



Date: June 1, 2023

To: Thomas B. Modica, City Manager 

From: Kevin Riper, Director of Financial Management 

For: Mayor and Members of the City Council

Subject: **Update on Cannabis Equity Dispensary RFP**

The Purchasing Division has completed the Requests for Proposals (RFP) process to select eight equity applicants to apply for a cannabis equity dispensary license. The Notice of Intent to Award (NOI) for the Cannabis Equity Dispensary RFP (No. CM-22-125) has been posted via Long Beach Buys. The NOI publicly declares the names of the equity applicants the City of Long Beach (City) intends to select. This information is public and does not require vendor registration in Long Beach Buys. At the time of the posting, the five-day protest period automatically commenced. Additional information is provided below specific to the selection phase, and further detail about the RFP process and the Cannabis Equity Program is attached (Attachment A).

The objective of the Cannabis Equity Program is to support equitable opportunities in the local cannabis industry by making legal cannabis business ownership and employment opportunities more accessible to individuals in the City impacted by the prior criminalization of cannabis. Specifically, the RFP seeks equity applicants in the City who 1) have been impacted by the prior criminalization of cannabis (also known as the “War on Drugs”); 2) have a strong connection to the Long Beach community; 3) have formal or informal training, experience, and education in the cannabis industry; and, 4) have a strong business plan that demonstrates their readiness to open and operate a sustainable and successful dispensary business. The RFP was open to individuals who were verified as equity applicants by the Office of Cannabis Oversight on or before May 10, 2022.

The RFP was conducted using industry best practices for a competitive, open, fair, transparent, and equitable selection process. The Purchasing Division has been consulting with the Harvard Kennedy School’s Government Performance Lab through the fellowship program with the City over the last three years to upgrade and update the City’s procurement process and tools for all RFPs, including this one. The result has been a modernized, easier-to-understand RFP template, clearer evaluation criteria, and a more refined scoring tool. Furthermore, for the Cannabis Equity Dispensary RFP the evaluation committee was comprised solely of independent representatives outside of the City organization to ensure the process was as fair and free of internal biases as possible.

Announcing which equity applicants the City intends to select is a major milestone in the RFP process. However, the process is not yet complete. The five-day protest period commenced upon posting of the NOI. Any applicant who submitted a proposal may now submit a protest on the grounds specified in Section 4.3 of the RFP. If any protests are received following the format

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as required in the Section 4.3 of the RFP, the Purchasing Division will conduct the necessary investigation and consider the totality of the information available. The City Purchasing Agent or designee will respond with a decision regarding the protest within five (5) business days of receipt of protest. The Protest Period is 10 days in total. If there are no valid protests, then the RFP process will conclude, and the eight selected equity applicants may begin to apply for a cannabis dispensary license. This decision shall be final, as per Section 4.3 of the RFP.

Since the RFP process is not yet complete, it is appropriate for only the Purchasing Division to address questions regarding the RFP, which is the City's standard process in all RFP evaluation and selection processes. If you have any questions, please contact Michelle Wilson, Purchasing Agent, at (562) 570-8921.

ATTACHMENTS A – RFP BACKGROUND AND PROCESS
B – CANNABIS EQUITY DISPENSARY RFP NO. CM22-125

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RFP Background and Process

Background

On May 17, 2022, the Long Beach City Council approved eight additional cannabis dispensary licenses to be owned exclusively by verified equity applicants as part of the Cannabis Equity Program. On August 17, 2022, the City released the Cannabis Equity Dispensary Request for Proposals (RFP) No. CM-22-125 to solicit proposals from equity applicants interested in obtaining a cannabis dispensary (retail storefront) license in Long Beach. The goal of the RFP was to select qualified equity applicants for eight dispensary licenses using a merit-based application process to ensure that these licenses were awarded in a fair and equitable manner to cannabis operators that are well positioned for long-term success and sustainability. The addition of the eight equity dispensary licenses will increase the number of cannabis dispensaries in Long Beach from 32 to 40. Currently, none of the 32 dispensaries are owned by Cannabis Equity Program Applicants.

Research

The Office of Cannabis Oversight conducted extensive research to understand best practices in other local jurisdictions, including the City of Sacramento, as well as common challenges and pitfalls in other merit-based and lottery application processes to award dispensary licenses to equity applicants.

Common challenges and pitfalls include, but are not limited to:

- Overly broad eligibility criteria
- Mandatory and excessive application fees
- Requiring applicants to identify a business location
- Predatory practices by multi-state operators (MSOs) and non-equity cannabis operators seeking to monopolize the industry
- External and political influences including bribery schemes

Overly broad eligibility criteria, such as only requiring unemployment to be verified as an equity applicant, have resulted in dispensary licenses being awarded to individuals who were not affected by the criminalization of cannabis. The intent of the California Cannabis Equity Act is to ensure that persons most harmed by the criminalization of cannabis and poverty be offered assistance to enter the multibillion-dollar cannabis industry. This includes persons convicted of cannabis offenses and their families who have suffered the long-term consequences of unfair enforcement of prior cannabis laws.

MSOs and non-equity operators often seek to recruit or “partner” with eligible equity applicants through misleading partnership and lease agreements, resulting in the equity applicants having

little to no control in the business decision-making process. OCO staff routinely receive these types of “recruitment” or “partnership” inquiries from MSOs and non-equity operators, as well as from consulting firms, requesting the contact information of equity applicants. Such inquiries became more frequent upon City Council approval of the ordinance amendments allowing for the eight equity dispensary licenses, and again upon release of the RFP. Mandatory and excessive application fees (upwards of \$5,000) to apply for a merit-based or lottery process create additional barriers to entry and may exclude eligible equity applicants from participating. The requirement to identify a business location ahead of time, just to participate in the application process, often entails entering into a lease agreement resulting in loss of capital for equity applicants, as they wait for the application process to be completed when they may not ultimately be selected for a license.

