

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is made and entered into this ____ day of _____, 20__, by and between the City of Merced, a California Charter Municipal Corporation, whose address of record is 678 West 18th Street, Merced, California 95340, (hereinafter referred to as “City”) and SCI Consulting Group, a California Corporation, whose address of record is 4745 Mangels Blvd., Fairfield, California 94534 (hereinafter referred to as “Consultant”).

WHEREAS, City is undertaking a project to prepare inspections processes for permitted commercial cannabis businesses in the City; and,

WHEREAS, Consultant represents that it possesses the professional skills to provide planning and inspection services in connection with said project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, hereby agree as follows:

1. **SCOPE OF SERVICES.** The Consultant shall furnish the following services: Consultant shall provide the planning and inspection services described in Exhibit “A” attached hereto.

No additional services shall be performed by Consultant unless approved in advance in writing by the City, stating the dollar value of the services, the method of payment, and any adjustment in contract time. All such services are to be coordinated with City and the results of the work shall be monitored by the Director of Development Services or designee. However, the means by which the work is accomplished shall be the sole responsibility of the Consultant.

2. **TIME OF PERFORMANCE.** All of the work outlined in the Scope of Services shall be completed in accordance with the City’s adopted Resolution No. 2017-67, outlined in Exhibit “B” attached hereto and incorporated herein by reference. By mutual agreement and written addendum to this Agreement, the City and the Consultant may change the requirements in said Schedule.

3. **TERM OF AGREEMENT.** The term of this Agreement shall commence upon the day first above written and end upon exhaustion of compensation set forth in Section 4 below.

4. **COMPENSATION.** Payment by the City to the Consultant for actual services rendered under this Agreement shall be made upon presentation of an invoice detailing services performed under the Scope of Services, in accordance with the fee schedule set forth in Exhibit "A" attached hereto and incorporated herein by reference. The Consultant agrees to provide all services required under the Scope of Services in Exhibit "A" within the compensation amount set forth in Exhibit "A". For Consultant's services rendered under this Agreement, City shall pay Consultant the not to exceed sum of One Hundred Fifty Thousand Dollars (\$150,000.00).

5. **METHOD OF PAYMENT.** Compensation to Consultant shall be paid by the City after submission by Consultant of an invoice delineating the services performed.

6. **RECORDS.** It is understood and agreed that all plans, studies, specifications, data magnetically or otherwise recorded on computer or computer diskettes, records, files, reports, etc., in possession of the Consultant relating to the matters covered by this Agreement shall be the property of the City, and Consultant hereby agrees to deliver the same to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials including but not limited to those set forth hereinabove, prepared pursuant to this Agreement are prepared specifically for the City and are not necessarily suitable for any future or other use.

7. **CONSULTANT'S BOOKS AND RECORDS.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement. Any records or documents required to be maintained shall be made available for inspection, audit and/or copying at any time during regular business hours, upon oral or written request of the City.

8. **INDEPENDENT CONTRACTOR.** It is expressly understood that Consultant is an independent contractor and that its employees shall not be employees of or have any contractual relationship with the City. Consultant shall be responsible for the payment of all taxes, workers' compensation insurance and unemployment insurance. Should Consultant desire any insurance protection, the Consultant is to acquire same at its expense.

In the event Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, protect, defend, and hold harmless the City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

9. INDEMNITY. Consultant shall indemnify, protect, defend (with legal counsel selected by the City), save and hold City, its officers, employees, and agents, harmless from any and all claims or causes of action for death or injury to persons, or damage to property resulting from intentional or negligent acts, errors, or omissions of Consultant or Consultant's officers, employees, volunteers, and agents during performance of this Agreement, or from any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct, negligent acts, or omissions of Consultant or its employees, subcontractors, or agents, or by the quality or character of Consultant's work, or resulting from the negligence of the City, its officers, employees, volunteers and agents, except for loss caused by the sole negligence or willful misconduct of the City or its officers, employees, volunteers or agents. It is understood that the duty of Consultant to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall survive the termination of this Agreement and shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

10. INSURANCE. During the term of this Agreement, Consultant shall maintain in full force and effect at its own cost and expense, the following insurance coverage:

a. Workers' Compensation Insurance. Full workers' compensation insurance shall be provided with a limit of at least One Hundred Thousand Dollars (\$100,000) for any one person and as required by law, including Employer's Liability limits of \$1,000,000.00 per accident. The policy shall be endorsed to waive the insurer's subrogation rights against the City.

b. General Liability.

