

# Semi-Annual Report on Cannabis

RFP

Policy Direction

General Update

# Background

- Effective as of January 18, 2018, City Council put in place a regulatory framework for cannabis businesses in the City.
- 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)
- Council directed staff to prepare a RFP to select businesses qualified to apply for an Operator's Permit
- The RFP was a two-part process
  - Letter of Intent (LOI)
  - Full Proposal (proposal review/interview)

# RFP Process Outcomes

- RFP was issued on April 23<sup>rd</sup>
- Five (5) LOIs for medicinal dispensaries (only) were received
- Two LOIs met minimum qualifications
- These two companies submitted proposals
- One company, Main Street Supply, received a qualifying score above 75% and was interviewed and subsequently received a conditional award letter

# Lessons Learned RFP and General Issues

- Testing Laboratories

- Initially there were three interested laboratories
  - No follow-up
  - Lost location to a non-cannabis business
  - Tenant improvements were too expensive

- Nursery Cultivation

- One interested cultivator unable to find a location outside of the 1,000-foot buffer zone

- Manufacturing

- One manufacturer indicated that it needed more clarity regarding the potential long-term tax exposure

# Lessons Learned RFP and General Issues Continued

- Medicinal Dispensaries
  - Limited area for cannabis businesses to secure space
  - Buffer zone challenges
- Overall, there was low interest in the RFP process
  - Unwillingness to rent or sell space
  - Other cities are experiencing low interest
  - State regulation is still too fluid and complex
  - Uncertainty at Federal level regarding enforcement

# Proposed Changes to Process

- Testing Laboratories
  - Staff is not recommending any changes to the cap
- Nursery Cultivation and Manufacturing
  - Amend Implementing regulations to allow applications on a first come first served basis
- Medicinal Dispensaries and Nursery
  - Reduce buffer zones around sensitive uses;
  - Reduce the dispersion requirement for dispensaries (only); and/or
  - Permit cannabis-related businesses in additional areas of the City

# Proposed Changes to Process (Continued)

## Buffer Zone

- Reduce buffer zone to 600 feet around all sensitive uses or
- Maintain 1,000-foot buffer from either (or both) *public and private K-12 schools* from the nearest door to the nearest door and reduce to 600 linear feet for all other sensitive uses
  - Specify that off-campus after-school programs and tutorial/learning centers (and similar uses) are not considered “schools”

