

## PROFESSIONAL SERVICES AGREEMENT

### Professional Services for Preparation of Cannabis Tax Measure

This Agreement, entered into this 9<sup>th</sup> day of November, 2023, by and between the City of Visalia, hereinafter referred to as the "CITY", and HdL Companies hereinafter referred to as the "CONSULTANT".

### W I T N E S S E T H

**WHEREAS**, the CITY is authorized and empowered to employ consultants and specialists in the performance of its duties and functions; and

**WHEREAS**, the CITY has the desire to secure certain technical and professional services to assist in the preparation and completion of the items of work described in Exhibit "A", and hereinafter referred to as the "PROJECT"; and

**WHEREAS**, the CONSULTANT represents it is licensed, qualified and willing to provide such services pursuant to terms and conditions of this Agreement.

**NOW, THEREFORE**, CITY and CONSULTANT agree as follows:

#### I. SERVICES TO BE PERFORMED BY THE CONSULTANT

- A. Authorized Scope of Work: The CONSULTANT agrees to perform all work necessary to complete in a manner satisfactory to the CITY those tasks described in Exhibit "A", for the cost identified in section III of Exhibit "A" - Project Fee.
- B. Additional Services: Incidental work related to the PROJECT and not provided for in Exhibit "A" may be needed during the performance of this Agreement. The CONSULTANT agrees to provide any and all additional services at the rates identified in attached Exhibit "A" – section IV – Schedule of Fees for Professional Services. Such additional services shall not be performed by CONSULTANT without the written consent of CITY.

#### II. TIME OF PERFORMANCE

The CONSULTANT shall commence performance of this Agreement within ten (10) days of Consultant's Notice to Proceed following City Council approval of this Agreement and shall complete the work within the timeframes outlined in Exhibit "A", unless otherwise extended in writing by CITY, in its sole discretion.

If the CONSULTANT fails to complete the PROJECT within the time specified, plus any extensions of time which may be granted, the CITY shall determine the percent of each work item completed and shall pay the CONSULTANT on that basis.

CONSULTANT shall not be responsible for delays which are due to causes beyond the CONSULTANT's reasonable control. In the case of any such delay, the time of completion shall be extended accordingly in a writing signed by both parties.

#### III. COMPENSATION

- A. Total Compensation: For services performed pursuant to this Agreement, the CITY agrees to pay and the CONSULTANT agrees to accept, as payment in full, a sum not to exceed \$35,000 (thirty-five-thousand dollars). This amount shall constitute complete compensation, including document production and out-of-pocket expenses for all services for the work and PROJECT identified in Exhibit "A".

- B. Payment of Compensation: The CONSULTANT shall be compensated no more than monthly upon completion of percentage of each noted phase. The CONSULTANT shall be paid no later than thirty (30) days following submission of a written, verified billing to the CITY. Said billing shall include the percentage of each task completed to date and since the date of the preceding billing, if any.

#### IV. AUTHORIZED REPRESENTATIVE

- A. CITY: The Project Manager shall represent the CITY in all matters pertaining to the services to be rendered under this Agreement, except where approval of the City Council of the City of Visalia is specifically required.
- B. CONSULTANT: Ajay Kolluri shall represent and act as principle for CONSULTANT in all matters pertaining to the services to be rendered by it under this Agreement.

#### V. TERMINATION

The right to terminate this Agreement, with or without cause, may be exercised without prejudice to any other right or remedy to which the terminating party may be entitled at law or under this Agreement.

- A. Termination By Either Party Without Cause: The CITY or CONSULTANT may terminate this Agreement at any time by giving written notice to the other of such termination and specifying the effective date thereof, at least fifteen (15) days before the effective date of such termination.
- B. Termination of Agreement for Cause: The CITY may by written notice to the CONSULTANT specifying the effective date thereof, at least fifteen (15) days before the effective date of such termination, terminate the whole or any part of this Agreement in any of the following circumstances:
1. If the CONSULTANT fails to perform the services called for by this Agreement within time(s) specified herein or any extension thereof; or
  2. If the CONSULTANT fails to make progress under this Agreement as to endanger performance of this Agreement in accordance with its terms, and does not correct such failure within a period of ten (10) days (or longer period as the CITY may authorize in writing) after receipt of notice from the CITY specifying such failure.
- C. Post-Termination:
1. In the event the CITY terminates this Agreement with or without cause, the CITY may procure, upon such terms and such manner as it may determine appropriate, services similar to those terminated.
  2. Except with respect to defaults of subconsultants, the CONSULTANT shall not be liable for any excess costs if the failure to perform this Agreement arises out of causes beyond the control and without the fault or negligence of the CONSULTANT. Such causes include, but are not limited to, acts of God or of the public enemy, floods, epidemics, quarantine restrictions, strikes, and unusually severe weather; but in the event the failure to perform is caused by the default of a subconsultant, the CONSULTANT shall not be liable for failure to perform, unless the services to be furnished by the subconsultant were obtainable from other sources in sufficient time and within budgeted resources to permit the CONSULTANT to meet the required delivery schedule or other performance requirements.
  3. Should the Agreement be terminated with or without cause, the CONSULTANT shall provide the CITY with all finished and unfinished documents, data, studies, services, drawings, maps, models, photographs, reports, etc., prepared by the CONSULTANT pursuant to this Agreement.
  4. Upon termination, with or without cause, CONSULTANT will be compensated for the services satisfactorily completed to the date of termination according to compensation provisions contained herein. In no event, shall the total compensation paid CONSULTANT exceed the total compensation agreed to herein.



