

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
3.43
(ID # 9721)

MEETING DATE:
Tuesday, April 30, 2019

FROM : TLMA-PLANNING:

SUBJECT: TRANSPORTATION AND LAND MANAGEMENT AGENCY/PLANNING: Approve Amendment No. 1 to the Professional Service Agreement for Cannabis Consulting Services with Hinderliter, de Llamas and Associates (HdL Companies) to include supplemental background check services for Owners/Operators of potential Cannabis applicants, All Districts. [\$90,000 Total cost – 100% Applicant Paid Fees]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve Amendment No.1 for Cannabis Consulting Services with Hinderliter, de Llamas and Associates (HdL Companies) to include supplemental background check services for Owners/Operators of cannabis businesses and authorize the Chairman of the Board to execute the Amendment on behalf of the County.

ACTION: Policy

Juan C. Perez, Director of Transportation & Land Management

4/24/2019

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Perez and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington and Perez
Nays: None
Absent: Hewitt
Date: April 30, 2019
xc: Planning

Kecia Harper
Clerk of the Board
By:
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$90,000	\$0	\$90,000	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: 100% Applicant Paid Fees			Budget Adjustment: No	
			For Fiscal Year: 18/19	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On October 23, 2018, M.O. 3.33, the Board of Supervisors approved the Professional Service Agreement and the Riverside County Planning Department issued a single source to Hinderliter, de Llamas and Associates (HdL Companies) for cannabis consulting services in the amount of \$42,050. The County engaged HdL Companies to assist in various areas of its commercial cannabis regulatory process. These services included developing a Baseline Public Benefit rate that will help cover the County's regulatory costs associated with allowing commercial cannabis uses.

The County established a Request for Proposal (RFP) process for interested cultivation and retail commercial cannabis businesses. The RFP's response deadline was April 12, 2019. Staff is currently conducting the completeness check on all applications received. In order to be considered for a commercial cannabis permit all owners/operators need to pass a supplemental background check. A total of 119 commercial cannabis applications were received, with an estimated 300 owners/operators of the businesses. Each applicant paid a \$300 background check fee per owner/operator at the time of submittal to cover the cost of the background check.

Impact on Residents and Businesses

Residents and businesses of Riverside County will benefit from having thorough background checks completed on all owners/operators of cannabis businesses.

Additional Fiscal Information

This contract will be funded by revenue already collected from applicants through the Commercial Cannabis Proposal process. It should be noted that staff anticipates that we will not be using the full contract capacity of \$42,050 that was approved for the prior HdL scope of services to assist in establishment of the overall program.

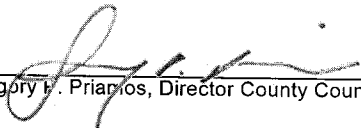
Contract History and Price Reasonableness

HdL Companies can complete the supplemental background checks very quickly and efficiently. The County does not have the required resources to complete these supplemental background checks in-house, thus amending an already existing contract with HdL to provide this service is both necessary and cost effective.

SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA

ATTACHMENTS

- ATTACHMENT A. Contract Amendment No.1
ATTACHMENT B. Single Source Procurement, Request for Supplemental Background
Checks (signed)



Gregory H. Priamos, Director County Counsel 4/25/2019



COUNTY OF RIVERSIDE

Juan C. Perez
Assistant CEO - TLMA Director
Transportation and Land Management Agency

Transportation Department Community Development Building and Safety Department Code Enforcement Department

Date: 04/30/2019
From: Juan C Perez, Assistant CEO – TLMA Director
To: Board of Supervisors/Purchasing Agent
Via: Michael Maldonado, Admin Services Assistant (951-955-6053)
Subject: Single Source Procurement; Request for Supplemental Background Checks

The below information is provided in support of my Department requesting approval for a single source.

1. **Supplier being requested:** Hinderliter, de Llamas and Associates (HdL Companies)
2. **Vendor ID:** 63148
3. **Single Source** **Sole Source**
4. **Have you previously requested and received approval for a sole or single source request for this vendor for your department?** (If yes, please provide the approved sole or single source number).

Yes **No**
SSJ# 19-067

4a. **Was the request approved for a different project?**

Yes **No**

5. **Supply/Service being requested:**

Request HdL to provide up to 300 supplemental background checks for owners or operators of proposed cannabis businesses, which includes an employee identification card designed by HdL using HdL's own proprietary process to meet all the state regulation requirements.

6. **Unique features of the supply/service being requested from this supplier.**

HdL Companies has over 33 years of direct experience establishing and implementing medical and adult-use cannabis regulatory programs which include establishing land- use regulations, permit processes, staffing plans, cost recovery fees, structuring cannabis business tax fees, regulatory compliance, financial audits and law enforcement training. They have conducted over 11,000 cannabis compliance inspections and investigations in

Colorado, California and Nevada and has reviewed and processed over 1,200 applications in the last three years. Furthermore the County of Riverside has engaged the services of HdL to assist with the development of a program to regulate commercial cannabis activities within the unincorporated area of the County.

