

**PROFESSIONAL SERVICES AGREEMENT**  
**[Tax Administration Services]**

**THIS PROFESSIONAL SERVICES AGREEMENT** (the “Agreement”) is made at Orange, California, on this \_\_\_\_ day of \_\_\_\_\_, 2026 (the “Effective Date”) by and between the CITY OF ORANGE, a municipal corporation (“City”), and HINDERLITER, DE LLAMAS & ASSOCIATES, a California corporation (“Contractor”), who agree as follows:

**1. Services.** Subject to the terms and conditions set forth in this Agreement, Contractor shall provide to the reasonable satisfaction of City the services set forth in Exhibit “A,” which is attached hereto and incorporated herein by reference. As a material inducement to City to enter into this Agreement, Contractor represents and warrants that it has thoroughly investigated and considered the scope of services and fully understands the difficulties and restrictions in performing the work. The services which are the subject of this Agreement are not in the usual course of City’s business and City relies on Contractor’s representation that it is independently engaged in the business of providing such services and is experienced in performing the work. Contractor shall perform all services in a manner reasonably satisfactory to City and in a manner in conformance with the standards of quality normally observed by an entity providing such services to a municipal agency. All services provided shall conform to all federal, state and local laws, rules and regulations and to the best professional standards and practices. The terms and conditions set forth in this Agreement shall control over any terms and conditions in Exhibit “A” to the contrary.

Trang Nguyen, Finance Director (“City’s Project Manager”), shall be the person to whom Contractor will report for the performance of services hereunder. It is understood that Contractor’s performance hereunder shall be under the supervision of City’s Project Manager (or his/her designee), that Contractor shall coordinate its services hereunder with City’s Project Manager to the extent required by City’s Project Manager, and that all performances required hereunder by Contractor shall be performed to the satisfaction of City’s Project Manager and the City Manager.

**2. Compensation and Fees.**

**a.** Contractor's total compensation for all services performed under this Agreement, shall not exceed THREE HUNDRED FIFTY-SIX THOUSAND TWENTY-FIVE DOLLARS and 00/100 (\$356,025.00).

**b.** The above compensation does not apply to compensation for services which are billed on a contingency fee based on revenue recovered, or to payment processing services which are billed according to usage

**c.** As specified in Exhibit “A”, the total compensation is estimated as follows: Business license administration for \$323,000 based on an estimated 19,000 business licenses at \$17 each, plus annual increase based on March CPI-U. Short-term rental (STR) administration for \$2,125 based on 125 STRs at \$17 each, plus annual increase based on March CPI-U. Transient Occupancy Tax (TOT) administration & audit for \$20,900 based on an estimated 22 hotels @ \$950

each. One-time implementation for all three services of \$10,000. Annual amount is subject to change based on the annual March CPI-U increase for business license and short term rental administration.

d. The above compensation shall include all costs, including, but not limited to, all clerical, administrative, overhead, insurance, reproduction, telephone, travel, auto rental, subsistence and all related expenses.

### **3. Payment.**

a. As scheduled services are completed, Contractor shall submit to City an invoice for the services completed, authorized expenses and authorized extra work actually performed or incurred.

b. All such invoices shall state the basis for the amount invoiced, including services completed, the number of hours spent and any extra work performed.

c. City will pay Contractor the amount invoiced within thirty (30) days after the approval of the invoice.

d. Payment shall constitute payment in full for all services, authorized costs and authorized extra work covered by that invoice.

4. **Change Orders.** No payment for extra services caused by a change in the scope or complexity of work, or for any other reason, shall be made unless and until such extra services and a price therefor have been previously authorized in writing and approved by City as an amendment to this Agreement. City's Project Manager is authorized to approve a reduction in the services to be performed and compensation therefor. All amendments shall set forth the changes of work, extension of time, and/or adjustment of the compensation to be paid by City to Contractor and shall be signed by the City's Project Manager, City Manager or City Council, as applicable.

5. **Licenses.** Contractor represents that it and any subcontractors it may engage, possess any and all licenses which are required under state or federal law to perform the work contemplated by this Agreement and that Contractor and its subcontractors shall maintain all appropriate licenses, including a City of Orange business license, at its cost, during the performance of this Agreement.

