

RESOLUTION NO. _____ (N.C.S.)

**AUTHORIZATION TO EXECUTE AGREEMENT WITH SCI CONSULTING GROUP
(SCI) TO PROVIDE COMMERCIAL CANNABIS TAX ASSESSMENT AND
MONITORING SERVICES**

WHEREAS, in March of 2022, the Community Development Department issued a Request for Proposals (RFP) to provide commercial cannabis tax assessment and monitoring services; and

WHEREAS, SCI Consulting Group (“SCI”) responded to the City’s RFP and adhered to the competitive bid process as defined in City of Salinas *Municipal Code Chapter 12*; and

WHEREAS, SCI received the highest ranking based upon its expert knowledge of the local California cannabis industry coupled with its broad experience providing municipalities with regulation, implementation, tax consulting, public opinion research (polling) and tax-related community outreach consulting services; and

WHEREAS, on April 26, 2022, the Mayor executed a contract with SCI to ensure that permitted cannabis businesses are operating in compliance with established regulations, including payment of required taxes; and

WHEREAS, SCI and their subcontractor Pun Group have had difficulty in getting responses from the cannabis permit holders on the financial information, which has significantly delayed progress in completing the tax assessments and compliance reports; and

WHEREAS, staff and the consultants diligently worked to complete the reports, but it escaped both parties notice that the contract expired on December 31, 2022; and

WHEREAS, because the contract lapsed, City Council must approve a new contract with the term of January 1, 2023, to June 30, 2024; and

WHEREAS, to make the process more seamless and to be able to complete both the 2021 and 2022 tax assessments and compliance reports, staff is recommending a not to exceed amount of \$180,000 to cover two years of reports; and

WHEREAS, the City collects fees to cover the cost associated with the cannabis tax assessment and compliance monitoring; and

WHEREAS, the new agreement is not a project as defined by CEQA Guidelines Section 15378 and, therefore, no environmental assessment is required; and

WHEREAS, the Current Planning Division’s fiscal year 2022/2023 budget in line item 1000.30.3462-63.5220 under Cannabis Monitoring is sufficient to fund the \$180,000 agreement for preparation of the taxation assessment and compliance reports, which will be offset by existing cannabis monitoring fees.

NOW, THEREFORE, BE IT RESOLVED that the Salinas City Council authorizes and directs the City Manager or designee to execute a professional services agreement with SCI effective from January 1, 2023, to June 30, 2024, in an amount not to exceed \$180,000.

PASSED AND APPROVED this 16th day of May 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Kimbley Craig, Mayor

ATTEST:

Patricia M. Barajas, City Clerk