

**FIRST AMENDMENT TO AGREEMENT FOR CONSULTING SERVICES
BETWEEN THE CITY OF REDONDO BEACH
AND HDL COREN & CONE**

THIS AGREEMENT FOR CONSULTING SERVICES (this "Agreement") is made between the City of Redondo Beach, a Chartered Municipal Corporation ("City") and HDL Coren & Cone, a California corporation ("Consultant" or "Contractor").

RECITALS

- A. City and Consultant (hereinafter, the "Parties") originally entered into the current Agreement for Consulting Services on August 17, 2021 (the "Agreement").
- B. The Parties wish to add particular services to this Agreement regarding cannabis policy.
- C. Additionally, the parties desire to increase Consultant's total compensation commensurate with the expanded scope of work.
- D. Therefore, the Parties wish to enter into this First Amendment.

NOW, THEREFORE, the parties hereby agree as follows:

- 1. Exhibit "A" "Project Description and/or Scope of Services" shall be amended to add the following provisions as Section I (D) and shall read as follows:

"D. Cannabis Consulting Services

Objective 1: Review the City's Draft Cannabis Regulatory Ordinance

HdL shall review the City's draft commercial cannabis regulatory ordinance to ensure that it 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 ensure the ordinance includes appropriate regulatory processes and mitigations as necessary to protect the health, safety and welfare of the community. HdL's review will also ensure the ordinance allows the City to specify the number and types of businesses to be permitted, application and renewal procedures, location requirements, site security measures, inspections and enforcement protocols, operational procedures, and other requirements specific to each allowable type of cannabis business.

Objective 1 to be completed by December 31, 2022.

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 March 2023 ballot and shall provide revenue projections as required for the ballot statement.

Objective 3: Application Process Development

HdL shall design an application process that includes review, scoring, ranking, interviews and assistance with final selection of cannabis business permittees. The process shall be tailored to provide merit-based ranking or a lottery where appropriate or required for awarding a specified number of permits and to provide a quality assurance standard for those business types where there is no such limit. The process shall include evaluation criteria consistent with state law and the City's ordinance, to ensure that applicants have addressed all requirements before being allowed to move forward to the permitting process. Our process can be designed to accommodate a variety of final selection methods:

- First come / first served: Applications will be reviewed and scored in the order they are received. All applications scoring above a minimum baseline will be allowed to move forward to the permitting process, until the maximum number of permits available has been reached.
- Lottery: All applications scoring above a minimum baseline will be entered into a drawing from which applications will be selected at random, consistent with the number of permits available. Those applications selected will be allowed to move forward to the permitting process.
- Merit based: All applicants will be ranked according to their score. The top-ranked applicants will be recommended to move forward to the permitting process, consistent with the number of permits available.

HdL will advise the City on the most appropriate process for its needs, depending upon the number of permits available and the anticipated number of applicants. HdL shall provide all necessary application forms, as well as procedures, guidelines, indemnification forms, background information releases, and other required documents and shall ensure that all information desired by the City is incorporated into the cannabis business application form and procedures.

Objective 3 to be completed by June 30, 2023.

Objective 4: Cost Recovery Fee Analysis

HdL will conduct a fiscal analysis to determine appropriate application and permitting fees. The analysis shall consider the costs of all City staff time, overhead, fringe

benefits, consultants and any other services associated with each step of the cannabis permitting and regulatory process, including both initial application processing and annual permit renewals. HdL staff has experience developing cannabis regulatory fees and doing a “fit gap” analysis of staff responsibilities and time allotted to this program to establish appropriate fees for the City’s level of oversight and enforcement of the regulatory process.

Objective 4 to be completed by June 30, 2023.

Objective 5: Attendance, Support or Presentations at Meetings or Workshops

HdL shall provide attendance or presentations at up to 3 meetings of the City Council to help inform discussion and development of the City’s cannabis reprogram. It is anticipated that these meetings may include presentation and discussion of the ballot measure impact analysis, the first reading of the draft cannabis regulatory and tax ordinances, discussion of cost recovery fees or application processes or other purposes as desired by the City.

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 5 to be completed by June 30, 2023

Objective 6: Technical Assistance and Subject Matter Expertise

HdL will provide up to 20 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 inquiries 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.

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.”*

2. The Agreement shall be amended to add Exhibit “C-1” which contains the payment provisions related to the additional services and that section shall read as follows:

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EXHIBIT “C-1”

COMPENSATION ASSOCIATED WITH EXHIBIT “A”, Section I (D).

1. **AMOUNT** The total cost for Section I D. of the amended contract is \$37,250. The amount includes the complete scope of work described in Exhibit A as follows:

2.

Scope of Service Objectives	Cost
Objective 1: Review The City's Draft Cannabis Regulatory Ordinance	\$7,500
Objective 2: Develop Draft Cannabis Tax Ordinance	\$7,500
Objective 3: Application Process Development	\$3,750
Objective 4: Cost Recovery Fee Analysis For initial application and permitting process	\$7,500
Objective 5: Attendance or Presentations at Meetings or Workshops <i>Assumes 3 remote meetings at \$2,000 each</i>	\$6,000
Objective 6: Technical Assistance and Subject Matter Expertise <i>Assumes 20 hours at \$250/hour</i>	\$5,000
Total Not to Exceed	\$37,250

3. **METHOD OF PAYMENT** Consultant shall provide monthly invoices to City for approval and payment. Invoices must be adequately detailed, based on accurate records, and in a form reasonably satisfactory to City. Consultant may be required to provide back-up material upon request.
4. **SCHEDULE FOR PAYMENT** City agrees to pay Consultant within thirty (30) days of receipt of monthly invoices; provided, however, that payments by City shall not exceed \$37,250 for services related to Section I D. of the amended contract and services are performed to the full satisfaction of the City. Consultant acknowledges that the payment of services is subject to a separate reimbursement agreement with a third party and that payment may be delayed due to delay in the City's receipt of reimbursement monies.
5. **NOTICE** Written notices to City and Consultant shall be given by registered or certified mail, postage prepaid and addressed to or personally served on the following parties.

Consultant

HdL Companies
120 S. State College Blvd. Suite 200
Brea, CA 92821
Attn: David McPherson

City

City of Redondo Beach
Planning Division
415 Diamond Street
Redondo Beach, CA 90277

All notices, including notices of address changes, provided under this Agreement are deemed received on the third day after mailing if sent by registered or certified mail. Changes in the respective address set forth above may be made from time to time by any party upon written notice to the other party."

3. **NO OTHER AMENDMENTS.** Except as expressly stated herein, the Agreement shall remain unchanged and in full force and effect. The Agreement and this First Amendment constitute the entire agreement between the parties and supersede any previous oral or written agreement with respect to the subject matter hereof. In the event of any inconsistency between the terms of the Agreement, and this First Amendment, the terms of this First Amendment shall prevail.

SIGNATURES FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, the parties have executed this Agreement in Redondo Beach, California, as of this 14th day of June, 2022.

CITY OF REDONDO BEACH

HDL Coren & Cone

William C. Brand, Mayor

By: _____
Name: _____
Title: _____

ATTEST:

Eleanor Manzano, City Clerk

APPROVED:

Diane Strickfaden, Risk Manager

APPROVED AS TO FORM:

Michael W. Webb, City Attorney