Best practices in this research included the City of Sacramento’s Storefront Dispensary Permit Request for Qualifications (RFQ) completed in 2021. That city’s RFQ process utilized criteria that evaluated the experience and training of equity applicants to determine which equity applicants would be most successful at operating a storefront cannabis dispensary. Eligible equity applicants were required to submit a Statement of Qualifications (SOQ) that included an introduction/cover letter, qualifications/experience, business plan, and professional references. As part of the SOQ, equity applicants were required to certify that at least 51 percent of the ownership in the dispensary will be held by one or more equity applicants and owner(s) of the dispensary who are equity applicants will receive at least 51 percent of the dispensary’s profits. The SOQs were reviewed and scored by a review panel who possessed the relevant knowledge or experience to evaluate the SOQs. Members of the review panel consisted of individuals who had some level of expertise in economic or business development, were actively involved in social equity matters, or were cannabis business regulators from another jurisdiction. The review panel did not include employees or contractors of the City of Sacramento, nor individuals affiliated (in any way) with the cannabis industry in the city. At the conclusion of the RFQ, the list of the 10 highest scoring equity applicants was publicly posted on the City of Sacramento website. Lessons learned from the City of Sacramento’s process were incorporated into Long Beach’s Cannabis Equity Dispensary RFP.

RFP Timeline

The policy discussion and implementation process for the Long Beach Cannabis Equity Dispensary RFP was conducted by the City Manager’s Office of Cannabis Oversight; the Department of Economic Development; the Department of Financial Management’s Purchasing Division; and the City Attorney’s Office. The Purchasing Division was the lead for the RFP process with the Office of Cannabis Oversight serving as the internal subject matter expert. Consistent with the City’s standard selection practices, the Purchasing Division was responsible for all external communications related to the RFP. The

Office of Cannabis Oversight and other Cannabis Program staff were not able to respond to any RFP-related inquiries during the selection process to safeguard against any potential conflict of interest as outlined in the City’s Code of Ethics and standard selection guidelines. Additionally, this ensured all applicants received consistent information from the same source.

The RFP was conducted using industry best practices to complete a competitive selection process to ensure that the process was open, fair, transparent, and equitable. The Purchasing Division consulted with the Harvard Kennedy School’s Government Performance Lab (GPL) through its fellowship program with the City over the last three years to ensure that the City has the best processes and tools in place to complete this type of work. The GPL is based in the Kennedy School’s Taubman Center for State and Local Government and supports state and local governments across the country in designing and implementing solutions to pressing social problems. The GPL has conducted more than 200 projects in 35 states, helping innovative state and local government leaders improve results for their residents. An important part of the GPLs research model involves capturing the insights, tools and practices gained through these hands-on projects and sharing them with government leaders across the country. As noted above, for this RFP the City utilized recently upgraded procurement tools including the RFP template, evaluation criteria and process, and scoring tool.

A timeline of the RFP selection process is shown on Table 1 below.

Table 1: RFP Selection Process Timeline

Milestone	Time Frame
Release Date	August 17, 2022
Stakeholder Meeting (Information Session)	August 24, 2022
Posting of FAQ from Information Session Questions due to the City	August 31, 2022
Posting of Addendum No. 1: Q & A	September 7, 2022
Proposals Due	September 28, 2022
Evaluation of Proposals	October 2022 – February 2023
Household Verification	January – February 2023
Notice of Intent to Select (Shortlist)	March 3, 2023
Panel Interviews	April 2023
Notice of Intent to Award	June 1, 2023

Per direction of the City Council, the RFP was open to 162 individuals who were verified as equity applicants on or before May 10, 2022. In addition, eligible equity applicants were required to be in good standing with the Cannabis Equity Direct Grants and Direct Technical Assistance Program and have no outstanding taxes and fees on an existing medical and adult-use cannabis business license (either pending or issued). Equity applicants had the option to submit a single proposal as either an individual equity applicant, or as a group of equity applicants. A proposal could only be submitted by one equity applicant per household to ensure a fair and equitable selection. Multiple submissions per household concluded with disqualification.

Upon release of the RFP on August 17, 2022, Purchasing Division staff conducted outreach by email and phone to all eligible equity applicants to inform them about the RFP opportunity on the City's e-procurement system, Long Beach Buys. Purchasing Division staff hosted a virtual information session on August 24, 2022, for equity applicants to learn about the RFP process and how to submit a proposal via Long Beach Buys. During the informational meeting, equity applicants expressed concern about potential predatory practices against them and influences by MSOs and non-equity operators and requested to protect their identities during the selection process. Long Beach Buys was reconfigured shortly after the informational meeting to address the concerns from equity applicants, including disabling the 'Bid Holder List' from being visible to the public and labeling all application (proposal) files as 'Confidential' in the system.

On September 7, 2022, Addendum No. 1 was posted on Long Beach Buys for eligible equity applicants to review. This addendum included a FAQ page from the information session and responses to 135 questions received in writing prior to the deadline of August 31, 2022. Common themes included questions about the evaluation criteria and scoring, business plan requirements, panel interviews, expanded zoning requirements (also known as the Green Zone) for cannabis dispensaries and whether a business location needed to be identified in order even to apply for the RFP. The RFP due date was extended from September 21 to September 28, 2022, to accommodate for clarifying language provided as part of the addendum.