5. If, after notice of termination of this Agreement, as provided for in this article, it is determined for any reason that the CONSULTANT was not in default under the provisions of this article, then the rights and obligations of the parties shall be the same as if the Agreement was terminated without cause.
6. Termination of this Agreement shall not terminate any obligation to indemnify, to maintain and make available any records pertaining to the Agreement, to cooperate with any audit, to be subject to offset, or to make any reports of pre-termination activities.

#### **VI. INTEREST OF OFFICIALS AND THE CONSULTANT**

- A. No officer, member, or employee of the CITY who exercises any functions or responsibilities in the review or approval of this Agreement shall:
  1. Participate in any decision relating to this Agreement which effects his personal interest or the interest of any corporation, partnership, or association in which he has, directly or indirectly, any interest; or
  2. Have any interest, direct or indirect, in this Agreement or the proceeds thereof during his tenure or for one year thereafter.
- B. The CONSULTANT hereby covenants that he has, at the time of the execution of this Agreement, no interest, and that he shall not acquire any interest in the future, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed pursuant to this Agreement. The CONSULTANT further covenants that in the performance of this work, no person having any such interest shall be employed.

#### **VII. NO PERSONNEL, AGENCY OR COMMISSION**

The CONSULTANT warrants, by execution of this Agreement, that no personnel agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide established commercial or selling agencies maintained by the CONSULTANT for the purpose of securing business. For breach or violation of this warranty, the CITY shall have the right to annul this Agreement without liability or, in its discretion, to deduct from this Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

#### **VIII. SUBCONTRACTING**

- A. The CONSULTANT shall not subcontract or otherwise assign any portion of the work to be performed under this Agreement without the prior written approval of the CITY.
- B. In no event shall the CONSULTANT subcontract work in excess of 50% of the contract amount, excluding specialized services. Specialized services are those items not ordinarily furnished by a consultant performing the particular type of project.

#### **IX. INDEPENDENT CONTRACTOR**

In the performance of the services herein provided for, the CONSULTANT shall be, and is, an independent contractor and is not an agent or employee of the CITY. The CONSULTANT has and shall retain the right to exercise full control and supervision of all persons assisting the CONSULTANT in the performance of said services hereunder. The CONSULTANT shall be solely responsible for all matters relating to the payment of its employees including compliance with social security and income tax withholding and all other regulations governing such matters.

#### **X. SPECIFICATIONS**

All specifications, manuals, standards, etc., either attached to this Agreement or incorporated by reference, are binding as to the performance of the work specified in this Agreement unless they are changed by written amendment to this Agreement modified in writing to incorporate such changes.

#### **XI. DOCUMENTS/DATA**

- A. Ownership of Documents: All original papers and documents, produced as a result of this Agreement, shall become the property of the CITY. In addition, CITY shall be provided with access and use of any other papers and documents consistent with the purpose and scope of services covered by this Agreement. Any additional copies, not otherwise provided for herein, shall be the responsibility of the CITY.

Documents, including drawings and specifications, prepared by CONSULTANT pursuant to this Agreement, are not intended or represented to be suitable for reuse by CITY or others on extensions of the PROJECT or on any other project. Any use of the completed documents for other projects and any use of incomplete documents without the specific written authorization from CONSULTANT will be at CITY's sole risk and without liability to CONSULTANT. Further, any and all liability arising out of changes made to CONSULTANT's deliverables under this Agreement by CITY or persons other than CONSULTANT is waived as against CONSULTANT, and the CITY assumes full responsibility for such changes unless the CITY has given CONSULTANT prior notice and has received from CONSULTANT written consent for such changes.

- B. Publication: No report, information, or other data given or prepared or assembled by the CONSULTANT pursuant to this Agreement, shall be made available to any individual or organization by the CONSULTANT without the prior written approval of the CITY. Notwithstanding the foregoing, however, the CONSULTANT shall not be required to protect or hold in confidence and confidential information which (1) is or becomes available to the public with the prior written consent of the CITY; (2) must be disclosed to comply with law; or (3) must be disclosed in connection with any legal proceedings.
- C. Copyrights: The CONSULTANT shall be free to copyright material developed under this Agreement with the provision that the CITY be given a nonexclusive and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use the material for government or public purposes.

