



Oxnard Commercial Cannabis Application Phase 2 Evaluation Report

CCB 2021-50 - MED Enterprise Inc.

Tracking Number - Applicant Name/DBA

2731 E. Vineyard, Building F, Suite C, Oxnard, CA 93036

Proposed Location

Retail and Local Equity Applicant/Retail

License Type

SCORE SUMMARY

1,174 Points Received

1,200 Points Available

97.83% Score

Pass CBA & Local Equity Program

| Criteria | <i>Scoring Basis</i> | Points Available | Points Received | Evaluation |
|--|----------------------|------------------|-----------------|---|
| 1 Business Plan (500 pts) | | 500 | 490 | |
| 1.1 A budget for construction, operation and maintenance, compensation of employees, equipment costs, utility cost, and other operation costs. | <i>Percentage</i> | 85 | 85 | Addressed criteria. |
| 1.2 Proof of capitalization in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets. | <i>Percentage</i> | 90 | 90 | Addressed criteria. |
| 1.3 3-year pro forma for at least three years of operation. | <i>Percentage</i> | 85 | 85 | Addressed criteria. |
| 1.4 Fully describe hours of operation and opening and closing procedures. | <i>All or none</i> | 50 | 50 | Addressed criteria. |
| 1.5 Fully describe the day-to-day operations for each license type being sought. | <i>Percentage</i> | 90 | 80 | Description of day-to-day operations was limited to the criteria in 1.5.1a-1.5.1f. Applicants who received full points for this criteria described operations beyond the minimum requirements. Also, see 1.5.1d below. |
| 1.5.1 Additional criteria for RETAIL applications only: | | | | |
| a. Describe customer check-in procedures. | | | | |
| b. Identify location and procedures for receiving deliveries during business hours. | | | | |
| c. Identify number of Point-of-Sales location and estimated number of customers to be served per hour/day. | | | | |
| d. Describe the proposed product line and estimate the percentage of sales of flower and manufactured products. | | | | Small inconsistencies in percentages of sales of products resulted in a point deduction. Pg 7 of the file "1.4-1.7 Business Plan" said, "...with topicals, edibles and beverages taking up approximately 10% ... Sales of Cookies clothing line are anticipated to average approximately 7%..." However, the table on pg 2 of the file "1.1+1.3_Business Plan" showed edibles at 10%, topicals/tinctures at 4%, and branded merchandise at 3%. Applicants who received full points were consistent in their projections. |
| e. Describe the product handling procedures. | | | | |
| f. If proposed, describe delivery service procedures, number of vehicles and product security during transportation. | | | | |
| 1.6 Fully describe cash handling procedures. | <i>All or none</i> | 50 | 50 | Addressed criteria. |
| 1.7 Fully describe inventory control procedures including identification of point-of-sales and track and trace software. | <i>All or none</i> | 50 | 50 | Addressed criteria. |
| Summary | | | | Forty percent (40%) of the proposed business will be owned by CEO Edvin Mailyan, 20% by CFO Daniel D. Dvorsky, and 20% each by Co-VPs of Community Relations Kalven Harrison and James Gilmer. Budget for start-up costs, including working capital and inventory for 3 months, was projected to be \$2.2M. Funding will be provided through owners Mailyan and Dvorsky, who provided combined proof of funds for \$3.69M. The proposed business will have 4 POS terminals and use the Meadow Retail POS system. Proposed product line will include flower (projected to be 60% of sales), concentrates (23%), edibles (10%), topicals/tinctures (4%) and branded merchandise (3%), and will include brands like Grandiflora Genetics, Dr. Greenthumb, Lemonnade, Runtz, Scoops, and Big Al's Exotics. Annual revenue projections start at approximately \$27.6M in Year 1 and grow to \$37.7M by Year 5, although HdL considers that such projections may not be achievable given the number of jurisdictions in the area that have licensed or will be licensing cannabis retailers. |

