

RESOLUTION NO. 2020-0338

Adopted by the Sacramento City Council

October 13, 2020

Process to Issue Storefront Cannabis Dispensary Permits

BACKGROUND

- A. The City of Sacramento may have no more than 40 valid storefront cannabis dispensary (“storefront”) permits. (Sacramento City Code section 5.150.350)
- B. The City Manager may issue a storefront permit through a process that is established by resolution of the City Council. (Sacramento City Code section 5.150.350)
- C. The process must comply with the City Code and may evaluate an applicant’s ability to successfully apply for and operate a storefront and utilize criteria reasonably necessary to protect the public health, safety, and welfare. (Sacramento City Code section 5.150.350)
- D. The City’s Cannabis Opportunity Reinvestment and Equity (“CORE”) Program was established to reduce barriers of entry and participation to cannabis businesses for communities and individuals negatively impacted by the disproportionate enforcement of cannabis-related crimes. CORE Program participants are currently granted priority for any storefront permits. (Resolution 2018-0323.)
- E. On January 14, 2020, the City Council determined that: i) all storefront permits should be issued to an individual or a group of individuals in classifications 1 or 2 of the City’s CORE Program; ii) at least 51% of the ownership interest in and profits from these new storefronts must be allocated to participants that meet classifications 1 or 2 of the CORE Program for a period of 10 years from issuance of the permit; and iii) CORE Program participants be given three years from selection to apply for and operate a storefront dispensary.
- F. On September 1, 2020, the City Council determined that a storefront dispensary permit should be issued through a competitive process that weighs qualifications of CORE Program participants.
- G. A fair and equitable way to allocate a storefront permits, and ensure that the best qualified CORE Program participants are selected, is through a request for qualifications (“RFQ”) process that utilizes criteria that evaluate the ability for an individual or group of individuals in the CORE Program to successfully apply for and operate a storefront dispensary.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The RFQ Process for issuing storefront cannabis dispensary permits to individuals or groups of individuals in classifications 1 or 2 of the CORE Program is hereby adopted. (Exhibit A).
- Section 2. Exhibit A is a part of this Resolution.

Table of Contents:

Exhibit A - Request for Qualifications ("RFQ") Process to Issue a Storefront Cannabis Dispensary Permit

Adopted by the City of Sacramento City Council on October 13, 2020, by the following vote:

- Ayes: Members Ashby, Carr, Guerra, Hansen, Harris, Jennings, Schenirer, Warren and Mayor Steinberg
- Noes: None
- Abstain: None
- Absent: None

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy
Date: 2020.10.16 09:33:54 -07'00'

Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.

CITY OF SACRAMENTO
REQUEST FOR QUALIFICATIONS (“RFQ”) PROCESS TO ISSUE A
STOREFRONT CANNABIS DISPENSARY PERMIT

The following RFQ process is established pursuant to Sacramento City Code section 5.150.350, which provides that whenever the number of storefront cannabis dispensary permits falls below 40, the City may issue a permit to an applicant through a process that is consistent with the City Code and established by city council resolution. (Resolution No. _____)

A. Definitions.

The following definitions apply to this process:

1. “Applicant” means an individual or group of individuals in classification 1 or 2 of the CORE Program who submits a statement of qualifications in response to the City’s RFQ for issuance of a permit.
2. “Cannabis dispensary, storefront” has the same meaning as in City Code section 5.150.020.
3. “Classification 1” means classification 1 of the CORE Program as described in City Council resolution 2018-0323.
4. “Classification 2” means classification 2 of the CORE Program as described in City Council resolution 2018-0323.
5. “City Attorney” means the City Attorney or the City Attorney’s designee.
6. “City Manager” means the City Manager or the City Manager’s designee.
7. “CORE Program participant” has the same meaning as described in City Council resolution 2018-0323.
8. “CORE Program” means the City’s Cannabis Opportunity Reinvestment and Equity Program, adopted by City Council resolution 2018-0323.

9. "Individual" means a sole, natural person.
10. "OCM" means the City's Office of Cannabis Management.
11. "Ownership interest" has the same meaning as in City Code section 5.150.020.
12. "Permit" means a business operations permit issued by the City to operate a storefront cannabis dispensary.
13. "Permit application process" means the City's process for an applicant to obtain a permit in accordance with applicable state law and City Code. It includes, at a minimum, obtaining a certificate of occupancy, conditional use permit, and a business operating permit.
14. "Request for Qualifications" or "RFQ" means a written request for the submission of qualifications to successfully apply for and operate a storefront cannabis dispensary.
15. "Statement of Qualifications" or "SOQs" means the written document submitted in response to a RFQ.

