

May 23, 2025

VIA EMAIL TO: anickerson@hdlcompanies.com, jpierce@hdlcompanies.com

Mr. Andrew Nickerson, President/CEO
Hinderliter, de Llamas & Associates (dba HdL Companies)
120 South State College Boulevard, Suite 200
Brea, CA 92821

Reference: Request for Proposal (RFP) 10090282-25-L, Consultant for Sales and Use Tax Audits and Reporting Services

Dear Mr. Nickerson:

Subject: Exceptions

Exhibit A, paragraph A.2.2 of the subject RFP, states, in pertinent part: "Any exceptions to the Contract that have not been accepted by the City in writing are deemed rejected. The City, in its sole discretion, may accept some or all of proposers' exceptions, reject proposer's exceptions and deem the proposal non-responsive, or award the Contract without proposer's proposed exceptions."

This letter confirms our agreement to clarify and modify the terms of the Contract relating to the above-referenced solicitation. The Parties agree as follows:

1. Section 3.1 (page 3 of 21) of Exhibit C, General Contract Terms and Provisions, shall be deleted in its entirety and replaced with the following:

3.1 Manner of Payment. Contractor will be paid quarterly, in arrears, for goods and/or services provided in accordance with the terms and provisions specified in the Contract.

2. Section 3.2.2 (page 3 of 21) of Exhibit C, General Contract Terms and Provisions, shall be deleted in its entirety and replaced with the following:

3.2.2 Service Contracts. Contractor must submit invoices for services to City by the 10th of the month following the end of each quarter (i.e., 3-month period) in which Contractor provided services. Invoices must include the address of the location where services were performed and the dates in which services were provided.

Document No. **RR-316305**
Filed **JUN 24 2025**
Office of the City Clerk
San Diego, California

Mr. Andrew Nickerson, President/CEO
May 23, 2025

ORIGINAL

3. Section 3.2.6.2 (page 4 of 21) of Exhibit C, General Contract Terms and Provisions, shall be deleted in its entirety and replaced with the following:

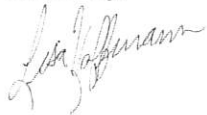
3.2.6.2 Quarterly Invoicing and Payments. Contractor and Contractor's subcontractors and suppliers must submit Quarterly Invoicing and Payment Reports by the fifth (5th) day of the first month of the subsequent quarter.

4. Section Article VIII, "BONDS" (page 14 of 21) of Exhibit C, General Contract Terms and Provisions, shall be deleted in its entirety and replaced with the following:

Article VIII RESERVED

Please indicate your agreement with the above by signing the bottom of this letter. Thank you for your assistance.

Sincerely,



Lisa Hoffmann, CPPB
Senior Procurement Contracting Officer

This Letter is executed by the City and Contractor acting by and through their authorized officers.

CONTRACTOR
Hinderliter, de Llamas & Associates

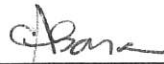
By: 
R. Andrew Nickerson (May 23, 2025 13:44 CDT)

Name: R. Andrew Nickerson

Title: President/CEO

Date: 05/23/2025

THE CITY OF SAN DIEGO

By: 

Name: Claudia C. Barco

Title: Director, Purchasing & Contracting

Date: July 3, 2025

200912 34
200912 34
200912 34
200912 34
200912 34

R-316305

Exceptions_HdL Companies_10090282-25-L

Final Audit Report

2025-05-23

Created:	2025-05-23
By:	Lisa Hoffmann (lhoffmann@sandiego.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAXGFenlctwHYuO9j8WO6zP8CBGfow-1Bz

"Exceptions_HdL Companies_10090282-25-L" History

 Document created by Lisa Hoffmann (lhoffmann@sandiego.gov)

2025-05-23 - 5:41:10 PM GMT - IP address: 156.29.5.177

 Document emailed to anickerson@hdlcompanies.com for signature

2025-05-23 - 5:43:54 PM GMT

 Email viewed by anickerson@hdlcompanies.com

2025-05-23 - 6:00:11 PM GMT - IP address: 104.28.97.16

 Signer anickerson@hdlcompanies.com entered name at signing as R. Andrew Nickerson

2025-05-23 - 6:44:09 PM GMT - IP address: 104.28.97.16

 Document e-signed by R. Andrew Nickerson (anickerson@hdlcompanies.com)

Signature Date: 2025-05-23 - 6:44:11 PM GMT - Time Source: server- IP address: 104.28.97.16

 Agreement completed.

2025-05-23 - 6:44:11 PM GMT

10090282



Adobe Acrobat Sign

RESOLUTION NUMBER R- **316305**DATE OF FINAL PASSAGE **JUN 26 2025**

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING A CONTRACT WITH HDL
COMPANIES FOR SALES, TRANSACTION AND USE TAX
AUDIT AND RECOVERY, AND INFORMATION SERVICES.

RECITALS

The Council of the City of San Diego (Council) adopts this Resolution based on the following:

A. To maximize the City of San Diego's (City) sales, transactions and use tax revenues and minimize revenue losses by detecting and documenting misallocations of sales and use tax activity, municipalities commonly engage outside consultants to provide sales and use tax audits and reporting services (Tax Services). To provide Tax Services, outside consultants examine on the municipalities' behalf, confidential sales and transactions and use tax records contained in the records of the California Department of Tax and Fee Administration (CDTFA) per the requirements contained in section 7056 of the California Revenue and Taxation Code.

B. To bring the Tax Services in-house, the City would need to hire full-time staff, require legal support from the City Attorney's Office, and develop and maintain a software program for sales tax audits. The City would also lose access to other State and regional municipalities' tax data utilized by outside consultants to maximize revenue recovery.

C. Over the last five calendar years, the current outside consultant helped the City recover approximately \$16.8 million of tax revenues, while charging an 8% contingency fee (or approximately \$269,000 per year) on revenues recovered.

D. In March 2025, the City issued a Request for Proposal for the Tax Services, receiving proposals from two qualified companies. HdL Companies (HdL) was selected based on its significant amount of relevant experience, especially in California and San Diego County.

And at a 7.5% contingency fee with no additional fees for quarterly reporting, HdL's proposal was the lowest cost of the two proposals.

E. Department of Finance staff seeks Council authorization for the Mayor or designee to sign and deliver a 5-year agreement between the City and HdL for Tax Services in an amount not to exceed \$5 million, at a contingency fee to HdL of 7.5% of revenues recovered (Agreement).

F. The Office of the City Attorney prepared this Resolution based on the information provided by City staff, with the understanding that this information is complete and accurate.

ACTION ITEMS

Be it resolved by the Council of the City of San Diego:

1. The Council approves the Agreement, and the Mayor or designee is authorized to sign and deliver it on the City's behalf. When signed by both parties, the Agreement will be placed on file in the Office of the City Clerk as Document No. RR-**316305**.

2. The Mayor, Chief Operating Officer, Chief Financial Officer (CFO) or other officer or employee of the City designated in writing by the CFO are authorized to examine sales or transactions and use tax records of the California Department of Tax and Fee Administration (CDTFA) only for purposes related to the collection of City sales or transactions and use taxes.

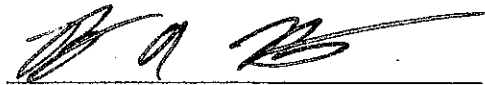
3. HdL is authorized on the City's behalf to examine confidential sales or transactions and use tax records contained in the records of the CDTFA per the requirements contained in section 7056 of the California Revenue and Taxation Code.

4. The CFO is authorized to appropriate and expend an amount not to exceed \$5 million from the General Fund, Citywide Program Expenditures Department, contingent upon the Council appropriating funds for any payments to HdL in each applicable fiscal year and the

CFO first certifying that the funds necessary for expenditure are, or will be, on deposit in the City treasury.

APPROVED: HEATHER FERBERT, City Attorney

By

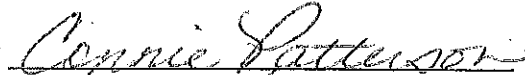


Bret A. Bartolotta
Chief Deputy City Attorney

BAB/jdf
05/28/2025
Or. Dept: Finance
CC: 3000017801
Doc. No.: 4075259

I certify that the Council of the City of San Diego adopted this Resolution at a meeting held on
JUN 24 2025

DIANA J.S. FUENTES
City Clerk

By 
Deputy City Clerk

Approved: 6/26/25
(date)


TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor

**The City of San Diego
COMPTROLLER'S CERTIFICATE**

CERTIFICATE OF UNALLOTTED BALANCE

ORIGINATING CC 3000017801
DEPT. NO. 9912

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: _____

Purpose: _____

Date: _____ By: _____

COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA									
Doc. Item	Funded Program	Fund	Grant Number	G/L Account	Functional Area	Business Area	Fund Center or Cost Center	Internal Order or WBS Element	Original Amount
TOTAL AMOUNT									-

FUND OVERRIDE ☐

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed: \$250,000.00

Vendor: Hdl. Companies

Purpose: Authorize the 5-year agreement with Hdl. Companies to provide sales and use tax audits and reporting services for a contingency fee on new sales and transaction use tax revenue recovered by the consultant. The average annual fiscal impact is estimated to be \$250,000.

Date: June 2, 2025 By: Coleen Heaton
COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA									
Doc. Item	Funded Program	Fund	Grant Number	G/L Account	Functional Area	Business Area	Fund Center or Cost Center	Internal Order or WBS Element	Original Amount
1	NON-PROGRAM	100000	NOT_RELEVANT_GRANT	512028	OTHR-00000000-GG	9912	9912001117		\$250,000.00
TOTAL AMOUNT									\$250,000.00

CC-361 (REV 7-09)

FUND OVERRIDE ☐

CC 3000017801

Passed by the Council of The City of San Diego on JUN 24 2025, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	☐	☐	☒	☐
Jennifer Campbell	☐	☐	☒	☐
Stephen Whitburn	☒	☐	☐	☐
Henry L. Foster III	☒	☐	☐	☐
Marni von Wilpert	☒	☐	☐	☐
Kent Lee	☒	☐	☐	☐
Raul A. Campillo	☒	☐	☐	☐
Vivian Moreno	☒	☐	☐	☐
Sean Elo-Rivera	☒	☐	☐	☐

Date of final passage JUN 26 2025.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

DIANA J.S. FUENTES

(Seal)

City Clerk of The City of San Diego, California.

By Linda Juein Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- **316305**

Passed by the Council of The City of San Diego on June 24, 2025, by the following vote:

YEAS: WHITBURN, FOSTER III, VON WILPERT, LEE, CAMPILLO, MORENO,
& ELO-RIVERA.

NAYS: NONE.

NOT PRESENT: LACAVA, CAMPBELL.

RECUSED: NONE.

AUTHENTICATED BY:

TODD GLORIA

Mayor of The City of San Diego, California

DIANA J.S. FUENTES

City Clerk of The City of San Diego, California

(Seal)

By: Linda Irvin, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true, and correct copy of
RESOLUTION NO. R-316305 approved on June 24, 2025. The date of final passage
is June 26, 2025.

DIANA J.S. FUENTES

City Clerk of the City of San Diego, California

(Seal)

By: Linda Irvin Deputy

**CONTRACT RESULTING FROM REQUEST FOR PROPOSAL NUMBER 10090282-25-L,
CONSULTANT FOR SALES AND USE TAX AUDITS AND REPORTING SERVICES**

This Contract (Contract) is entered into by and between the City of San Diego, a municipal corporation (City), and the successful proposer to Request for Proposal (RFP) # 10090282-25-L, CONSULTANT FOR SALES AND USE TAX AUDITS AND REPORTING SERVICES (Contractor).

RECITALS

On or about 3/17/2025, City issued an RFP to prospective proposers on services to be provided to the City. The RFP and any addenda and exhibits thereto are collectively referred to as the "RFP." The RFP is attached hereto as Exhibit A.

City has determined that Contractor has the expertise, experience, and personnel necessary to provide the services.

City wishes to retain Contractor to provide consulting services for sales and use tax audits and reporting services as further described in the Scope of Work, attached hereto as Exhibit B. (Services).

For good and valuable consideration, the sufficiency of which is acknowledged, City and Contractor agree as follows:

**ARTICLE I
CONTRACTOR SERVICES**

1.1 Scope of Work. Contractor shall provide the Services to City as described in Exhibit B which is incorporated herein by reference. Contractor will submit all required forms and information described in Exhibit A to the Purchasing Agent before providing Services.

1.2 General Contract Terms and Provisions. This Contract incorporates by reference the General Contract Terms and Provisions, attached hereto as Exhibit C.

1.3 Contract Administrator. The Department of Finance Department (Department) is the Contract Administrator for this Agreement. Contractor shall provide the Services under the direction of a designated representative of the Department as follows:

Benjamin Battaglia, Assistant Director
City of San Diego, Department of Finance
202 C Street, 7th Floor
San Diego, CA 92101
619-533-3717
BBattaglia@sandiego.gov

**ARTICLE II
DURATION OF CONTRACT**

2.1 Term. This Contract shall be for a period of five (5) years beginning on the Effective Date. Unless otherwise terminated, this Contract shall be effective until completion of the Scope of

Services. The term of this Contract shall not exceed five years unless approved by the City Council by ordinance.

2.2 Effective Date. This Contract shall be effective on the date it is executed by the last Party to sign the Contract, and approved by the City Attorney in accordance with San Diego Charter Section 40.

ARTICLE III COMPENSATION

3.1 Amount of Compensation. City shall pay Contractor for performance of all Services rendered in accordance with this Contract in an amount not to exceed \$5,000,000.

ARTICLE IV WAGE REQUIREMENTS

4.1 Reserved.

ARTICLE V CONTRACT DOCUMENTS

5.1 Contract Documents. The following documents comprise the Contract between the City and Contractor: this Contract and all exhibits thereto, the RFP; the Notice to Proceed; and the City's written acceptance of exceptions or clarifications to the RFP, if any.

5.2 Contract Interpretation. The Contract Documents completely describe the Services to be provided. Contractor will provide any Services that may reasonably be inferred from the Contract Documents or from prevailing custom or trade usage as being required to produce the intended result whether or not specifically called for or identified in the Contract Documents. Words or phrases which have a well-known technical or construction industry or trade meaning and are used to describe Services will be interpreted in accordance with that meaning unless a definition has been provided in the Contract Documents.

5.3 Precedence. In resolving conflicts resulting from errors or discrepancies in any of the Contract Documents, the Parties will use the order of precedence as set forth below. The 1st document has the highest priority. Inconsistent provisions in the Contract Documents that address the same subject, are consistent, and have different degrees of specificity, are not in conflict and the more specific language will control. The order of precedence from highest to lowest is as follows:

1st Any properly executed written amendment to the Contract

2nd The Contract

3rd The RFP and the City's written acceptance of any exceptions or clarifications to the RFP, if any

4th Contractor's Proposal

5.4 **Counterparts.** This Contract may be executed in counterparts which, when taken together, shall constitute a single signed original as though all Parties had executed the same page.

5.5 **Public Agencies.** Other public agencies, as defined by California Government Code section 6500, may choose to use the terms of this Contract, subject to Contractor's acceptance. The City is not liable or responsible for any obligations related to a subsequent Contract between Contractor and another public agency.

IN WITNESS WHEREOF, this Contract is executed by City and Contractor acting by and through their authorized officers.

CONTRACTOR

CITY OF SAN DIEGO
A Municipal Corporation

HdL Companies

Proposer

120 S. State College Blvd., Suite 200

Street Address

Brea

City

7148795000

Telephone No.

anickerson@hdlcompanies.com

E-Mail

BY:



Print Name: Claudia C. Barcas

Director, Purchasing & Contracting

Title

July 3, 2025

Date Signed

BY:

Andrew Nickerson

Andrew Nickerson (May 12, 2025 14:59 PDT)

Signature of
Proposer's Authorized
Representative

Andrew Nickerson

Print Name

President/CEO

Title

05/12/2025

Date

Approved as to form this 8th day of

July, 20 25.

HEATHER FERBERT, City Attorney

BY:



Deputy City Attorney

R-316305

Contract signature page_10090282-25-L_Addendum A_HdL

Final Audit Report

2025-05-12

Created:	2025-05-12
By:	Lisa Hoffmann (lhoffmann@sandiego.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAkvuh5-a3fdirqRAgYSolfQJVSIsF9LYp

"Contract signature page_10090282-25-L_Addendum A_HdL" History

-  Document created by Lisa Hoffmann (lhoffmann@sandiego.gov)
2025-05-12 - 9:47:50 PM GMT- IP address: 156.29.5.177
-  Document emailed to anickerson@hdlcompanies.com for signature
2025-05-12 - 9:54:41 PM GMT
-  Email viewed by anickerson@hdlcompanies.com
2025-05-12 - 9:57:37 PM GMT- IP address: 108.254.212.39
-  Signer anickerson@hdlcompanies.com entered name at signing as Andrew Nickerson
2025-05-12 - 9:59:32 PM GMT- IP address: 108.254.212.39
-  Document e-signed by Andrew Nickerson (anickerson@hdlcompanies.com)
Signature Date: 2025-05-12 - 9:59:34 PM GMT - Time Source: server- IP address: 108.254.212.39
-  Agreement completed.
2025-05-12 - 9:59:34 PM GMT

SOLICITATION AND ADDENDUM A

CITY OF SAN DIEGO
PURCHASING & CONTRACTING DEPARTMENT
1200 Third Avenue, Suite 200
San Diego, CA 92101-4195
Fax: (619) 236-5904

ADDENDUM A

Request for Proposal (RFP) No. 10090282-25-L

**Closing Date: April 15, 2025
@ 2:00 p.m. PT**

City of San Diego Proposal to provide Consultant for Sales and Use Tax Audits and Reporting Services.

The following changes to the specifications are hereby made effective as though they were originally shown and/or written:

1. Remove RFP Contract Signature Page (page 3) and replace with the attached Addendum A, RFP Contract Signature Page (page 3).
2. Add two (2) pages "Questions and Answers". (Note: The questions and answers are being provided for informational purposes only and are not part of any resulting contract from this RFP.)

CITY OF SAN DIEGO PURCHASING & CONTRACTING DEPARTMENT



Lisa Hoffmann, CPPB
Senior Procurement Contracting Officer
(619) 236-6096
March 26, 2025

5.4 Counterparts. This Contract may be executed in counterparts which, when taken together, shall constitute a single signed original as though all Parties had executed the same page.

5.5 Public Agencies. Other public agencies, as defined by California Government Code section 6500, may choose to use the terms of this Contract, subject to Contractor's acceptance. The City is not liable or responsible for any obligations related to a subsequent Contract between Contractor and another public agency.

IN WITNESS WHEREOF, this Contract is executed by City and Contractor acting by and through their authorized officers.

CONTRACTOR

CITY OF SAN DIEGO
A Municipal Corporation

Proposer

BY:

Street Address

Print Name: _____

City

Title

Telephone No.

Date Signed

E-Mail

BY:

Approved as to form this ____ day of

Signature of
Proposer's Authorized
Representative

_____, 20____.

HEATHER FERBERT, City Attorney

Print Name

BY: _____
Deputy City Attorney

Title

Date

**RFP 10090282-25-L, Consultant for Sales and Use Tax Audits and Reporting
Services
Questions and Answers**

Question 1: Will digital proposals be accepted in lieu of hard copies?

Response: Yes, digital proposals submitted via PlanetBids will be accepted in lieu of hard copies.

Question 2: What efficiencies would you like to see in the audit of the City's financials?

Response: Question is not applicable to this RFP.

Question 3: What audit areas, in your opinion, were cumbersome?

Response: The subject RFP is only for sales and use tax audits and reporting services. There are not any other audit areas.

Question 4: How did you measure the quality of the audit performed?

Response: The quality of the audit is based upon the amount of the revenue recovered by the Consultant.

Question 5: Are any other Major Changes in the Current Fiscal Year that would affect the operations of the City?

Response: There are not any foreseeable changes in the current fiscal year that would impact the sales and use tax audits and reporting services to be performed under this contract.

Question 6: Is the City involved in any litigation not included in the Prior Year Financial Statements?

Response: Question is not applicable to this RFP.

Question 7: Any New Debt Issuances in the Current Fiscal Year?

Response: Question is not applicable to this RFP.

Question 8: Has the City entered into any Major Contracts, Studies, and/or Started any Projects in the Current Fiscal Year that would not be reflected in the Prior Year Financial Statements?

Response: Question is not applicable to this RFP.

Question 9: Were there any material adjustments made by the auditors in connection with the examination of the prior year's Financial Statements?

Response: Question is not applicable to this RFP.

Question 10: How many journal entries were proposed by the auditors? Were there any findings?

Response: Question is not applicable to this RFP.

Question 11: How many major programs were tested each year for the Single Audit? If applicable, please provide the most recent copy of the report.?

Response: Question is not applicable to this RFP.

Question 12: If required, who does the State Controller's Financial Transaction Report preparation and submission? If the auditors, how much were the last year's fees?

Response: Questions are not applicable to this RFP .

Question 13: Are there any new services requested in this RFP that were not included in the prior year's audit fee?

Response: No.

Question 14: What was the prior year's annual audit fee(s)? Please provide a breakdown by the report.

Response: A Public Records Act request may be made using the following link:
<https://sandiego.nextrequest.com>.

Question 15: How many auditors and how many weeks were the auditors on-site for both interim and year-end fieldwork?

Response: Question is not applicable to this RFP.

Question 16: What is the desired timeline for: a. Interim b. Field Work c. Draft Reports d. Final Reports?

Response: Question is not applicable to this RFP.

Question 17: If a member of the team has past experience with another firm on financial statement audits, such as the scope of work, does this satisfy the firm experience requirement?

Response: See RFP, Exhibit A, Section C, Item number 1.

Question 18: How long have the current auditors been performing the audit for the City?

Response: The current Sales and Use Tax Audits and Reporting Services contract was awarded to a consultant. The current consultant was awarded the last 2 contracts and has performed the services for approximately ten years.



Request for Proposal (RFP) for Consultant for Sales and Use Tax Audits and Reporting Services

Solicitation Number:	10090282-25-L
Solicitation Issue Date:	March 17, 2025
Pre-Proposal Conference:	No Pre-Proposal Conference will be held.
Questions and Comments Due:	March 24, 2025 @ 12:00 p.m.
Proposal Due Date and Time ("Closing Date"):	April 15, 2025 @ 2:00 p.m.
Contract Terms:	Five (5) years from Effective Date, as defined in Article I, Section 1.2 of the City's General Contract Terms and Provisions.
City Contact:	Lisa Hoffmann, Senior Procurement Contracting Officer Lhoffmann@sandiego.gov (619) 236-6096
Submissions:	Proposer is required to provide one (1) original hard copy and one (1) electronic copy (e.g., thumb drive or CD), or an electronic proposal via PlanetBids, of their response as described herein. The City may require Proposers to submit original hard copies prior to execution of the contract if the PlanetBids electronic submission does not include an authorized electronic signature page (e.g., Adobe Sign, DocuSign). Completed and signed RFP signature page is required, with most recent addendum listed as acknowledgement of all addenda issued.

**CONTRACT RESULTING FROM REQUEST FOR PROPOSAL NUMBER 10090282-25-L,
CONSULTANT FOR SALES AND USE TAX AUDITS AND REPORTING SERVICES**

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RECITALS

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City has determined that Contractor has the expertise, experience, and personnel necessary to provide the services.

City wishes to retain Contractor to provide consulting services for sales and use tax audits and reporting services as further described in the Scope of Work, attached hereto as Exhibit B. (Services).

For good and valuable consideration, the sufficiency of which is acknowledged, City and Contractor agree as follows:

**ARTICLE I
CONTRACTOR SERVICES**

1.1 Scope of Work. Contractor shall provide the Services to City as described in Exhibit B which is incorporated herein by reference. Contractor will submit all required forms and information described in Exhibit A to the Purchasing Agent before providing Services.

1.2 General Contract Terms and Provisions. This Contract incorporates by reference the General Contract Terms and Provisions, attached hereto as Exhibit C.

1.3 Contract Administrator. The Department of Finance Department (Department) is the Contract Administrator for this Agreement. Contractor shall provide the Services under the direction of a designated representative of the Department as follows:

Benjamin Battaglia, Assistant Director
City of San Diego, Department of Finance
202 C Street, 7th Floor
San Diego, CA 92101
619-533-3717
BBattaglia@sandiego.gov

**ARTICLE II
DURATION OF CONTRACT**

2.1 Term. This Contract shall be for a period of five (5) years beginning on the Effective Date. Unless otherwise terminated, this Contract shall be effective until completion of the Scope of

Services. The term of this Contract shall not exceed five years unless approved by the City Council by ordinance.

