

RESOLUTION NO. 2025-93

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA, AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH SCI CONSULTING NOT TO EXCEED \$60,000 TO PROVIDE CANNABIS PROGRAM APPLICATION REVIEW, TAX AUDITS, COMPLIANCE INSPECTIONS, BACKGROUND CHECKS, AND SUBJECT MATTER EXPERTISE AND TECHNICAL SUPPORT

WHEREAS, on November 6, 2018, the citizens of the City of Marina passed an Ordinance allowing Cannabis Business Activity and Establishing Taxes and Fees for Such Businesses within the City of Marina, Amending Title and Chapter Establishing Cannabis Business Activities as a Use Allowed Subject to a Use Permit in Specified Zones and Establishing Uses to Protect Public Health, Safety and Welfare; and,

WHEREAS, on November 3, 2020, the citizens of the City of Marina passed a revised Ordinance that repealed the 2018 voter approved Commercial Cannabis Activities Ordinance, and replaced it with [Chapter 5.80 Commercial Cannabis Business Regulations](#) and [Chapter 17.47 Commercial Cannabis Uses](#)

WHEREAS, SCI Consulting has a team of knowledgeable professionals who have direct experience in the implementation of Cannabis Regulatory Programs including developing applications, application rating systems, reviewing applications for compliance with rules and regulations, performing facility inspections conducting compliance and financial audits, and developing application fees; and,

WHEREAS, SCI's proposal is based on time, materials and travel expenses associated with the execution of these types of services. The contract is for a not to exceed amount of \$60,000; and,

WHEREAS, SCI's fees are 100% cost recoverable through the cannabis application and license process, except for worked performed under Objective 6. Objective 6 encompasses the provision of SCI's technical expertise relating to program implementation (not related to a specific application) and potential ordinance recommended revisions.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Marina does hereby

1. Adopt Resolution No. 2025-, authorizing the City Manager to execute a contract with SCI Consulting not to exceed \$60,000 to provide cannabis program application review, tax audits, compliance inspections, background checks, and subject matter expertise and technical support, subject to final review and approval by the City Attorney.
2. Authorize Finance Director to make appropriate accounting and budgetary entries.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 6th Day of August 2025, by the following vote:

AYES, COUNCIL MEMBERS: McAdams, McCarthy, Biala, Visscher, Delgado

NOES, COUNCIL MEMBERS: None

ABSENT, COUNCIL MEMBERS: None

ABSTAIN, COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk

**CITY OF MARINA
AGREEMENT FOR CANNABIS MANAGEMENT SERVICES**

THIS AGREEMENT is made and entered into on August 7, 2025, by and between the City of Marina, a California charter city, hereinafter referred to as the "City," and SCI Consulting Group a California Corporation, hereinafter referred to as the "Contractor." City and Contractor are sometimes individually referred to as "party" and collectively as "parties" in this Agreement.

Recitals

City desires to retain Contractor to:

- A. Provide cannabis management services as described in Exhibit A, hereinafter referred to as the "Project."
- B. Contractor represents and warrants that it has the qualifications, experience and personnel necessary to properly perform the services as set forth herein.
- C. City desires to retain Contractor to provide such services.

Terms and Conditions

For of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and in consideration of the mutual promises contained herein, City and Contractor agree to the following terms and conditions:

1. Scope of Work.

(a) Contractor is hereby hired and retained by the City to work in a cooperative manner with the City to fully and adequately perform those services set forth in Exhibit "A" attached hereto ("Scope of Work") and by this reference made a part hereof. With prior written notice to Contractor, City may elect to delete certain tasks of the Scope of Work at its sole discretion.

(b) Contractor shall perform all such work with skill and diligence and pursuant to generally accepted standards of practice in effect at the time of performance. Contractor shall provide corrective services without charge to the City for work which fails to meet these standards and which is reported to Contractor in writing within sixty days of discovery. Should Contractor fail or refuse to perform promptly its obligations under this Agreement, the City may render or undertake the performance thereof and the Contractor shall be liable for any expenses thereby incurred.

(c) If services under this Agreement are to be performed by a design professional, as that term is defined in California Civil Code §2782.8(b)(2), design professional certifies that all design professional services shall be provided by a person or persons duly licensed by the State of California to provide the type of services described in Section 1(a). By delivery of completed work, design professional certifies

that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws, and the professional standard of care in California.

(d) Contractor is responsible for making an independent evaluation and judgment of all relevant conditions affecting performance of the work, including without limitation site conditions, existing facilities, seismic, geologic, soils, hydrologic, geographic, climatic conditions, applicable federal, state and local laws and regulations and all other contingencies or considerations.

(e) City shall cooperate with Contractor and will furnish all information data, records and reports existing and available to City to enable Contractor to carry out work outlined in Exhibit "A." Contractor shall be entitled to reasonably rely on information, data, records and reports furnished by the City, however, the City makes no warranty as to the accuracy or completeness of any such information, data, records or reports available to it and provided to Contractor which were furnished to the City by a third party. Contractor shall have a duty to bring to the City's attention any deficiency or error it may discover in any information provided to the Contractor by the City or a third party.

2. Term of Agreement & Commencement of Work.

(a) Unless otherwise provided, the term of this Agreement shall begin on August 7, 2025 and shall expire on December 31, 2027, unless extended by amendment or terminated earlier as provided herein. The date of full execution is defined as the date when all of the following events have occurred:

(i) This Agreement has been approved by the City's Council or by the board, officer or employee authorized to give such approval; and

(ii) The office of the City Attorney has indicated in writing its approval of this Agreement as to form; and

(iii) This Agreement has been signed on behalf of Contractor by the person or persons authorized to bind the Contractor hereto; and.

(iv) This Agreement has been signed on behalf of the City by the person designated to so sign by the City's Council or by the officer or employee authorized to enter into this Contract and is attested to by the Marina City Clerk.