7. Reasons why my department requires these unique features from the vendor and what benefit will accrue to the county:

On October 23, 2018 the Riverside County Board of Supervisors approved a Single Source and Professional Services Agreement with HdL to assist the County with the development of a program to regulate commercial cannabis activities within the unincorporated area of the County. The County is now seeking additional assistance from HdL to provide background checks of all owners or operators associated with applications for commercial cannabis businesses in the County. HdL will utilize its proprietary background process, which checks for all criminal activity, financial reporting and other key searches to determine if the owner/operators meet State and County requirements

8. Period of Performance: From: FY 18/19

Is this an annually renewable contract? No Yes
 Is this a fixed-term agreement: No Yes

9. Identify all costs for this requested purchase. In addition, please include any single or sole source amounts previously approved and related to this project and vendor in the section designated below for current and future fiscal years. You do not need to include previous fiscal year amounts. If approval is for multiple years, ongoing costs must be identified below. If annual increases apply to ongoing costs such as CPI or other contract increases, provide the estimated annual cost for each consecutive year. If the annual increase may exceed the Purchasing Agent's authority, Board approval must be obtained.

Description:	FY 18/19	Total
BOS Approved One-time Costs:	\$42,050	\$42,050
Cost of HdL Consulting Services Approved by the BOS on October 23, 2018		
One-time Costs:	\$90,000	\$90,000
Supplemental background check for each owner/operator of the business (\$300 per background check up to 300 background checks)		
Total Costs:		\$132,050

10. Price Reasonableness:

HdL Companies has been recognized as the industry leader in developing and implementing cannabis management programs for local governments throughout California having partnered with over 125 jurisdictions to date for cannabis policy development and program management. HdL staff has completed specialized training and has expertise in cannabis horticulture practices, manufacturing, dispensary management, land use issues and regulatory compliance that makes their price reasonable.

11. Projected Board of Supervisor Date (if applicable): April 30, 20019



Department Head Signature (or designee) Print Name Date

The section below is to be completed by the Purchasing Agent or designee.

Purchasing Department Comments:

Approve

Approve with Condition/s

Disapprove

Condition/s:

Not to exceed:

One-time \$90,000

Annual Amount \$ _____ / per fiscal year through _____ (date)
(If Annual Amount Varies each FY)

FY _____ : \$ _____
FY _____ : \$ _____
FY _____ : \$ _____
FY _____ : \$ _____
FY _____ : \$ _____


Purchasing Agent

4/24/19
Date

19-067A
Approval Number
(Reference on Purchasing Documents)

COUNTY OF RIVERSIDE
AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICE AGREEMENT
WITH
HINDERLITER, DE LLAMAS AND ASSOCIATES (HdL Companies)

Original Contract Term:	October 23, 2018 through June 30, 2019
Contract Term Amended To:	Not Applicable
Original Annual Maximum Contract Amount:	\$42,050
Amended Annual Maximum Contract Amount:	\$132,050
Contract ID:	TLARC-91809-00001-06/19

This AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICE AGREEMENT (“Amendment”) is entered into by and between the County of Riverside (“COUNTY”), a political subdivision of the State of California, and Hinderliter, De Llamas and Associates (HdL-Companies) (“CONTRACTOR”), a California Corporation, hereinafter sometimes collectively referred to as the “Parties”.

RECITALS

WHEREAS, the County of Riverside (“COUNTY”) entered into that certain Professional Service Agreement for Cannabis Consulting Services (“Original Agreement”), dated October 23, 2018, with HdL-Companies;

WHEREAS, the COUNTY now desire to amend “Exhibit A” of the Original Agreement to add scope of work;

WHEREAS, the Parties now desire to amend the Agreement to replace Sub-section 3.1. of Section 3 (“Compensation”) of the Original Agreement;

WHEREAS, the Parties now desire to amend “Exhibit B”, (“Payment Provisions”) of the Agreement to add cost for additional scope of work;

NOW THEREFORE, for good and valuable consideration the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

1. The above recitals are true and correct, and are incorporated herein by reference.
2. Exhibit A (“Scope of Work”), Section 1.10 of Exhibit A of the Agreement is hereby amended to include the following Scope of work and the current section 1.10 is re-numbered as 1.11 of Exhibit A:

1.10 Background Checks

CONTRACTOR shall provide up to 300 supplemental background checks for owners or operators of proposed cannabis businesses, using CONTRACTOR’S own proprietary process. The COUNTY shall provide CONTRACTOR with all necessary identifying information and signed release forms for all individuals subject to the background checks. Deliverables shall include a full report for each individual identifying any criminal activity, financial reporting or other relevant information uncovered by the search.

