



CITY OF EUREKA, CALIFORNIA

REQUEST FOR QUALIFICATION (RFQ)

TITLE: MEDICAL CANNABIS DISTRIBUTION FACILITIES

Release Date: Monday, July 6, 2015
Proposal Deadline: Friday, August 14, 2015 - No Later than 5:00 P.M.

Contact Person: Kristen M. Goetz, Senior Planner
City of Eureka
531 K Street
Eureka, CA 95501
(707) 441-4160

Critical Dates and Requirements

RFQ Announcement Released: July 6, 2015

Deadline for Submittal of Questions: July 20, 2015

Addendum #1 (answers to questions): July 24, 2015

Proposals Due: August 14, 2015 (No Later than 5:00 P.M.)

Council Action to Award: October 6, 2015

NOTICE OF REQUEST FOR QUALIFICATIONS

City of Eureka Bid#: 2016-1

TITLE: MEDICAL CANNABIS DISTRIBUTION FACILITIES

1. The City of Eureka (hereinafter "CITY") is soliciting Requests for Qualifications (Qualifications) for Medical Cannabis Distribution Facilities within the City (outside the Coastal Zone). Interested persons, collectives or cooperatives (Respondent) may submit a business plan and Qualifications to the City. The City will receive Qualifications in the Development Services Department, 531 K Street, Eureka, California, 95501, no later than **5:00 PM, Friday August 14, 2015**.
2. The services to be performed by the successful Respondent(s) (up to two (2) may be selected) are described in the Request for Qualifications. Copies of the Request for Qualifications are available at:

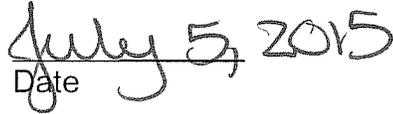
<http://www.ci.eureka.ca.gov/rfps/proposals.asp>

Physical copies can be obtained from the CITY at:

Development Services Department
531 K Street
Eureka CA 95501
(707) 441-4160

3. All responsive Qualifications shall be reviewed and evaluated by the CITY in order to determine which Respondent(s) best meets the CITY's criteria for a Distribution Facility. The criteria by which the CITY shall evaluate Qualifications are set forth in the Scope of Work.
4. The CITY reserves the right to reject any and all Qualifications or waive minor irregularities in any Qualification or the Qualification Process.
5. The City of Eureka is not responsible for any costs incurred in the preparation of Qualifications and/or any business plan.


Kristen M. Goetz
Senior Planner
Development Services


Date

Background Information

The City of Eureka is inviting submittal of a business plan and qualifications from persons, collectives or cooperatives (“Respondents”) interested in participating in a Conditional Use Permit (CUP) process to establish a medical cannabis distribution facility within the City of Eureka (outside the Coastal Zone). There is no cost to a Respondent to submit a business plan and Qualifications under this RFQ. The City of Eureka is not responsible for any costs incurred in preparation of Qualifications materials.

The Eureka City Council has adopted a Medical Cannabis Ordinance (Eureka Municipal Code, Chapter 158). **Useful Links** below contains hyperlinks to the Medical Cannabis Ordinance, the zoning map, and to other useful information. The Medical Cannabis Ordinance limits the total number of medical cannabis distribution facilities allowed within the city to two (2). Each of the facilities will require a CUP approved by the City of Eureka Planning Commission.

Each of the two (2) CUP’s will be issued to a person, collective or cooperative for a specific facility at a specific location or locations. The CUP will be issued only for the specified location(s), and cannot be transferred to another person, collective or cooperative or to a different location(s) not authorized in the CUP.

The current application fee for a CUP is \$2,245.00; the CUP application will also require Design Review, the fee for which is presently \$265.00. In addition, a deposit of \$2,000.00 may be required for environmental review under the California Environmental Quality Act.

The purpose of this Request for Qualifications (RFQ) is to determine who, based upon their business plan and qualifications, the City Council will invite to apply for each of the two (2) CUP’s described above. Only those persons, collectives or cooperatives who are invited by the City Council may submit an application for a medical cannabis facility CUP.

PLEASE BE ADVISED THAT A CUP IS A DISCRETIONARY PERMIT AND AN INVITATION TO SUBMIT AN APPLICATION FOR A CUP IN NO WAY GUARANTEES OR IMPLIES APPROVAL OF THE CUP

Zoning and Land Use

The Medical Cannabis Ordinance specifies the zone districts in which distribution of medical cannabis may occur. The Medical Cannabis Ordinance is not currently applicable to the Coastal Zone, and distribution facilities are not allowed at locations located in the Coastal Zone. A hyperlink to the zoning map can be found in **Useful Links**, below.

