



## Agenda Report

19-452

Agenda Date: 6/25/2019

### REPORT TO COUNCIL

#### **SUBJECT**

Action on Amendment No. 2 to an Agreement for Services with SCI Consulting Group for the Development of a Commercial Cannabis Regulatory Program

#### **BACKGROUND**

In October 2017, the City of Santa Clara issued a Request for Proposal (RFP) for consulting services to assist the City with developing regulations for commercial cannabis/personal use activity and a corresponding regulatory fee and tax plan. On December 19, 2017, Council approved an agreement with SCI Consulting Group ("SCI") for services through December 1, 2018 with a not to exceed amount of \$192,000.

Under the terms of the agreement, SCI is responsible for conducting public education/outreach regarding Proposition 64 and potential cannabis activity in Santa Clara; researching and assessing the City's General Plan, zoning laws and current regulations that may affect cannabis regulations in Santa Clara; assisting in the preparation of City ordinances and regulations for commercial cannabis activities and personal cultivation, including any requisite CEQA documentation; developing a Commercial Cannabis Management Program which would include an application and permitting process for cannabis businesses together with a full City cost recovery plan; and assisting in the preparation of a cannabis-related special tax measure for voter consideration in 2018.

#### **DISCUSSION**

SCI began its work with the City in January and has provided community and stakeholder outreach, research and assessment of current cannabis rules and regulations and their applicability to proposed City regulations, assistance with drafting City Ordinances and regulations for commercial cannabis activity, and assistance with developing the City's Cannabis Business Tax ballot measure ("Measure M").

The City still requires the services of SCI to help develop the remaining Ordinances that will regulate the safety and zoning parameters for cannabis businesses, an application and permitting process for cannabis businesses, a full cost recovery fee plan, and a cash management policy and procedure. These services are within the scope of SCI's current agreement with the City.

The proposed Amendment No. 2 extends the term of the agreement to June 30, 2020 to allow the City and SCI more time to develop the remaining regulations for commercial cannabis activity in Santa Clara.

**ENVIRONMENTAL REVIEW**

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

**FISCAL IMPACT**

There is no fiscal impact associated with this item other than staff time and expense. The funding for this agreement has been encumbered and will be sufficient for this agreement.

**COORDINATION**

This item was coordinated with the City Attorney's Office.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

Approve and authorize the City Manager to execute Amendment No. 2 to the Agreement with SCI Consulting Group for the Development of a Commercial Cannabis Regulatory Program extending the term to June 30, 2020.

Reviewed by: Ruth Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. SCI Consulting Group Amendment No. 2