Evaluation Criteria

The RFP utilized evaluation criteria comprised of four components and scored based off a percentage of 100 points as follows:

- Background (15%)
- Training and Education (10%)
- Business Plan (50%)
- Panel Interview (25%)

The Background criterion was utilized to evaluate an equity applicant's personal and socioeconomic impact from the prior criminalization of cannabis (also known as the War on Drugs), connection to Long Beach community and interest in opening an equity business in Long Beach. The Training and Education and Business Plan criteria were utilized to evaluate whether the equity applicant demonstrated readiness to open and operate a sustainable and successful cannabis dispensary business in Long Beach. The Panel Interview criterion evaluated an equity applicant's overall presentation of proposal and understanding of cannabis equity in Long Beach.

Household Verification

Due to inconsistent household and residency information provided in the proposal submissions compared to records from the Office of Cannabis Oversight, equity applicants were required to provide supplemental documentation to the Purchasing Division to verify that only one proposal had been submitted per household. The latter is consistent with Section 2.2 of the RFP and Section 5.92.1650 of the Long Beach Municipal Code (LBMC) stipulating that “assistance will not be provided to multiple equity applicants living within the same household and/or the equity applicant is listed as a dependent on another equity applicant’s tax filings”. As a result, equity applicants were required to provide a copy of their 2021 federal income tax return(s) and proof of residency documents consistent with the options listed in Section 5.92.1625 of the LBMC. This process was completed in concurrence with the evaluations of all submittals.

Evaluations & Panel Interviews

The proposals were evaluated by an independent volunteer review panel with no affiliation to the cannabis industry in Long Beach. The evaluation committee was comprised solely of representatives outside the City and did not include any City staff or City contractors. The makeup of the evaluation committee included a social equity cannabis entrepreneur and owner of a cannabis dispensary not located in Long Beach, a commercial litigation attorney specializing in cannabis law, and a university professor of finance and business economics. The evaluation committee was responsible for evaluating each component of the proposals, which included a narrative proposal, resume, business plan, list of investors and financial partners, and trainings, certifications, and/or college degrees if applicable.

Upon completion of the evaluation panel’s review of all applications, the Purchasing Division compiled the scores from each panelist to create the Notice of Intent to Select, otherwise known as the Top 20 Shortlist (Shortlist). The Shortlist was released via Long Beach Buys on March 3, 2023. The Shortlist did not include any names or identifying information. Instead, to protect their identities the top 20 equity applicants were randomly assigned application numbers.

The next step in the process after creation of the Shortlist was an interview by the evaluation panel of each of the 20 Shortlist applicants. These panel interviews were conducted virtually throughout the month of April 2023. Equity applicants were required to provide a copy of a valid government-issued identification card (ID) to verify their identity and have their cameras turned on for the duration of the interview. To safeguard the integrity of the process, no one other than the equity applicant was allowed to participate in the interview.

Equity applicants were given up to 25 minutes to present their proposal consistent with the evaluation criteria in the RFP. Equity applicants had the option to provide a visual presentation such as a pitch deck. The interview also included a 20-minute question and answer period.

Each equity applicant was asked the same questions related to the following topics:

- Determining start-up costs and financial projections
- Investors and raising capital (excluding grants) for their business
- Local market competition and target customers
- Utilizing operating plan to navigate through local and state cannabis regulations
- Connecting experience, training, and education to their mission and vision statement

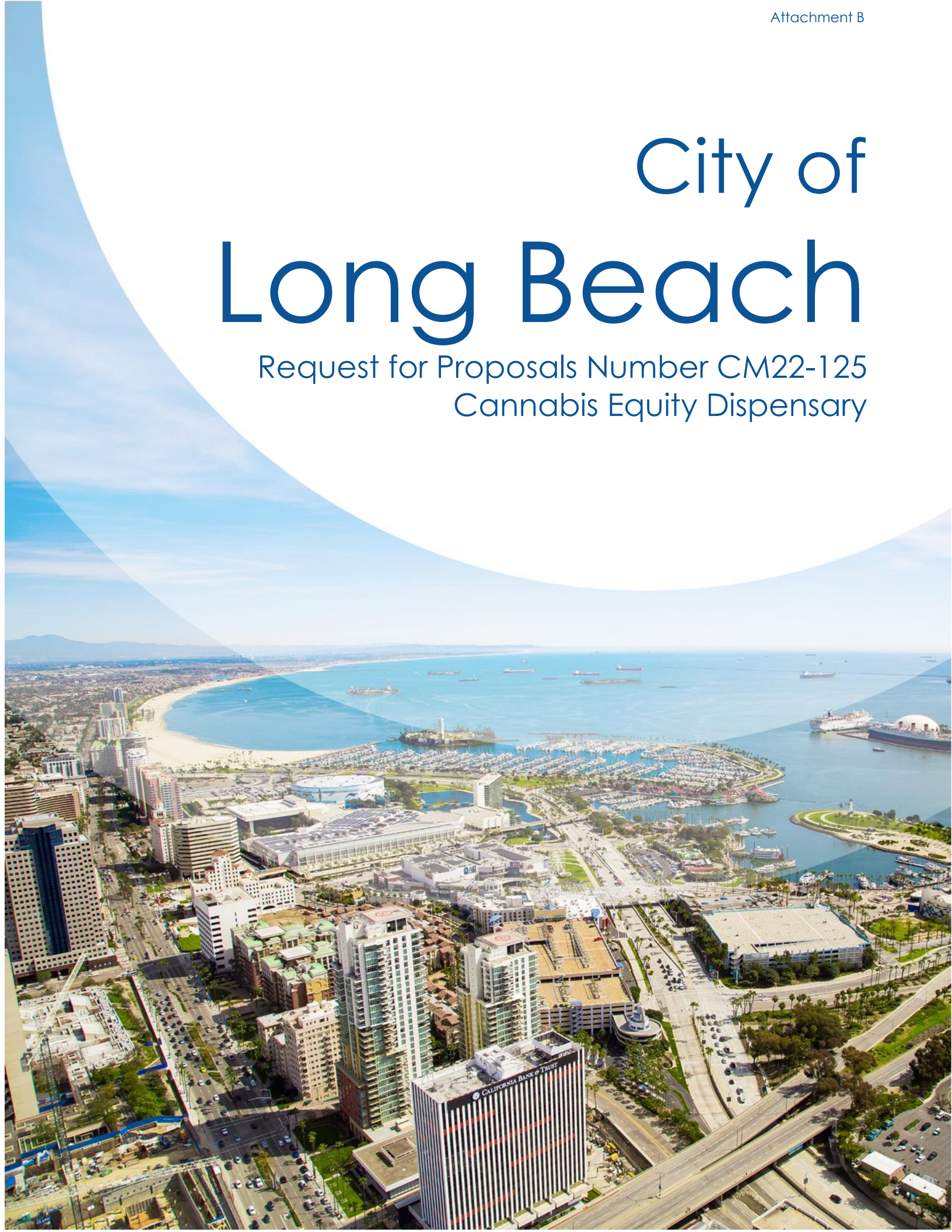
After the evaluation panel completed the interviews and recorded their individual scores, the Purchasing Division aggregated the scores from each panelist to create the list of 8 finalists along with the remaining 12 listed in order of most points to fewest points. This list is also known as the Notice of Intent (NOI) to Award. The NOI was released via Long Beach Buys on June 1, 2023. The names of the alternates are listed in order of score ranking, in the future event that a selected equity applicant proves unable to obtain their dispensary license within three years from the date of the NOI or if the dispensary license is surrendered, revoked, and/or if the City determines based on the population of Long Beach that more dispensaries are required pursuant to Section 5.90.080 of the LBMC. This approach is consistent with the City's prior lottery award process for the existing 32 dispensary licenses.