2.2 Effective Date. This Contract shall be effective on the date it is executed by the last Party to sign the Contract, and approved by the City Attorney in accordance with San Diego Charter Section 40.

ARTICLE III COMPENSATION

3.1 Amount of Compensation. City shall pay Contractor for performance of all Services rendered in accordance with this Contract in an amount not to exceed \$5,000,000.

ARTICLE IV WAGE REQUIREMENTS

4.1 Reserved.

ARTICLE V CONTRACT DOCUMENTS

5.1 Contract Documents. The following documents comprise the Contract between the City and Contractor: this Contract and all exhibits thereto, the RFP; the Notice to Proceed; and the City's written acceptance of exceptions or clarifications to the RFP, if any.

5.2 Contract Interpretation. The Contract Documents completely describe the Services to be provided. Contractor will provide any Services that may reasonably be inferred from the Contract Documents or from prevailing custom or trade usage as being required to produce the intended result whether or not specifically called for or identified in the Contract Documents. Words or phrases which have a well-known technical or construction industry or trade meaning and are used to describe Services will be interpreted in accordance with that meaning unless a definition has been provided in the Contract Documents.

5.3 Precedence. In resolving conflicts resulting from errors or discrepancies in any of the Contract Documents, the Parties will use the order of precedence as set forth below. The 1st document has the highest priority. Inconsistent provisions in the Contract Documents that address the same subject, are consistent, and have different degrees of specificity, are not in conflict and the more specific language will control. The order of precedence from highest to lowest is as follows:

- 1st Any properly executed written amendment to the Contract
- 2nd The Contract
- 3rd The RFP and the City's written acceptance of any exceptions or clarifications to the RFP, if any
- 4th Contractor's Proposal

5.4 Counterparts. This Contract may be executed in counterparts which, when taken together, shall constitute a single signed original as though all Parties had executed the same page.

5.5 Public Agencies. Other public agencies, as defined by California Government Code section 6500, may choose to use the terms of this Contract, subject to Contractor's acceptance. The City is not liable or responsible for any obligations related to a subsequent Contract between Contractor and another public agency.

IN WITNESS WHEREOF, this Contract is executed by City and Contractor acting by and through their authorized officers.

CONTRACTOR

CITY OF SAN DIEGO
A Municipal Corporation

Proposer

BY:

Street Address

Print Name: _____

City

Title

Telephone No.

Date Signed

E-Mail

BY:

Approved as to form this ____ day of

Signature of
Proposer's Authorized
Representative

_____, 20____.

HEATHER FERBERT, City Attorney

Print Name

BY: _____
Deputy City Attorney

Title

Date

EXHIBIT A
PROPOSAL SUBMISSION AND REQUIREMENTS

A. PROPOSAL SUBMISSION

1. Timely Proposal Submittal. Proposals must be submitted as described herein to the Purchasing & Contracting Department (P&C).

1.1 Reserved.

1.2 Paper Proposals. The City will accept paper proposals in lieu of eProposals. Paper proposals must be submitted in a sealed envelope to the Purchasing & Contracting Department (P&C) located at 1200 Third Avenue, Suite 200, San Diego, CA 92101. The Solicitation Number and Closing Date must be referenced in the lower left-hand corner of the outside of the envelope. Faxed proposals will not be accepted.

1.3 Proposal Due Date. Proposals must be submitted prior to the Closing Date indicated on the eBidding System. E-mailed and/or faxed proposals will not be accepted.

1.4 Pre-Proposal Conference. No pre-proposal conference will be held for RFP.

1.4.1 Reserved.

1.5 Questions and Comments. Written questions and comments must be submitted electronically via the eBidding System no later than the date specified on the eBidding System. Only written communications relative to the procurement shall be considered. The City's eBidding System is the only acceptable method for submission of questions. All questions will be answered in writing. The City will distribute questions and answers without identification of the inquirer(s) to all proposers who are on record as having received this RFP, via its eBidding System. No oral communications can be relied upon for this RFP. Addenda will be issued addressing questions or comments that are determined by the City to cause a change to any part of this RFP.

1.6 Contact with City Staff. Unless otherwise authorized herein, proposers who are considering submitting a proposal in response to this RFP, or who submit a proposal in response to this RFP, are prohibited from communicating with City staff about this RFP from the date this RFP is issued until a contract is awarded.

2. Proposal Format and Organization. Unless electronically submitted, all proposals should be securely bound and must include the following completed and executed forms and information presented in the manner indicated below:

Tab A - Submission of Information and Forms.

2.1 Completed and signed Contract Signature Page. If any addenda are issued, the latest Addendum Contract Signature Page is required.

2.2 Exceptions requested by proposer, if any. The proposer must present written factual or legal justification for any exception requested to the Scope of Work, the Contract, or the Exhibits thereto. Any exceptions to the Contract that have not been accepted by the City in writing are deemed rejected. The City, in its sole discretion, may accept some or all of

proposer's exceptions, reject proposer's exceptions, and deem the proposal non-responsive, or award the Contract without proposer's proposed exceptions. The City will not consider exceptions addressed elsewhere in the proposal.

2.3 The Contractor Standards Pledge of Compliance Form.

2.4 Equal Opportunity Contracting forms including the Work Force Report and Contractors Certification of Pending Actions.

2.5 Reserved.

2.6 Reserved.

2.7 Reserved.

2.8 Additional Information as required in Exhibit B.

2.9 Reserved.

Tab B – Executive Summary and Responses to Specifications.

2.10 A title page.

2.11 A table of contents.

2.12 An executive summary, limited to one typewritten page, that provides a high-level description of the proposer's ability to meet the requirements of the RFP and the reasons the proposer believes itself to be best qualified to provide the identified services.

2.13 Proposer's response to the RFP.

Tab C – Cost/Price Proposal (if applicable). Proposers shall submit a cost proposal in the form and format described herein. Failure to provide cost(s) in the form and format requested may result in proposal being declared non-responsive and rejected.

3. Proposal Review. Proposers are responsible for carefully examining the RFP, the Specifications, this Contract, and all documents incorporated into the Contract by reference before submitting a proposal. If selected for award of contract, proposer shall be bound by same unless the City has accepted proposer's exceptions, if any, in writing.

4. Addenda. The City may issue addenda to this RFP as necessary. All addenda are incorporated into the Contract. The proposer is responsible for determining whether addenda were issued prior to a proposal submission. Failure to respond to or properly address addenda may result in rejection of a proposal.

5. Quantities. The estimated quantities provided by the City are not guaranteed. These quantities are listed for informational purposes only. Quantities vary depending on the demands of the City. Any variations from the estimated quantities shall not entitle the proposer to an adjustment in the unit price or any additional compensation.

6. Quality. Unless otherwise required, all goods furnished shall be new and the best of their kind.

6.1 Items Offered. Proposer shall state the applicable trade name, brand, catalog, manufacturer, and/or product number of the required good, if any, in the proposal.

6.2 Brand Names. Any reference to a specific brand name in a solicitation is illustrative only and describes a component best meeting the specific operational, design, performance, maintenance, quality, or reliability standards and requirements of the City. Proposer may offer an equivalent or equal in response to a brand name referenced (Proposed Equivalent). The City may consider the Proposed Equivalent after it is subjected to testing and evaluation which must be completed prior to the award of contract. If the proposer offers an item of a manufacturer or vendor other than that specified, the proposer must identify the maker, brand, quality, manufacturer number, product number, catalog number, or other trade designation. The City has complete discretion in determining if a Proposed Equivalent will satisfy its requirements. It is the proposer's responsibility to provide, at their expense, any product information, test data, or other information or documents the City requests to properly evaluate or demonstrate the acceptability of the Proposed Equivalent, including independent testing, evaluation at qualified test facilities, or destructive testing.

7. Modifications, Withdrawals, or Mistakes. Proposer is responsible for verifying all prices and extensions before submitting a proposal.

7.1 Modification or Withdrawal of Proposal Before Proposal Opening. Prior to the Closing Date, the proposer or proposer's authorized representative may modify or withdraw the proposal by providing written notice of the proposal modification or withdrawal to the City Contact via the eBidding System. E-mail or telephonic withdrawals or modifications are not permissible.

7.2 Proposal Modification or Withdrawal of Proposal After Proposal Opening. Any proposer who seeks to modify or withdraw a proposal because of the proposer's inadvertent computational error affecting the proposal price shall notify the City Contact identified on the eBidding System no later than three working days following the Closing Date. The proposer shall provide worksheets and such other information as may be required by the City to substantiate the claim of inadvertent error. Failure to do so may bar relief and allow the City recourse from the bid surety. The burden is upon the proposer to prove the inadvertent error. If, as a result of a proposal modification, the proposer is no longer the apparent successful proposer, the City will award to the newly established apparent successful proposer. The City's decision is final.

8. Incurred Expenses. The City is not responsible for any expenses incurred by proposers in participating in this solicitation process.

9. Public Records. By submitting a proposal, the proposer acknowledges that any information submitted in response to this RFP is a public record subject to disclosure unless the City determines that a specific exemption in the California Public Records Act (CPRA) applies. If the proposer submits information clearly marked confidential or proprietary, the City may protect such information and treat it with confidentiality to the extent permitted by law. However, it will be the responsibility of the proposer to provide to the City the specific legal grounds on which the City can rely in withholding information requested under the CPRA should the City choose to withhold such information. General references to sections of the

CPRA will not suffice. Rather, the proposer must provide a specific and detailed legal basis, including applicable case law, that clearly establishes the requested information is exempt from the disclosure under the CPRA. If the proposer does not provide a specific and detailed legal basis for requesting the City to withhold proposer's confidential or proprietary information at the time of proposal submittal, City will release the information as required by the CPRA and proposer will hold the City, its elected officials, officers, and employees harmless for release of this information. It will be the proposer's obligation to defend, at proposer's expense, any legal actions or challenges seeking to obtain from the City any information requested under the CPRA withheld by the City at the proposer's request. Furthermore, the proposer shall indemnify and hold harmless the City, its elected officials, officers, and employees from and against any claim or liability, and defend any action brought against the City, resulting from the City's refusal to release information requested under the CPRA which was withheld at proposer's request. Nothing in the Contract resulting from this proposal creates any obligation on the part of the City to notify the proposer or obtain the proposer's approval or consent before releasing information subject to disclosure under the CPRA.

10. Right to Audit. The City Auditor may access proposer's records as described in San Diego Charter section 39.2 to confirm contract compliance.

B. PRICING

1. Fixed Price. All prices shall be firm, fixed, fully burdened, FOB destination, and include any applicable delivery or freight charges, and any other costs required to provide the requirements as specified in this RFP. The lowest total estimated contract price of all the proposals that meet the requirements of this RFP will receive the maximum assigned points to this category as set forth in this RFP. The other price schedules will be scored based on how much higher their total estimated contract prices compare with the lowest:

$$(1 - \frac{(\text{contract price} - \text{lowest price})}{\text{lowest price}}) \times \text{maximum points} = \text{points received}$$

For example, if the lowest total estimated contract price of all proposals is \$100, that proposal would receive the maximum allowable points for the price category. If the total estimated contract price of another proposal is \$105 and the maximum allowable points is 60 points, then that proposal would receive $(1 - ((105 - 100) / 100)) \times 60 = 57$ points, or 95% of the maximum points. The lowest score a proposal can receive for this category is zero points (the score cannot be a negative number). The City will perform this calculation for each Proposal.

2. Taxes and Fees. Taxes and applicable local, state, and federal regulatory fees should not be included in the price proposal. Applicable taxes and regulatory fees will be added to the net amount invoiced. The City is liable for state, city, and county sales taxes but is exempt from Federal Excise Tax and will furnish exemption certificates upon request. All or any portion of the City sales tax returned to the City will be considered in the evaluation of proposals.

3. Escalation. An escalation factor is not allowed unless called for in this RFP. If escalation is allowed, proposer must notify the City in writing in the event of a decline in market price(s) below the proposal price. At that time, the City will make an adjustment in the Contract or may elect to re-solicit.

4. Unit Price. Unless the proposer clearly indicates that the price is based on consideration of being awarded the entire lot and that an adjustment to the price was made based on receiving the entire proposal, any difference between the unit price correctly extended and the total price shown for all items shall be offered shall be resolved in favor of the unit price.

C. EVALUATION OF PROPOSALS

1. Award. The City shall evaluate each responsive proposal to determine which proposal offers the City the best value consistent with the evaluation criteria set forth herein. The proposer offering the lowest overall price will not necessarily be awarded a contract.

2. Sustainable Materials. Consistent with Council Policy 100-14, the City encourages use of readily recyclable submittal materials that contain post-consumer recycled content.

3. Evaluation Process.

3.1 Process for Award. A City-designated evaluation committee (Evaluation Committee) will evaluate and score all responsive proposals. The Evaluation Committee may require proposer to provide additional written or oral information to clarify responses. Upon completion of the evaluation process, the Evaluation Committee will recommend to the Purchasing Agent that award be made to the proposer with the highest scoring proposal.

3.2 Reserved.

3.3 Reserved.

3.4 Discussions/Negotiations. The City has the right to accept the proposal that serves the best interest of the City, as submitted, without discussion or negotiation. Contractors should, therefore, not rely on having a chance to discuss, negotiate, and adjust their proposals. The City may negotiate the terms of a contract with the winning proposer based on the RFP and the proposer's proposal, or award the contract without further negotiation.

3.5 Inspection. The City reserves the right to inspect the proposer's equipment and facilities to determine if the proposer is capable of fulfilling this Contract. Inspection will include, but not limited to, survey of proposer's physical assets and financial capability. Proposer, by signing the proposal agrees to the City's right of access to physical assets and financial records for the sole purpose of determining proposer's capability to perform the Contract. Should the City conduct this inspection, the City reserves the right to disqualify a proposer who does not, in the City's judgment, exhibit the sufficient physical and financial resources to perform this Contract.

3.6 Evaluation Criteria. The following elements represent the evaluation criteria that will be considered during the evaluation process:

	MAXIMUM EVALUATION POINTS
A. Responsiveness to the RFP.	25
1. Requested information included and thoroughness of response	
2. Understanding of the project and ability to deliver as exhibited in the Executive Summary.	
3. Technical Aspects – clear, organized and concise proposal presented in response to the requirements set forth in the RFP	
4. Exceptions to the RFP	
B. Approach.	30
1. Approach aligns with City’s expected successful outcome	
2. Clearly defined pathway indicated in proposal	
C. Firm's Capability to provide the services and expertise and Past Performance.	35
1. Relevant experience of the Firm with another municipal agency	
2. Previous work on similar projects with successful outcomes	
3. Demonstrated expertise in this field	
4. Capacity/Capability to meet The City of San Diego needs in a timely manner	
5. References which support information demonstrated in proposal	
D. Price: Fee Structure	10
SUB TOTAL MAXIMUM EVALUATION POINTS:	100
F. Participation by Small Local Business Enterprise (SLBE) or Emerging Local Business Enterprise (ELBE) Firms*	12
FINAL MAXIMUM EVALUATION POINTS INCLUDING SLBE/ELBE:	112

*The City shall apply a maximum of an additional 12 percentage points to the proposer’s final score for SLBE OR ELBE participation. Refer to Equal Opportunity Contracting Form, Section V.

4. Rejection of All Proposals. The City may reject any and all proposals when to do so is in the City’s best interests.

D. ANNOUNCEMENT OF AWARD

1. Award of Contract. The City will inform all proposers of its intent to award a Contract in writing.

2. Obtaining Proposal Results. No solicitation results can be obtained until the City announces the proposal or proposals best meeting the City's requirements. Proposal results may be obtained by: (1) e-mailing a request to the City Contact identified on the eBidding System or (2) visiting the P&C eBidding System to review the proposal results. To ensure an accurate response, requests should reference the Solicitation Number. Proposal results will not be released over the phone.

3. Multiple Awards. City may award more than one contract by awarding separate items or groups of items to various proposers. Awards will be made for items, or combinations of items, which result in the lowest aggregate price and/or best meet the City's requirements. The additional administrative costs associated with awarding more than one Contract will be considered in the determination.

E. PROTESTS. The City's protest procedures are codified in Chapter 2, Article 2, Division 30 of the San Diego Municipal Code (SDMC). These procedures provide unsuccessful proposers with the opportunity to challenge the City's determination on legal and factual grounds. The City will not consider or otherwise act upon an untimely protest.

F. SUBMITTALS REQUIRED UPON NOTICE OF INTENT TO AWARD. The successful proposer is required to submit the following documents to P&C **within ten (10) business days** from the date on the Notice of Intent to Award letter:

1. Insurance Documents. Evidence of all required insurance, including all required endorsements, as specified in Article VII of the General Contract Terms and Provisions.

2. Taxpayer Identification Number. Internal Revenue Service (IRS) regulations require the City to have the correct name, address, and Taxpayer Identification Number (TIN) or Social Security Number (SSN) on file for businesses or persons who provide goods or services to the City. This information is necessary to complete Form 1099 at the end of each tax year. To comply with IRS regulations, the City requires each Contractor to provide a Form W-9 prior to the award of a Contract.

3. Business Tax Certificate. Unless the City Treasurer determines a business is exempt, all businesses that contract with the City must have a current business tax certificate.

4. Reserved.

5. Reserved.

The City may find the proposer to be non-responsive and award the Contract to the next highest scoring responsible and responsive proposer if the apparent successful proposer fails to timely provide the required information or documents.

EXHIBIT B SCOPE OF WORK

A. INTRODUCTION. The City of San Diego's (City) Department of Finance (DOF) is seeking proposals from qualified consultant firms to provide the City with Sales and Use Tax Audits and Reporting Services. The DOF is currently using a consultant firm that provides these services to assist with sales tax revenue reporting and auditing.

B. BACKGROUND. The DOF is a department within the City of San Diego that budgets, forecasts and monitors the City's four major General Fund revenues. Sales Tax revenue is the second largest source of revenue for the City's General Fund. The City's General Fund revenues are used for providing City services such as public safety, libraries, parks and recreation, and transportation. Therefore, it is critical for the City to receive pertinent information that may have a fiscal impact on sales tax revenue performance and proactively perform revenue audits to protect these revenues.

C. SPECIFICATIONS

Listed below are the requirements for sales and use tax audits and reporting services. The successful proposer shall identify and correct reporting errors and recover revenue for the City, along with other services as listed below.

Sales and Use Tax Audits and Reporting Services:

1. Detect, document, correct and recover errors/omissions/misallocations of sales and use tax revenue for the City.
2. Provide the City with Business-to-Business use tax monitoring.
3. Provide City staff with written sales and use tax reports on a quarterly basis, within 30 days following the receipt of the quarterly distribution report. The reports should at a minimum include:
 - 3.1 Top sales tax generators ranked by the amount of sales and use tax produced.
 - 3.2 Analysis of sales trends by business category, identifying by business the major increases and decreases each quarter.
 - 3.3 Comparisons to other local, county and state jurisdictions.
 - 3.4 Ability to report by geographic area.
 - 3.5 Analysis of the City's sales and use tax economic base and performance with a 10-year history.
 - 3.6 Multi-fiscal year sales and use tax forecast (at least 5 years) incorporating growth assumptions regarding future development within the City. The forecast should include conservative, most likely, and optimistic scenarios.
 - 3.7 Analysis of actual receipts and trends regarding the San Diego County pool and online sales.
4. Provide written updates on policy, regulatory and legislative actions or bills on a quarterly basis that can impact or materially alter sales and use tax revenue to the City.

5. Provide consulting and set-up and lead quarterly meetings.
6. Provide an electronic database of the City's sales and use tax data to the City with the ability to export data.
7. Assist with strategies to preserve and enhance sales and use tax generated by existing businesses within the City.
8. Other written sales tax and use reports, and sales and use tax information and analysis, as mutually agreed upon.

D. TECHNICAL REPRESENTATIVE. The Technical Representative for this Contract is identified in the notice of award and is responsible for overseeing and monitoring this Contract.

E. PRICE SCHEDULE.

Bidders are required to submit their bid prices on the City's Price Schedule. The Price Schedule must be completed in full. Only the City's Price Schedule will be accepted. Failure to complete the Price Schedule in full or any deviations from the Price Schedule may be considered non-responsive and unacceptable.

Pricing is to be inclusive of all costs, including but not limited to travel, and overhead to provide the required services and reporting.

Any variation from the estimates given below shall not entitle the Contractor to an adjustment in the unit price or any additional compensation.

Section 1. Sales & Use Tax Reporting Services

Item No.	Description of Service Provided	Annual Quantity	Quarterly Fee	Total Annual Fee (Annual Qty X Quarterly Fee)
1.	Quarterly Sales & Use Tax Reporting per Exhibit B, Section C, items 2 thru 8.	4	\$	\$

Section 2. Sales & Use Tax Audit Services Percentage Fee

The proposer shall be compensated a percentage fee of additional revenue actually received by the City as a direct result of proposer detecting and documenting point-of-sale or use taxpayer reporting errors and/or omissions.

* The "Estimated Quarterly Audit Recovered Revenue" amount of \$800,000 is an estimate based on an average of \$3,300,000 annual recoveries over calendar years 2020-2024 and is to be used for fee comparison and evaluation purposes only.

Item No.	Description of Service Provided	Consecutive Audit Recovery Quarters	Estimated Quarterly Audit Recovered Revenue*	Percentage Fee	Total Fee (Consecutive Audit Recovery Quarters X Estimated Quarterly Audit Recovered Revenue X Percentage Fee)
2.	Quarterly Sales & Use Tax Audit Services Fee per Exhibit B, Section C, item 1.		\$800,000.00	%	\$
Total Section 1 and Section 2:					\$

EXHIBIT C



THE CITY OF SAN DIEGO
GENERAL CONTRACT TERMS AND PROVISIONS
APPLICABLE TO GOODS, SERVICES, AND CONSULTANT CONTRACTS

ARTICLE I SCOPE AND TERM OF CONTRACT

1.1 Scope of Contract. The scope of contract between the City and a provider of goods and/or services (Contractor) is described in the Contract Documents. The Contract Documents are comprised of the Request for Proposal, Invitation to Bid, or other solicitation document (Solicitation); the successful bid or proposal; the letter awarding the contract to Contractor; the City's written acceptance of exceptions or clarifications to the Solicitation, if any; and these General Contract Terms and Provisions.

1.2 Effective Date. A contract between the City and Contractor (Contract) is effective on the last date that the contract is signed by the parties and approved by the City Attorney in accordance with Charter section 40. Unless otherwise terminated, this Contract is effective until it is completed or as otherwise agreed upon in writing by the parties, whichever is the earliest. A Contract term cannot exceed five (5) years unless approved by the City Council by ordinance.

1.3 Contract Extension. The City may, in its sole discretion, unilaterally exercise an option to extend the Contract as described in the Contract Documents. In addition, the City may, in its sole discretion, unilaterally extend the Contract on a month-to-month basis following contract expiration if authorized under Charter section 99 and the Contract Documents. Contractor shall not increase its pricing in excess of the percentage increase described in the Contract.

ARTICLE II CONTRACT ADMINISTRATOR

2.1 Contract Administrator. The Purchasing Agent or designee is the Contract Administrator for purposes of this Contract, and has the responsibilities described in this Contract, in the San Diego Charter, and in Chapter 2, Article 2, Divisions 5, 30, and 32.

2.1.1 Contractor Performance Evaluations. The Contract Administrator will evaluate Contractor's performance as often as the Contract Administrator deems necessary throughout the term of the contract. This evaluation will be based on criteria including the quality of goods or services, the timeliness of performance, and adherence to applicable laws, including prevailing wage and living wage. City will provide Contractors who receive an unsatisfactory rating with a copy of the evaluation and an opportunity to respond. City may consider final evaluations, including Contractor's response, in evaluating future proposals and bids for contract award.

2.2 Notices. Unless otherwise specified, in all cases where written notice is required under this Contract, service shall be deemed sufficient if the notice is personally delivered or deposited in the United States mail, with first class postage paid, attention to the Purchasing Agent. Proper notice is effective on the date of personal delivery or five (5) days after deposit in a United States postal mailbox unless provided otherwise in the Contract. Notices to the City shall be sent to:

Purchasing Agent
City of San Diego, Purchasing and Contracting Division
1200 3rd Avenue, Suite 200
San Diego, CA 92101-4195

ARTICLE III COMPENSATION

3.1 Manner of Payment. Contractor will be paid monthly, in arrears, for goods and/or services provided in accordance with the terms and provisions specified in the Contract.

