



## Legislation Text

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**SUBJECT: Authorization to Waive the Competitive Bidding Process and Approval of Professional Services Agreement with SCI Consulting to Assist with the Inspection of Permitted Commercial Cannabis Businesses in a not-to-Exceed Amount of \$150,000**

### REPORT IN BRIEF

Considers waiving the competitive bidding process and approving a professional services agreement with SCI Consulting to assist with the inspection of permitted Commercial Cannabis Businesses in a not-to-exceed amount of \$150,000.

### RECOMMENDATION

**City Council** - Adopt a motion waiving the competitive bidding process and approving the Professional Services Agreement with SCI Consulting in the amount of \$150,000 for assistance in inspection of permitted Commercial Cannabis Businesses and authorizing the City Manager or the Assistant City Manager to execute the documents.

### ALTERNATIVES

1. Approve the agreement as recommended by staff; or,
2. Approve the agreement, subject to modifications by City Council (identify specific items to be identified in the motion); or,
3. Deny; or,
4. Refer to staff for reconsideration of specific items (to be addressed in motion); or,
5. Continue to a future City Council meeting (date and time to be specified in motion).

### AUTHORITY

Municipal Code Section 3.04.110 - Provides for Exceptions to the bidding requirements of Sections 3.04.090, 3.04.120, and 3.04.130, for professional or specialized services such as, but not limited to, services rendered by architects, attorneys, engineers, and other specialized consultants. In addition, MMC section 3.04.210 provides that the competitive bidding requirements may be waived with the approval of the City Council.

Municipal Code Section 20.44.170(O), which sets forth that enforcement and monitoring associated with cannabis operations is necessary, and Resolution 2017-67 of the Merced City Council, which approved annual regulatory fees for the same purpose.

### CITY COUNCIL PRIORITIES

As provided for in the 2019-2020 adopted budget.

## **DISCUSSION**

### Background

After passage of Ordinance 2480, which created a process by which cannabis businesses could become permitted in the City of Merced, and Ordinance 2498, which amended that process, cannabis businesses have begun to open their doors in Merced. Part of the continuing process is the inspection of operating businesses to ensure compliance with local regulations.

As City staff has not performed this level of inspection on a cannabis business in the past, expertise from an outside consultant will allow for better training and more efficient procedures to be created, which will cumulatively grow in-house experience among City staff to handle more of the enforcement and monitoring as time passes. The consultant will develop a monitoring and compliance checklist, provide comprehensive monitoring and compliance inspections of facilities and operations of cannabis businesses, and hold a monitoring and compliance staff training workshop in order to train and prepare staff to conduct inspections.

SCI Consulting is being recommended for this service due to their familiarity with the City of Merced's existing ordinances and regulations thanks to their participation in creating those ordinances and procedures. They also provide similar services to other agencies.

SCI was initially chosen to assist in the preparation of the Commercial Cannabis Ordinance and other supporting services following an RFP that was issued in early in 2017. There are still relatively few providers of this type of service given the short time since the implementation locally of the commercial cannabis ordinance. SCI has continued to provide as needed support and other work since that time. A recent example includes the preparation of the tax remittance documents that will be used by the Finance Department for collection of Measure Y revenue.

SCI Consulting's ability to quickly engage the necessary work will help reduce the time potentially needed to bring a new consultant up to speed on the specific intricacies of Merced's cannabis process. Currently, the City has two Commercial Cannabis retail locations open with a third scheduled before the end of January. Each will require multiple onsite inspections under our adopted zoning code.

SCI will bill the City based on each inspection, which ranges from \$2,600 to \$6,800 depending on the type of business. \$150,000 was budgeted for this task for FY 2019-20, but it is unlikely that the City will exceed that amount this fiscal year. Staff believes the budget allocation will last into the next budget year.

### City Council Action

City staff recommends that the City Council waive the competitive bidding process for this specialized consultant service and approve the Professional Services Agreement with SCI Consulting (Attachment 1), in the amount of \$150,000 to assist with the inspection of permitted Commercial Cannabis Businesses.

## **IMPACT ON CITY RESOURCES**

No appropriation of funds is needed because \$150,000 was allocated in the FY 2019-20 Planning Division Budget to begin inspections and monitoring of cannabis businesses. Planning, Building, Fire, Finance, and Police staff resources will need to be allocated for training on inspections, managing consultant contracts, and other activities related to inspection and monitoring.

**ATTACHMENTS**

1. Professional Services Agreement with SCI Consulting
2. Resolution 2017-67, with updated Fee Schedule for 2020