City of Carson
Report to Mayor and City Council

August 6, 2013
Unfinished Business

SUBJECT: CONSIDER AN EXTENSION OF THE AGREEMENT FOR SALES, USE, AND TAX AUDIT AND INFORMATION SERVICES WITH HINDERLITER, DE LLAMAS AND ASSOCIATES

Submitted by Jacquelyn Acosta
Acting City Manager

Approved by Jacquelyn Acosta
Acting City Manager

I. SUMMARY

The City of Carson (City) currently has a professional services agreement with Hinderliter, de Llamas & Associates (HdL) to provide sales, use and tax audit and information services. The initial three-year term of the service agreement expired on June 30, 2013. At the City Council meeting of July 2, 2013, the City Council requested additional information about the City's last Request for Proposal (RFP) for this service and other consultants that may provide this service. In the interim, the City Council approved a 60-day extension of the agreement, through August 31, 2013. In the background section of this report, staff is providing the requested information, and therefore, is requesting that the City Council approve a twenty-two month agreement with HdL to continue to provide sales, use, and tax audit services to the City of Carson through June 30, 2015.

II. RECOMMENDATION

TAKE the following actions:

1. APRROVE a twenty-two month extension of the professional services agreement with Hinderliter de Llamas & Associates (HdL) to provide sales, use and tax audits and information services, in an estimated amount of $195,000.00 per year, beginning September 1, 2013, through June 30, 2015.

2. AUTHORIZE the Mayor to execute the extension of the agreement following approval as to form by the City Attorney.

III. ALTERNATIVES

Take any other action that the City Council deems appropriate.

IV. BACKGROUND

On June 1, 2010, the City Council of the City of Carson approved the award of a three-year professional services agreement, with a renewal option for two additional years, in the estimated amount of $50,000.00 per year (Exhibit No. 1). The award of this professional services agreement was the result of an RFP issued on January 14, 2010 (RFP No. 10-01). The RFP was responded to by four

vendors, HdL, MuniServices LLC, CAK International LLC, and Fox Advisors Inc. The RFP review team concluded that CAK International and Fox Advisors did not specialize in providing sales and use tax auditing services and that of the remaining two proposers, HdL was the preferred respondent. Therefore, the City Council approved staff's recommendation to issue a three-year agreement, with the option to extend for two additional years, to HdL.

HdL has been the City's sales and use tax audit consultant since 1991. The City has continued to use HdL all these years because their service has been excellent, and they have been highly successful in recovering misallocated sales tax revenues. They also have helped the City to make accurate sales tax forecasts and kept us abreast of legislation affecting sales tax laws. They have also represented the City before the State Board of Equalization on many occasions. Since 1991, HdL has recovered approximately $22 million for the City of Carson (Exhibit No. 2). For FY 2012/13, HdL has recovered approximately $2.2 million.

Since the July 2, 2013, City Council meeting, staff has reached out to MuniServices LLC, but has not received a response. Therefore, staff is requesting that based on the results of the RFP done three years ago and as a result of the continued outstanding service to the City, that the City Council extend the professional services agreement with HdL for twenty-two months, for the period September 1, 2013 through June 30, 2015.

V. FISCAL IMPACT

Funding for these services is included in the FY 2013/14 budget, and will be included in the FY 2014/15 budget also.

VI. EXHIBITS

1. Minutes, June 1, 2010, Item No. 11. (pg. 4).
2. Annual Sales Tax Recovery graph. (pg. 5).
3. The HdL Sales Tax Management System. (pg. 6)
4. HdL Client Listing. (pgs. 7-8)
5. Amendment No. 1 to Agreement for Sale, Use and Transactions Tax and Information Systems. (pg. 9).
6. Amendment No. 2 to Agreement for Sale, Use and Transactions Tax and Information Systems. (pg. 10).