## XII. INDEMNIFICATION AND INSURANCE

- A. As respects acts, errors, or omissions in the performance of services, CONSULTANT agrees to indemnify and hold harmless CITY, its elected and appointed officers, employees, and CITY designated volunteers from and against any and all claims, demands, losses, defense costs, liability or consequential damages arising directly out of CONSULTANT's negligent acts, errors or omissions in the performance of his/her services under the terms of this Agreement, except to the extent those arise out of the negligence of CITY.
- B. CITY agrees to indemnify and hold harmless CONSULTANT, its officers, employees, and designated volunteers from and against any and all losses, defense costs, liability or consequential damages to the extent arising out of CITY'S negligent acts, errors or omissions in the performance of this Agreement.
- C. As respects all acts or omissions which do not arise directly out of the performance of services, including but not limited to those acts or omissions normally covered by general and automobile liability insurance, CONSULTANT agrees to indemnify, defend (at CITY's option), and hold harmless CITY, its elected and appointed officers, agents, employees, representatives, and volunteers from and against any and all claims, demands, defense costs, liability, or consequential damages of any kind or nature arising out of or in connection with CONSULTANT's (or CONSULTANT's subcontractors, if any) performance or failure to perform, under the terms of this Agreement; except to the extent those which arise out of the negligence of CITY.
- D. Without limiting CITY's right to indemnification, it is agreed that CONSULTANT shall secure prior to commencing any activities under this Agreement, and maintain during the term of this Agreement, insurance coverage as follows:
1. **Workers' Compensation** insurance as required by California statutes.



2. **Commercial General Liability** insurance with a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall include coverage for Premises and Operations, Contractual Liability, Personal Injury Liability, Products and Completed Operations Liability, Broad Form Property Damage (if applicable), Independent Contractor's Liability (if applicable).
  3. **Comprehensive Automobile Liability** coverage with a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence. Such insurance shall include coverage for owned, hired, and non-owned automobiles and shall be provided by a business automobile policy.
  4. **Professional Liability** insurance coverage, in an amount not less than One Million Dollars (\$1,000,000).
- E. CITY'S Risk Manager is hereby authorized to reduce the requirements set forth above in the event he/she determines that such reduction is in the CITY'S best interest.
- F. Each insurance policy required by this Agreement shall contain the following clause:

*"This insurance shall not be canceled, limited in scope or coverage, or non-renewed until after thirty (30) days prior written notice has been given to the City Clerk, City of Visalia, 707 W. Acequia, Visalia, CA 93291."*

In addition, the commercial general liability and comprehensive automobile liability policies required by this Agreement shall contain the following clauses:

*"It is agreed that any insurance maintained by the City of Visalia shall apply in excess of and not contribute with insurance provided by this policy."*

*"The City of Visalia, its officers, agents, employees, representatives and volunteers are added as additional insureds as respects operations and activities of, or on behalf of the named insured, performed under contract with the City of Visalia."*

- G. Prior to commencing any work under this Agreement, CONSULTANT shall deliver to CITY insurance certificates confirming the existence of the insurance required by this Agreement, and including the applicable clauses referenced above. Within thirty (30) days of the execution date of this Agreement, CONSULTANT shall provide to CITY endorsements to the above-required policies, which add to these policies the applicable clauses referenced above. Said endorsements shall be signed by an authorized representative of the insurance company and shall include the signatory's company affiliation and title. Should it be deemed necessary by CITY, it shall be CONSULTANT's responsibility to see that CITY receives documentation acceptable to CITY which sustains that the individual signing said endorsements is indeed authorized to do so by the insurance company. CITY has the right to demand, and to receive within a reasonable time period, copies of any insurance policies required under this Agreement.
- H. In addition to any other remedies CITY may have if CONSULTANT fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, CITY may, at its sole option:
1. Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement; or
  2. Order CONSULTANT to stop work under this Agreement and/or withhold any payment(s) which become due to CONSULTANT hereunder until CONSULTANT demonstrates compliance with the requirements hereof; or
  3. Terminate this Agreement.

Exercise of any of the above remedies, however, is an alternative to other remedies CITY may have and is not the exclusive remedy for CONSULTANT's failure to maintain insurance or secure appropriate endorsements.

Nothing herein contained shall be construed as limiting in any way the extent to which CONSULTANT may be held responsible for payments of damages to persons or property resulting from CONSULTANT's or its subcontractor's performance of the work covered under this Agreement.

### XIII. NON-DISCRIMINATION

CONSULTANT and all subcontractors shall not discriminate against any employee or applicant for employment on the basis of race, color, national origin, or sex in the performance of this Agreement. The CONSULTANT shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this Agreement, which may result in the termination of this Agreement.