6. **Independent Contractor.** At all times during the term of this Agreement, Contractor shall be an independent contractor and not an employee of City. City shall have the right to control Contractor only insofar as the result of Contractor's services rendered pursuant to this Agreement. City shall not have the right to control the means by which Contractor accomplishes services rendered pursuant to this Agreement. Contractor shall, at its sole cost and expense, furnish all facilities, materials and equipment which may be required for furnishing services pursuant to this Agreement. Contractor shall be solely responsible for, and shall indemnify, defend and save City harmless from all matters relating to the payment of its subcontractors, agents and employees, including compliance with social security withholding and

all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever. Contractor acknowledges that it and any subcontractors, agents or employees employed by Contractor shall not, under any circumstances, be considered employees of City, and that they shall not be entitled to any of the benefits or rights afforded employees of City, including, but not limited to, sick leave, vacation leave, holiday pay, Public Employees Retirement System benefits, or health, life, dental, long-term disability or workers' compensation insurance benefits.

7. **Contractor Not Agent.** Except as City may specify in writing, Contractor shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied, to bind City to any obligation whatsoever.

8. **Designated Persons.** Only those qualified persons authorized by City's Project Manager, or as designated in Exhibit "A," shall perform work provided for under this Agreement. It is understood by the parties that clerical and other nonprofessional work may be performed by persons other than those designated.

9. **Assignment or Subcontracting.** No assignment or subcontracting by Contractor of any part of this Agreement or of funds to be received under this Agreement shall be of any force or effect unless the assignment has the prior written approval of City. City may terminate this Agreement rather than accept any proposed assignment or subcontracting. Such assignment or subcontracting may be approved by the City Manager or his/her designee.

10. **Time of Completion.** Except as otherwise specified in Exhibit "A," Contractor shall commence the work provided for in this Agreement within five (5) years with two (2) optional years of the Effective Date of this Agreement and diligently prosecute completion of the work in accordance with the time period set forth in Exhibit "A" hereto or as otherwise agreed to by and between the representatives of the parties.

11. **Time Is of the Essence.** Time is of the essence in this Agreement. Contractor shall do all things necessary and incidental to the prosecution of Contractor's work.

12. **Reserved.**

13. **Delays and Extensions of Time.** Contractor's sole remedy for delays outside its control, other than those delays caused by City, shall be an extension of time. No matter what the cause of the delay, Contractor must document any delay and request an extension of time in writing at the time of the delay to the satisfaction of City. Any extensions granted shall be limited to the length of the delay outside Contractor's control. If Contractor believes that delays caused by City will cause it to incur additional costs, it must specify, in writing, why the delay has caused additional costs to be incurred and the exact amount of such cost at the time the delay occurs. No additional costs can be paid that exceed the not to exceed amount stated in Section 2.a, above, absent a written amendment to this Agreement.

14. **Products of Contractor.** The documents, studies, evaluations, assessments, reports, plans, citations, materials, manuals, technical data, logs, files, designs and other products

produced or provided by Contractor for this Agreement shall become the property of City upon receipt. Contractor shall deliver all such products to City prior to payment for same. City may use, reuse or otherwise utilize such products without restriction. This does not include any software, programs, methodologies or systems used in the creation of such work product, nor does it include any drafts, notes or internal communications prepared by Contractor in the course of performing the Services that were not otherwise provided to City in either hardcopy or electronic form, all of which may be protected by Contractor or others' copyrights or other intellectual property.

**15. Equal Employment Opportunity.** During the performance of this Agreement, Contractor agrees as follows:

**a.** Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, mental or physical disability, or any other basis prohibited by applicable law. Contractor shall ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin, mental or physical disability, or any other basis prohibited by applicable law. Such actions shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, a notice setting forth provisions of this non-discrimination clause.

**b.** Contractor shall, in all solicitations and advertisements for employees placed by, or on behalf of Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, mental or physical disability, or any other basis prohibited by applicable law.

