



EXHIBIT A SCOPE OF SERVICES

Objective 1: Screen and Review Preliminary Applications

HdL will conduct an initial screening of all preliminary cannabis business applications for completeness, based upon an objective checklist of required documentation found in the City's cannabis ordinance. HdL will inform the City Manager of any preliminary applications that are lacking required documentation. The City Manager may request additional information from any applicant as necessary to cure any deficiency.

Once preliminary applications have been deemed complete by the initial screening, they will receive a full review to ensure that they meet the minimum requirements in each category. Reviews shall determine whether the applicant has met all requirements of the City's Cannabis Ordinance and has demonstrated compliance with all applicable State laws. An application may be rejected for any of the reasons listed in the City's cannabis ordinance. HdL will provide a brief written report stating that the applicant has met all requirements or outlining any requirements that were not met.

Any additional services related to the review of cannabis business applications shall be subject to mutual agreement by both parties and will be billed at HdL's hourly rate.

Objective 2: Review Permit Renewal Applications

HdL shall review and evaluate all applications for annual cannabis business permit renewals. The City shall notify HdL upon receipt of an application for a cannabis business permit renewal and shall forward all renewal application materials. HdL's reviewers shall evaluate whether the application is complete and provides all necessary and requested information as required by the City. Reviews shall include narrative comments noting any deficiencies. If an application is deemed incomplete, the applicant shall be given an opportunity to submit supplemental information to address any deficiencies.

HdL shall provide a brief written report for each renewal evaluation within 60 days of the City receiving the application, assuming reasonable cooperation by the applicant.

Objective 3: Site Plan Evaluations

HdL shall review the premises diagram for each commercial cannabis business to assist the City's approval of any building plans prior to initiating any tenant improvements. The review shall ensure that the proposed site improvements address all cannabis-related interior and exterior physical site security requirements including entrances and exits, product and customer flow, limited access areas, locks and alarm systems, surveillance camera locations, safes, signage, and other criteria. HdL shall provide the City with a report identifying any deficiencies that need to be addressed and detailing any recommended changes to the site plan prior to beginning site improvements.

Objective 4: Pre-License Site Visits

HdL shall conduct a site visit of each cannabis business prior to issuance of a certificate of occupancy. Site visits shall complement the final building inspection by verifying all interior and exterior physical site security requirements have been addressed in accordance with the application and all State and local requirements as shown on the premises diagram. Site visits shall examine all entrances and exits, limited access areas, locks and alarm systems, access control procedures, surveillance camera locations, safes and cash management procedures, signage, operational protocols and administrative privileges associated with the license type(s) being sought, and other requirements as necessary. The HdL inspector may be accompanied on the site inspection by the City's building inspector or representatives from the Police Department and Fire Department, if desired by the City.

The cost for this service includes a secondary review of the premises diagram noting any revisions pursuant to HdL's recommendations, coordination and arrangements with the business and other agencies, site visit, post-inspection report, all travel costs and any follow up. This cost assumes 10-days advance notice for scheduling and travel arrangements. A shorter lead time may incur additional travel charges.

Objective 5: Supplemental Background Checks

HdL shall provide background checks of all owners, principals, managers and/or employees of cannabis businesses. Our background checks supplement the State-required Live Scan fingerprint check, which will only disclose Department of Justice (DOJ) records regarding arrests or convictions. California's licensing agencies are only allowed to consider convictions for certain "red line" offenses such as serious or violent felonies, or certain felonies involving fraud, minors or drug trafficking, as automatic disqualifiers before granting or denying a license.

Our supplemental background checks expand upon the Live Scan information to identify other factors that local governments may wish to consider before granting discretionary business licenses or permits. These considerations may include other felony offenses, misdemeanor convictions, arrest records, civil judgements, restraining orders, the terrorist screening database, the national sex offender registry, delinquent child support payments, bankruptcies, employment and credit records, and more. Our search includes up to 5 variations on the subject's name and will alert if additional aliases are found which might warrant further investigation.

Our comprehensive background process checks the subject's name and social security number against over 200 million datasets nationwide, including all of the following¹:

- 7 yr. unlimited county courts and criminal records search
- Social Security, name and address comparison
- DMV search
- National Criminal Court report
- National Sex offender registry

¹ Renewals and background checks for employees include a lesser level of investigation.

- Federal criminal history
- State Department of Public Safety
- State Department of Corrections
- Terror watch list
- Bankruptcy, lien and judgments
- Delinquent child support payments
- Employment credit report
 - Financial summary
 - Personal information comparison
 - Address comparison
 - Employment comparison
 - Credit bureau report / credit history
 - Public records search

Any felony convictions that would be automatic disqualifiers pursuant to B&P 26057 (Violent and Serious Felony Convictions) must be confirmed through the Live Scan process. The degree to which other records may be used to inform the approval or renewal of a local business license or permit is subject to local ordinance requirements. The findings of the background check shall be provided to the City in a brief written report.

HdL offers separate rates for owners, principals or managers of cannabis businesses and for regular employees or line staff. We also offer a lower rate for annual renewals after the initial background check has been completed. Our rates include an HdL-designed employee identification badge with the city or county logo which meets all State regulatory requirements.

HdL provides an online portal for applicants to submit their application and authorization for background checks and all necessary documentation. Applicants provide their payment directly to HdL through the portal, so there is no cost to the City.

Background Checks	Owner, principal or manager	Employee or line staff
Initial background check	\$300	\$100
Annual renewal	\$100	\$75
Reissue lost or stolen badge	\$10	\$10

Prices valid as of the date of this proposal and subject to change without notice.

