



TO: Mayor and Councilmembers

FROM: Luke Rioux, Finance Director

SUBJECT: Amendment No. 1 to Professional Services Agreement No. 2018-125 with Hinderliter, De Llamas and Associates

RECOMMENDATION:

Authorize the City Manager to execute Amendment No. 1 to Professional Services Agreement No. 2018-125 with Hinderliter, De Llamas and Associates for professional consulting, monitoring and compliance services related to cannabis businesses, increasing the maximum contract amount by \$124,000 for a total not to exceed \$154,000, subject to the approval of the Fiscal Year 2019-20 and Fiscal Year 2020-21 budget and to extend the term of the agreement to June 30, 2021.

BACKGROUND:

In December 2018, the City Manager executed Agreement 2018-125 between the City and Hinderliter, De Llamas and Associates (HDL) to provide professional cannabis consulting services and expertise in development and revision of cannabis ordinances and implementation program. Services also include assistance with regulatory compliance licensing review, and optional compliance inspection and financial and taxation audit services. The agreement with HDL was in the amount not-to-exceed \$30,000 and due to expire June 30, 2019.

DISCUSSION:

The City's current agreement with HDL for cannabis consulting services is set to expire June 30, 2019. Their expertise and cannabis consulting services is necessary for ongoing application review, inspections, monitoring and compliance and financial audits of cannabis business license applicants. On April 16, 2019, City Council took action in amending the Cannabis Business License Ordinance, creating a more robust process and establishing a monitoring and compliance component. Fees were also updated to reflect the updated process. HDL will continue with their services in reviewing applications and provide preliminary and final inspections of which is necessary to comply with Goleta Municipal Code Chapter 5.09 regulating commercial cannabis businesses. Additionally, contract authority is needed for the monitoring and compliance

component, once cannabis business are operating. The processing and reviewing of cannabis business license is a multi-departmental work effort, involving Finance, HR/Risk Management, City Attorney, Planning, Building and Safety, and Neighborhood Services and Public Safety. Contracting with HDL provides the supplement staffing support and expertise needed for proper review for compliance with State and local law.

Staff is recommending that the existing professional services agreement with HDL be amended, increasing the maximum contract amount by \$124,000 for a total not to exceed of \$154,000 and extending the term of the agreement to June 30, 2021. Additionally, given the tax component and future audits required staff is recommending that the project manager transition to the Finance Director. This contract was previously managed under Neighborhood Services and Public Safety.

FISCAL IMPACTS:

The proposed contract amendment is for an increased amount of \$124,000 for a total not-to-exceed of \$154,000 with a termination date of June 30, 2021. The costs associated with the contract amendment is borne by the applicants, which user fees and charges are assessed on the applicant for cannabis business licenses, which now includes a monitoring and compliance component. The cost of services related to this amendment is anticipated to be approximately \$40,000 in FY 18/19, \$42,000 in FY 19/20 and \$42,000 in FY 20/21, and will be supported by account 101-5-3100-500 (Professional Services). The actual costs incurred are dependent upon volume of applications and activity levels. No additional appropriation is necessary. Finance has sufficient budget available in FY 18/19 due to vacancies, and has recommended an allocation of \$42,000 in each fiscal year for the FY 19/20 and FY 20/21 budget. This contract assumes the review, inspections, and audits of three-cannabis business each fiscal year. Depending on actual experiences, amendments may be recommended at a later time.


ALTERNATIVES:

The City Council may elect not to authorize the recommended action. If the recommended action is not authorized, then the processing, review, inspection and monitoring and compliance of Cannabis Businesses would be delayed as there is currently no staff who has the resources and expertise to review many of the substantive requirements of the business license application.

Legal Review By:


Michael Jenkins
City Attorney

Approved By:


Michelle Greene
City Manager

ATTACHMENTS:

1. Amendment No. 1 to Professional Services Agreement No. 2018-125
2. Professional Services Agreement No. 2018-125 (Available online only)

ATTACHMENT 1:

Amendment No. 1 to Professional Services Agreement No. 2018-125

**AMENDMENT NO. 1
TO A PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF GOLETA
AND
HINDERLITER, DE LLAMAS AND ASSOCIATES**

This **Amendment No. 1** to a PROFESSIONAL SERVICES AGREEMENT by and between the **City of Goleta**, a municipal corporation ("City") and **HINDERLITER, DE LLAMAS AND ASSOCIATES**, a California Corporation ("Consultant") dated January 4th, 2019 ("Agreement," Agreement No. 2018-125) is made this 4th day of June, 2019.