- (i) Consultant shall obtain and keep in full force and effect general liability coverage at least as broad as ISO commercial general liability coverage occurrence Form CG 0001.
- (ii) Consultant shall maintain limits of no less than One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage.
- (iii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects liability arising out of work or operations performed by or on behalf of the Consultant.
- (iv) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self insurance maintained by City or other named insureds shall be excess and non-contributory.
- (v) Consultant shall maintain its commercial general liability coverage for three (3) years after completion of the work and shall add an additional insured endorsement form acceptable to the City naming the City of Merced, its officers, employees, agents and volunteers for each year thereafter for at least three (3) years after completion of the work. Copies of the annual renewal and additional insured endorsement form shall be sent to the City within thirty (30) days of the annual renewal.

c. Automobile Insurance.

- (i) Consultant shall obtain and keep in full force and effect an automobile policy of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage.
- (ii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects automobiles owned, leased, hired or borrowed by the Consultant.

- (iii) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self insurance maintained by City or other named insureds shall be excess and non-contributory.

d. Professional Liability Insurance. Consultant shall carry professional liability insurance appropriate to Consultant's profession in the minimum amount of One Million Dollars (\$1,000,000). Architects and engineers' coverage is to be endorsed to include contractual liability.

e. Qualifications of Insurer. The insurance shall be provided by an acceptable insurance provider, as determined by City, which satisfies all of the following minimum requirements:

- (i) An insurance carrier admitted to do business in California and maintaining an agent for service of process within this State; and,
- (ii) An insurance carrier with a current A.M. Best Rating of A:VII or better (except for workers' compensation provided through the California State Compensation Fund).

f. Certificate of Insurance. Consultant shall complete and file with the City prior to engaging in any operation or activity set forth in this Agreement, certificates of insurance evidencing coverage as set forth above and which shall provide that no cancellation or expiration by the insurance company will be made during the term of this Agreement, without thirty (30) days written notice to City prior to the effective date of such cancellation—including cancellation for nonpayment of premium.

g. Notwithstanding any language in this Agreement to the contrary, Consultant shall be entitled to be paid pursuant to the terms of this Agreement until Consultant has obtained the insurance required by this Section 10 and provided documentation of said insurance to the City. In addition to any other remedies City may have, City reserves the right to withhold payment if Consultant's insurance policies are not current.

11. ASSIGNABILITY OF AGREEMENT. It is understood and agreed that this Agreement contemplates personal performance by the Consultant and is

based upon a determination of its unique personal competence and experience and upon its specialized personal knowledge. Assignments of any or all rights, duties or obligations of the Consultant under this Agreement will be permitted only with the express written consent of the City.

12. **TERMINATION FOR CONVENIENCE OF CITY.** The City may terminate this Agreement any time by mailing a notice in writing to Consultant that the Agreement is terminated. Said Agreement shall then be deemed terminated, and no further work shall be performed by Consultant. If the Agreement is so terminated, the Consultant shall be paid for that percentage of the phase of work actually completed, based on a pro rata portion of the compensation for said phase satisfactorily completed at the time the notice of termination is received.