**c.** Contractor shall cause the foregoing paragraphs (a) and (b) to be inserted in all subcontracts for any work covered by this Agreement, provided that the foregoing provisions shall not apply to subcontracts for standard commercial supplies or raw materials.

**16. Conflicts of Interest.** Contractor agrees that it shall not make, participate in the making, or in any way attempt to use its position as a consultant to influence any decision of City in which Contractor knows or has reason to know that Contractor, its officers, partners, or employees have a financial interest as defined in Section 87103 of the Government Code.

**17. Indemnity.**

**a.** To the fullest extent permitted by law, Contractor agrees to indemnify and hold City, its City Council and each member thereof, and the officers, officials, agents and employees of City (collectively the "Indemnitees") entirely harmless from all liability arising out of:

(1) Any and all claims under workers' compensation acts and other employee benefit acts with respect to Contractor's employees or Contractor's subcontractor's

employees arising out of Contractor's work under this Agreement, including any and all claims under any law pertaining to Contractor or its employees' status as an independent contractor and any and all claims under Labor Code section 1720 related to the payment of prevailing wages for public works projects; and

(2) Any claim, loss, injury to or death of persons or damage to property caused by any act, neglect, default, or omission of Contractor, or person, firm or corporation employed by Contractor, either directly or by independent contract, including all damages due to loss or theft sustained by any person, firm or corporation including the Indemnitees, or any of them, arising out of, or in any way connected with the work or services which are the subject of this Agreement, including injury or damage either on or off City's property; but not for any loss, injury, death or damage caused by the active negligence or willful misconduct of City. Contractor, at its own expense, cost and risk, shall indemnify any and all claims, actions, suits or other proceedings that may be brought or instituted against the Indemnitees on any such claim or liability covered by this subparagraph, and shall pay or satisfy any judgment that may be rendered against the Indemnitees, or any of them, in any action, suit or other proceedings as a result of coverage under this subparagraph.

b. To the fullest extent permitted by law, and as limited by California Civil Code 2782.8, Contractor agrees to indemnify and hold Indemnitees harmless from all liability arising out of any claim, loss, injury to or death of persons or damage to property to the extent caused by its negligent professional act or omission in the performance of professional services pursuant to this Agreement. Notwithstanding anything to the contrary, in no event will Contractor be (a) liable for claims, liabilities or damages (i) that could not reasonably have been foreseen upon entry into this Agreement; (ii) arising from any action or inaction by Contractor in response to specific direction from City; (iii) in connection with any City monies not collected by Contractor; nor (iv) in connection with the issuance, non-issuance or revocation of any registration, license, permit, or exemption; nor (b) required to provide a defense in connection with any indemnification or hold harmless provisions under this Agreement.

c. Except for the Indemnitees, the indemnifications provided in this Agreement shall not be construed to extend any third party indemnification rights of any kind to any person or entity which is not a signatory to this Agreement.

d. The indemnities set forth in this section shall survive any closing, rescission, or termination of this Agreement, and shall continue to be binding and in full force and effect in perpetuity with respect to Contractor and its successors.

## **18. Insurance.**

a. Contractor shall carry workers' compensation insurance as required by law for the protection of its employees during the progress of the work. Contractor understands that it is an independent contractor and not entitled to any workers' compensation benefits under any City program.

**b.** Contractor shall maintain during the life of this Agreement the following minimum amount of comprehensive general liability insurance or commercial general liability insurance: the greater of (1) One Million Dollars (\$1,000,000) per occurrence; or (2) all the insurance coverage and/or limits carried by or available to Contractor. Said insurance shall cover bodily injury, death and property damage and be written on an occurrence basis.

**c.** Contractor shall maintain during the life of this Agreement, the following minimum amount of automotive liability insurance: the greater of (1) a combined single limit of One Million Dollars (\$1,000,000); or (2) all the insurance coverage and/or limits carried by or available to Contractor. Said insurance shall cover bodily injury, death and property damage for all owned, non-owned and hired vehicles and be written on an occurrence basis.