RECITALS

WHEREAS, this Agreement is for professional cannabis consulting services; and

WHEREAS, the Agreement between City and Consultant currently provides in Section 3 Subsection (a) for the total compensation amount not to exceed \$30,000; and

WHEREAS, the parties desire to amend the Agreement so as to provide for additional compensation in the amount of \$124,000 for continued work; and

WHEREAS, the Agreement currently designates Vyto Adomaitis, Director of Neighborhood Services and Public Safety as Project Manager; and

WHEREAS, the City desires to change the Project Manager to Luke Rioux, Finance Director; and

WHEREAS, the Agreement between City and Consultant currently provides in Section 6 for the termination of the Agreement on December 30, 2019; and

WHEREAS, the parties desire to amend the Agreement so as to extend the termination of the Agreement to June 30, 2021, and

WHEREAS, the City Council approved this Amendment No. 1, on this 4th day of June, 2019.

WHEREAS, the parties desire to amend the Agreement to allow for execution of the Agreement and amendments by facsimile and electronic mail in order to expedite the finalization of the agreements; and

AMENDED TERMS

Now therefore City and Consultant agree as follows that the Agreement be, and hereby is, amended as follows:

1. **Section 3 Subsection (a). COMPENSATION AND PAYMENT** of the Agreement is amended to add an additional authorized amount of \$124,000 and to read in its entirety:

- (a) **Maximum and Rate.** The total compensation payable to CONSULTANT by CITY for the services under this AGREEMENT **SHALL NOT EXCEED** the sum of \$154,000 (herein "not-to-exceed amount") and shall be earned as the work progresses on the following basis:

Hourly at the hourly rates of CONSULTANT and service charges as set forth in Exhibit "B," attached and incorporated herein. The rates and service charges set forth in that exhibit shall be binding upon CONSULTANT until June 30, 2021, after which any change in said rates and expenses must be approved in writing by CITY's Project Manager as described in Section 5 (CITY is to be given 60 days notice of any rate increase request), provided the not to exceed amount is the total compensation due CONSULTANT for all work described under this AGREEMENT.

- (b) **Payment.** CONSULTANT shall provide CITY with written verification of the actual compensation earned, which written verification shall be in a form satisfactory to CITY's Project Manager, as described in Section 5. Invoices shall be made no more frequently than on a monthly basis, and describe the work performed (including a list of hours worked by personnel classification). All payments shall be made within 30 days after CITY's approval of the invoice.

2. **Section 5. CITY PROJECT MANAGER AND SERVICES BY CITY** is amended to designate Luke Rioux, Finance Director, as Project Manager and to read in its entirety:

The services to be performed by CONSULTANT shall be accomplished under the general direction of, and coordinate with, CITY's "Project Manager", as that staff person who is designated by CITY from time to time, and who presently is Luke Rioux, Finance Director. Project Manager shall have the authority to act on behalf of the CITY in administering this AGREEMENT but shall not be authorized to extend the term of the AGREEMENT or increase the not to exceed amount.

3. **Section 6. TERM, PROGRESS AND COMPLETION** of the Agreement is amended to extend the term for an additional one (1) year and six (6) months to read in its entirety:

The term of this Agreement is from the date first written above to June 30, 2021, unless the term of this Agreement is extended or the Agreement is terminated as provided for herein.

CONSULTANT shall not commence work on the services to be performed until (i) CONSULTANT furnishes proof of insurance as required by Section 10 below, and

(ii) CITY gives written authorization to proceed with the work provided by CITY's Project Manager. All services shall be completed within the term of this Agreement following the notice to proceed.

4. Except as otherwise specifically provided herein, all other provisions of the Agreement shall remain in full force and effect

In concurrence and witness whereof, this Amendment No. 1 has been executed by the parties effective on the date and year first above written.

CITY OF GOLETA

CONSULTANT

Michelle Greene, City Manager

Andrew Nickerson, President

ATTEST:

Deborah Lopez, City Clerk

Jeffrey Sonmeh, Chief Financial Officer

APPROVED AS TO FORM



Winnie Cai, Assistant City Attorney

ATTACHMENT 2:

Professional Services Agreement No. 2018-125

Project: Cannabis Ordinances and Applications

**AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN THE CITY OF GOLETA
AND
HINDERLITER, DE LLAMAS AND ASSOCIATES**

This AGREEMENT FOR PROFESSIONAL SERVICES (herein referred to as "AGREEMENT") is made and entered into this 7th day of January, 2019, by and between the **CITY OF GOLETA**, a municipal corporation (herein referred to as "CITY"), and **HINDERLITER, DE LLAMAS AND ASSOCIATES**, a California Corporation (herein referred to as "CONSULTANT").