13. **CONFORMANCE TO APPLICABLE LAWS.** Consultant shall comply with its standard of care regarding all applicable Federal, State, and municipal laws, rules and ordinances. No discrimination shall be made by Consultant in the employment of persons to work under this contract because of race, color, national origin, ancestry, disability, sex or religion of such person.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act (8 U.S.C.A. 1101 *et seq.*), as amended; and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any agency or instrumentality of the federal or state government, including the courts, impose sanctions against the City for such use of unauthorized aliens, Consultant hereby agrees to, and shall, reimburse City for the cost of all such sanctions imposed, together with any and all costs, including attorneys' fees, incurred by the City in connection therewith.

14. **WAIVER.** In the event that either City or Consultant shall at any time or times waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or any other covenant, condition or obligation. Waiver shall not be deemed effective until and unless signed by the waiving party.

15. **INCONSISTENT OR CONFLICTING TERMS IN AGREEMENT AND EXHIBITS.** In the event of any contradiction or inconsistency between any attached document(s) or exhibit(s) incorporated by reference herein and the provisions of the Agreement itself, the terms of the Agreement shall control.

Any exhibit that is attached and incorporated by reference shall be limited to the purposes for which it is attached, as specified in this Agreement. Any contractual terms or conditions contained in such exhibit imposing additional obligations on the City are not binding upon the City unless specifically agreed to in writing, and initialed by the authorized City representative, as to each additional contractual term or condition.

16. **AMBIGUITIES.** This Agreement has been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. Accordingly, any rule of law, including, but not limited to, Section 1654 of the Civil Code of California, or any other statutes, legal decisions, or common-law principles of similar effect, that would require interpretation of any ambiguities in this Agreement against the party that drafted this Agreement is of no application and is hereby expressly waived.

17. **VENUE.** This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this agreement shall be held exclusively in a state court in the County of Merced.

18. **AMENDMENT.** This Agreement shall not be amended, modified, or otherwise changed unless in writing and signed by both parties hereto.

19. **INTEGRATION.** This Agreement constitutes the entire understanding and agreement of the parties and supersedes all previous and/or contemporaneous understanding or agreement between the parties with respect to all or any part of the subject matter hereof.

20. **AUTHORITY TO EXECUTE.** The person or persons executing this Agreement on behalf of the parties hereto warrants and represents that he/she/they has/have the authority to execute this Agreement on behalf of their entity and has/have the authority to bind their party to the performance of its obligations hereunder.

21. **COUNTERPARTS.** This Agreement may be executed in one or more counterparts with each counterpart being deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other parties hereto are in the physical possession of the party or parties seeking enforcement thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first above written.

CITY OF MERCED
A California Charter Municipal
Corporation

BY: _____
City Manager

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY: Phedra A. Nohm 12-20-19
City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

CONSULTANT
SCI CONSULTING GROUP,
A California Corporation

BY: 

(Signature)

John W. Bliss

(Typed Name)

Its: President

(Title)

BY: 

(Signature)

John W. Bliss

(Typed Name)

Its: Secretary

(Title)

Taxpayer I.D. No. 94-2984547

ADDRESS: 4745 Mangels Blvd.
Fairfield, CA 94534

TELEPHONE: (707) 430-4300

FAX: (707) 430-4319

E-MAIL: john.bliss@sci-cg.com

October 30, 2019

Submitted via electronically
espinosak@cityofmerced.org

Kim Espinosa, Planning Manager
City of Merced Planning & Permitting
678 West 18th Street
Merced, CA 95340

Dear Kim:

SCI Consulting Group ("SCI") is pleased to submit this proposal for cannabis-related monitoring and compliance consulting services to the City of Merced ("City"). SCI proposes to provide professional cannabis-related consulting services, as fully described in our Scope of Work:


1. Monitoring and Compliance Checklist Development
2. Monitoring and Compliance Inspections
3. *Optional - Monitoring and Compliance Staff Training Workshop*

SCI is one of California's three premier firms providing public agency consulting for the implementation of local cannabis regulation and has broad and direct experience with California municipalities providing all the services listed above.