Medical cannabis distribution is allowed only in the following zone districts:

- Service Commercial (CS)
- Hospital Medical (HM)
- Limited Industrial (ML)

Please note that medical cannabis research labs or medical cannabis testing facilities at which no cultivation, processing, or distribution of medical cannabis occurs are *not*

considered medical cannabis facilities subject to the Medical Cannabis Ordinance.

Qualification Requirements

Qualifications shall include the following information presented in a clear and concise format in order to demonstrate the Respondent's competence and qualifications.

To be considered Respondent's must submit, at a minimum, the following information:

- A. A cover letter (2 pages maximum) outlining Respondent's understanding of Medical Cannabis distribution and the Respondent's interest in establishing a Medical Cannabis distribution facility in Eureka. Cover letter may include additional information.
- B. A detailed business plan.
- C. The business experience of the applicant(s).
- D. Proof of ability to provide insurance and indemnification (**Attachment A**) as required by the Medical Cannabis Ordinance.
- E. The name, location and operator of the cultivation or processing facility(ies) supplying the Medical Cannabis.
- F. How the cultivated and/or processed medical cannabis will be transported to the distribution facility and/or to qualified patients.
- G. A specific location for the facility is not required for submittal of the RFQ; however, it is highly recommended. A specific location for the facility will be required for submittal of the CUP application.
- H. Estimated number of members/qualified patients served by the distribution facility.
- I. Hours and days of the week the distribution facility will be open.
- J. Security measures that will be employed at the premises, including but not limited to: lighting, alarms, and automatic law enforcement notification.
- K. Chemicals stored or used at the premises.
- L. Type and quantity of all effluent discharged into the City's wastewater and/or stormwater system.
- M. A detailed Operations Manual containing, at a minimum:
 - a. The staff screening process including appropriate background checks.
 - b. The process for tracking medical cannabis quantities and inventory controls.
 - c. A description of the screening, registration and validation process for qualified patients.
 - d. A description of qualified patient records acquisition and retention procedures.
 - e. The process for tracking medical cannabis quantities and inventory controls including on-site cultivation, processing, and/or medical cannabis products received from outside sources. (Note that on-site cultivation/processing is not allowed at this time).
- N. A detailed Cannabis Safety Program, which includes at a minimum, the following:

- a. The process for documenting the chain of custody of all cannabis and cannabis products from farm to patient.
- b. The procedure and documentation process for assuring the safety and quality of all medical cannabis and medical cannabis products (including, but not limited to, testing for bacteria, mold, pesticides and other contaminants).
- c. The procedure and documentation process for determining patient dosage including testing for the major active agents in the medical cannabis (e.g., cannabinoids THC, CBD and CBN).

Useful Links

For the RFQ process, the City encourages applications to review the following:

[Medical Cannabis Ordinance, Eureka Municipal Code, Chapter 158](#)

[Zoning Map](#) -.

[Application Form](#)

[Conditional Use Permit application packet](#)

[Design Review application packet](#)

[California Environmental Quality Act](#)

[North Coast Small Business Development Center](#)

Evaluation Process

A Medical Cannabis Selection Committee (Committee) appointed by the City Manager will evaluate each submittal to determine if it meets the minimum requirements of this RFQ. The Committee may meet with some or all of the Respondents and may ask some or all of the Respondents to clarify, supplement or modify certain aspects of their submittal. The Committee may request that the most qualified Respondents give a brief presentation to Council.

The Committee will submit to the City Council for the Council's approval the names of those Respondents who the Committee recommends should be invited to submit an application for a CUP. Depending upon the quality of the proposals submitted, the Committee may choose to recommend two Respondents, only one Respondent, or no Respondents.

The Committee will use, at a minimum, the following criteria for making their recommendations to the City Council:

- ✓ Business Experience
- ✓ Business Plan
- ✓ Ability to operate a clean, professional and safe facility

PROPOSAL EVALUATION

All RFQ's will be reviewed and rated according to the following criteria:

| CRITERIA AND REQUIREMENTS | MAXIMUM POINTS |
|--|-----------------------|
| Name(s) and Contact Information | Required |
| Cover letter outlining Respondent's interest/understanding regarding Medical Cannabis Distribution. | 5 points |
| Business Plan | 35 points |
| Experience of Principals | 20 points |
| Detailed Security Measures | 10 points |
| Detailed Operations Manual | 10 points |
| Detailed Cannabis Safety Program | 10 points |
| Optional Requirements (Locally Grown, Clean Green Certified (and/or other clearly-demonstrated commitments to environmental quality), and/or GMO free) | 10 points |
| Maximum points possible | 100 Points |

The Committee will report its recommendation(s) to the City Manager and City Council.