WHEREAS, the CITY has a need for professional consulting services for the City's development of new cannabis ordinances and revision of existing cannabis ordinances separate from the City's development of a cannabis ordinance that will focus primarily on land use issues; and

WHEREAS, the CITY does not have the personnel able and/or available to perform the services required under this AGREEMENT, and therefore, the CITY desires to contract for professional services to accomplish this work; and

WHEREAS, CONSULTANT was recommended for award based on superior experience, familiarity with the needs of the CITY, and capacity to provide the services agreed to herein and was selected for award of this AGREEMENT by the Assistant City Attorney; and

WHEREAS, the City Manager is authorized by Goleta Municipal Code Section 3.05.240 to execute this AGREEMENT because the value of the AGREEMENT is less than \$30,000.

CITY and CONSULTANT agree as follows:

1. RETENTION AS CONSULTANT

CITY hereby retains CONSULTANT, and CONSULTANT hereby accepts such engagement, to perform the services described in Section 2. CONSULTANT warrants it has the qualifications, experience, and facilities to properly and timely perform said services.

2. DESCRIPTION OF SERVICES

The services to be performed by CONSULTANT are as follows:

Professional consulting services in conjunction with the development and revision of cannabis ordinances and implementation program. Services

shall generally include assistance with the preparation of cannabis ordinances, licensing review, implementation program, and taxation auditing, as more particularly set forth in the Scope of Work, attached as Exhibit "A," and incorporated herein. CONSULTANT shall deliver to CITY the deliverables defined in Exhibit "A."

3. COMPENSATION AND PAYMENT

(a) **Maximum and Rate.** The total compensation payable to CONSULTANT by CITY for the services under this AGREEMENT **SHALL NOT EXCEED** the sum of \$30,000 (herein "not to exceed amount"), and shall be earned as the work progresses on the following basis:

Hourly at the hourly rates of CONSULTANT and service charges as set forth in Exhibit "B," attached and incorporated herein. The rates and service charges set forth in that exhibit shall be binding upon CONSULTANT until December 31, 2019, after which any change in said rates and expenses must be approved in writing by CITY's Project Manager as described in Section 5 (CITY is to be given 60 days notice of any rate increase request), provided the not to exceed amount is the total compensation due CONSULTANT for all work described under this AGREEMENT.

(b) **Payment.** CONSULTANT shall provide CITY with written verification of the actual compensation earned, which written verification shall be in a form satisfactory to CITY's Project Manager, as described in Section 5. Invoices shall be made no more frequently than on a monthly basis, and describe the work performed (including a list of hours worked by personnel classification). All payments shall be made within 30 days after CITY's approval of the invoice.

4. EXTRA SERVICES

CITY shall pay CONSULTANT for those CITY authorized extra services, not reasonably included within the services described in Section 2, as mutually agreed to writing in advance of the incurrence of extra services by CONSULTANT. Unless CITY and CONSULTANT have agreed in writing before the performance of extra services, no liability and no right to claim compensation for such extra services or expenses shall exist. The applicable hourly rates for extra services shall be at the hourly rates set forth in the compensation exhibit. Any compensation for extra services shall be part of the total compensation and shall not increase the not to exceed amount identified in Section 3.

5. CITY PROJECT MANAGER AND SERVICES BY CITY

The services to be performed by CONSULTANT shall be accomplished under the general direction of, and coordinate with, CITY's "Project Manager", as that staff person is designated by CITY from time to time, and who presently is Vyto Adomaitis,

Neighborhood Services/Public Safety Director. Project Manager shall have the authority to act on behalf of the CITY in administering this AGREEMENT but shall not be authorized to extend the term of the AGREEMENT or increase the not to exceed amount.

CITY shall perform the services defined in Exhibit "A"

6. TERM, PROGRESS AND COMPLETION

The term of this AGREEMENT is from the date first written above to December 30, 2019, unless term of this AGREEMENT is extended or the AGREEMENT is terminated as provided for herein.

~~CONSULTANT shall not commence work on the services to be performed until (i)~~ CONSULTANT furnishes proof of insurance as required by Section 10 below, and (ii) CITY gives written authorization to proceed with the work provided by CITY's Project Manager.