3.2 Invoices.

3.2.1 Invoice Detail. Contractor's invoice must be on Contractor's stationary with Contractor's name, address, and remittance address if different. Contractor's invoice must have a date, an invoice number, a purchase order number, a description of the goods or services provided, and an amount due.

3.2.2 Service Contracts. Contractor must submit invoices for services to City by the 10th of the month following the month in which Contractor provided services. Invoices must include the address of the location where services were performed and the dates in which services were provided.

3.2.3 Goods Contracts. Contractor must submit invoices for goods to City within seven days of the shipment. Invoices must describe the goods provided.

3.2.4 Parts Contracts. Contractor must submit invoices for parts to City within seven calendar (7) days of the date the parts are shipped. Invoices must include the manufacturer of the part, manufacturer's published list price, percentage discount applied in accordance with Pricing Page(s), the net price to City, and an item description, quantity, and extension.

3.2.5 Extraordinary Work. City will not pay Contractor for extraordinary work unless Contractor receives prior written authorization from the Contract Administrator. Failure to do so will result in payment being withheld for services. If approved, Contractor will include an invoice that describes the work performed and the location where the work was performed, and a copy of the Contract Administrator's written authorization.

3.2.6 Reporting Requirements. Contractor must submit the following reports using the City's web-based contract compliance portal. Incomplete and/or delinquent reports may cause payment delays, non-payment of invoice, or both. For questions, please view the City's online tutorials on how to utilize the City's web-based contract compliance portal.

3.2.6.1 Monthly Employment Utilization Reports. Contractor and Contractor's subcontractors and suppliers must submit Monthly Employment Utilization Reports by the fifth (5th) day of the subsequent month.

3.2.6.2 Monthly Invoicing and Payments. Contractor and Contractor's subcontractors and suppliers must submit Monthly Invoicing and Payment Reports by the fifth (5th) day of the subsequent month.

3.3 Annual Appropriation of Funds. Contractor acknowledges that the Contract term may extend over multiple City fiscal years, and that work and compensation under this Contract is contingent on the City Council appropriating funding for and authorizing such work and compensation for those fiscal years. This Contract may be terminated at the end of the fiscal year for which sufficient funding is not appropriated and authorized. City is not obligated to pay Contractor for any amounts not duly appropriated and authorized by City Council.

3.4 Price Adjustments. Based on Contractor's written request and justification, the City may approve an increase in unit prices on Contractor's pricing pages consistent with the amount requested in the justification in an amount not to exceed the increase in the Consumer Price Index, San Diego Area, for All Urban Customers (CPI-U) as published by the Bureau of Labor Statistics, or 5.0%, whichever is less, during the preceding one year term. If the CPI-U is a negative number, then the unit prices shall not be adjusted for that option year (the unit prices will not be decreased). A negative CPI-U shall be counted against any subsequent increases in the CPI-U when calculating the unit prices for later option years. Contractor must provide such written request and justification no less than sixty days before the date in which City may exercise the option to renew the contract, or sixty days before the anniversary date of the Contract. Justification in support of the written request must include a description of the basis for the adjustment, the proposed effective date and reasons for said date, and the amount of the adjustment requested with documentation to support the requested change (e.g. CPI-U or 5.0%, whichever is less). City's approval of this request must be in writing.

ARTICLE IV SUSPENSION AND TERMINATION

4.1 City's Right to Suspend for Convenience. City may suspend all or any portion of Contractor's performance under this Contract at its sole option and for its convenience for a reasonable period of time not to exceed six (6) months. City must first give ten (10) days' written notice to Contractor of such suspension. City will pay to Contractor a sum equivalent to the reasonable value of the goods and/or services satisfactorily provided up to the date of suspension. City may rescind the suspension prior to or at six (6) months by providing Contractor with written notice of the rescission, at which time Contractor would be required to resume performance in compliance with the terms and provisions of this Contract. Contractor will be entitled to an extension of time to complete performance under the Contract equal to the length of the suspension unless otherwise agreed to in writing by the Parties.

4.2 City's Right to Terminate for Convenience. City may, at its sole option and for its convenience, terminate all or any portion of this Contract by giving thirty (30) days' written notice of such termination to Contractor. The termination of the Contract shall be effective upon receipt of the notice by Contractor. After termination of all or any portion of the Contract, Contractor shall: (1) immediately discontinue all affected performance (unless the notice directs otherwise); and (2) complete any and all additional work necessary for the orderly filing of

documents and closing of Contractor's affected performance under the Contract. After filing of documents and completion of performance, Contractor shall deliver to City all data, drawings, specifications, reports, estimates, summaries, and such other information and materials created or received by Contractor in performing this Contract, whether completed or in process. By accepting payment for completion, filing, and delivering documents as called for in this section, Contractor discharges City of all of City's payment obligations and liabilities under this Contract with regard to the affected performance.

4.3 City's Right to Terminate for Default. Contractor's failure to satisfactorily perform any obligation required by this Contract constitutes a default. Examples of default include a determination by City that Contractor has: (1) failed to deliver goods and/or perform the services of the required quality or within the time specified; (2) failed to perform any of the obligations of this Contract; and (3) failed to make sufficient progress in performance which may jeopardize full performance.

4.3.1 If Contractor fails to satisfactorily cure a default within ten (10) calendar days of receiving written notice from City specifying the nature of the default, City may immediately cancel and/or terminate this Contract, and terminate each and every right of Contractor, and any person claiming any rights by or through Contractor under this Contract.

4.3.2 If City terminates this Contract, in whole or in part, City may procure, upon such terms and in such manner as the Purchasing Agent may deem appropriate, equivalent goods or services and Contractor shall be liable to City for any excess costs. Contractor shall also continue performance to the extent not terminated.

4.4 Termination for Bankruptcy or Assignment for the Benefit of Creditors. If Contractor files a voluntary petition in bankruptcy, is adjudicated bankrupt, or makes a general assignment for the benefit of creditors, the City may at its option and without further notice to, or demand upon Contractor, terminate this Contract, and terminate each and every right of Contractor, and any person claiming rights by and through Contractor under this Contract.

4.5 Contractor's Right to Payment Following Contract Termination.

4.5.1 Termination for Convenience. If the termination is for the convenience of City an equitable adjustment in the Contract price shall be made. No amount shall be allowed for anticipated profit on unperformed services, and no amount shall be paid for an as needed contract beyond the Contract termination date.

4.5.2 Termination for Default. If, after City gives notice of termination for failure to fulfill Contract obligations to Contractor, it is determined that Contractor had not so failed, the termination shall be deemed to have been effected for the convenience of City. In such event, adjustment in the Contract price shall be made as provided in Section 4.3.2. City's rights and remedies are in addition to any other rights and remedies provided by law or under this Contract.

4.6 Remedies Cumulative. City's remedies are cumulative and are not intended to be exclusive of any other remedies or means of redress to which City may be lawfully entitled in case of any breach or threatened breach of any provision of this Contract.

ARTICLE V ADDITIONAL CONTRACTOR OBLIGATIONS

5.1 Inspection and Acceptance. The City will inspect and accept goods provided under this Contract at the shipment destination unless specified otherwise. Inspection will be made and acceptance will be determined by the City department shown in the shipping address of the Purchase Order or other duly authorized representative of City.

5.2 Responsibility for Lost or Damaged Shipments. Contractor bears the risk of loss or damage to goods prior to the time of their receipt and acceptance by City. City has no obligation to accept damaged shipments and reserves the right to return damaged goods, at Contractor's sole expense, even if the damage was not apparent or discovered until after receipt.

5.3 Responsibility for Damages. Contractor is responsible for all damage that occurs as a result of Contractor's fault or negligence or that of its' employees, agents, or representatives in connection with the performance of this Contract. Contractor shall immediately report any such damage to people and/or property to the Contract Administrator.

5.4 Delivery. Delivery shall be made on the delivery day specified in the Contract Documents. The City, in its sole discretion, may extend the time for delivery. The City may order, in writing, the suspension, delay or interruption of delivery of goods and/or services.

5.5 Delay. Unless otherwise specified herein, time is of the essence for each and every provision of the Contract. Contractor must immediately notify City in writing if there is, or it is anticipated that there will be, a delay in performance. The written notice must explain the cause for the delay and provide a reasonable estimate of the length of the delay. City may terminate this Contract as provided herein if City, in its sole discretion, determines the delay is material.

5.5.1 If a delay in performance is caused by any unforeseen event(s) beyond the control of the parties, City may allow Contractor to a reasonable extension of time to complete performance, but Contractor will not be entitled to damages or additional compensation. Any such extension of time must be approved in writing by City. The following conditions may constitute such a delay: war; changes in law or government regulation; labor disputes; strikes; fires, floods, adverse weather or other similar condition of the elements necessitating cessation of the performance; inability to obtain materials, equipment or labor; or other specific reasons agreed to between City and Contractor. This provision does not apply to a delay caused by Contractor's acts or omissions. Contractor is not entitled to an extension of time to perform if a delay is caused by Contractor's inability to obtain materials, equipment, or labor unless City has received, in a timely manner, documentary proof satisfactory to City of Contractor's inability to obtain materials, equipment, or labor, in which case City's approval must be in writing.

5.6 Restrictions and Regulations Requiring Contract Modification. Contractor shall immediately notify City in writing of any regulations or restrictions that may or will require Contractor to alter the material, quality, workmanship, or performance of the goods and/or services to be provided. City reserves the right to accept any such alteration, including any resulting reasonable price adjustments, or to cancel the Contract at no expense to the City.

5.7 Warranties. All goods and/or services provided under the Contract must be warranted by Contractor or manufacturer for at least twelve (12) months after acceptance by City, except automotive equipment. Automotive equipment must be warranted for a minimum of 12,000 miles or 12 months, whichever occurs first, unless otherwise stated in the Contract. Contractor is responsible to City for all warranty service, parts, and labor. Contractor is required to ensure that warranty work is performed at a facility acceptable to City and that services, parts, and labor are available and provided to meet City's schedules and deadlines. Contractor may establish a warranty service contract with an agency satisfactory to City instead of performing the warranty service itself. If Contractor is not an authorized service center and causes any damage to equipment being serviced, which results in the existing warranty being voided, Contractor will be liable for all costs of repairs to the equipment, or the costs of replacing the equipment with new equipment that meets City's operational needs.

5.8 Industry Standards. Contractor shall provide goods and/or services acceptable to City in strict conformance with the Contract. Contractor shall also provide goods and/or services in accordance with the standards customarily adhered to by an experienced and competent provider of the goods and/or services called for under this Contract using the degree of care and skill ordinarily exercised by reputable providers of such goods and/or services. Where approval by City, the Mayor, or other representative of City is required, it is understood to be general approval only and does not relieve Contractor of responsibility for complying with all applicable laws, codes, policies, regulations, and good business practices.

5.9 Records Retention and Examination. Contractor shall retain, protect, and maintain in an accessible location all records and documents, including paper, electronic, and computer records, relating to this Contract for five (5) years after receipt of final payment by City under this Contract. Contractor shall make all such records and documents available for inspection, copying, or other reproduction, and auditing by authorized representatives of City, including the Purchasing Agent or designee. Contractor shall make available all requested data and records at reasonable locations within City or County of San Diego at any time during normal business hours, and as often as City deems necessary. If records are not made available within the City or County of San Diego, Contractor shall pay City's travel costs to the location where the records are maintained and shall pay for all related travel expenses. Failure to make requested records available for inspection, copying, or other reproduction, or auditing by the date requested may result in termination of the Contract. Contractor must include this provision in all subcontracts made in connection with this Contract.

5.9.1 Contractor shall maintain records of all subcontracts entered into with all firms, all project invoices received from Subcontractors and Suppliers, all purchases of materials and services from Suppliers, and all joint venture participation. Records shall show name, telephone number including area code, and business address of each Subcontractor and Supplier, and joint venture partner, and the total amount actually paid to each firm. Project relevant records, regardless of tier, may be periodically reviewed by the City.

5.10 Quality Assurance Meetings. Upon City's request, Contractor shall schedule one or more quality assurance meetings with City's Contract Administrator to discuss Contractor's performance. If requested, Contractor shall schedule the first quality assurance meeting no later than eight (8) weeks from the date of commencement of work under the Contract. At the quality assurance meeting(s), City's Contract Administrator will provide Contractor with feedback, will note any deficiencies in Contract performance, and provide Contractor with an opportunity to address and correct such deficiencies. The total number of quality assurance meetings that may be required by City will depend upon Contractor's performance.

5.11 Duty to Cooperate with Auditor. The City Auditor may, in his sole discretion, at no cost to the City, and for purposes of performing his responsibilities under Charter section 39.2, review Contractor's records to confirm contract compliance. Contractor shall make reasonable efforts to cooperate with Auditor's requests.

5.12 Safety Data Sheets. If specified by City in the solicitation or otherwise required by this Contract, Contractor must send with each shipment one (1) copy of the Safety Data Sheet (SDS) for each item shipped. Failure to comply with this procedure will be cause for immediate termination of the Contract for violation of safety procedures.

5.13 Project Personnel. Except as formally approved by the City, the key personnel identified in Contractor's bid or proposal shall be the individuals who will actually complete the work. Changes in staffing must be reported in writing and approved by the City.

5.13.1 Criminal Background Certification. Contractor certifies that all employees working on this Contract have had a criminal background check and that said employees are clear of any sexual and drug related convictions. Contractor further certifies that all employees hired by Contractor or a subcontractor shall be free from any felony convictions.

5.13.2 Photo Identification Badge. Contractor shall provide a company photo identification badge to any individual assigned by Contractor or subcontractor to perform services or deliver goods on City premises. Such badge must be worn at all times while on City premises. City reserves the right to require Contractor to pay fingerprinting fees for personnel assigned to work in sensitive areas. All employees shall turn in their photo identification badges to Contractor upon completion of services and prior to final payment of invoice.

5.14 Standards of Conduct. Contractor is responsible for maintaining standards of employee competence, conduct, courtesy, appearance, honesty, and integrity satisfactory to the City.

5.14.1 Supervision. Contractor shall provide adequate and competent supervision at all times during the Contract term. Contractor shall be readily available to meet with the City. Contractor shall provide the telephone numbers where its representative(s) can be reached.

5.14.2 City Premises. Contractor's employees and agents shall comply with all City rules and regulations while on City premises.

5.14.3 Removal of Employees. City may request Contractor immediately remove from assignment to the City any employee found unfit to perform duties at the City. Contractor shall comply with all such requests.

5.15 Licenses and Permits. Contractor shall, without additional expense to the City, be responsible for obtaining any necessary licenses, permits, certifications, accreditations, fees and approvals for complying with any federal, state, county, municipal, and other laws, codes, and regulations applicable to Contract performance. This includes, but is not limited to, any laws or regulations requiring the use of licensed contractors to perform parts of the work.

5.16 Contractor and Subcontractor Registration Requirements. Prior to the award of the Contract or Task Order, Contractor and Contractor's subcontractors and suppliers must register with the City's web-based vendor registration and bid management system. The City may not award the Contract until registration of all subcontractors and suppliers is complete. In the event this requirement is not met within the time frame specified by the City, the City reserves the right to rescind the Contract award and to make the award to the next responsive and responsible proposer of bidder.

ARTICLE VI INTELLECTUAL PROPERTY RIGHTS

6.1 Rights in Data. If, in connection with the services performed under this Contract, Contractor or its employees, agents, or subcontractors, create artwork, audio recordings, blueprints, designs, diagrams, documentation, photographs, plans, reports, software, source code, specifications, surveys, system designs, video recordings, or any other original works of authorship, whether written or readable by machine (Deliverable Materials), all rights of Contractor or its subcontractors in the Deliverable Materials, including, but not limited to publication, and registration of copyrights, and trademarks in the Deliverable Materials, are the sole property of City. Contractor, including its employees, agents, and subcontractors, may not use any Deliverable Material for purposes unrelated to Contractor's work on behalf of the City without prior written consent of City. Contractor may not publish or reproduce any Deliverable Materials, for purposes unrelated to Contractor's work on behalf of the City, without the prior written consent of the City.

6.2 Intellectual Property Rights Assignment. For no additional compensation, Contractor hereby assigns to City all of Contractor's rights, title, and interest in and to the content of the Deliverable Materials created by Contractor or its employees, agents, or subcontractors, including copyrights, in connection with the services performed under this Contract. Contractor

shall promptly execute and deliver, and shall cause its employees, agents, and subcontractors to promptly execute and deliver, upon request by the City or any of its successors or assigns at any time and without further compensation of any kind, any power of attorney, assignment, application for copyright, patent, trademark or other intellectual property right protection, or other papers or instruments which may be necessary or desirable to fully secure, perfect or otherwise protect to or for the City, its successors and assigns, all right, title and interest in and to the content of the Deliverable Materials. Contractor also shall cooperate and assist in the prosecution of any action or opposition proceeding involving such intellectual property rights and any adjudication of those rights.

6.3 Contractor Works. Contractor Works means tangible and intangible information and material that: (a) had already been conceived, invented, created, developed or acquired by Contractor prior to the effective date of this Contract; or (b) were conceived, invented, created, or developed by Contractor after the effective date of this Contract, but only to the extent such information and material do not constitute part or all of the Deliverable Materials called for in this Contract. All Contractor Works, and all modifications or derivatives of such Contractor Works, including all intellectual property rights in or pertaining to the same, shall be owned solely and exclusively by Contractor.

6.4 Subcontracting. In the event that Contractor utilizes a subcontractor(s) for any portion of the work that comprises the whole or part of the specified Deliverable Materials to the City, the agreement between Contractor and the subcontractor shall include a statement that identifies the Deliverable Materials as a “works for hire” as described in the United States Copyright Act of 1976, as amended, and that all intellectual property rights in the Deliverable Materials, whether arising in copyright, trademark, service mark or other forms of intellectual property rights, belong to and shall vest solely with the City. Further, the agreement between Contractor and its subcontractor shall require that the subcontractor, if necessary, shall grant, transfer, sell and assign, free of charge, exclusively to City, all titles, rights and interests in and to the Deliverable Materials, including all copyrights, trademarks and other intellectual property rights. City shall have the right to review any such agreement for compliance with this provision.

6.5 Intellectual Property Warranty and Indemnification. Contractor represents and warrants that any materials or deliverables, including all Deliverable Materials, provided under this Contract are either original, or not encumbered, and do not infringe upon the copyright, trademark, patent or other intellectual property rights of any third party, or are in the public domain. If Deliverable Materials provided hereunder become the subject of a claim, suit or allegation of copyright, trademark or patent infringement, City shall have the right, in its sole discretion, to require Contractor to produce, at Contractor’s own expense, new non-infringing materials, deliverables or works as a means of remedying any claim of infringement in addition to any other remedy available to the City under law or equity. Contractor further agrees to indemnify, defend, and hold harmless the City, its officers, employees and agents from and against any and all claims, actions, costs, judgments or damages, of any type, alleging or threatening that any Deliverable Materials, supplies, equipment, services or works provided under this contract infringe the copyright, trademark, patent or other intellectual property or proprietary rights of any third party (Third Party Claim of Infringement). If a Third Party Claim

of Infringement is threatened or made before Contractor receives payment under this Contract, City shall be entitled, upon written notice to Contractor, to withhold some or all of such payment.

6.6 Software Licensing. Contractor represents and warrants that the software, if any, as delivered to City, does not contain any program code, virus, worm, trap door, back door, time or clock that would erase data or programming or otherwise cause the software to become inoperable, inaccessible, or incapable of being used in accordance with its user manuals, either automatically, upon the occurrence of licensor-selected conditions or manually on command. Contractor further represents and warrants that all third party software, delivered to City or used by Contractor in the performance of the Contract, is fully licensed by the appropriate licensor.

6.7 Publication. Contractor may not publish or reproduce any Deliverable Materials, for purposes unrelated to Contractor's work on behalf of the City without prior written consent from the City.

6.8 Royalties, Licenses, and Patents. Unless otherwise specified, Contractor shall pay all royalties, license, and patent fees associated with the goods that are the subject of this solicitation. Contractor warrants that the goods, materials, supplies, and equipment to be supplied do not infringe upon any patent, trademark, or copyright, and further agrees to defend any and all suits, actions and claims for infringement that are brought against the City, and to defend, indemnify and hold harmless the City, its elected officials, officers, and employees from all liability, loss and damages, whether general, exemplary or punitive, suffered as a result of any actual or claimed infringement asserted against the City, Contractor, or those furnishing goods, materials, supplies, or equipment to Contractor under the Contract.

ARTICLE VII INDEMNIFICATION AND INSURANCE

7.1 Indemnification. To the fullest extent permitted by law, Contractor shall defend (with legal counsel reasonably acceptable to City), indemnify, protect, and hold harmless City and its elected officials, officers, employees, agents, and representatives (Indemnified Parties) from and against any and all claims, losses, costs, damages, injuries (including, without limitation, injury to or death of an employee of Contractor or its subcontractors), expense, and liability of every kind, nature and description (including, without limitation, incidental and consequential damages, court costs, and litigation expenses and fees of expert consultants or expert witnesses incurred in connection therewith and costs of investigation) that arise out of, pertain to, or relate to, directly or indirectly, in whole or in part, any goods provided or performance of services under this Contract by Contractor, any subcontractor, anyone directly or indirectly employed by either of them, or anyone that either of them control. Contractor's duty to defend, indemnify, protect and hold harmless shall not include any claims or liabilities arising from the sole negligence or willful misconduct of the Indemnified Parties.

7.2 Insurance. Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or

in connection with the performance of the work hereunder and the results of that work by Contractor, his agents, representatives, employees or subcontractors.

Contractor shall provide, at a minimum, the following:

7.2.1 Commercial General Liability. Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury, and personal and 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.

7.2.2 Commercial Automobile Liability. Insurance Services Office Form Number CA 0001 covering Code 1 (any auto) or, if Contractor 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.

7.2.3 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.

7.2.4 Professional Liability (Errors and Omissions). For consultant contracts, insurance appropriate to Consultant’s profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

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

7.2.5 Other Insurance Provisions. The insurance policies are to contain, or be endorsed to contain, the following provisions:

7.2.5.1 Additional Insured Status. The City, 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 Contractor 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 Contractor’s insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 if a later edition is used).

7.2.5.2 Primary Coverage. For any claims related to this contract, Contractor's insurance coverage shall be primary coverage at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it.

7.2.5.3 Notice of Cancellation. Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to City.

7.2.5.4 Waiver of Subrogation. Contractor hereby grants to City a waiver of any right to subrogation which the Workers' Compensation insurer of said Contractor may acquire against City by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

7.2.5.5 Claims Made Policies (applicable only to professional liability). The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, Contractor must purchase "extended reporting" coverage for a minimum of five (5) years after completion of work.

7.3 Self Insured Retentions. Self-insured retentions must be declared to and approved by City. City may require Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City.

7.4 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A-VI, unless otherwise acceptable to City.

City will accept insurance provided by non-admitted, "surplus lines" carriers only if the carrier is authorized to do business in the State of California and is included on the List of Approved Surplus Lines Insurers (LASLI list). All policies of insurance carried by non-admitted carriers are subject to all of the requirements for policies of insurance provided by admitted carriers described herein.

7.5 Verification of Coverage. Contractor shall furnish City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive Contractor's obligation to provide them. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

7.6 Special Risks or Circumstances. City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

7.7 Additional Insurance. Contractor may obtain additional insurance not required by this Contract.

7.8 Excess Insurance. All policies providing excess coverage to City shall follow the form of the primary policy or policies including but not limited to all endorsements.

7.9 Subcontractors. Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that City is an additional insured on insurance required from subcontractors. For CGL coverage, subcontractors shall provide coverage with a format at least as broad as the CG 20 38 04 13 endorsement.

ARTICLE VIII BONDS

8.1 Payment and Performance Bond. Prior to the execution of this Contract, City may require Contractor to post a payment and performance bond (Bond). The Bond shall guarantee Contractor's faithful performance of this Contract and assure payment to contractors, subcontractors, and to persons furnishing goods and/or services under this Contract.

8.1.1 Bond Amount. The Bond shall be in a sum equal to twenty-five percent (25%) of the Contract amount, unless otherwise stated in the Specifications. City may file a claim against the Bond if Contractor fails or refuses to fulfill the terms and provisions of the Contract.

