



Purchasing Use Only:	
Approval#:	170707

SOLICITATION WAIVER JUSTIFICATION AND REQUEST FORM

ALL FIELDS ARE REQUIRED – INCOMPLETE REQUESTS WILL BE RETURNED TO THE AGENCY

1a	Agency Contact Information - Note: Approved copy will be sent to only the contact(s) listed below:		
	State Agency:	Taxation	
	Contact Name and Title	Phone Number	Email Address
	Jorge Pupo, Tax Manager	702-486-0606	jpupo@tax.state.nv.us
	Rick Gimlin, Administrative Services Officer	775-684-2071	gimlin@tax.state.nv.us

Vendor Information:		
1b	Identify Vendor:	Metrc LLC
	Contact Name:	Scott Denholm
	Address:	2525 Dranefield Rd. Suite 8, Lakeland, FL 33811
	Telephone Number:	615-509-6893
	Email Address:	Scott.Denholm@franwell.com

Type of Waiver Requested – Check the appropriate type:		
1c	Sole or Single Source:	<input checked="" type="checkbox"/>
	Professional Service Exemption:	<input type="checkbox"/>

Contract Information:					
1d	Is this a new Contract?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
	Amendment:	#			
	CETS:	#			

Term:				
1e	One (1) Time Purchase:	<input type="checkbox"/>		
	Contract:	Start Date:	July 1, 2017	End Date:

Funding:		
1f	State Appropriated:	100%
	Federal Funds:	
	Grant Funds:	
	Other (Explain):	

1g	Total Estimated Value of this Service Contract, Amendment or Purchase:	
	\$5,000 per month for data hosting times 48 months is \$240,000; \$480 per year for technical support per establishment, times 300 establishments times four years is \$576,000; contract total would be	

	\$816,000.
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2	<p>Provide a description of work/services to be performed or commodity/good to be purchased: <i>Metrc LLC will collect seed to sale data from medical and retail marijuana establishments. This information will be used to validate sales tax information, protect against diversion of marijuana to black market sales, protect consumers of marijuana products, and provide product traceability from seed to final sale.</i></p>
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3	<p>What are the unique features/qualifications required for this service or good that are not available from any other vendor: <i>While several vendors provide seed to sale to systems that support both the regulatory agency and the marijuana industry, Metrc LLC is the only vendor providing a product specifically to regulatory agencies. The Metrc LLC software platform is strictly a regulatory reporting system designed by regulators, and the product is not provided or sold to the marijuana industry. Thus, there is no conflict of interest for the vendor.</i></p>
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4	<p>Explain why this service or good cannot be competitively bid and why this purchase is economically only available from a single source: <i>Metrc LLC is the only known vendor that provides a data collection system specifically for regulatory agencies. The product was designed to meet the specific areas of the Department of Justice, Cole memo:</i></p> <ol style="list-style-type: none"> 1. Prevent distribution to minors (<i>visibility between licensees and to consumer</i>) 2. Prevent revenue going to criminals (<i>sales data uploaded and reporting and taxes</i>) 3. Prevent diversion to black market or non-legal states (<i>transfer manifests and no illegal product can enter or exit the supply chain</i>) 4. Prevent legal activity from being used as a cover for illegal activity (<i>licensing businesses, employees, and labs, with oversight of all activities</i>)
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	<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">Were alternative services or commodities evaluated? Check One.</td> <td style="width: 10%;">Yes:</td> <td style="width: 10%; text-align: center;"><input checked="" type="checkbox"/></td> <td style="width: 10%;">No:</td> <td style="width: 10%;"></td> </tr> </table>	Were alternative services or commodities evaluated? Check One.	Yes:	<input checked="" type="checkbox"/>	No:	
Were alternative services or commodities evaluated? Check One.	Yes:	<input checked="" type="checkbox"/>	No:			
5	<p>a. <i>If yes, what were they and why were they unacceptable? Please be specific with regard to features, characteristics, requirements, capabilities and compatibility.</i> <i>Other vendors, such as MJ Freeway and BioTrack THC sell products that support both regulatory entities and the marijuana industry. This presents an inherent conflict of interest. Metrc LLC is the only known company that provides a product strictly for the regulatory community.</i></p> <p>b. <i>If not, why were alternatives not evaluated?</i></p>					