(b) Contractor shall commence work on the Project on or by August 7, 2025 . This Agreement may be extended upon written agreement of both parties. Contractor may be required to prepare a written schedule for the work to be performed, which schedule shall be approved by the City and made a part of Exhibit A, and to perform the work in accordance with the approved schedule.

3. Compensation.

(a) City liability for compensation to Contractor under this Agreement shall only be to the extent of the present appropriation to fund this Agreement. For services to be provided under this Agreement City shall compensate Contractor in an amount not to exceed sixty thousand Dollars (\$60,000) in accordance with the provisions of this Section

(b) Invoice(s) in a format and on a schedule acceptable to the City shall be submitted to and be reviewed and verified by the Project Administrator (see Section 5(a)) and forwarded to the City's Finance Department for payment. City shall notify Contractor of exceptions or disputed items and their dollar value within fifteen days of receipt. Payment of the undisputed amount of the invoice will typically be made approximately thirty days after the invoice is submitted to the Finance Department.

(c) Contractor will maintain clearly identifiable, complete and accurate records with respect to all costs incurred under this Agreement on an industry recognized accounting basis. Contractor shall make available to the representative of City all such books and records related to this Agreement, and the right to examine, copy and audit the same during regular business hours upon 24-hour's notice for a period of four years from the date of final payment under this Agreement.

(d) Contractor shall not receive any compensation for Extra Work without the prior written authorization of City. As used herein, "Extra Work" means any work that is determined by the City to be necessary for the proper completion of the Project but which is not included within the Scope of Work and which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Compensation for any authorized Extra Work shall be paid in accordance with Exhibit B.

(e) Expenses not otherwise addressed in the Scope of Services or the Fee Schedule incurred by Contractor in performing services under this Agreement shall be reviewed and approved in advance by the Project Administrator (Section 5(a)), be charged at cost and reimbursed to Contractor.

(f) There shall be no charge for transportation within Monterey, Santa Cruz and San Benito Counties required for the performance of the services under this Agreement; travel to other locations must be approved in writing and in advance by the City, mileage will be charged at the then current standard rate for business travel as set by the U.S. Internal Revenue Service for such approved travel.

4. Termination or Suspension.

(a) This Agreement may be terminated in whole or in part in writing by either party in the event of a substantial failure by the other party to fulfill its obligations under this Agreement through no fault of the terminating party, provided that no termination may be effected unless the other party is given (1) not less than ten days written notice of intent to terminate, and (2) provided an opportunity for consultation with the terminating party prior to termination.

(b) If termination for default is effected by the City, an equitable adjustment in the price provided for in this Agreement shall be made, but (1) no amount shall be allowed for anticipated profit on unperformed services or other work, and (2) any payment due the Contractor at the time of termination may be adjusted to cover any additional costs to the City because of the Contractor's default. If after the termination for failure of Contractor to fulfill its contractual obligations, it is determined that the Contractor had not failed to fulfill contractual obligations, the termination shall be deemed to have been for the convenience of the City.

(c) The City may terminate or suspend this Agreement at any time for its convenience upon not less than thirty days prior written notice to Contractor. Not later than the effective date of such termination or suspension, Contractor shall discontinue all affected work and deliver all work product and other documents, whether completed or in progress, to the City.

(d) If termination for default is effected by the Contractor or if termination for convenience is effected by the City, the equitable adjustment shall include a reasonable profit for services or other work performed. The equitable adjustment for termination shall provide for payment to the Contractor for services rendered and expenses incurred prior to the termination, in addition to termination settlement costs reasonably incurred by Contractor relating to written commitments that were executed prior to the termination.

5. Project Administrator, Project Manager & Key Personnel.

(a) City designates as its Project Administrator Guido F. Persicone, who shall have the authority to act for the City under this Agreement. The Project Administrator or his/her authorized representative shall represent the City in all matters pertaining to the work to be performed pursuant to this Agreement.

(b) Contractor designates John Bliss as its Project Manager who shall coordinate all phases of the Project. The Project manager shall be available to City at all reasonable times during the Agreement term.

(c) Contractor warrants that it will continuously furnish the necessary personnel to complete the Project on a timely basis as contemplated by this Agreement. Contractor, at the sole discretion of City, shall remove from the Project any of its personnel assigned to the performance of services upon written request of City. Contractor has represented to City that certain key personnel will perform and coordinate the work under this Agreement. Should one or more of such personnel become unavailable, Contractor may substitute other personnel of at least equal competence upon written approval of the City. In the event that City and Contractor cannot agree as to the substitution of key personnel, City shall be entitled to terminate this Agreement for cause. The key personnel for performance of this Agreement are as described in Exhibit B.

6. Delegation of Work.

(a) If Contractor utilizes any subcontractors, consultants, persons, employees or firms having applicable expertise to assist Contractor in performing the services under this Agreement, Contractor shall obtain City's prior written approval to such employment. Contractor's contract with any subcontractor shall contain a provision making the subcontract subject to all provisions of this Agreement. Contractor will be fully responsible and liable for payment for, administration, completion, presentation, and quality of all work performed. If such persons are utilized, they shall be charged at cost. City reserves its right to employ other contractors in connection with this Project.

(b) If the work hereunder is performed by a design professional, design professional shall be directly involved with performing the work or shall work through his, her or its employees. The design professional's responsibilities under this Agreement

shall not be delegated. The design professional shall be responsible to the City for acts, errors or omissions of his, her or its subcontractors. Negligence of subcontractors or agents retained by the design professional is conclusively deemed to be the negligence of the design professional if not adequately corrected by the design professional. Use of the term subcontractor in any other provision of this Agreement shall not be construed to imply authorization for a design professional to use subcontractors for performance of any professional service under this Agreement.