# Proposed Changes to Process:

Not Recommended by Staff

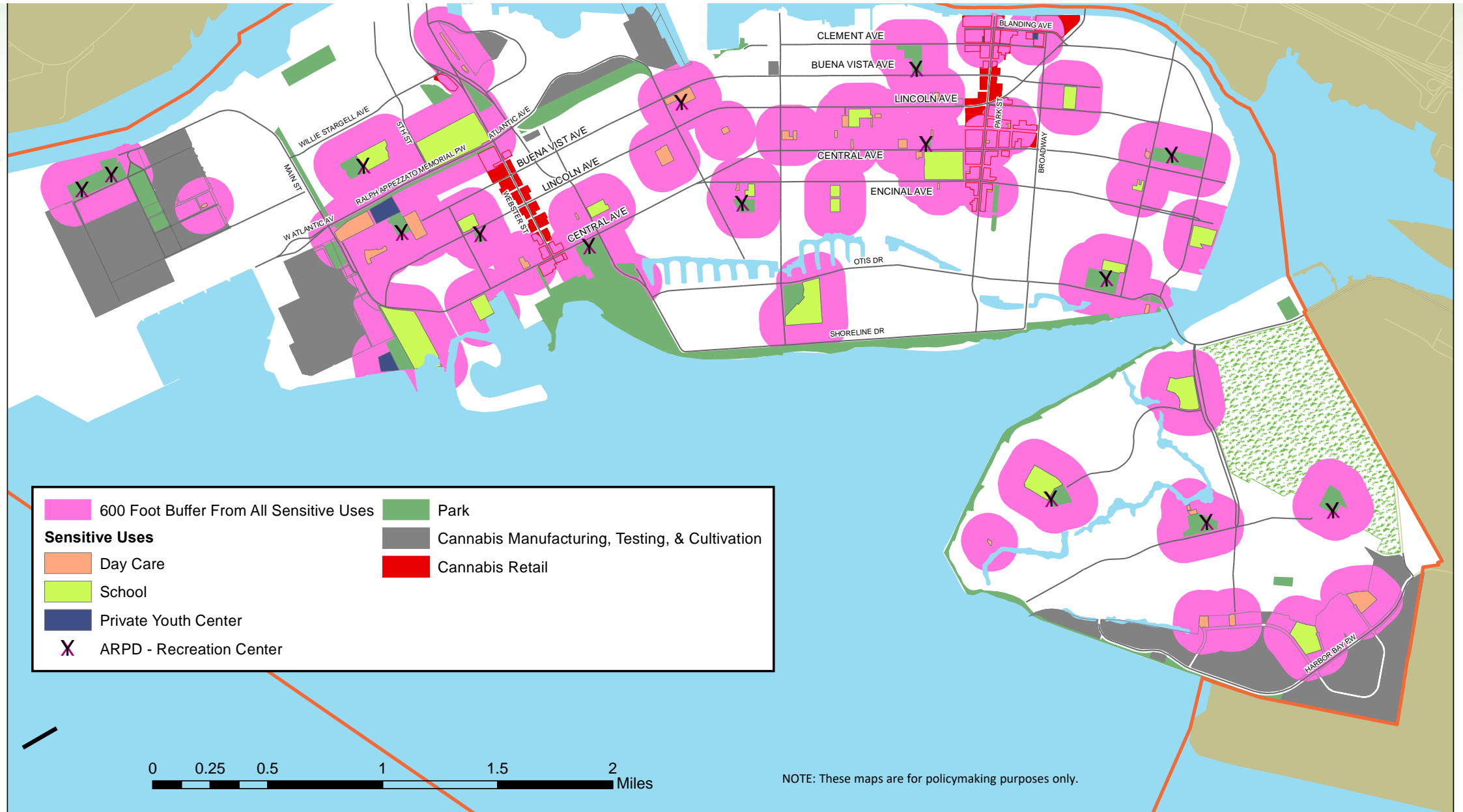
- Add Zoning Districts for Medicinal Dispensaries and Nursery
  - C-1, Neighborhood Business District and/or
  - C-M, Commercial Manufacturing District
- Modify the one-mile Dispersion Requirement
  - Consider reducing the dispersion requirement to fill the cap
- The following policy maps show the existing and potential scenarios if buffer, zoning and or dispersion changes are made