8.1.2 Bond Term. The Bond shall remain in full force and effect at least until complete performance of this Contract and payment of all claims for materials and labor, at which time it will convert to a ten percent (10%) warranty bond, which shall remain in place until the end of the warranty periods set forth in this Contract. The Bond shall be renewed annually, at least sixty (60) days in advance of its expiration, and Contractor shall provide timely proof of annual renewal to City.

8.1.3 Bond Surety. The Bond must be furnished by a company authorized by the State of California Department of Insurance to transact surety business in the State of California and which has a current A.M. Best rating of at least "A-, VIII."

8.1.4 Non-Renewal or Cancellation. The Bond must provide that City and Contractor shall be provided with sixty (60) days' advance written notice in the event of non-renewal, cancellation, or material change to its terms. In the event of non-renewal, cancellation, or material change to the Bond terms, Contractor shall provide City with evidence of the new source of surety within twenty-one (21) calendar days after the date of the notice of non-renewal, cancellation, or material change. Failure to maintain the Bond, as required herein, in full force

and effect as required under this Contract, will be a material breach of the Contract subject to termination of the Contract.

8.2 Alternate Security. City may, at its sole discretion, accept alternate security in the form of an endorsed certificate of deposit, a money order, a certified check drawn on a solvent bank, or other security acceptable to the Purchasing Agent in an amount equal to the required Bond.

ARTICLE IX CITY-MANDATED CLAUSES AND REQUIREMENTS

9.1 Contractor Certification of Compliance. By signing this Contract, Contractor certifies that Contractor is aware of, and will comply with, these City-mandated clauses throughout the duration of the Contract.

9.1.1 Drug-Free Workplace Certification. Contractor shall comply with City's Drug-Free Workplace requirements set forth in Council Policy 100-17, which is incorporated into the Contract by this reference.

9.1.2 Contractor Certification for Americans with Disabilities Act (ADA) and State Access Laws and Regulations: Contractor shall comply with all accessibility requirements under the ADA and under Title 24 of the California Code of Regulations (Title 24). When a conflict exists between the ADA and Title 24, Contractor shall comply with the most restrictive requirement (i.e., that which provides the most access). Contractor also shall comply with the City's ADA Compliance/City Contractors requirements as set forth in Council Policy 100-04, which is incorporated into this Contract by reference. Contractor warrants and certifies compliance with all federal and state access laws and regulations and further certifies that any subcontract agreement for this contract contains language which indicates the subcontractor's agreement to abide by the provisions of the City's Council Policy and any applicable access laws and regulations.

9.1.3 Non-Discrimination Requirements.

9.1.3.1 Compliance with City's Equal Opportunity Contracting Program (EOCP). Contractor shall comply with City's EOCP Requirements. Contractor shall not discriminate against any employee or applicant for employment on any basis prohibited by law. Contractor shall provide equal opportunity in all employment practices. Prime Contractors shall ensure that their subcontractors comply with this program. Nothing in this Section shall be interpreted to hold a Prime Contractor liable for any discriminatory practice of its subcontractors.

9.1.3.2 Non-Discrimination Ordinance. Contractor shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring or treatment of subcontractors, vendors or suppliers. Contractor shall provide equal opportunity for subcontractors to participate in subcontracting opportunities. Contractor understands and agrees that violation of this clause shall be considered a material breach of the Contract and may result

in Contract termination, debarment, or other sanctions. Contractor shall ensure that this language is included in contracts between Contractor and any subcontractors, vendors and suppliers.

9.1.3.3 Compliance Investigations. Upon City's request, Contractor agrees to provide to City, within sixty calendar days, a truthful and complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past five years on any of its contracts that were undertaken within San Diego County, including the total dollar amount paid by Contractor for each subcontract or supply contract. Contractor further agrees to fully cooperate in any investigation conducted by City pursuant to City's Nondiscrimination in Contracting Ordinance. Contractor understands and agrees that violation of this clause shall be considered a material breach of the Contract and may result in Contract termination, debarment, and other sanctions.

9.1.4 Equal Benefits Ordinance Certification. Unless an exception applies, Contractor shall comply with the Equal Benefits Ordinance (EBO) codified in the San Diego Municipal Code (SDMC). Failure to maintain equal benefits is a material breach of the Contract.

9.1.5 Contractor Standards. Contractor shall comply with Contractor Standards provisions codified in the SDMC. Contractor understands and agrees that violation of Contractor Standards may be considered a material breach of the Contract and may result in Contract termination, debarment, and other sanctions.

9.1.6 Noise Abatement. Contractor shall operate, conduct, or construct without violating the City's Noise Abatement Ordinance codified in the SDMC.

9.1.7 Storm Water Pollution Prevention Program. Contractor shall comply with the City's Storm Water Management and Discharge Control provisions codified in Division 3 of Chapter 4 of the SDMC, as may be amended, and any and all applicable Best Management Practice guidelines and pollution elimination requirements in performing or delivering services at City owned, leased, or managed property, or in performance of services and activities on behalf of City regardless of location.

Contractor shall comply with the City's Jurisdictional Urban Runoff Management Plan encompassing Citywide programs and activities designed to prevent and reduce storm water pollution within City boundaries as adopted by the City Council on January 22, 2008, via Resolution No. 303351, as may be amended.

Contractor shall comply with each City facility or work site's Storm Water Pollution Prevention Plan, as applicable, and institute all controls needed while completing the services to minimize any negative impact to the storm water collection system and environment.

9.1.8 Service Worker Retention Ordinance. If applicable, Contractor shall comply with the Service Worker Retention Ordinance (SWRO) codified in the SDMC.

9.1.9 Product Endorsement. Contractor shall comply with Council Policy 000-41 which requires that other than listing the City as a client and other limited endorsements, any advertisements, social media, promotions or other marketing referring to the City as a user of a product or service will require prior written approval of the Mayor or designee. Use of the City Seal or City logos is prohibited.

9.1.10 Business Tax Certificate. Unless the City Treasurer determines in writing that a contractor is exempt from the payment of business tax, any contractor doing business with the City of San Diego is required to obtain a Business Tax Certificate (BTC) and to provide a copy of its BTC to the City before a Contract is executed.

9.1.11 Equal Pay Ordinance. Unless an exception applies, Contractor shall comply with the Equal Pay Ordinance codified in San Diego Municipal Code sections 22.4801 through 22.4809. Contractor shall certify in writing that it will comply with the requirements of the EPO.

9.1.11.1 Contractor and Subcontract Requirement. The Equal Pay Ordinance applies to any subcontractor who performs work on behalf of a Contractor to the same extent as it would apply to that Contractor. Any Contractor subject to the Equal Pay Ordinance shall require all of its subcontractors to certify compliance with the Equal Pay Ordinance in its written subcontracts.

ARTICLE X CONFLICT OF INTEREST AND VIOLATIONS OF LAW

10.1 Conflict of Interest Laws. Contractor is subject to all federal, state and local conflict of interest laws, regulations, and policies applicable to public contracts and procurement practices including, but not limited to, California Government Code sections 1090, *et. seq.* and 81000, *et. seq.*, and the Ethics Ordinance, codified in the SDMC. City may determine that Contractor must complete one or more statements of economic interest disclosing relevant financial interests. Upon City's request, Contractor shall submit the necessary documents to City.

10.2 Contractor's Responsibility for Employees and Agents. Contractor is required to establish and make known to its employees and agents appropriate safeguards to prohibit employees from using their positions for a purpose that is, or that gives the appearance of being, motivated by the desire for private gain for themselves or others, particularly those with whom they have family, business or other relationships.

10.3 Contractor's Financial or Organizational Interests. In connection with any task, Contractor shall not recommend or specify any product, supplier, or contractor with whom Contractor has a direct or indirect financial or organizational interest or relationship that would violate conflict of interest laws, regulations, or policies.

10.4 Certification of Non-Collusion. Contractor certifies that: (1) Contractor's bid or proposal was not made in the interest of or on behalf of any person, firm, or corporation not identified; (2) Contractor did not directly or indirectly induce or solicit any other bidder or proposer to put in a sham bid or proposal; (3) Contractor did not directly or indirectly induce or

solicit any other person, firm or corporation to refrain from bidding; and (4) Contractor did not seek by collusion to secure any advantage over the other bidders or proposers.

10.5 Hiring City Employees. This Contract shall be unilaterally and immediately terminated by City if Contractor employs an individual who within the twelve (12) months immediately preceding such employment did in his/her capacity as a City officer or employee participate in negotiations with or otherwise have an influence on the selection of Contractor.

ARTICLE XI DISPUTE RESOLUTION

11.1 Mediation. If a dispute arises out of or relates to this Contract and cannot be settled through normal contract negotiations, Contractor and City shall use mandatory non-binding mediation before having recourse in a court of law.

11.2 Selection of Mediator. A single mediator that is acceptable to both parties shall be used to mediate the dispute. The mediator will be knowledgeable in the subject matter of this Contract, if possible.

11.3 Expenses. The expenses of witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the mediation, including required traveling and other expenses of the mediator, and the cost of any proofs or expert advice produced at the direct request of the mediator, shall be borne equally by the parties, unless they agree otherwise.

11.4 Conduct of Mediation Sessions. Mediation hearings will be conducted in an informal manner and discovery will not be allowed. The discussions, statements, writings and admissions will be confidential to the proceedings (pursuant to California Evidence Code sections 1115 through 1128) and will not be used for any other purpose unless otherwise agreed by the parties in writing. The parties may agree to exchange any information they deem necessary. Both parties shall have a representative attend the mediation who is authorized to settle the dispute, though City's recommendation of settlement may be subject to the approval of the Mayor and City Council. Either party may have attorneys, witnesses or experts present.

11.5 Mediation Results. Any agreements resulting from mediation shall be memorialized in writing. The results of the mediation shall not be final or binding unless otherwise agreed to in writing by the parties. Mediators shall not be subject to any subpoena or liability, and their actions shall not be subject to discovery.

ARTICLE XII MANDATORY ASSISTANCE

12.1 Mandatory Assistance. If a third party dispute or litigation, or both, arises out of, or relates in any way to the services provided to the City under a Contract, Contractor, its agents, officers, and employees agree to assist in resolving the dispute or litigation upon City's request. Contractor's assistance includes, but is not limited to, providing professional consultations,

attending mediations, arbitrations, depositions, trials or any event related to the dispute resolution and/or litigation.

12.2 Compensation for Mandatory Assistance. City will compensate Contractor for fees incurred for providing Mandatory Assistance. If, however, the fees incurred for the Mandatory Assistance are determined, through resolution of the third party dispute or litigation, or both, to be attributable in whole, or in part, to the acts or omissions of Contractor, its agents, officers, and employees, Contractor shall reimburse City for all fees paid to Contractor, its agents, officers, and employees for Mandatory Assistance.

12.3 Attorneys' Fees Related to Mandatory Assistance. In providing City with dispute or litigation assistance, Contractor or its agents, officers, and employees may incur expenses and/or costs. Contractor agrees that any attorney fees it may incur as a result of assistance provided under Section 12.2 are not reimbursable.

ARTICLE XIII MISCELLANEOUS

13.1 Headings. All headings are for convenience only and shall not affect the interpretation of this Contract.

13.2 Non-Assignment. Contractor may not assign the obligations under this Contract, whether by express assignment or by sale of the company, nor any monies due or to become due under this Contract, without City's prior written approval. Any assignment in violation of this paragraph shall constitute a default and is grounds for termination of this Contract at the City's sole discretion. In no event shall any putative assignment create a contractual relationship between City and any putative assignee.

13.3 Independent Contractors. Contractor and any subcontractors employed by Contractor are independent contractors and not agents of City. Any provisions of this Contract that may appear to give City any right to direct Contractor concerning the details of performing or providing the goods and/or services, or to exercise any control over performance of the Contract, shall mean only that Contractor shall follow the direction of City concerning the end results of the performance.

13.4 Subcontractors. All persons assigned to perform any work related to this Contract, including any subcontractors, are deemed to be employees of Contractor, and Contractor shall be directly responsible for their work.

13.5 Covenants and Conditions. All provisions of this Contract expressed as either covenants or conditions on the part of City or Contractor shall be deemed to be both covenants and conditions.

13.6 Compliance with Controlling Law. Contractor shall comply with all applicable local, state, and federal laws, regulations, and policies. Contractor's act or omission in violation of applicable local, state, and federal laws, regulations, and policies is grounds for contract

termination. In addition to all other remedies or damages allowed by law, Contractor is liable to City for all damages, including costs for substitute performance, sustained as a result of the violation. In addition, Contractor may be subject to suspension, debarment, or both.

13.7 Governing Law. The Contract shall be deemed to be made under, construed in accordance with, and governed by the laws of the State of California without regard to the conflicts or choice of law provisions thereof.

13.8 Venue. The venue for any suit concerning solicitations or the Contract, the interpretation of application of any of its terms and conditions, or any related disputes shall be in the County of San Diego, State of California.

13.9 Successors in Interest. This Contract and all rights and obligations created by this Contract shall be in force and effect whether or not any parties to the Contract have been succeeded by another entity, and all rights and obligations created by this Contract shall be vested and binding on any party's successor in interest.

13.10 No Waiver. No failure of either City or Contractor to insist upon the strict performance by the other of any covenant, term or condition of this Contract, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Contract, shall constitute a waiver of any such breach of such covenant, term or condition. No waiver of any breach shall affect or alter this Contract, and each and every covenant, condition, and term hereof shall continue in full force and effect without respect to any existing or subsequent breach.

13.11 Severability. The unenforceability, invalidity, or illegality of any provision of this Contract shall not render any other provision of this Contract unenforceable, invalid, or illegal.

13.12 Drafting Ambiguities. The parties acknowledge that they have the right to be advised by legal counsel with respect to the negotiations, terms and conditions of this Contract, and the decision of whether to seek advice of legal counsel with respect to this Contract is the sole responsibility of each party. This Contract shall not be construed in favor of or against either party by reason of the extent to which each party participated in the drafting of the Contract.

13.13 Amendments. Neither this Contract nor any provision hereof may be changed, modified, amended or waived except by a written agreement executed by duly authorized representatives of City and Contractor. Any alleged oral amendments have no force or effect. The Purchasing Agent must sign all Contract amendments.

13.14 Conflicts Between Terms. If this Contract conflicts with an applicable local, state, or federal law, regulation, or court order, applicable local, state, or federal law, regulation, or court order shall control. Varying degrees of stringency among the main body of this Contract, the exhibits or attachments, and laws, regulations, or orders are not deemed conflicts, and the most stringent requirement shall control. Each party shall notify the other immediately upon the identification of any apparent conflict or inconsistency concerning this Contract.

13.15 Survival of Obligations. All representations, indemnifications, warranties, and guarantees made in, required by, or given in accordance with this Contract, as well as all continuing obligations indicated in this Contract, shall survive, completion and acceptance of performance and termination, expiration or completion of the Contract.

13.16 Confidentiality of Services. All services performed by Contractor, and any sub-contractor(s) if applicable, including but not limited to all drafts, data, information, correspondence, proposals, reports of any nature, estimates compiled or composed by Contractor, are for the sole use of City, its agents, and employees. Neither the documents nor their contents shall be released by Contractor or any subcontractor to any third party without the prior written consent of City. This provision does not apply to information that: (1) was publicly known, or otherwise known to Contractor, at the time it was disclosed to Contractor by City; (2) subsequently becomes publicly known through no act or omission of Contractor; or (3) otherwise becomes known to Contractor other than through disclosure by City.

13.17 Insolvency. If Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, Contractor agrees to furnish, by certified mail or electronic commerce method authorized by the Contract, written notification of the bankruptcy to the Purchasing Agent and the Contract Administrator responsible for administering the Contract. This notification shall be furnished within five (5) days of the initiation of the proceedings relating to bankruptcy filing. This notification shall include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, and a listing of City contract numbers and contracting offices for all City contracts against which final payment has not been made. This obligation remains in effect until final payment is made under this Contract.

13.18 No Third Party Beneficiaries. Except as may be specifically set forth in this Contract, none of the provisions of this Contract are intended to benefit any third party not specifically referenced herein. No party other than City and Contractor shall have the right to enforce any of the provisions of this Contract.

13.19 Actions of City in its Governmental Capacity. Nothing in this Contract shall be interpreted as limiting the rights and obligations of City in its governmental or regulatory capacity.

PROPOSAL

City of San Diego

PROPOSAL FOR CONSULTANT FOR SALES AND USE TAX AUDITS AND REPORTING SERVICES

Solicitation No. 10090282-25-L

April 15, 2025

HdL[®] Companies

SUBMITTED BY

HdL Companies
120 S. State College Blvd., Ste 200
Brea, CA 92821
hdlcompanies.com

CONTACT

Andy Nickerson
T: 714.879.5000
E: anickerson@hdlcompanies.com

HdL⁺ Companies

40 Years of Growing Revenue

April 15, 2025

Lisa Hoffman, Senior Procurement Contracting Officer
City of San Diego
Electronic Submission Via Planet Bids

Dear Ms. Hoffman,

HdL Companies (HdL) is pleased to submit our proposal for **Consultant for Sales and Use Tax Audits and Reporting Services**. It would be an honor and privilege to serve you.

As you consider taking your journey with us, rest assured you will receive the same refreshing customer experience, unmatched service delivery, and unparalleled revenue recovery our 900+ city, county, and special district clients from across the nation enjoy every day. You will join the growing wave of 75+ local governments that have recently switched to HdL from other providers while we have maintained a 99.6% client retention rate. You can rely on us to understand your needs, deliver on our promises, and thoughtfully serve your business community.

Welcome to **Day One** of your journey! You can look forward with anticipation to our:

- Friendly support staff and easy-to-use online platform that enables businesses to apply for, renew, and check the status of their business license while providing additional links to other valuable business resources.
- Technology-driven resources for data analysis and reporting capabilities, providing immediate and convenient access to the most up-to-date tax and fee information.
- Reliable continuity of service by an employee-owned firm staffed with experienced, happy professionals.

Our contact information is:

HdL Companies - Headquarters

120 S. State College Blvd., Suite 200, Brea, CA 92821

Phone: 714.879.5000

Website: hdlcompanies.com

HdL takes a holistic approach to sales and use tax revenue management, offering the City the option to utilize HdL for a variety of additional tax compliance services as well. We look forward to serving you. Please call if you have questions or need additional information. You can reach me at 714.879.5000 or by email at anickerson@hdlcompanies.com.

Sincerely,



Andrew Nickerson
President/CEO



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A**SUBMISSION INFORMATION AND FORMS****Contract Signature Page**

Please find the completed document following this page.

Contractors Standards Pledge of Compliance Form**Equal Opportunity Contracting Forms AA and BB****Conflict of Interest Certification**

The above listed forms have been submitted electronically as separate attachments.

Exceptions

HdL agrees with the terms of the contract included in the City's RFP but would like to note the following:

- ✓ HdL currently invoices quarterly, not monthly.
- ✓ Section 8 - Bonds do not seem to apply to our services.

**CONTRACT RESULTING FROM REQUEST FOR PROPOSAL NUMBER 10090282-25-L,
CONSULTANT FOR SALES AND USE TAX AUDITS AND REPORTING SERVICES**

This Contract (Contract) is entered into by and between the City of San Diego, a municipal corporation (City), and the successful proposer to Request for Proposal (RFP) # 10090282-25-L, CONSULTANT FOR SALES AND USE TAX AUDITS AND REPORTING SERVICES (Contractor).

RECITALS

On or about 3/17/2025, City issued an RFP to prospective proposers on services to be provided to the City. The RFP and any addenda and exhibits thereto are collectively referred to as the "RFP." The RFP is attached hereto as Exhibit A.

City has determined that Contractor has the expertise, experience, and personnel necessary to provide the services.

City wishes to retain Contractor to provide consulting services for sales and use tax audits and reporting services as further described in the Scope of Work, attached hereto as Exhibit B. (Services).

For good and valuable consideration, the sufficiency of which is acknowledged, City and Contractor agree as follows:

**ARTICLE I
CONTRACTOR SERVICES**

1.1 Scope of Work. Contractor shall provide the Services to City as described in Exhibit B which is incorporated herein by reference. Contractor will submit all required forms and information described in Exhibit A to the Purchasing Agent before providing Services.

1.2 General Contract Terms and Provisions. This Contract incorporates by reference the General Contract Terms and Provisions, attached hereto as Exhibit C.

1.3 Contract Administrator. The Department of Finance Department (Department) is the Contract Administrator for this Agreement. Contractor shall provide the Services under the direction of a designated representative of the Department as follows:

Benjamin Battaglia, Assistant Director
City of San Diego, Department of Finance
202 C Street, 7th Floor
San Diego, CA 92101
619-533-3717
BBattaglia@sandiego.gov

**ARTICLE II
DURATION OF CONTRACT**

2.1 Term. This Contract shall be for a period of five (5) years beginning on the Effective Date. Unless otherwise terminated, this Contract shall be effective until completion of the Scope of

Services. The term of this Contract shall not exceed five years unless approved by the City Council by ordinance.

2.2 Effective Date. This Contract shall be effective on the date it is executed by the last Party to sign the Contract, and approved by the City Attorney in accordance with San Diego Charter Section 40.

ARTICLE III COMPENSATION

3.1 Amount of Compensation. City shall pay Contractor for performance of all Services rendered in accordance with this Contract in an amount not to exceed \$5,000,000.

ARTICLE IV WAGE REQUIREMENTS

4.1 Reserved.

ARTICLE V CONTRACT DOCUMENTS

5.1 Contract Documents. The following documents comprise the Contract between the City and Contractor: this Contract and all exhibits thereto, the RFP; the Notice to Proceed; and the City's written acceptance of exceptions or clarifications to the RFP, if any.

5.2 Contract Interpretation. The Contract Documents completely describe the Services to be provided. Contractor will provide any Services that may reasonably be inferred from the Contract Documents or from prevailing custom or trade usage as being required to produce the intended result whether or not specifically called for or identified in the Contract Documents. Words or phrases which have a well-known technical or construction industry or trade meaning and are used to describe Services will be interpreted in accordance with that meaning unless a definition has been provided in the Contract Documents.

5.3 Precedence. In resolving conflicts resulting from errors or discrepancies in any of the Contract Documents, the Parties will use the order of precedence as set forth below. The 1st document has the highest priority. Inconsistent provisions in the Contract Documents that address the same subject, are consistent, and have different degrees of specificity, are not in conflict and the more specific language will control. The order of precedence from highest to lowest is as follows:

- 1st Any properly executed written amendment to the Contract
- 2nd The Contract
- 3rd The RFP and the City's written acceptance of any exceptions or clarifications to the RFP, if any
- 4th Contractor's Proposal

5.4 Counterparts. This Contract may be executed in counterparts which, when taken together, shall constitute a single signed original as though all Parties had executed the same page.

5.5 Public Agencies. Other public agencies, as defined by California Government Code section 6500, may choose to use the terms of this Contract, subject to Contractor's acceptance. The City is not liable or responsible for any obligations related to a subsequent Contract between Contractor and another public agency.

IN WITNESS WHEREOF, this Contract is executed by City and Contractor acting by and through their authorized officers.

CONTRACTOR

CITY OF SAN DIEGO
A Municipal Corporation

Hinderliter, de Llamas & Associates

Proposer

120 S. State College Blvd., Suite 200

Street Address

Brea

City

714.879.5000

Telephone No.

anickerson@hdlcompanies.com

E-Mail

BY:

Print Name:

Title

Date Signed

BY:



Signature of
Proposer's Authorized
Representative

Andrew Nickerson

Print Name

President/CEO

Title

April 10, 2025

Date

Approved as to form this ____ day of

_____, 20____.

HEATHER FERBERT, City Attorney

BY:

Deputy City Attorney

B EXECUTIVE SUMMARY AND RESPONSE TO SPECIFICATIONS

- 1. Executive Summary**
- 2. Response to Specifications**

1 EXECUTIVE SUMMARY

The objective of this proposal is to ensure that San Diego receives its maximum share of the sales and use tax generated by its business community and that it possesses the tools and support to expand their revenue.

Over the last decade the administration of California's sales and use tax revenues has become increasingly complex. The difficulty of properly allocating the local share of revenues has been compounded by the constant turnover, selling and consolidation of businesses, evolving regulations impacting the allocation of sales and use tax from e-commerce, warehousing and construction projects and the trend of larger companies outsourcing order taking and distribution as well as tracking and filing of their state tax returns to other firms.