7. OWNERSHIP OF DOCUMENTS

All drawings, designs, data, photographs, reports and other documentation (other than CONSULTANT's drafts, notes and internal memorandum), including duplication of same prepared by CONSULTANT in the performance of these services, are the property of CITY. CITY shall be entitled to immediate possession of the same upon completion of the work under this AGREEMENT, or at any earlier or later time when requested by CITY. CITY agrees to hold CONSULTANT harmless from all damages, claims, expenses, and losses arising out of any reuse of the plans and specifications for purposes other than those described in this AGREEMENT, unless written authorization of CONSULTANT is first obtained.

8. PERSONAL SERVICES/NO ASSIGNMENT/SUBCONTRACTOR

This AGREEMENT is for professional services which are personal to CITY. David McPherson is deemed to be specially experienced and is a key member of CONSULTANT's firm, and shall be directly involved in the performance of this work. This key person shall communicate with, and periodically report to, CITY on the progress of the work. Should any such individual be removed from assisting in this contracted work for any reason, CITY may terminate this AGREEMENT. This AGREEMENT may not be assigned or subcontracted without the City Manager's prior written consent.

9. HOLD HARMLESS AND INDEMNITY

(a) **Indemnification and Defense for Professional Service.** To the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless the CITY and any and all of its officials, employees and agents ("Indemnified Parties") from and against any and all claims, losses, liabilities, damages, costs and expenses, including

attorney's fees and costs, to the extent they arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the CONSULTANT. CONSULTANT's duty to defend shall consist of reimbursement of defense costs incurred by CITY in direct proportion to the CONSULTANT's proportionate percentage of fault. CONSULTANT's percentage of fault shall be determined, as applicable, by a court of law, jury or arbitrator. In the event any loss, liability or damage is incurred by way of settlement or resolution without a court, jury or arbitrator having made a determination of the CONSULTANT's percentage of fault, the parties agree to mediation with a third party neutral to determine the CONSULTANT's proportionate percentage of fault for purposes of determining the amount of indemnity and defense cost reimbursement owed to the CITY.

(b) For All Other Liabilities. Notwithstanding the foregoing and without diminishing any rights of CITY, for any liability, claim, demand, allegation against CITY arising out of, related to, or pertaining to any act or omission of CONSULTANT, but which is not a design professional service, CONSULTANT shall defend, indemnify, and hold harmless CITY, its officials, employees, and agents ("Indemnified Parties") from and against any and all damages, costs, expenses (including reasonable attorney fees and expert witness fees), judgments, settlements, and/or arbitration awards, whether for personal or bodily injury, property damage, or economic injury, and arising out of, related to, any concurrent or contributory negligence on the part of the CITY, except for the sole or active negligence of, or willful misconduct of the CITY.

(c) No Waiver. CITY does not waive, nor shall be deemed to have waived, any indemnity, defense or hold harmless rights under this section because of the acceptance by CITY, or the deposit with CITY, of any insurance certificates or policies described in Section 10.

(d) Disclaimer. Both parties understand and agree that nothing in this Agreement constitutes advice by CONSULTANT to CITY to violate any existing law and, accordingly, this section does not obligate CONSULTANT to the extent that federal or state law may now, or subsequently, prohibit the actions recommended by CONSULTANT pursuant to this Agreement.

10. INSURANCE

CONSULTANT shall, at CONSULTANT's sole cost and expense, provide insurance as described herein. All insurance is to be placed with insurers authorized to do business in the State of California with an A.M. Best and Company rating of A- or better, Class VII or better, or as otherwise approved by CITY.

Insurance shall include the following (or broader) coverage:

- a) Insurance Services Office Commercial Liability coverage "occurrence" form CG 00 01 or its exact equivalent with an edition date prior to 2004 and with minimum limits of \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

- b) Insurance Services Office form number CA 00 01 or equivalent covering Automobile Liability, including hired and non-owned automobile liability with a minimum limit of \$1,000,000 per accident. If the Service Provider owns no vehicles, this requirement may be satisfied by a non-owned and hired auto endorsement to Service Provider's commercial general liability policy.
- c) Workers' Compensation insurance complying with California worker's compensation laws, including statutory limits for workers' compensation and an Employer's Liability limit of \$1,000,000 per accident or disease.
- d) Professional liability insurance that covers the services to be performed in connection with this agreement, in the minimum amount of \$1,000,000 per claim and in the aggregate.

