



## Legislation Text

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**File #:** 17-069, **Version:** 1

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*Report Prepared by: Kim Espinosa, Planning Manager, Development Services Department*

**SUBJECT:** Supplemental Appropriation from the General Fund FY 16/17 Balance for Professional Services Agreement with SCI Consulting Group for Preparation of Regulations and Selection Process for Medical Marijuana Dispensaries

### REPORT IN BRIEF

The City Council will consider approving a Professional Services Agreement with SCI Consulting Group for the preparation of regulations and selection process for medical marijuana dispensaries.

### RECOMMENDATION

**City Council** - Adopt a motion:

- A. Approving an Agreement for Professional Services with SCI Consulting Group to prepare regulations and selection process for medical marijuana dispensaries in the amount of \$108,290; and,
- B. Approving a supplemental appropriation from the General Fund balance in the amount of \$108,290 to be transferred to Account 017-0804-512-17-00-Professional Services for payment to SCI Consulting Group for planning services; and,
- C. Authorizing the Finance Officer to make the necessary budget adjustments; and,
- D. Authorizing the City Manager to execute the above agreement.

### 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 amended in the motion); or,
- 3. Deny; or,
- 4. Refer to staff for reconsideration of specific items (to be addressed in the motion); or,
- 5. Continue to a future City Council meeting (date and time to be specified in the motion).

### AUTHORITY

Charter of the City of Merced, Section 200.

### CITY COUNCIL PRIORITIES

In 2016, the City Council adopted Ordinance No. 2464 authorizing the establishment of procedures

and regulations for medical marijuana dispensaries.

## **DISCUSSION**

### Background

After several public meetings/hearings and extensive public discussion from January to July 2016, on August 1, 2016, the Merced City Council introduced Ordinance No. 2464 (which passed by a 4-3 vote) and was subsequently adopted on August 15, 2016, and was effective 30 days later on September 15, 2016.

Ordinance No. 2464 has the following provisions:

- 1) Allows medical marijuana dispensaries with a Conditional Use Permit in the C-O (Professional/Commercial Office) District and Planned Developments (P-D) with Commercial Office General Plan designations, but also places restrictions on medical marijuana dispensaries as follows:
  - a) The proposed dispensary cannot be located within 600 feet of the property line of any kindergarten, elementary school, middle school, or high school (consistent with State law);
  - b) The proposed dispensary cannot be located within 500 feet of the property line of any public park that includes playgrounds, active play areas, and/or sports fields (not including bike paths);
  - c) The proposed dispensary cannot be located within 500 feet of the property line of any youth center, City-owned and operated recreational center, or public library;
  - d) No more than four dispensaries shall be authorized to operate in the City at any given time; and,
  - e) Dispensaries must also obtain a license from the State of California to operate a dispensary prior to opening for business at a specific location in the City.
- 2) Allows deliveries of medical marijuana from licensed dispensaries during the hours of 8:00 a.m. and 7:00 p.m.; and,
- 3) Allows the indoor growth of up to six marijuana plants for personal use by qualified patients and caregivers.

The Ordinance also included language stating that the applications for medical marijuana dispensaries would not be accepted until specific regulations regarding the dispensaries had been adopted by the City Council. These include specific regulations regarding the operations of the dispensaries and objective standards for the issuance of the regulatory permit that a proposed operator must obtain prior to applying for a conditional use permit for a dispensary.

Because the City has not yet adopted specific regulations regarding the operations of dispensaries and objective standards for the issuance of regulatory permits for dispensaries, the City is currently not authorized to accept applications for regulatory permits for dispensaries or applications for a conditional use permit for dispensaries.

### Consultant Selection Process

On November 28, 2016, the City sent out a Request for Proposals (RFP) for consulting firms to prepare operating regulations and to determine an objective selection process for awarding the four conditional use permits for medical marijuana dispensaries allowed in the City as required under Ordinance #2464. The RFP was sent to 7 firms that specialize in this kind of work for public

agencies. Proposals were due on Friday, January 6, 2017. 5 proposals were received and based on their proposals, staff decided to interview four of the firms. Those firms were SCI Consulting Group, ICF International, HDL Companies, and Muni Services.

On January 24, 2017, a City staff panel consisting of Assistant City Manager Stephanie Dietz, Contract Deputy City Attorney Kim Flores, and Planning Manager Kim Espinosa interviewed the four firms. The panel ranked the firms based on various criteria as outlined in Attachment 1 and unanimously recommended the selection of SCI Consulting Group. The panel believed that based on their experience, approach, and enthusiasm for the project, SCI would be the appropriate fit and offer the best services to the City.

The City Attorney's office has prepared a Professional Services Agreement with SCI Consulting Group in the amount of \$108,290 (see Attachment 2).

In summary, the Scope of Services (see Exhibit A of Attachment 2) will include the preparation of operating regulations for medical marijuana dispensaries, the preparation of a dispensary selection process, the preparation of a full cost recovery plan for the selection process, extensive public input and outreach, and implementation of the dispensary selection process once adopted. Other services, which were added to the original scope of services, include: a) making sure that the above procedures could be applied to recreational marijuana businesses based on Proposition 64 in the future; b) the development of a regulatory fee for full cost recovery for ongoing implementation of the dispensary regulations; and c) the preparation of recommendations regarding possible medical marijuana testing, distributor, and transporter businesses in the City.

## **IMPACT ON CITY RESOURCES**

No funding is currently allocated for this project in the FY 16-17 Budget. Therefore, funds in the amount of \$108,290 will need to be appropriated from the General Fund into the Professional Services Account of the Development Services Department in order to cover the cost of the consultant contract.

## **ATTACHMENTS**

1. Consultant Rankings
2. Professional Services Agreement with SCI Consulting Group