

News from: Office of the City Administrator

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City of
OAKLAND
California

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City of Oakland Announces Selection of Four Medical Cannabis Dispensary Permit Applicants

Only 1 Site Approved; Remaining 3 Recommended for Permit Contingent on Finding Appropriate Alternate Site

Oakland, CA — On July 26, the Oakland City Council amended Ordinance No. 12585 C.M.S. to increase the total number of Medical Cannabis Dispensary Permits from four to eight permits citywide. The purpose was to provide local qualified patients with a sufficient number of dispensaries to meet their medical needs. Pursuant to the ordinance, the Special business Permits Division of the City Administrator's Office commenced a formal Medical Cannabis Dispensary Request for Permit Application (RFPA) process. The City Administrator's Office has completed the review of responses to the RFPA.

Today the City of Oakland announced its selection of four applicants for a Medical Cannabis Dispensary Permit. Only one of the four—Oakland Community Collective, located at 2101 Broadway—received conditional permit approval at an approved site. Within the next four weeks, the selected applicant is anticipated to complete the process to receive their final permit to open. Additional steps may include compliance with building and construction requirements, installation of fire alarm systems, and deployment of security measures.

The remaining three applicants—Tidewater Patients Group, G8 Medical Alliance, Inc. and Agramed—were recommended for a permit contingent on their finding an appropriate alternative site within the next four months. One alternate applicant, Magnolia Wellness, Inc., was recommended in the event that one of the four applicants is unable to find a suitable site within four months, or fails to abide by requirements and restrictions prior to being given their permit.

The Request for Permit Applications (RFPA) was issued by the City on September 7, 2011 to solicit applications from qualified collectives, cooperatives, or associations of individuals (Permittees) to be issued one of four available permits to operate a Medical Cannabis Dispensary in the City of Oakland. The total number of dispensary permits was increased from four to eight permits citywide by the City Council on July 26, 2011.

In its Request for Permit Applications, the City stated that, “The best submissions will be forward thinking and deploy solutions that identify the best ‘green’ practices while employing ‘sustainable’ energy and waste solutions, and implement the ‘best practices’ available in the medical cannabis arenas designed to reduce and address any actual or potential concern the City may have regarding nuisance behavior, environment, or product safety.”

A total of 12 applicants filed for consideration. Of these:

- ⇒ 1 applicant was disqualified for failing to submit a complete application
- ⇒ 1 applicant was eliminated after Phase I scoring

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The remaining 10 applicants went through a rigorous evaluation and selection process which included detailed review of the following elements:

- ⇒ Overall business and operations plan, including how cannabis will be tracked and monitored to prevent diversion
- ⇒ Security plan
- ⇒ Fire plan—prevention, suppression and alarm systems
- ⇒ Capitalization plan to ensure sufficient capital in place to build, secure and start up the proposed facility
- ⇒ Community benefits—demonstration of how local community will benefit and how any nuisance or negative impacts will be mitigated
- ⇒ Knowledge of cannabis law
- ⇒ Labor and employment practices
- ⇒ Product safety, testing and labeling

The evaluation process included a Public Hearing Process as well as site visits, public comments, and consideration of moral character/turpitude.

“The expansion of the medical cannabis permits is a natural extension of the original legislation—which I co-authored with Councilmember De La Fuente, adopted in 2004—to provide patients suffering from serious illness and pain with a safe and reliable source of medical marijuana while allowing the city to regulate and tax the industry,” said Mayor Jean Quan. “I am proud that Oakland has long been on the forefront of the compassionate use movement.”

The current four permitted Medical Cannabis Dispensaries are projected to generate approximately \$1.68 million in tax revenue to the City of Oakland each year. It is not clear if the new operations will expand the patient base or raise tax income.

Background

Statewide Regulations

In November 1996, California voters enacted Proposition 215, the California Compassionate Use Act, which makes it legal for patients and their designated primary caregivers to possess and cultivate cannabis for their personal medical use given the recommendation or approval of a licensed physician. This was expanded in January 2004 to allow patients to associate for purposes of medical cannabis cultivation; establish a voluntary state ID card system run through county health departments; and establish guidelines or safe harbors as to quantities patients can possess and cultivate, protecting legal patients who stay within the guidelines from arrest.

Medical Cannabis in Oakland

In February 2004, the City of Oakland adopted Ordinance No. 12585 C.M.S., permitting distribution of medical cannabis to authorized patients through four licensed dispensaries. The City process for administering these Permits and monitoring the dispensaries is considered successful, and has become a role model for the nation. In June 2009, Measure F, which taxed Oakland's medical cannabis dispensaries, passed in a special election by 80% with no formal opposition, indicating recognition of the dispensaries' role in providing a legitimate service to the community.

On July 26, 2011, the City Council amended Ordinance No. 12585 C.M.S. to among many other changes increase the total number of Dispensary Permits from four (4) to eight (8) permits city wide. The purpose was to provide local qualified patients with a sufficient number of Dispensaries to meet their medical needs.