Liability insurance policies required to be provided by CONSULTANT hereunder shall contain or be endorsed to contain the following provisions:

- a) CITY, its employees, officials, agents and member agencies shall be covered as additional insureds. Coverage shall apply to any and all liability arising out of the work performed or related to the contract. Additional insured status under the general liability requirement shall be provided on Insurance Services Office Form CG 20 10, with an edition date prior to 2004, or its equivalent. Additional insured status for completed operations shall be provided either in the additional insured form or through another endorsement such as CG 20 37, or its equivalent.
- b) General and automobile liability insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability. Coverage will not be limited to CITY's vicarious liability.
- c) Professional liability insurance policies inception date, continuity date, or retroactive date must be before the effective date of this agreement. CONSULTANT agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.
- d) Liability coverage shall be primary and non-contributing with any insurance maintained by CITY.
- e) Evidence of coverage (including the workers' compensation and employer's liability policies) shall provide that coverage shall not be suspended, voided, canceled or reduced in coverage or in limits except after 30 days' prior written notice has been given to CITY. Such provision shall not include any limitation of liability of the insurer for failure to provide such notice.

- f) No liability insurance coverage provided to comply with this AGREEMENT shall prohibit CONSULTANT, or CONSULTANT's employees, or agents, from waiving the right of recovery prior to a loss. CONSULTANT waives its right of recovery against CITY.
- g) CONSULTANT agrees to deposit with CITY within fifteen days of Notice to Proceed of the Contract certificates of insurance and required endorsements.
- h) There shall be no recourse against CITY for payment of premiums or other amounts with respect to the insurance required to be provided by CONSULTANT hereunder. Any failure, actual or alleged, on the part of CITY to monitor compliance with these requirements will not be deemed as a waiver of any rights on the part of CITY. CITY has no additional obligations by virtue of requiring the insurance set forth herein. In the event any policy of insurance required under this AGREEMENT does not comply with these requirements or is canceled and not replaced, CITY has the right but not the duty to obtain the insurance it deems necessary and any premium paid by CITY will be promptly reimbursed by CONSULTANT or CITY will withhold amounts sufficient to pay premium from CONSULTANT payments.
- i) CONSULTANT agrees to provide immediate notice to CITY of any claim or loss against CONSULTANT arising out of the work performed under this AGREEMENT. CITY assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve CITY.

11. RELATIONSHIP OF CONSULTANT TO CITY

The relationship of the CONSULTANT to CITY shall be that of an independent contractor and that in no event shall CONSULTANT be considered an officer, agent, servant or employee of CITY. CONSULTANT shall be solely responsible for any workers compensation insurance, withholding taxes, unemployment insurance, and any other employer obligations associated with the described work.

12. CORRECTIONS

In addition to the above indemnification obligations, CONSULTANT shall correct, at its expense, all errors in the work that may be disclosed during CITY's review of CONSULTANT's report or plans. Should CONSULTANT fail to make such correction in a reasonably timely manner, such correction shall be made by CITY, and the cost thereof shall be charged to CONSULTANT or withheld from any funds due to CONSULTANT hereunder.

13. TERMINATION BY CITY

CITY, by notifying CONSULTANT in writing, may upon 10 calendar days notice, terminate without cause any portion or all of the services agreed to be performed under this AGREEMENT. If termination is for cause, no notice period need be given. In the event of termination, CONSULTANT shall have the right and obligation to immediately assemble work in progress for the purpose of closing out the job. All compensation for actual work performed and charges outstanding at the time of termination shall be payable by CITY to CONSULTANT within 30 days following submission of a final statement by CONSULTANT unless termination is for cause. In such event, CONSULTANT shall be compensated only to the extent required by law.

14. ACCEPTANCE OF FINAL PAYMENT CONSTITUTES RELEASE

The acceptance by CONSULTANT of the final payment made under this AGREEMENT shall operate as and be a release of CITY from all claims and liabilities for compensation to CONSULTANT for anything done, furnished, or relating to CONSULTANT'S work or services. Acceptance of payment shall be any negotiation of CITY's check or the failure to make a written extra compensation claim within 10 calendar days of the receipt of that check. However, approval or payment by CITY shall not constitute, nor be deemed, a release of the responsibility and liability of CONSULTANT, its employees, subcontractors, agents and CONSULTANTS for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by CITY for any defect or error in the work prepared by CONSULTANT, its employees, subcontractors, agents and consultants.

15. AUDIT OF RECORDS

At any time during normal business hours and as often as it may deem necessary, CONSULTANT shall make available to a representative of CITY for examination of all its records with respect to all matters covered by this AGREEMENT and will permit CITY to audit, examine and/or reproduce such records. CONSULTANT will retain such financial records, time sheets, work progress reports, invoices, bills and project records for at least two years after termination or final payment under this AGREEMENT.

