

MASTER SERVICES AGREEMENT

THIS MASTER SERVICES AGREEMENT (this “Agreement”) is entered into as of [REDACTED], 2022 (the “Agreement Date”) by and between HdL Companies (“Consultant”), and the City of Placerville (“Client”), which is located within the state of California (the “State”).

W I T N E S S E T H:

WHEREAS, Consultant is engaged in the business of providing consulting, software and other services that help public agencies understand and maximize their collection of sales, use and transactions taxes, business license taxes, property and lodging taxes, and other revenues, as well as their delivery of other public services (collectively, “Consultant’s Business”); and

WHEREAS, Client desires to contract with Consultant to obtain one or more of the services included within Consultant’s Business (as provided for in Section 1) upon the terms and conditions contained in this Agreement;

WHEREAS, Consultant desires to contract with Client to render such services upon the terms and conditions contained in this Agreement.

NOW THEREFORE, in consideration of the covenants and promises contained herein, Client and Consultant mutually agree as follows:

1. Services.

1.1 Consultant will perform those services included within Consultant’s Business that are described in any and all schedule(s) referencing this Agreement and signed by Client and Consultant as of the Agreement Date or hereafter (individually and collectively, the “Schedule(s)”), upon the terms and conditions contained in this Agreement (including the Schedules) (such services are, collectively, the “Services”). In performing the Services, Consultant is acting as an independent contractor (and not as an agent or employee of Client).

1.2 Client acknowledges and agrees that any other public agency (including, without limitation, any participating government agency) located within or outside of the State (e.g., city, municipality, county, district, public authority or other political subdivision) may procure services for fees and other terms and conditions that are substantially similar to any of the Services, Fees and other terms and conditions set forth in this Agreement, provided that such other public agency executes a separate agreement with Consultant wherein the services rendered to such other public agency, the fees payable by such other public agency, and the other terms and conditions of such separate agreement are the responsibility of Consultant and such other public agency and not Client.

1.3 This Agreement does not limit the right of Consultant to enter into additional contracts with Client or to contract with third parties to provide them with merchandise or services of any kind whatsoever, including, but not limited to, services similar to the Services.

2. Fees.

2.1 As compensation for performing the Services, Client will pay Consultant the fees, costs and expenses as described in the Schedules (individually and collectively these fees and costs are, the “Fees”). Consultant may perform the Services using professionals from its staff or Consultant’s affiliated entities, and such Services will be invoiced to Client under the same terms applicable to Consultant’s staff. Consultant may increase the Fees from time to time (including, without limitation, as may be described in any of the Schedules), provided that Client is notified of the proposed increase and the amount of the increase in writing no less than thirty (30) days prior to the anticipated commencement of the increased Fees. Other than a Fee increase as described in the Schedules, Client may notify Consultant of a request that such Fee increase be modified or revoked and, if Consultant fails to do so to Client’s satisfaction within thirty (30) days after the receipt of such request, Client may terminate this Agreement without cause pursuant to Section 6.3.

3. Invoices; Payment.

3.1 Consultant will invoice Client for the Fees earned and/or incurred by Consultant pursuant to this Agreement.

3.2 Invoices are due and payable upon receipt. Interest will begin to accrue on the thirty-first (31st) day following the invoice date on all unpaid balances at a rate of one and one-half percent (1½%) per month, or the maximum rate permitted by law, whichever is less. Payments will first be credited to interest and then to principal. In the event that Client disputes an invoice, only that portion so disputed in good faith will be withheld from payment, and the undisputed portion must be timely paid. Interest will accrue on any disputed portion of the invoice not timely paid and will be payable immediately if the disputed invoice is resolved in favor of Consultant.

3.3 If Client fails to fully pay an invoice within 30 days after the invoice date, Consultant may, after giving five (5) days’ prior written notice to Client, suspend the rendering of Services under this Agreement until said invoice is paid in full, together with all interest that has accrued thereon. In the event of such a suspension of Services, Consultant will have no liability to Client for any delays or damages arising therefrom.

4. Insurance.

4.1 Coverage shall be at least as broad as:

4.1.1 Commercial General Liability (CGL): Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

4.1.2 Automobile Liability: Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.

4.1.3 Workers' Compensation: Insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

4.1.4 Professional Liability (Errors and Omissions): Insurance appropriate to the Consultant's profession, with limit no less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate.

4.2 If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, the City of Placerville requires and shall be entitled to the broader coverage and/or higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City of Placerville.

