



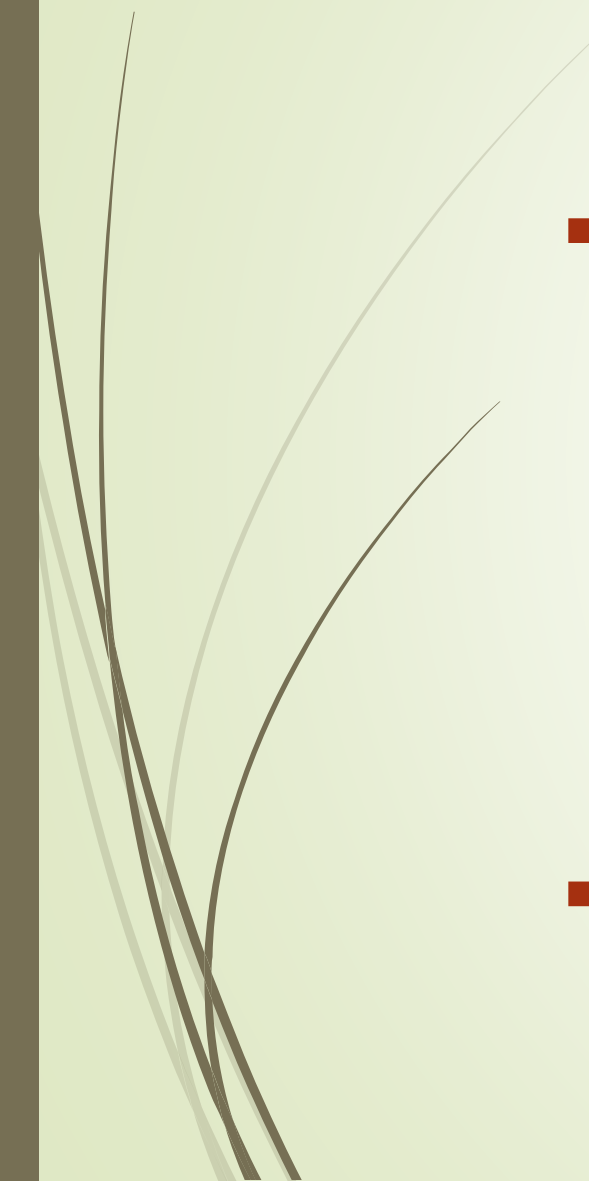
# Request for Proposals Process: Cannabis Business Operator Permits

City Council Meeting

February 20, 2018



# RFP Process for Operator Permits

- ▶ In late 2017, Council adopted the following:
    - ▶ An ordinance regulating the operations of cannabis businesses, including requiring an operator's permit (Regulatory Ordinance)
    - ▶ An ordinance amending the City's smoking ordinance to prohibit smoking cannabis in places of employment, unenclosed public places and in multi-family housing
    - ▶ An ordinance to conditionally permit cannabis businesses in certain zoning districts
  - ▶ These ordinances are effective as of January 18, 2018
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# RFP Process for Operator Permits

- ▶ The **regulatory ordinance** provides for several types of Cannabis Business Operators Permits (CBOP):
  - **One nursery** cultivation/distributor's permit
  - **Four manufacturing** permits (including distributor's permits)
  - **Two testing laboratory** permits
  - **Two medicinal retail dispensary** permits (including delivery permits)



## RFP Process for Operator Permits

- The number of cannabis businesses is capped by business type
- Council direction to prepare a RFP to select businesses qualified to apply for an Operator's Permit
- Staff proposes **a two-part process**
  - Letter of Intent (LOI)
  - Full Proposal



# RFP Process for Operator Permits

## ➤ **The RFP process includes:**

- Submission of a LOI by applicants
- Review of LOI for minimum requirements by staff
- Review of proposals based on objective criteria, including an oral interview for qualifying proposers
- Issuance of a conditional awarding letter
- Maintenance of a waiting list of qualified applicants