### XIV. MISCELLANEOUS PROVISIONS

- A. Successors and Assigns: This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties.
- B. Prohibition of Assignment: Neither the CITY nor CONSULTANT shall assign, delegate or transfer their rights and duties in this Agreement without the written consent of the other party.
- C. Dispute/Governing Law: Any dispute not resolvable by informal arbitration between the parties to this Agreement shall be adjudicated in a Court of Law under the laws of the State of California.
- D. Notices: Notice shall be sufficient hereunder if personally served upon the City Clerk of the CITY or an officer or principal of the CONSULTANT, or if sent via the United States Postal Service, postage prepaid, addressed as follows:

**CITY OF VISALIA**  
707 W. Acequia Ave.  
Visalia, CA 93291  
Attention: City Clerk

**CONSULTANT**  
120 S. State College Blvd. STE 200  
Brea, CA 92821  
Attention: Ajay Kolluri

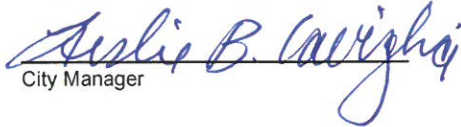
- E. Jurisdiction/Venue/Waiver Of Removal: This Agreement shall be administered and interpreted under the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be in that State. Any action brought to interpret or enforce this Agreement, or any of the terms or conditions hereof, shall be brought in Tulare County, California. The CONSULTANT hereby expressly waives any right to remove any action to a county other than Tulare County as permitted pursuant to Section 394 of the California Code of Civil Procedure.
- F. Integration/Modification: This Agreement and each of the exhibits referenced herein, which are incorporated by reference, represents the entire understanding of the CITY and the CONSULTANT as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by the CITY and the CONSULTANT.
- G. Conflict With Law: If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it is in conflict with said law, but the remainder of the Agreement shall be in full force and effect.
- H. Attorney's Fees: In the event either party commences any action, arbitration or legal proceedings for the enforcement of this Agreement, the prevailing party, as determined by the court or arbitrator, shall be entitled to recovery of its attorney's fees and court costs incurred in the action brought thereon.
- I. Construction: This Agreement is the product of negotiation and compromise on the part of each party and the parties agree, notwithstanding Civil Code Section 1654 that in the event of uncertainty the language will not be construed against the party causing the uncertainty to exist.




- J. Authority: Each signatory to this Agreement represents that it is authorized to enter into this Agreement and to bind the party to which its signature represents.
- K. Headings: Section headings are provided for organizational purposes only and do not in any manner affect the scope or intent of the provisions thereunder.
- L. Firearms Prohibited: Guns may not be carried by contractors/vendors/consultants while working on City of Visalia premises without the expressed written approval of a City of Visalia Department Head, or an exemption in the contract. If a contractor/vendor/consultant is caught carrying a gun, without City permission, their contract will be terminated.
- M. Executive Order N-6-22 – Russia Sanctions: On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State shall provide Contractor advance written notice of such termination, allowing Contractor at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.

IN WITNESS WHEREOF, this Agreement is executed on the day and year first above written.

CITY OF VISALIA

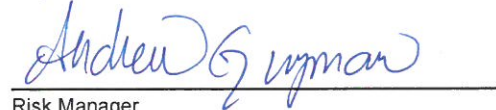
  
\_\_\_\_\_  
City Manager

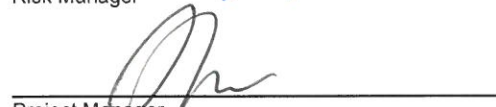
CONSULTANT

  
\_\_\_\_\_  
Richard Park, CFO

Approved as to Form

  
\_\_\_\_\_  
City Attorney

  
\_\_\_\_\_  
Risk Manager

  
\_\_\_\_\_  
Project Manager

Attachments:

Exhibit "A": Scope of Work, Project Fees, Schedule of Fees for Professional Services



# City of Visalia

**Cannabis Management Services**

August 11, 2023

**HdL**  Companies

**SUBMITTED BY**

HdL Companies  
120 S. State College Blvd., Ste 200  
Brea, CA 92821  
[hdlcompanies.com](http://hdlcompanies.com)

**CONTACT**

Ajay Kolluri  
T: 714.879.5000  
E: [akolluri@hdlcompanies.com](mailto:akolluri@hdlcompanies.com)

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## TABLE OF CONTENTS

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I. COVER LETTER .....	2
II. PROPOSED SCOPE OF SERVICES .....	3
III. COST.....	5
IV. OPTIONAL SERVICES .....	6
V. EXPERIENCE AND RESOURCES .....	7
VI. REFERENCES.....	13



## I. COVER LETTER

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August 11, 2023

Devon Jones  
Economic Development Manager  
City of Visalia  
315 E. Acequia  
Visalia, CA 93291

**Re: Proposal for Cannabis Monitoring and Compliance Services**

Dear Mr. Jones,

Thank you for the opportunity to submit this proposal for cannabis management services for the City of Visalia. The enclosed scope of services provides a comprehensive program to assist the City with meetings and workshops, development of a draft cannabis tax ordinance and cannabis regulatory ordinance, and additional hours of general subject matter expertise to be used as needed by the City

HdL is recognized as the industry leader in the development, implementation and enforcement of cannabis management programs for local governments in California. We have partnered with over 175 California cities and counties on cannabis-related programs, including ordinance development and review, community outreach and education, merit-based application and permitting processes, cost recovery studies, compliance inspections, revenue audits, fiscal analyses and law enforcement training.