Protest Period

The five-day protest period commenced upon posting of the NOI. Any applicant who submitted a proposal may submit a protest on the grounds specified in Section 4.3 of the RFP. The City Purchasing Agent or designee will respond with a decision regarding the protest within five (5) business days of receipt of protest. This decision shall be final, as per Section 4.3 of the RFP.

City of Long Beach

Request for Proposals Number CM22-125
Cannabis Equity Dispensary



Overview

Summary

The City of Long Beach ("City") is soliciting proposals from Verified Equity Applicants ("Equity Applicants") in the Cannabis Equity Program (Program), who are interested in pursuing a Cannabis Dispensary (Retail Storefront) License in Long Beach. This RFP is only open to Equity Applicants who were verified into the City's Program on or before May 10, 2022.

Key Dates

Release Date: Wednesday, August 17, 2022

Optional Pre-Proposal Meeting: 6:00PM August 24, 2022

Questions Due to the City: 11:00AM August 31, 2022

Proposals Due: 11:00AM September 21, 2022

The City reserves the right to modify these dates at any time, with appropriate notice to prospective Contractors.

Proposal Information

Instructions for what to include in your proposal and how to submit it are detailed in Section 4.

Proposals must be submitted electronically via the City's PlanetBids portal, available at

<https://pbsystem.planetbids.com/portal/15810/portal-home>.

RFP Official Contact

Tommy Ryan

rfppurchasing@longbeach.gov

All communication with the City related to this RFP must be directed to the contact listed above.

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1 The Opportunity

1.1 Project Summary

The City is soliciting proposals from verified Equity Applicants in the Cannabis Equity Program (Program), who are interested in pursuing a Cannabis Dispensary (Retail Storefront) License in the City.

To advance business ownership for Equity Applicants in the local cannabis industry, the City has allocated an additional eight (8) Dispensary Licenses exclusive to Equity Applicants. Prior to creation of the Program, the City had awarded thirty-two (32) Dispensary Licenses. The addition of the eight (8) Equity Dispensary Licenses will bring the total number of dispensaries in the City to forty (40).

The City is looking for Equity Applicants who 1) have been impacted by the prior criminalization of cannabis (also known as the "War on Drugs") in the City, 2) continue to have a strong connection to the Long Beach community, 3) have formal or informal training, experience, and education in the cannabis industry, and 4) have a strong business plan that demonstrates their readiness to open and operate a sustainable and successful dispensary business.

This RFP is only open to Equity Applicants who were verified into the City's Program on or before May 10, 2022.

1.2 Background

The objective of Cannabis Equity Program (Program) is to support equitable opportunities in the local cannabis industry by making legal cannabis business ownership and employment opportunities more accessible to individuals impacted by the prior criminalization of cannabis in the City. This includes providing individuals with support and access to resources such as direct grants, fee waivers, expedited application and facility plan check review, cultivation tax deferrals, and Direct Technical Assistance to open an Equity Business, whether it is a cultivation, manufacturing, distribution, lab testing and/or dispensary license type(s).

The longer-term goal of the Program is to recognize and address the long-term negative social impact associated with the disproportionate enforcement of cannabis policies on Black, Indigenous, and people of color (BIPOC) and low-income communities in the City. Long-term impacts from the criminalization of cannabis include social stigma of criminal conviction and incarceration, family and community disintegration (especially if the incarcerated individual was the primary or sole income earner in the household),

permanent loss of property, disqualification from employment opportunities, reduced earnings potential, exclusion from public benefits, and inability to vote in public elections.

Cannabis Equity Program Background

The City licenses and regulates medical and adult-use cannabis businesses pursuant to Long Beach Municipal Code (LBMC) Chapters 5.90 and 5.92, respectively. In 2018, the City created the Cannabis Equity Program (Program) to support equitable opportunities in the local cannabis industry by making legal cannabis business ownership and employment opportunities more accessible to individuals impacted by the criminalization of cannabis in the City. Individuals seeking to receive assistance and benefits for Equity Business ownership must meet the eligibility criteria to be verified as an Equity Applicant.