# RFP Process for Operator Permits

- ▶ Proposed **Minimum Requirements** are Pass or Fail:
  - LOI was submitted on or before the deadline
  - Review Deposit of \$1,000 paid by LOI deadline
  - Evidence that a proposed location for the cannabis business has been secured
    - a letter of intent to sign a lease, a lease, a purchase option, a purchase agreement, or evidence of ownership; a letter of interest is not acceptable
  - Evidence that the proposed location is outside of cannabis buffer zones



# RFP Process for Operator Permits

## ➤ LOI

- If the number received is less than or equal to the number of permits allocated, the RFP process shall terminate
- A conditional award letter will be issued to the business(es) allowing them to apply for a CBOP
- If the number received is more than the number of permits allocated, proposers will complete RFP process
- Any business not meeting the Minimum Requirements will be notified and eliminated from further participation in the RFP process



# RFP Process for Operator Permits

## Proposals

- Proposals must include:
  - Statement of Qualifications
  - Proposal Implementation
  - Understanding and Approach
  - Proposed schedule
- Proposals may include:
  - Local hire plan
  - Local ownership verification
  - Community benefits plan





## RFP Process for Operator Permits

- Proposers must pay a review deposit of \$6,500, in addition to the \$1,000 deposit for the LOI
- Proposals will be reviewed and ranked by a staff panel
- Interviews for proposers scoring 75% or better will be conducted by a staff panel
- Highest ranking proposers, up to the maximum number of businesses permitted, will be eligible to apply for required permits (CBOP, land use permit)



# Equity Data Information

- ▶ Information is broken down by year for 20 years by:
  - Race
  - Percentage of arrests by race and ethnicity
  - Sector
  - Resident and non-resident arrests



# Equity Data Information

- ▶ The data analyzes the three most common marijuana-related violations:
  - 11357 Health and Safety Code (HS): Possession of > 28.5 grams of marijuana
  - 11358 HS: Cultivation of marijuana
  - 11359 HS: Possession of marijuana with intent to sell