Document2

Prepared by: Jackie Acosta, Acting City Manager

TO:Rev06-19-2013

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by City Council

Date_____ Action_____

_____

ITEM NO. (11) CONSIDER AWARD OF SERVICE CONTRACT FOR SALES TAX AUDIT AND INFORMATION SERVICES (ADMINISTRATIVE SERVICES)

This item was heard after Item No. 8 at 9:50 P.M.

Administrative Services General Manager Acosta summarized the staff report and recommendation.

Council Member Davis-Holmes referred to other firms who could monitor other city revenues to prevent leakage and stated that she would like to revisit this issue on a future agenda.

A discussion ensued regarding the frequency of audits; whereupon Mayor Pro Tem Santarina and requested that staff forward quarterly reports to the City Council.

RECOMMENDATION for the City Council:

TAKE the following actions:

1. AWARD a three-year service contract, for the period July 1, 2010 to June 30, 2013, with a renewal option for two additional years in the estimated amount of $50,000.00 per year for an estimated total of $150,000.00 to Hinderliter, de Llamas & Associates.

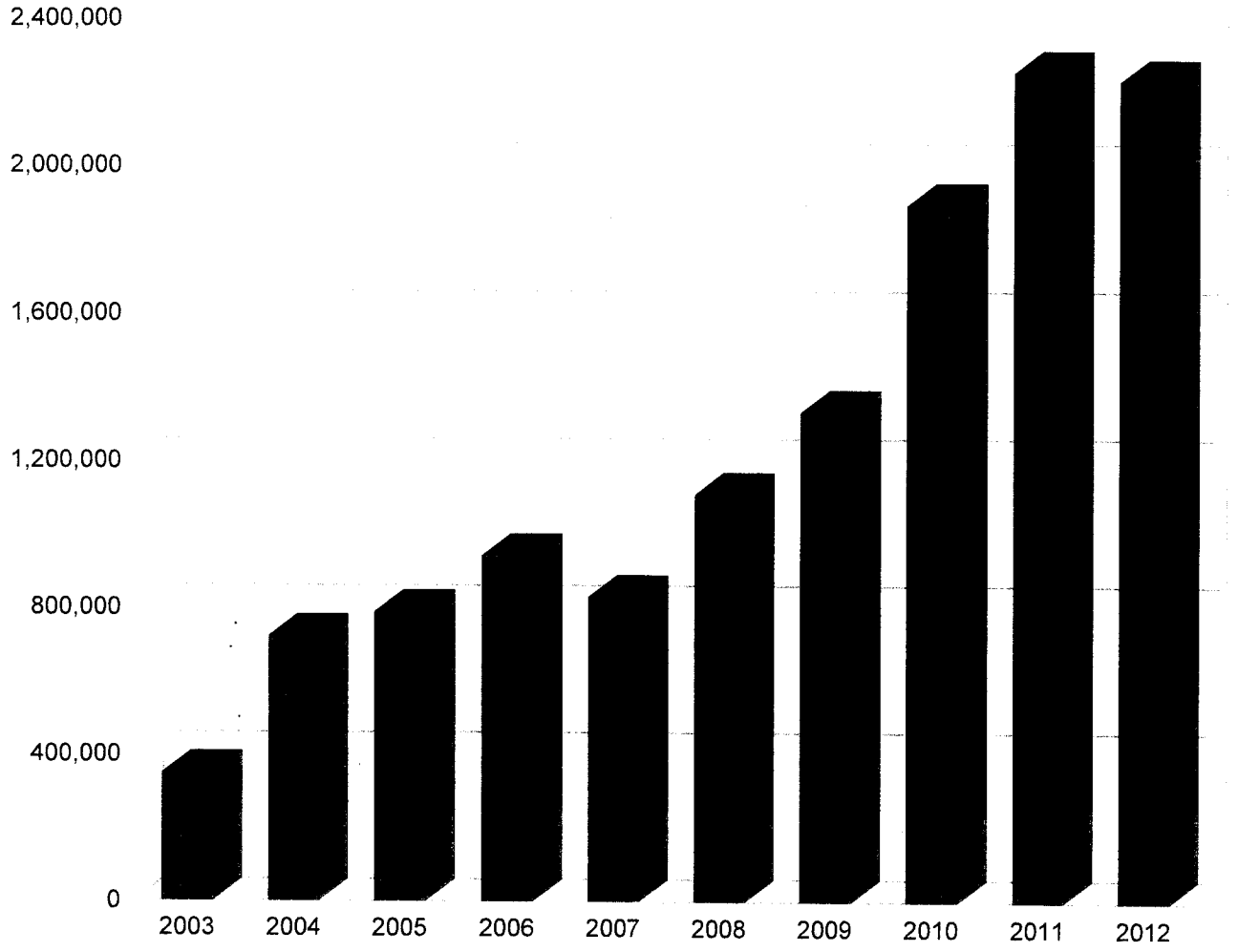
2. AUTHORIZE the Mayor to execute the agreement following approval as to form by the City Attorney.

