



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** County Executive  
Office  
**Department No.:** 012  
**For Agenda Of:** September 15, 2020  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** 4/5

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**TO:** Board of Supervisors  
**FROM:** Department            Mona Miyasato, County Executive Officer  
Director (s)                 Barney Melekian, Assistant County Executive Officer  
**SUBJECT:**    **Agreement for Cannabis Retail Storefront Application Review Services from  
Hinderliter, de Llamas & Associates**

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Risk Management Concurrence**

As to form: Yes

**Recommended Actions:** That the Board of Supervisors:

- a) Approve and authorize the Chair of the Board of Supervisors to execute the Agreement for Services of Independent Contractor with Hinderliter, de Llamas & Associates (HdL) to deliver Cannabis Retail Storefront Application Review, for a period of 9/15/2020 through 6/30/2021, in an amount not to exceed \$200,000 (Attachment A); and
- b) Approve a Budget Revision Request (BRR# 0007163) increasing appropriations of \$200,000 in the Dept 012, General Fund for Services and Supplies funded by Cannabis Retail Storefront License Application Deposit Fees (Attachment B); and
- c) Determine that the above actions are organizational or administrative activities and fiscal activities that will not result in direct or indirect physical changes in the environment and are not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(4) and (5) of the CEQA Guidelines.

**Summary Text:**

The County Executive Office recommends entering into a Board contract with HdL for review services relating to Cannabis Retail Storefront selection process applications, specifically the Business Operations Proposal component. This contract establishes a neutral, third-party review of Cannabis Retail Storefront applications received as part of the merit based Retail Storefront selection process. The Retail Storefront selection process application fee has been adopted by the Board at \$4,100, of which HdL will be paid \$2,500 per application for each review performed. The contract amount of \$200,000 anticipates the review of 80 business license applications.

**Background:**

On January 14, 2020, the Board adopted an ordinance amendment to the Cannabis Business License Ordinance (Chapter 50) to establish a merit based Cannabis Retail Storefront selection process, which replaced the previously adopted random drawing selection process. As part of the new merit based selection process, the County requires objective evaluators to review and score cannabis retail storefront applications. This is a requirement of the Cannabis Business License Ordinance amendment to implement a merit based retail storefront license selection process. As such, HdL, as a third-party consultant, will assist with reviewing and scoring the Business Operations Proposal for proposed cannabis retail storefront operations, in addition to review and scoring that will be conducted by the Cannabis Business Licensing Team.

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized Ongoing Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund			
State			
Federal			
Fees	\$ 200,000.00		\$ 200,000.00
Other:			
<b>Total</b>	<b>\$ 200,000.00</b>	<b>\$ -</b>	<b>\$ 200,000.00</b>

Narrative:

Funding for Cannabis Retail Storefront License Application Review services is not budgeted and will be appropriated through Budget Revision Request #0007163. This budget revision will increase the budget for Professional Services by \$200,000 to allow HdL to perform this service, fully offset by anticipated cannabis retail storefront application fee revenue. The portion of the application fee collected by the County that will be passed along to HdL for their review is established at \$2,500. The contract amount of \$200,000 anticipates the review of 80 business license applications. The actual amount expended under the contract will depend on the actual number of applications received.

**Key Contract Risks:**

The contract risk assessment determined the contract to be of medium risk because of the complexity of the work involved as well as the visibility and sensitivity of the County's cannabis program. HdL has successfully performed other work for the County for many years. Furthermore, their consultant staff has proven experience in the field of cannabis regulatory programs.

**Staffing Impacts:**

There are no staffing impacts.

**Attachments:**

- A – Cannabis Retail Storefront License Application Review Services Contract
- B – Budget Revision Request #0007163

**Authored by:**

Steven Yee, Fiscal & Policy Analyst in the County Executive Office.