(c) The City is an intended beneficiary of any work performed by a subcontractor for purposes of establishing a duty of care between the subcontractor and the City.

7. Skill of Employees. Contractor shall ensure that any employees or agents providing services under this Agreement possess the requisite skill, training and experience to properly perform such services.

8. Confidential and Proprietary Information. In the course of performing services under this Agreement Contractor may obtain, receive, and review confidential or proprietary documents, information or materials that are and shall remain the exclusive property of the City. Should Contractor undertake the work on behalf of other agencies, entities, firms or persons relating to the matters described in the Scope of Work, it is expressly agreed by Contractor that any such confidential or proprietary information or materials shall not be provided or disclosed in any manner to any of Contractor's other clients, or to any other third party, without the City's prior express written consent.

9. Ownership of Data. Unless otherwise provided for herein, all documents, material, data, drawings, plans, specifications, computer data files, basis for design calculations, engineering notes, and reports originated and prepared by Contractor, or any subcontractor of any tier, under this Agreement shall be and remain the property of the City for its use in any manner it deems appropriate. Contractor agrees that all copyrights which arise from creation of the work pursuant to this Agreement shall be vested in the City and waives and relinquishes all claims to copyright or intellectual property rights in favor of the City. Contractor shall provide two (2) sets of reproducible of the above-cited items, except for the computer data files which shall consist of one (1) set. Contractor shall use all reasonable efforts to ensure that any electronic files provided to the City will be compatible with the City's computer hardware and software. Contractor makes no representation as to long-term compatibility, usability or readability of the format resulting from the use of software application packages, operating systems or computer hardware differing from those in use by the City at the commencement of this Agreement. Contractor shall be permitted to maintain copies of all such data for its files. City acknowledges that its use of the work product is limited to the purposes contemplated by the Scope of Work and, should City use these products or data in connection with additions to the work required under this Agreement or for new work without consultation with and without additional compensation to Contractor, Contractor makes no representation as to the suitability of the work product for use in or application to circumstances not contemplated by the Scope of Work and shall have no liability or responsibility whatsoever in connection with such use which shall be at the City's sole risk. Any and all liability arising out of changes made by the City to Contractor's deliverables is waived against Contractor unless City has given Contractor prior written notice of the changes and has received Contractor's written consent to such changes.

10. Conflict of Interest.

(a) Contractor covenants that neither it, nor any officer or principal of its firm has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of the City or which would in any way hinder Contractor's performance of services under this Agreement. Contractor further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the City Manager. Contractor agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of the City in the performance of this Agreement. Contractor shall represent the interest of the City in any discussion or negotiation with cannabis or tobacco business licensees, and as such, may not accept compensation, commission or payment of any type from any such party or such party's agent. [

(b) City understands and acknowledges that Contractor may be, as of the date of commencement of services under this Agreement, independently involved in the performance of non-related services for other governmental agencies and private parties. Contractor is unaware of any stated position of the City relative to such projects. Any future position of the City on such projects may result in a conflict of interest for purposes of this section.

11. Disclosure. Contractor may be subject to the appropriate disclosure requirements of the California Fair Political Practices Act, as determined by the City Manager.

12. Non-Discrimination.

(a) During the performance of this Agreement the Contractor and its subcontractors shall comply with the applicable laws of the United States of America, the State of California and the City prohibiting discrimination and harassment. In performing this Agreement, Contractor shall not discriminate, harass, or allow harassment, against any employee or applicant for employment because of gender, gender expression, gender identity, genetic characteristics, sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), medical condition (including cancer), mental disability, age, marital status, denial of family and medical care leave and denial of pregnancy disability leave, sexual orientation, military/veteran status and any other characteristics protected by state or federal law. Contractor shall give written notice of its obligations under this clause to labor organizations with which it has a collective bargaining or other agreement.

(b) Contractor shall include the provisions of this Section 12(a) in all subcontracts related to this Agreement.

13. Indemnification.

(a) Other than in the performance of design professional services by a design professional, which shall be solely as addressed by subsection (b) below, and to the full extent permitted by law, Contractor shall indemnify, immediately defend (with independent counsel reasonably acceptable to the City) and hold harmless the City, its Council, boards, commissions, employees, officials and agents (collectively "Indemnified Parties" or in the

singular "Indemnified Party") from and against any claims, losses, damages, penalties, fines and judgments, associated investigation and administrative expenses, and defense costs including but not limited to reasonable attorney's fees, court costs, expert witness fees and costs of alternate dispute resolution (collectively "Liabilities"), to the extent such Liabilities arise out of Contractor's negligence, recklessness or willful misconduct in performing the Work under this Agreement. The duty to defend is a separate and distinct obligation from the Contractor's duty to indemnify and Contractor shall be obligated to defend in all legal, equitable, administrative or special proceedings upon tender to the Contractor of any claim in any form or at any stage of an action or proceeding, whether or not liability is established and the obligation extends through final judgment including exhaustion of any appeals. The Contractor's obligation to indemnify applies unless it is finally determined that the liability was caused by the sole active negligence or sole willful misconduct of an indemnified party. If it is finally determined that liability is caused by the comparative active negligence or willful misconduct of an Indemnified Party, the Contractor's indemnification obligation shall be reduced in proportion to the established comparative liability of the indemnified party. Contractor shall have no duty to indemnify or hold harmless the Indemnified Parties from or against any Liability arising out of or in connection with the sole negligence, or willful misconduct of an Indemnified Party. Furthermore, Contractor shall not be responsible for any Liability arising out of an Indemnified Party's discretionary actions related to the Work or actions taken that are contrary to Contractor's advice.