ACTION: It was moved to approve the staff recommendation on motion of Dear, seconded Gipson and unanimously carried by the following vote:

Ayes:	Mayor Dear, Mayor Pro Tem Santarina, Council Member Gipson, Council Member Davis-Holmes, and Council Member Ruiz-Raber
Noes:	None
Abstain:	None
Absent:	None

EXHIBIT NO. 01

CITY OF CARSON
ANNUAL SALES TAX RECOVERY



2003	2004	2005	2006	2007
$348,551	$721,260	$787,982	$941,528	$829,902
2008	**2009**	**2010**	**2011**	**2012***
$1,109,518	$1,333,954	$1,896,044	$2,255,648	$2,232,622

Cumulative Recovery Since 1991: $22,077,839*

* 2012 dollars are estimated

HdL COMPANIES

909.861.4335
www.hdlcompanies.com

THE HdL SALES TAX MANAGEMENT SYSTEM

Audits

- Advanced methodology backed by largest database outside the State of California
- Taxpayer friendly – cooperation, not confrontation
- Lowest fees – solid documentation and follow-up reduces retroactive costs
- Verifiable billing system eliminates overcharges and billing disputes
- Special processes for tracking transaction tax underpayments

Reports and Services

- Relevant, useful and timely analyses—no bound copies of raw computer data
- Personalized and professional staff support by people with extensive economic development, finance and local government experience
- Detailed and accurate budget projections and monitoring
- No extra charges for staff and community seminars, legislative support or assistance with ongoing economic and budget strategies

Software

- Easy to use . . . Web-based . . . Current and historical data
- Allows printing of reports and export of data to other systems or programs.
- Integrates with HdL Business License, Property Tax and Revenue Management software

Converts

Camarillo	Ronnie Campbell, Director of Finance	(805) 388-5320
Clovis	Jamie Hughson, Finance Director	(559) 324-2106
Concord	Valerie Barone, Interim Finance Director	(925) 671-3192
Culver City	Nagam Rao, Treasury Manager	(310) 253-5889
Fairfield	Martin Koran, Sr. Management Analyst	(707) 428-7695
Fremont	Harriet Commons, Financial Director	(510) 284-4010
Goleta	Tina Rivera, Finance Director	(805) 961-7527
Irvine	Sean Joyce, City Manager	(949) 724-6246
Martinez	Phillip Vince, City Manager	(925) 372-3505
Oceanside	Teri Ferro, Finance Director	(760) 435-3850
Orange	Rich Jacobs, Director of Finance	(714) 744-2235
Palmdale	Betsy St. John, Finance Director	(661) 267-5440
Pleasant Hill	Mary McCarthy, Finance Manager	(925) 671-5231
Riverside	Scott Barber, City Manager	(951) 826-5312
Sacramento County	Xue Xiong, Assoc. Administrative Analyst	(916) 874-5895
San Bernardino	Jason Simpson, Director of Finance	(909) 384-5122
Santa Clarita	Darren Hernandez, Deputy City Manager	(661) 255-4925
Santa Monica	David Carr, Principal Budget Analyst	(310) 458-8775
Simi Valley	Frank Catania, Deputy City Manager	(805) 583-6705
Stockton	Vanessa Burke, Chief Finance Officer	(209) 937-8460
Thousand Oaks	John Adams, Finance Director	(805) 449-2235
Tustin	Pamela Arends-King, Director of Finance	(714) 573-3060
Vacaville	Jeremy Craig, Director of Finance & Technology	(707) 449-5104