Criteria

Scoring Basis

Points Available

Points Received

Evaluation



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| 2 Labor and Employment Plan (300 pts) | | 300 | 300 | |
|---|--------------------|-----|-----|--|
| 2.1 Describe compensation to and opportunities for continuing education and employee training. | <i>Percentage</i> | 105 | 105 | Addressed criteria. |
| 2.2 Describe the extent to which the CCB will be a locally managed enterprise whose owners and/or managers reside within the Ventura County area. | <i>All or none</i> | 45 | 45 | Addressed criteria. |
| 2.3 Describe the number of employees, title/position and their respective responsibilities. | <i>Percentage</i> | 105 | 105 | Addressed criteria. |
| 2.4 Thoroughly describe employee policies and procedures (complete manuals are not required to be submitted). | <i>All or none</i> | 45 | 45 | Labor and Employment Plan identified a variety of employee policies and procedures but lacked descriptions. However, no point deduction as generally the criteria was met. |

Summary Proposed business expects to have 27 employees in Year 1, 34 employees by Year 5, and 5 contract workers annually. Starting hourly wage for an entry level position is \$23 per hour. Applicant provides various paid leaves, and has initiated discussions with providers to seek pricing for benefits such as health, dental and vision care; life and disability insurance; child-care subsidies; and retirement savings programs. Training topics include cannabis science, regulatory compliance, worker and workplace safety and security, diversion prevention, and product recall procedures. Owners Harrison and Gilmer, are longtime Oxnard residents and will coordinate their schedules to ensure one of them is always on site during operating hours. Together they will direct the Applicant's "Local First" community recruiting program to hire locally, with the goal of having 80%+ of the workforce be Oxnard residents with the remaining 20% be residents living in areas surrounding Oxnard.

| Criteria | Scoring Basis | Points Available | Points Received | Evaluation |
|---|--------------------|------------------|-----------------|---|
| 3 Safety Plan (200 pts) | | | | |
| 3.1 The Safety Plan shall be prepared by a professional fire prevention and suppression consultant. An assessment of the facility's fire safety plan by a qualified licensed fire prevention and suppression consultant. An appropriate plan will consider 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. Identify all gases and/or chemicals to be used and their storage locations (testing). | <i>Percentage</i> | 70 | 63 | - Safety plan addressed the minimum required topics and referenced additional safety situations, but provided less detail on those additional situations than applicants who received full points. - Safety Plan was inconsistent with the Security Plan and application form regarding the size of the facility. The Safety Plan indicated the unit Applicant will occupy is 1,665 sq. ft. (pg 2 of PDF file "3 Safety Plan MED Enterprise"), while the Security Plan said the business is 648 sq. ft (pg 5 of PDF file "4.1-4.4.4 Security Plan"). The application form (pg 1 of PDF File #1) indicated the proposed location sq. ft. is 1,571 net sq. ft. |
| 3.2 Identify fire alarm and monitoring system including the name and contact information for the alarm company | <i>All or none</i> | 7 | 7 | Addressed criteria. |
| 3.3 Describe accident and incident reporting procedures | <i>All or none</i> | 8 | 8 | Addressed criteria. |
| 3.4 Describe evacuation routes | <i>All or none</i> | 8 | 8 | Addressed criteria. |
| 3.5 Location of fire extinguishers and other fire suppression equipment | <i>All or none</i> | 8 | 8 | Addressed criteria. |
| 3.6 Describe procedures and training for all fire and medical emergencies | <i>All or none</i> | 8 | 8 | Addressed criteria. |
| 3.7 Describe and identify the location of all gas monitoring equipment. A detailed diagram of the overall facility's safety features. | <i>All or none</i> | 7 | 7 | Addressed criteria. |
| 3.8 Written description of safety features, including but not limited to fire prevention, suppression, HVAC and alarm systems. | <i>Percentage</i> | 70 | 66 | Safety Plan addressed the minimum required safety features and referenced some additional features, but described fewer features than applicants who received full points. |
| 3.9 Clarify if your building has sprinklers? | <i>All or none</i> | 7 | 7 | Addressed criteria. |
| 3.10 What date was the subject building constructed? | <i>All or none</i> | 7 | 7 | Addressed criteria. |

Summary Fire Safety Plan was prepared by Jack Collings of CFP Engineering LLC. The Plan represented a preliminary evaluation; a final plan will be updated and completed once the project is approved for licensure. The building was constructed in 1955 and the proposed space is 1,665 sq. ft. The Plan considered fire and medical situations and does not expect inhalation or hazardous material issues due to the nature of the retail business. The diagram showed the following safety features: fire extinguishers, illuminated exit signs, emergency assembly area, fire alarm pull station, and evacuation routes. There is currently no fire alarm system installed within the existing building, and the professional consultant recommended that a full system be installed and provided names of two potential firms.