To qualify for the Program as an Equity Applicant, an individual must meet the following criteria:

1. Be a natural person (an individual and not a business entity); and
2. In the last year, have had an annual family income at or below eighty percent (80%) of the Los Angeles - Long Beach - Glendale (Los Angeles County) Area Median Income (AMI) adjusted for family size, and a net worth below \$250,000; and
3. Has lived in a Long Beach census tract for a minimum of five (5) years, either consecutively or in total, where at least fifty-one percent (51%) of current residents have a household income at or below eighty percent (80%) of the Los Angeles County Area Median Income; and
4. Meets at least one of the following criteria:
 - a) During the period 1971-2016, was arrested for, convicted of, or adjudged to be a ward of the juvenile court for any crime under the laws of California or any other jurisdiction relating to the sale, possession, use, manufacture, or cultivation of cannabis; or
 - b) Has a parent, sibling, or child who, during the period of 1971-2016, was arrested for, convicted of, or adjudged to be a ward of the juvenile court for any crime under the laws of California or any other jurisdiction relating to the sale, possession, use, manufacture, or cultivation of cannabis.

To qualify for the Program as an Equity Business, the majority ownership of the business must be held by Equity Applicant(s). If the cannabis business has one (1) Equity Applicant listed as an owner, a minimum of fifty-one percent (51%) ownership in the cannabis business must be held by the Equity Applicant. If the cannabis business will have multiple Equity Applicants listed as owners of the cannabis business, any one (1) of the Equity Applicants must hold majority ownership interest in the cannabis business.

Since the inception of the program, a total of one hundred and sixty-two (162) individuals have been verified as Equity Applicants to pursue Equity Business ownership opportunities. Out of these 162 Equity Applicants, two (2) are licensed Equity Business owners and twelve (12) are undergoing the licensing process for either one (1) license type or more multiple license types, also known as a “microbusiness”.

The City is able to provide support and access to resources to Equity Applicants by way of grant funding from the Department of Cannabis Control (DCC) and the Governor’s Office of Business and Economic Development (GO-Biz), policy initiatives passed by the City Council, and revenue generated from Measure MA. This includes direct grants, fee waivers, expedited application and facility plan check review, cultivation tax deferrals, and Direct Technical Assistance.

Furthermore, the City is able to support the needs of Equity Applicants by reducing the barriers of entry to the local cannabis industry, including:

- Limited access to capital
- Limited access to commercial real estate
- Limited technical expertise in business planning or other specialized fields
- Limited knowledge of local ordinances and state regulations
- Limited experience in navigating the local and state licensing processes
- Predatory practices from individuals seeking to partner with Equity Applicants due to the exclusivity of certain license types and program benefits

Owing to these resources and emerging public policies, the City is able to foster the inclusion of a new and diverse business community in the local cannabis industry.

Equity Dispensary Background

Timeline

- [March 16, 2021](#) – The City Council requested the City Manager to conduct a feasibility analysis on the addition of up to 8 new dispensary licenses exclusively for Equity Applicants in the Program.
- [October 1, 2021](#) – The City Manager released a memorandum on the Equity Dispensary Feasibility Analysis which included a summary of community feedback and recommendations to expand the “Green Zone”, place a cap on licenses, and utilize a hybrid application process (merit-based review plus lottery).
- [October 12, 2021](#) – The Office of Cannabis Oversight presented the Equity Dispensary feasibility study to the City Council, who approved a motion directing staff to conduct a feasibility analysis on a 1,500-foot buffer for dispensaries, and prepare an ordinance to allow up to 8 new dispensary licenses be issued to equity applicants, expand the Green Zone for dispensaries, and focus a merit-based application process (no lottery).
- [April 27, 2022](#) – The City Manager released a memorandum providing an update on 1) the feasibility analysis for a 1,500-foot buffer for dispensaries, 2) grant funding for Cannabis City Staff, and 3) community engagement on the Equity Dispensary RFP criteria.
- [May 10, 2022](#) – The Office of Cannabis Oversight presented the Equity Dispensary Ordinance and Resolution to the City Council for adoption to authorize the City Manager to establish a Request for Proposals (RFP) for dispensary licenses for the Program. The City Council passed a motion requesting staff to return to the following City Council meeting, with changes to the ordinance to 1) only allow Equity Applicants verified on or before Tuesday, May 10, 2022 to participate in the RFP, 2) require Equity Applicants to provide a 10-year business plan, 3) restrict these licenses from being sold to a non-equity partner within the first ten (10) years of the Equity Applicant(s) holding the license, 4) give preference to Equity Applicants who have participated in the City’s prior cannabis dispensary lottery processes, and 5) review the RFP proposals without the names of the Equity Applicants.
- [May 17, 2022](#) – The Office of Cannabis Oversight presented the Equity Dispensary Ordinance and Resolution with the amendments to the Equity Business ownership

requirements and Equity Dispensary RFP Guidelines, as requested by the City Council. The City Council approved the recommendation to amend the proposed Equity Business ownership requirements to prohibit Equity Businesses from transferring more than 51 percent ownership interest to a non-equity individual for ten years from the date the Equity Business submits a cannabis business license application to the City, 2) amend the Equity Dispensary RFP Guidelines to only allow equity applicants who were verified on or before May 10, 2022, to submit a proposal. Equity applicants who received their verification after May 10, 2022, are not eligible to participate in the RFP process, and 3) amend the Equity Dispensary RFP Guidelines to add a provision to give priority to equity applicants who were selected in a previous lottery on September 10, 2010 and/or September 28, 2017. In order to be eligible to receive additional points in the RFP process, an Equity Applicant must have received their verification letter on or before May 10, 2022, and be listed on the original business license application(s) as an owner/managing member.

- [May 24, 2022](#) – Upon staff's recommendation, the City Council adopted Equity Dispensary Ordinance and Resolution.