(b) To the fullest extent permitted by law (including without limitation California Civil Code Sections 2782.8), when the services to be provided under this Agreement are design professional services to be performed by a design professional, as that term is defined by said section 2782.8(c)(2) ("Design Professional") Design Professional shall indemnify, protect and hold harmless any Indemnified Party for all Liabilities regardless of nature or type that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Design Professional, or such acts or omissions of an officer, employee, agent or subcontractor of the Design Professional. Design Professional shall not have an immediate duty to defend an Indemnified Party, however, Design Professional's obligation to indemnify (including reimbursing the cost to defend) and hold the Indemnified Parties harmless applies unless it is finally determined that the liability was caused by the sole active negligence or sole willful misconduct of an Indemnified Party. If it is finally determined that liability was caused by the comparative active negligence or willful misconduct of an Indemnified Party the Design Professional's indemnification obligation shall be reduced in direct proportion to the indemnified party's proportionate percentage of fault. Within 30 days following Design Professional's receipt of a properly presented written invoice Design Professional shall satisfy its indemnification obligations and reimburse the Indemnified Party for the cost of reasonable attorney's fees and defense costs incurred by the Indemnified Party to the same extent of Design Professional's indemnity obligation herein. In no event shall the cost to defend charged to the Design Professional exceed the Design Professional's proportionate percentage of fault.

(c) The provisions of this Section are not limited by the provisions of sections relating to insurance including provisions of any worker's compensation act or similar act. Contractor expressly waives its statutory immunity under such statutes or laws as to City, its employees and officials. An allegation or determination of comparative active negligence or willful misconduct by an Indemnified Party unrelated to design professional services does not relieve Contractor from its separate and distinct obligation to defend City. Contractor agrees to obtain executed indemnity agreements with provisions identical

to those set forth here in this section from each and every subcontractor, sub tier contractor or any other person or entity involved by, for, with or on behalf of Contractor in the performance or subject matter of this Agreement. In the event Contractor fails to obtain such indemnity obligations from others as required here, Contractor agrees to be fully responsible according to the terms of this section. Failure of City to monitor compliance with these requirements imposes no additional obligations on City and will in no way act as a waiver of any rights hereunder.

(d) If any action or proceeding is brought against any Indemnified Party by reason of any of the matters against which the Contractor has agreed to provide an immediate defense to any Indemnified Party, as provided above, Contractor, upon notice from the City, shall defend the Indemnified Party at Contractor's expense by independent counsel reasonably acceptable to the City. Unless otherwise provided above, an Indemnified Party need not have first paid for any of the matters to which it is entitled to indemnification in order to be so defended. Contractor may submit a claim to the City for reasonable defense costs (including attorney's and expert fees) incurred in providing a defense of any Indemnified Party to the extent such defense costs arise under principals of comparative fault from the Indemnified Party's active negligence, recklessness or willful misconduct.

(e) This obligation to indemnify and defend, as set forth herein, is binding on the successors, assigns, or heirs of Contractor and shall survive the termination of this Agreement or this Section.

14. Insurance.

(a) As a condition precedent to the effectiveness of this Agreement and without limiting Contractor's indemnification of the City, Contractor agrees to obtain and maintain in full force and effect at its own expense the insurance policies set forth in Exhibit "C" "Insurance" attached hereto and made a part hereof. Contractor shall furnish the City with original certificates of insurance, executed by a person authorized by that insurer to bind coverage on its behalf, along with copies of all required endorsements. All certificates and endorsements must be received and approved by the City before any work commences. All insurance policies shall be subject to approval by the City Attorney and Risk Manager as to form and content. Specifically, such insurance shall: (1) be endorsed to protect City as an additional insured for commercial general and business auto liability; (2) provide City prior notice of cancellation; and (3) be primary with respect to City's insurance program. Contractor's insurance is not expected to respond to claims that may arise from the acts or omissions of the City.

(b) City reserves the right at any time during the term of this Agreement to change the amounts and types of insurance required herein by giving Contractor ninety days advance written notice of such change. If such change should result in substantial additional cost of the Contractor, City agrees to negotiate additional compensation proportional to the increased benefit to City.

(c) All required insurance must be submitted and approved the City Attorney and Risk Manager prior to the inception of any operations by Contractor.

(d) The required coverage and limits are subject to availability on the open market at reasonable cost as determined by the City. Non availability or non affordability

must be documented by a letter from Contractor's insurance broker or agency indicating a good faith effort to place the required insurance and showing as a minimum the names of the insurance carriers and the declinations or quotations received from each. Within the foregoing constraints, Contractor's failure to procure or maintain required insurance during the entire term of this Agreement shall constitute a material breach of this Agreement under which City may immediately suspend or terminate this Agreement or, at its discretion, procure or renew such insurance to protect City's interests and pay any and all premium in connection therewith and recover all monies so paid from Contractor.

(e) By signing this Agreement, Contractor hereby certifies that it is aware of the provisions of Section 3700 *et seq.*, of the Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provision of that Code, and that it will comply with such provisions at all such times as they may apply during the performance of the work pursuant to this Contract. Unless otherwise agreed, a waiver of subrogation in favor of the City is required.

15. Independent Contractor. The parties agree that Contractor, its officers, employees and agents, if any, shall be independent contractors with regard to the providing of services under this Agreement, and that Contractor's employees or agents shall not be considered to be employees or agents of the City for any purpose and will not be entitled to any of the benefits City provides for its employees. City shall make no deductions for payroll taxes or Social Security from amounts due Contractor for work or services provided under this Agreement.

This Agreement shall not constitute, and it is not intended to constitute, either party as an employer, employee, agent, partner or legal representative of the other party for any purpose, or give either party any right to supervise or direct the functions of the other party. Except as specifically provided herein, neither party shall have authority to act for or obligate the other party in any way or to extend any representation on behalf of the other party. Each party agrees to perform under this Agreement solely as an independent contractor and neither party shall have any right, power, or authority, nor shall they represent themselves as having any authority to assume, create, or incur any expense, liability or obligation, express or implied, on behalf of the other party for any purpose. Each party agrees not to permit its employees or agents to do anything that might be construed or interpreted as acts of the other party.

