



# City of San Leandro

Meeting Date: January 20, 2015

## Staff Report

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**File Number:** 14-568

**Agenda Section:** CONSENT CALENDAR

**Agenda Number:** 8.C.

**TO:** City Council

**FROM:** Chris Zapata  
City Manager

**BY:** City Council

**FINANCE REVIEW:** David Baum  
Finance Director

**TITLE:** Staff Report for Resolution Approving an Amended Consulting Services Agreement with ICF Resources, LLC for Medical Cannabis Program Implementation

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### SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council authorize the City Manager to execute an amended consulting services agreement with ICF Resources, LLC to increase the not to exceed amount of the agreement from approximately \$49,969 to a total not to exceed of \$89,096. Staff further recommends that the City Council transfer \$39,127 from the City's economic uncertainty reserve in order to complete the next steps in implementation of the medical cannabis dispensary ordinance.

### BACKGROUND

In December, 2013, the City Council approved a medical cannabis regulatory ordinance to facilitate the approval, regulation, and operation of one medical cannabis dispensary in San Leandro. On February 18, 2014, the City Council appropriated \$50,000 towards the initial costs of implementing the ordinance. Following a Request for Proposals that was issued in May, 2014, City staff entered into a \$49,969 consulting services agreement with ICF Resources, LLC on July 1, 2014 to assist in the implementation of the adopted ordinance. On September 15, 2014, the City Council authorized a timeline that was developed in partnership with ICF that is designed to culminate in a staff recommendation to the City Council for selection of a single dispensary operator, tentatively scheduled for Spring, 2015. On November 3, 2014, the City Council authorized the associated fee schedule, and on December 15, 2014, the application materials that will be used to invite applicants seeking to be selected as the one dispensary operator were released.

Since the time of developing the consulting services agreement with ICF, City staff has identified several areas of additional work that are outside the current scope of services, but which will be necessary in order to complete the project. This work includes:

Volume of pre-qualification applications:

The original scope of work assumed a lower volume of application review than the City presently expects to receive. Therefore, additional subject-matter expertise will be needed to provide a thorough review of all the applications.

Additional meeting support:

The original scope of work assumed meeting support and attendance at two (2) City Council meetings. As the project has evolved, it has become apparent that ICF's assistance also will be needed to facilitate up to three additional teleconferences, including meetings with City stakeholders to discuss feedback after the pre-qualification review, application review and interview review.

Interview process support:

City staff plans to conduct interviews of the applicant finalists in advance of making a recommendation to the City Council for the one dispensary operator. Based upon ICF's experience conducting similar interviews as part of the implementation of the Commonwealth of Massachusetts medical cannabis program, staff believes ICF's support throughout this process will help to ensure that the best candidate is ultimately selected.

It is anticipated that the fees collected from dispensary applicants will fully off-set the costs associated with the above-referenced work.

**Fiscal Impacts**

The proposed modified agreement with ICF Resources will result in an increase to the original contract amount not to exceed \$39,127 in General Fund costs; however, it is anticipated that these costs will be fully recovered through the fees collected from dispensary applicants.

**Budget Authority**

Staff proposes to fund this modified agreement using funds from the General Fund economic uncertainty reserve. Sufficient funds will be transferred to the City Manager's Consulting account number 010-12-020-5120.

**ATTACHMENTS**

- Proposed Amendment No. 1 to ICF Consulting Services Agreement
- Proposed Modified Scope of Consulting Services

**PREPARED BY:** Eric Engelbart, Assistant to the City Manager, City Manager's Office

**AMENDMENT NO. 1 TO CONSULTING SERVICES AGREEMENT BETWEEN  
THE CITY OF SAN LEANDRO AND ICF RESOURCES, L.L.C.**

This **Amendment No. 1** ("Amendment") is made by and between the City of San Leandro ("City") and ICF Resources, LLC ("Consultant") (together sometimes referred to as the "Parties") as of January 20, 2015, and amends that certain Consulting Services Agreement ("Agreement") dated August 1, 2014, between the Parties.