**d.** Any insurance proceeds in excess of or broader than the minimum required coverage and/or minimum required limits which are applicable to a given loss shall be available to City. No representation is made that the minimum insurance requirements of this Agreement are sufficient to cover the obligations of Contractor under this Agreement.

**e.** Each policy of general liability and automotive liability shall provide that City, its officers, officials, agents, and employees are declared to be additional insureds under the terms of the policy, but only with respect to the work performed by Contractor under this Agreement. A policy endorsement to that effect shall be provided to City along with the certificate of insurance. In lieu of an endorsement, City will accept a copy of the policy(ies) which evidences that City is an additional insured as a contracting party. The minimum coverage required by Subsection 18.b and c, above, shall apply to City as an additional insured. Any umbrella liability insurance that is provided as part of the general or automobile liability minimums set forth herein shall be maintained for the duration of the Agreement.

**f.** Contractor shall maintain during the life of this Agreement professional liability insurance covering errors and omissions arising out of the performance of this Agreement with a minimum limit of One Million Dollars (\$1,000,000) per claim. Contractor agrees to keep such policy in force and effect for at least five (5) years from the date of completion of this Agreement.

**g.** The insurance policies maintained by Contractor shall be primary insurance and no insurance held or owned by City shall be called upon to cover any loss under the policy. Contractor will determine its own needs in procurement of insurance to cover liabilities other than as stated above.

**h.** Before Contractor performs any work or prepares or delivers any materials, Contractor shall furnish certificates of insurance and endorsements, as required by City, evidencing the aforementioned minimum insurance coverages on forms acceptable to City, which shall provide that the insurance in force will not be canceled or allowed to lapse without at least ten (10) days' prior written notice to City.

**i.** Except for professional liability insurance coverage that may be required by this Agreement, all insurance maintained by Contractor shall be issued by companies admitted to

conduct the pertinent line of insurance business in California and having a rating of Grade A or better and Class VII or better by the latest edition of Best Key Rating Guide. In the case of professional liability insurance coverage, such coverage shall be issued by companies either licensed or admitted to conduct business in California so long as such insurer possesses the aforementioned Best rating.

j. Contractor shall immediately notify City if any required insurance lapses or is otherwise modified and cease performance of this Agreement unless otherwise directed by City. In such a case, City may procure insurance or self-insure the risk and charge Contractor for such costs and any and all damages resulting therefrom, by way of set-off from any sums owed Contractor.

k. Contractor agrees that in the event of loss due to any of the perils for which it has agreed to provide insurance, Contractor shall look solely to its insurance for recovery. Contractor hereby grants to City, on behalf of any insurer providing insurance to either Contractor or City with respect to the services of Contractor herein, a waiver of any right to subrogation which any such insurer may acquire against City by virtue of the payment of any loss under such insurance.

l. Contractor shall include all subcontractors, if any, as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor to City for review and approval. All coverages for subcontractors shall be subject to all of the requirements stated herein.

**19. Termination.** City may for any reason terminate this Agreement by giving Contractor not less than forty-five (45) days' written notice of intent to terminate. Upon receipt of such notice, Contractor shall immediately cease work, unless the notice from City provides otherwise. Upon the termination of this Agreement, City shall pay Contractor for services satisfactorily provided and all allowable reimbursements incurred to the date of termination in compliance with this Agreement, unless termination by City shall be for cause, in which event City may withhold any disputed compensation. City shall not be liable for any claim of lost profits.

**20. Maintenance and Inspection of Records.** In accordance with generally accepted accounting principles, Contractor and its subcontractors shall maintain reasonably full and complete books, documents, papers, accounting records, and other information (collectively, the "records") pertaining to the costs of and completion of services performed under this Agreement. City and its authorized representatives shall have access to and the right to audit and reproduce any of Contractor's records regarding the services provided under this Agreement. Contractor shall maintain all such records for a period of at least three (3) years after termination or completion of this Agreement. Contractor agrees to make available all such records for inspection or audit at its offices during normal business hours and upon three (3) days' notice from City, and copies thereof shall be furnished if requested.