4.3 The insurance policies are to contain, or be endorsed to contain, the following provisions: Other Insurance Provisions: Additional Insured Status

The City of Placerville, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance (at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used).

5. Client Support.

5.1 Client will promptly provide in writing to Consultant all data and other information relating to or which may be necessary for Consultant's performance of the Services including notice of the adoption of local ordinances which govern or otherwise impact the Services, as determined by the City. Notwithstanding such a determination, the City has no obligation to keep Consultant informed of State or Federal law that may affect or regulate the Consultant's performance under this Agreement.

5.2 Client will examine all of Consultant's reports, specifications, notices, proposals and other documents. In the event that Consultant asks for a decision from Client in order for Consultant to perform the Services, Client will render such decision in writing in a timely manner.

5.3 Client will assist Consultant in obtaining such licenses, permits and approvals as may be required by law for performing the Services, and Client will pay all fees, assessments and taxes related to the application, issuance and maintenance thereof.

6. Confidentiality; Software Use and Warranty; Records.

6.1 Consultant will comply with the requirements of the applicable laws, ordinances and regulations governing the confidentiality of tax records. Consultant may publicly state that it performs the Services for Client.

6.2 For the purposes of this paragraph, all Consultant-owned software is, collectively, the "Software." As used herein, the term "proprietary information" means all information, techniques, processes, services or material that has or could have commercial value or other utility for Consultant in Consultant's Business, including without limitation, (i) software, computer or data processing programs; (ii) data processing applications, routines, subroutines, techniques or systems; (iii) desktop or web-based software; (iv) audit, tax or fee collection/administration or business processes, methods or routines; (v) marketing plans, analyses and strategies; (vi) materials, techniques and intellectual property used; and (vii) the Software and the Software's documentation. Except as otherwise required by law, Client must hold in confidence and may not use (except as expressly authorized by this Agreement) or disclose to any other party any proprietary information provided, learned of or obtained by Client in connection with this Agreement. Notwithstanding the foregoing, Consultant acknowledges that this Agreement and those work products that may result from the performance of this Agreement are subject to Government Code section 6250 et seq., commonly referred to as the California Public Records Act (CPRA) and that all public records, as the term is defined in the CPRA, are subject to disclosure. Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in the Government Code section 6254.7, and of which Consultant informs Client of such trade secret. Client shall not be liable or responsible for the disclosure of any trade secret if disclosure is deemed to be required by law or by order of the Court.

6.3 All documents, preliminary drafts, communications and any and all other work product related to the Services and provided by Consultant to Client either in hard copy or electronically are the joint property of Client and Consultant. This does not include the Software or any other software, any programs, any methodologies or any systems used in the creation of such work product, nor does it include any drafts, notes or internal communications prepared by Consultant in the course of performing the Services that were not otherwise provided to Client in either hardcopy or electronic form, all of which may be protected by Consultant or third party copyrights or other intellectual property and remain Consultant's or such third parties' exclusive property (as the case may be). It is possible that any documents, drafts, communications or other work product provided to Client may be alleged to be public records under applicable law and/or may be discoverable through litigation. Well in advance of when Client may disclose such information in response to any request for public records, Client must notify Consultant in writing about the request and, if Consultant requests it, Client must apply for any potential exemption from disclosure that may exist under applicable law.

6.4 Subject to applicable law, Consultant is responsible for retaining all final documents and other final work product related to the Services for a period of not less than three (3) years from the date provided to Client. Retention of any other documents, preliminary drafts, communications and any and all other work product provided to Client by Consultant is the responsibility of Client. Consultant has no responsibility to retain any drafts, notes, communications, emails or other writings created or received by Client in the course of performing the Services (other than the final documents and other final work product related to the Services and provided to Client for the term of years referenced above).

7. Term and Termination.

7.1 The initial term of this Agreement commences as of the Agreement Date and, unless terminated earlier pursuant to any of this Agreement's express provisions, will continue in effect until twelve (12) months from such date (the "Initial Term"). This Agreement will automatically renew for successive twelve (12) month terms unless earlier terminated as set forth in Section 7.2 or 7.3 or either party gives the other party written notice of non-renewal at least one hundred twenty (120) days prior to the expiration of the then-current term (each a "Renewal Term" and, collectively, together with the Initial Term, the "Term").

7.2 This Agreement may be terminated by either party for cause upon not less than forty-five (45) days' prior written notice given to and received by the other party, if the other party has materially breached this Agreement through no fault of the notifying party and fails to (i) commence correction of such material breach within thirty (30) days of receipt of the above-referenced written notice and (ii) diligently complete the correction thereafter.

