
D. DESCRIPTION OF SERVICES

The regulation, compliance and taxation of Cannabis is complex and filled with challenging issues. Therefore, the objectives presented in this proposal are based on HdL's experience and the expectations and desired outcomes of the City. However, due to the ongoing evolution of the state's Medical Cannabis Regulation and Safety Act (MCRSA), the Adult Use Marijuana Act, Proposition 64 and SB 94, Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), HdL is agreeable to modifications to this scope of services as deemed necessary by both HdL and City staff. HdL's staff combined has over 34 years of experience developing, designing and reviewing cannabis-related regulatory programs for state and local agencies.

Consulting Services for Cannabis Program

HdL staff will work collaboratively with City staff to conduct reviews of the cannabis applications in accordance with the requirements established by the city ordinance. The firm will provide the services listed below:

1. Simultaneous Review and Evaluation of Permit Application Proposals

In the past three years, HdL has evaluated and scored over 1,000 cannabis business permit applications demonstrating the ability to provide unbiased, meritorious evaluations. During this time HdL has evaluated both medical and adult use retail, retail non-store front (delivery), microbusinesses, distribution, cultivation, manufacturing, and testing. In doing so it has examined business and operating plans, safety and security protocols, community benefit proposals, product testing and safety, environmental plans, labor and employment practices.

2. Compliance Check of Applications

HdL staff will develop a check list matrix and overlay of the ordinance and permit application requirements to ensure the applicants submitted the correct information. In addition, due to the consultant's experience of reviewing applications it will also determine if the documentation is sufficient and/or accurate.

3. Development of Scoring Rubric

All applications will be individually scored based on the City's existing commercial cannabis permit application and the scores will be consolidated into a single results spreadsheet to allow for easy evaluation of outcomes. HdL has developed a proprietary scoring process which takes the City of Hayward's requirements and the state regulations into consideration. HdL recommends that all applicants that pass this phase with a score of 80% or higher move onto the next phase of the application process.

All applicants from each category will be reviewed and rated based on the City's nine-point criteria. An applicant's score will be based on their ability to meet or exceed minimum requirements in the nine categories. Applicants must provide information on how they plan to meet these point categories. Such action could become a mandatory condition of their permit. Failure to meet or comply with this requirement will subject applicants to penalties and/or revocation proceedings.

These categories include the following:

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|--------------------------------|-----------------------------------|
| 1. Proposed Business Type | 6. Community Benefits Proposal |
| 2. Business Location | 7. Product Testing and Safety |
| 3. Business Plan and Operation | 8. Environmental Plan |
| 4. Management Experience | 9. Labor and Employment Practices |
| 5. Safety and Security Plan | |

4. Development of Scoring Template

Prior to conducting the evaluations HdL will conduct a kick-off meeting with City staff to determine modifications to its existing proprietary scoring process to determine the most critical elements to the least priority elements being evaluated. After that has been determined HdL will provide a single results spreadsheet for all applications that will be provided to the City with consistent tracking of all scores based on the nine categories listed above. It will also be critical that those that are reviewing this material be subject matter experts in cannabis policy and regulations. As such, HdL staff possesses this unique expertise since the staff is made up of former state, county and local agency regulators in Colorado, Nevada and California.

5. Production of Final Scoring Reports

Following the objective ranking of the application materials HdL will provide an individual summary of each applicants on all the scoring criteria. Then it will create a report to the City that ranks all applicants based on permit types. For those applicants that score 80% or higher it is recommended they be considered for an interview. After the interviews the scoring conduct by the Consultant and the interview panel will be consolidated to create a final report. In doing so, City staff will be able to bring forward for the City Council's consideration recommendations for issuing permits to the appropriate number of applicants or make a policy determination to have this done administratively. In addition, during this process HdL will be available to assist City staff with responses to questions or to provide other assistance at City Council meetings.

6. Development of Applicant Interview Protocols

HdL staff has experience preparing panel questions and scoring templates to be used by the City during interviews for the final ranking of applicants. In the past three years, the Consultant has processed over 1,000 applications and assisted in interviews. As such, it possesses critical expertise and understanding in providing guidance to the interview panel when applicants falsify information, misrepresent industry standards or inaccurately interpret state regulatory requirements to the panelists. Furthermore, HdL staff's unique experience of conducting over 11,000 compliance inspections as former state, county or local agency regulators is a valuable resource which can be utilized by the City of Hayward in determining the best operators to bring into the community. This expertise will be critical should an applicant appeal the results of the application process. HdL recognizes the importance of the interview process and acknowledges that the preparation for this is critical, not only in the summation of the questions but in the responses by the applicants.

HdL will provide recommendations as to who should participate on the interview panel. It will also develop the questions to be used. HdL will conduct an orientation for the panel prior to the interviews, advising of the proper protocols to adhere to in order to maintain objectivity.

As an additional service, HdL can attend and moderate the interviews for the interview panel. It has developed an iPad-based interview scoring system that electronically records each interviewer's scores to enhance and simplify the process. HdL can then download the data to efficiently compile scores, rank applicants and provide results to the City.

7. Provision of Invoices

HdL will provide a breakdown of the billable hours used to review each application.