If not monitored closely, allocation errors can accumulate to the point where agencies pay exorbitant fees for recovery of revenues lost because of insufficient tracking and poor follow-up. HdL's systematic approach minimizes these costs by:

- Reduction of errors through detailed quarterly analysis and advanced data mining techniques to ensure correct permit registration information.
- Ongoing auditing to ensure that errors that do occur are quickly identified and not allowed to age and become inordinately large.
- Continuous monitoring and follow-up on claims filed with the California Department of Tax and Fee Administration (CDTFA) to ensure rapid turn around and thereby reduce the City's fees associated with retroactive corrections.

HdL's proposal for the City of San Diego provides for:

- Systematic and continuous auditing to identify, correct and recover, all sales and use allocation errors due to the City.
- Ongoing analysis and reports on the City's sales tax trends in relationship to the surrounding market region, business type and strategic economic areas to identify retail voids and opportunities and support business retention and expansion.
- Serving as the City's resource staff on sales and use tax related issues including training, budget projections, legislative analysis and economic development.
- Maximization of sales and use tax payments through education and support of taxpayer options to report taxes from specific types of construction projects to the construction site, establishment of purchasing corporations and direct payment permits.
- The included web-based sales tax application and PDF reports provide HdL clients with immediate and convenient access to the most up-to-date tax information available.
- An up-to-date Resource page at hdlcompanies.com providing clients with webinars, issue updates, budgeting and forecast information, and additional resources to help public agencies navigate and lead their communities.

HdL is uniquely qualified to deliver our high-quality solutions to the City and its business community in the areas outlined in this proposal. Our commitment to innovative solutions and quality customer service is highly valued by our clients, as demonstrated by our 99.6% client retention rate and the over 75 California municipalities who have switched to HdL from other service providers.



714.879.5000 | hdlcompanies.com

120 S. State College Blvd., Suite 200
Brea, CA 92821

FIRM QUALIFICATIONS AND EXPERIENCE

Firm Qualifications

Hinderliter, de Llamas and Associates (HdL) was established in 1983 to maximize local government revenues by providing allocation audits, analytical services and software products. The firm, which is a 100% employee-owned company, provides audit and consulting services for sales, use and transaction taxes, business license services, cannabis taxes and other locally administered taxes.

HdL Companies

FOUNDED
1983



HdL developed California's first computerized sales tax management program and was responsible for securing legislation (AB 1611) that allowed independent verification of state allocations. HdL Software was formed in 1996 to provide innovative software processing tools for business licensing, and other city revenues. HdL's systematic and coordinated approach to revenue management, tax administration and economic data analysis is currently being utilized by over 900 public agencies nationwide.

HdL currently performs the services desired by San Diego to over 400 cities and counties in California. The firm maintains the largest privately held sales, property and business tax databases in California. The firm constantly improves and enhances the California Department of Tax and Fee Administration (CDTFA) raw registration data by correcting addresses and business names, differentiating brick and mortar retailers from business to business and online taxpayers and adding new business classifications to better identify emerging trends and economic opportunities. This highly enhanced database includes over 40 years of the City of San Diego's sales tax history and serves as the base for identifying emerging economic trends and developing budget projections that take those trends into account.

The database also includes constantly updated registration data for every seller in California, allocation data for 502 of the state's 538 agencies and 236 transactions tax districts, business license data for 668,000 businesses, property tax data for every jurisdiction in the 38 largest counties, a constantly updated automated telephone directory for all of California and thousands of business contacts developed through three decades of audit and business development activity.

HdL monitors an annual sales tax base of over \$5.0 billion on behalf of California clients that encompasses incredibly complex industrial, e-commerce, inventory/delivery, and out-of-state sales and use tax issues. The Company submits an average of 6,000 errors for correction each year with a total value generally ranging from \$40 million to \$50 million. To date, HdL has recovered a cumulative total of \$4 billion in new sales and use tax revenues for client agencies.

The firm goes beyond audits by using its databases and expertise to help clients expand their revenues by identifying economic voids; finding local companies that can restructure the way orders are taken to increase local tax revenues; ascertaining opportunities for expanding use tax from construction projects; seeking prospects for direct payment permits and purchasing corporations and by providing staff expertise to support a proactive and effective approach to short and long term fiscal and economic planning.

2 A FIRM QUALIFICATIONS AND EXPERIENCE

**PROUD
TO HAVE SERVED
LOCAL GOVERNMENTS
AND
SPECIAL DISTRICTS
FOR OVER
41 YEARS**

**100%
EMPLOYEE
OWNED**

HdL is a Corporate Partner of the League of California Cities and California State Association of Counties and works extensively with the State Association of County Auditors, California Society of Municipal Finance Officers (CSMFO) and California Municipal Revenue and Tax Association (CMRTA) on anticipation and planning of programs to strengthen local government revenues, and monitoring of legislative actions which impact local governments.

This close understanding of local government needs coupled with extensive databases and advance methodology provides for the most relevant, productive and responsive, revenue recovery, forecasting and economic services available.



FIRM QUALIFICATIONS AND EXPERIENCE

Relevant Experience

HdL currently provides sales, use and district tax services in California to 51 counties, 365 cities and 236 transactions tax districts. Details from similar agencies are below:

City of Burbank – Client Since 1986

Contracted Services: Sales, Use and Transactions Tax Audit and Revenue Management Services

Address: 275 E. Olive Ave., Burbank, CA 91502

Contact: Susan Langford, Revenue Manager, 818.238.5500, slangford@burbankca.gov

Contract Amount for Sales and Use Tax: \$10,200 annually with a fixed percentage of 15% for audit recovery for sales tax revenue recovered.

Contract Result: On September 15, 1986, the City of Burbank engaged HdL to continuously monitor its sales and use tax allocations to ensure that the City receives all the revenues it is due. HdL also works with City staff to make maximum use of sales and use tax data to support the City's long-term economic development strategies. In addition, HdL provides data, software, and staff services to support budget projections, evaluate economic strategies, estimate sales tax revenue from new development proposals, maximize collection of resulting revenues and to analyze legislative/regulatory proposals that could impact the City's sales and use tax revenues. HdL also provides full staff support to capture use tax from large construction projects as permitted by Revenue and Taxation Code 7051.3 and counsels City staff in the acquisition and use to Direct Payment Permits as described in Regulation 1699.6. Sales Tax Audit recovery total of \$14,775,659 through 2023.

City of Fresno – Client Since 2018

Contracted Services: Sales, Use and Transactions Audit and Revenue Management Services

Address: 2600 Fresno Street, Fresno, CA 93721

Contact: Edward Chinevere, Budget Manager, 559.621.2489, Edward.chinevere@fresno.gov

Contract Amount for Sales and Use Tax: \$12,000 annually with a fixed percentage of 15% for audit recovery for sales tax revenue recovered.

Contract Result: On February 1, 2024, the City of Fresno engaged HdL to continuously monitor its sales and use tax allocations to ensure that the City receives all the revenues it is due. HdL also works with City staff to make maximum use of sales and use tax data to support the City's long-term economic development strategies. In addition, HdL provides data, software, and staff services to support budget projections, evaluate economic strategies, estimate sales tax revenue from new development proposals, maximize collection of resulting revenues and to analyze legislative/regulatory proposals that could impact the City's sales and use tax revenues. HdL also provides full staff support to capture use tax from large construction projects as permitted by Revenue and Taxation Code 7051.3 and counsels City staff in the acquisition and use to Direct Payment Permits as described in Regulation 1699.6. ***As a recent convert to HdL for sales and use tax services, Fresno can speak to the successful transition to HdL.***

FIRM QUALIFICATIONS AND EXPERIENCE

City of Oakland – Client Since 1998

Contracted Services: Sales and Use Tax Audit and Revenue Management Services

Address: 150 Frank Ogawa Plaza, 5th Floor, Oakland, CA 94612

Contact: Roger Agaba, Revenue and Tax Administrator, 510.238.3301, ragaba@oaklandca.gov

Contract Amount for Sales and Use Tax: \$10,200 annually with a fixed percentage of 15% for audit recovery for sales tax revenue recovered.

Contract Result: On December 22, 1998, the City of Oakland engaged HdL to continuously monitor its sales and use tax allocations to ensure that the City receives all the revenues it is due. HdL also works with City staff to make maximum use of sales and use tax data to support the City's long-term economic development strategies. In addition, HdL provides the data, software, and staff services to support budget projections, evaluate economic strategies, estimate sales tax revenue from new development proposals, maximize collection of resulting revenues and to analyze legislative/regulatory proposals that could impact the City's sales and use tax revenues. HdL also provides full staff support to capture use tax from large construction projects as permitted by Revenue and Taxation Code 7051.3 and counsels City staff in the acquisition and use to Direct Payment Permits as described in Regulation 1699.6. Audit recovery total of \$24,340,247 through 2023.

City of Riverside – Client Since 2001

Contracted Services: Sales and Use Tax Audit and Revenue Management Services

Address: 3900 Main Street, Riverside, CA 92522

Contact: Kristie Thomas, Finance Director, 951.826.5312, kthomas@riversideca.gov

Contract Amount for Sales and Use Tax: \$7,800 annually with a fixed percentage of 15% for audit recovery for sales tax revenue.

Contract Result: On August 1, 2001, the City of Riverside engaged HdL to continuously monitor its sales and use tax allocations to ensure that the City receives all the revenues it is due. HdL also works with City staff to make maximum use of sales and use tax data to support the City's long-term economic development strategies. In addition, HdL provides the data, software, and staff services to support budget projections, evaluate economic strategies, estimate sales tax revenue from new development proposals, maximize collection of resulting revenues and to analyze legislative/regulatory proposals that could impact the City's sales and use tax revenues. HdL also provides full staff support to capture use tax from large construction projects as permitted by Revenue and Taxation Code 7051.3 and counsels City staff in the acquisition and use to Direct Payment Permits as described in Regulation 1699.6. Audit recovery total of \$21,734,302 through 2023.

County of Los Angeles – Client Since 2010

Contracted Services: Sales and Use Audit Services

Address: 500 W. Temple Room 750, Los Angeles, CA 90012

Contact: Vicky To, Chief Executive Officer, 213.974.1101, vto@ceo.lacounty.gov

Contract Amount: \$10,200 annually with a fixed percentage of 15% for audit recovery for sales tax revenue recovered.

Contract Result: On July 1, 2010, the County of Los Angeles engaged HdL to continuously monitor its sales and use tax allocations to ensure that the County receives all the revenues it is due. HdL also works with County staff to make maximum use of sales and use tax data to support the City's long-term economic development strategies. Audit recovery total was \$66,499,410 through 2023.

FIRM QUALIFICATIONS AND EXPERIENCE

County of San Diego – Client Since 1999

Contracted Services: Sales and Use Tax Audit and Revenue Management Services

Address: 1600 Pacific Highway, Room 352, San Diego, CA 92101

Contact: Amy Thompson, Chief Financial Officer, 619.531.5880, amy.thompson@sdcounty.ca.gov

Contract Amount for Sales and Use Tax: A fixed percentage of 15% for audit recovery for sales tax revenue recovered.

Contract Result: On July 1, 1999, the County of San Diego engaged HdL to continuously monitor its sales and use tax allocations to ensure that the County receives all the revenues it is due. HdL also works with County staff to make maximum use of sales and use tax data to support the County's long-term economic development strategies. In addition, HdL provides the data, software, and staff services to support budget projections, evaluate economic strategies, estimate sales tax revenue from new development proposals, maximize collection of resulting revenues and to analyze legislative/regulatory proposals that could impact the County's sales and use tax revenues. HdL also provides full staff support to capture use tax from large construction projects as permitted by Revenue and Taxation Code 7051.3 and counsels County staff in the acquisition and use to Direct Payment Permits as described in Regulation 1699.6. Audit recovery total of \$63,192.658 through 2023.

Current HdL Client List for San Diego County

HdL currently provides sale and use tax audit and/or management services to 17 of the 18 cities in San Diego County and the County itself.

Carlsbad
Chula Vista
Coronado
Del Mar
El Cajon
Encinitas

Escondido
Imperial Beach
La Mesa
Lemon Grove
National City
Oceanside

Poway
San Diego County
San Marcos
Santee
Solana Beach
Vista

Recent converts include Carlsbad, Del Mar, El Cajon and Escondido.



TECHNICAL REPRESENTATIVE AND KEY PERSONNEL

HdL maintains a staff of over 250 employees and have the resources and capacity to provide the requested services to the City. Many of HdL's key staff have extensive local government experience having previously held positions in city management, finance, planning, economic development and/or revenue collection. Key staff are listed below. HdL will notify the City should there any changes to the key personnel listed below.

Executive Team



Andrew Nickerson - President/CEO, Technical Representative

Mr. Nickerson possesses over 30 years of experience working with cities, counties and special districts on programs to enhance tax revenues, ensure regulatory compliance and provide accurate revenue forecasting and financial planning. Throughout his career, he has been instrumental in guiding market expansion and new product development for the HdL Companies. In his tenure as President/CEO of HdL, Mr. Nickerson has led this employee-owned company from an established regional firm to a multi-state, multi-service corporation admired for its commitment to quality and client service. With a broad range of experience in leadership, finance, public policy, and taxation, he is a trusted adviser to local government leaders and is known for possessing high standards for responsiveness, accuracy and integrity. Throughout his career, he has been involved in various municipal organizations including The League of California Cities, California Society of Municipal Finance Officers, State Association of County Auditors, California State Association of Counties, Texas Municipal League and Government Finance Officers Association. Mr. Nickerson earned a Bachelor of Science degree (Finance & Real Estate Law) from California State Polytechnic University, Pomona.



Gary Lott – Chief Operating Officer

Gary Lott provides support to our service lines, taking on varied strategic initiatives allowing our service teams to remain focused on their core responsibilities. Previously, Gary served as Regional Vice President at Automatic Data Processing (ADP) where he established a track record of successful strategic projects, including numerous acquisitions, service improvement projects and new product launches. He has been recognized for his significant contributions at ADP having been awarded the ADP President's Award and numerous President's Club awards. Mr. Lott holds a Bachelor of Arts degree from California State Polytechnic University, Pomona and a master's degree from Claremont Graduate University's Drucker School.



Richard Park – Chief Financial Officer

Richard Park is the Chief Financial and Administrative Officer for HdL Companies. In this role, Mr. Park drives key financial strategies, analytics and processes by collaborating throughout the HdL organization. Over his career, he has completed strategic, financial and investment work spanning the Americas, Asia, Europe, Africa and the Middle East exceeding \$2 billion in financial value. Mr. Park earned a Bachelor of Arts Degree in Economics and Sociology from Boston University. He also received his MBA from Northwestern University's Kellogg School of Management.

TECHNICAL REPRESENTATIVE AND KEY PERSONNEL



Robert Gray – Chief Technology Officer

Mr. Gray serves as Director of Information Technology and has been with the firm since 1996. He has extensive experience in the design, development, implementation and support of software systems for local government. To date, he has played a key role in the design of eight software systems and approximately 200 successful implementations of those systems. He earned a Bachelor of Science degree in Computer Science and his MBA from Azusa Pacific University.

Sales and Use Tax Management Team

Led by our Director of Client Services, three Principals and a management analyst will provide the City with sales tax, budget and revenue management services. The team will advise the City on economic development opportunities, including analyzing the City's sales tax data for presentations and preparing sales, use and transactions tax revenue estimates of various terms up to five years. A Principal will also meet with City staff each quarter to present the City's quarterly reports and address any issues or concerns.

Providing these services to the City are:



Bobby Young - Director of Client Services

Mr. Young has over 20 years of local government experience. As a Director of Client Services, he leads the team in developing reporting advancements and efficiencies for clients along with providing meaningful presentations regarding both Sales Tax and Transaction Tax Districts. Prior to joining HdL, he served the City of Costa Mesa for 13 years, the last 5 as Finance Director. During much of his tenure, he led the City's strategic financial planning and decision making and fulfilled the duties of City Treasurer. He has also spent time as an external auditor of government and non-profit entities specializing in assessment and documentation of internal controls and annual review and preparation of client's Comprehensive Annual Financial Report (CAFR). He's been an active member in municipal affairs with both the Government Finance Officers Association (GFOA) and California Society of Municipal Finance Officers (CSMFO), and holds a Bachelor's degree from California State University, Fullerton in Accounting.



Ken Brown – Principal

Mr. Brown has over 18 years of public sector experience, most recently as the Director of Administrative Services for the City of Irvine. In this role, he was responsible for overseeing the development of Irvine's long-term Strategic Business Plan where his experience in forecasting was included as a case study in the Government Finance Officers Association (GFOA) book *Informed Decision-Making through Forecasting: A Practitioner's Guide*. Prior to Irvine, Ken developed his budget experience at a California transit district. Mr. Brown holds a Master of Business Administration from San Diego State University and a Bachelor of Arts degree from California State University Humboldt. He has been active in municipal affairs at regional and state levels and served as Chair of the Professional Standards and Recognition Committee for the California Society of Municipal Finance Officers Association. He also served on a steering-committee that refreshed the curriculum for GFOA's national training program on Long-Term Financial Planning, a class he has helped teach in several locations throughout the country. In his free time, Ken is a docent at the Museum of Latin American Art in Long Beach.

TECHNICAL REPRESENTATIVE AND KEY PERSONNEL



David McPherson – Principal

Mr. McPherson has over 28 years in local government experience and several years of private sector experience. He served most recently as Revenue & Tax Administrator for the City of Oakland, where he became a pioneer by being the first person in the country to tax, regulate and audit the cannabis industry. Prior to Oakland, he served as the Deputy Finance Director for the City of San Jose, where he was instrumental in developing the City's in-house sales tax program which created the first Direct Pay Permit in the State, the agencies sales/use tax software program to monitor misallocations, trend analysis, audit leads and track county pool use tax revenues.

While working for the Cities of San Jose and Newport Beach, Mr. McPherson partnered with the League of Cities influencing policy changes or protecting local sales tax revenue related to jet fuel, AB 990, SB110 and sharing agreements. In the private sector, he served as HdL's Director of Compliance assisting local and state agencies with policy development for regulation, compliance, auditing and economic development.

He has been a member of the California Municipal Revenue & Tax Association, National Bureau of Business Licensing Officials, Government Revenue Collection Association, California Society of Municipal Finance Officers, California Public Parking Association, and the Government Finance Officers Association. He received his bachelor's degree in History from California State University, Fullerton and his Master's Degree in Public Administration from California State University, Long Beach, where he was named the "Future Urban Administrator of the Year."



Tracy Vesely – Principal

Ms. Vesely has held leadership positions in California local government for almost 30 years, serving as Finance/Administrative Services Director for the Cities of American Canyon, Walnut Creek, Hayward and San Leandro; Budget Manager for the City of Berkeley; as well as senior positions with the Administrative Office of the Courts and the County of Kern. In addition, Tracy has recently worked in the revenue enhancement space as a Director of Client Services serving local government clients in both California and Washington. Tracy has been an active member of several public-sector organizations, including serving on the Board of Directors for the League of California Cities, President of the League's Fiscal Officers Department, and a member of the League's Revenue and Taxation Policy Committee. She has also served on the Government Finance Officers Association (GFOA) Economic Development and Capital Planning policy committee. Tracy holds a B.A. from Arizona State University and has participated in several leadership programs, including the Harvard Kennedy School Senior Executives in State and Local Government program.

Audit Services Team

Our Director of Audit Services and Associate Director of Audit Services have over 40 years combined experience auditing local tax, place of sale and CDTFA administrative issues. The firm has continually adapted to legislative changes, CDTFA regulation changes, and technology advances and will utilize these tools for the City. HdL has an audit team in place that is very well trained and familiar with the state regulations and guidelines concerning tax reporting for the City.

TECHNICAL REPRESENTATIVE AND KEY PERSONNEL



Matt Hinderliter - Director of Audit Services

As Director of HdL's Audit Service team Mr. Hinderliter is responsible for ensuring that the company's clients suffer no missed opportunities for revenue recovery or enhancement. Mr. Hinderliter joined the firm in 1990 after receiving his Bachelor of Arts degree in Business Administration from California State University, Fullerton. During his 30-year tenure Mr. Hinderliter has been instrumental in the development of HdL's multi-dimensional audit program, which includes extensive in-house data mining and web-based analysis combined with thorough field surveys. He is the author of a comprehensive audit training manual, including in-depth information concerning complex point of sale issues and regular updates regarding proposed changes in legislation and regulations. As Director Mr. Hinderliter maintains a personal and team commitment to accurate audit findings, business friendly taxpayer outreach, and to ensuring that HdL's audit programs remain at the industry's leading edge through continuous innovation and improvement.



Quang Dang – Associate Director of Audit Services

Mr. Dang is the lead analyst for the audit services team. He works closely with the Director of Audit Services on operational and management aspects of the team, supervises and trains audit team members and is a principal liaison with CDTF Allocation Group staff. Mr. Dang holds a Bachelor of Science degree in Computer Electronics and Engineering from ITT Technical Institute.

Production Services Team

Our Production Team ensures that the data from the CDTF is processed in an accurate and timely manner and is available to the City on our sales tax web application. The team is responsible for running the reports that are delivered at the quarterly meetings with the City staff, as well as processing any special report requests.



Mary Hubbell – Manager of Production Services

Ms. Hubbell supervises the conversion of the California Department of Tax and Fee Administration sales tax data to HdL's proprietary software and its subsequent translation into various client reports. She assists with client technical support and is responsible for the production of client newsletters and reports. Ms. Hubbell received a Bachelor of Science degree in Administration and Marketing from the University of Arizona.

Government Relations Team

HdL's Government Relations Team provides clients with immediate access to federal and state legislative matters, including regular legislative updates, policy updates, guidance on acting on bills and advocacy documents.

TECHNICAL REPRESENTATIVE AND KEY PERSONNEL



Rebecca Marcus – Lobbyist

HdL retains Rebecca Marcus as a lobbyist to represent client interests in matters before the CDTFA and the state legislature. With over 20 years of experience in state and national politics, Rebecca has developed the necessary institutional knowledge and established relationships to effectively advance clients' interests in Sacramento. As a Chief of Staff for 13 years in the California State Assembly for several distinguished Members including Assembly members Mark Stone, Mike Feuer and Johan Klehs, Rebecca successfully advanced legislation across a diverse array of policy areas. As a result, over 100 of these Members' bills became law ranging from landmark green chemistry legislative to a transformative transportation tax.

Economic Development Team

Our Economic Development Team has decades of experience providing a variety of economic development services to local government agencies. Their services include business attraction, marketing support and financial analysis.



Barry Foster – Principal, Managing Director

Mr. Foster is the Managing Director of HdL's ECONsolutions, HdL's Economic Development team. He has over 23 years of local government management experience through service for the California cities of Moreno Valley, Rancho Mirage, Monrovia and Loma Linda. Additionally, he has worked as Principal of Development, providing business consulting services to a variety of developers and retail advisors in Southern California. Mr. Foster has helped facilitate 28 million square feet of new development projects including logistics-distribution, shopping centers, commercial retail/office, medical-healthcare, hotels and auto centers. He is a member of the International Council of Shopping Centers and the California Redevelopment Association, as well as Past President of the Municipal Management Assistants of Southern California. He holds a Bachelor of Science degree from Minnesota State University- Mankato and a Master of Public Administration from the University of Kansas.



Ken Duran – Senior Advisor

Mr. Duran worked for 34 years for the City of San Dimas. He started his career in the recreation field and spent the last 28 years as Assistant City Manager and City Manager. His responsibilities included serving as Assistant Executive Director and Executive Director to the city's Redevelopment Agency, Successor Agency and Housing Authority. He was responsible for several economic development and redevelopment projects and programs for the city. Mr. Duran has been a member of the International Council of Shopping Centers (ICSC), California Society of Municipal Finance Officers (CSMFO) and League of California Cities City Managers Department. Ken holds a Bachelor's Degree in Communications from California State University, Fullerton.

Sales and Use Tax Audit and Reporting Services

1. Sales and Use Tax Audit Services

HdL currently provides sales and use tax audit and consulting services to over 400 local agencies and 236 Transaction Tax Districts throughout California. The firm maintains San Diego's historical sales and use tax data back to FY 1991 and has been providing audit and analytical services to the San Diego County region for decades. The firm currently provides sales and use tax services to 17 of the County's 18 cities, and the County itself.

Audit activities will be promptly conducted on each new quarter's data to identify those accounts requiring further research. Potential allocation errors and supporting documentation will be filed with the CDTFA in time to meet the state's statutory time limits to ensure that the City does not lose any revenue to which it is entitled.

