

## Phase 1 Permit Application Debriefing

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## Introductions

### Application

The Office of Medical Marijuana released several documents for the grower/processor and dispensary permit application process. Those documents included: the Medical Marijuana Organization Permit Application Instructions; the Medical Marijuana Grower/Processor Permit Application; the Medical Marijuana Dispensary Permit Application and the Medical Marijuana Organization Permit Application Attachments.

The Instructions indicated that applicants should understand the Medical Marijuana Act and its accompanying regulations at 28 Pa. Code Chapters 1141, 1151, 1161 and 1171, and are advised to read these instructions and any guidance before beginning work on any application. These instructions apply to both the grower/processor and dispensary permit applications unless otherwise noted. It would be valuable to the applicant to read these documents, and re-read them again and again.

Page 5 of the Medical Marijuana Organization Permit Application Instructions offers details on preparing and submitting your permit application.

A successfully submitted permit application package consists of the following:

1. The permit application form for a grower/processor permit or dispensary permit;
2. The executed checklist and signature page (Attachment A);
3. Attachments B through L;
4. Redacted version of the permit application and all accompanying attachments;
5. Appropriate Initial Application Fees and Initial Permit Fees, in the form of certified checks or money orders, made payable to "Commonwealth of Pennsylvania." Each fee must be enclosed in its own separate, sealed envelope within the application package; and
6. A completed Form 3817 from the U.S. Postal Service. The Department will consider any application sent by U.S. Mail to be received on the date it is deposited in the mail as long as a stamped U.S. Postal Form 3817 Certificate of Mailing is included with the application. The Department will not accept submissions delivered in any other manner.

The Act permits the Department to grant or deny a permit to an applicant based upon the following criteria, specified in section 603(a.1):

- The applicant will maintain effective control of and prevent diversion of medical marijuana;
- The applicant will comply with all applicable laws of this Commonwealth;
- The applicant is ready, willing and able to properly carry on the activity for which a permit is sought;



- The applicant possesses the ability to obtain in an expeditious manner sufficient land, buildings and equipment to properly grow, process or dispense medical marijuana;
- It is in the public interest to grant the permit;
- The applicant, including the financial backer or principal, is of good moral character and has the financial fitness necessary to operate; and
- The applicant is able to implement and maintain security, tracking, recordkeeping and surveillance systems relating to the acquisition, possession, growth, manufacture, sale, delivery, transportation, distribution or the dispensing of medical marijuana as required by the Department.

The Department may also consider the following factors about each medical marijuana region in its determination to grant or deny a permit:

- Regional population;
- The number of patients suffering from a serious medical condition;
- The types of serious medical conditions in the region;
- Access to public transportation;
- The health care needs of rural and urban areas; and
- Areas with recognized need for economic development.

Each section of the application is assigned a maximum number of points. The total possible number of points for a grower/processor permit application or a dispensary permit application is 1,000.

Generally, points assigned were:

- 100 points for the Diversity Plan;
- 550 points for the Plan of Operation;
- 150 points for Applicant Organization, Ownership, Capital and Tax Status;
- 100 points for Community Impact; and
- 100 points for the Attachments.

There were also a number of documents and questions in the application that were scored as Pass/Fail. If an applicant failed one document or question, the application was not sent to scoring and was therefore considered incomplete.

Tips for submitting a complete application package include:

- Ensuring all appropriate fees are included;
- Ensuring all yes/no questions -those questions with boxes- were answered with the appropriate response;
- Ensuring every question requiring an answer has a response;
- Ensuring an on-time mailing with appropriate proof of mailing;
- Ensuring all files were uploaded to submitted media; and
- Ensuring media and any files uploaded are not corrupt.

Some common mistakes were:

- Submission on paper, but no media included;
- Media did not include the application and all appropriate documents;
- Documents on media were labeled with incorrect file names; and
- Documents requiring a signature were submitted without a signature.

And a final thought about the application submission, the application and all documents that had proof of mailing by the deadline, March 20, were the documents reviewed and scored.

## Diversity Plan

The Diversity Plan section of the application requested a diversity plan that promotes and ensures the involvement of diverse participants and diverse groups in ownership, management, employment, and contracting opportunities.

Diverse participants include a person, including a natural person; individuals from diverse racial, ethnic and cultural backgrounds and communities; women; veterans; individuals with disabilities; corporation; partnership; association; trust or other entity; or any combination thereof.

Diverse groups include the following businesses that have been certified by a third-party certifying organization:

- a disadvantaged business;
- minority-owned business;
- women-owned business; and
- service-disabled veteran-owned small business or veteran-owned small business.

The Diversity Plan section has a possible 100 points.

The application requests a plan that establishes a goal of diversity in ownership, management, employment and contracting to include the following:

1. The diversity status of the Principals, Operators, Financial Backers and Employees of the Medical Marijuana Organization;
2. An official affirmative action plan for the Medical Marijuana Organization;
3. Internal diversity goals adopted by the Medical Marijuana Organization;
4. A plan for diversity-oriented outreach or events the Medical Marijuana Organization will conduct during the term of the permit;
5. Contracts with diverse groups and the expected percentage and dollar amount of revenues that will be paid to the diverse groups;

6. Any materials from the Medical Marijuana Organization's mentoring, training, or professional development programs for diverse groups;
7. Any other information that demonstrates the Medical Marijuana Organization's commitment to diversity practices;
8. A workforce utilization report including the following information for each job category within the Medical Marijuana Organization:
  - a. The total number of persons employed in each job category;
  - b. The total number of men employed in each job category;
  - c. The total number of women employed in each job category;
  - d. The total number of veterans employed in each job category;
  - e. The total number of service-disabled veterans employed in each job category; and
  - f. The total number of members of each racial minority employed in each job category.
9. A narrative description of your ability to record and report on the components of the diversity plan.

