



Legislation Text

File #: 17-644, **Version:** 1

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SUBJECT: First Amendment to Professional Services Agreement with SCI Consulting to Assist with the Preparation of the Cannabis Tax Measure

REPORT IN BRIEF

The City Council will consider approving an amendment to a professional services agreement with SCI Consulting to assist with the preparation of the Cannabis Tax Measure in the amount of \$26,750.

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving the First Amendment to Agreement for Professional Services with SCI Consulting in the amount of \$26,750; and,
- B. Approving a supplemental appropriation from General Fund unreserved fund balance in the amount of \$26,750, transferring to Development Service Fund (017) and appropriating the same to account 017-0804-512-17-00 Professional Services.
- C. Authorizing the City Manager or Assistant City Manager to sign the necessary documents.

ALTERNATIVES

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

AUTHORITY

Section 20.44.170(O)(6) of recently-adopted Ordinance No. 2480 calls for the preparation of "Additional cannabis-specific gross receipts, excise, cultivation, or any other tax approved by the voters of the City of Merced."

CITY COUNCIL PRIORITIES

On March 29, 2017, the City Council held a study session on priorities and medical marijuana regulations were listed under "City Administration-Current Projects."

DISCUSSION

Background

On February 21, 2017, the City Council approved a Professional Services Agreement with SCI Consulting in the amount of \$108,290 to prepare the operating regulations and selection process for cannabis dispensaries. On November 20, 2017, the City Council adopted Ordinance No. 2480, prepared by SCI, for Commercial Cannabis Businesses in Merced, which will become effective on January 3, 2018. Section 20.44.170(O)(6) of Ordinance No. 2480 calls for the preparation of “Additional cannabis-specific gross receipts, excise, cultivation, or any other tax approved by the voters of the City of Merced.”

Proposed Scope of Work

Staff has prepared a First Amendment to the Professional Services Agreement with SCI Consulting (Attachment 1) to cover additional services related to the Cannabis Tax Measure in the amount of \$26,750. Additional services include: a) development of a comprehensive tax methodology; b) conducting a stakeholder meeting in support of the development of the tax methodology; and, c) preparation of the tax ordinance. Details can be seen at Exhibit 1 of Attachment 1. Staff is recommending approval.

IMPACT ON CITY RESOURCES

An appropriation of \$26,750 is needed from the General Fund to the Development Services Fund in order to pay for the professional services contract. However, SCI Consulting will be assisting with the preparation of a Cannabis Tax Measure that has the potential to raise significant revenue for the City in the future.

ATTACHMENTS

1. 1st Amendment to Professional Services Agreement with SCI Consulting