**21. Compliance with all Laws/Immigration Laws.**

a. Contractor shall be knowledgeable of and comply with all local, state and federal laws which may apply to the performance of this Agreement.

**b.** If the work provided for in this Agreement constitutes a “public works,” as that term is defined in Section 1720 of the California Labor Code, for which prevailing wages must be paid, to the extent Contractor’s employees will perform any work that falls within any of the classifications for which the Department of Labor Relations of the State of California promulgates prevailing wage determinations, Contractor hereby agrees that it, and any subcontractor under it, shall pay not less than the specified prevailing rates of wages to all such workers. The general prevailing wage determinations for crafts can be located on the website of the Department of Industrial Relations ([www.dir.ca.gov/DLSR](http://www.dir.ca.gov/DLSR)). Additionally, to perform work under this Contract, Contractor must meet all State registration requirements and criteria, including project compliance monitoring.

**c.** Contractor represents and warrants that it:

(1) Has complied and shall at all times during the term of this Agreement comply, in all respects, with all immigration laws, regulations, statutes, rules, codes, and orders, including, without limitation, the Immigration Reform and Control Act of 1986 (IRCA); and

(2) Has not and will not knowingly employ any individual to perform services under this Agreement who is ineligible to work in the United States or under the terms of this Agreement; and

(3) Has properly maintained, and shall at all times during the term of this Agreement properly maintain, all related employment documentation records including, without limitation, the completion and maintenance of the Form I-9 for each of Contractor’s employees; and

(4) Has responded, and shall at all times during the term of this Agreement respond, in a timely fashion to any government inspection requests relating to immigration law compliance and/or Form I-9 compliance and/or worksite enforcement by the Department of Homeland Security, the Department of Labor, or the Social Security Administration.

**d.** Contractor shall require all subcontractors or subconsultants to make the same representations and warranties as set forth in Subsection 21.c.

**e.** Contractor shall, upon request of City, provide a list of all employees working under this Agreement and shall provide, to the reasonable satisfaction of City, verification that all such employees are eligible to work in the United States. All costs associated with such verification shall be borne by Contractor. Once such request has been made, Contractor may not change employees working under this Agreement without written notice to City, accompanied by the verification required herein for such employees.

**f.** Contractor shall require all subcontractors or sub-consultants to make the same verification as set forth in Subsection 21.e.



g. If Contractor or subcontractor knowingly employs an employee providing work under this Agreement who is not authorized to work in the United States, and/or fails to follow federal laws to determine the status of such employee, that shall constitute a material breach of this Agreement and may be cause for immediate termination of this Agreement by City.

h. Contractor agrees to indemnify and hold City, its officers, officials, agents and employees harmless for, of and from any loss, including but not limited to fines, penalties and corrective measures City may sustain by reason of Contractor's failure to comply with said laws, rules and regulations in connection with the performance of this Agreement.

**22. Governing Law and Venue.** This Agreement shall be construed in accordance with and governed by the laws of the State of California and Contractor agrees to submit to the jurisdiction of California courts. Venue for any dispute arising under this Agreement shall be in Orange County, California.

**23. Integration.** This Agreement constitutes the entire agreement of the parties. No other agreement, oral or written, pertaining to the work to be performed under this Agreement shall be of any force or effect unless it is in writing and signed by both parties. Any work performed which is inconsistent with or in violation of the provisions of this Agreement shall not be compensated.

**24. Notice.** Except as otherwise provided herein, all notices required under this Agreement shall be in writing and delivered personally, by e-mail, or by first class U.S. mail, postage prepaid, to each party at the address listed below. Either party may change the notice address by notifying the other party in writing. Notices shall be deemed received upon receipt of same or within three (3) days of deposit in the U.S. Mail, whichever is earlier. Notices sent by e-mail shall be deemed received on the date of the e-mail transmission.

