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Staff Report for Council Authorization for Consultant Assistance in the Implementation of the Medical Marijuana Dispensary Ordinance

SUMMARY AND RECOMMENDATIONS

Staff recommends the City Council review the following report and authorize staff to recruit a consultant to assist staff in developing and managing the process to select one medical marijuana dispensary in accordance with the City's Medical Marijuana Dispensary Permit Ordinance.

BACKGROUND

On December 16, 2013, the City Council approved a medical marijuana regulatory ordinance to facilitate the approval and regulate the operation of one medical marijuana dispensary in an eligible location in San Leandro, subject to the following parameters:

- The City will issue only one medical marijuana dispensary permit
- The approved dispensary may only be located in the City's industrial and commercial zoning districts; cannot be within 1,000 feet of a school, library, youth center, park and recreation facility and places of religious worship; and cannot be within 500 feet of a residential zone;
- The City Manager may impose separate conditions of approval;
- A public hearing on the approval of a conditional use permit must be held by the Board of Zoning Adjustments (BZA) for any dispensary permit that is approved by the City Council;
- Operating, security, recordkeeping, facilities, and signage regulations are set in the ordinance;
- Payment of a non-refundable permit application fee, an annual permit renewal fee, and annual business license fee will be required.

Subsequent to the above action, the associated Zoning Code changes necessary to implement the above ordinance have been moving through the planning review process, with final actions recommended for Council consideration on this evening's agenda.

RECOMMENDED NEXT STEPS/ TIMELINE

City staff plans to issue a Request for Qualifications (RFQ) in order to hire a consultant who will assist staff to develop and manage the process and assist the City Council in selecting one medical marijuana dispensary to operate in the City of San Leandro. City staff tentatively plans to release the RFQ this month. Private individuals and firms will be given approximately one month to submit a response to the RFQ.

Staff believes that part of the response must include an outline of the tasks necessary for the City to complete a subsequent Request for Proposals (RFP) two-step process that will be used to select one dispensary. The first step will be a pre-qualification process during which time all parties interested in developing and operating the one dispensary will be invited to submit an application, including a non-refundable permit application fee, to cover the cost associated with evaluating applications. The pre-qualification process will include, amongst other items, an evaluation of the individual/company's experience, access to capital, and business plan. The pre-qualified firms will then be invited to submit a proposal pursuant to a RFP that would include, amongst other items, a description of the proposed facility and operations, a security plan, how patient tracking, product management, and recordkeeping will be handled, and other relevant information defined by the City's ordinance, and recommended by the consultant and staff. Proposals will be subsequently vetted by the selected consultant and City staff. A final recommendation then will be brought before the City Council for consideration and issuance of a permit to operate the medical marijuana dispensary.

Interviews with the most qualified consultants for assistance in the selection process are tentatively planned to be held in early June and the Consultant Services Agreement is envisioned to be brought forward for Council consideration in July, 2014.

A tentative schedule of next steps in the process is provided below:

April	Staff report to Council on the RFQ process for selection of a consultant to assist staff in the development and management of the process to select one medical marijuana dispensary;
April/May	RFQ released;
May/June	Consultant proposals received and evaluated;
June	Consultant interviews, agreement negotiated;
July	City Council enters into Consultant Services Agreement
Summer	Two-step RFP released

Given that a medical marijuana dispensary has never previously operated in San Leandro, the above timelines are for general planning purposes only and may be adjusted depending upon the volume of applications received and the recommendations of the consultant who is ultimately selected.

Fiscal Impacts

On February 18, 2014, Council appropriated \$50,000 towards the initial costs associated with implementation of the medical marijuana dispensary program. Following completion of the RFQ process, staff will return to Council with a draft Consultant Services Agreement, along with an updated cost assessment and/or request for additional appropriations, if necessary, to fund next steps. As part of the process, application fees also will be established that are intended to offset the

costs associated with selection and oversight of the medical marijuana dispensary program.

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