16. Claims for Labor and Materials. Contractor shall promptly pay when due all amounts payable for labor and materials furnished in the performance of this Agreement, so as to prevent any lien or other claim under any provision of law from arising against any City property (including reports, documents, and other tangible matter produced by the Contractor hereunder), against the Contractor's rights to payments hereunder, or against the City, and shall pay all amounts due under the Unemployment Insurance Act with respect to such labor.

17. Discounts. Contractor agrees to offer the City any discount terms that are offered to its best customers for the goods and services to be provided herein, and apply such discounts to payment made under this Agreement which meet the discount terms.

18. Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

19. Dispute Resolution. If any dispute arises between the parties as to proper interpretation or application of this Agreement, the parties shall first meet and confer in a good faith attempt to resolve the matter between themselves. If the dispute is not resolved by meeting and conferring, the matter shall be submitted for formal mediation to a mediator selected mutually by the parties. The expenses of such mediation shall be shared equally between the parties. If the dispute is not or cannot be resolved by mediation, the parties may mutually agree (but only as to those issues of the matter not resolved by mediation) to submit their dispute to arbitration. Before commencement of the arbitration, the parties may elect to have the arbitration proceed on an informal basis; however, if the parties are unable so to agree, then the arbitration shall be conducted in accordance with the rules of the American Arbitration Association. The decision of the arbitrator shall be binding, unless within thirty days after issuance of the arbitrator's written decision, any party files an action in court. Venue and jurisdiction for any such action between the parties shall lie in the Superior Court for the County of Monterey.

20. Compliance with Laws.

(a) Each party's performance hereunder shall comply with all applicable laws of the United States of America, the State of California and the City including but not limited to laws regarding health and safety, labor and employment, wage and hours and licensing laws which affect employees. This Agreement shall be governed by, enforced and interpreted under the laws of the State of California. Contractor must be in good standing and registered with the California Department of Industrial Relations in accordance with California labor Code section 1725.5 and shall comply with new, amended or revised laws, regulations or procedures that apply to the performance of this Agreement.

(b) If the Project is a "public work," or prevailing wages are otherwise required, Contractor shall comply with all provision of California Labor Code section 1720 *et seq.*, as applicable, and laws dealing with prevailing wages, apprentices and hours of work.

(c) Contractor represents that it has obtained and presently holds all permits and licenses necessary for performance hereunder, including a Business License required by the City's Business License Ordinance (Title 5 of the Marina Municipal Code) for which a business license tax is prescribed and assessed at the rate of two-tenths percent of gross receipts, in accordance with the provisions therein. For the term covered by this Agreement, the Contractor shall maintain or obtain as necessary, such permits and licenses and shall not allow them to lapse, be revoked or suspended.

21. Assignment or Transfer. This Agreement or any interest herein may not be assigned, hypothecated or transferred, either directly or by operation of law, without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

22. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be personally delivered or certified mail, postage prepaid with return receipt requested, addressed as follows:

To City: City Manager
City of Marina City Hall
211 Hillcrest Avenue
Marina, California 93933

To Contractor: John Bliss, Principal in Charge
4745 Mangels Blvd
Fairfield, CA 94534

The parties may agree in writing to receive notice by email. Notice shall be deemed effective on the date personally delivered or transmitted by facsimile or, if mailed, three days after deposit in the custody of the U.S. Postal Service. A copy of any notice sent as provided herein shall also be delivered to the Project Administrator and Project Manager.

23. Amendments, Changes or Modifications. This Agreement is not subject to amendment, change or modification except by a writing signed by the authorized representatives of City and Contractor.

24. Force Majeure. Notwithstanding any other provisions hereof, neither Contractor nor City shall be held responsible or liable for failure to meet their respective obligations under this Agreement if such failure shall be due to causes beyond Contractor's or the City's control except that an economic downturn of any type shall not be a justifiable cause for the failure to meet their respective obligations under this Agreement. Such causes include but are not limited to: strike, fire, flood, civil disorder, act of God or of the public enemy, act of the federal government, or any unit of state or local government in either sovereign or contractual capacity, epidemic, quarantine restriction, or delay in transportation to the extent that they are not caused by the party's willful or negligent acts or omissions, and to the extent that they are beyond the party's reasonable control.

25. Attorney's Fees. In the event of any controversy, claim or dispute relating to this Agreement, or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

26. Successors and Assigns. All of the terms, conditions and provisions of this Agreement shall apply to and bind the respective heirs, executors, administrators, successors, and assigns of the parties. Nothing in this paragraph is intended to affect the limitation on assignment.

27. Authority to Enter Agreement. Contractor has all requisite power and authority to conduct its business and to execute, deliver and perform the Agreement. Each party warrants that the individuals who have signed this Agreement have the legal power, right and authority to make this Agreement and bind each respective party.

28. Waiver. A waiver of a default of any term of this Agreement shall not be construed as a waiver of any succeeding default or as a waiver of the provision itself. A

party's performance after the other party's default shall not be construed as a waiver of that default.

29. Severability. Should any portion of this Agreement be determined to be void or unenforceable, such shall be severed from the whole and the Agreement will continue as modified.

30. Construction, References, Captions. Since the parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. The captions of the various sections are for convenience and ease of reference only, and do not define, limit, augment or describe the scope, content or intent of this Agreement.

31. Advice of Counsel. The parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and that the decision of whether or not to seek the advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each of the parties hereto. This Agreement shall not be construed in favor or against either party by reason of the extent to which each party participated in the drafting of this Agreement.

32. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

33. Time. Time is of the essence in this contract.

34. Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the matters as set forth in this Agreement, and no other agreement, statement or promise made by or to any party or by or to any employee, officer or agent of any party, which is not contained in this Agreement shall be binding or valid.