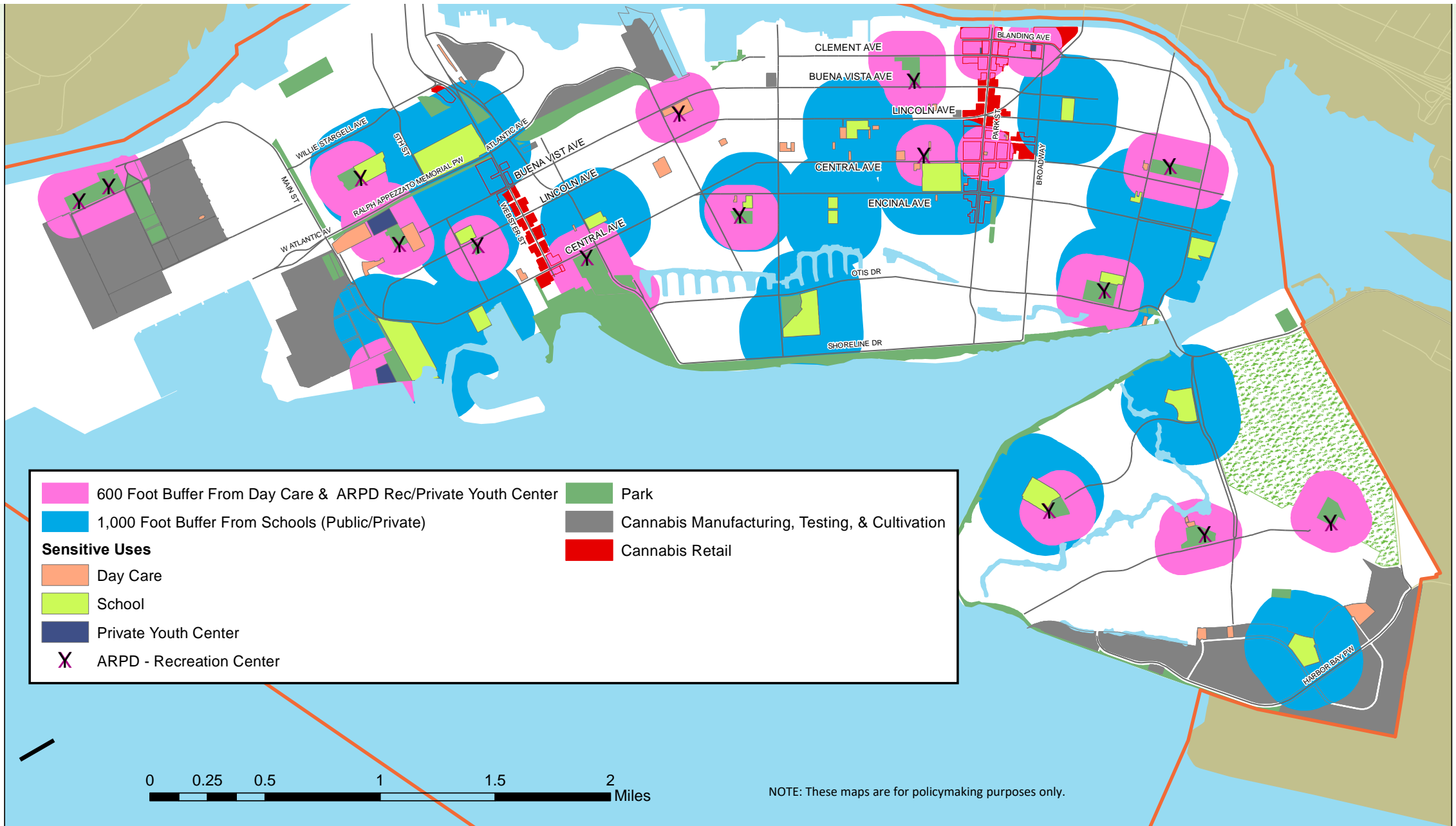
# Map of Existing 1,000 Foot Buffer



