



City Council Agenda Item

City Council Meeting Date: June 4, 2019

TO: Honorable Mayor and Members of the City Council

FROM: Jeff Malawy, City Attorney
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SUBJECT: Approval of Third Amendment to Professional Services Agreement with SCI Consulting Group

Recommendation:

Staff recommends the City Council approve the attached Third Amendment to Professional Services Agreement (Amendment) with SCI Consulting Group (SCI) and direct the City Manager to execute it.

Background:

On March 6, 2018, City and SCI entered into a Professional Services Agreement for SCI to perform review of cannabis permit applications. On March 9, 2018, City and SCI entered into a First Amendment, and on October 1, 2018, City and SCI entered into a Second Amendment (collectively "Agreement"). The Agreement provides SCI will be compensated at a total of \$4,000 per application reviewed based on about 23 hours of review time. The total aggregate compensation for all reviews pursuant to the Agreement is limited to \$100,000.

Due to several additional reviews needed for resubmitted responses to comments, SCI has informed the City it will exceed the \$4,000 (23 hour) limit for application CCU 2018-17. Based on that, SCI and staff are seeking an amendment to the Agreement.

Discussion:

Since March 6, 2018, the City has received 27 cannabis permit applications. Of those, 12 permits have been issued. The remaining balance of applications are in various stages of the application process.

The Amendment will allow flexibility for the City Manager to approve additional expenditures, over \$4,000, on an as-needed basis per application. As with all expenses relating to cannabis permits, the additional costs will be passed on to the applicant. The

maximum compensation to be paid pursuant to the Agreement for SCI's review of all applications will remain at \$100,000. To date, \$62,402.89 has been paid to SCI pursuant to the Agreement.

Fiscal Impact:

As approved by the City Council, cannabis permit applicants pay a deposit at the time of submission of their application, against which the City charges the actual expenses incurred. Since the direct costs of the Agreement, and Amendment, are charged against the applicants' deposits, approval of the Amendment would cause no fiscal impact to the General Fund.

Conclusion:

Approval of the Amendment will provide for flexibility of the City Manager to approve additional consultant costs required for processing of cannabis license applications, as needed.

Respectfully submitted,



Jeff Malawy, City Attorney

Attachment: Third Amendment to Professional Services Agreement