Our core philosophy and approach towards the implementation of local cannabis policy has been described as more broadly balanced than that of our competitors. Our philosophy is based upon our genesis as a solution-based engineering firm that has evolved and developed in-house expertise in public policy and community outreach. Although our quantitative and regulatory rigor and attention to detail are unsurpassed, we balance this with realistic approaches to real world challenge, fully understanding and supporting the City's challenging transition into a regulated and legal cannabis marketplace. Hence, SCI balances enforcement of local and state code along with the need to support viable cannabis businesses and to shepherd non-compliant businesses into the safe and regulated environment.

We look forward to this opportunity in assisting the City of Merced with this important project and stand ready to proceed. If you have any questions or require additional information, please do not hesitate to contact me. I can be reached at (707) 430-4300 or via email at john.bliss@sci-cg.com.

Sincerely,



John Bliss, P.E.
President

EXHIBIT A

SCOPE OF WORK

It is understood that the desired and optimal services may evolve over time and SCI will modify services as directed by the City. Our cannabis monitoring and compliance work allows the City to begin compliance at any time, to conclude compliance at any time, and to transition compliance activities to City staff at the City's discretion.

1. Monitoring and Compliance Checklist Development

SCI will develop monitoring and compliance inspection checklists unique to each cannabis activity that are consistent with City's local regulations and ordinances, staff-directed priorities and preferences, and State regulations.

Deliverables:

- Develop monitoring and compliance inspection checklists for each cannabis activity

2. Monitoring and Compliance Inspections

SCI provides comprehensive monitoring and compliance inspections of facilities and operations, including documentation and reporting of the various licensee entities for multiple municipalities throughout California. For this task, SCI will provide comprehensive, monitoring and compliance inspections for each commercial cannabis business and report to the City the results of inspections relative to the level of Health and Safety regulations consistent with City's local regulations and ordinances, staff-directed priorities and preferences, and State law. SCI's monitoring and compliance efforts will satisfy the most rigorous requirements and at the same time, provide a successful platform for the cannabis businesses. SCI will provide the City with a written report detailing the results of the on-site inspection. SCI will provide follow-up support to the City and cannabis businesses to provide recommendations to address and correct any deficiencies.

Among the elements and activities SCI will monitor are as follows:

- **Product**: Inventory management, seed-to-sale tracking, packaging and labeling verification, product testing protocols, etc.
- **Record Retention**: Review and confirm employee records, business records, tax information records, transportation manifests, video surveillance retention, equipment certifications, training programs and safety programs.
- **Security and Surveillance**: Verify video surveillance equipment, camera placement, alarm systems, locks, facility access control, security guards, occupational badges, and other security and safety processes.
- **Facility Compliance**: Verify facility's operational compliance including waste management, odor control, pesticide and solvent storage, signage, cash handling procedures, product shipment and receipt procedures, etc.

Deliverables:

- Conduct monitoring and compliance inspections
- Provide written report detailing the findings of inspections
- Provide follow-up support and recommendations

3. Optional: Monitoring and Compliance Staff Training Workshop

SCI will plan, coordinate, and host an interactive monitoring compliance training workshop for City staff with the goal of training and preparing staff to conduct inspections for commercial cannabis businesses. SCI has conducted over 100 compliance on-site inspections for various cannabis businesses and will incorporate lessons learned and industry best practices.

PROJECT TEAM

If selected for this project, Arcelia Herrera, Cannabis Compliance Consultant, will serve as the project leader and day-to-day project manager for the SCI portion of the work including inspections and monitoring, plan checks and background checks. Kyle Tankard, Chris Coulter and John Bliss will support Arcelia's efforts.

JOHN BLISS, M.ENG., P.E., PRESIDENT/CANNABIS ADVISOR

SCI

John Bliss, a professional engineer and President of SCI, specializes in special tax consulting, assessment engineering, special and general benefit analysis, crafting legally compliant, robust Engineer's Reports, assessment administration, cost estimating and budgeting, database design and implementation, regulatory compliance, and revenue measure formations. He has 16 years of experience in this field of expertise. Mr. Bliss graduated from Brown University with a Bachelor of Science Degree in Engineering and holds a master's degree in Civil Engineering from The University of California, Berkeley, where he was a Regent's Scholar. He is a licensed professional Civil Engineer in the State of California and is a LEED accredited professional.