The Eureka City Council has final approval of all Medical Cannabis Distribution Facility invitations, and the Planning Commission will act on the CUP applications. Selection will be made within six (6) weeks of the RFQ deadline, if possible. The City of Eureka reserves the right to reject any or all RFQ's, to waive minor irregularities in said RFQ's, and/or to negotiate minor deviations with the successful Respondent(s).

The City of Eureka is not responsible for any costs incurred in preparation of the Qualifications.

Delivery of RFQ

It is the Responder's responsibility to ensure that the RFQ is received by CITY prior to the hour and date for submittal of the RFQ specified in the Request for Qualification. Any RFQ's received by CITY after the hour and date shall be rejected and returned unopened. RFQ shall be mailed or hand-delivered to Kristen M. Goetz, Development Services Department, 531 K Street, Eureka, California, 95501. RFQs shall be received by 5:00 PM, Friday, August 14, 2015. Postmarks will not be accepted. The RFQ must also be submitted by email by 5:00 PM on August 14, 2015, to Maggie Gurley at mgurley@ci.eureka.ca.gov. It is the Respondent's responsibility to ensure the RFQ is received by the specified time and date. Any RFQ received after the time and date shall be rejected.

All RFQ's, whether selected or rejected, shall become the property of CITY. CITY is not responsible for RFQ's delivered to a person/location other than specified above.

Format of RFQ:

All submittals shall be typewritten or printed in ink clearly and legibly, in conformance with this RFQ. Proposals shall be printed double-sided. Seven (7) bound copies and one (1) unbound copy of the RFQ shall be submitted in an envelope plainly marked on the outside: "Request for Qualifications: Medical Cannabis Distribution Facility."

Submittal of Questions and Release of Addendum #1:

This RFQ was released on Monday, July 6, 2015. Questions regarding the RFQ shall be submitted to CITY via email (mgurley@ci.eureka.ca.gov) no later than July 20, 2015.

On July 24, 2015, CITY will post Addendum #1 on the City's website. Addendum #1 will answer all questions posed. CITY shall not be responsible for any explanations or interpretations of the Request for Qualification other than by Addendum #1. No oral interpretations of any provision in the Request for Qualifications shall be binding upon CITY.

ATTACHMENT A

Insurance/Hold Harmless

Contractor shall procure and maintain for the term of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Contractor's operation and use of the Property. The cost of such insurance shall be borne by the Contractor.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

- (a) Insurance Services Office Commercial General Liability coverage ("occurrence: form CG 0001").
- (b) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance (for contractor's with employees).
- (c) Property insurance against all risks of loss to any Contractor improvements or betterments.

Minimum Limits of Insurance

CONTRACTOR shall maintain limits no less than:

- (a) General Liability: \$2,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
- (b) Employer's Liability: \$2,000,000 per accident for bodily injury or disease.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Contractor shall provide a financial guarantee satisfactory to City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Other Insurance Provisions

The general liability policy is to contain, or be endorsed to contain, the following provisions:

- (a) The City, its officers, officials, employees and volunteers are to be covered as insureds with respect to liability arising out of ownership, maintenance or use of that part of the licensed area licensed to the Contract.
- (b) The Contractor's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be excess of Contractor's insurance and shall not contribute with it.
- (c) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled, except after ten (10) days prior written notice by certified mail, return receipt requested, has been given to the City.

The worker's compensation policy is to contain, or be endorsed to contain, the following provisions:

- (a) A waiver of subrogation clause indicating the insurance company agrees to waive all rights of subrogation against the CITY, its officers, officials, employees and volunteers for losses paid under the terms of this policy, which arise from the work performed by the named insured for the CITY.
- (b) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the CITY.

Policies written with State Compensation Insurance Fund shall include State Fund endorsement numbers 0015, 2065, and 2570.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

Verification of Coverage

Contractor shall furnish City with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on forms provided by City or on other than City's forms, provided those endorsements or policies conform to the requirements. All certificates and endorsements are to be received and approved by City prior to Contractor's use of the Licensed Area. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

In the case any action or proceeding is brought against City or its respective officers, agents, or employees by reason of any such claim, Contractor, upon written notice from City, shall, at Contractor's expense, resist or defend such action or proceeding counsel selected by Contractor or Contractor's insurance carrier.

HOLD HARMLESS

Contractor agrees to indemnify, defend, and hold harmless without limitation the City, its officers, officials, agents, employees, authorized representatives, and volunteers from and against any and all claims, liabilities, costs, charges, liens, damages, losses, expenses, and causes of action, of whatsoever kind or nature including attorney fees arising out of the Contractor's use described herein, which are in any manner directly or indirectly caused, occasioned or contributed to in whole or in part, through any act, omission, fault or negligence, whether active or passive, of Contractor, or anyone directly or indirectly employed or authorized by Contractor or anyone for whose acts any of them may be liable.