“CONTRACTOR”

“CITY”

Hinderliter, De Llamas & Associates  
120 S State College Blvd., Suite 200  
Brea, CA 92821  
Attn.: HDL Contracts

City of Orange  
300 E. Chapman Avenue  
Orange, CA 92866-1591  
Attn.: Trang Nguyen

Telephone: (714) 879-5000  
E-Mail: [contracts@hdlcompanies.com](mailto:contracts@hdlcompanies.com)

Telephone: (714) 744-2235  
E-Mail: [nguyent@cityoforange.org](mailto:nguyent@cityoforange.org)

**25. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures transmitted electronically shall have the same effect as original signatures.

**[Signatures on next page]**

IN WITNESS of this Agreement, the parties have entered into this Agreement as of the year and day first above written.

**“CONTRACTOR”**

HINDERLITER, DE LLAMAS &  
ASSOCIATES, a California corporation

DocuSigned by:  
\*By: Robert Gray  
D4C862557576418...  
Printed Name: Robert Gray  
Title: Vice President

DocuSigned by:  
\*By: Richard Park  
4DD130EETC2A4A2...  
Printed Name: Richard Park  
Title: CEO

**“CITY”**

CITY OF ORANGE, a municipal corporation

By: \_\_\_\_\_  
Daniel R. Slater, Mayor

ATTEST:

\_\_\_\_\_  
Pamela Coleman, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Nathalie Adourian, City Attorney

**\*NOTE:**

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City requires the following signature(s) on behalf of the Contractor:  
(1) the Chairman of the Board, the President or a Vice-President, **AND** (2) the Secretary, the Chief Financial Officer, the Treasurer, an Assistant Secretary or an Assistant Treasurer. If only one corporate officer exists or one corporate officer holds more than one corporate office, please so indicate. **OR**  
The corporate officer named in a corporate resolution as authorized to enter into this Agreement. A copy of the corporate resolution, certified by the Secretary close in time to the execution of the Agreement, must be provided to City.

✓

**EXHIBIT “A”**

**SCOPE OF SERVICES**

[Beneath this sheet.]

# City of Orange, CA

Tax & Fee Administration Services

October 15, 2025

**HdL**  Companies

SUBMITTED BY  
HdL Companies  
120 S. State College Blvd., Suite 200  
Brea, CA 92821  
[hdlcompanies.com](http://hdlcompanies.com)

CONTACT  
Connor Duckworth  
T: 714-879-5000  
E: [cduckworth@hdlcompanies.com](mailto:cduckworth@hdlcompanies.com)

Thank you for the opportunity to present this proposal for HdL's Services:

- Business License Administration
- TOT Administration & Audits
- STR Administration
- BL Tax Study

Please be advised that we maintain a busy implementation schedule throughout the year. Your position in the implementation schedule will be determined when a signed agreement is received.

This proposal is valid until: **December 31, 2025**. Should you have any questions, please contact me at 888.861.0220 or by email at [cduckworth@hdlcompanies.com](mailto:cduckworth@hdlcompanies.com).

## Tax and Fee Services

Service	Compensation
Business License Tax Administration	\$17.00/processed account + CPI
TOT Administration, Includes Audits	\$950.00 per/year, per location + CPI
STR Administration	\$17.00/processed account + CPI
Implementation Fee (One-time bundled cost)	\$10,000.00
BL Tax Study	\$50,000

Payment transactions are subject to typical payment processing and returned payment fees. HdL supports both agency funded (fees paid by City) and convenience fee (fees paid by taxpayer) models.

## HDL TAX ADMINISTRATION SERVICES

### General Scope of Services

The Tax Administration Service provides a turnkey approach for local governments that need assistance with administering taxes. Our team of experts can manage all or parts of the business tax operations conducted by the City. When combined with the Compliance Management services, the City receives the benefit of increased revenues and superior customer service, while reducing internal costs and gaining efficiencies.

HdL will transfer the City's existing databases as they relate to tax into HdL's internal administration tools. HdL will maintain the data and provide access to or copies of data or reports at the City's request. While access to online systems will be available for the City to use at their discretion, the City will not be required to use or maintain any software in house for managing the registry.

**Renewal Processing** – Send active accounts a renewal notice within 45 days of the renewal period ending. Accounts will receive all applicable forms necessary to complete the renewal process.