16. WAIVER; REMEDIES CUMULATIVE

Failure by a party to insist upon the strict performance of any of the provisions of this AGREEMENT by the other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future. No waiver by a party of a default or breach of the other party shall be effective or binding upon such party unless made in writing by such party, and no such waiver shall be implied from any omissions by a party to take any action with respect to such default or breach. No express written waiver of a specified default or breach shall affect any other default or breach, or cover

any other period of time, other than any default or breach and/or period of time specified. All of the remedies permitted or available to a party under this AGREEMENT, or at law or in equity, shall be cumulative and alternative, and invocation of any such right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right of remedy.

17. CONFLICT OF INTEREST

CONSULTANT is unaware of any CITY employee or official that has a financial interest in CONSULTANT'S business. During the term of this AGREEMENT and/or as a result of being awarded this AGREEMENT, CONSULTANT shall not offer, encourage or accept any financial interest in CONSULTANT'S business by any CITY employee or official.

18. CONSTRUCTION OF LANGUAGE OF AGREEMENT

The provisions of this AGREEMENT shall be construed as a whole according to its common meaning of purpose of providing a public benefit and not strictly for or against any party. It shall be construed consistent with the provisions hereof, in order to achieve the objectives and purposes of the parties. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neutral genders or vice versa.

19. MITIGATION OF DAMAGES

In all situations arising out of this AGREEMENT, the parties shall attempt to avoid and minimize the damages resulting from the conduct of the other party.

20. GOVERNING LAW

This AGREEMENT, and the rights and obligations of the parties, shall be governed and interpreted in accordance with the laws of the State of California. Should litigation occur, venue shall be in Superior Court of Santa Barbara County.

21. TAXPAYER IDENTIFICATION NUMBER

CONSULTANT shall provide CITY with a complete Request for Taxpayer Identification Number and Certification, Form W-9 (Rev. 12-87), as issued by the Internal Revenue Service.

22. NON-APPROPRIATION OF FUNDS

Payments due and payable to CONSULTANT for current services are within the current budget and within an available, unexhausted and unencumbered appropriation of CITY funds. In the event CITY has not appropriated sufficient funds for payment of CONSULTANT services beyond the current fiscal year, this AGREEMENT shall cover only those costs incurred up to the conclusion of the current fiscal year.

23. MODIFICATION OF AGREEMENT

The tasks described in this AGREEMENT and all other terms of this AGREEMENT may be modified only upon mutual written consent of CITY and CONSULTANT.

24. USE OF THE TERM "CITY"

Reference to "CITY" in this AGREEMENT includes City Manager or any authorized representative acting on behalf of CITY.

25. PERMITS AND LICENSES

CONSULTANT, at its sole expense, shall obtain and maintain during the term of this AGREEMENT, all appropriate permits, licenses, and certificates that may be required in connection with the performance of services under this AGREEMENT.

26. CAPTIONS

The captions or headings in this AGREEMENT are for convenience only and in no other way define, limit or describe the scope or intent of any provision or section of the AGREEMENT.

27. AUTHORIZATION

Each party has expressly authorized the execution of this AGREEMENT on its behalf and bind said party and its respective administrators, officers, directors, shareholders, divisions, subsidiaries, agents, employees, successors, assigns, principals, partners, joint venturers, insurance carriers and any others who may claim through it to this AGREEMENT.

28. ENTIRE AGREEMENT BETWEEN PARTIES

Except for CONSULTANT'S proposals and submitted representations for obtaining this AGREEMENT, this AGREEMENT supersedes any other agreements, either oral or in writing, between the parties hereto with respect to the rendering of services, and contains all of the covenants and agreements between the parties with respect to said services.

29. PARTIAL INVALIDITY

If any provision in this AGREEMENT is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

30. NOTICES

Any notice required to be given hereunder shall be deemed to have been given by depositing said notice in the United States mail, postage prepaid, and addressed as follows:

TO CITY: Attention: Michelle Greene, City Manager
City of Goleta
130 Cremona Drive, Suite B
Goleta, CA 93117


TO CONSULTANT: Attention: Andrew Nickerson, President
Hinderliter, de Llamas and Associates
120 S State College Blvd., Suite 200
Brea, CA 92821
(714) 879-5000

31. COUNTERPARTS AND ELECTRONIC/FACSIMILE SIGNATURES

This Agreement may be executed in several counterparts, which may be facsimile or electronic copies. Each counterpart is fully effective as an original, and together constitutes one and the same instrument.