ARCELIA HERRERA, CANNABIS COMPLIANCE CONSULTANT/SENIOR CONSULTANT

SCI

Arcelia Herrera contributes over 14 years of experience in local cannabis policy, consulting, and administration for public agencies in California. Ms. Herrera is responsible for the development and management of the cannabis monitoring and compliance program at SCI. She has extensive experience conducting onsite facility inspections, ensuring local and State compliance. In addition, Ms. Herrera has expertise in the creation and administration of assessments and fees, database management, and community educational outreach. She has conducted several Proposition 26 compliant cost recovery fee study analyses for cities and counties to develop fees for commercial cannabis businesses. She has particular expertise in communication with local Latino communities.

KYLE TANKARD, CANNABIS SERVICES GROUP LEADER/SENIOR CONSULTANT

SCI

Kyle Tankard, Senior Consultant, serves as the Cannabis Services Group Leader at SCI providing local cannabis policy expertise in California. He plays a diverse role, assisting municipalities with all aspects of local cannabis implementation including regulatory development, taxation policy and cost recovery, cannabis compliance, application review, and cannabis-related public education and outreach. In addition, Mr. Tankard brings seven years of project management experience to SCI, leading and assisting in the formation and administration of local revenue

measures and their annual administration. He currently administers a variety of assessments and tax levies for a variety of special districts and cities throughout California.

CHRIS COULTER, SENIOR CANNABIS CONSULTANT/SENIOR CONSULTANT

SCI

Chris Coulter, Senior Consultant, serves as a senior Cannabis Consultant at SCI contributing extensive experience assisting local agencies in developing cannabis policies for regulation, compliance, auditing and economic development. Mr. Coulter has developed high-profile commercial cannabis application selection processes for several jurisdictions in California and contributes comprehensive knowledge of implementing compliance regulations for all cannabis activities. Mr. Coulter also brings extensive consulting experience leading formation of proposition 218 benefit assessment districts, funding measure feasibility projects, rate study analyses, community facility districts and tax rate structures.

REFERENCES

Some of SCI's most current and recent similar cannabis-related services were provided to:

City of Coalinga

Cannabis Services: Implementation Planning, Community Outreach and Stakeholder Engagement, Ordinance Review, Regulatory Fees and Monitoring and Compliance
Status: **Ongoing monitoring and compliance inspections**
Contact: Sean Brewer, Community Development Director
sbrewer@coalinga.com; (559) 935-1533, ext. 124

City of Colfax

Cannabis Services: Application Review, **Monitoring and Compliance Inspections and Financial Audits**
Status: Ongoing
Contact: Wes Heathcock, City Manager
Wes.Heathcock@colfax-ca.gov; (530) 346-2313

City of Shasta Lake

Cannabis Services: Implementation Planning, Community Outreach and Stakeholder Engagement, Ordinance Development and Review, Application Process and Fees, Regulatory Fees and Tax Measure
Status: **Ongoing monitoring and compliance inspections**
Contact: John Duckett, City Manager
jduckett@cityofshastalake.org; (530) 275-7427

City of Woodlake

Cannabis Services: Ordinance Development and Review, Application Process and Fees, Regulatory Fees and Monitoring and Compliance
Status: **Ongoing monitoring and compliance inspections**
Contact: Jason Waters, Community Development Director
jwaters@ci.woodlake.ca.us; (559) 564-8055

Additional SCI's cannabis clients include:

City of Alameda	City of Merced
City of Avalon	City of Santa Ana
City of Concord	City of Vallejo
City of Encinitas	City of Yreka
City of Goleta	County of Alameda
City of La Mesa	County of San Luis Obispo
City of Livingston	County of Tuolumne

FEE SCHEDULE

In consideration for the work accomplished, as outlined in this fee proposal, SCI shall be compensated as detailed below:

1. Monitoring and Compliance Checklist Development \$ 4,000
2. Monitoring and Compliance Inspections

<u>Task</u>	<u>Cost Per Inspection</u>
Cultivation	\$ 3,800
Cultivation (Nursery)	\$ 3,200
Distribution	\$ 2,600
Manufacturing	\$ 6,800
Retail	\$ 2,900
Testing	\$ 2,600

(Regulatory Fees have been reduced by 20% to reimburse City costs.)