6	<p>Has the agency purchased this service or commodity in the past? Check One. Note: If your previous purchase(s) was made via solicitation waiver(s), a copy or copies of ALL previous waivers MUST accompany this request.</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 70%;"></td> <td style="width: 10%;">Yes:</td> <td style="width: 10%;"></td> <td style="width: 10%;">No:</td> <td style="width: 10%; text-align: center;"><input checked="" type="checkbox"/></td> </tr> </table> <p>a. <i>If yes, starting with the most recent contract and working backward, for the entire relationship with this vendor, or any other vendor for this service or commodity, please provide the following</i></p>		Yes:		No:	<input checked="" type="checkbox"/>
	Yes:		No:	<input checked="" type="checkbox"/>		

information:				
Term Start and End Dates		Value	Short Description	Type of Procurement (RFP#, RFQ#, Waiver #)
April 3, 2017	April 3, 2021	\$0	The Department of Health and Human Services, Division of Public and Behavioral Health (DPBH) uses MJ Freeway, LLC a Seed to Sale Inventory Tracking and Management System in the Medical Marijuana (MME) program. These services are provided at no cost to DPBH, MJ Freeway LLC charges marijuana establishments a fee to use their services.	RFP 3205
		\$		
		\$		
		\$		
		\$		

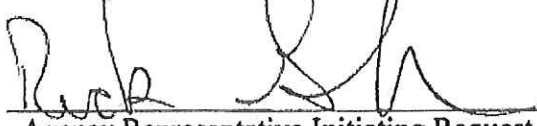
7	What are the potential consequences to the State if the waiver request is denied and the service or good is competitively bid?
	<i>During the 2017 Legislative Session, Taxation was given the responsibility to regulate both medical and retail marijuana (regulation of medical marijuana was previously under DPBH).</i>
	<i>The current system used by DPBH does not provide the track and trace capability, trend analysis and analytics data necessary for Taxation to effectively regulate medical and retail marijuana.</i>
	<i>Taxation will not have a system in place to meet the time constraints of the Retail Marijuana program. Taxation anticipates temporary regulations will be adopted in May 2017, the first tax returns will be due in early July 2017, and tax receipts are anticipated to be distributed in August 2017. However, to insure Retail Marijuana establishments can track inventory prior to the submission of July 2017 returns, the system needs to be in place by June 2017. There is insufficient time to go through the RFP process and meet the program timeline.</i>

8	What efforts were made or conducted to substantiate there is no competition for the service or good and to ensure the price for this purchase is fair and reasonable?
	<i>Taxation surveyed other states with similar programs, and there is only one vendor providing a seed to sale tracking product only for regulatory entities.</i>

9	Will this purchase obligate the State to this vendor for future purchases? <u>Before selecting your answer, please review information included on Page 2, Section 9 of the instructions.</u>	Yes:		No:	X
	a. <i>If yes, please provide details regarding future obligations or needs.</i>				

Retail marijuana is a new industry for Nevada. Taxation requests a four-year timeline to gain valuable regulatory knowledge and experience. During this period, the Nevada Legislature will have concluded the 2019 session, and the retail marijuana industry will have operated for over three years. These experiences will allow solicitation of a responsible Request for Proposal prior to June 30, 2021.

By signing below, I know and understand the contents of this Solicitation Waiver Request and Justification and attest that all statements are true and correct.



Agency Representative Initiating Request

Rick Gimplin

Print Name of Agency Representative Initiating Request

July 10, 2017

Date

Deonne E. Contine

Signature of Agency Head Authorizing Request

7/10/17

Deonne E. Contine

Print Name of Agency Head Authorizing Request

Date

PLEASE NOTE: In an effort to avoid possible conflict with any equipment, system or process already installed or in place by the State of Nevada or to assist in our due diligence, State Purchasing may solicit a review of your request from another agency or entity. The signature below indicates another agency or entity has reviewed the information you provided. This signature does not exempt your agency from any other processes that may be required.

Dept. of Admin / EITS division

Name of agency or entity who provided information or review:



Representative Providing Review

Shanna S. Rahming

Print Name of Representative Providing Review

7/28/17

Date

Please consider this memo as my approval of your request. This exemption is granted pursuant to NAC 333.150(2)(a)(b)(c), NRS 333.400. This exemption may be rescinded in the event reliable information becomes available upon which the Purchasing Administrator determines that the service or good sought may in fact be contracted for in a more effective manner. Pursuant to NRS 284.173(6), contracts for services do not become effective without the prior approval of the State Board of Examiners (BOE).

If you have any questions or concerns please contact the Purchasing Division at 775-684-0170.

Signed:



Administrator, Purchasing Division or Designee

7-28-2017

Date