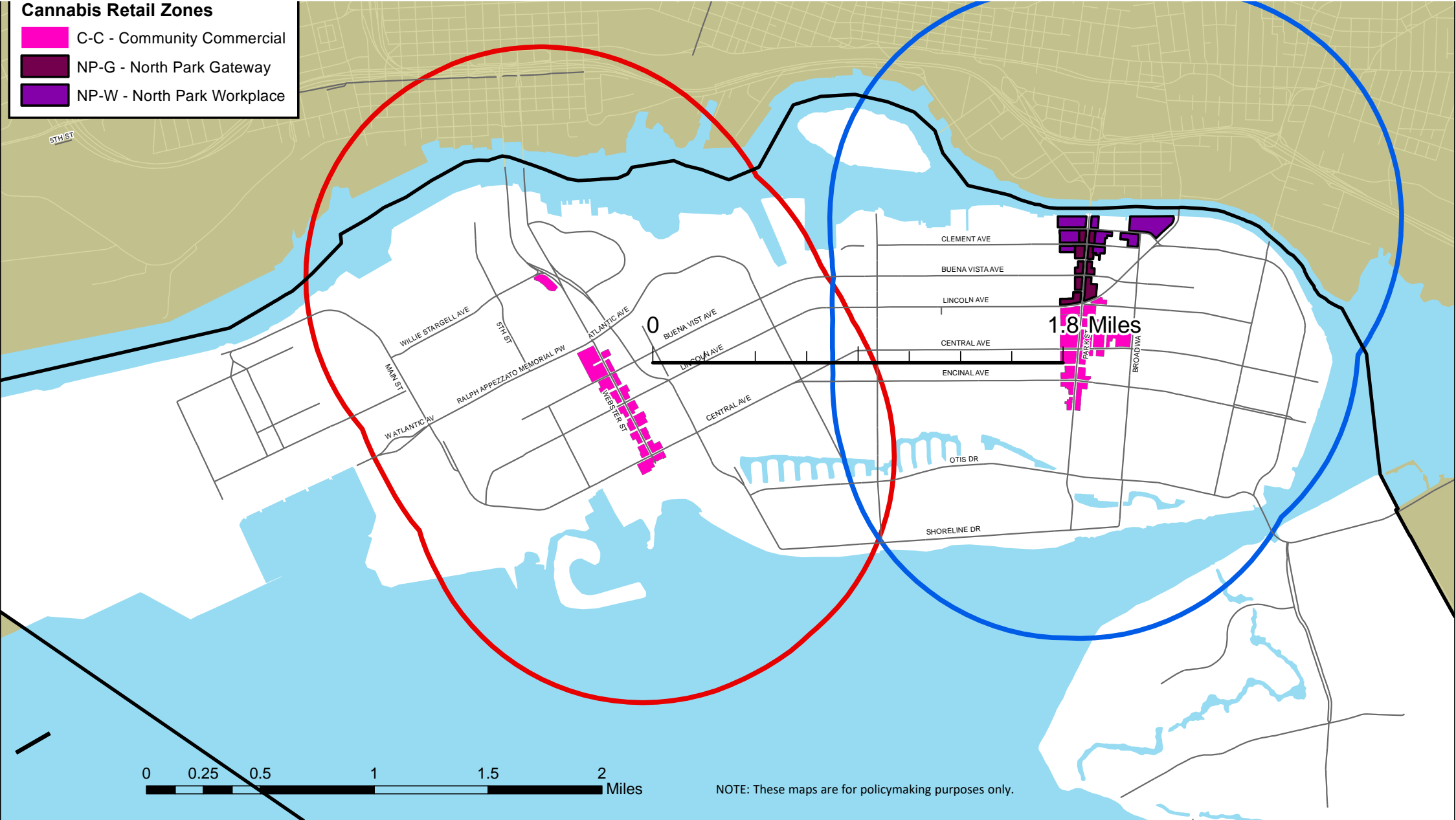
# Map of Proposed 600 Foot Buffer