HdL COMPANIES

HdL Companies Clients and Services

LEGEND OF SERVICES

A = Sales Tax Reports
B = Sales Tax Audits
C = Property Tax Services
D = Other Property Tax Services
E = Business License Software
F = Permitting Software
G = Other Services

Adelanto (B,C,D,E,F,G)
Agoura Hills (C,E)
Alameda (A,B,C)
Alameda County (A,B,E,G)
Alhambra (A,B,C,D)
Aliso Viejo (A,B,C)
American Canyon (A,B,C,E,G)
Anderson (A,B,E)
Apple Valley (A,B,E)
Arcadia (A,B,C,E,F,G)
Arcata (A,B,C,E,G)
Arroyo Grande (A,B,G)
Artesia (A,B)
Atherton (C)
Atascadero (A,B)
Auburn (A,B)
Azusa (A,B,C,D,E,F,G)
Baldwin Park (A,B,C,D,E,F)
Banning (A,B,E)
Barstow (A,B,C)
Beaumont (A,B,C,E)
Bell (A,B)
Bell Gardens (A,B,C,D,E)
Bellflower (A,B,C,D,E)
Bellingham, WA (E)
Belvedere (E)
Benicia (A,B,C)
Big Bear Lake (A,B,C)
Blue Lake (B)
Blythe (A,B,C)
Botetourt County (F)
Bothell, WA (E)
Brea (E,F,G)
Brentwood (A,B,C,E)
Brentwood, MO (E)
Bridgeton, MO (E)
Buellton (A,B,C)
Buena Park (A,B,C)
Burbank (A,B,C,D)
Burlingame (A,B)
Butte County (A,B)
Calabasas (C,D)
Calexico (A,B,G)
Calimesa (B,F,G)
Calistoga (A,B,C,E,G)
Camarillo (A,B,C,E,G)
Canyon Lake (B,G)
Carmel (A,B)
Carpinteria (A,B)
Carson (A,B,C,D,E,G)
Cathedral City (A,B,C,E,G)
Cerritos (A,C)
Chico (A,B,C)
Chino (A,B,C)
Chino Hills (A,B)
Chino Valley Independent Fire District (C)
Chula Vista (A,B,E)
Citrus Heights (A,B,C,D)
Claremont (A,B,C,D,E,F,G)
Clayton (E)
Clearlake (A,B)
Cloverdale (B)
Clovis (A,B)
Coachella Valley Water District (C)
Coalinga (A,B,G)
Colfax (B)
Colma (A,B)
Colton (A,B,C,E,F)
Colusa (A,B,F)
Commerce (A,B,C,D,E)
Concord (A,B,C,E,G)
Contra Costa Co. (A,B,E,G)
Corcoran (B,G)
Corning (A,B,G)
Corona (A,B)
Coronado (B,E,G)
Costa Mesa (A,B)
Cotati (A,B,G)
Covina (A,B,C,D,E,F,G)
Crescent City (A,B)
Cudahy (A,B,C,D)
Culver City (A,B,C,D,E,G)
Dana Point (A,B)
Danville (C,E,G)
Del Mar (E)
Desert Hot Springs (A,B,C,D)
Diamond Bar (A,B,D)
Dixon (A,B)
Downey (A,B,C,D)
Duarte (A,B,D)
Dublin (A,B,C,D)
Eastvale (A,B,C)
El Cajon (E,G)
El Centro (A,B)
El Cerrito (A,B,C,G)
El Dorado County (A,B)
El Monte (F)
El Segundo (A,B,C)
Elk Grove (A,B)
Encinitas (A,B,C,E)
Eureka (A,B,C,G)
Fairfield (A,B,C,E,G)
Firebaugh (B)
Fontana (A,B,C,E,G)
Fortuna (A,B,C)
Fountain Valley (A,B,C)
Fowler (A,B,E)
Fremont (A,B,C,D,E)
Fresno County (A,B)
Fullerton (C)
Galt (A,B,G)
Garden Grove (A,C)
Glendale (A,B,C,D)
Glendora (A,B,C,D)
Glenn County (B)
Goleta (A,B)
Gonzales (A,B,C)
Grand Terrace (A,B,C,F)
Grass Valley (A,B,G)
Greenfield (A,B,C,G)
Gridley (F)
Guadalupe (A,B)
Half Moon Bay (E)
Hawaiian Gardens (A,B,C,E)
Healdsburg (A,B,G)
Hemet (A,B,C)
Hermosa Beach (A,B,C,E,D)
Hesperia (A,B,C,D)
Highland (E,F,G)
Hollister (A,B,G)
Holtville (B,C)
Hoquiam, WA (E)
Hughson (B,F,G)
Humboldt County (B,G)
Huntington Beach (A,B,C)
Huntington Park (A,B,C,D)
Huron (B,C)
Imperial (A,B,C)
Imperial Beach (A,B,C)
Imperial County (A,B)
Indian Wells (E,F,G)
Indio (A,B,C,F,G)
Industry (A,B,C,D)
Inglewood (A,B,C,D,G)
Irvine (A,B,C)
Irwindale (A,B,C,D,E,F)
Jurupa Valley (A,B)
Kennewick, WA (E,G)
Kern County (A,B)
King City (A,B,C,D,E,F)
Kings County (A,B)
La Canada Flintridge (A,B,D,E)
La Habra (A,B,C,E,G)
La Habra Heights (C,D)
La Mesa (A,B,E,G)
La Mirada (A,B,C,E,G)
La Palma (A,B,C,E)
La Puente (A,B,C,D)
La Quinta (A,B)
La Verne (A,B,C,D)
Laguna Hills (A,B)
Laguna Niguel (A)
Lake County (B)
Lake Elsinore (C,E,G)
Lake Forest (A,B)
Lakewood (A,B,C,D)
Lassen County (B)
Lathrop (A,B,G)
Lawndale (A,B,C,D,E)
Lemon Grove (A,B,C,D,E,F,G)
Lemoore (A,B)
Lincoln (A,B)
Live Oak (B,C,G)

