



Application to Operate a Second Medical Cannabis Dispensary

Release Date: April 28, 2016

Submittal Deadline: May 19, 2016, 12:00 pm

Introduction

In December 2013, the City Council approved a medical cannabis [regulatory ordinance](#) to facilitate the approval, regulation, and operation of one medical cannabis dispensary in the City of San Leandro. The ordinance, in conjunction with the recently adopted Medical Marijuana Regulation and Safety Act, imposes strict zoning, security, and operational requirements on dispensary applicants.

Selection of the First Dispensary Permit

Subsequent to the above actions, on September 15, 2014, the City Council adopted objective criteria to evaluate and screen applications from medical cannabis dispensary business teams that were interested in operating the one dispensary. The City received applications from 15 teams, and the following three teams (in alphabetical order) were identified as having demonstrated the optimal combination of knowledge, expertise, experience, and alignment with the Council-adopted criteria:

- Blum / San Leandro Community Collective

- Davis Street Wellness Center
- Harborside San Leandro

On September 8, 2015, a recommendation from the City Manager was presented to the City Council, and the Council unanimously voted to award the permit to Harborside San Leandro.

Consideration of a Secondary Dispensary Permit

The City of San Leandro is now seeking applications from parties seeking to develop and operate a second dispensary in San Leandro. Per the direction of the City Council, the selection process for the second dispensary permit is limited to the two remaining teams from the list of three business teams outlined above: Blum / San Leandro Community Collective, and Davis Street Wellness Center. Should either of these teams wish to be considered for the second permit, they must submit written responses that address the following questions and requirements, prior to the stated deadline:

- 1. Finance – Page limit = 6 pages (excluding pro forma and tax materials if submitted as supporting evidence)**
 - Pro Forma and Operating Costs:* The applicant shall submit at least three years of up-to-date pro forma estimates, including but not limited to revenue projections and operating expenses. The applicant should describe in a detailed and transparent manner how the pro forma estimates were derived using up-to-date input parameters and a calculation methodology that is reasonable relative to industry standards. At a minimum, the applicant should discuss assumptions and calculation methodologies related to the following components:
 - i. Revenue calculations
 - ii. Staffing numbers at each level of management and proposed compensation
 - iii. Anticipated patient volume and visits; applicant must explain how the proposed staffing levels described will be able to handle the anticipated patient volume
 - iv. Product costs
 - v. Operation and maintenance costs, equipment costs, utility costs, and any other direct costs
 - Interest and Tax Calculations:* The applicant shall provide an explanation as to how interest payments and federal and state income tax estimates are derived.
 - Benefits Packages:* The applicant shall provide a comprehensive description of the benefits packages that will be offered to employees.
 - Workers' Compensation and Insurance:* The applicant shall provide a description of how workers' compensation and insurance cost calculations are derived.

- e. *Taxes:* The applicant shall submit evidence demonstrating the payment of business taxes (including cannabis business gross receipts taxes) in other jurisdictions in which any applicant team member has been involved in the operation of a cannabis-related business. The applicant must include an explanation and any relevant supporting evidence regarding why locally adopted cannabis taxes may or may not apply to their operations in those jurisdictions. The applicant shall also attest in writing that it will comply with the intent of any local San Leandro-based cannabis business gross receipts tax, if adopted by San Leandro voters in the future.

2. Operations Planning – Page limit = 10 pages

- a. *Description of Operations:* The applicant shall provide a comprehensive description of the daily operations of the proposed dispensary, including: a description of the medical cannabis-related products and/or services to be sold, confirmation if delivery services will be offered, confirmation if any on-site manufacturing or baking of cannabis products will take place (e.g., edibles, wax, or tinctures), classes to be offered, or any other additional services to be provided, such as a health clinic or related facilities, or other wellness services. The description should be sufficiently detailed to provide the City with a clear and thorough understanding of the nature of the dispensary and how it will conduct operations. For example, will the dispensary operate on a walk-in retail basis, or will the patient need to make an appointment? If the facility will be associated with another community-based organization based in San Leandro or otherwise, please explain in detail how the two facilities will maintain separate and distinct operations.
- b. *Management Team:* The applicant shall submit an up-to-date organizational chart. The applicant shall include a discussion of the management team, including roles and experience of the proposed team. The application shall include information concerning any special business or professional qualifications or licenses of the management team that would add to the number or quality of services that the dispensary would provide, especially in areas related to medical cannabis, such as scientific or health care fields. **Every member of the applicant team shall also submit a signed affidavit under penalty of perjury providing that since January 2015, he or she has not been arrested, charged or convicted with any of the disqualifying crimes enumerated in Section 4-33-500 (a) (16) of the City’s adopted medical cannabis dispensary ordinance.** Please note that new team members may not be added to the list of applicant team members that were previously provided to the City of San Leandro as part of the January 15, 2015 application submittal packets.
- c. *Public Safety:* The applicant shall provide a comprehensive and detailed description of how the dispensary will address and prioritize the safety of patients

and the general public. Security plans shall be exempt from public disclosure to the fullest extent of the law. Security plan details that could aid persons who wish to commit security violations shall be exempt from public disclosure to the fullest extent of the law. Applicants are encouraged to submit an enhanced and expanded version of the security plan submitted during Phase II of this application process, including a discussion of:

- i. General security policies
 - ii. Employee-specific policies and training
 - iii. Discussion of transactional security, visitor security, third-party contractor security, and delivery security
- d. *Medical Marijuana Regulation and Safety Act*: The applicant shall provide a detailed description of how the facility and applicant will comply with California's Medical Marijuana Regulation and Safety Act, including the provisions related to independent laboratory testing procedures.
- e. *Conflict with Federal Requirements*: If the proposed facility is associated with a federally funded Federal Qualified Health Center (FQHC), the applicant should explain in detail how the facility will not conflict with relevant federal requirements (e.g., HUD/CDBG funding requirements).
- f. *Mergers and Acquisitions*: The applicant shall provide a description of any recent mergers and acquisitions and how those events will impact the competitive position of the applicant and the assumptions/parameters used in the proposed business plan.

