



DATE: March 27, 2018

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Adoption of a Resolution Authorizing the City Manager to Execute a Professional Services Agreement with ICF Incorporated for Commercial Cannabis Program Application Review Services

RECOMMENDATION

That the City Council approves the attached resolution (Attachment II) authorizing the City Manager to negotiate and execute a professional services agreement for Commercial Cannabis Program application review services in an amount not to exceed \$180,838.

SUMMARY

Due to the total number of Commercial Cannabis Permit applications the City received, staff had to complete a Request for Proposals to select firms to complete the work. Following the RFP process and an internal review by staff, the City recommends selecting ICF Incorporated to provide Commercial Cannabis Program application review services.

BACKGROUND

In the fall of 2017, the City Council adopted various ordinances establishing the City's regulatory structure for legal recreational and medicinal marijuana businesses following the passage of Proposition 64 in 2016. As a component of this, the City Council, at their December 5, 2017 meeting, adopted a Commercial Cannabis Permit request for proposal selection process for all parties interested in operating a commercial cannabis business within the City.

The first application period began on December 8, 2017 and concluded on January 12, 2018. The total number of proposals the City received by permit type is detailed in the table below:

PERMIT TYPES	APPLICATIONS
Cultivation	16
Delivery	9
Distribution	10
Manufacturing	9
Microbusiness (Type 12)	11
Retail	21
Testing Laboratory	1

The proposal selection process includes utilizing a neutral third-party evaluation team to score each proposal. To help develop the review of cannabis businesses, the City engaged ICF, a firm with experience developing cannabis license applications, guidelines, and criteria for municipalities locally and in other states that have legalized medical and adult use cannabis. Their staff consists of individuals with expertise in regulation, cannabis, public health, finance, safety, security, environment, and community outreach. The original agreement was below the City Manager's signing authority of \$75,000 and included the review of up to 16 applications.

The total number of applications the City received surpasses the current agreement's application threshold as well as required completing a request for proposal process to select a firm. The City posted the RFP for these services on February 7, 2018 and received three proposals in total from: HdL Companies; ICF; and Michael Baker International. Following an internal review and score ranking exercise, staff determined that HdL Companies and ICF were the best fit for this project. Additionally, by enlisting two firms, the City could help cut the estimated time of application review in half.

DISCUSSION

ICF provides local, state, and federal governments with comprehensive regulatory support services across many diverse programs, including cannabis regulation, agriculture, food and drugs, health and human services, environment, labor, safety, and law enforcement. As one of the nation's premier regulatory support consultancies, ICF offers highly experienced personnel skilled in refined processes to engage stakeholders, facilitate successful meetings, and draft clear and concise regulatory and application documents.

ICF brings unique experience in application development and adjudication, helping states and local agencies develop, implement, manage, and evaluate cannabis programs. Their most recent work has included assistance to the City of San Leandro, California. Their local experience combined with their support of medical cannabis programs in Massachusetts, Maryland, and Washington State gives ICF a unique comparative perspective regarding how other programs have succeeded and failed as well as how to develop an effective cannabis program that is practical, efficient, and appropriately designed relative to local policymaker and stakeholder concerns.

In addition to these qualifications, ICF has helped the City design the Commercial Cannabis Permit request for proposals process over the past five months.

A detailed scope of services can be found in Attachment III.

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

FISCAL IMPACT

The total cost of this contract will not exceed \$180,838 and will be funded entirely from the \$5,000 refundable deposit application fees paid by applicants.

NEXT STEPS

Following approval from City Council, staff will continue to work with ICF to facilitate the evaluation of Commercial Cannabis Applications. The review of the single testing laboratory proposal is already underway, per Council direction.

Prepared and Recommended by: John Stefanski, Management Analyst II

Approved by:



Kelly McAdoo, City Manager