HdL COMPANIES

HdL Companies Clients and Services

Livermore (A,B,C,D,E,G)
Livingston (A,B,C)
Lodi (A,B)
Loma Linda (A,B,F)
Lomita (A,B)
Lompoc (A,B,E,G)
Long Beach (C,D)
Loomis (B)
Los Alamitos (A,B,C,E,F)
Los Altos (A,B)
Los Altos Hills (C)
Los Angeles (D)
Los Angeles County (A,B)
Lynwood (E)
Madera County (B)
Malibu (A,B,D)
Mammoth Lakes (A,B,E,G)
Manhattan Beach (A,B,C,D)
March JPA (F)
Marin County (A,B,E)
Marina (A,B,G)
Mariposa County (G)
Martinez (A,B,C)
Marysville (A,B,E,F)
Maywood (A,B,D,F)
Menifee (A,B,C,E)
Menlo Park (E)
Merced (B,G)
Merced County (A,B,E)
Metro Trans Commission (B)
Midvale, UT (E)
Millbrae (A,B,E)
Milpitas (E,G)
Mission Viejo (A,B,C,D)
Mojave Water Agency (C)
Monrovia (A,B,C,D)
Montclair (A,B,C,F,G)
Montebello (A,B,C,D,E)
Monterey County (A,B)
Monterey Park (A,B,C,D,E)
Moorpark (A,B,C,E,G)
Moraga Orinda Fire District (C)
Moreno Valley (A,B,C,E,G)
Morro Bay (A,B,E,F,G)
Moulton Niguel Waster Dist (C)
Mountain View (A,B,C)
Murrieta (A,B,C,E,G)
Napa County (A,B,G)
National City (A,B,C,G)
Nevada City (A,B,G)
Nevada County (A,B,G)
Newark (A,B,E)
Newman (B)
Newport Beach (A,B,C)
Norco (A,B,C,D,E)
Norwalk (A,B,C,D)
Oakland (A,B,C,G)
Oakley (A,B)
Oceanside (A,B,C)
Orange (A,B,C)
Orange County (A,B)
Orange Cove (B)
Orland (B)
Oxnard (A,B,C,D,G)
Pacifica (A,B,E)
Palmdale (A,B,C)
Palos Verdes Estates (C,E)
Paradise (B,G)
Paramount (A,B,C,D)
Paso Robles (A,B,C,E)
Patterson (A,B)
Perris (A,B)
Pico Rivera (A,B,C,D,G)
Pinole (A,B,C,G)
Pismo Beach (A,B,C,G)
Placentia (A,B,C,E,G)
Placer County (A,B,E)
Placerville (B,G)
Pleasant Hill (A,B,C)
Pleasanton (A,B,C,D,E,G)
Port Hueneme (A,B,G)
Port Townsend, WA (E)
Portola Valley (B,G)
Poway (A,B,G)
Rancho Cucamonga (A,B,C,D,E,G)
Rancho Mirage (A,B,C)
Rancho Santa Margarita (A,B,C)
Red Bluff (A,B,C)
Redlands (A,B,C,E)
Redondo Beach (A,B,C,D,E)
Rialto (A,B,C)
Riverside (A,B,C)
Riverside County (A,B,E,G)
Rocklin (A,B,C,E,G)
Rosemead (A,B,C,E,F)
Roseville (E,G)
Sacramento County (A,B)
Sacramento Metro Fire (C)
Salinas (A,B,G)
San Benito County (B)