7.3 In addition, either party may terminate this Agreement without cause upon not less than one hundred twenty (120) days' prior written notice to the other party.

7.4 On termination, Client will pay Consultant for all Fees and other compensation (including for Litigation Services) earned and/or incurred through the termination date and will thereafter timely pay Consultant for all other Fees and compensation to which Consultant may be entitled pursuant to this Agreement (including the Schedules hereto).

8. Indemnification.

8.1 Consultant shall indemnify, defend, and hold harmless the Client, its officers, officials, agents, and employees against all claims, damages, demands, liability, costs, losses and expenses, including without limitation court costs and reasonable attorneys' fees, arising from Consultant's negligent acts or negligent failure to act, errors, omissions or willful misconduct incident to the performance of this Agreement. Notwithstanding the foregoing, Consultant shall not be liable for the defense or indemnification of the loss or damage caused by the active negligence, sole negligence, or willful misconduct of the Client. The provisions of this paragraph shall survive termination or suspension of this Agreement and no other provision of this Agreement or any attachment thereto shall reduce the indemnification obligations imposed under this Section.

9. Governing Law; Dispute Resolution.

9.1 This Agreement shall be interpreted and governed by the laws of the State of California. Any action arising out of this Agreement shall be brought and maintained in El Dorado County California, or the applicable federal court regardless of where else venue may lie.

9.2 If either party is required to bring legal action to enforce its rights under this Agreement or as the result of a breach of this Agreement, the costs and expenses of the prevailing party, including reasonable attorneys' fees, will be paid by the non-prevailing party.

9.3 A breach of this Agreement by either party may cause the other party hereto irreparable harm, the amount of which may be difficult to ascertain, and therefore such other party will have the right to apply to a court of competent jurisdiction for specific performance and/or an order restraining and enjoining any further breach and for such other relief as such other party may deem appropriate. Such right is in addition to the remedies otherwise available to such other party at law or in equity. The parties hereto expressly waive the defense that a remedy in damages will be adequate and any requirement in an action for specific performance or injunction hereunder for the posting of a bond.

10. General Legal Provisions.

10.1 Compliance with all Laws. Consultant shall comply with all applicable laws, ordinances, and codes of federal, state, and local governments. Furthermore, Consultant warrants to Client that it is licensed by all applicable government bodies to perform this Agreement and will remain so licensed throughout the Term of this Agreement.

10.1 Authorization to Proceed. Each Schedule must be signed by both Client and Consultant before such Schedule will be binding on the parties hereto.

10.2 Force Majeure. Consultant is not responsible for damages or delay in performance caused by acts of God, strikes, lockouts, accidents, epidemics, pandemics or other health emergencies, or other events beyond the control of Consultant.

10.3 Amendment; Waiver. Any provisions of this Agreement (including, without limitation, any Schedules or provisions within any Schedules) may be amended or terminated if in writing and signed by both Client and Consultant. No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, will be deemed to be valid unless acknowledged by such party in writing, and such waiver will not extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

10.4 Severability and Survival. If any provision in this Agreement is held illegal, invalid or unenforceable, the enforceability of the remaining provisions will not be impaired thereby. Notwithstanding any other provisions of this Agreement (including, without limitation, Section 7), Sections 3, 5.5, 6, 7, 8, 9 and 10 will survive the termination of this Agreement.

10.5 No Third-Party Beneficiaries; Services Limited to Agreement. This Agreement gives no rights or benefits to anyone other than Client and Consultant and has no third-party beneficiaries. The Services to be performed for Client by Consultant are defined solely by this Agreement (including the Schedules), and not by any other contract or agreement that may be associated with performing the Services.

10.6 Assignment. This is a bilateral personal services agreement. Neither party will have the power to or will assign any of the duties or rights or any claim arising out of or related to this Agreement, whether arising in tort, contract or otherwise, without the written consent of the other party. Any unauthorized assignment is void and unenforceable. This Agreement is binding on the successors and assigns of the parties hereto. Notwithstanding anything to the contrary,

Consultant may, from time to time, utilize one or more third parties to provide certain of the Services (including, but not limited to, as may be set forth in one or more of the Schedules).