3. Section 3 (“Compensation”). Sub-Section 3.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

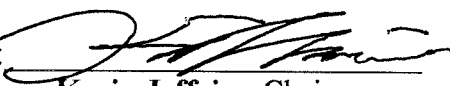
COUNTY OF RIVERSIDE
AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICE AGREEMENT
WITH
HINDERLITER, DE LLAMAS AND ASSOCIATES (HdL Companies)

“The COUNTY shall pay the CONTRACTOR for services performed, products provided and expenses incurred in accordance with the terms of Exhibit B, Payment Provisions. Maximum payments by COUNTY to CONTRACTOR shall not exceed \$132,050 (One Hundred Thirty Two Thousand and Fifty Dollars) including all expenses. The COUNTY is not responsible for any fees or costs incurred above or beyond the contracted amount and shall have no obligation to purchase any specified amount of services or products. Unless otherwise specifically stated in Exhibit B-1, COUNTY shall not be responsible for payment of any of CONTRACTOR’s expenses related to this Agreement”

4. Exhibit B of the Agreement is hereby deleted in its entirety and replaced with the attached Exhibit B-1.
5. The Effective Date of this Amendment shall be upon signature of this Amendment by both Parties.
6. All other terms and conditions of the Agreement not modified herein shall remain unchanged.


IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Amendment.

COUNTY OF RIVERSIDE, a political subdivision of the State of California

By: 
Kevin Jeffries, Chairman
Board of Supervisors

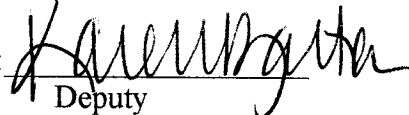
Dated: APR 30 2019

Hinderliter, De Llamas and Associates (HdL-Companies)
a California Corporation

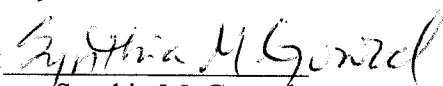
By: 
Name: Andy Nickerson
Title: Chief Executive Officer

Dated: 4-26-19

ATTEST:
Kecia R. Harper
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: 
Synthia M. Gunzel,
Chief Deputy County Counsel

COUNTY OF RIVERSIDE
 AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICE AGREEMENT
 WITH
 HINDERLITER, DE LLAMAS AND ASSOCIATES (HdL Companies)

Exhibit B-1

PAYMENT PROVISIONS

Some services shall include both fixed costs for developing and initiating each of the various components of the program and variable costs based on the number of applicants or businesses.

CONTRACTOR'S fees are all-inclusive of time, materials and travel-related expenses associated with the execution of services the scope of work objectives. The hours and costs in the table below do not include any additional items that are not anticipated by this scope of services objectives. Among these are review of any supplemental materials submitted by applicants, involvement in the interview process, preparation of additional reports or documents, or assistance with appeals.

Scope of Service Objectives	Cost
Objective 1: Develop an estimate of permitting and regulatory fees reasonably related to the commercial cannabis industry	\$3,600
Objective 2: Develop a baseline community benefits rate that addresses permitting, law enforcement, drug treatment, social services programs, Public Health, and other county costs	\$2,400
Objective 3: Assist on developing a screening process for all cannabis business applicants, including background checks and create a merit based ranking system.	\$2,400
Objective 4: Assist the Planning Department on designing a competitive, merit-based application review and selection process for selecting prospective cannabis cultivators and retailers	\$3,600
Objective 5: Develop appropriate fees for the RFP process.	\$2,400
Objective 6: Provide a training workshop for County staff that will be involved in any part of the review process	\$1,250
Objective 7: Provide informational presentations at one (1) Interested Parties Town Hall	\$2,400
80 hours of as needed by the COUNTY subject matter expertise and technical assistance (time/material basis)	\$24,000

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Scope of Service Background Checks (Objective 1)	Cost
Objective 1: Background Checks for Owners or Operators CONTRACTOR shall provide up to 300 supplemental background checks for owners or operators of proposed cannabis businesses, using CONTRACTOR's own proprietary process. The COUNTY shall provide CONTRACTOR with all necessary identifying information and signed release forms for all individuals subject to the background checks. Deliverables shall include a full report for each individual identifying any criminal activity, financial reporting or other relevant information uncovered by the search.	\$90,000 (\$300.00 per Individual Background Check)
Optional Service: Background Checks for Line Staff CONTRACTOR is also qualified to provide supplemental background checks for line staff who will be working as employees of cannabis businesses. The cost to provide this service is \$150 per person for line staff. Price includes an employee identification card designed by CONTRACTOR with the County logo which will meet all the state requirements.	OPTIONAL \$150 Per Person for Line Staff
Additional Services: This proposal does not include any additional services that are not expressly described herein. Any such additional services requested by the County would be in addition to the costs shown in the table below and shall be billed at CONTRACTOR's hourly rate.	OPTIONAL (See Hourly Rates below)
Total	\$132,050

CONTRACTOR'S hourly rates for any Additional Services requested by the COUNTY are:

Contractor Staff (Name)	Title	Hourly Rate
David McPherson	Cannabis Services Director	\$300
Matt Eaton	Cannabis Service Manager	\$250
Tim Cromartie	Cannabis Senior Advisor	\$250
Mark Lovelace	Cannabis Policy Advisor	\$250
Kami Miller	Cannabis Senior Auditor	\$195
Elizabeth Eumurian	Cannabis Senior Auditor	\$195
Alfredo Marquez	Cannabis Senior Auditor	\$195