Sale locations.
 2. Estimate the number of customers to be served per hour/day.
 3. If proposed, describe delivery service procedures, number of vehicles and product security during transportation.
 4. How the Cannabis Business will conform to local and state laws. See PGMC 23-017, Section 23.92 and 23-018, Section 11.100 as they pertain to storefront retail establishments in the City of Pacific Grove.

2. LABOR AND LOCAL ENTERPRISE PLAN

- 2.1. Describe whether the Commercial Cannabis Business is committed to offering employees a Living Wage, as defined by MIT Living Wage calculator (<https://livingwage.mit.edu/>).
- 2.2. Briefly describe benefits provided to employees such as health care, vacation, and medical leave, to the degree they are offered as part of employment.
- 2.3. Describe compensation to and opportunities for continuing education and employee training.
- 2.4. Describe the extent to which the Commercial Cannabis Business will be a locally managed enterprise whose owners and /or managers reside within or own a commercial business within the City of Pacific Grove and the broader Monterey Peninsula.

3. NEIGHBORHOOD COMPATIBILITY PLAN

- 3.1. Describe how the CCB will proactively address and respond to complaints related to noise, light, odor, litter, vehicle, and pedestrian traffic.
- 3.2. Describe how the CCB will be managed to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community.
- 3.3. Describe odor mitigation practices and odor control devices and techniques employed to ensure that odors from cannabis are not detectable beyond the licensed premises (refer to PGMC 23-017, Section 23.92.080(1)).
- 3.4. Describe all proposed system maintenance to odor control devices.
- 3.5. Describe the waste management plan.
- 3.6. Describe outreach efforts to sensitive uses listed in the PGMC, as well as other sensitive uses such as places of worship. Provide any letters of support received from such sensitive uses.

4. SECURITY PLAN

The Security Plan should consider all access control, inventory control, cash handling procedures. Complete policy/procedures manuals are not required at this point in the application process. Please only provide a description for each criteria, which incorporates the following provisions:

- 4.1. Premises Diagram which focuses on the proposed security measures and how they relate to the overall business. (Pursuant to CCR Title 4, Division 19, §15006. Premises Diagram).
 1. The diagram shall be accurate and drawn to scale.
 2. Clearly identify property boundaries, entrances, exits, interior partitions, walls, rooms, windows, and doorways.
 3. Identify the activity in each room and a description of cannabis activity that will be conducted in each area of the premise. Commercial cannabis activities that must be identified on the diagram/site plan may include but are not limited to the following if applicable to the business operations; storage areas, batch sampling areas, loading/unloading of shipment areas, packaging and labeling, customer sales areas, training areas, employee break room areas, extractions, infusions, processing, and testing areas.
 4. Location and number of all video surveillance cameras must be identified in the diagram.
 5. Limited-access areas (Pursuant to CCR Title 4 Division 19, §15000 (II) Limited-Access Area).
- 4.2. Identify intrusion alarm and monitoring system including the name and contact information for the monitoring company (if the company has been selected).
- 4.3. Describe cash handling procedures.
- 4.4. Describe whether the CCB will utilize the services of on-site security guards. Include in the description:
 1. Number of guards.
 2. Hours guards will be on-site.
 3. Locations at which they will be positioned.
 4. Guards' roles and responsibilities.

5. LOCATION

- 5.1. In addition to the location-related details provided in the Cannabis Business License Application (pages 1-3), the application shall include a thorough description of the proposed location, including but not limited to the overall property, building, and floor plan.
- 5.2. The application shall include at least one (1) photograph of the front (street side) of the building or street view of the vacant parcel.
- 5.3. Site Diagram for each proposed location. In addition to diagrams submitted for other sections of the Cannabis Business License Application, applicants are expected to submit a premise/site diagram that focuses on the overall property and building. This diagram should show the overall parcel and adjoining or neighboring buildings that may be affected by the commercial cannabis business.
 1. A Site Diagram must be accurate, dimensioned and to-scale. The diagram shall provide a detailed description of all available/shared parking spaces, driveway locations, and auxiliary buildings on the parcel. (Blueprints and engineering site plans are not required at this point of the application process. Security features are not required for this section.)