Objective 6: Compliance Inspections

HdL will conduct one or more on-site compliance inspections annually, as requested by the City, for each permitted cannabis business to determine compliance with State and/or local laws. If HdL identifies any non-compliant activities, we will provide the City with a recommended appropriate action to address the deficiency and to ensure future compliance by the permittee.

The cost for these services includes all of the following:

- Notifying permittee of pending inspection
- On-site inspection to ensure that each business complies with all State and local laws and regulatory protocols for all of the following:
 - Inventory management
 - Cash handling procedures
 - Access control
 - Video surveillance
 - Product safety
 - Alarm system maintenance and safety
 - Lock standards
 - Packaging and labeling
 - Waste management
 - Transportation documentation
 - Surveillance equipment maintenance
 - Occupational badges
 - Business records
 - Other items as necessary to ensure compliance with laws
- Preparation of a draft report detailing the findings of the inspection and providing recommendations for improvement where needed. If the inspection identifies any violations of law or other non-compliance issues, then HdL will prepare a notice to comply as an included part of the report.
- All travel costs associated with the inspection, assuming a minimum of four inspections per day. If fewer than four inspections are requested, HdL will charge for travel based upon hourly rates, or a flat fee to be determined in consultation with City.
- All phone, email and other communications involved in preparing for, scheduling and coordinating the inspections and providing the report.

Facilities greater than 30,000 square feet will be subject to an additional cost at HdL's hourly rate to account for the additional time involved in conducting inspections, documenting issues of non-compliance and preparing reports. HdL will notify the City in advance if additional hourly charges are necessary to complete the inspection.

The cost for this service does not include any follow-up re-inspection or review of any 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 HdL's hourly rate.

Objective 7: Technical Assistance and Subject Matter Expertise

HdL will provide additional hours of general consulting to be utilized on an as-needed basis at the City's request. Such assistance may include assistance with reviewing and revising the City's cannabis regulatory ordinance, redesigning the City's cannabis business application procedures, or additional services related to the review of cannabis business applications. Such hours may also be used to provide technical assistance, subject matter expertise, education, monitoring of changes to State laws and regulations, participation in conference calls, attendance at meetings, responding to staff inquiries via phone and email, reviewing staff reports to the City Council, assisting with responses to inquiries from the public, or other issues as mutually agreed to by the City and HdL.

COMPENSATION

The costs in this proposal do not include any additional services that are not specifically enumerated herein. The proposal assumes HdL will not be asked to review any supplemental information provided by applicants or businesses, and that HdL will not be a part of any enforcement action, appeal, arbitration, or civil litigation resulting from the findings of an inspection and/or audit. Any such additional reports, documentation or assistance that may be required would be in addition to the costs shown in the table below and shall be billed at HdL's hourly rate. This includes assistance with administrative hearings and/or civil litigation involving cannabis applicants or licensees.

Prices are valid for 90 days from the date of this proposal to allow time for consideration and negotiating a service agreement. Once under contract, prices shall be honored for the first full year, with successive years subject to an annual increase based upon the Consumer Price Index for the Los Angeles-Long Beach-Anaheim region.

Scope of Service Objectives	Estimated Cost
Objective 1: Screen and Review Preliminary Applications	\$3,500 per application
Objective 2: Permit Renewal Applications Assumes up to 3 hours	\$900
Objective 3: Site Plan Evaluations	\$900
Objective 4: Pre-License Site Visits	\$2,500
Objective 5: Supplemental Background Checks Cost paid directly to HdL by applicant	No charge to City
Objective 6: Compliance Inspections One or more inspections per year, as requested by the City	\$2,500 per inspection
Objective 7: Technical Assistance and Subject Matter Expertise	Hourly Rate
Travel: As needed for site visits or in-person meetings	Hourly Rate ¹ Plus Expenses
TOTAL NOT TO EXCEED	TBD
¹ Or at a flat rate to be determined in consultation with the City All City costs may be fully recoverable from applicants or permittees	

Hourly Rates for HdL Staff

The prices in this proposal are based on the hourly rates for HdL staff as shown in the chart below. Any additional services requested by the client that are not specifically described in this proposal would be billed at the standard rate for the assigned staff person.

HdL Staff Person	Title	Hourly Rate
Matt Eaton	Director of Compliance	\$300
Mark Lovelace	Senior Policy Advisor	\$300
Elizabeth Eumurian	Audit Manager	\$300
Michelle Shaw	Compliance Inspector	\$235
Teresa Schnieder	Compliance Inspector	\$235
Valerie Carter	Senior Auditor	\$250
Tao Lu	Senior Auditor	\$250
Pamela Davis	Auditor	\$235
Eric Magana	Auditor	\$235
Jennifer Erwin	Auditor	\$235
Dante Chegini	Audit Analyst	\$225
Michael Cimino	Audit Analyst	\$225
Kristi Lervold	Compliance Administrator	\$200
All rates current as of the date of this proposal		

Conflicts of Interest and Non-Disclosure

HdL Companies works for the benefit of public agencies and has no private-sector clients in the cannabis industry. All cannabis business information will be kept confidential by HdL and will not be shared internally beyond those HdL employees who are required to have access for purposes of conducting the work contemplated herein, or for administrative purposes as necessary.

Drafts and Final Work Products

All work products assume one initial draft for review and comment, one iterative draft to incorporate any desired changes, and one final draft for presentation or publication. Additional drafts requested by the client may result in additional charges at HdL's hourly rate.

Services Billed at Hourly Rate

Service objectives shown as being billed at HdL's hourly rate may be billed up to the maximum estimated hours. HdL will not exceed the maximum estimated hours without first notifying the City and receiving written approval in advance.