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Staff Report for Resolution Establishing Application Fees for the Medical Cannabis Program

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council review and approve the medical cannabis program application fees outlined in this staff report and in the attached resolution.

BACKGROUND

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 San Leandro, subject to approval of a medical cannabis dispensary permit by the City Council. The ordinance states that applicants shall pay a non-refundable application fee as well as any costs associated with reviewing their background. To assist in developing and implementing the process and fees that will be used to help inform the City Council's selection of the one dispensary operator, the City Manager created an inter-departmental stakeholder team consisting of staff from the City Manager's Office, Community Development, Finance, City Attorney, Police and Alameda County Fire and Alameda County Public Health departments.

On September 15, 2014, the City Council authorized implementation of the proposed criteria and timeline that will be used to recruit the one dispensary operator. At this meeting, the City Council requested that staff return at a subsequent meeting with an overview of the application fees associated with the selection process.

Analysis

As outlined in staff's presentation on September 15th, the dispensary operator selection process will incorporate several consecutive rounds of review:

- Round 1 will consist of a *LiveScan* criminal background screening of the potential dispensary operator's key team members. Those who pass this background check will proceed to Round 2.
- Round 2 will objectively rank all of the dispensary applicants using the selection criteria that was outlined at the September 15th City Council meeting for the purposes of narrowing down the application pool to a sub-set of finalists.
- Round 3 will require finalists to submit an in-depth response to a Request for Proposal. Following an objective review and ranking of responses, finalists will be interviewed by the inter-departmental staff team. A recommended dispensary operator then will be brought forward for the City Council's consideration.

In order to off-set the City's anticipated staffing, operational and consulting costs associated with implementing the above process, staff recommends the following application fees:

- Round 1: an amount not to exceed \$1,000 per applicant
- Round 2: an amount not to exceed \$3,000 per application
- Round 3*: an amount not to exceed \$9,000 per application

*Round 3 fees only will apply to the sub-set of application finalists who advance through the first two rounds.

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