In concurrence and witness whereof, this AGREEMENT has been executed by the parties effective on the date and year first above written.

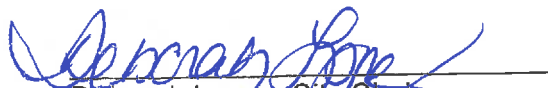
CITY OF GOLETA


Michelle Greene, City Manager

CONSULTANT



Andrew Nickerson, President

ATTEST


Deborah Lopez, City Clerk


Jeffrey Schmeier, Chief Financial Officer

APPROVED AS TO FORM


Winnie Cai, Assistant City Attorney

City of Goleta
City Attorney's Office and Hinderliter, de Llamas and Associates
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Exhibit A -Scope of Services

The regulation, compliance and taxation of cannabis is complex and filled with challenging issues. Therefore, the objectives presented in this proposal are based on HdL's experience and the expectations and desired outcomes of the City. However, due to the ongoing evolution of the state's Medical Cannabis Regulation and Safety Act (MCRSA), Proposition 64, Adult Use Marijuana Act (AUMA), and SB 94, the Medicinal Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), HdL is agreeable to modifications to this scope of services as deemed necessary by both HdL and City staff. Amendments to this Scope of Services shall be made in writing and shall not constitute additional hours of work without proper compensation unless otherwise approved by the City and HdL.

The Scope of Services to be provided by HdL shall include:

- Kick-off conference call with City Staff;
- Provide subject matter expertise and technical support on cannabis local and state regulatory issues;
- Conduct three (3) Cannabis Policy Presentations to City Council and staff to provide guidance related to the various types of cannabis activities, policy issues or public safety concerns in order for staff to make informative policy decisions for the implementation of a Cannabis Management Program.
- Provide City staff with technical and policy expertise related to the operations and revenues associated with the understanding of the Cannabis Industry to ensure compliance with the Medical Cannabis and Safety Act (MCRSA), Adult Use Marijuana Act (AUMA), Medicinal Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), and all applicable local ordinances;
- Review City's Cannabis Business License Applications as more particularly described in Objective 3.

Objective 1: Provide Subject Matter Expertise & Technical Support

Subject matter expertise and technical support will begin upon the execution of a contract with the Consultant which will include the following:

- Consultant shall work with City staff on issues related to cannabis regulatory and tax policies;
- Ensure proposed city ordinance complies with all state laws and conforms to the best practices to regulate the cannabis businesses in the City;
- Monitor MAUCRSA and state regulation's policy development and provide feedback to City staff to ensure that the City follows any changes which may

impact the development of the City's strategy to regulate and tax businesses which will be permitted in the City;

- Participate in conference calls and respond to staff inquiries via phone and email, review staff reports to City Council and assist with responses to inquiries from the public to staff;
- Committee/Council Meetings; HdL will provide staff, stakeholders and City Council with technical support at City Committee/Council meetings at the request of the City Administration.

Objective 2: Cannabis Policy Outreach and Education

HdL is recognized throughout the state as the leader in providing public outreach, study sessions and stakeholder meetings for policy makers as well as internal and external stakeholders related to cannabis policy and regulatory issues. The firm will present cannabis policy presentations to the City Council and stakeholders as requested in the scope of service.

Our staff understands the importance of community outreach to ensure a successful Cannabis Management Program is implemented in the City. HdL's Cannabis Policy Advisor has over 16 years of experience in public policy, community engagement and advocacy from both the public and private sector. Our Cannabis Compliance Director has 8 years of experience developing one of the first cannabis regulatory programs in the country for a local municipality. Our Cannabis Compliance Manager has over 6 years of experience developing state regulatory programs and was one of the original regulators to develop marijuana policies for the state of Colorado. HdL also employs a Senior Policy Advisor who has statewide policy training and expertise in developing community-based outreach programs.

In the last 3 years, HdL has conducted over 85 workshops for professional organizations and local governments. Our public involvement process brings together all segments and geographies of the community including: elected officials, public agency staff, law enforcement, industry stakeholders, community groups and cannabis users. Our team will conduct the necessary outreach programs specific to the City of Goleta including public outreach, study sessions with decision makers, stakeholder meetings and public hearings and provide expertise on city code amendments, and application process strategies, cost recovery fees, and tax policy in compliance with Proposition 218.