Our cannabis team has unmatched expertise, with more than 80 years' combined experience in the development, implementation and enforcement of cannabis regulatory and tax programs. Our team members have conducted over 11,000 cannabis compliance inspections and audits in California, Colorado and Nevada, and have reviewed, scored and processed over 1,700 cannabis business applications in the last six years in California. HdL Companies works for the benefit of public agencies and has no private-sector clients in the cannabis industry.

We look forward to the opportunity to partner with the City of Visalia in developing a strategy which meets your program needs. If you have any questions or require additional information, please feel free to contact me by email at [anickerson@hdlcompanies.com](mailto:anickerson@hdlcompanies.com) or Ajay Kolluri at [akolluri@hdlcompanies.com](mailto:akolluri@hdlcompanies.com) or by phone at 714.879.5000.

Sincerely,



Andy Nickerson  
President, HdL Companies

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## II. PROPOSED SCOPE OF SERVICES

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The City of Visalia currently disallows any and all commercial cannabis business types. With the passage of SB 1186, the City is now concerned that it may no longer be able to prohibit the establishment of non-storefront (delivery) medicinal cannabis retailers within the City. To prepare for this, the City is seeking assistance from HdL to develop a commercial cannabis tax measure for the November 2024 ballot. The City is also requesting that HdL assist with the development of a cannabis regulatory ordinance and provide outreach and education through meetings and presentations, along with additional subject matter expertise.

This scope of services includes the following list of objectives:

- Attendance or presentations at meetings or workshops. This objective may be used for HdL to meet with City Council Members either individually or in pairs, to provide a presentation at a City Council meeting, to attend the first reading of the draft ordinance, or other purposes.
- Development of a commercial cannabis tax measure, including drafting the ordinance, preparation of a ballot resolution, revenue estimates and assistance with the ballot statement. The ballot measure shall include maximum tax rates for all commercial cannabis business types, though the City may or may not decide to permit any or all of those activities.
- Development of a draft regulatory ordinance that includes appropriate regulations for each cannabis business type.
- Additional hours of general subject matter expertise to be used as requested by the City. Such uses may include the preparation of a memo discussing considerations for various processes for reviewing cannabis business applications.

### **Objective 1: Attendance, Support or Presentations at Meetings or Workshops**

HdL shall provide remote presentations at meetings or workshops to help inform discussion and development of a potential cannabis ordinance and associated regulatory program. It is anticipated that this objective may include meetings with Council Members, a public meeting of the City Council to provide policy direction, attendance at a Planning Commission hearing, and/or the first reading of the ordinance. These meetings are described below.

- Meetings with members of the City Council individually or in pairs to discuss issues and to address potential questions or concerns from the community.
- A presentation at a public meeting or workshop to provide an overview of what a regulated cannabis industry might look like for the City, including revenue projections. This meeting would also provide an opportunity for the City Council to provide policy direction to staff for development of a regulatory ordinance.
- Attendance and support at a Planning Commission hearing for consideration of the draft cannabis regulatory ordinance.



- Attendance and support at the first reading of the cannabis regulatory ordinance before the City Council.

The use and scheduling of these meetings would be determined in consultation with City staff. This objective assumes that all meeting attendance would be virtual. Physical attendance would incur an additional travel charge.

### **Objective 2: Develop Draft Cannabis Tax Ordinance**

HdL shall develop a draft commercial cannabis tax ordinance to generate City revenues from licensed cannabis businesses. The ordinance will set maximum tax rates for each type of cannabis business permitted by the City and will allow the City Council to set the rates as desired up to the maximum rate. The ordinance shall also specify the schedule and procedures for remitting taxes and shall allow the City to conduct audits of cannabis businesses to ensure they are reporting and remitting the proper amounts.

HdL shall also provide the ballot resolution as necessary to place the tax measure on the ballot and shall provide revenue projections as required for the ballot statement. The ballot measure shall include maximum tax rates for all commercial cannabis business types, allowing the City to decide which commercial cannabis activities it wishes to allow.

### **Objective 3: Develop Draft Cannabis Regulatory Ordinance**

HdL shall develop a draft commercial cannabis regulatory ordinance that is consistent with State laws and reflects industry best practices. HdL will work with City staff to identify local concerns and priorities, including land use issues and sensitive uses, and to design appropriate regulatory processes and mitigations as necessary to protect the health, safety and welfare of the community.

The ordinance will allow the City to specify the number and types of businesses to be permitted, location requirements, site security measures, inspections and enforcement protocols, operational procedures, and other requirements specific to each allowable type of cannabis business. The ordinance would allow the City Council to establish application and renewal procedures by resolution.

### **Objective 4: Technical Assistance and Subject Matter Expertise**

HdL will provide up to 100 hours of general consulting to be utilized on an as-needed basis at the City's request. Such assistance may include technical assistance, subject matter expertise, education, monitoring of changes to State laws and regulations, participation in conference calls, responding to staff inquires via phone and email, reviewing staff reports to the City Council, assisting with responses to inquiries from the public, or other issues yet to be determined as requested by the City.