In preparation for this RFP, the Office of Cannabis Oversight researched and consulted best practices with other cities and jurisdictions, hosted internal discussions with key departments in the City, and conducted community engagement and outreach to Equity Applicants. including an online survey, an in-person interactive workshop, and a town hall meeting.

The topics discussed with internal and external stakeholders included the following potential selection criteria/considerations:

- Personal Impact from the War on Drugs
- Community Reinvestment Plan/Ties to the Community
- Training and Education
- Cannabis Experience
- Other Professional Business Experience
- Business Plan

This RFP will utilize criteria based on these topics to evaluate the ability for an Equity Applicant or a group of Equity Applicants to successfully apply for and operate a cannabis dispensary in the City.

Problem Statement

The City's prior award processes (including a lottery) for the existing 32 dispensary licenses did not result in equitable business ownership in the local cannabis industry.

1.3 Goals

The goal of this RFP is to select qualified Equity Applicants to apply for 8 dispensary licenses using a merit-based application process to ensure that these licenses are awarded in a fair and equitable manner to cannabis operators that are well positioned for long term success and sustainability.

2 How We Choose

2.1 Eligible Equity Applicants

This RFP is open to individuals who were verified as Equity Applicants by the Office of Cannabis Oversight on or before May 10, 2022.

In addition, eligible Equity Applicants must be in good standing with the following:

- Cannabis Equity Direct Grants Program
- Cannabis Equity Direct Technical Assistance Program
- Existing Medical Cannabis Business License and/or Adult-Use Cannabis Business License (either pending or issued), with no outstanding taxes and fees.

2.2 Proposal Requirements

A proposal may be submitted by one (1) Equity Applicant or a group of Equity Applicants in the Equity Program. One person may not submit more than one proposal under this RFP regardless of capacity (e.g., the same person submits multiple applications as an individual or a part of multiple groups). Duplicate submissions from the same person will result in the duplicate proposals being deemed nonresponsive and disqualified from review.

NOTE: A proposal may only be submitted by one (1) equity applicant per household. Duplicate submissions by the same household will result in the subject proposals being deemed nonresponsive and disqualified from review.

2.3 Proposal Evaluation Criteria

Proposals shall be consistently evaluated based upon the following criteria:

CRITERIA
1. Background (15%)

<ul style="list-style-type: none"> • Personal and socioeconomic impact from the prior criminalization of cannabis (also known as the War on Drugs) in Long Beach • Connection to the Long Beach community • Interest in opening an Equity Business in Long Beach
<p>2. Training and Education (10%)</p> <p>Proposers should have experience and credentials that demonstrates their readiness to open and operate a sustainable and successful cannabis dispensary business in Long Beach. This may include:</p> <ul style="list-style-type: none"> • Professional Experience • Cannabis Industry Experience • Certifications and/or College Degrees • Training (informal/formal)
<p>3. Business Plan (50%)</p> <p><i>Proposers must provide a business plan that demonstrates their readiness to open and operate a sustainable and successful cannabis dispensary business in Long Beach, including but not limited to the following:</i></p> <ul style="list-style-type: none"> • Executive Summary • Mission/Vision Statement • Team/Organizational Structure • Operating Plan • Budget/Financial Plan • Market Analysis • Sales/Marketing Plan • Community Reinvestment Plan (optional)
<p>4. Panel Interview (25%)</p> <ul style="list-style-type: none"> • Overall presentation of proposal and understanding of Cannabis Equity in Long Beach

Additional Evaluation Criteria

Verified equity applicants that were awarded to move forward with obtaining a dispensary license in a previous lottery process on September 10, 2010 and/or September 28, 2017 will have an additional ten (10) percent added to their total score. In order to be eligible to receive additional points in the RFP process, an Equity Applicant must have received their verification letter on or before May 10, 2022 and be listed on the original business license application(s) as an owner/managing member of the business.

2.4 Selection Process & Timelines

EVALUATION STAGE	ESTIMATED DATE	DESCRIPTION
Evaluation of Proposals	September - October 2022	<ul style="list-style-type: none"> An Evaluation Committee will review the Proposals to select the top twenty (20) qualified proposals that best meet the evaluation criteria of this RFP. Evaluations will be conducted using a methodology derived from the evaluation criteria listed in Section 2.3.
Panel Interviews	November 2022	<ul style="list-style-type: none"> Panel Interviews will be conducted for the top 20 qualified proposals using a methodology derived from the evaluation criteria listed in Section 2.3.
Equity Applicants Selection	November 2022	<ul style="list-style-type: none"> Selected Equity Applicants for the eight (8) dispensary licenses will be notified in writing.
Submit Business License Applications	Beginning December 2022	<ul style="list-style-type: none"> Selected Equity Applicants are required to submit their business license applications and satisfy the requirements listed in Section 3.3.

3 Proposal Instructions & Content

3.1 Proposal Timelines & Instructions

MILESTONE	TIME (PACIFIC) & DATE	LOCATION / ADDITIONAL INFORMATION
Release Date	Wed., August 17, 2022	<ul style="list-style-type: none"> Upon release of this RFP, the Office of Cannabis Oversight will not be able to answer questions about the process to safeguard against any potential conflict of interest as outlined in the City's Code of Ethics and standard procurement guidelines. All questions/inquiries must be submitted to the City's purchasing team via email to rfppurchasing@longbeach.gov.