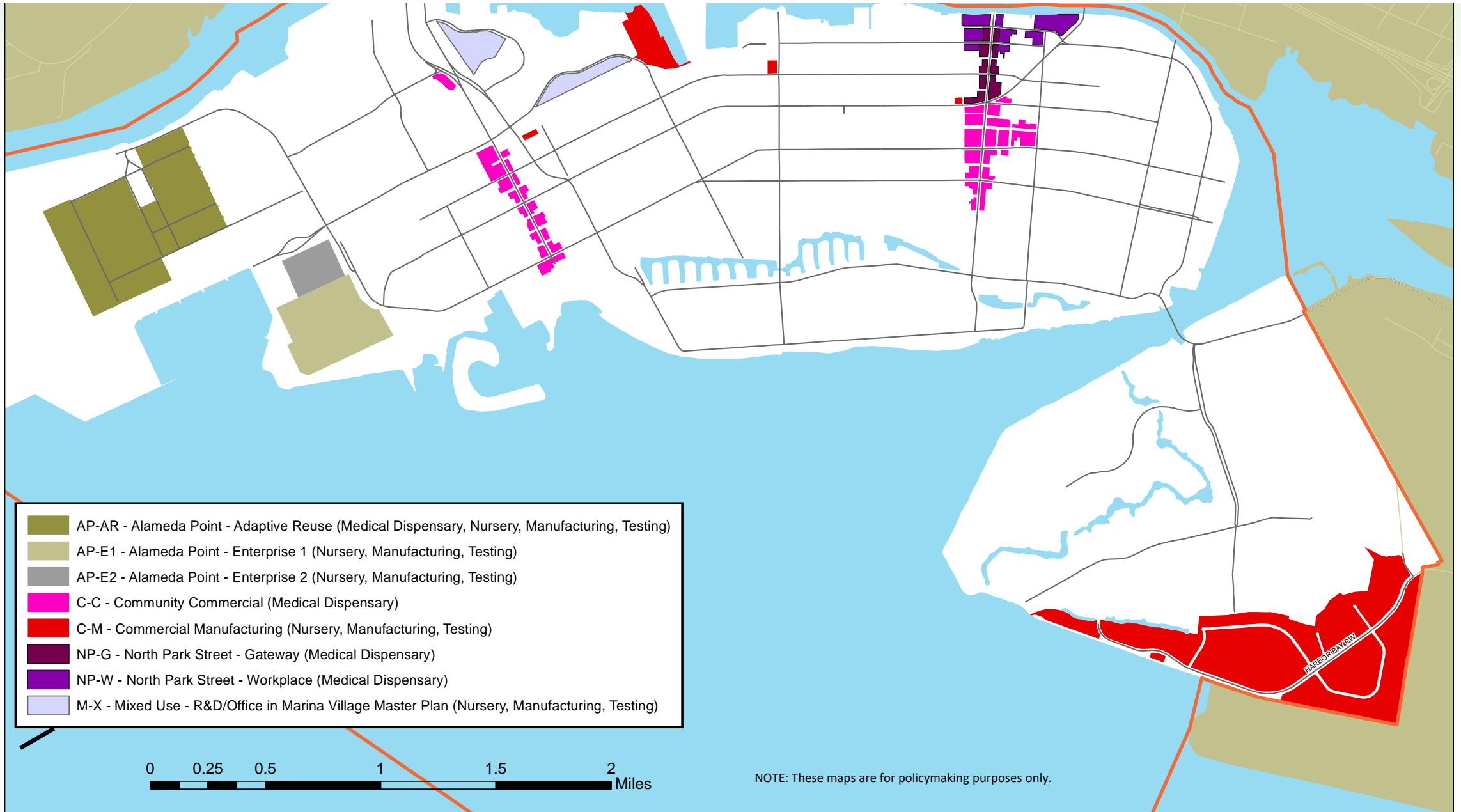
# Map of Proposed Two-Tiered Buffer (600/1,000 Feet)



