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Title: Actions pertaining to Commercial Cannabis Activity:
1. ***RESOLUTION - 46th Amendment to the Annual Appropriation Resolution No. 2020-159 appropriating \$71,700 for the Cannabis Consulting and Support Services Agreement (Subject to Mayor's Veto)
2. Approve an Agreement Amendment with Hinderliter, de Llamas, and Associates for Professional Cannabis Consulting and Support Services

Sponsors: Office of Mayor & City Manager

Indexes:

Code sections:

Attachments: 1. 46th AAR Resolution, 2. HdL Original Contract, 3. HdL First Amendment, 4. HdL Second Amendment

Date	Ver.	Action By	Action	Result
11/19/2020	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

November 19, 2020

FROM: WILMA QUAN, City Manager
Office of the Mayor & City Manager

THROUGH: TIM ORMAN, Chief of Staff to the Mayor
Office of the Mayor & City Manager

BY: JENNIFER RUIZ, Project Manager
Office of the Mayor & City Manager

SUBJECT

Actions pertaining to Commercial Cannabis Activity:

1. ***RESOLUTION - 46th Amendment to the Annual Appropriation Resolution No. 2020-159 appropriating \$71,700 for the Cannabis Consulting and Support Services Agreement (Subject to Mayor's Veto)
2. Approve an Agreement Amendment with Hinderliter, de Llamas, and Associates for Professional Cannabis Consulting and Support Services

RECOMMENDATION

Staff recommends that City Council approve, and allow the City Manager or designee to enter into the attached Amended Consultant Services Agreement between the City of Fresno (City) and Hinderliter, de Llamas, and Associates (HdL) for continued professional cannabis consulting support services. This will allow the City to continue to work with HdL for technical support relating to the development of the Commercial Cannabis Business (CCB) Permit framework.

EXECUTIVE SUMMARY

Staff recommends approval of the Amended Agreement with HdL and authorization for the City Manager or designee to enter into such agreement. The agreement will allow the City to continue to work with HdL for technical assistance support on the development of the City's commercial cannabis framework by authorizing:

- 50 additional hours for Application Process, Workflow, Timelines - specifically technical support, as needed, during the application review process for clarification of applicant proposals or technical issues specific to the cannabis industry.
- 25 additional hours for Development of Fee Structure - specifically technical support, as needed, on the development of the permit fee

The current agreement authorizes additional technical support for items not specifically detailed in the original scope of work.

BACKGROUND

In September 2019, the City published an RFQ for cannabis consulting services. Subsequently, on March 8, 2020, the City and Hinderliter, de Llamas and Associates (HdL) entered into a Consultant Services Agreement for professional cannabis consulting and support services to support the development of the City's Commercial Cannabis Business Permit framework. The agreement was amended in June 2020 to extend the timeline of service delivery due to the delays caused by the COVID-19 pandemic.

The scope of this agreement includes the following main components of technical assistance:

1. Organization and Reporting Structure
2. Application Process, Workflow, Timelines
3. Development of Fee Structure
4. Industry Outreach and Education Program
5. Training

The agreement further indicates, "Any additional services requested by the client that are not specifically described in this proposal would be billed at the standard rate for the assigned staff person (ranges from \$195 to \$300 per hour). The City Manager's Office requests approval of this amendment to add available hours to the agreement relating to areas 2 and 3.

Application Process, Workflow, Timelines

The amendment proposes to add 50 hours of technical assistance relating to the application process. These hours are reserved for when the application review team, a panel of City staff members, are conducting application reviews and identify technical questions relating to applicant proposals that

may need further explanation for the purposes of proper evaluation. It is estimated that a single application will take approximately 8 hours to review. The additional 50 hours of technical assistance during the review process will only be billed if utilized.

Development of Fee Structure

HdL assisted the administration in developing the cannabis permit application fee (FMC 9-3316(e)). The administration still needs to develop the permit fee pursuant to FMC 9-3317(h) and requests an additional 25 hours allocated to this agreement for HdL to assist with the permit fee analysis. The permit fee involves an analysis of the regulatory costs of the program. The number of hours allocated to this task is based on the time spent in developing the application fee, as well as the expectation that an analysis of expected regulatory costs will involve further planning and communication meetings with the various City departments that will have a role in the regulation of permitted cannabis businesses in the City of Fresno.

The total allocated budget for the agreement was \$49,200.00. As of the last invoice dated 8/20/2020, the current agreement is 64% spent. The City has primarily worked with HdL's Compliance Director, whose billing rate is \$300.00 per hour. This proposal requests authorization of an additional 75 hours for a total authorization request of \$22,500.00 and an extension of the term of the agreement to March 31, 2020. This additional authorization would bring the total contract amount to \$71,700.00.

ENVIRONMENTAL FINDINGS

Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378, this item is not a project for the purposes of CEQA.

LOCAL PREFERENCE

Local preference was not considered because this is an amendment to an existing agreement.

FISCAL IMPACT

The total contract amendment amount of \$22,500 will be paid as services are rendered, billed on a monthly basis as shown in Attachment 3 through the General City Purpose Fund.

Attachments:

1. 46th AAR Resolution
2. HdL Original Contract
3. HdL First Amendment
4. HdL Second Amendment