**WHEREAS**, City and Consultant have executed the Agreement, pursuant to which Consultant has provided certain consulting services to City with regard to implementation of the City Council's adopted medical cannabis dispensary program ordinance; and

**WHEREAS**, the Parties desire to amend the Agreement to continue the consultant's support for the City's medical cannabis dispensary application selection process; and

**NOW THEREFORE**, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree to amend the Agreement as follows:

1. Section 1.1 of the Agreement entitled "Term of Services" is hereby amended to extend the term from July 31, 2015, to December 31, 2015; and
2. Section 2 of the Agreement entitled "Compensation" is hereby amended to pay Consultant a grand total sum not to exceed \$89,096; and
3. Exhibit A of the Agreement entitled "Scope of Services" is hereby amended to read:  
"See attached ICF "Modified Proposal" dated October 20, 2014; and
4. Exhibit B of the Agreement entitled "Compensation Schedule & Reimbursable Expenses" is hereby amended to read:

*Original Estimated Labor Hours/Budget:*  
351 hours/ \$49,969

*Additional Requested Labor Hours/Budget:*  
286 hours/ \$39,127

**Grand Total Modified project budget: \$89,096**

5. All other terms shall remain in full force and effect.

This Amendment may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

**SIGNATURES ON FOLLOWING PAGE**

The Parties have executed this Amendment as of the date first written above. The persons whose signatures appear below certify that they are authorized to sign on behalf of the respective Party.

CITY OF SAN LEANDRO

CONSULTANT

\_\_\_\_\_  
Chris Zapata, City Manager

\_\_\_\_\_  
Jodi Young, Contract Manager

Attest:

\_\_\_\_\_  
Marian Handa, City Clerk

Approved as to Fiscal Authority:

\_\_\_\_\_  
David Baum, Finance Director

Account Number: 010-12-020-5120

Approved as to Form:

\_\_\_\_\_  
Richard D. Pio Roda, City Attorney

**EXHIBIT A  
MODIFIED SCOPE OF SERVICES**

See attached "Request for Modification to ICF Contract" dated October 20, 2014



October 20, 2014

Eric Engelbart  
Assistant to the City Manager  
San Leandro City Manager's Office

**SUBJECT: Request for Modification to ICF Contract - Consultant to Develop and Manage the Process to Select a Single Medical Cannabis Dispensary**

Dear Mr. Engelbart:

ICF Resources, L.L.C. (hereafter referred to as "ICF") respectfully requests a modification to the above-referenced contract to continue our support on San Leandro's application and evaluation process to select a single medical cannabis dispensary. Our request, which is based on previous phone conversations with you, is explained in detail below.

As with many mission critical projects, ICF and the City's planned approaches, assumptions, and expected scope developed during the proposal stage have not always remained consistent with the project needs discovered during implementation. Throughout this effort, ICF has been responsive to the priorities of the project and the City's objectives, as these have continued to evolve. To that end, ICF has provided a higher level of support than was originally scoped and budgeted for in our June 16, 2014 proposal. In addition, the City has identified and requested support for additional services planned for a later phase of the effort that were not included in the original scope of work.

ICF has identified three primary areas where the work required was well above that proposed originally. These areas include:

*Volume of pre-qualification applications:*

- ICF's proposal assumed a lower volume of application review, both for the pre-qualification and RFP than the City expects to receive, thus, additional ICF resources will be needed to provide thorough application review of the anticipated pre-qualification and RFP applications. ICF's proposal assumed 10 pre-qualification applications would be received; however the City anticipates getting upwards of 50 applications. Due to the larger volume of pre-qualifications, the revised application process now includes review of 10 instead of 5 RFP applications.

*Expanded meeting support:*

- ICF's proposal assumed meeting support and attendance at two (2) City Council meetings. As the project has evolved, the City has requested that ICF also facilitate three (3) additional teleconferences, including meetings with the City Stakeholders to discuss feedback after the pre-qualification review, application review and interview review.

*Interview process support:*

- The City has requested that the application evaluation process include an applicant interview process as the last review round prior to recommendation. This step was not included as part of the original scope of work. Additional ICF support will be needed to prepare Staff Stakeholders for these interviews.

The following task-by-task discussion further details ICF's work beyond our original expectation to provide effective evaluation of medical cannabis dispensary applications.

### **Task 1 – Planning and Management**

ICF will provide project support for the duration of the project contract period, through July 31, 2015, including project management and client communication throughout the duration of the contract. ICF's proposal anticipated a six- to eight-month project period; however the revised application timeline will require services to extend beyond that timeframe.

### **Task 2 – Pre-Qualification Support**

ICF will provide additional project support beyond what was scoped in our proposal for Task 2, Pre-qualification Support. Specifically:

- ICF will provide thorough application review of up to 50 pre-qualification applications; including conducting a compliance review, application review, and preparing recommendations for each application. Two ICF subject matter experts will review each application and independently evaluate each application against the scoring criteria. Following each independent evaluation, ICF reviewers will convene to discuss the merits of each application. All reviewer results will be compiled and consolidated into a single results spreadsheet to allow for comparison of all submitted applications.
- ICF will facilitate a teleconference with the City Staff Stakeholders to review the results of the pre-qualification application review. The meeting will consist of a discussion, led by ICF, of each application's qualifications and a recommendation for advancing to the RFP round.