10.7 Notices. All notices under this Agreement must be in writing and will be deemed to have been given when such notice is received (i) from United States Postal Service First Class Certified Mail, Return Receipt Requested, (ii) by courier service, or (iii) by email; provided, however, that notices received on a weekend or holiday or on a business day after 4:00 p.m. local time will be deemed to have been received on the next business day. Notices will, unless another address is specified in writing, be sent to the addresses indicated below (each of which must include a street address and an email address):

Consultant: HdL Companies
Attn: Andrew Nickerson, Email: anickerson@hdlcompanies.com

Client: City of Placerville
Attn: Cleve Morris, Email: cmorris@cityofplacerville.org

10.8 Entire Agreement; Conflict. This Agreement (which includes any Schedules or amendments dated as of the Agreement Date or hereafter, including without limitation, amendments of the main body of this Agreement or the Schedules that may add to, subtract from, modify or clarify the Term, the scope of Services and/or the amount of Fees) constitutes the entire agreement between the parties and supersedes any prior understandings, agreements, or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter hereof. Should there ever be a conflict between the terms and conditions of any Schedules and the remainder of this Agreement as set forth in the main body of this Agreement, the terms and conditions of the remainder of this Agreement as set forth in the main body of this Agreement will prevail and be controlling; provided, however, that should there ever be a conflict between the terms and conditions of this Agreement (including any Schedules) and (i) any amendments hereof, the terms and conditions of the amendments hereof will prevail and be controlling, and (ii) the terms and conditions of any Schedule that expressly provides for them to supersede any terms and conditions of the main body of this Agreement, such terms and conditions of such Schedule will prevail and be controlling.

10.9 Counterparts; Electronic Signatures; Authority. This Agreement may be signed in any number of counterparts, each of which will constitute an original and all of which, when taken together, will constitute one agreement. Any signed signature pages of this Agreement transmitted by email or other electronic means in a portable document format (PDF) or other clear and visible electronic format will have the same legal effect as an original. Each of the persons signing on behalf of a party hereto represents that he or she has the authority to sign this Agreement on such party's behalf.

10.10 No Adverse Construction. Both parties acknowledge having had the opportunity to participate in the drafting of this Agreement. This Agreement will not be construed against either party based upon authorship. The section headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement.

[Signatures are on the next page]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement through their duly authorized representatives as of the Agreement Date.

Consultant:

Client:

By: Andrew Nickerson
Title: President/CEO

By: M. Cleve Morris
Title: City Manager

By: Richard Park
Title: Chief Financial Officer

By:
Title:

[Any Schedule or Schedules may (but is/are not required to) be attached hereto]

EXHIBIT A SCOPE OF SERVICES

Objective 1: Annual Revenue Audits

HdL will conduct an annual revenue audit of each cannabis business to verify the accuracy of the revenue reported and remitted to the City during the review period and will recommend a tax assessment should the audit reveal any unreported revenue. As part of the audit process, HdL will conduct a risk-based review of each business using our proprietary Cannabis Analytical Testing System (CATS™). CATS was designed by HdL to address the unique challenges associated with auditing the cannabis industry. CATS allows audit staff to cross-analyze multiple business records to identify reporting variances, discrepancies and outliers to produce the most accurate measure of gross receipts on behalf of the City.

To initiate the process, the City shall provide HdL with a list of all licensed cannabis businesses subject to audit. HdL shall work with the City to determine the appropriate review period for each business and to develop a schedule for conducting all audits. As the time for each audit approaches, HdL will prepare a notification letter informing the licensee of the impending audit and providing a list of all records and documentation the business is required to provide, including remote access to the business's point-of-sale (POS) system where applicable. HdL recommends that the notification letter be sent by the City to communicate HdL's authority to conduct the audit and to encourage cooperation by the business.

The full annual audit shall include:

- Review Point-of-Sale (POS) system structure
- Review inventory system (subject to METRC data)
- Analyze and compare POS data with other available data sources, including:
 - City cannabis tax returns
 - State tax returns
 - Federal tax returns
 - METRC sales and inventory data
 - CDTFA data
 - Bank statements
 - ATM merchant statements
 - Sales receipts
 - Other financial documents as available
- Identify any variances or over/under reporting
- Calculate any taxes or fees due to the City
- Prepare and issue report

Where cannabis cultivation is taxed on a square-footage basis, the audit shall include one annual site inspection to verify compliance with maximum permitted canopy area. Square footage audits may also consider documented findings from inspections by the City, CDFA or other agencies, where available.

A business that holds multiple state cannabis licenses shall be considered a single business for audit purposes, provided that all licenses are held and operated under the same name, ownership, location, and a single tax ID number. Any variation may indicate separate business entities requiring separate audits. Any such determination shall be made on a case-by-case basis in consultation with the City.