B. Process.

1. **Who May Apply?** The RFQ is open to all individuals who are CORE Program participants in classification 1 or 2.
2. **Advertising.** When a permit becomes available, OCM will advertise the RFQ for 10 calendar days on the City's website and through other industry appropriate means.
3. **RFQ Requirements.**
 - a. The RFQ will be used solely to identify CORE Program participants with the highest scoring SOQs to successfully apply for and operate

a storefront cannabis dispensary within three years of being awarded the opportunity to apply for the permit.

- b. OCM will prepare the RFQ. The RFQ must be in the City's standard RFQ format.

4. RFQ Evaluation Criteria.

- a. The RFQ shall utilize criteria that comply with the City Code and all applicable City procurement policies and procedures; are reasonably necessary to protect the public health, safety, and welfare; and evaluate the experience and training of applicants to determine which applicants will be the most successful at applying for and operating a storefront cannabis dispensary including:
 - i. A description of classes, trainings, and workshops completed to prepare the applicant for operating a successful cannabis business in the city of Sacramento.
 - ii. A business plan that includes a detailed timeline, budget, and a plan to achieve success and sustainability.
- b. In developing the RFQ criteria, OCM must consider input of CORE Program participants.
- c. The criteria for the RFQ are subject to the approval of the City Manager and the City Attorney.

5. Statement of Qualifications.

- a. To respond to the RFQ, CORE Program participants must submit a SOQ in writing to OCM by the due date indicated in the advertisement.
- b. A SOQ may be submitted by one CORE Program participant or by a group of participants. No individual may be identified in any capacity in more than one SOQ. Such a duplicate submission will result in the

subject SOQs being deemed nonresponsive and disqualified from review.

6. Required Certifications in SOQs.

- a. Applicants must certify in their SOQ that for a period of 10 years from the issuance of the permit that:
 - i. At least 51% of the ownership interest in the storefront cannabis dispensary will be held by one or more CORE Program participants in classifications 1 or 2, and
 - ii. Owner(s) of the dispensary who are CORE Program participants will receive at least 51% of the storefront cannabis dispensary's profits.
- b. The certification of ownership and profits will be a condition on the permit.

7. SOQ Acceptance and Evaluation.

- a. SOQs shall not be altered after opening.
- b. No criteria may be used in evaluating a SOQ that are not specified in the RFQ or in applicable City Code or other applicable laws or regulations.
- c. All responsive SOQs shall be reviewed and scored by an unbiased and neutral review panel who possess the relevant knowledge or experience to evaluate the SOQs. Members of the review panel may consist of individuals who:
 - i. Have some level of expertise in economic or business development;
 - ii. Have an active involvement in social equity matters; or
 - iii. Are cannabis business regulators from another jurisdiction.

- d. Under no circumstances will a member of the review panel be an employee or a contractor of the City or affiliated in any way with the cannabis industry in the city of Sacramento.
- e. No member of the review panel may discuss the SOQ with applicants for any purpose other than administrative clarification after the submission of SOQ, except during the presentation phase, if any.
- f. Once OCM has received and calculated all the reviewing panels' scores, the top scoring SOQs shall be awarded the opportunity to apply for a permit, until all available permits have been issued.
- g. OCM will notify all applicants of the status of their SOQs through award announcements and publish the scores for all SOQs on its website as soon as reasonably possible.

8. Late and Nonresponsive SOQs.

- a. A SOQ is late if it is received at the location designated in the RFQ after the deadline specified in the RFQ. A late SOQ shall be rejected and not considered, regardless of the reason for the lateness, including circumstances beyond the control of the individual or group that submits the SOQ. A late SOQ may only be opened for identification purposes.
- b. A SOQ is nonresponsive if it does not comply with requirements of the RFQ or if it is submitted in accordance with section 5(b).
- c. Late and nonresponsive SOQs will be returned.
- d. OCM shall have the authority to reject SOQs that are late or nonresponsive.

9. **Public Disclosure.** SOQs submitted in response to the RFQ will be made available in response to a request for public records in accordance with the California Public Records Act.
10. **Timeframe for Opportunity to Apply for a Permit.** It is imperative that permits are actually issued to businesses that will successfully operate within a reasonable period of time. Therefore, any opportunity to apply for a permit shall become void and of no effect if the awarded applicant surrenders the opportunity to apply in writing or the storefront cannabis dispensary is not operating after a period of three years from the date of the applicant's award announcement.
11. **Conditions on Permits.** By responding to the RFQ, applicants understand and agree that in addition to all other applicable permit conditions, the City will place the following conditions on their permit for 10 years starting from its issuance: at least 51% of the ownership of the permitted storefront cannabis dispensary must be held by one or more CORE Program participants in classifications 1 or 2; and at least 51% of the profits of the dispensary must be allocated to the CORE Program participant owner(s).
12. **Tied Scores.** If there are tied top scoring SOQs and there are more tied scores than permits, then the City will use a process to randomly select an applicant from among those tied SOQs.