IN WITNESS WHEREOF, Contractor and the City by their duly authorized representatives, have executed this Agreement, on the date first set forth above, at Marina, California.

CITY OF MARINA

By: _____
Name: _____
Its: _____
Date: _____

CONTRACTOR

By:  _____
Name: John W. Bliss
Its: President
Date: 7/31/2025

Attest: (Pursuant to Reso: 2025-)

By: _____
City Clerk

Approved as to form:

By: _____
City Attorney

INSERT EXHIBIT A**Section 1 (a)****- SCOPE OF WORK -**

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Scope of Work**Task 1: Cannabis Application Review**

SCI will provide comprehensive application review services for the City, leveraging our extensive experience across all phases of the application process. Our skilled team will handle initial reviews for completeness, conduct merit-based scoring and evaluations, perform detailed plan checks, and manage application renewals. Additionally, SCI offers subject matter expertise in scoring applications against the City's adopted merit criteria, ensuring a thorough and fair evaluation process. SCI can also provide oversight for the lottery process outlined in Section 5.80.190 of Marina's Muni Code. Furthermore, SCI offers the flexibility to provide these services on an as-needed basis, ensuring that the City's needs are met promptly and efficiently. With a commitment to excellence and adaptability, SCI stands ready to support the City in achieving its goals.

The all-inclusive fee for this service covers:

- Initial Application Review
- Merit-Based Scoring and Evaluation
- Plan Checks
- Application Renewal Management and Review

Objective 2: Pre-License Facility Inspections

SCI will conduct a pre-license inspection for each cannabis business location to validate compliance with approved plans and regulatory requirements prior to the City's issuance of a certificate of occupancy or permit to operate. This inspection will occur after final construction is completed and will ensure that the facility meets all applicable local and State security, operational, and administrative standards.

SCI will begin with a review of the final premises diagram, followed by coordination with the applicant and any relevant City departments to schedule and carry out the on-site inspection. The inspection will include a detailed assessment of physical security infrastructure—such as entrances/exits, secured access points, camera coverage, alarm integration, storage areas, and any safes or cash handling systems—as well as verification of employee access protocols, signage, and the implementation of operational procedures consistent with the applicant's license type.

SCI staff will be available to conduct joint inspections alongside City personnel, including representatives from building, police, or fire departments, should the City request a collaborative approach.

The all-inclusive fee for this service covers:

- Review of the premises diagram and operational procedures

- Coordination with the applicant and relevant departments
- On-site inspection
- A written post-inspection compliance report
- All associated travel time and expenses
- Basic follow-up consultation if deficiencies are identified

SCI requests at least 10 business days' notice for scheduling inspections. experience across all phases of the application process.

Objective 3: Cannabis Revenue Audits

The SCI Team, led by the Masood Yousufazi of The Pun Group for this task, will provide comprehensive auditing of cannabis businesses in order to verify and confirm the accuracy of the revenue reported and remitted to the City, and ensuring compliance with applicable laws.

We will perform the following steps to deliver the services requested by the City:

Cannabis Business Gross Receipts	• Evaluate consistency between gross receipts and other information reported on financial statements to what was reported to the CDTFA for sales and use tax, cannabis excise tax, and/or cultivation tax. • Evaluate consistency between gross receipts reported on financial statements to gross receipts reported to the City.
Collection and Audit of any Cannabis Tax	• Ensure each cannabis facility is complying with applicable portions of the City's Code and is submitting the true amount of gross receipts and tax. • Review business license tax returns submitted by the business and collected by the City and compare to each business's records for the time period identified by the City to determine accuracy and timeliness of gross receipts returns filed with the City. • Trace and verify the gross receipts reported on the quarterly gross receipts returns prepared by the business to gross receipts recorded in the business's accounting records to verify that these were in accordance with the City's regulations. • Verify reasonableness of reported revenues • We will issue all reports to the City in accordance with applicable standards from generally accepted auditing standards (GAAS). • The report for each cannabis business license tax audit will include the following information: • The overall conclusion of whether or not the cannabis business paid all required business license taxes and fees for the time period specified. • Any exceptions, errors, or areas of noncompliance were identified as a result of the procedures performed. This includes any significant deficiency in the design or operation of the internal control structure, including but not limited to the following areas: cash handling, inventory control, point of sale systems, and any other areas that the auditor deems necessary for purposes of accurately reporting business license taxes due to the City.

	• Express an opinion regarding the taxes remitted to the City by the cannabis business, or state that an opinion cannot be expressed in the auditor's report. If the Firm concludes, it cannot express an overall opinion. The engagement team will state the reasons, therefore, in the auditor's report. • Examine records and documentation that demonstrates that all cannabis goods have been obtained from, and are provided to, other licensed cannabis businesses and that details all the revenues and expenses, and assets and liabilities of the business. • Examine books of account, invoices, copies of orders and sales, shipping instructions, bills of lading, weigh bills, bank statements including canceled checks and deposit slips, and all other records necessary to show all transactions of the cannabis business.
State Rule Making Interpretation and Implementation	• Check for compliance with the latest officially approved state regulations for cannabis businesses across the supply chain. Licensees are required to comply with all rules and regulations pertaining to their license type, as well as follow all other applicable state laws.

The all-inclusive fee for this service covers:

- Prepare and send notification letters to each cannabis business
- Periodic Financial Audit and Audit Report for each cannabis business
- Guidance on State Rule Making Interpretation and Implementation

Objective 4: Compliance Inspections

For this task, SCI will provide comprehensive onsite facility inspections for each commercial cannabis business and report to the City the results of inspections relative to the City's local regulations and ordinances, conditions of approval, staff-directed priorities and preferences, and State law. SCI's monitoring and compliance efforts will satisfy the most rigorous requirements and at the same time, provide a successful platform for the cannabis businesses.