### III. COST

This proposal does not include any additional services that are not specifically enumerated herein. 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
<b>Objective 1: Attendance or Presentations at Meetings or Workshops</b> Assumes remote meetings; Billed hourly under Objective 4	Hourly Rate
<b>Objective 2: Develop Draft Cannabis Tax Ordinance</b> Billed hourly under Objective 4	Hourly Rate
<b>Objective 3: Develop Draft Cannabis Regulatory Ordinance</b> Billed hourly under Objective 4	Hourly Rate
<b>Objective 4: Technical Assistance and Subject Matter Expertise</b> Assumes 100 hours at \$300/hr	\$30,000
Travel (if and as needed for on-site meeting attendance)	Hourly Rate <sup>1</sup>
<b>TOTAL NOT TO EXCEED</b>	<b>\$30,000</b>
<sup>1</sup> Or at a flat rate to be determined in consultation with the City	

#### 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.

#### IV. OPTIONAL SERVICES

Optional services are described here for information purposes, only. No additional services will be provided without the expressed mutual agreement of both parties.

##### 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
Ajay Kolluri	Director	\$300
Matt Eaton	Deputy Director of Compliance	\$300
Mark Lovelace	Senior Policy Advisor	\$300
Elizabeth Eumurian	Audit Manager	\$300
David Ross	Senior Compliance Inspector	\$250
Michelle Shaw	Compliance Inspector	\$235
Valerie Carter	Senior Auditor	\$250
Tao Lu	Auditor	\$235
Pamela Davis	Auditor	\$235
Eric Magana	Auditor	\$235
Tonson Chieng	Audit Analyst	\$225
Dante Chegini	Audit Analyst	\$225
Jennifer Erwin	Audit Analyst	\$225
Kristi Lervold	Administrative Assistant	\$200
<b>All rates current as of the date of this proposal</b>		



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## V. EXPERIENCE AND RESOURCES

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### **Company Profile**

Founded in 1983, HdL is a consortium of three companies established to maximize local government revenues by providing audit, compliance, economic development, consulting services and software products. Our audit and consulting services include sales, use and transaction taxes, property taxes, transient occupancy taxes, and a Cannabis Management Program. The firm also provides a variety of enterprise software processing tools for business licensing, code enforcement, animal control, building permits and tracking/billing of false alarms.

HdL's systematic and coordinated approach to revenue management and economic data analysis is currently being utilized by over 600 agencies in six states. The firm currently serves 49 counties, 311 cities and 132 transactions tax districts in California.

HdL's key staff has extensive experience serving local government and many have previously held positions in city management, finance, planning, economic development or revenue collection. HdL is a Corporate Partner of the League of California Cities and California State Association of Counties and works extensively with the County Auditor's Association of California, California Society of Municipal Finance Officers (CSMFO) and California Municipal Revenue and Tax Association (CMRTA) on anticipation and planning of programs to strengthen local government revenues.

This close understanding of local government needs coupled with extensive databases and advanced methodology provides for the most relevant, productive and responsive revenue recovery; forecasting; and economic services available.

Our team of professionals has over 80 years of direct experience establishing and implementing cannabis regulatory and taxation programs, including establishing land-use regulations, permit processes, staffing plans, and cost recovery fees; structuring cannabis business tax fees; regulatory compliance; financial audits; and law enforcement training. Our team has conducted over 11,000 cannabis compliance inspections and investigations in California, Colorado and Nevada.

### **Key Personnel**

#### **Ajay Kolluri; Director of Cannabis Services**

Ajay Kolluri is the Director of Cannabis Services for HdL. Ajay is responsible for overseeing the cannabis team and the daily operations of HdL's Cannabis Division.

Ajay previously served as Manager for the Office of Cannabis Oversight (OCO) at City of Long Beach. Working within the City Manager's Office, Ajay was responsible for the licensing, regulation and enforcement of all commercial cannabis activity in the City, encompassing one of the largest legal cannabis markets in the state.



During his tenure with the OCO, Ajay oversaw the issuance over 200 cannabis business licenses, generating over \$10 million in annual revenue for the City. Ajay has experience in all aspects of cannabis oversight, including public health and education, planning and zoning, building inspections, enforcement, fee development, economic analysis and revenue projections.

Prior to overseeing the OCO, Ajay worked in public finance, serving as Budget Analyst for the Department of Financial Management in the City of Long Beach. Ajay holds a Bachelor's degree in business economics from the University of California, Santa Barbara, and a Master's degree in public policy from the University of Michigan.

### **Matt Eaton; Deputy Compliance Director**

Matt Eaton is the Deputy Compliance Director at HdL and plays a critical role in implementing the Cannabis Compliance Program for local agencies. Prior to joining the firm, he was a progressive law enforcement professional with 30 years' experience conducting criminal/regulatory investigations, and corporate/individual background investigations.