**New Account Processing** – HdL will process any new applications and complete the new account registration process in a timely fashion. HdL will also facilitate intra-city departmental approvals such as zoning, code compliance, fire inspection, and other regulatory related functions.

**Delinquent Account Processing** – HdL will endeavor to collect delinquent accounts through a series of City approved processing methods. This will include at minimum two follow up delinquent notice and up to two telephone calls. Delinquent accounts will be collected with full penalties as allowed by the Municipal code or through current City practices. Accounts that remain delinquent will be processed through the City approved processes established in HdL's collections component of the Compliance Management Program.

**On-Line Filing & Payment Processing** – HdL registers a City approved domain name which will serve as the starting point for all web-based activities. This City specific site is designed to look and feel like the City's own web pages and ensures a level of continuity between the business community, the City, and HdL.

With *HdL Flex File*, businesses can choose to file their new business registration as well as renew their license and make payments via our on-line filing portal. In addition to filing and paying for taxes, businesses can obtain copies of applications, general support and FAQs, schedule appointments and request copies of their tax registration all with the click of a button. Our on-line services underscore HdL's commitment to excellence in customer service and education by continually improving the registration and payment experience for the business community.

**Payment Posting/Processing** – HdL will process all payments received in an expedited manner. License accounts will be updated daily with payment information and revenues to be disbursed to the City net applicable fees at an interval to be agreed to during the project planning phase. Disbursements typically occur monthly but can be remitted as often as weekly depending on volumes and City needs. HdL's payment acceptance process accepts the following payment types:

- ✓ Check / Money Order /Cashier's Check
- ✓ E-Check
- ✓ Debit Cards
- ✓ Credit Cards (Visa, Mastercard, Discover, & American Express)
- ✓ Check by Phone

HdL currently utilizes multiple payment gateway providers for on-line payment acceptance. HdL will work with the City to determine which provider, rate structures, and card types meet the City's needs. HdL can also utilize the same provider and process used by the City's current on-line functionality.

**Business Support Center** – HdL will provide businesses with multiple support options for registering, renewing, making payments and for general inquiries. A toll-free number will be provided to businesses in order to access one of our license specialists Monday-Friday 8:00am to 5:00pm Pacific. Businesses will also have access to support via, e-mail, fax, and via the Business Support Center On-Line. HdL constantly monitors quality control points to ensure courteous customer service, minimal hold times under 2 minutes, and the return of voice messages the same business day.

## **TRANSIENT OCCUPANCY TAX ADMINISTRATION**

### **General Scope of Services**

HdL's transient occupancy tax administration service goes beyond scheduled cyclical audits, providing compliance monitoring of each return as it is filed while unburdening the City from the day-to-day administration of the TOT revenue program. Continual monitoring of returns is the optimal way to increase compliance while maintaining positive relations with the City's lodging providers.

The program is education focused, ensuring that lodging providers are clear on reporting requirements and methodology. HdL's tax administration professionals are available as needed to support both the City's team and the City's lodging providers. The City is kept up to date, with 24x7 online access to HdL's client portal containing real time access to registration and filing data, and management reporting. HdL's TOT administration service incorporates all of the following:

**Tax Registration Database Management** – HdL will transfer the City's existing databases as they relate to TOT into HdL's internal administration tools. HdL will maintain the data, software, online filing portal for lodging providers, and online client portal for the City.

**Return Processing** – HdL will process TOT filings within 5 days of submission. Accounts will receive all applicable forms necessary to complete the renewal process.

**New Account Processing** – HdL will process any new TOT registrations for Lodging Establishments that change hand or newly offered properties.

**Payment Posting / Processing** – HdL will process all payments made for new and existing lodging providers. Accounts will be updated with payment information and revenues will be remitted to the City net HdL's fees on no less than a monthly basis.

**On-Line Filing & Payment Processing** – With input from the City, HdL crafts a customized website and domain for the City's taxpayers to submit online forms, returns, and payments along with other customer support related items.

**Compliance Monitoring & Lodging Provider Audits** – HdL will ensure accurate filings of TOT returns by consistently monitoring returns and educating lodging providers on filing requirements. HdL will also provide cyclical compliance audits as mutually agreed to by the City and HdL, ensuring all providers are audited at least once every three years. The compliance audit process is described above in Option 1.