In collaboration with the City, SCI will prepare an inspection checklist for each cannabis activity. Prior to conducting each inspection, SCI will prepare notification to the businesses to schedule inspections. Following the inspection, SCI will provide the City with a written report detailing the results of the compliance inspection including photo documentation of any violations. SCI will provide follow-up support to the City and cannabis businesses to provide recommendations to address and correct any deficiencies.

Among the elements and activities SCI will monitor are as follows:

- **Product:** Inventory management, seed-to-sale tracking, packaging and labeling verification, product testing protocols, etc.

- **Record Retention:** Review and confirm employee records, business records, tax information records, transportation manifests, video surveillance retention, equipment certifications, training programs and safety programs.
- **Security and Surveillance:** Verify video surveillance equipment, camera placement, alarm systems, locks, facility access control, security guards, occupational badges, and other security and safety processes.
- **Facility Compliance:** Verify facility's operational compliance including waste management, odor control, pesticide and solvent storage, signage, cash handling procedures, product shipment and receipt procedures, etc.

The all-inclusive fee for this service covers:

- Conduct onsite facility inspections.
- Provide a written report detailing the findings of inspections.
- Provide follow-up support and recommendations.
- All travel costs associated with the inspection
- All phone, email and other communications involved in preparing for, scheduling and coordinating the inspections and providing the report.

The cost for this service does not include any follow-up re-inspection or review of any supplemental documents provided to address or contest any findings of non-compliance, nor does it include any assistance with the appeal of any enforcement action by the City. Any costs associated with such additional services would be billed at SCI's hourly rate.

Objective 5: Background Checks

SCI will conduct comprehensive criminal background checks as part of the application renewal process and throughout the year, ensuring that all applicants, owners, employees, and principals undergo a thorough review of their backgrounds and criminal history. SCI has obtained the necessary qualifications to perform comprehensive criminal background checks for all applicants, including individuals associated with the applicant entity, by partnering with a trusted third-party service provider. These background checks serve as a valuable supplement to the Live Scan background verification process, specifically designed to pinpoint any local disqualifications in accordance with the regulations outlined in the City's Municipal Code. Once initiated, the background check process yields result typically within a window of 24 to 48 hours, providing timely and crucial information to assess an applicant's suitability for the intended role or position.

Objective 6: Retail Compliance Monitoring for Tobacco and Hemp-Derived Products

SCI Consulting Group will perform annual on-site inspections of all City-licensed tobacco retailers to assess compliance with local ordinances and California state law. These visits will also include enforcement of prohibitions on the sale of hemp-derived products containing any detectable THC or other intoxicating cannabinoids, ensuring businesses are not marketing unregulated or illegal substances under the guise of legal hemp.

SCI inspectors will coordinate with City staff to create a schedule of unannounced compliance checks. Each inspection will verify adherence to core regulatory requirements, including—but not limited to:

Service Scope and Cost Inclusions:

- Display of a valid City-issued tobacco retail license
- Clearly posted signage prohibiting sales to persons under 21
- No products for human consumption containing THC or other psychoactive cannabinoids
- Prohibition on flavored tobacco products (except menthol, if allowed)
- No flavored electronic cigarettes
- No single or bidi cigarette sales
- No free samples or promotional giveaways of tobacco or vape products
- Only manufacturer-labeled and child-resistant packaged products offered for sale
- No self-service tobacco displays
- No tobacco sales conducted in or by a pharmacy
- Any additional local restrictions in place

Each inspection will be followed by a formal report identifying any observed violations, supported by documentation and, where appropriate, compliance recommendations.

Service Scope and Cost Inclusions:

- Pre-inspection coordination and scheduling with City staff
- Unannounced on-site inspections
- Compliance verification across all required criteria
- Detailed inspection report outlining findings and recommendations
- All associated travel costs, assuming a minimum of 12 inspections per day
- Administrative communication and coordination efforts

A-1

INSERT EXHIBIT B

Section 3 (a)

- FEE SCHEDULE -

Cost Proposal

In consideration for the Tasks as detailed in the Scope of Work, the estimated compensation is detailed below by task:

<u>Work Plan</u>	<u>Fee</u>
1. Application Review	\$ 5,000 <i>per application</i>
2. Pre-License Site Visits	\$ 2,500 <i>per inspection</i>
3. Annual Revenue Audit	\$ 6,500 <i>per audit</i>
4. Annual Compliance Inspections	\$ 2,500 <i>per inspection</i>
5. Supplementary Background checks <i>per check cost paid directly to SCI from Applicant)</i>	<i>No Charge to City (\$300</i>
6. Tobacco and Hemp Compliance Inspections Assumes	<i>\$ 500 per inspection</i>
7. Technical Assistance and Subject Matter Expertise	<i>Billed at Hourly Rate</i>
ANNUAL COST PER CANNABIS BUSINESS	\$9,000 <i>per business</i>¹

All City costs may be fully recoverable from applicants or permittees

1. Assumes each permittee subject to objectives 3 and 4

<u>SCI Staff</u>	<u>Hourly Rate</u>
John Bliss, President	\$ 300
Kyle Tankard, Cannabis Services Group Leader	\$ 325
David Kaufman	\$ 250
Support Staff	\$ 75
 <u>The Pun Group Staff</u>	 <u>Hourly Rate</u>
Masood Yousufzai, Advisory Services Manager	\$ 225
Nick Kittredge, Audit Senior	\$ 150
Zeeshan Siddiqui, Advisory Associate	\$ 125

Incidental costs incurred for the purchase of additional travel and other out-of-pocket expenses will be reimbursed at actual cost, with the total not to exceed \$2,500 per year without prior authorization from the City.