Some tips to consider for improving the Diversity Plan:

- The applicant should explain in a high level of detail the attributes listed in the application, with supporting documentation when available, which show a real and significant commitment to the applicant's Diversity Plan;
- The applicant provided detailed proof of the current breakdown of diverse employees and new employee opportunities;
- The applicant demonstrated multiple diverse business principals, owners, operators and financial backers;
- The applicant demonstrated a high percentage of diverse participant employees in management or leadership roles and across the applicant's firm. The applicant also indicated they plan to use diverse participant employees, including one in a leadership role, as part of the contract;
- The applicant provided a robust Affirmative Action Plan;
- The applicant demonstrated that it had adopted formal internal diversity goals, described the methods they would use to meet those goals, and identified how such goals would be tracked;
- The applicant provided evidence that they had engaged in diversity outreach such as promoting or sponsoring events, providing mentoring, training or professional development programs, or other initiatives to support diversity;
- The applicant showed that they participate in civic or professional groups that promote diversity;
- The applicant demonstrated current and new contracting opportunities with and the utilization of identified small diverse business(s), providing anticipated contract dollars and/or percentages of revenue to be paid to the small diverse business;
- The applicant listed subcontracts and utilization of small diverse businesses within the Department of General Services database; and

- The applicant provided additional information to support their subcontracting commitments such as actual letters of intent or subcontracts that were signed by the applicant and the small diverse business partner demonstrating a contractual commitment.

A final thought about the Diversity Plan, it was not enough to have diversity in ownership. You had to show your ongoing commitment to diversity in the future and show that you intended to contract with diverse businesses in order to strengthen your application.

## Plan of Operation

A Plan of Operation is required for all grower/processor and dispensary permit applications. The Plan of Operation must include a timetable outlining the steps the applicant will take to become operational within six months from the date of issuance of a permit. The plan of operation must also describe how the applicant's proposed business operations will comply with statutory and regulatory requirements necessary for the continued operation of the facility.

So what must be covered in a Plan of Operation?

Applicants must identify how they will comply with relevant laws and regulations regarding:

- Security and surveillance;
- Employee qualifications and training;
- Transportation of medical marijuana and medical marijuana products;
- For a grower/processor, storage of seeds, immature medical marijuana plants, medical marijuana plants, medical marijuana and medical marijuana products;
- For a grower/processor, labeling of medical marijuana products
- Inventory management, including management of returns of medical marijuana product that is expired, damaged or recalled;
- For a grower/processor, appropriate nutrient practice, using fertilizers or hydroponic solutions and the recording of information on the use of fertilizers and growth additives;
- For a grower/processor, quality control and testing of medical marijuana and medical marijuana products for potential contamination;
- For a grower/processor, growing of medical marijuana, including a detailed summary of policies and procedures for its growth and harvest;
- Recordkeeping;
- Preventing unlawful diversion of medical marijuana and medical marijuana products; and
- Timetable outlining the steps required for the applicant to become operational within six months from the date of issuance of a permit.

The Plan of Operation section of the application is worth 550 points. There were many opportunities in this section to describe your company's plans with as much or as little detail as you choose to provide. For example, a cut and paste of a security company's brochure was not an ideal response. A detailed, organized response for each of the narrative areas is desirable.

## Applicant Organization, Ownership, Capital and Tax Status

This scorable section had a possible 150 points. This section asked the applicant to list current officers, ownership, and other persons holding an interest in the proposed site or facility.

In this section, the applicant was also asked to describe its business history and ability and plan to maintain a successful and financially sustainable operation. The more detailed and organized, the better.

The applicant was also asked to provide a summary of available capital and an estimated spending plan to be used to become operational within six months from the date of the issuance of the permit. Again, the more detailed and organized, the better.

## Community Impact

The Community Impact section of the application requested a summary of how the applicant intends to have a positive impact on the community where its operations are proposed to be located. This scorable section has a possible 100 points.

There were four primary categories considered when scoring the Community Impact section:

- Job Creation;
- Site Selection;
- Need for Economic Development; and
- Priority Points.

The first category that was considered for the Community Impact section was Job Creation. A determination of what type of effect the facility would have on the community was made: dramatic, meaningful, or minimal. Factors considered included the size of the community, the size of the facility, number of jobs created, and the potential for future growth.

The second category that was considered was the site selection. One major consideration was the community that the facility was located in. Facilities located in



municipalities that have been determined to be financially distressed under Act 47 received the highest priority in this category. Additionally, facilities that redeveloped brownfields or vacant sites were given additional points. Redeveloping blighted areas has been shown to increase economic development and overall quality of life.

The third category that was considered was the need for economic development. Municipal unemployment rates were compared to the PA state rate of 4.8 percent, with higher rates of unemployment scoring more favorably. Per capita income was compared to the state average of \$50,398 per household, with lower income averages being scored more favorably. Additionally, municipalities with declining populations were considered as an increase in jobs may help change the demographics.

The final category that was considered was priority points. It encompassed community initiatives that included, but were not limited to, charitable giving, community events, university-community partnerships, and job training in the medical marijuana field.

## Attachments

It is important to complete all information requested in the Attachments and provide the required signatures. You must also be sure to have the appropriate attachments notarized when needed.

## Next Steps

We are anticipating a Phase 2 for permit applications for growers/processors and dispensaries. An exact timeframe for Phase 2 is unknown at this time. Please check the Office's website at [www.medicalmarijuana.pa.gov](http://www.medicalmarijuana.pa.gov) for future updates.

[Do you have any feedback for us?](#)