San Bernardino (A,B,C,G)
San Bernardino Assoc. of Governments (A,G)
San Bernardino County (A,B)
San Carlos (A,B,C)
San Clemente (A,B,C)
San Diego County (A,B)
San Dimas (A,B,C,D)
San Fernando (A,B,C,D,E,G)
San Francisco (A)
San Gabriel (A,B,E)
San Jacinto (A,B,C,E,G)
San Joaquin (B)
San Joaquin County (B)
San Leandro (E,G)
San Luis Obispo (A,B,E,G)
San Luis Obispo Co. (A,E,G)
San Marcos (A,B)
San Marino (B,D,E,F,G)
San Mateo (C)
San Mateo County (A,B)
San Pablo (A,B,C,G)
San Rafael (A,B,C,E,G)
Sand City (A,B,C,D,E,G)
Santa Clara (E,G)
Santa Clara County (A,B)
Santa Clarita (A,B,C,D)
Santa Cruz (A,B,C,G)
Santa Cruz County (A,B)
Santa Maria (A,B,C,G)
Santa Monica (A,B,C,D,E,G)
Santa Paula (A,B,C)
Santee (A,B,C)
Scotts Valley (B,G)
Seal Beach (A,B,C)
Seaside (A,B,C,G)
Shasta County (B)
Shasta Lake (G)
Sierra Madre (B,C,D,G)
Signal Hill (A,B,C,D,E)
Simi Valley (A,B)
Siskiyou County (B,G)
Solana Beach (A,B)
Solano County (A,B)
Soledad (A,B,C,G)
Sonoma County (A,B)
Sonoma County Trans Auth (G)
South El Monte (A,B,D,E,G)
South Gate (A,B,C,D,E,F,G)
South Lake Tahoe (A,B,G)
South Pasadena (A,B,C,D,E,G)
Sparks, NV (E)
Stanislaus County (B,G)
Stanton (A,B,C)
Stockton (A,B,C,G)
Suisun City (A,B)
Sunnyvale (A,B,C,E)
Surprise, AZ (E)
Sutter County (B)
Taft (A,B,C,E,F,G)
Tehachapi (A,B,E)
Tehama County (B)
Temecula (A,B,C,D,E,G)
Temple City (A,B,C,D,E,G)
Thousand Oaks (A,B,C)
Tiburon (B)
Tifton, GA (E,F,G)
Trinity County (A,B)
Truckee (A,B,G)
Tustin (A,B,C)
Twentynine Palms (A,B,C,G)
Union City (C)
Upland (A,B,C)
Vacaville (A,B,C,E)
Vallejo (A,B,C,G)
Ventura County (B)
Vernon (A,B,C,D,E,F,G)
Victorville (A,B,C)
Vista (A,B,C,D,E,G)
Walnut (B,G)
Walnut Creek (E,G)
Wasco (A,B)
Waterford (B)
West Covina (A,B,C,D,E,G)
West Hollywood (A,B,C,D,E,F,G)
Western Municipal Water Dist (C)
Westminster (A,B,C,E,F)
Wheatland (B,G)
Whittier (A,B,C,D,E,G)
Willows (B)
Windsor (A,B,E)
Winters (A,B,G)
Yolo County (A,B)
Yorba Linda (A,B,C,E,G)
Yreka (B,G)
Yuba City (A,B,C,G)
Yuba County (A,B)
Yucaipa (A,B)
Yucca Valley (A,B,E,G)