FISCAL IMPACT: Except for City authorized SCI technical expertise services outlined in Objective six (6) of the proposal, there will be no additional cost to the General Fund. The cost of SCI/Pun services, except Objective 6, will be recovered 100% from the applications and licenses charged

EXHIBIT C - INSURANCE

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by Contractor, its agents, representatives, or employees.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Contractor has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease. (Not required if Contractor provides written verification it has no employees)
4. **Professional Liability (Errors and Omissions):** Insurance appropriate to Contractor's profession, with limit no less than **\$2,000,000** per occurrence or claim, \$2,000,000 aggregate.

If Contractor maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

City, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 if a later edition is used).

Primary Coverage

For any claims related to this contract, Contractor's insurance coverage shall be primary and non-contributory and at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies.

Umbrella or Excess Policy

Contractor may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until Contractor's primary and excess liability policies are exhausted.

Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the City.

Waiver of Subrogation

Contractor hereby grants to City a waiver of any right to subrogation which any insurer of said Contractor may acquire against the City by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the City. The City may require Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City. The CGL and any policies, including Excess liability policies, may not be subject to a self-insured retention (SIR) or deductible that exceeds \$25,000 unless approved in writing by City. Any and all deductibles and SIRs shall be the sole responsibility of Contractor or subcontractor who procured such insurance and shall not apply to the Indemnified Additional Insured Parties. City may deduct from any amounts otherwise due Contractor to fund the SIR/deductible. Policies shall NOT contain any self-insured retention (SIR) provision that limits the satisfaction of the SIR to the City. The policy must also provide that Defense costs, including the Allocated Loss Adjustment Expenses, will satisfy the SIR or deductible. City reserves the right to obtain a copy of any policies and endorsements for verification.

Acceptability of Insurers

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City.

Claims Made Policies

If any of the required policies provide claims-made coverage:

1. The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, Contractor must purchase "extended reporting" coverage for a minimum of five (5) years after completion of work.

Verification of Coverage

Contractor shall furnish the City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause and a copy of the Declarations and Endorsements Pages of the CGL and any Excess policies listing all policy endorsements. All certificates and endorsements and copies of the Declarations & Endorsements pages are to be received and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive Contractor's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time. City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Subcontractors

Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that City is an additional insured on insurance required from subcontractors.

Duration of Coverage

CGL & Excess liability policies for any construction related work, including, but not limited to, maintenance, service, or repair work, shall continue coverage for a minimum of five (5) years for Completed Operations liability coverage. Such Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.

Special Risks or Circumstances

City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

July 16, 2025

Item No: **10g(3)**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
August 6, 2025

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2025-,
AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH
SCI CONSULTING NOT TO EXCEED \$60,000 TO PROVIDE CANNABIS
PROGRAM APPLICATION REVIEW, TAX AUDITS, COMPLIANCE
INSPECTIONS, BACKGROUND CHECKS, AND SUBJECT MATTER
EXPERTISE AND TECHNICAL SUPPORT**

REQUEST:

It is requested that City Council consider:

1. Adopting Resolution No. 2025-, authorizing the City Manager to execute a contract with SCI Consulting not to exceed \$60,000 to provide cannabis program application review, tax audits, compliance inspections, background checks, and subject matter expertise and technical support, subject to final review and approval by the City Attorney.
2. Authorizing Finance Director to make appropriate accounting and budgetary entries.

BACKGROUND:

On November 6, 2018, the citizens of the City of Marina passed an Ordinance allowing Cannabis Business Activity and Establishing Taxes and Fees for Such Businesses within the City of Marina. The 2018 Ordinance only pertains to those Cannabis Businesses permitted prior to 2021. On November 3, 2020, the citizens of the City of Marina passed a revised Ordinance that repealed the 2018 voter approved Commercial Cannabis Activities Ordinance, and replaced it with Chapter 5.80 Commercial Cannabis Business Regulations and Chapter 17.47 Commercial Cannabis Uses.

The Commercial Cannabis Activities Ordinance allows for no more than three Medical Cannabis dispensaries and three Adult Cannabis dispensaries in the City of Marina at any one time. Currently, there are 3 permitted Commercial Cannabis Medical and Adult Use Dispensaries and the City is not accepting new Dispensary Permit Applications.

ANALYSIS:

SCI Consulting has a team of knowledgeable professionals who have direct experience in the implementation of Cannabis Regulatory Programs including developing applications, application rating systems, reviewing applications for compliance with rules and regulations, performing facility inspections conducting compliance and financial audits, and developing application fees to ensure that the City recovers the costs of reviewing materials and conducting hearings before the Planning Commission and City Council. The scope of services includes:

- Cannabis business application review
- Pre-license site visits
- Cannabis tax audits
- Regulatory compliance inspections
- Supplemental background checks
- Subject matter expertise and technical support

SCI Consulting's proposal is based on time, materials and travel expenses associated with the execution of these type services. The contract is for a not to exceed amount of \$60,000. The City is only billed for services rendered listed in the Cost section of the proposal contained in proposal included in "EXHIBIT A".

FISCAL IMPACT:

On an annual basis the City collects approximately \$271,000-\$420,000 in cannabis taxes from the three approved cannabis shops in Marina. Therefore the \$60,000 SCI will not have a negative fiscal impact upon the City. Additionally, except for the City authorized SCI technical expertise services outlined in Objective six (6) of the proposal, there will be no additional cost to the General Fund. The \$60,000 cost of SCI services, except Objective 6, will be recovered 100% from the applications and licenses charged to those businesses involved in the cannabis application and license process.

CONCLUSION:

Adopting Resolution No. 2025-, will authorize the City Manager to execute a contract with SCI Consulting not to exceed \$60,000 to provide cannabis program application review, tax audits, compliance inspections, background checks, and subject matter expertise and technical support, subject to final review and approval by the City Attorney.

Respectfully submitted,

Guido F. Persicone
Community Development Director
City of Marina

REVIEWED/CONCUR:

Layne Long
City Manager
City of Marina