3. Siting – Page limit = 3 pages

- a. *Zoning Requirements*: The applicant shall provide details regarding how it plans to conform with all applicable zoning requirements, including parking (codified here: <https://sanleandro.legistar.com/LegislationDetail.aspx?ID=1733036&GUID=ADD5F6B0-E778-45DB-9AD1-24F596892587>).
- b. *Minimizing Negative Impacts*: A detailed discussion of how the dispensary's negative secondary impacts on the community will be minimized. The description should be detailed and address at least (1) minimizing the impacts of noise, (2) minimizing the impacts of odor, (3) minimizing the impacts of increases in foot and vehicle traffic, (4) minimizing the increased production of waste, and (5) minimizing water usage. The description should also include details explaining how the dispensary will continually enhance public safety in the vicinity of the facility.

4. Community Benefits – Page limit = 5 pages

The applicant should submit a detailed description of the proposed dispensary's community benefits proposal and the benefits that the facility will bring to San Leandro residents, including special needs populations such as the disabled, low-income residents, and seniors. Applicants are encouraged to submit an enhanced and expanded narrative outlining the community benefits plan than that which was submitted during Phase III of the previous application process. The community benefits plan should be innovative and include at least the following:

- a. How the community benefits plan will be developed and implemented. The description should be detailed and address at least three benefits that will be offered, the approach to developing and implementing the plan (including partners, if applicable), and specific initiatives that will be undertaken if the applicant is selected as the dispensary operator.
- b. A detailed overview of community benefits programs that are offered in other jurisdictions in which members of the application team currently operate dispensaries or cannabis businesses, including the specific organizations or entities that are recipients of those benefits.

5. References – Page limit = 1 page

The applicant shall provide the City with the names and contact information (i.e. title, address, email address, phone number) of at least three references, all of whom should be officials or currently-employed staff from other public agencies who are acquainted with the team's experience in dispensing medical cannabis and related products.

Previously Submitted Application Materials

The City's review team may review, but will not consider or factor in its analysis or recommendations any previously submitted materials as part of the evaluation process for the second dispensary permit. Due to the amount of time that has passed since the previous application rounds, applicants should notify the City if there are critical updates to materials submitted previously.

Final Selection

Following an objective ranking of the above application materials, applicants may be invited for interview(s) with City staff, who may also conduct site visits, reference checks, and related due diligence that will be used to inform an analysis and/ or recommendation that will be presented to the City Council at a regular meeting, tentatively envisioned to take place in Summer, 2016.

Following the City Council's awarding of the permit, the selected operator shall submit an application to the San Leandro Community Development Department for a Conditional Use Permit (CUP). Upon approval of a CUP by the Board of Zoning Adjustments, the applicant shall secure required building permits before building out the proposed facility and beginning operations.

Submission Process and General Conditions

1. Should applicants have questions about this application or require additional clarification about the contents of the application, such **questions shall be due by 12:00pm on May 9, 2016**. Questions must be sent via email to: MMJinfo@sanleandro.org.
2. Applicants must submit one original electronic .PDF response to the application questions outlined above. The response must be formatted such that it fits into one single PDF file that is less than 10 megabytes in size.
 - In addition, applicant must submit one non-refundable (1) application check for \$3,000, payable to the "City of San Leandro"

All of the above materials shall be submitted to:

Eric Engelbart, Deputy City Manager
City of San Leandro – Office of the City Manager
835 East 14th Street
San Leandro, CA 94577
MMJinfo@sanleandro.org

3. Deadline for submitting applications: **May 19, 2016 at 12:00pm**.
4. By submitting a proposal, the applicant represents and warrants that:
 - (a) The information provided is genuine and not a sham, collusive, or made in the interest or on behalf of any party not therein named, and that the applicant has not directly or indirectly induced or solicited any other applicant to put in a sham proposal, or any other applicant to refrain from presenting information and that the prospective provider has not in any manner sought by collusion to secure an advantage.
 - (b) The applicant has not paid or agreed to pay any fee or commission, or any other thing of value contingent upon the award of an exclusive operating area, to any employee, elected official, or existing contracting consultant of the City of San Leandro.

5. All costs of preparation of proposals including travel for any interviews scheduled shall be borne by the applicants.
6. All proposals shall be the property of the City of San Leandro. The City reserves the right to reject any and all submittals; to request clarification of information submitted; to request additional information from competitors; to waive any irregularity in the submission and review process; or to otherwise modify the submission and selection process outlined above. None of the materials submitted will be returned to the bidder.
7. Information or materials submitted in response to this application will be stored on file with the City of San Leandro, and may be subject to the disclosure requirements of the California Public Records Act.
8. The City reserves the right to request additional information not included in this application from any or all applicants.
9. The City reserves the right to contact references not provided in the submittals.
10. The City reserves the right to incorporate its standard agreement language into any contract resulting from this application.