



CITY COUNCIL AGENDA STATEMENT



January 28, 2020

File ID: 20-0033

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AMENDMENT TO THE AGREEMENT WITH HDL COMPANIES FOR SERVICES RELATED TO CANNABIS BUSINESS APPLICATIONS AND APPROPRIATING \$100,000, FROM THE GENERAL FUND, TO BE OFFSET BY APPLICATION FEES

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

In March 2019, the Chula Vista City Council approved the agreement with HdL for commercial cannabis application review services in an amount not to exceed \$539,500. This resolution is to reflect the performance of the following services by HdL Companies: provisional background checks, administrative appeal proceeding participation, and reassessment of applicant scores when appropriate. This will bring the total not to exceed contract value to \$639,500

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable

DISCUSSION

The Adult Use of Marijuana Act (AUMA), adopted by the voters of the State of California in November 2016, decriminalized non-medicinal cannabis and established a regulatory system for non-medicinal cannabis businesses in California. The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), enacted by the California Legislature in June 2017, establish a comprehensive set of laws regulating both individual and commercial medicinal and non-medicinal cannabis activity throughout the State of California. Under California law, local jurisdictions are authorized to either permit or prohibit the operation of cannabis businesses within their boundaries.

On March 6, 2018, the Chula Vista City Council approved adoption of an ordinance permitting, licensing, and regulating cannabis businesses in the City of Chula Vista. Chula Vista Municipal Code Chapter 5.19 details the licensing, operating, and compliance regulations and guidelines for those businesses. As the City of Chula Vista moves forward to permit, license, and fully regulate commercial cannabis activities within the City, it is seeking to retain HdL Companies for assistance in this process.

HdL Companies has over 30 years of experience providing revenue enhancement and consulting services to local governments in California. In addition, they have provided consulting and management services to numerous government agencies in the cannabis application review, ranking and scoring, and applicant interview processes. The City has sought and continues to seek provision of services from HdL Companies, including completion of background checks, participation in administrative appeal proceedings, and reassessment of applicant scores when appropriate. The agreement with HdL Companies encompasses the following tasks 1-5 outlined in original agreement and 6-8 added with amendment;

1. Application Reviews and Initial Rankings;
2. Preparation and Interview Panel;
3. Preparation of Final Report;
4. Provide Subject Matter Expertise & Technical Support;
5. Contingency for Additional Reviews and Interviews;
6. Conduct Provisional Background Checks
7. Participate in administrative appeal proceedings
8. Reassess erroneous applicant scores as determined by the City Manager

The proposed services are broken down into specific line items in the cost table below.

Task	Description	Deliverables	Estimated Cost
1	Provide review, scoring and merit-based ranking for all commercial cannabis business applications.	Review and score 136 applications.	\$2,500 per applicant
2	Design and prepare interview process, provide support for interview panel, and conduct applicant interviews. (2 Consultant staff members)	Prepare to interview up to 60 applicants.	\$1,000 per applicant
3	Compile all scores and prepare final report to the City.	To inform the final determination of which applicants shall be granted permits.	\$2,000
4	Provide up to 40 hours of subject matter expertise and technical assistance, to be used as needed.		\$10,000
5	Provide a contingency for up to 15 additional application reviews and applicant interviews, if needed.		Priced as above per applicant identified in Task 1 and Task 2

6	Conduct provisional background reviews of individuals associated with cannabis business applications.	Prepare provisional background review report for each individual.	\$300 per individual
7	Participate in administrative appeal proceedings involving appeal of cannabis business application scores. For appeal hearings, testify by phone, video, or in person, at City's discretion, in response to all issues raised on appeal, of which Consultant has relevant knowledge. For appeals in writing only, testify by written declaration in response to all issues raised on appeal, of which Consultant has relevant knowledge.	Testify at hearings or in writing about score being appealed.	\$150/hr, up to a maximum of \$300 per appeal
8	When the City Manager determines a score is erroneous, evaluate the City Manager's determination and reassess the application. Determine whether rescore is appropriate and, if appropriate, rescore.	Prepare short report with application reassessment findings in response to City Manager's determination and, if appropriate, rescore of application.	\$150 per appeal

Delegating of Authority to the City Manager

A final detailed scope of work and the terms of agreement are identified in the attached amendment. Accordingly, this item also requests that City Council authorize and direct the City Manager to execute amendment with the terms presented as approved by the City Attorney.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

The cannabis application fees paid by prospective applicants will be utilized to pay for the application review services provided by HdL Companies. Such fees should be adequate to offset the contract costs. Therefore, there is no anticipated fiscal impact to the General Fund.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact

ATTACHMENTS

First Amendment

Staff Contact: David Bilby, Director of Finance/Treasurer, Finance Department