Stakeholder Meeting (Optional)	Wed., August 24, 2022 6:00 p.m.	<ul style="list-style-type: none"> Virtual – Meeting https://longbeach.gov.zoom.us/webinar/register/WN_ah3pJXp0Q6ug2BhHroc68g <p>The purpose of the meeting is to learn about the RFP process and how to submit a proposal using Long Beach Buys.</p>
Questions due to the City	Wed., August 31, 2022, 11:00 a.m.	<ul style="list-style-type: none"> Submit all inquiries/questions via email to rfppurchasing@longbeach.gov
Posting of the Q&A	Wed., Sept. 7, 2022 11:00 a.m.	<ul style="list-style-type: none"> Responses to the questions will be posted on Long Beach Buys.
Proposals Due	Wed., Sept. 21, 2022 11:00 a.m.	<ul style="list-style-type: none"> Proposals should be submitted electronically via Long Beach Buys. Late proposals, or proposals submitted through other channels will not be accepted. Proposers are responsible for submitting their proposals completely and on time. <ul style="list-style-type: none"> Proposers will receive an e-bid confirmation number with a time stamp indicating that the proposal was submitted successfully. The City will only receive proposals that were transmitted successfully. Technical support is available by phone at (562) 570-6200 Support resources including a list of Frequently Asked Questions are available on Long Beach Buys.

3.2 Proposal Content

Complete proposals shall include each the following components. Proposers are encouraged to use this table as a checklist to ensure all components are included in their proposal.

PROPOSAL	
<input type="checkbox"/> Narrative Proposal	The Narrative Proposal should provide a straightforward, concise delineation of capabilities that satisfy this RFP, based on the “Background” and “Training and Education” evaluation criteria listed in Section 2.3.
<input type="checkbox"/> Resume	A Resume must be submitted for each equity applicant listed in the Proposal.
<input type="checkbox"/> Business Plan	A Business Plan must be submitted based on the “Business Plan” evaluation criteria listed in Section 2.3.
PROPOSAL APPENDICES	
<input type="checkbox"/> Disclosure of Investors & Financial Partners (if applicable)	<ul style="list-style-type: none"> Proposers must disclose their investors and/or financial partners, including their full name, company name, address, email address, and phone number.
<input type="checkbox"/> Other (if applicable)	<ul style="list-style-type: none"> Trainings, Certifications, and/or College Degrees
MANDATORY ATTACHMENTS <i>The following are included as Attachments in PlanetBids. They must be signed by the individual legally authorized to bind the Proposer.</i>	
<input type="checkbox"/> A. Authorization & Certification	
<input type="checkbox"/> B. License or Pending Application for Retail Dispensary Business with California Department of Cannabis Control.	

3.3 If You Are Selected Narrative Proposal Template

- Equity Applicants selected for a dispensary license must obtain their Medical Cannabis Dispensary License and Adult-Use Cannabis Dispensary License (each dispensary location is required to be a “co-located” business) within three (3) years from the date that the City announces the selection of equity applicants for the 8 dispensary licenses. All cannabis dispensary business license applications must be submitted to:

Department of Financial Management, Business License Division
411 W. Ocean Blvd., 6th Floor
Long Beach, CA 90802

2. The City has approved a 180-day moratorium on the existing 32 dispensaries from relocating their business to a newly expanded Green Zone location, from the date the City awards the 8 Equity Dispensary businesses to move forward in the licensing process, or until all the Equity Dispensary Businesses have provided the complete, notarized Property Owner Authorization for the business premises in the business license application, whichever occurs sooner
3. Equity Businesses are prohibited from transferring majority ownership interest to a non-Equity Applicant, for ten (10) years upon issuance of the Medical Cannabis Dispensary License and Adult-Use Cannabis Dispensary License for each dispensary location. Exceptions may be granted by the City Manager, or their designee, for an extenuating circumstance preventing an Equity Applicant(s) from continuing to hold ownership in the Equity Business
4. Equity Applicants selected for a dispensary license and who are currently employed and/or hold ownership in Medical Cannabis Lab Testing License and/or Adult-Use Cannabis Lab Testing License (either pending or issued), are required to withdraw their license(s) and/or resign from employment within thirty (30 days) upon from the date that the City announces the selection of equity applicants for the 8 dispensary licenses. Failure to withdraw the license(s) and/or resign from employment within 30 days, will result in immediate disqualification from this RFP process.

4 Terms & Conditions

4.1 Acronyms/Definitions

1. Cannabis Dispensary (Retail Storefront): Dispensaries are traditional retail storefronts that sell cannabis to customers.
2. City: The City of Long Beach and any department or agency identified herein.
3. Proposer: Equity Applicant or group of Equity Applicants submitting a proposal in response to this RFP.
4. Department / Division: City Manager Department, Office of Cannabis Oversight
5. Evaluation Committee: An independent committee comprised solely of representatives outside the City established to review proposals submitted in response to the RFP, evaluate the proposals, and select equity applicants for dispensary licenses.
6. May: Indicates something that is not mandatory but permissible.
7. RFP: Request for Proposals.

8. Shall / Must: Indicates a mandatory requirement. Failure to meet a mandatory requirement may result in the rejection of a proposal as non-responsive.
9. Should: Indicates something that is recommended but not mandatory. If the Proposer fails to provide recommended information, the City may, at its sole option, ask the Proposer to provide the information or evaluate the proposal without the information.
10. Verified Equity Applicant: Individual who has been verified as an "Equity Applicant" by the Office of Cannabis Oversight.

4.2 Solicitation Terms & Conditions

1. The City reserves the right to alter, amend, or modify any provisions of this RFP, or to withdraw this RFP, at any time prior to the equity applicants' selection for a dispensary license pursuant hereto, if it is in the best interest of the City to do so.
2. The City reserves the right to request clarification of any proposal term from Proposers.
3. The City may contact the references provided; contact any Proposer to clarify any response; contact any current users of a Proposer's services; solicit information from any available source concerning any aspect of a proposal; and seek and review any other information deemed pertinent to the evaluation process.
4. The City reserves the right to waive informalities and minor irregularities in proposals received.
5. The City reserves the right to reject any or all proposals received prior to award.
6. The City's determination of the Proposer's responsibility, for the purposes of this RFP, shall be final.
7. Any irregularities or lack of clarity in the RFP should be brought to the Purchasing Division designee's attention as soon as possible so that corrective addenda may be furnished to Proposers.
8. Alterations, modifications or variations to a proposal may not be considered unless authorized by the RFP or by addendum or amendment.
9. Proposals may be withdrawn by written notice received prior to the proposal opening time.