Objective 3: Conduct Compliance Inspections

HdL will conduct one (1) compliance inspection per business prior to each annual license renewal. HdL will work with the City of Goleta to develop a schedule to conduct the compliance inspections in order to consolidate the site visits to the City

to a minimum. Annual compliance inspections will include an on-site review of statutory and regulatory requirements.

Inspections will be designed to examine and determine compliance in areas related to the following:

- Business records
- Inventory tracking
- Access control
- Money handling
- Product handling standards
- Security/surveillance requirements
- Waste management
- Transportation documentation
- Occupational badges
- Other items as deemed necessary to ensure compliance with State and local laws as requested by the City

Compliance Inspection and Deliverables

It is the goal of HdL to provide the City with all the technical support and subject matter expertise throughout the year to ensure proper oversight and management of the Commercial Cannabis Businesses. HdL wishes to create “best practices” for the City and the permittee to make sure they are following State and local law. As part of this objective, the proposal incorporates outreach and education for the City Staff and the permittee.

EXHIBIT B – HOURLY RATES AND SERVICE CHARGES

HdL's fee proposal is based on time, materials and travel expenses associated with the execution of the services. It is based on the current scope of services as outlined in Objectives 1 through 3 for a fee not to exceed \$29,700.

EMPLOYEE HOURLY RATES:

Current Employee (May be subject to change)	Employee Job Title	Hourly Rate
David McPherson	Cannabis Compliance Director	\$300
Matt Eaton	Cannabis Compliance Manager	\$300
Tim Cromartie	Senior Advisor	\$300
Kami Miller	Senior Advisor	\$300
Mark Lovelace	Senior Advisor w/ CEQA experience	\$300

SERVICE CHARGES:

Scope of Service Objectives	Estimated Cost of Labor/Budget
Objective 1 – Subject Matter Expertise and Technical Support	54 Hours/\$16,200
Objective 2 – Cannabis Policy Outreach & Education Preparation, Travel Cost and Presentations for Three Council Meetings	Flat Rate of \$2,000 Per Presentation
	Subtotal \$6,000
Objective 3 – Compliance Inspections and Reviews for a Minimum of Six Cannabis Business Operators	Flat Rate of \$1,250 Per Inspection
	Subtotal \$7,500
Total	\$29,700

Objective 1: Cost Assumptions – Subject Matter Expertise and Technical Support

Subject matter expertise and technical support will be provided, however should Consultant be required to attend meetings outside the scope of service, travel time will be billed at a flat rate of \$1,000 per day to attend the meetings. The City

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will not be responsible for additional travel time should the Consultant decide to stay within the City additional days.

Objective 2: Cost Assumptions – Cannabis Policy Outreach & Education

Consultants anticipates preparing and presenting 3 presentations to City Council and City staff. Consultant's travel cost is included in the pricing for this objective.

Objective 3: Cost Assumptions – Compliance Inspection Review

The City must make a reasonable and good faith effort to consolidate the scheduled inspections where ever possible to the bare minimum since there will be no additional travel cost associated with this objective.

Optional Services

Optional Service #1: Application Review

HdL staff has experience reviewing, scoring and preparing summary reports for over 1,300 cannabis land use applications. Should the City need assistance conducting application reviews, HdL can provide this service at the rate of \$2,500 per application.

Optional Service #2: Background Checks

HdL staff has prior law enforcement and cannabis regulatory experience and are trained to review background information on owners and employees of cannabis business. As a result, the Consultant provides background investigations to be utilized as a provisional background for agencies that need assistance in this process at a rate of \$300 per applicant (Owner), Manager or Supervisor and \$150 for line staff.

Optional Service #3: Regulatory Compliance Reviews and Financial Audit

The HdL Companies Cannabis Management Team combined has over 20 years of direct experience conducting approximately 11,000 cannabis compliance inspections, investigations and financial audits in Colorado, California and Nevada. HdL can provide annual compliance reviews and financial audits at the following rates per cannabis business permitted in the City.

Option A: Conduct one (1) financial audit annually for each permit at a rate of \$6,000.

Option B: Conduct one (1) compliance review and one (1) financial audit annually for each permit at a rate of \$7,250.

Option C: Conduct two (2) compliance reviews and one (1) financial audit annually for each permit at a rate of \$8,500.

Option D: Conduct three (3) compliance reviews and one (1) financial audit annually for each permit at a rate of \$9,750.

Option E: Conduct four (4) compliance reviews and one (1) financial audit annually for each permit at a rate of \$11,000.

Option F: Tax Analytical Remittance Report (TARR) Summary provided on a quarterly basis for each permit at an annual rate of \$2,500.