AMENDMENT NO. 1

AGREEMENT FOR SALES, USE AND TRANSACTIONS TAX AND INFORMATION SERVICES BETWEEN THE CITY OF CARSON AND HINDERLITER, de LLAMAS AND ASSOCIATES

AMENDMENT NO. 1 TO AGREEMENT dated July 1, 2010, is entered into in the State of California by and between the City of Carson, a California general law municipal corporation, hereinafter called "City" and Hinderliter, de Llamas and Associates, hereinafter called "Consultant". It is hereby agreed to be amended as follows:

Extend the termination date of this Agreement to August 29, 2013.

All other provisions of said Agreement shall remain unchanged and in effect.

IN WITNESS WHEREOF, the Mayor of the City of Carson has caused this Amendment to the Agreement to be subscribed by its duly authorized officers, in its behalf, and the said party of the second part has signed the Agreement.

HdL COMPANIES

BY: _____

ANDREW NICKERSON
PRESIDENT

DATE: 7-3-2013

CITY OF CARSON

BY: _____

JAMES DEAR
MAYOR

ATTEST: _____

CITY CLERK

APPROVED AS TO FORM

_____

CITY ATTORNEY

AMENDMENT NO. 2

AGREEMENT FOR SALES, USE AND TRANSACTIONS TAX AND INFORMATION SERVICES BETWEEN THE CITY OF CARSON AND HINDERLITER, de LLAMAS AND ASSOCIATES

AMENDMENT NO. 2 TO AGREEMENT dated July 1, 2010, is entered into in the State of California by and between the City of Carson, a California general law municipal corporation, hereinafter called "City" and Hinderliter, de Llamas and Associates, hereinafter called "Consultant". It is hereby agreed to be amended as follows:

Extend the termination date of this Agreement to June 30, 2015.

All other provisions of said Agreement shall remain unchanged and in effect.

IN WITNESS WHEREOF, the Mayor of the City of Carson has caused this Amendment to the Agreement to be subscribed by its duly authorized officers, in its behalf, and the said party of the second part has signed the Agreement.

HdL COMPANIES

BY: _____
ANDREW NICKERSON
PRESIDENT

DATE: _____

CITY OF CARSON

BY: _____
JAMES DEAR
MAYOR

ATTEST: _____
CITY CLERK

APPROVED AS TO FORM

_____
CITY ATTORNEY

10.