3. Optional – Training Workshop \$2,500 per meeting

Hourly rates are shown in the table below:

<u>SCI Staff</u>	<u>Hourly Rate</u>
John Bliss, President	\$ 250
Kyle Tankard, Senior Cannabis Consultant	\$ 200
Arcelia, Senior Cannabis Consultant	\$ 175
Chris Coulter, Senior Cannabis Consultant	\$ 175
Support Staff	\$ 65

Incidental costs incurred for the purchase of additional travel and other out-of-pocket expenses will be reimbursed at actual cost, with the total not to exceed \$2,500 without prior authorization from the City.

ADDITIONAL INFORMATION

EMPLOYMENT POLICIES

SCI does not and shall not discriminate against any employee in the workplace or against any applicant for such employment or against any other person because of race, religion, sex, color, national origin, handicap, or age or any other arbitrary basis. SCI ensures compliance with all civil rights laws and other related statutes.

CONFLICT OF INTEREST STATEMENTS

SCI has no known past, ongoing or potential conflicts of interest for working with the City, performing the Scope of Work or any other service for this Project.

PENDING LITIGATION

SCI does not have any claims, lawsuits or litigation pending or within the last five years.

INSURANCE

SCI carries professional Errors and Omissions insurance in the amount of \$2 million per occurrence and \$2 million aggregate. SCI also carries general liability insurance in the amount of \$2 million per occurrence and \$4 million aggregate.

INDEPENDENT CONTRACTOR

If selected, SCI shall perform all services included in this proposal as an independent contractor.

ADDITIONAL SCOPE OF WORK

In the event the City elects to request optional, additive scope of work, SCI will work with the City to negotiate compensation for these additional tasks and execute an Addendum to the agreement for these additional services.

RESPONSIBILITIES OF CITY

SCI will make every effort to minimize the workload on the City, but may need assistance, iteratively, with project overview and history, scheduling and budgeting.

COORDINATION WITH CITY

SCI will coordinate services with City staff through frequent and concise communications including face-to-face meetings, telephone calls and e-mail.

RESOLUTION NO. 2017- 67

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MERCED, CALIFORNIA,
APPROVING APPLICATION FEES FOR
COMMERCIAL CANNABIS BUSINESS PERMITS
AND ANNUAL REGULATORY FEES FOR
COMMERCIAL CANNABIS BUSINESSES**

WHEREAS, the City Council of the City of Merced held a noticed public hearing on November 20, 2017, on proposed Ordinance No. 2480, at which time all those interested in the matter were provided the opportunity to speak or provide written or oral testimony regarding proposed Ordinance No. 2480, which amended the Zoning Ordinance (Title 20 of the Merced Municipal Code) to regulate all commercial cannabis activities and the cultivation of cannabis for personal use in the City of Merced; and

WHEREAS, after hearing all the evidence and testimony, on November 20, 2017, the City Council introduced Ordinance No. 2480. Ordinance No. 2480 was subsequently adopted on December 4, 2017, and will become effective 30 days later on January 3, 2018; and

WHEREAS, Ordinance No. 2480 included Section 20.44.170(O), which set forth that non-refundable initial application fees and non-refundable application renewal fees to cover the cost of processing an application and Commercial Cannabis Regulatory Fees, based on estimated additional costs of enforcement and monitoring associated with cannabis operations, shall be established by the City Council by resolution. The Regulatory Fee to be due and payable prior to opening the business and thereafter on or before the anniversary date. The Regulatory Fee may be amended from time to time based upon actual costs. Both the application fees and regulatory fees shall be adjusted annually each January 1st (starting in January 1, 2019) for the cost of inflation based on the Consumer Price Index (CPI); and