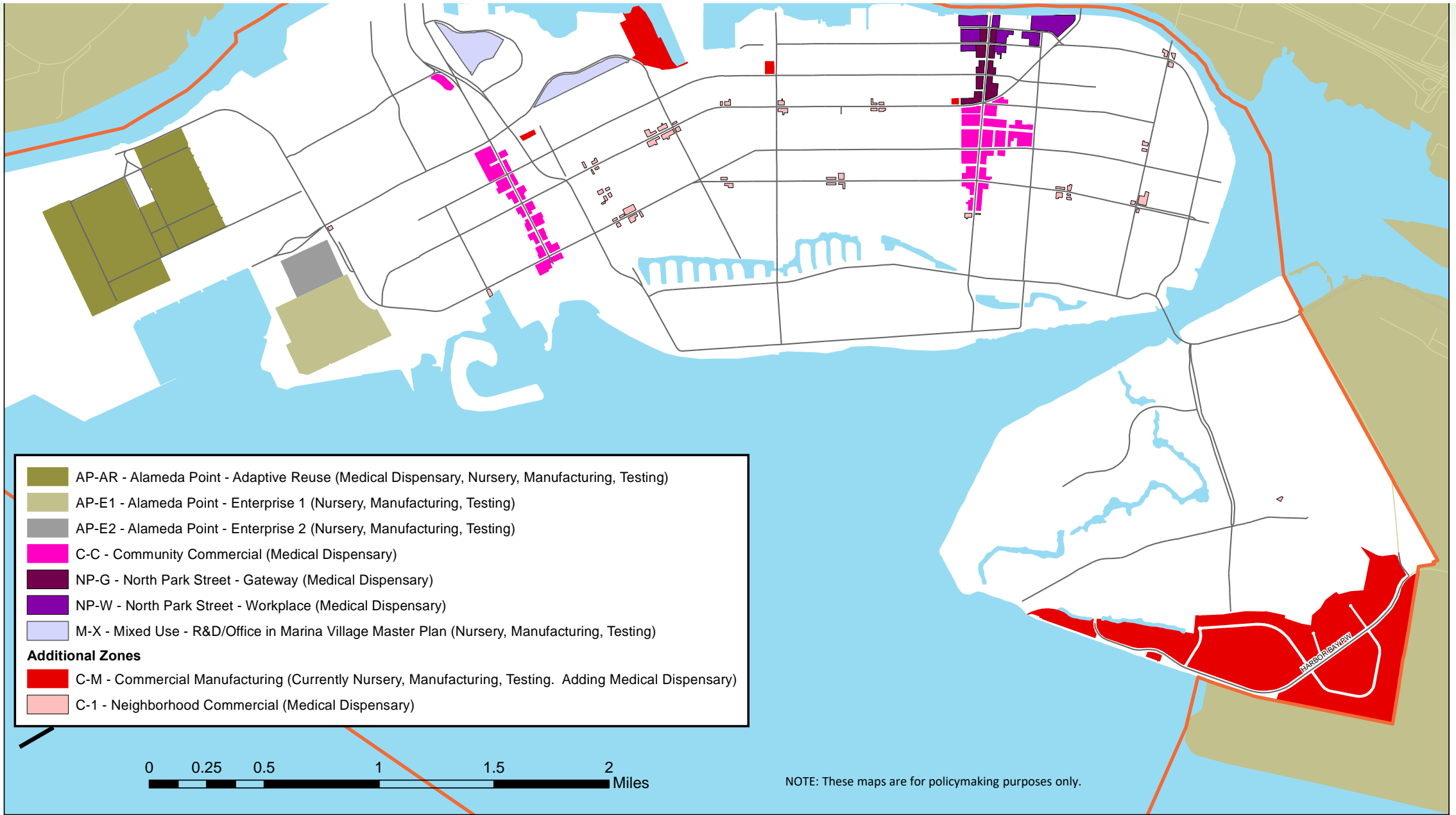
# Current Dispersion Requirement (1 mile)