Using confidential taxpayer records as authorized by Revenue and Taxation Code Section 7056, HdL will continue to identify and correct errors that result in underpayments of tax to the City of San Diego. The firm will employ a series of analyses, comparisons with other data sources and physical field canvassing to find, document and submit for correction all taxpayer errors that result in lost City revenue or could result in lost revenue in the future. When errors are identified, HdL staff will promptly file claims for their correction following CDTFA procedures. Thereafter, HdL will work with CDTFA to ensure the prompt recovery of all escaped revenues. Documentation of errors will be regularly provided to the City.

To achieve the highest audit and recovery results, HdL employs the following audit techniques and programs:

i. Identification of Errors and Revenue Maximization Opportunities

Field Surveys: Field inventories of the City's business and industrial areas are conducted to identify businesses located within the City that appear to be under-reporting revenues or are not on the CDTFA allocation rolls. Specially trained field auditors, using the latest in mapping, GPS and digital recording technology, document not only the existence of sales tax producing businesses but also any relevant factors such as size, presence of a large stock of goods, will-call windows and any specific references to sales activity. This process identifies a wide range of registration errors including erroneous consolidation of multiple outlets, misreporting of point of sale from an erroneous location and delays in reporting new outlets.

Tax Area Code (TAC) Review: HdL reviews every active account on the CDTFA's allocation rolls reporting \$50 or more in local tax to ensure proper TAC assignment. Government and private sector property tax mapping and GIS databases are used extensively in this process. These programs are important because physical canvassing will not reveal businesses with missing or incomplete signage, or those that are home-based. A complete TAC review is performed at least once every 3-6 months.

Deviation Assessment: Each quarter, HdL applies proprietary queries and analyses to its statewide allocation database to identify all accounts for which there has been a substantial change in allocation pattern. HdL's database, unmatched in size, comprises over 97% of all sales and use tax transactions in California and allows for the most comprehensive audits in the state.

SCOPE OF SERVICES

The review is applied to direct allocations and to the county pools and allows for a much broader view and understanding of what has happened in any given quarter. Well-founded leads are quickly extracted from this process, often without the need for time-consuming manual reviews of taxpayer files. This allows for faster processing and less time used for preparing submittals. This in turn lowers recovery fees by reducing the amount of prior quarter revenue requiring redistribution.

Use Tax Errors and Opportunities: HdL analyzes the use tax allocation pools of the 58 counties and the state each quarter to identify instances where a taxpayer may have misidentified a transaction as use tax rather than sales tax. Further specialized reviews and techniques are employed to identify direct allocation opportunities of local use tax with specific emphasis on business-to-business retailers. CDTFA Regulation 1802(d) allows for direct allocation of local use tax on qualifying individual sales or purchases over \$500,000. Out-of-state and foreign-based companies often have large transactions that meet the criteria for direct allocation under this section. Under Regulation 1699.6, businesses and organizations (including local government agencies) with aggregate purchases subject to use tax of least \$500,000 per year can apply for a Use Tax Direct Payment Permit, allowing for direct allocation of the corresponding local share. Finally, under a resolution adopted in December 1994, a construction contractor who enters into a contract equal to or greater than \$5,000,000 may elect to obtain a sub-permit for the jobsite resulting in a direct allocation of local use tax to the jurisdiction where the jobsite is located.

Regulation 1699 Evaluations: CDTFA Regulation 1699 controls when and where a permit should be issued to a given business location. Wholesalers, contractors, processors, manufacturers, and other non-retail businesses that do not normally sell merchandise often conduct occasional sales, self-accrue use tax or are levied deficiency assessments by the state. HdL uses proprietary methods for finding companies that should be taking out permits so that those revenues are allocated to the City.

ii. Monitoring and Recovery of Misallocated Revenue

Development of Correction Data: Preliminary lead lists developed through the audit programs are further refined using a variety of programs and databases to reduce the need for taxpayer contact. Companies remaining in the audit database are then contacted by a specialized audit team whose members are specifically selected and trained to interview tax preparers and marketing, warehouse and management staff. In response to the recent pandemic, HdL has equipped its senior analysts and outreach team with the necessary hardware and remote capabilities to effectively perform this work from home for as long as necessary. ***Taxpayer interviews are always conducted in a business friendly, non-intrusive manner that emphasizes cooperation and protection of confidentiality.***

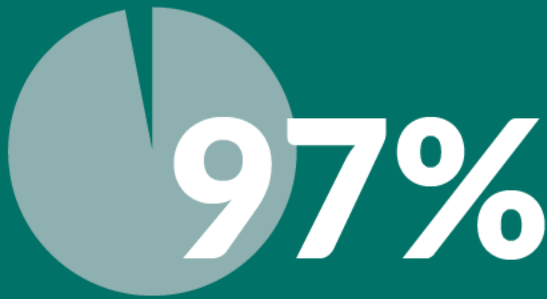
Documentation: Telephone contacts are often accompanied by a written follow-up questionnaire concerning business activities, a specific one-time transaction or a written confirmation of our findings. This documentation is always filed with the petition to minimize CDTFA processing time. Solid documentation and follow-up lower client fees by reducing the number of quarters requiring retroactive adjustment and ensures faster recovery of misallocated revenues.

City Review: HdL will provide the City with a quarterly report of all revenue recovery work in progress. This report will include an electronic Work Authorization which, once approved, will include active links to copies of all inquiries filed with the CDTFA on the City's behalf.

SCOPE OF SERVICES

This information is archived and is accessible to authorized users at any time through the HdL client portal allowing for easy access any time by remote staff. HdL will also keep the City apprised of any additional oral or written communication with the CDTFA on any matter directly impacting the City. These reports, along with a detailed quarterly invoice listing all relevant information about the taxpayer and the amount of revenue recovered, will keep the City well informed of all ongoing audit activity.

Preparation and Submittal of Corrections: Petitions are prepared (CDTFA Form 549-S or 549-L) that notify the CDTFA the existence and nature of the misallocation. All relevant and available supporting documentation is attached, including any information from taxpayer file reviews or any other sources that provide evidence of an earlier date of knowledge regarding the error. This documentation facilitates the maximum recovery of revenue due the City from prior periods. Copies of all transmittal forms and correspondence with the CDTFA and taxpayers are sent to City staff. The recent pandemic has accelerated what was already an intentional transition to “paperless” communication with CDTFA staff, therefore copies of all transmittal forms and correspondence with the CDTFA and taxpayers are in pdf format and available through HdL’s client portal.



HDL IS EFFECTIVE IN RECOVERING MISALLOCATED REVENUE FOR CLIENT AGENCIES IN 97% OF ALL CASES SUBMITTED TO THE CDTFA.

Continuous Follow-up: HdL employs a full-time case manager whose responsibility is to monitor and follow-up on case inventory. An aging report is updated and reviewed monthly and the appropriate follow-up is initiated on cases that are taking an inordinate amount of time to correct. This follow-up emphasizes partnership and cooperation with CDTFA Allocation Group staff. HdL’s continuous efforts to check on the status of submittals are made to ensure that corrections are being pursued. Timely follow-up on cases reduces the time it takes for the City to recover its revenue.

Appeals: HdL cases are thoroughly researched, vetted and documented prior to submittal. This ensures the fastest possible processing times and reduces the number of cases that are initially disclaimed and must be further researched and defended through a very lengthy CDTFA appeals process. Nearly all HdL cases are resolved favorably at either the first or second levels of the CDTFA petition process described in Regulation 35056.

Track Record: HdL is effective in recovering misallocated revenue for client agencies in 97% of all cases submitted to the CDTFA. The small number of cases that do require an appeal is evidence of HdL’s thorough research and the quality of the well-documented information included to support claims.

2. Business to Business Use Tax Monitoring

Major construction projects and even ongoing business operations often generate significant use tax revenues from purchases of machinery, equipment and other fixed assets. HdL has worked with numerous clients to ensure that use tax from manufacturing and assembly plants, food processing, cold storage facilities, power/energy projects, medical, research and technical facilities, oil fields/refineries and extraction/mining industries are properly allocated to the host jurisdiction.

HdL's sales tax team includes a staff of specialists who review new business startups that might present potential self-assessed use tax opportunities, meets with contractors to advise on sub-permits and reporting procedures and provides materials and advice on purchasing companies and direct payment permits. The firm monitors major construction projects to make sure that any use tax generated is properly allocated to the job site's host jurisdiction.

When brought into a project early, HdL assists clients with inserting provisions in conditional use permits and development agreements to guarantee that use tax maximization procedures are followed and monitors projects and subcontractors to make certain that sales tax is properly allocated back to the client jurisdiction. Direct payment permits and purchasing corporations can sometimes be utilized where conditions offer mutual opportunities for the client agency to capture additional sales tax revenues and the participating company can increase control of sales and use tax liabilities.

3. Sales Tax Reports and Revenue Projections

Sales Tax Reports

Quarterly sales tax reports are provided on both a cash and adjusted basis. Cash reports reconcile to CDTFA payments and are necessary for any revenue sharing agreements that the City might have in place. The adjusted reports shift payment aberrations (double-up payments, CDTFA audit adjustments, etc.) into the quarter where the sales occurred to accurately show the City's true economic trends. The quarterly sales tax data will be presented in reports for major sales tax producers by both rank and category, analysis of sales tax activity by category, and business or GEO areas specified by the City.

HdL's quarterly sales tax reports include a listing of top sales tax producers and comparisons with both regional and statewide trends. Retailer information is provided in grouped form or in business-by-business detail. Quarterly information will also include tables that track year-to-date receipts and show comparisons with past periods to measure progress toward achieving the City's annual budgeted revenue amount.

HdL's services are superior to other vendors because the firm provides analysis done in context with regional market areas, countywide and statewide trends to better monitor and compare the City's economic performance by business category.

SCOPE OF SERVICES

Preliminary sales and use tax reports are provided each quarter within **15** days following the receipt of the quarterly distribution report.

These PDF reports can be accessed online through HdL's web-based sales tax application immediately after the data has been updated from the CDTFA. Hard copy reports are provided at the regularly scheduled quarterly sales tax meetings. A variety of other reports, sales tax issue papers and legislative updates are also accessible on the HdL website www.hdlcompanies.com.

HdL's services are superior to other vendors because the firm provides data analysis instead of bound stacks of raw data printouts. The firm's quarterly analysis is done in context with regional market areas, countywide and statewide trends to better monitor and compare the City's economic performance by business category and geographical area. A non-confidential newsletter is included to support management's efforts to inform and engage the public.

HdL can provide all the reports required as listed in the City's RFP.

Sales Tax Revenue Projections

HdL has developed a comprehensive, detail-oriented method for projecting and monitoring client sales and use tax revenues that has proved to result in estimates that fall within 2% of actual receipts two-thirds of the time. Initial and mid-year projections are made by factoring out payment aberrations that skew the base revenue and factoring in known changes such as new or closed businesses. Our forecasts include conservative, most likely and optimistic scenarios and our client services representatives that meet with City staff are thoroughly knowledgeable about the forecast methodology and variables.

HdL also incorporates information from over 90 economic sources as well as information gathered from client meetings to develop economic factors to apply to individual retail business segments; the results are combined into a single estimate of anticipated revenue. HdL further enhances its projections by contacting builders of large-scale development projects to better time and estimate the value of potential use tax payments into its estimates. Three and five- year forecasts are also provided.



**HdL prepares
Legislative Updates
for clients to keep
them informed on
any changes that
may impact local
revenues.**

4. Issue and Legislative Updates

The firm provides both Issue Updates and Legislative Updates for clients to keep them informed of all proposals that may impact local revenues. HdL's Issue Updates deal with specific issues such as Sales Tax Participation Agreements, legal decisions or regulation changes. Each issue is presented in detail so that City staff is equipped to respond to questions on topics important to their community leaders. HdL also publishes four Legislative Updates each year, focusing on legislation that may have an impact on local revenues based on sales and use tax, tax and fee administration, property tax, utility users tax and cannabis compliance. They are tracked through the annual legislative cycle, keeping agencies informed throughout the process.

The firm also retains Rebecca Marcus as a lobbyist to represent client interests in matters before the CDTFA and the state legislature. With over 20 years of experience in state and national politics, Rebecca has developed the necessary institutional knowledge and established relationships to effectively advance clients' interests in Sacramento. As a Chief of Staff for 13 years in the California State Assembly for several distinguished Members including Assembly members Mark Stone, Mike Feuer and Johan Klehs, Rebecca successfully advanced legislation across a diverse array of policy areas. As a result, over 100 of these Members' bills became law ranging from landmark green chemistry legislative to a transformative transportation tax.

5. Quarterly Meetings and Consulting

Each quarter, a principal of the firm analyzes the City's data in detail and meets with appropriate City officials to review trends and discuss and make recommendations regarding the budget implications of the quarter's data.

HdL has staff available to provide sales tax estimates for proposed projects, assist with budget projections and answer sales and use tax questions related to economic development, budgeting and related revenue collection. When requested by the City, principals also meet with committees of the City Council and other groups to explain sales tax regulations and their importance to the City's tax base.

Analysis of sales and use tax data and quarterly presentations to City staff are led by seasoned professionals, whose experience and knowledge adds value by identifying emerging retail trends, business retention needs, leveraging of economic clusters and reviewing successes in client jurisdictions with similar characteristics.

HdL staff also prepares sales and use tax projections for proposed development projects, responds to technical questions relating to CDTFA processes and regulations, and monitors revenue sharing agreements.

HdL's lobbyist Rebecca Marcus will also present to the City at the quarterly meetings.

HdL maintains close and positive relationships with members of the CDTFA staff to quickly resolve policy issues unique to individual clients. The firm also advocates regulation and legislative changes when they are of benefit to all clients.

HdL also provides an annual California Retail Analytics publication which lists expanding retailers and retail store sales estimates that can assist the City with economic development solutions. This publication is included in our sample report package. HdL will also provide sales tax projections on specific projects within the City to assist with economic development negotiations and budgeting purposes.

6. Online Database

HdL provide City staff with unlimited access to its quarterly updated web-based sales tax system to facilitate “in-house” analysis and report generation. The system allows City staff to search, print and export their sales tax data for a variety of financial, management and planning functions.

The system provides the ability to search all sales tax producers in the City by business name, address, CDTFA account number and current or historical sales tax allocations. The webapplication also provides access to the City’s archived quarterly sales tax reports. Data is easily queried and exported to either comma delimited or native Excel formats, allowing for convenient use with standard applications such as the Microsoft Office suite. The web application is accessible from all major operating systems, internet browser platforms, and device types (laptop, tablet, PC, mobile). The City’s archived quarterly sales tax reports can also be accessed through the online sales tax application.

HdL’s Geo-area feature supports the use of address ranges, which ensures the inclusion of all appropriate CDTFA registrations and allows City staff to create and modify Geo-areas without a separate GIS system. HdL also supports interfacing with the City’s GIS by including accurately geocoded latitude and longitude for each business. This data can include all data fields including historical allocation information and can be quickly exported by City staff on demand using HdL’s Sales Tax Web Application. Additionally, City created shape files can be used to create Geo-areas in the HdL Web Application. Training on use of the software and ongoing upgrades is provided at no additional charge.

7. Additional Strategies to Preserve and Enhance Sales Tax

When properly refined and organized, sales tax data analysis is an important tool for strengthening and expanding local economies. The data shows companies that are growing and may need expansion space and should be contacted as part of an agency’s business retention program.

When broken out geographically, the data produces patterns of industries that potentially share common customers, suppliers, technology and labor and therefore offer opportunities for attracting new businesses. The data further exposes retail areas that may be over saturated in some retail segments while also identifying voids and opportunities for additional retail development.

SCOPE OF SERVICES

Although numerous companies and agencies use the CDTFA's published data as a basis for analysis, the results are usually inaccurate and misleading due to address and business categorization errors in the data. To correct those deficiencies, HdL performs data validation and scrubbing techniques on an ongoing basis, fixing business addresses and re-categorizing merchants to differentiate brick and mortar retailers from "business to business" suppliers and on-line retailers.

The company further creates and groups businesses into additional categories and classifications, not provided by the CDTFA, to better track new and emerging economic trends. Samples include the breaking out of biotech/medical suppliers, online fulfillment centers, alternate energy and utility providers, wineries and marijuana dispensaries. This focused approach to data management allows agencies to more accurately compare the impact of trends in their jurisdiction with state and regional trends. On a regional basis, it also allows for the identification of true economic voids and opportunities to expand the City's tax base. Accurate addressing allows for improved performance monitoring and comparison of specific economic areas such as shopping centers, downtown districts and auto malls with similar projects throughout California.

In addition to using our large database, HdL's principals leverage their experience analyzing client data throughout California to identify new trends and developments that might help other clients. The service includes analysis to identify retail voids and opportunities and an annual publication of retailers seeking expansion in the region and state.

HdL can provide the City with other optional services to improve the City's revenue management streams for an additional fee. These services include:

- **Transient Occupancy Tax Compliance and Administration** services include:
 - ✓ Tax Registration Database Management
 - ✓ Return Processing
 - ✓ New Account Processing
 - ✓ Payment Posting/Processing
 - ✓ Customer Support Center
 - ✓ On-Line Filing and Payment Processing
 - ✓ Reporting
- **Business License Tax Compliance and Administration** services include:
 - ✓ Renewal Processing
 - ✓ New Account Processing
 - ✓ Delinquent Account Processing
 - ✓ On-Line Filing & Payment Processing
 - ✓ Payment Posting/Processing
 - ✓ Business Support Services
- **Franchise Fee Audits**
 - ✓ Audit Notification and Scheduling
 - ✓ Compliance Analysis and Audits
 - ✓ Audit and Compliance Reports
 - ✓ Deficiency and Commendation Notification
 - ✓ Invoicing and Collections
 - ✓ Municipal Code Review
 - ✓ Provide Comparative Analysis with Other Cities

8. Additional Reports

HdL will work with the City to provide additional reports if requested by the City.

*In an effort to assist the City with their current economic development strategy, HdL agrees to provide the City with our complimentary **INSIGHT MARKET ANALYSIS** report at **NO ADDITIONAL CHARGE** to the City, representing a cost savings of \$5,000 annually.*

Our [INSIGHT Market Analytics](#) report provides Consumer Demographics Profiles, Household Segmentation Profiles, Employment Profiles, Consumer Demand & Market Profiles (GAP Analysis), and Trade Area Maps to help you understand your community's resources and find new revenue opportunities. HdL will provide these reports to the City annually, with an update after 6 months.

9. Project Timeline

0-30 Days

- Kick-Off Meeting with City Staff (Sales Tax Management Team)
- City Staff provided access to HdL's web-based sales tax application (Sales Tax Management Team)
- Sales tax PDF reports posted to website (Production Team)
- Initial field canvas is completed (Audit Team)
- Audits are performed and documented; petitions are prepared (Audit Team)
- Use tax maximization presentation (Sales Tax Management Team)

30-60 Days

- Follow-up field report and submittal of all confirmed misallocations to the CDTFA (Audit Team)
- Work authorization detailing initial findings are submitted to the City for approval (Audit Team)

60-120 Days

- Invoices are submitted quarterly (February, May, August, and November) (Audit and Finance Team)
- Meetings to present quarterly reports are scheduled within 3-6 weeks of HdL's receipt of quarterly allocation data from the CDTFA (Sales Tax Management Team)



COST/PRICE PROPOSAL

Section 1. Sales and Use Tax Reporting

Item #	Description of Service Provided	Annual Quantity	Quarterly Fee	Total Annual Fee (Annual Qty X Quarterly Fee)
1	Quarterly Sales and Use Tax Reporting	4	\$0.00	\$0.00

*Note – HdL’s typical quarterly reporting fee will be reduced to \$0.00 if the firm is engaged for Sales & Use Tax Auditing and Recovery.

Section 2. Sales and Use Tax Auditing Services Percentage Fee

Item #	Description of Service Provided	Consecutive Audit Recovery Quarters	Estimated Annual Recovered Revenue	Percentage Fee	Total Fee (Consecutive Audit Recovery Quarters x Est Annual Recovered Revenue X Percentage Fee)
2	Sales and Use Tax Auditing Services Fee	9	\$800,000.00	7.5%	\$540,000

*Note – HdL’s contingency fee is limited to a maximum of 9 quarterly reporting periods. This pricing is only offered to full-service clients with over \$350M in annual sales tax revenue..

Total All Sections: \$540,000

Section 1: \$0.00

Section 2: \$540,000

D. PRICE SCHEDULE.

Bidders are required to submit their bid prices on the City's Price Schedule. The Price Schedule must be completed in full. Only the City's Price Schedule will be accepted. Failure to complete the Price Schedule in full or any deviations from the Price Schedule may be considered non-responsive and unacceptable.

Pricing is to be inclusive of all costs, including but not limited to travel, and overhead to provide the required services and reporting.

Any variation from the estimates given below shall not entitle the Contractor to an adjustment in the unit price or any additional compensation.

Section 1. Sales & Use Tax Reporting Services

Item No.	Description of Service Provided	Annual Quantity	Quarterly Fee	Total Annual Fee (Annual Qty X Quarterly Fee)
1.	Quarterly Sales & Use Tax Reporting per Exhibit B, Section C, items 2 thru 8.	4	\$ 0	\$ 0

Section 2. Sales & Use Tax Audit Services Percentage Fee

The proposer shall be compensated a percentage fee of additional revenue actually received by the City as a direct result of proposer detecting and documenting point-of-sale or use taxpayer reporting errors and/or omissions.

* The "Estimated Quarterly Audit Recovered Revenue" amount of \$800,000 is an estimate based on an average of \$3,300,000 annual recoveries over calendar years 2020-2024 and is to be used for fee comparison and evaluation purposes only.

Item No.	Description of Service Provided	Consecutive Audit Recovery Quarters	Estimated Quarterly Audit Recovered Revenue*	Percentage Fee	Total Fee (Consecutive Audit Recovery Quarters X Estimated Quarterly Audit Recovered Revenue X Percentage Fee)
2.	Quarterly Sales & Use Tax Audit Services Fee per Exhibit B, Section C, item 1.	9	\$800,000.00	7.5%	\$ 540,000
Total Section 1 and Section 2:					\$ 540,000



COST/PRICE PROPOSAL

Additional Pricing Clarification

i. Sales and Use Tax Management Services

This includes access to the City's sales tax database through our web-based software and quarterly meetings with one of the firm's Principal Consultants. In preparation for each meeting, a principal of the firm analyzes the City's data in detail and meets with appropriate City officials to review trends, point out businesses that should be contacted as part of the City's business retention program and discuss and make recommendations regarding the economic and budget implications of the quarter's data. Also included is a non-confidential newsletter that can be shared with your council and the public. **The price for this option is normally \$850 per month but is being offered at no charge when paired with HdL's sales and use tax audit services.**

The firm also agrees to include our annual INSIGHT MARKET ANALYSIS Report to the City at no additional cost, *representing a savings of \$5,000 annually.*

ii. Sales and Use Audit Services

HdL proposes a fee of 7.5 % of all new sales and use tax revenue received by the City as a result of audit and recovery work performed by the firm. This audit fee applies to monies received in the first eight consecutive reporting quarters beginning with the receipt of the audit revenue and includes retroactive back quarter adjustments obtained by HdL. However, in all cases the audit fee will be limited to a maximum of nine quarters.

Audit fees are billed only after completion of the audit, submittal of corrections to the CDTFA and receipt of revenues by the client. 100% of all new revenue generated by HdL flows to the City after the completion of the eight quarters. The fee constitutes the full reimbursement to HdL and covers all direct and indirect costs incurred by the firm under this contract. This includes all salaries of our employees, travel expenses and service contracting costs as well as the software to be delivered to the City under this proposal.

Invoices are submitted only for recoveries previously approved by the City. HdL does not bill for audit revenues until the client has received said monies. Further, if during the billing cycle, a taxpayer receives a refund for overpayment of taxes generated during that cycle, HdL credits back any proportionate share of the fee that may have been levied.

Invoices are submitted quarterly after the City has received the revenue from the audit correction. The invoice includes a printout showing the name, address, and sales tax registration number of each company, and the specific amount of revenue allocated by the CDTFA to the City for those businesses.

If a misallocation correction involves additional revenue from a company that had already been partially allocating revenues to the City, the City and HdL will agree in a Work Authorization, prior to billing, the methodology for identifying the incremental revenue attributable to HdL's work.

This pricing is only offered to full services clients with and annual tax base of over \$350M.



COST/PRICE PROPOSAL

iii. Billing Rate for Additional Services

Additional services beyond the scope of services in this proposal are priced separately depending on the complexity of the tasks involved. Such fees can be either fixed or time and materials. Our current hourly rates are listed below.