HdL will provide a draft audit report to the commercial cannabis business. The business will be given an appropriate opportunity to respond or appeal the report in accordance with the City ordinance. HdL will review any documentation provided by the business to dispute the findings and will adjust the tax/fee assessment as necessary prior to issuing the final report to the City.

The cost for this service assumes a standard 12-month review period. This may be increased up to a maximum of 24 months, in accordance with the statute of limitations for tax audits. This cost also assumes reasonable cooperation from the licensee. Non-cooperation by the licensee may result in additional charges at HdL's hourly rate, or in termination of the audit and potential enforcement action by the City. Any such action or additional charges would be determined in consultation with the City.

The cost does not include assistance with administrative appeals or enforcement of audit findings, cannabis tax policy questions or guidance, or other services not directly associated with preparing the revenue audit report. Any costs associated with such additional services would be billed at HdL's hourly rate.

Objective 2: Compliance Inspections

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

The cost for these services includes all of the following:

- Notifying permittee of pending inspection
- On-site inspection to ensure that each business complies with all State and local laws and regulatory protocols for all of the following:
 - Inventory management
 - Cash handling procedures
 - Access control
 - Video surveillance

- Product safety
 - Alarm system maintenance and safety
 - Lock standards
 - Packaging and labeling
 - Waste management
 - Transportation documentation
 - Surveillance equipment maintenance
 - Occupational badges
 - Business records
 - Other items as necessary to ensure compliance with laws
- Preparation of a draft report detailing the findings of the inspection and providing recommendations for improvement where needed. If the inspection identifies any violations of law or other non-compliance issues, then HdL will prepare a notice to comply as an included part of the report.
 - All travel costs associated with the inspection
 - All phone, email and other communications involved in preparing for, scheduling and coordinating the inspections and providing the report.

The cost for this service does not include any follow-up re-inspection or review of any supplemental documents provided to address or contest any findings of non-compliance, nor does it include any assistance with the appeal of any enforcement action by the City. Any costs associated with such additional services would be billed at HdL's hourly rate.

Objective 3: Supplemental Background Checks

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

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

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

- 7 yr. unlimited county courts and criminal records search
- Social Security, name and address comparison
- DMV search
- National Criminal Court report
- National Sex offender registry
- Federal criminal history
- State Department of Public Safety
- State Department of Corrections
- Terror watch list
- Bankruptcy, lien and judgments
- Delinquent child support payments
- Employment credit report
 - Financial summary
 - Personal information comparison
 - Address comparison
 - Employment comparison
 - Credit bureau report / credit history
 - Public records search

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

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

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

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

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

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

Task 4: Provide Subject Matter Expertise & Technical Support

HdL shall provide up to 40 hours of general consulting in the form of subject matter expertise or technical assistance, to be utilized on an as-needed basis at the City's request. Such assistance may include consultation regarding best practices for cash handling, 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.

These hours may also be used to bill for services provided by HdL in good faith in advance of contract approval. Any travel associated with meeting attendance shall incur an additional \$600 charge.

EXHIBIT B COST SCHEDULE

This cost does not include any follow-up re-inspection or review of any supplemental documents provided to address or contest any findings of non-compliance, nor does it include any assistance with the appeal of any enforcement action by the City. Any costs associated with such additional services would be billed at HdL's hourly rate.

Once under contract, prices shall be honored for the first full year, with successive years subject to an annual increase based upon the Consumer Price Index for the Los Angeles-Long Beach-Anaheim region.

Scope of Service Objectives	Estimated Cost
Objective 1: Annual Revenue Audits	\$10,000 per audit
Objective 2: Compliance Inspections One or more inspections per year, as requested by the	\$1,500 per inspection
Objective 3: Supplemental Background Checks Cost paid directly to HdL by applicant	No charge to City
Objective 4: Technical Assistance and Subject Matter Expertise Up to 40 hours @ \$250/hr to be used as needed	\$10,000
Travel (if and as needed for meeting attendance)	\$600 per day
Estimate of Total Costs Per Year	
Annual Revenue Audits (assumes 1 audit/year for 2 businesses)	\$20,000
Compliance Inspections (assumes 2 inspections/year for 2 businesses)	\$6,000
Supplemental background checks	N/A
Technical Assistance (assumes 40 hours at \$250/hr)	\$10,000
TOTAL NOT TO EXCEED	\$36,000 per year

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

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