# Equity Data Information

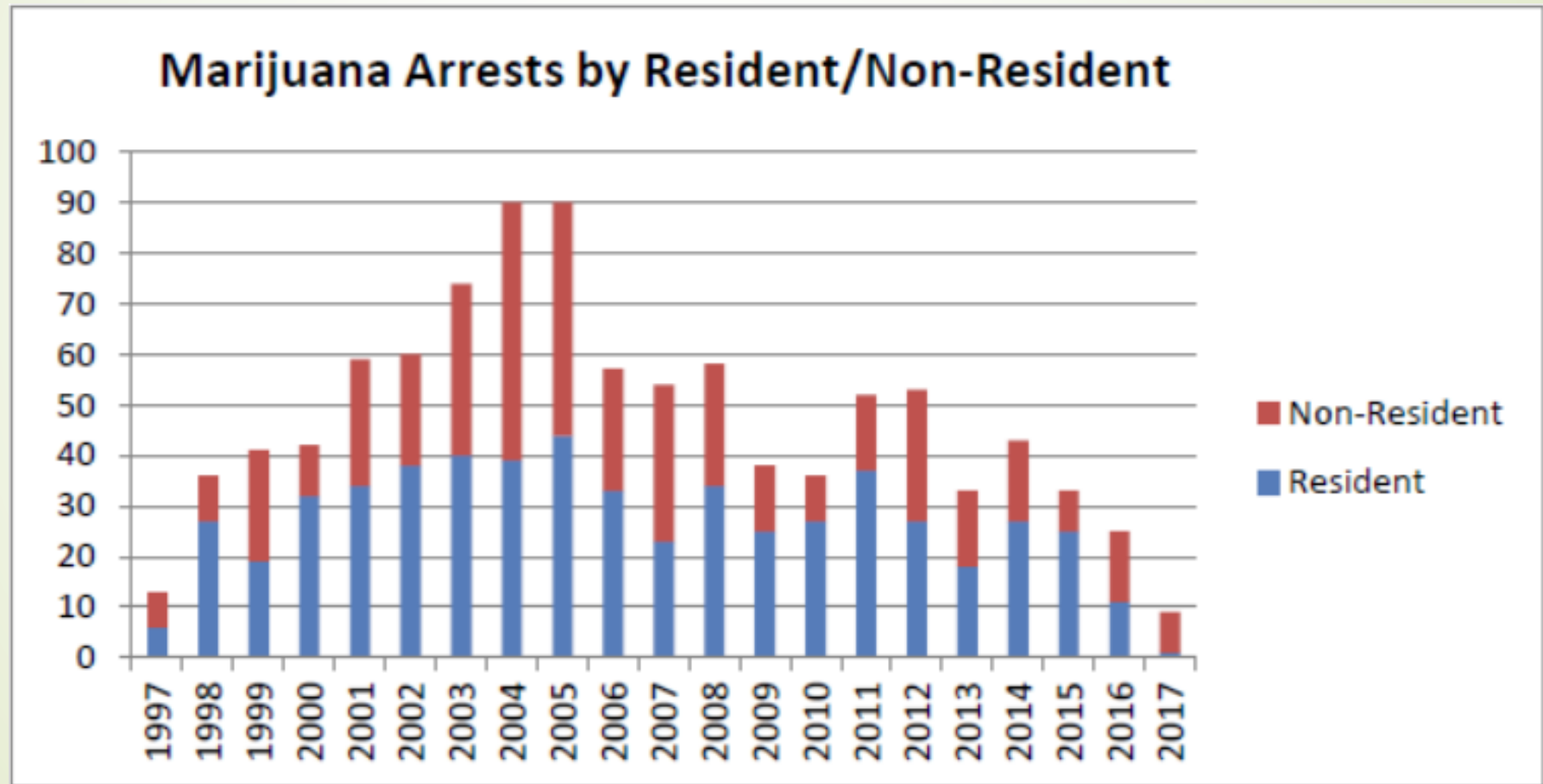
- Arrests over a 20-year period averaged 50 per year
- Arrests were at an annual high of 90 in 2004 and 2005
- Arrests were at an annual low of 13 in 1997, and nine in 2017 (partial year ending in October)
- Arrests during the 20 year period were predominantly in:
  - Sector 3 (Willow to Fernside)
  - Sector 1 (Main Street to 8th Street)



# Equity Data Information

- Over the last 20 years, Alameda's demographic make-up is:
  - 54.0% White
  - 28.0% Asian-American
  - 10.0% Latino
  - 6.4% African-American
- On average, over the past 20 years, the demographic make-up of those arrested for marijuana-related violations is:
  - 36.0% White
  - 11.0% Asian-American
  - 17.0% Latino
  - 29.0% African-American

# Equity Data Information



# Equity Data Information

## Alameda Unified School District Cannabis Incidents

### Incidents of cannabis use/possession/sale by school

School	2017-18 (as of 10/25)	2016-17	2015-16	2014-15	2013-14	
AHS	6	18	17	20	27	88
ASTI	2	0	0	0	0	2
EHS	2	13	16	30	22	83
Island	6	22	20	16	8	72
WMS		4		5	1	10
LMS		2	5			7
Jr. Jets				4	0	4
	16	59	58	75	58	266



# Equity Data Information

- The low number of arrests for marijuana-related offenses in any given year over the past 20 years (on average 50/yr or less than five/month) does not rise to the level of a “war on drugs”
- The war on drugs has impacted low-income neighborhoods and people of color in communities around the Bay Area and there are barriers to entry into the cannabis industry
- Proposers can propose community benefits (and receive points) to address inequities (incubation of minority businesses, business training, scholarships, etc.)
- City Council can support AB 1793 which allows for automatic expungement or reduction of a prior cannabis conviction





# Recommendations

- Adopt a resolution approving regulations governing a Request for Proposals process for allocating limited privilege to apply for a cannabis business permit
- Approve the Request for Proposals