# Current Zoning Allowing Cannabis Uses

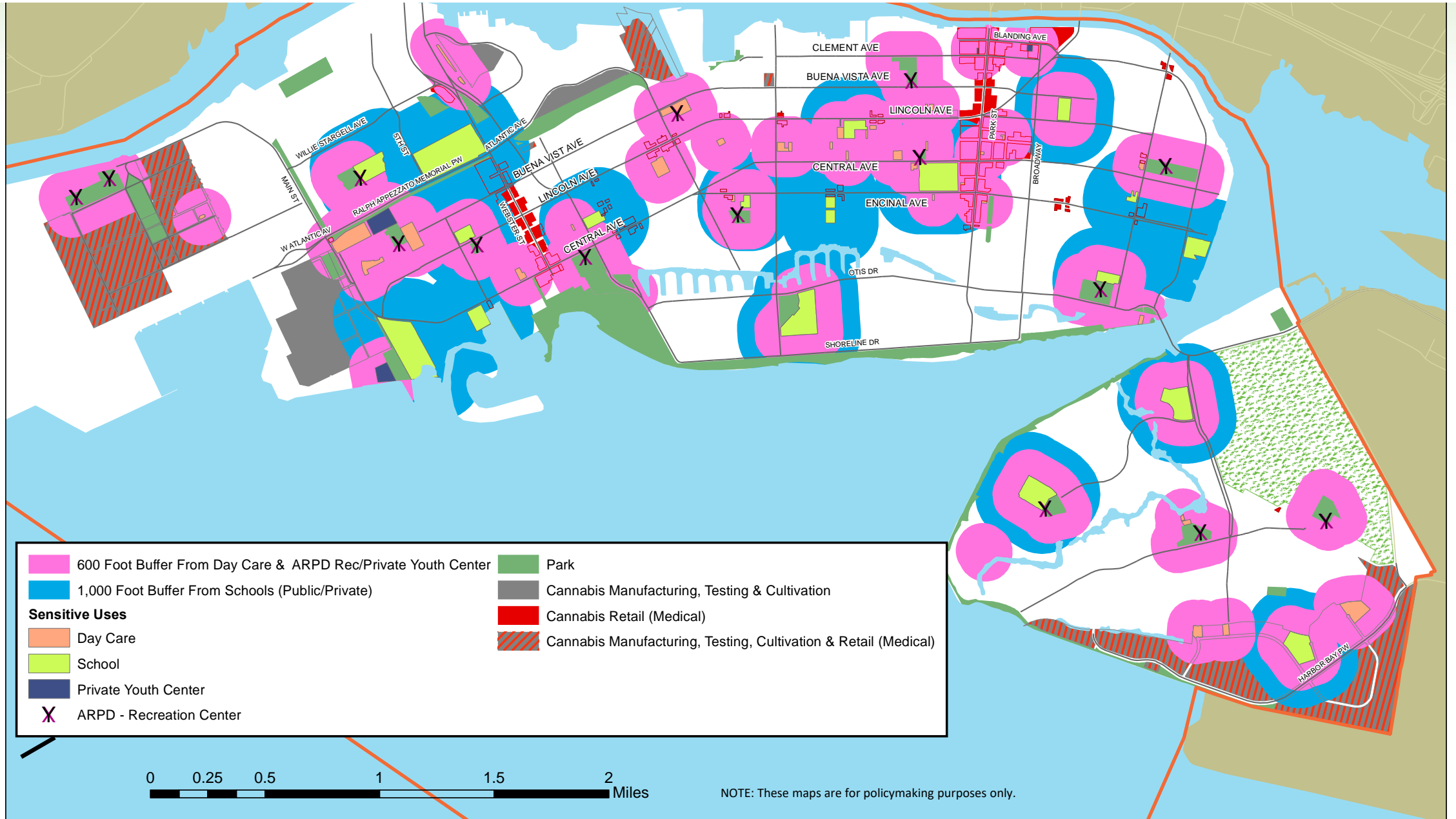


# Proposed Expanded Zoning





# Proposed Expanded Zoning w/ Two-Tiered Buffers



# Cannabis Updates

- Adult Use

- A valid notice of intent to circulate a petition to legalize adult use of cannabis was submitted to the City Clerk's office on May 21, 2018

- Cannabis Delivery

- Alameda only permits delivery of cannabis from a brick and mortar medicinal dispensary location.
- Senate Bill 1302 that would have allowed interjurisdictional deliveries is inactive

- Cannabis Tax

- Staff presented tax revenue alternatives to the City Council at its May 18, 2018 meeting
- Due to other considerations, City Council decided not to put forward a cannabis tax on the November 2018 ballot
- Council may consider a tax in the future



# Summary of Issues

Staff seeks direction on the following:

- Should the City maintain the current cap number for testing labs?
- Should the City modify the implementing regulations to allow nursery and manufacturing businesses to apply for permits on a first-come first-served basis?
- Should the buffer zone be modified around sensitive uses for the nursery and/or dispensaries?
  - If so, please provide direction (i.e., two-tier 1,000/600 feet, 600 feet or other)
- Should the definition of sensitive uses be changed to clarify that off-campus after-school programs and tutorial/learning centers are not considered schools?
- Should the current zoning districts in which cannabis-related businesses are permitted be maintained or expanded?
- Should the dispersion requirement be modified for dispensaries?

# Summary of Issues Continued

- Should the sale of cannabis for adult use be allowed?
- Should the cap number for dispensaries be increased?
- Staff seeks to confirm that if changes are made to the Ordinance to provide for additional potential locations for dispensaries, a new RFP will be issued to award the limited right to pursue a CBOP and that staff will utilize the same RFP process including the review panel and evaluation rubric.