WHEREAS, after reviewing the estimated time and cost of City staff, including consultants if applicable, to process Commercial Cannabis Business Permit applications and to conduct enforcement and monitoring inspections of Commercial Cannabis Businesses in the City of Merced at appropriate intervals, a fee schedule was prepared; and

WHEREAS, the City Council of the City of Merced held a noticed public hearing on December 18, 2017, on the proposed fee schedule, at which time all

EXHIBIT B

those interested in the matter were provided the opportunity to speak or provide written or oral testimony regarding the proposed fees.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MERCED AS FOLLOWS:

SECTION 1. That certain document entitled "Application Fees for Commercial Cannabis Business Permits and Annual Regulatory Fees for Commercial Cannabis Businesses in the City of Merced", attached hereto as Exhibit "A," is hereby approved.

SECTION 2. The fees herein shall become effective sixty (60) days within the date of this Resolution.

PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the 18 day of December 2017, by the following vote:

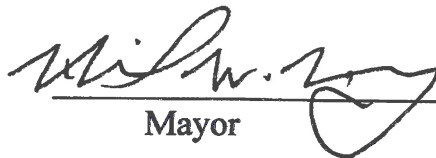
AYES: 7 Council Members: BELLUOMINI, BLAKE, MARTINEZ,
MCLEOD, MURPHY, PEDROZO, SERRATTO

NOES: 0 Council Members: NONE

ABSENT: 0 Council Members: NONE

ABSTAIN: 0 Council Members: NONE

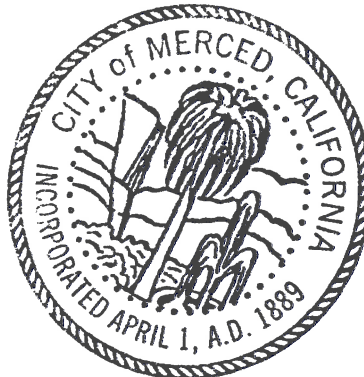
APPROVED:


Mayor

ATTEST:
CITY CLERK

BY: 
Assistant Deputy City Clerk

(SEAL)



APPROVED AS TO FORM:

K. Stokes 12.4.17
City/Attorney Date



City of Merced
Commercial Cannabis Business Permit (CCBP) Application Fees and Cannabis
Business Annual Regulatory Fees

<u>CCBP Application Fees</u>	<u>Proposed Fee</u>
Phase 1 (All Types)	\$964.00
Phase 2 (Merit-Based)	\$8,577.00
Phase 2 (Non-Merit Based)	\$6,250.00
Annual CCBP Renewal	\$2,232.00
Appeal of a CCBP	\$374.00
Appeal of a CCBP Renewal	\$473.00

Note: Application fees are due and payable upon submittal of a Commercial Cannabis Business Permit Application. The amount of the fees shall be adjusted annually (starting on January 1, 2019) to account for inflation by using the Consumer Price Index (CPI). In no event, shall the fees in any year be less than the preceding year.

<u>Annual Regulatory Fees</u>	<u>Proposed Fee</u>	<u># of Inspections/Year</u>
Cultivation--Up to 10,000 SF	\$18,193.00	4
Cultivation--Nursery Only	\$15,275.00	4
Distribution	\$12,556.00	4
Manufacturing	\$32,595.00	4
Retail Sales	\$20,920.00	6
Testing	\$6,259.00	2

Note: The Regulatory Fee is to be due and payable prior to opening the business and thereafter on or before the anniversary date. The Regulatory Fee may be amended from time to time based upon actual costs. The amount of the fees shall be adjusted annually (starting on January 1, 2019) to account for inflation by using the Consumer Price Index (CPI). In no event, shall the fees in any year be less than the preceding year.

EXHIBIT A