	Hourly Rate
Principal	\$325
Programmer	\$295
Senior Analyst	\$245
Analyst	\$195



SAMPLE REPORTS

Sales and Use Tax Reports

Trends by Major Groups

- Major Industry Groups
- Quarterly Line Graph
- Annual Line Graph

Major business type changes, including comparisons with state and county averages

- Allocations by Business Type Including Pools
- Adjusted for Reporting Aberrations

Top sales tax generators listed in descending order. Used by management to track trends and identify companies who should be contacted as part of a business retention program

- Top 100 Sales Tax Generators
- Quarterly Deviation Analysis

Reports for Revenue Projections

- Sales Tax Allocation Summary
- Cash Reconciliation Report
- Budget Projections
- Five Year Forecast
- Consensus Forecast

Quarterly customized newsletter summarizing sales tax highlights presented in a manner to protect confidentiality and that can be shared with the public

- County of San Diego
- City of Riverside

Special reports as needed for economic development and other purposes

- Regional Updates
- Market Competition Comparisons
- Surplus/Gap Comparison
- Retail Analytics Brochure

Sample of Legislative and Issue Updates

- Legislative Update
- Issue Update
- HeadLines Bi-Monthly E-Newsletter–Trends Affecting California's Economy

CALIFORNIA FORECAST

SALES TAX TRENDS & ECONOMIC DRIVERS
MARCH 2025



Mt. Burdell, Marin County



HdL Companies

888.861.0220 | solutions@hdlcompanies.com | hdlcompanies.com



Overview: The economic outlook is characterized by uncertainty. Ambiguity in national public policy leads to delays and curtailment in capital investment. Tariff impositions fluctuate daily, often lacking specificity, with changing start dates and unclear product details. Other sources of volatility include global events, inflation concerns, and potential reductions in the Fed Funds rate. Prioritized day-to-day expenditures erode discretionary spending due to weakened consumer confidence. Retailers acknowledge that shoppers are experiencing price fatigue. While people continue to spend, tax allocations are continually shifting. Our statewide forecast has weakened in the short term, with limited growth expected in FY 2025-26.

2024/25 | 2025/26

**Autos/Transportation**

-0.6% | 1.4%

Uncertainty looms over the auto industry as tariff proposals and trade conflicts threaten supply chains, potentially pushing historically high vehicle prices even higher. Weakening consumer sentiment may reduce willingness to make big-ticket purchases. Persistently high interest rates have further strained affordability and contributed to a two-year decline in tax receipts. Given these factors, the forecast is cautious. Expect a temporary revenue boost over the next two quarters as buyers rush to make purchases ahead of potential tariff increases, pulling future demand forward. In the remainder of the year, consumers may adopt a more guarded stance, awaiting clarity on the economy and tariff policy, resulting in slower vehicle sales growth.

**Building/Construction**

-2.9% | -1.0%

The prior forecast anticipated improving interest rates and lower commodity prices to gradually boost new construction by the start of FY 2025-26. However, vacillating tariff policies, potential migrant deportations, the Federal Reserve's decision to forgo future interest rate adjustments and uncertainty around federal funding for infrastructure and affordable housing projects have placed the construction industry on hold. Despite mortgage interest rates dropping below 7%, home prices remain too high. Construction loan interest rates and unpredictable materials costs prevent new project starts. Contractors stockpiling material ahead of planned tariffs may see short-term benefits. In wildfire areas, expect 18-month delays for the start of home replacement construction.

**Business/Industry**

0.1% | 1.6%

During the busy shopping season, Californians relied heavily on ecommerce, with local orders from CA-based fulfillment centers surging to a surprising 32% of all B&I revenues. Technology-related purchases boosted business-to-business sales, while energy demand contributed to electrical equipment sales. However, many categories remained relatively flat or declined as economic variables stunted progress. Sales of warehouse, farm, construction equipment, trailers, and auto parts dropped, partly due to one-time revenues from the previous year. The conclusion of many large solar/energy projects in the State caused related payments to plummet. The statewide outlook anticipates a dip in the current fiscal year and modest growth thereafter.

**Food/Drugs**

-3.6% | -0.5%

Grocery stores contracted by 1% in 4Q24 as food commodities began to climb once again. Convenience/liquor markets experienced declining traffic, inflationary pressures, and competition from online and value stores. Cannabis retailers shrank for the fifth consecutive quarter, down 11% as they faced competition from CBD products on the open market which do not need a regulatory license. Additionally, the closure of a national brand's outlets required consumers to pivot to other merchants for products once sold in this group. While private equity investments are anticipated, expect a decrease through the end of June, with FY 2025-26 remaining relatively flat.

2024/25 | 2025/26

**Fuel/Service Stations**

-9.1% | 3.0%

Over the past ten years, statewide motor vehicle fuel consumption declined 10% while overall sales taxes rose 6.5%. This pattern of growth is closely linked to a 67% surge in gas prices over the same period. In 4Q24, oil barrel and pump prices were down significantly, netting 14% lower revenues. Factors contributing to this downward pressure include slowing consumption and falling pump and oil barrel prices. Conversely, California's legislation and stringent environmental regulations have provided upward offsets, potentially pushing local refineries out of state. Expect a down year now, followed by gradual recovery in FY 2025-26.

**General Consumer Goods**

-2.2% | 1.1%

The 2024 holiday quarter showed resilience from shoppers, with overall consumer goods spending increasing by 1%. Direct allocations associated with retail storefronts contracted 2% while overall gains were supported by online retail activity. A fractional decline can be attributed to some absorption of lower gas prices, but most business types reported lower taxable sales. The outlook remains cloudy, with consumer sentiment falling for three consecutive months and reaching a low March reading seen only a handful of times in the past 40 years. Consumers expect current policy decisions to spur inflation, posing a headwind for households and retailers alike. Expect growth to be mild in FY 2025-26 driven by higher costs of goods relative to consumption.

**Restaurants/Hotels**

1.3% | 2.8%

Despite a softer statewide sales tax generation outlook, there is a bright spot: consumers are spending more on dining out than on food at home. Aggressive menu price increases to offset higher operating costs have moderated restaurant traffic. Customers continue to seek experiences and value. Hotels have plateaued, with budget-conscious travelers deterred by room rates, but a slow and steady return of international travelers exerting a positive impact on the industry. Restaurant closures and limited expansions/openings remain an ongoing concern as these enterprises struggle to stay profitable over the next two years.

**State and County Pools**

3.0% | 3.0%

Pools posted a solid 4% improvement in 4Q24 compared to the year ago quarter. Analysis showed that business-related out-of-state orders performed better than online merchants who sold general retail goods. This latter segment follows the business-industry group trend, with more in-state fulfillment centers diverting some taxpayer's dollars away from the pools. Even with prevalent uncertainty in shopper's minds, expert research indicates an ever-expanding share of overall retail sales coming from ecommerce transactions. Projections reflect U.S. retail marketplace sales expanding once again in 2025 driven by a combination of existing players doing well and upstarts capturing market share, particularly among the younger demographics focused on affordable products.



NATIONAL AND STATEWIDE ECONOMIC DRIVERS

2024/25 | 2025/26



U.S. Real GDP Growth

2.4% | 2.0%

Real GDP expanded at an annual rate of 2.5% in the fourth quarter of 2024, driven by gains in consumer and government spending, but partially offset by a decline in investment. Given the central role consumers play in the U.S. economy, concern over weakening consumer confidence amid ongoing Federal policy uncertainty is warranted. Although consumer confidence has declined in 2025, inflation-adjusted consumer spending grew by a solid 2.8% over the past year. While the United States is still on track for a reasonable pace of GDP growth in 2025, sustained momentum will depend on whether consumers remain confident.



CA Unemployment Rate

5.1% | 5.2%

California's unemployment rate has climbed to 5.4% as of January 2025, up from 5.1% in December 2023, which is a full 1.4 percentage points above the national average. Despite this increase, the labor force has expanded by over 136,000 people over the same period. The 2024 annual benchmark revision by the California EDD revised labor force estimates up by 300,000. However, labor force participation remained unchanged at 62.1%, suggesting the increase was driven more by population growth than higher workforce engagement. This is reinforced by California's gain of 233,000 residents from 2023 to 2024 following years of decline and stagnation.



CA Total Nonfarm Employment Growth

1.2% | 1.0%

California's job market has hit a standstill, with total nonfarm employment increasing by just 22,000 year-over-year in January 2025, a modest 0.1% rate of growth. Recent revisions showed the state added fewer jobs than originally estimated, with the tech sector standing out in the downward adjustment. Stagnant workforce participation continues to be a key challenge hindering employment growth. The state's unemployment rate has been gradually rising, adding complexity to the labor market's outlook. While California's economic fundamentals remain strong, uncertainty around monetary, fiscal, and trade policy is likely to limit the potential for more robust employment growth this year.



U.S. Unemployment Rate

2024/25 | 2025/26
4.2% | 4.3%

Despite rising 0.6 percentage points YoY to 4.1% in February 2025, U.S. unemployment remains low by historical standards. Job openings have not seen year-over-year growth since July 2022, and in January 2025, there were 1.13 nonfarm job openings per unemployed person, marking a return to pre-pandemic levels. January's nonfarm job openings rate stood at 4.7%, which is consistent with long-term trends. After some gains in 2023, U.S. labor force participation has stabilized between 62.4% and 62.7%, still below the pre-pandemic rate of 63.3%. While the nation's labor market remains resilient, slowing job growth and stagnant participation rates point to a more uncertain outlook in the months ahead.



CA Residential Building Permits

97,713 | 102,581

Residential permitting in California remains stagnant, preventing any meaningful progress in addressing the housing crisis. Permits in 2024 remained below levels seen in 2021 and 2022, with each quarter showing a year-over-year decline. In the fourth quarter, permits fell by 7%, underscoring the ongoing slowdown in construction activity. Despite growing demand for housing, strict zoning laws, regulatory barriers, and high construction costs are limiting new residential projects. While recent cuts in interest rates and a series of housing bills stemming from the Assembly Permitting Reform Committee may encourage some new development, the limited increase in permits is unlikely to ease upward pressure on home prices in the short term.



CA Median Existing Home Price

\$733,389 | \$744,794

Housing affordability remains a challenge for California residents. Single-family home sales rose 0.05% year-over-year in February 2025, while the median price climbed by 6%. However, there is room for optimism. The average mortgage rate has dropped nearly 1 percentage point from its peak of 7.62% in October 2023. Inventories have also been growing as sellers adjust to higher mortgage rates, with year-over-year inventory growth exceeding 20% every month since May 2024. This trend is expected to continue as policy uncertainty drives investors toward safer assets, leading to an increase in demand for longer-term bonds and a decline in interest rates. Despite this, the fundamental issue in California's housing market remains a lack of supply, limiting price declines.

Proposition 172

Following a 1% decrease in FY 2023-24 statewide Proposition 172 (P-172) revenues, the updated forecast anticipates a 1.6% decline for the 2024-25 fiscal period; modest growth for FY 2025-2026. Current county projections include updated pro-rata factors published by the State Controller's Office (SCO) in September 2024 (based on calendar year 2023 actuals). Expectations are new factors come in April 2025 (based on calendar year 2024 actuals). As the calendar year Bradley-Burns results fluctuate due to taxpayer modifications, audits, economic impacts, etc. – Proposition 172 pro-rata factors and resultant P-172 revenues will vary for many counties.

Watch our webinar
for more details!





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California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.

Beacon Economics LLC

310.571.3399 | BeaconEcon.com

Beacon Economics has proven to be one of the most thorough and accurate economic research/analytical forecasting firms in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.

SAN DIEGO CO. UNINC.

SALES TAX UPDATE

3Q 2024 (JULY - SEPTEMBER)



SAN DIEGO COUNTY

TOTAL: \$ 18,420,154

19.1%
COUNTY UNINC.



-2.3%
COUNTY

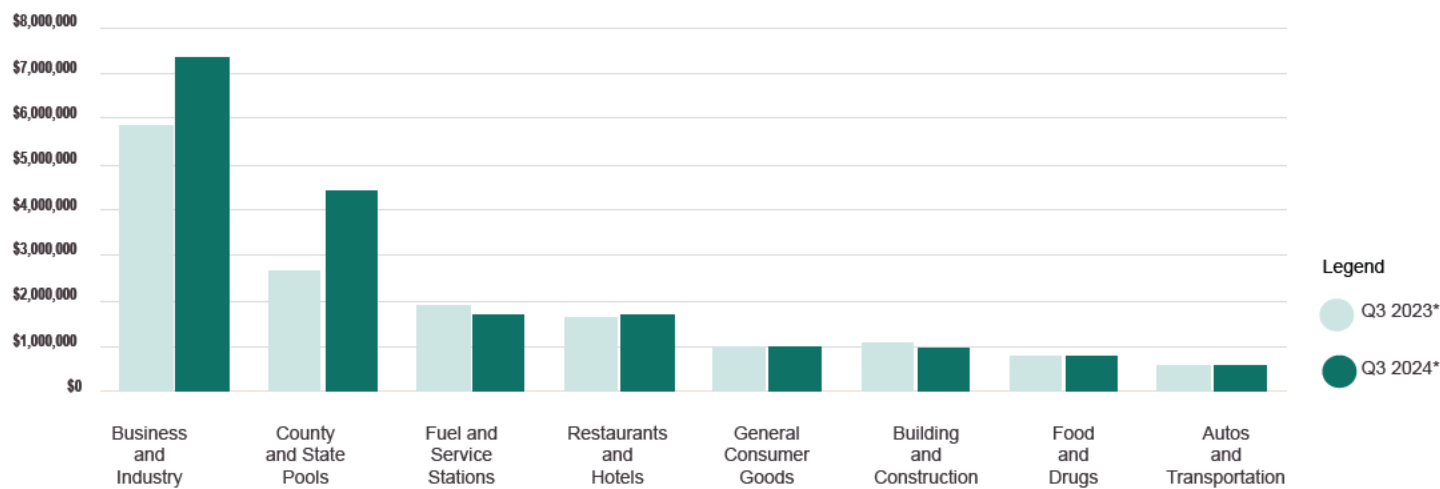


-2.3%
STATE



**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



SAN DIEGO COUNTY UNINCORPORATED HIGHLIGHTS

The unincorporated area's receipts from July through September were 60.1% higher than the same period in 2023. This increase was significantly boosted by a state audit correction made to recover previously misallocated revenues. After adjusting for this and other anomalies, actual sales were up 19.1%.

Allocations from the countywide use-tax pool surged this quarter. This funding is distributed among local agencies based on proportional cash receipts, which were boosted for the unincorporated area due to the aforementioned state audit correction.

Additionally, business-industry related revenue increased significantly.

On the downside, revenue from local service stations dropped. Lower gasoline prices this year, compared to last year's

high levels driven by OPEC production cuts and geopolitical conflicts, negatively impacted these outlets.

Sales of building materials and contractor supplies also struggled, reflecting the stagnant housing market. Homeowners are reluctant to move and give up their favorable mortgage rates, reducing the demand for home improvement projects and related work.

Excluding anomalies, taxable sales for all of San Diego County declined by 2.3% over the comparable period, with the Southern California region also down by 2.3%.



TOP 25 PRODUCERS

7 Eleven	Superior Ready Mix Concrete
AC Pro	Target
Albertsons	Tractor Supply
All Access Services	United Oil
Amazon Com Services	Vulcan Materials
Amazon MFA	Walmart Supercenter
Circle K	
Cymer	
Global Power Group	
Hawthorne Machinery	
Jackson's Shell	
Lynx Innovation	
Oldcastle Infrastructure	
OneSource Supply Solutions	
Pilot Travel Center	
RDO Equipment	
Roofing Wholesale	
Ross	
Sunstate Equipment Co	



STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of July through September were 2.3% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year third quarter traditionally is noted for pleasant weather and statewide tourism; however, taxes fell when compared to a year ago. As such, it also means a weak start of the 2024-25 fiscal year for many California agencies.

Once again, autos-transportation receipts took a hit and declined 4.8%. This period marks the seventh consecutive quarter of downturn for the sector. While used autos returns and leasing activity have improved, revenues from new car sales struggled due to sustained high interest rates, tightened credit standards, and increased cost of auto insurance. As such, inventories for many dealers remain elevated, applying downward pressure on prices and growth into 2025.

The summer season is usually an advantageous time for home repairs and construction work, however, this industry is also struggling with high consumer interest rates and limited access to equity for homeowners. New projects remain sidelined as developers await more favorable investment conditions.

Brick-and-mortar general consumer retailers pulled back 3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce as ever, as shoppers look for greater value. With holiday shopping around the corner, local store expectations remain soft.

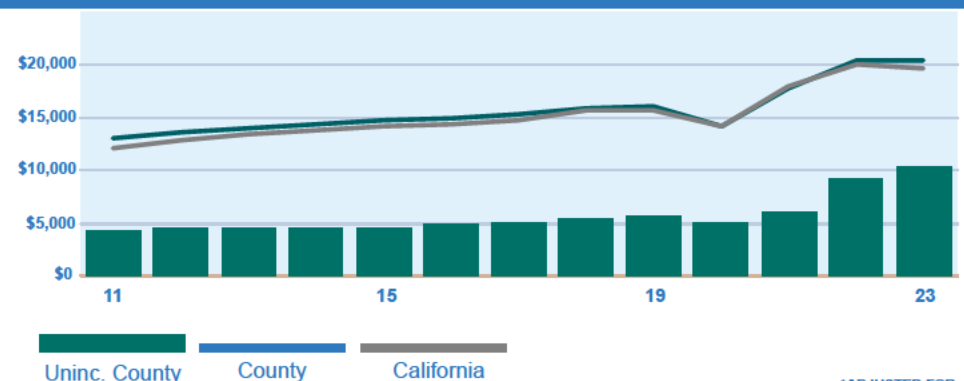
Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of 2.8% in the food-drugs category. Expect similar percentage declines for the upcoming end of 2024 quarter.

Although statewide tourism appears to have improved over 2023, revenue from restaurants experienced only a modest gain of 0.7%, which included a dramatic drop from fine dining establishments - consistent with spending trends in other sectors. State

mandated minimum wage requirements remained a challenge, with higher menu prices reducing patron visits.

These sluggish results solidify 2024 as a down year. Recent reductions to the Fed Funds Rate aren't considered to help until later in 2025. Agencies should expect fiscal year 2024-25 sales taxes to stay flat or decline slightly as sluggish economic conditions leave consumers cautious in their spending patterns, especially for big ticket items and discretionary products.

SALES PER CAPITA*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Unincorporated County Business Type	Q3 '24*	Change	County Change	HdL State Change
Fulfillment Centers	5,242.3	33.9% ↑	32.3% ↑	5.6% ↑
Service Stations	1,671.0	-10.7% ↓	-10.6% ↓	-12.8% ↓
Quick-Service Restaurants	719.1	-2.7% ↓	0.2% ↑	1.0% ↑
Contractors	574.9	-9.1% ↓	2.8% ↑	-1.8% ↓
Casual Dining	520.2	1.2% ↑	2.6% ↑	1.1% ↑
Warehse/Farm/Const. Equip.	422.7	2.2% ↑	-18.2% ↓	-2.5% ↓
Grocery Stores	389.6	1.2% ↑	0.3% ↑	1.3% ↑
Building Materials	278.3	-15.2% ↓	-1.9% ↓	-4.2% ↓
Electrical Equipment	277.2	1.6% ↑	-5.1% ↓	9.7% ↑
Convenience Stores/Liquor	239.0	6.3% ↑	-0.3% ↓	-2.1% ↓

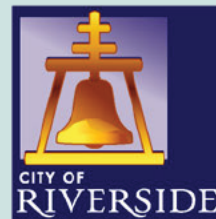
*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars

CITY OF RIVERSIDE

SALES TAX UPDATE

2Q 2024 (APRIL - JUNE)



RIVERSIDE

TOTAL: \$ 22,514,412

-1.5%

2Q2024



-0.5%

COUNTY



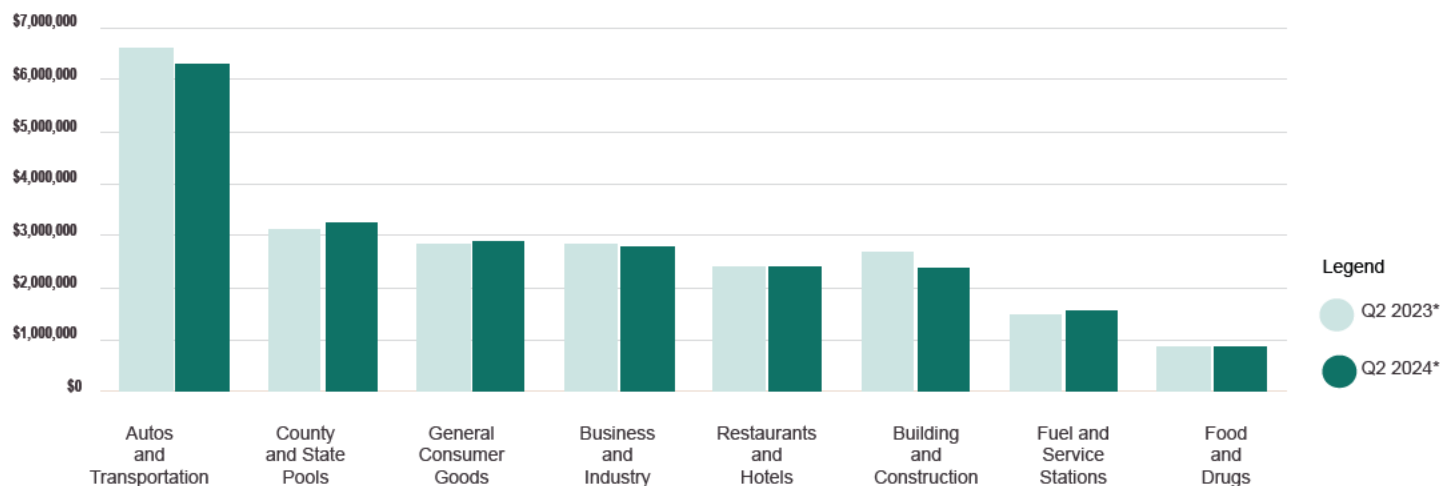
-0.6%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure Z

TOTAL: \$20,937,356



-2.0%



CITY OF RIVERSIDE HIGHLIGHTS

Riverside's receipts from April through June were 1.2% below the second sales period in 2023. Excluding reporting aberrations, actual sales were down 1.5%.

The auto-transportation industry reported a sluggish sales quarter as consumers struggle with elevated interest rates and soaring prices for new cars and light trucks.

Business closures and one-time use tax payments that funded in the year ago period had a negative impact on receipts from the business-industry sector.

Despite dropping lumber prices, the building-construction industry is facing an overall slowing of new projects that is reducing overall receipts.

General consumer goods retailers reported a strong sales quarter. Prices at the pump were higher in the second quarter of 2024 than compared to the year-ago period.

Both food-drugs and restaurants-hotels remained flat.

The City's share of the countywide use tax pool increased 3.3% when compared to the same period in the prior year. Measure Z, the City's voter-approved transactions and use tax, brought in an additional \$20,866,966 in revenue.

Net of aberrations, taxable sales for both Riverside County and the Southern California Region declined 0.5% over the comparable quarterly period.



TOP 25 PRODUCERS

7 Eleven	Quinn CAT Company
BMW of Riverside	Reliable Wholesale Lumber
Carmax	Riverside Chevrolet
Drivetime	Riverside Honda
Dutton Motor Company	Riverside Volkswagen
Ferguson Enterprises	Sams Club w/ Fuel
Foundation Building Materials	Stater Bros
Fritts Ford	Target
Greentech Renewables	Tesla
Home Depot	Toyota of Riverside
Jaguar Riverside & Land Rover Riverside	Walmart Supercenter
Lexus of Riverside	
Nordstrom Rack	
Porsche Riverside	



STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of April through June were 0.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year second quarter is traditionally the beginning of the summer spending season; however, returns were relatively flat when compared to a year ago. For many California agencies, this also marks the end of the 2023-24 fiscal year, where statewide sales tax revenues were down 1.3% from the 2022-23 fiscal year.

Consistent with recent trends, auto-transportation receipts fell 6.2% - the largest sector decline this quarter. Sustained high interest rates, tightened credit standards, and increased cost of insurance all converged to impact returns. While inventory-levels for many dealerships have rebounded, it's only proving to create downward pressure on prices, further constraining receipts.