While working as a Supervisory Investigator at the Colorado Department of Revenue in the Marijuana Enforcement Division (MED), Matt managed criminal investigators and civilian staff in the Denver Metro and Longmont field offices. During his six-year tenure at the MED, he conducted approximately 10,000 criminal investigations and compliance reviews, including regulatory and financial investigations. He is a subject matter expert on track and trace systems and understands the complexity of reviewing data to ensure businesses are in compliance with state and local regulations. Matt was responsible for planning, developing and implementing report and field inspection protocols for the agency. He also played an instrumental role in recommending changes to current regulations and identifying essential language for new legislation in Colorado. Matt is well known for his ability to maintain working relationships with cannabis industry leaders and external stakeholders in resolving issues.

Matt received his Bachelor of Science Degree from Biola University and maintained Police Officer Service Training (POST) certification for over 30 years in California and Colorado. He has also served as an adjunct instructor teaching law enforcement principle related to criminology, correctional processes, procedural law, interviews, interrogations and criminal evidence at AIMS Community College in Greeley, Colorado.

### **Mark Lovelace; Senior Policy Advisor**

Mark Lovelace has 23 years of broad experience in public policy, community engagement and advocacy and is recognized as a leader in advancing the statewide discussion of medical and recreational cannabis as a legitimate policy issue in California. Mark served on the Humboldt County Board of Supervisors from 2009 through 2016 where he was instrumental in developing a comprehensive approach to regulating cannabis, including a voter-approved tax on commercial cultivation and an innovative track and trace pilot program. Mark established and co-chaired the Cannabis Working Group for the California State Association of Counties (CSAC) and helped draft CSAC's cannabis legislative platform.

Mark has worked extensively with public agencies and statewide organizations on cannabis issues and has led numerous presentations, workshops and panel discussions. Prior to his time on the Board, he worked for many years as a respected advocate on land use, planning, development, resource management and environmental issues. Mark received his Bachelor of Science degree in Industrial Design from San Jose State University.

### **David Ross; Senior Compliance Inspector**

David Ross is a Certified Fraud Examiner with 7 years of experience conducting gaming and non-gaming audits and investigations of tribal gaming facilities. David's experience includes conducting forensic accounting investigations into cash larceny, expense reimbursement fraud, check fraud, credit card fraud, payroll fraud, wire fraud, insider trading, construction fraud in addition to litigation support.

David previously worked as Surveillance Officer and Internal Auditor for the Shingle Springs Tribal Gaming Commission, where he was responsible for analyzing financial statements for a facility with revenues exceeding \$20 million per month. David also analyzed internal controls and established policies and procedures to ensure compliance with federal, state and local regulations. In addition, David conducted surveillance reviews and investigations into criminal activity including check and credit card fraud, skimming, money laundering, drug activity and other violations.

David holds a Bachelor's Degree in Business Administration from Vanguard University in Costa Mesa and a Master's Degree in Finance from California State University San Bernardino. He is a member of the Association of Certified Fraud Examiners.

### **Michelle Shaw; Compliance Inspector**

Michelle conducts onsite inspections, examinations and other actions to monitor compliance with established standards for local licensed cannabis businesses. Prior to joining HdL, she was a Compliance Specialist Officer at a large, multinational bank where she managed, validated and oversaw the effectiveness and accuracy of numerous compliance issues within the consumer retail space. Throughout her eight years of experience at the bank, she performed assessments of affiliate businesses to determine compliance/non-compliance of their processes and procedures pursuant to bank standards and state regulations.

A graduate of Cypress College, Michelle holds a Foundations of Banking Risk certificate from the Global Association of Risk Professionals and a paralegal certificate from the Southern California College of Business and Law.

### **Teresa Schneider; Compliance Inspector**

Teresa Schneider served for 28 years with the Montclair Police Department, including 12 years in the Background Investigations Unit. In this capacity, Teresa was responsible for conducting background investigations of all City business license applicants, as well as all sworn and non-sworn positions within the police and fire departments and of civilians requesting access to police department records.



Theresa previously served 4 years in the U.S. Army's nursing program at Fort Campbell, Kentucky. During this time she attended college at the University of Kentucky and Austin Peay State University. After receiving an Honorable Discharge in 1990, Teresa was hired by the Montclair Police Department. During her 28-year career, she worked numerous assignments, including patrol, K9, detective bureau, court liaison, volunteer coordinator, and red-light automated enforcement. Teresa received many awards throughout her career, including Officer of the Year.

### **Elizabeth Eumurian; Audit Manager**

Elizabeth Eumurian is the Audit Manager for HdL. Her primary role is to oversee and review the audits conducted by team members to assure accuracy and consistency. She also conducts financial audits, evaluates cannabis applications and conducts background checks. As part of the audit program, she will be conducting and preparing analytical information through the CATS™ program to prepare Tax Analytical Remittance Reports (TARR) summaries to evaluate under reporting or anomalies in the remittance of tax payments to local jurisdictions.