**Reports** – HdL's TOT administration service includes a variety of standard reports demonstrating account activity and filing trends. During service implementation HdL will work with the City to identify reporting requirements and frequency/method of delivery and will supplement our standard service with custom reports as needed to meet the City's requirements.

**Progress Payments** – HdL's TOT administration service is billed monthly based on activity completed during the prior month. If standalone audits are conducted, they are billed only upon completion of the audit.

**Customer Support Center** – HdL will provide lodging providers with multiple support options for registering, filing returns, making payments and for general inquiries. A toll-free number will be provided to businesses in order to access one of our tax specialists. Lodging providers will also have access to support via e-mail, fax, and the online Business Support Center.

**Annual Audit Plan** – During implementation, HdL gathers all the historical data available from the City and leverages internal data sources and expertise to provide an analysis of all lodging providers, along with a recommended audit schedule. This allows HdL to work cooperatively with the City to identify the entities that require attention first. HdL works directly with the City to ensure consensus on the audit schedule for the program.



# **BUSINESS LICENSE TAX ORDINANCE/FEE STUDY**

**Objective:** We will provide you with the analysis and recommendations needed to make a confident decision about changing your business license tax structure.

## **Current Tax System Analysis**

We will analyze your existing business tax registration database to establish a clear baseline. This analysis will:

- Compile data on registered businesses, current tax revenues, and business categories
- Identify key patterns and trends in your tax base
- Review performance among your top 100 tax contributors
- Assess how your current system supports general service delivery funding

## **Competitive Environment Assessment**

To help you understand how proposed changes would affect your competitive position, we will:

- Select three comparable jurisdictions for analysis (subject to your approval)
- Compare key financial and economic metrics between your jurisdiction and the comparison cities
- Analyze how your current tax structure affects business competitiveness
- Model the revenue and competitive impacts of adopting tax rates from comparison jurisdictions
- Test these impacts on a representative sample of your businesses

## **Tax Structure Options and Impact Analysis**

Working with your staff, we will develop alternative tax structure options that are reliable, equitable, and tailored to your community's needs. For each option, we will:

- Provide clear justification for the proposed business classification structure
- Calculate estimated impacts on key businesses and industries in your jurisdiction
- Analyze how tax payments would change for different business types
- Assess equity outcomes across your business community
- Compare projected revenues against comparison jurisdictions
- Model revenue changes for your top 100 contributors

- Create visual representations of proposed tax rates

### **Decision Support Analysis**

To give you confidence in your final decision, we will:

- Clearly present the trade-offs between maintaining your current system and adopting proposed changes
- Assess how each option supports your general service delivery funding goals

### **Key Staff Update Meetings**

To ensure efficient project management and keep you informed at critical decision points, we will conduct five structured meetings with your key staff:

- **Project kickoff meeting:** Confirm data availability, finalize comparison jurisdictions, and establish project timeline
- **Baseline analysis meeting:** Present current tax system analysis and competitive assessment findings
- **Options development meeting:** Review preliminary tax structure alternatives and gather staff input
- **Impact analysis meeting:** Present detailed impact analysis for each option and discuss trade-offs
- **Final recommendations meeting:** Review final analysis and recommendations before report completion

These focused meetings will keep the project moving efficiently while ensuring your team has the information needed for confident decision-making.

### **Optional Council Presentation**

Upon request, we will present the study's findings and recommendations to your City Council via virtual presentation. This optional service includes:

- A concise presentation of key findings, competitive analysis, and recommendations
- Visual presentation of proposed tax structure options and their impacts
- Response to Council questions about the analysis and recommendations
- Support for Council's decision-making process on proposed changes

### **Deliverables**

**PowerPoint presentation** summarizing findings, impacts, and recommendations

**Comprehensive draft staff report** with detailed analysis, implementation guidance, and justification for recommendations

### **Pricing**

The fee is \$50,000, 50% due at the time of agreement execution, and 50% due upon delivery of the final deliverable.