### **Task 3 – RFP Support**

ICF will provide additional project support beyond what was scoped in our proposal for Task 3, RFP Support. Specifically:

- ICF will provide thorough application review of up to 10 RFP applications; including conducting a compliance review, application review, and preparing recommendations for each application.
- ICF will facilitate a teleconference with the City Staff Stakeholders to review the results of the RFP application review. The meeting will consist of a discussion, led by ICF, of each application's qualifications and a recommendation for advancing to the interview process.
- ICF will provide support to prepare Staff Stakeholders for the interviews with selected RFP applicants. ICF will support City staff in developing the interview questions and preparing summary information about each applicant to be used during the interview. ICF will then facilitate a teleconference with the City Staff Stakeholders to review the results of the interview process and recommendations.

## **Additional Budget Request**

Our originally budgeted hours (from our June 16, 2014 proposal) are presented in the table below, as is an estimate of additional labor hours/budget needed to continue to provide responsive, efficient and collaborative support throughout the application review and selection process. The detailed task-specific assumptions to support the additional requested budget are also provided.

Task	Original Estimate Labor Hours / Budget	Additional Requested Labor Hours / Budget
Task 1 – Planning & Management	48 hrs / \$7,012	12 hrs / \$1,800
Task 2 – Pre-qualification Support	94 hrs / \$12,006	186 hrs / \$25,189
Task 3 – RFP Support	209 hrs / \$30,951	88 hrs / \$12,138
<b>Total</b>	<b>351 hrs / \$49,969</b>	<b>286 hrs / \$39,127</b>

**Task 1 Cost Assumptions – Planning & Management**

- General project management assumes project continues through July 31, 2015.

**Task 2 Cost Assumptions – Pre-Qualification Support**

- No more than 50 pre-application applications will require review.
- Two ICF reviewers will review each application. The review requires no more than 1 hour per application.
- ICF will facilitate a 2-hour teleconference with the City Staff to review the results of the pre-qualification application review and recommendations.

**Task 3 Cost Assumptions – Selection Committee Support**

- ICF will facilitate a 2-hour teleconference with the City Staff Stakeholders to review the results of the RFP application review and recommendations.
- ICF will support City staff in developing the interview questions and preparing summary information about each applicant, but will not participate in the interview process.
- ICF will facilitate a 1-hour teleconference with the City Staff Stakeholders to review the results of the interview process and recommendations.

ICF looks forward to continuing to assist the City of San Leandro with this project. Please contact Will Cooper (949-613-0080, [Will.Cooper@icfi.com](mailto:Will.Cooper@icfi.com)) or Eliza Johnston (617-250-4287, [Elizabeth.Johnston@icfi.com](mailto:Elizabeth.Johnston@icfi.com)) if you require any further clarification of any information contained in this modification request.

Sincerely,

Jodi Young  
 Manager, Contracts  
[Jodi.Young@icfi.com](mailto:Jodi.Young@icfi.com)





# City of San Leandro

Meeting Date: January 20, 2015

## Resolution - Council

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**File Number:** 14-576

**Agenda Section:** CONSENT CALENDAR

**Agenda Number:**

**TO:** City Council

**FROM:** Chris Zapata  
City Manager

**BY:** City Council

**FINANCE REVIEW:** David Baum  
Finance Director

**TITLE:** RESOLUTION Approving Amendment No. 1 to Consulting Services Agreement with ICF Resources, LLC to Increase the Contract Amount by \$39,127 to Perform Additional Work Related to Medical Cannabis Program Implementation

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WHEREAS, on August 1, 2014, the City of San Leandro authorized a consulting services agreement with ICF Resources, LLC to assist the City in implementing its medical cannabis dispensary ordinance; and

WHEREAS, since that time ICF staff have provided excellent service to the City in implementing the initial stages of this program;

WHEREAS, the City has identified several areas of additional work necessary to complete the project, necessitating an amendment to the previously adopted agreement; and

WHEREAS, \$39,127 from the General Fund economic uncertainty reserve will be transferred to the City Manager's Consulting account number 010-12-020-5120; and

WHEREAS, the City Council is familiar with the contents thereof; and

WHEREAS, the City Manager recommends approval of said amended agreement.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

That said Amendment No. 1 is hereby approved and execution by the City Manager is hereby authorized.