Elizabeth previously worked as a senior auditor in the entertainment industry. In this role, she executed testing procedures for targeted audit programs, analyzed findings and prepared audit and compliance reports. She also has experience working for a large financial institution analyzing data for reporting anomalies and performing internal audits. Elizabeth has recently done work for Blythe, California City, Coachella, Cotati, Desert Hot Springs, Long Beach, Mammoth Lakes, Moreno Valley, Perris, San Bernardino, and Vallejo.

Elizabeth earned her Bachelor of Arts degree in History from California State University and holds a certificate in CannaBusiness from Oaksterdam University.

### **Valerie Carter; Senior Auditor**

Valerie Carter works as an Auditor for HdL's Cannabis Management Team. Valerie has over 5 years of public sector work experience focusing on public policy, auditing and revenue tax implementation. She was a Tax Auditor II for the City of Oakland's Revenue Management Bureau and an Assistant Management Analyst for the City of Berkeley's Transportation division. Valerie earned a Bachelor's Degree in Business Administration from Cal Poly Pomona, with an emphasis on Finance, Real Estate, and Law.

### **Pam Davis; Auditor**

Pam Davis conducts revenue audits of licensed cannabis businesses as a member of HdL's Cannabis Management Team. Prior to joining HdL, Pam served as the Director for the Richland County (South Carolina) Business Service Center for over 15 years, where she was responsible for auditing businesses to ensure accurate reporting and remittance of a variety of local taxes. Pam also conducted research and rate impact analyses and developed policies, procedures and user manuals to ensure business and governmental compliance.



Pam received a Master's of Public Administration degree from the University of Georgia and a Bachelor's Degree in Political Science from Clemson University. She also holds a certificate in CannaBusiness from Oaksterdam University as well as numerous other certifications,

#### **Tao Lu; Auditor**

Tao Lu works as an Auditor for HdL's Cannabis Management Team. Tao has two and a half years' experience as an accountant with an emphasis in information technology and food manufacturing industries. He also has public audit work experience at RSM China. Tao was born and raised in China. He earned a Bachelor's Degree in Accounting and Finance from Syracuse University in New York before relocating to Southern California with his family.

#### **Eric Magana; Auditor**

Eric Magana works as an Auditor for HdL's Cannabis Management Team, conducting revenue audits of licensed cannabis businesses to ensure they are accurately reporting their revenues and remitting the proper amount of fees or taxes. Prior to joining HdL, Eric worked as a Loan Specialist for the U.S. Small Business Administration, where he processed over 5,000 business loans and grant applications. Eric holds a Bachelor's Degree in Economics and Administrative Studies from University of California at Riverside.

#### **Tonson Chieng; Audit Analyst**

Tonson Chieng is an Auditor for HdL's Cannabis Management Team, conducting revenue audits of licensed cannabis businesses to ensure they are accurately reporting their revenues and remitting the proper amount of fees or taxes. Tonson previously worked as an accountant for Release Point, a business services company in Claremont, California, where he was responsible for generating and reviewing financial reports for in depth analysis along with other accounting and bookkeeping functions. Tonson also brings experience as a staff accountant for the CPA firm of MMB & Co.

Tonson received a Bachelor of Science degree in Accounting from California Polytechnic State University at Pomona in 2020.

#### **Jennifer Erwin; Audit Analyst**

Jennifer Erwin is an Audit Analyst for HdL's Cannabis Management Team. Jennifer conducts revenue audits of licensed cannabis businesses to ensure they are reporting and remitting the proper amount of cannabis tax revenue to their host jurisdiction. Jennifer previously served as Finance Director for the City of Perris, California and as Assistant Controller for the Morongo Band of Mission Indians. Jennifer brings extensive experience with complex financial analyses, fee studies, cost accounting procedures and collections.

Jennifer is a Certified Public Accountant (CPA #108992) and received her Bachelor of Science degree in Business Administration from the University of Phoenix.

### **Dante Chegini; Audit Analyst**

Dante Chegini conducts revenue audits as a member of HdL's Cannabis Management Team to ensure that licensed cannabis businesses are reporting and remitting the proper amount of cannabis taxes to their host jurisdiction. Dante previously worked as a financial analyst at a public finance investment banking firm in Los Angeles, where he was lead analyst on over 30 deals with a total value exceeding \$1 billion. Dante brings experience with organizing and analyzing large volumes of financial data to determine accurate revenues and debts.

Dante received a Bachelor of Science degree in Business Administration from the University of Southern California, Marshall School of Business in May of 2022 with a focus on financial and managerial accounting and business finance.

### **Kristi Lervold; Administrative Assistant**

Kristi is the Administrative Assistant for HdL's cannabis team. In this role she supports individual team members, coordinates internal processes, and assists with client requests, contracts, billing reconciliation and invoicing. Kristi's 18-year career includes ten years as the administrative assistant to HdL's CFO, handling various operational responsibilities and supporting financial functions, as well as experience in the occupational health industry, facilitating services for federal, state, and local government clients. Kristi holds a Bachelor's of Science degree in Business Management with a minor in Business Administration.

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## VI. REFERENCES

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