10. No attempt may be made at any time to induce any firm or person to refrain from submitting a proposal. All proposals must be made in good faith and without collusion.
11. The City is not liable for any costs incurred by Proposers prior to the equity applicants' selection for a dispensary license. Costs of developing the proposals or any other such expenses incurred by the Proposer in responding to the RFP, are entirely the responsibility of the Proposer, and shall not be reimbursed in any manner by the City.
12. Proposal will become public record after the equity applicants' selection for a dispensary license unless the proposal or specific parts of the proposal can be shown to be exempt by law. Each Proposer may clearly label all or part of a proposal as "CONFIDENTIAL" provided that the Proposer thereby agrees to indemnify and defend the City for honoring such a designation. The failure to so label any information that is released by the City shall constitute a complete waiver of any and all claims for damages caused by any release of the information.
13. Each Proposer must disclose any existing or potential conflict of interest relative to the equity applicants' selection for a dispensary license resulting from this RFP. Any such relationship that might be perceived or represented as a conflict should be disclosed. The City reserves the right to disqualify any Proposer on the grounds of actual or apparent conflict of interest.
14. The City will not be responsible for or bound by any oral communication or any other information or contact that occurs outside the official communication process specified herein, unless confirmed in writing by the City Contact.
15. The City will not be liable for Federal, State, or Local excise taxes.
16. Execution of Attachment A of this RFP shall constitute an agreement to all terms and conditions specified in the RFP.
17. Proposer understands and acknowledges that the representations above are material and important, and will be relied on by the City in evaluation of the proposal. Any Proposer misrepresentation shall be treated as fraudulent concealment from the City of the true facts relating to the proposal.
18. Proposals shall be kept confidential until equity applicant selections for a dispensary license are complete.

19. No announcement concerning the equity applicants' selection for a dispensary licenses a result of this RFP may be made without the prior written approval of the City.
20. The Long Beach Municipal Code (LBMC) requires all businesses operating in the City to pay a business license tax. In some cases, the City may require a regulatory permit and/or evidence of a State or Federal license. Prior to issuing a business license, certain business types will require the business license application and/or business location to be reviewed by the Development Services, Fire, Health, and/or Police Departments. Additional information is available at www.longbeach.gov/finance/business_license.
21. In addition to Proposer's/Awardee's duty to indemnify, Proposer shall have a separate and wholly independent duty to defend Indemnified Parties at Proposer's/Awardee's expense by legal counsel approved by City, from and against all Claims, and shall continue this defense until the Claims are resolved, whether by settlement, judgment or otherwise. No finding or judgment of negligence, fault, breach, or the like on the part of Proposer/Awardee shall be required for the duty to defend to arise. City shall notify Proposer/Awardee of any Claim, shall tender the defense of the Claim to Proposer/Awardee, and shall assist Proposer/Awardee, as may be reasonably requested, in the defense.
22. If a court of competent jurisdiction determines that a Claim was caused by the sole negligence or willful misconduct of Indemnified Parties, Proposer/Awardee costs of defense and indemnity shall be (1) reimbursed in full if the court determines sole negligence by the Indemnified Parties, or (2) reduced by the percentage of willful misconduct attributed by the court to the Indemnified Parties.
23. The provisions of this Section shall survive the expiration or termination Protest Procedures.

4.3 Protest Procedures

Who May Protest

Only a Proposer who has actually submitted a proposal is eligible to protest the selections of equity applicants for a dispensary license through a Request for Proposals (RFP). A Proposer may not rely on the protest submitted by another Proposer but must pursue its own protest.

Time for Protest

The City will post a notice of the intent to select equity applicants for a dispensary license at least ten (10) business days before an award is made. The notice will be available to all Proposers who submitted a proposal via the City's electronic bid notification system at <http://www.longbeach.gov/purchasing>. A Proposer desiring to submit a protest for a proposal must do so within five (5) business days of the electronic notification the intent to select equity applicants for a dispensary license. The City Purchasing Agent must receive the protest by the close of business on the fifth (5th) business day following posting of notification of intent to select equity applicants for a dispensary license. Proposers are responsible for registering with the City's electronic bid notification system and maintaining an updated profile. The City is not responsible for Proposers' failure to obtain notification for any reason, including but not limited to failure to maintain updated email addresses, failure to open/read electronic messages and failure of their own computer/technology equipment. The City's RFP justification memo will be available for review by protestors once the notification of intent to award has been posted via the City's electronic bid notification system.

Form of Protest

The protest must be in writing and signed by the individual who signed the proposal and addressed to the City Purchasing Agent. Protests must be submitted via the email address above. They must include a valid email address and phone number. Protests must set forth a complete and detailed statement of the grounds for the protest and include all relevant information to support the grounds stated, and must refer to specific portions of the RFP and attachments upon which the protest is based. Once the protest is received by the City Purchasing Agent, the City will not accept additional information on the protest unless the City requests it.

City Response to Protest

The City Purchasing Agent or designee will respond with a decision regarding the protest within five (5) business days of receipt of protest to the email address provided in the protest. This decision shall be final.

Limitation of Remedy

The procedure and time limits set forth herein are mandatory and are the Proposer's sole and exclusive remedy in the event of a protest. The Proposer's failure to comply with these procedures shall constitute a waiver of any right to further pursue a protest, including filing a Government Code Claim or initiation of legal proceedings.