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| 4 Security Plan (200 pts) | | 200 | 195 | |
| 4.1 The Security Plan shall be prepared by a professional security consultant. A thorough Security Plan should consider all access control, inventory control, cash handling procedures. Complete policy/procedures manuals are not required at this point of the application process. Please only provide a detailed description for each criteria. | <i>All or none</i> | 30 | 30 | Addressed criteria. |
| 4.2 Premises (Security) Diagram. In addition to diagrams submitted for other sections of the application, applicants are expected to submit a premises diagram (floor plan, detail) which, focuses on the proposed security measures and how they relate to the overall business. (Pursuant to CCR Title 16, Division 42, §5006. Premises Diagram). | <i>Percentage</i> | 70 | 65 | See 4.2.5 below. |
| 4.2.1 The diagram shall be accurate, dimensioned and to scale (minimum scale 1/8"). The scale may be smaller if the proposed location exceeds more than a 1/2 acre parcel but must not be printed on larger than an 11" x 17" sheet of paper. (Blueprints and engineering site plans are not required at this point of the application process). | | | | |
| 4.2.2 The diagram must be drawn to scale and clearly identify property boundaries, entrances, exits, interior partitions, walls, rooms, windows and doorways. The activity in each room and the location of all cameras must be identified on the diagram. | | | | |
| 4.2.3 Description of cannabis activity that will be conducted in each area of the premise. Commercial cannabis activities that must be identified on the diagram/floor 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, and testing areas. | | | | |
| 4.2.4 Limited-access areas, defined as areas in which cannabis goods are stored or held and only accessible to a licensee, its employee or contractors, and areas used for video surveillance monitoring and storage devices (Pursuant to CCR Title 16, Division 42, §5000 (m) Limited-Access Area and §5042. Limited-Access Area). | | | | |
| 4.2.5 Number and location of all video surveillance cameras. | | | | Cameras depicted on the premises diagram were not numbered. (pg 32 of PDF file "4.1-4.4 Security Plan") |
| 4.3 Identify intrusion alarm and monitoring system including the name and contact information for the monitoring company. | <i>All or none</i> | 30 | 30 | Addressed criteria. |
| 4.4 Discuss whether the CCB will utilize the services of on-site security guards. Include in the discussions: | <i>Percentage</i> | 70 | 70 | Addressed criteria. |
| 4.4.1 Number of guards | | | | |
| 4.4.2 Hours guards will be on-site | | | | |
| 4.4.3 Locations they will be positioned | | | | |
| 4.4.4 Their roles and responsibilities | | | | |
| Summary | Security Plan was developed by Kristofer Sit of Phalanx International Inc. and Matt Koetting of Invictus International Holdings LLC. The Plan addressed building security, access control, inventory control, transportation security, video camera surveillance system, cash management, electronic record security and storage, fire and burglar alarm system, and security roles and responsibilities. The Plan contained references to security requirements per Oxnard's City Ordinance whenever applicable. The business will utilize security cameras (indoor and outdoor), motion sensors, secured video footage storage, alarmed access controlled doors, electronic release doors and panic buttons as part of its security plan. The facility will be monitored daily from 8:30am-9:30pm by 2 security guards and 24/7 by a burglar alarm system by Bay Alarm. | | | |



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| 5 Community Benefit Agreement and Local Equity Program (Pass/Fail) | | | | |
| 5.1 Executed Cannabis Community Benefit Agreement and Local Equity Program | Pass/Fail | Required | Pass | Addressed criteria. |
| Summary Applicant signed the Cannabis Community Benefit Agreement and Local Equity Program form. | | | | |