



MEMORANDUM

November 30, 2017

TO: Board of Supervisors' Transportation/Planning Committee

FROM: Medical Cannabis Interdepartmental Work Group

MEETING DATE: December 4, 2017

SUBJECT: Medical Cannabis Dispensary and Cultivation Ordinances Implementation Update Including Overview of Selection and Permit Process and Status of Fee Study

BACKGROUND

At your November 6, 2017 Committee meeting, staff provided an update on the status of the cannabis cultivation permits for existing dispensaries, and the preparation and release of Requests for Proposals (RFPs) to solicit applications for medical cannabis dispensary and cultivation permits to implement the recently adopted medical cannabis dispensary and cultivation ordinances. Since your November meeting, cultivation and dispensary applications have been submitted in response to the RFPs and are progressing through the selection process outlined in the RFPs.

DISCUSSION/SUMMARY

Cultivation permit process for existing dispensaries

Sections 6.106.050 and 6.106.060 of the cultivation ordinance allow up to two permitted dispensaries in good standing to apply for ministerial cultivation permits, avoiding the selection process required for other cultivation permit applicants. Staff had a pre-application meeting with one of the existing dispensary operators on September 29, 2017; however, no cultivation applications have been received from the existing dispensaries as of this writing.

Request for Proposals for Cultivation Sites

On October 6, 2017, staff released a Request for Proposals (RFP) to solicit applications for the remaining four available cultivation permits, pursuant to Section 6.106.070 of the cultivation ordinance. Ten applications were submitted prior to the deadline of 5:00 p.m. on November 6, 2017. Staff has completed

the initial application review; all applications deemed complete and that otherwise meet all of the initial evaluation criteria were referred to the County Selection Committee (CSC). The CSC will review and score the applications based on the final evaluation criteria in the RFP, and make recommendations to the Community Development Director regarding applicants to be granted permits. Permits will be granted to the applications ranked highest in the competitive selection process. With an aggressive schedule in place, the selection process will be completed and the four cultivation permits will be granted before the end of the year. The applicants who receive cultivation permits will then be required to apply for Conditional Use Permits (CUPs).

Request for Proposals for Dispensaries

In accord with Section 6.108.050 of the dispensary ordinance, staff released a RFP on October 16th to solicit applications for the two East County dispensaries, pursuant to Section 6.108.030.D of the dispensary ordinance. Five applications were submitted prior to the deadline of 5:00 p.m. on November 13, 2017. Staff has completed the initial application review; all applications deemed complete and that otherwise meet all of the initial evaluation criteria were referred to the County Selection Committee (CSC). The CSC will review and score the applications, based on the final evaluation criteria in the RFP, and make recommendations to the Community Development Director regarding applicants to be granted permits. Permits will be granted to the applications that rank highest in the competitive selection process and that also conform to the five-mile distance requirement in Section 6.108.030.D.2 of the dispensary ordinance. The selection process is scheduled to be completed and the two East County dispensary permits granted before the end of the year. The applicants who receive dispensary permits will then be required to apply for CUPs.

Fee Study

SCI Consulting is in the process of preparing a fee study consistent with the provisions of Proposition 26 to determine the appropriate level of fees for application review and approval for medical cannabis dispensaries and cultivation sites, as well as medical cannabis delivery; and for costs associated with on-going maintenance and monitoring of these permits to fully recover the cost of County staff time to perform these functions. A preliminary draft is undergoing internal review.

NEXT STEPS

At the January Transportation/Planning Committee meeting, staff will report on the status of cultivation applications for the existing dispensaries, as well as the outcome of the RFP selection processes for the medical cannabis dispensary and cultivation ordinances.