Summer weather usually marks fruitful periods for building-construction, however as property owners struggle to access equity for improvements, year-over-year receipts declined. The price of lumber and other materials are now more affordable, but new projects have been sidelined by developers until financing and mortgage costs drop further.

Similarly, as the price of consumer goods has cooled with moderate inflation rates, returns from multiple merchants have curtailed. Men's and women's apparel, home furnishings, electronic-appliance and specialty stores could not escape the change in shopper's preferences for lower priced items from large brick-and-mortar retailers like discount department stores.

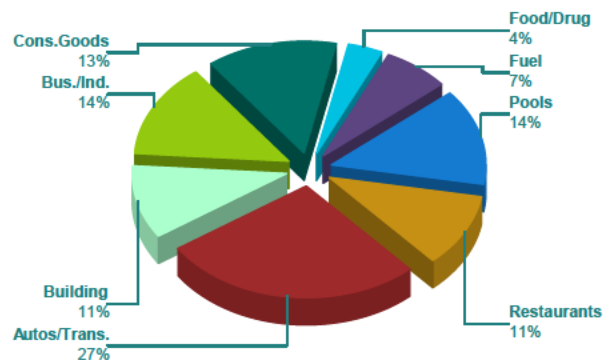
Restaurants experienced only a modest

gain of 0.7%. As AB 1228 is enacted - state law increasing California's minimum wage at designated eateries - third party data reports that foot traffic to all such establishments decreased during this same time period. Not only are diners selecting less expensive places to eat, but many may have been pushed to limit their frequency to dine out.

Multiple of sectors experienced mild growth including allocations from the countywide use tax pool and the business-industrial group, both benefiting from online shopping, and fuel-service stations as drivers continue to hit the road even as gas prices remain elevated.

Halfway through the current calendar year, revenue trends remain slightly lower than a year ago overall. Although the Federal Reserve recently reduced the Fed Funds Rate helping temper the cost of financing, personal consumption forecasts remain insipid through the remainder of 2024. Consumers are more likely to wait for greater improvement of household economic conditions before extending themselves again, inspiring the next sales tax growth cycle.

REVENUE BY BUSINESS GROUP Riverside This Fiscal Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Riverside Business Type	Q2 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	4,364.9	-5.9% ↓	-5.1% ↓	-7.7% ↓
Service Stations	1,547.8	5.1% ↑	-0.9% ↓	2.3% ↑
Quick-Service Restaurants	1,060.5	3.7% ↑	2.5% ↑	1.2% ↑
Plumbing/Electrical Supplies	1,000.2	-24.9% ↓	-13.7% ↓	-4.0% ↓
Casual Dining	975.4	-2.9% ↓	0.1% ↑	0.7% ↑
Building Materials	925.7	1.7% ↑	-2.8% ↓	-3.0% ↓
Grocery Stores	606.6	2.4% ↑	1.9% ↑	1.6% ↑
Used Automotive Dealers	581.2	8.7% ↑	-8.1% ↓	-7.2% ↓
Auto Lease	401.5	6.8% ↑	8.9% ↑	8.5% ↑
Repair Shop/Equip. Rentals	374.4	22.9% ↑	2.9% ↑	-2.7% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars

CALIFORNIA **RETAIL ANALYTICS**

Expanding Retailers and Retail Stores Sales Estimate

ECONsolutions collaborates with City staff, developers, and local real estate professionals to bring increased economic activity to your community.

714.879.5000 | hdlcompanies.com

Retailers Expanding in California

Business name	Leasable Sq Ft in 000's	2022 Est. Annual Tax in \$000's	Site Preferences	Expansion Area	Contact Name	Contact Information
GENERAL RETAIL						
Ace Hardware	8-15	\$19-52	2, 3, 4, 9, 13, 14	Nationwide	Matt Stephens	matt.stephens@nmrk.com
Athleta	2-5	\$11-23	11	CA - Southern	Robert Cohen	rcohen@ngkf.com
AutoZone	6.5-8	\$19-28	2, 3, 4, 13, 14	Nationwide	Tahir Sikandar	tahir.sikandar@autozone.com
Big 5 Sporting Goods	10-12	\$20-29	2, 3, 4, 7, 13	CA	James Berlin	jsb@big5corp.com
Bob's Discount Furniture	30-60	\$64-96	2, 4, 13, 14	Nationwide	Nelson Cabral	nelson.cabral@mybobs.com
Bootbarn	8-12	\$40-65	2, 4, 6, 13, 14	CA	Charlie Arbing	CArbing@bootbarn.com
Burlington	50-75	\$69-110	2, 3, 4, 13, 14	CA - Northern	Kent DeSpain	kdespain@retailwestinc.com
Burlington	30-40	\$69-110	2, 3, 4, 13, 14	CA - Southern	Chris Kiehler	chris.kiehler@burlingtonstores.com
Carter's	4-5.5	\$10-15	2, 3, 9, 11, 13, 14	Nationwide	Christopher Prete	christopher.prete@carters.com
Costco	115-150	\$1,423-2,042	4, 13	CA - Northern	Mike Dobrota	mdobrota@northwestatlantic.com
Costco	115-150	\$1,423-2,042	4, 13	CA - Southern	Dave Messner	dmessner@costco.com
dd's Discounts	20-25	\$80-114	2, 3, 6, 13	CA - Southern	Tom Breen	tom@highlandpartnerscorp.com
dd's Discounts	20-25	\$80-114	2, 3, 6, 13	CA - Northern	Steve Edwards	steve@theedwardsco.com
Dick's Sporting Goods	35-50	\$95-153	3, 4, 6, 9, 13, 14	CA	Michael McGhee	Michael.McGhee@dcsg.com
Dollar General	10-12	\$15-20	2, 4, 8, 13, 14	CA	Randy Wilson	rwilson@dollargeneral.com
Dollar Tree/Family Dollar	8-10.5	\$13-18	2, 4, 13, 14	CA - Northern	Ricardo Hurtado	rhurtado@dollartree.com
Dollar Tree/Family Dollar	8-10.5	\$13-18	2, 4, 13, 14	CA - Central	Norah Brennan	nobrenna@dollartree.com
Dollar Tree/Family Dollar	8-10.5	\$13-18	2, 4, 13, 14	CA - Southern	Christopher Waizmann	cwaizmann@dollartree.com
Five Below	7-10	\$15-24	3, 6, 9, 11, 13, 14	Nationwide	Zach Minter	zach.minter@fivebelow.com
Floor & Décor	40-60	\$173-228	3, 4, 7, 9	CA - Southern	Colleen Darwin	Colleen.Darwin@flooranddecor.com
Great Clips	9-1.2	N/A	2, 3, 4, 8, 9, 13, 14	CA	Tricia Delgallego	tricia.delgallego@greatclips.com
Harbor Freight Tools	15-17.5	\$42-62	2, 3, 4, 9, 13, 14	CA	Robert Pinon	rpinon@clovercompany.com
Hibbett Sports	4-6	\$9-13	2, 3, 4, 6, 9, 13	CA	Brad Walton	brad.walton@hibbett.com
Hobby Lobby	40-70	\$66-99	3, 4, 13	Nationwide	Paul Barlett	paul@axiomra.com
HomeGoods	24-26	\$94-122	2, 6, 9, 13, 14	CA	Chris Waizmann	chris_waizmann@tjx.com
Kids Empire	10-20	\$5-2	2, 3, 6	CA	Austin Diemer	Austin.Diemer@erpg.us
Kirkland's Home	6.5-10	\$10-14	2, 3, 4, 11, 13, 14	Nationwide	Steven Woodward	steve.woodward@kirklands.com
Lane Bryant	5-7	\$5-11	11	CA	Will Bryson	wbryson@atlanticretail.com
Les Schwab Tire Center	12-15	\$23-36	2, 4, 13, 14	CA	Dietrich Haar	dietrich.haar@lesschwab.com
Lululemon	3-3.2	\$29-70	6, 8, 9, 14	Nationwide	Randy Willis	rwillis@openra.com
Marshalls	29-31	\$111-141	4, 9, 13, 14	CA	Chris Waizmann	chris_waizmann@tjx.com
Nordstrom Rack	35-40	\$146-236	3, 6	CA - Northern	Elliot Cundiff	elliott.cundiff@nordstrom.com
Nordstrom Rack	35-40	\$146-236	3, 6	CA - Southern	Tony Sekora	tony.sekora@nordstrom.com
Old Navy	15-19	\$32-52	2, 4, 6, 8, 9, 11, 13, 14, 15	CA - Northern	Ed Kelloff	ed.kelloff@gap.com
Old Navy	15-19	\$32-52	2, 4, 6, 8, 9, 11, 13, 14, 15	CA - Southern	Christina Wong	christina_k_wong@gap.com
O'Reilly Auto Parts	6.5-8	\$19-25	2, 4, 13	CA - Northern	Sarah Edwards	sarah.edwards@srsre.com
O'Reilly Auto Parts	6-7.5	\$19-25	2, 4, 13	CA - Southern	Scott Johnson	sjohnson35@oreillyauto.com
Petco	12.5-15	\$25-42	3, 4, 13, 14	CA	Scott Viehouser	scott.viehouser@petco.com
Petsmart	6-22	\$47-66	3, 4, 9, 13	CA	Eric Termansen	etermansen@w-retail.com
Primrose Schools	10-15	N/A	4	CA	Donna Prada	dprada@primroseschools.com
Ross Dress for Less	22-30	\$80-122	2, 4, 6, 13	CA - Northern & Central	Tony Lee	tony.lee@ros.com
Ross Dress for Less	25-27	\$80-122	2, 4, 6, 13	CA - Southern	Tom Breen	tom@highlandpartnerscorp.com
Ross Dress for Less	22-25	\$80-122	2, 4, 6, 13	CA - San Diego	Nancy Johnston	njohnston@enduringrealestate.com
Sephora	5-5.5	\$39-75	2, 6, 9, 13, 14	Nationwide	David Hart	dave.hart@sephora.com
Sherwin-Williams	4-6	\$14-25	2, 4, 13, 14	CA	Justin Jense	justin.jense@sherwin.com
Skechers	6-8	\$9-23	4, 11, 13, 14	Nationwide	Kyung Pyun	kyungp@skechers.com
T.J. Maxx	30-50	\$101-150	4, 9, 13, 14	CA - Northern	Kurt Conley	kconley@gallellire.com
T.J. Maxx	22-25	\$101-150	4, 9, 13, 14	CA - Southern	Patrick Gilhooly	pgilhooly@clovercompany.com
T.J. Maxx	29-31	\$101-150	4, 9, 13, 14	San Diego County	Don Moser	dmoser@retailinsite.net
Target	100-178	\$344-477	2, 3, 4, 6, 8, 9, 13	CA	James Tucker	james.tucker@target.com
The Home Depot	100-130	\$525-778	4, 6, 8, 13	CA - Northern	Clay Brasher	brandon_c_brasher@homedepot.com
The Home Depot	125-135	\$525-778	3, 4, 6, 8, 13	CA - Southern	Richard Conway	richard_conway@homedepot.com
T-Mobile	2-2.5	\$3-18	2, 3, 4, 6, 7, 8, 9, 13, 14	CA - Southern	Larry Simpson	larry.simpson31@t-mobile.com
Tractor Supply	19-25	\$50-82	2, 4, 13, 14	Nationwide	John Babb	jbabb@tractorsupply.com
ULTA Beauty	10-11	\$50-75	3, 6, 9	CA	Pamela Lent	plent@ulta.com
Under Armour	8-12	\$33-59	2, 4, 6, 11, 13, 14	Nationwide	Jeffrey Ruback	jruback@underarmour.com
Verizon Wireless	1-4	\$11-27	2, 3, 4, 9, 13, 14	CA	Andy Edwards	andrewg.edwards@verizonwireless.com
Wal-Mart	40-235	\$321-548	3, 4, 13	CA	Scott Greear	scott.greear@walmart.com
WSS Shoes	10-14	\$37-52	1, 3, 4, 5, 12	CA	William Argueta	wargueta@shopwss.com

Retailers Expanding in California

Business name	Leasable Sq Ft in 000's	2021 Est. Annual Tax in \$000's	Site Preferences	Expansion Area	Contact Name	Contact Information
RESTAURANTS						
Arby's	1.8-2.1	\$10-17	2, 3, 4, 13	Nationwide	Russ Holland	rholland@inspirebrands.com
Black Bear Diner	4-6	\$23-35	2, 3, 4, 6, 9, 13, 14	Nationwide	Steve Bowler	steve.bowler@blackbeardiner.com
Blaze Pizza	2.2-2.7	\$7-13	2, 3, 4, 9, 13, 14	CA	Matt Adamczyk	madamczyk@kennedywilson.com
Café Rio Mexican Grill	1-2.5	\$12-18	2, 4, 13, 14	CA	Phil Fontes	phil.fontes@asuassociates.com
California Fish Grill	2.8-3	\$21-27	2, 4, 13, 14	CA	Dani Mayer	mayerdani3@gmail.com
Carls Jr.	2.3-3	\$12-17	2, 3, 4, 6, 9, 13, 14, 16	CA	Stephen Smith	stsmith@ckr.com
Chick-Fil-A	1-4.5	\$67-113	2, 3, 4, 6, 8, 13, 15, 16, 17	Nationwide	Kyana Bascomb	kyana.bascomb@cfacorp.com
Chipotle	2.2-2.8	\$21-27	2, 4, 8, 13, 14	Nationwide	Jerry Williams	jwilliams@chipotle.com
Coffee Bean & Tea Leaf	1.6-2	\$0.5-1	2, 3, 4, 9, 13, 14	Nationwide	Jared Smith	jwsmith@coffeebean.com
Dave's Hot Chicken	2.0-2.7	\$21-35	2, 3, 4, 9, 13, 14	Nationwide	Dannon Shiff	dannon.shiff@daveshotchicken.com
Dickey's Barbecue Pit	1.5-2.2	\$3-6	2, 3, 4, 8, 9, 11, 13, 14	Nationwide	Jeffrey Gruber	jgruber@dickeys.com
Dog Haus	2-2.5	\$6-16	2, 4, 13, 14	Nationwide	Erik Hartung	erik@doghaus.com
Dunkin' Donuts	5- 2.5	\$3-7	2, 4, 13, 14	CA	Matt Cobo	Matt@LoveDunkin.com
Dutch Bros. Coffee	0.4-0.9	\$2-3	4,	Nationwide	Kelli Sparkman	kelli.sparkman@dutchbros.com
Everytable	0.6-1.4	NA	2, 6, 13, 14	CA - LA	Myra Hermoso	myrahermoso@everytable.com
Farmer Boys	2.8-3.2	\$18-26	4, 12	CA	Kristen Holst	kholt@farmersboys.com
Firehouse Subs	1.4-1.8	\$7-9	2, 3, 4, 6, 9, 13, 14	CA	Jim O'Keefe	jim.o'keefe@firehousesubs.com
Five Guys Burgers & Fries	3.0-4.0	\$11-15	2, 4, 8, 9, 13, 14, 16, 17	CA	Jeff Rubino	jrubino@fiveguys.com
Kura Sushi	5.0-5.5	\$38-46	2, 3, 4, 6, 8, 9, 11, 13, 14, 17	CA-Southern	Robert Kluger	r.kluger@kurausa.com
In-N-Out Burger	3-4	\$64-80	3, 4	CA - Northern	Kimberly Onishi	konishi@innout.com
In-N-Out Burger	3-4	\$64-80	3, 4	CA - Southern	Josie Auer	jauer@innout.com
Jack in the Box	1.8-3.5	\$18-25	4, 5, 13	CA	Sandy Ayers	sandy.ayers@jackinthebox.com
Jersey Mike's Subs	1.0-1.7	\$2-4	2, 3, 4, 9, 13, 14	CA	Natalie Pebbles	npebbles@jerseymikes.com
Jimmy John's	0.6-1.5	\$0.3-0.7	2, 3, 6, 8, 9, 13, 14, 17	Nationwide	Melissa Bruce	mbruce@inspirebrands.com
Luna Grill	1.5-2.6	\$14-20	2, 4, 13, 14	CA	Stephanie Otto	otto@lunagrill.com
McDonald's	1-4.5	\$33-48	4, 6	CA	Zach Pagel	zachary.pagel@us.mcd.co
MOD Pizza	2.0-3.0	\$8-14	2, 3, 8, 9, 13, 14	CA	Ted Low	ted.low@modpizza.com
Mooyah Burger & Fries	1.8-2.4	\$6-12	2, 3, 8, 9, 13, 14	CA	Stephanie Skbin	stephanie@axiomra.com
Nekter Juice Bar	0.8-1.6	\$0.1-0.4	2, 3, 4, 13, 14	CA	James Beus	james.beus@nekteerjuicebar.com
Olive Garden	6-7.3	\$56-75	3, 4, 9	CA	Marc Braun	mbraun@darden.com
Ono Hawaiian	1.8-2.5	\$14-22	2, 3, 4, 9, 13, 14	Nationwide	Joshua Liang	joshua@onohawaiianbbq.com
Panda Express	0.8-2.0	\$20-28	3, 4, 13, 15	CA	Lucy Gan	lucy.gan@pandarg.com
Panera Bread	3.5-4.5	\$16-24	2, 3, 4, 6, 9, 13	CA	Tim O'Kane	tim.okane@panerabread.com
Panini Kabob Grill	3.5-4.5	\$26-59	9, 12, 13	CA	Massy Farzine	mfarzine@ediscorp.com
Raising Cane's	2.5-4.0	\$59-96	4	Nationwide	Dale Goss	dgoss@raisingcanes.com
Real Smoked BBQ	2.0-3.0	N/A	4	CA - Northern	Larry Ingram	craig@mspsinc.com
Smashburger	1.8-2.2	\$9-17	2, 4, 13, 14	Nationwide	Randy Carrucci	rcarrucci@smashburger.com
Sonic Drive-In	1.5-1.8	\$12-22	4	CA	Bonnie Gatine	bgatine@inspirebrands.com
Starbucks	0.8-2.0	\$3-5	All except 1, 5, 12	CA - Northern	Craig Fawcett	cfawcett@starbucks.com
Starbucks	0.8-2.0	\$3-5	All except 1, 5, 12	CA - Southern	Shannon Adams	sadams@starbucks.com
The Great Greek Mediterranean Grill	18.5-22	N/A	4, 12	Nationwide	Solange Hudo	shudo@ufgcorp.com
The Habit Burger Grill	2.4-3.0	\$17-23	2, 3, 4, 8, 9, 13, 14, 17	CA	Shannon Coleman	scolemans@habitburger.com
Tipsy Putt	10-15	\$17-23	4, 10, 12	CA	Brandon Robinson	Brandon@tipsyputt.com
Wendy's	2.0-2.95	\$18-26	2, 3, 4, 8, 9, 10, 13, 14, 15, 17	CA	Kathy Seferian	kathy.seferian@wendys.com
Wingstop	1.4-2.0	\$14-22	2, 3, 4, 6, 8, 9, 13, 14	Multiple States	Kyle Ludlow	kludlow@wingstop.com
FOOD & DRUGS						
Aldi	19-20	\$12-17	2, 4, 13, 14	CA	Jason Gordon	jgordon@epsteen.com
BevMo	10-15	\$45-63	2, 3, 4	CA - Northern	Matt Alexander	matt.alexander@srsre.com
BevMo	8-10	\$45-63	2, 3, 4, 13, 14	CA - Southern	Paul Bartlett	pbartlett@edge-re.com
Cardenas	30-50	\$29-41	2, 3, 4, 9, 13, 14	CA	Juan Jimenez	jjimenez@cmkts.com
CVS	14.5-15.0	\$17-33	4	CA - Northern	Stephen LaBonge	stephen.labonge@cvshhealth.com
CVS	14.5-15.0	\$17-33	4	CA - Southern	Holly Jensen	holly.jensen@cvshhealth.com
El Super Markets	35-50	\$32-44	2, 4, 13	CA - Southern	Patrick Gilhooly	pgilhooly@clovercompany.com
Grocery Outlet	16-20	\$14-24	1, 4, 12	CA	Bill Coyle	bcogle@cfgo.com
Grocery Outlet	16-20	\$14-24	1, 4, 12	CA	Pat Barber	pbarber@cfgo.com
Northgate Markets	25-60	\$51-65	2, 4, 13, 14	CA - Southern	Michelle Gutierrez	michelle.gutierrez@northgatemarkets.com
Raley's/Bel Air Markets	55-65	\$54-77	3, 4, 8	CA	Scott Reynolds	Scott@scott-reynolds.net
Safeway/Albertsons	42-55	\$63-90	4, 9, 13	CA - Northern	Todd Paradis	todd.paradis@safeway.com
Safeway/Albertsons	42-55	\$63-90	4, 9, 13	CA - Southern	Sam Shink	sam.shink1@safeway.com
Smart & Final Extra!	20-35	\$38-48	2, 3, 4, 13, 14	CA	Tony Bernardini	tony.bernardini@smartandfinal.com
Sprouts Farmers Markets	30-35	\$25-36	2, 3, 4, 9, 13, 14	CA	Chuck Kutschko	chuckkutschko@sprouts.com
Stater Bros. Markets	42-45	\$64-91	1, 2, 4	CA - Southern	Mike Reed	michael.reed@staterbros.com
Total Wine & More	20-25	\$167-237	2, 3, 4, 6, 8, 9, 13, 14	CA	Phil Armstrong	parmstrong@totalwine.com
Walmart Neighborhood Market	35-40	\$72-99	2, 3, 4, 13, 14	CA- Southern	Scott Greear	scott.greear@walmart.com

KEY TO PREFERRED SITES:

1 Community Strip	4 Freestanding	7 Enclosed Super Regional Mall	10 Mixed Use	13 Regional Strip Mall	16 Medical Center
2 Neighborhood Strip	5 Pad/Out Parcel	8 Downtown / CBD	11 Outlet Center	14 Specialty Strip	17 Campus Site
3 Power Center	6 Enclosed Regional Mall	9 Lifestyle Center	12 Endcaps	15 Transit Terminal	18 Kiosk

*NA means there is not enough open locations in CA to be non-confidential

Retailers Expanding in California

HdL used a mix of similar stores to estimate sales per gross square foot for each category. Actual results will vary based on store size, location and market area characteristics. If your jurisdiction has received a site plan and prospective tenant list for a new project, contact us for a revenue estimate. **Note: The COVID-19 Pandemic has caused significant impact to retailers and restaurants. Expansion plans and Store footprint requirements have been changing and evolving. The information provided is the best available.*

Store Type	Typical Sq Ft in 000s	Example Stores	Est. Annual Tax in 000s	Annual Sales/Sq Ft
WOMEN'S APPAREL STORES				
Accessories	1 - 1.5	Claire's	\$5 - \$9	\$500 - \$600
Small Format	2 - 5	Athleta, Kate Spade, Torrid,	\$7 - \$85	\$350 - \$1,700
Mid-Size Format	4.5 - 5.5	Maurices	\$7 - \$11	\$155 - \$200
Large Format	6 - 20	Express, Zara	\$27 - \$180	\$450 - \$900
MEN'S APPAREL STORES				
Casual	3 - 6	Casual Male XL, Nautica, Tommy Hilfiger	\$11 - \$36	\$365 - \$600
FAMILY APPAREL				
Children	3 - 10	Carter's, OshKosh B'Gosh	\$9 - \$17	\$170 - \$300
Casual	7 - 19	Gap, Old Navy	\$18 - \$52	\$250 - \$280
Discount	22 - 40	Burlington, Marshalls, Nordstrom Rack, Ross, T.J. Maxx	\$69 - \$236	\$310 - \$590
SHOE STORES				
Mid-Sized	5 - 8	Rack Room Shoes, Skechers	\$9 - \$30	\$180 - \$375
Large	9 - 20	Boot Barn, DSW, WSS	\$31 - \$65	\$325 - \$345
Athletic	1.5 - 12	Adidas, Foot Locker, New Balance, Nike, Puma, Reebok, Under Armour	\$9 - \$197	\$600 - \$1,650
GENERAL MERCHANDISE				
Dollar Stores	8 - 12	Dollar General, Dollar Tree/Family Dollar	\$11 - \$20	\$135 - \$167
Discount Department	40 - 235	Target, Walmart	\$274 - \$524	\$220 - \$685
Membership Warehouse*	140 - 150	Costco	\$841 - \$1,864	\$270 - \$1,250
FOOD STORES				
Specialty Markets	6 - 60	Mother's Market, Sprouts Farmers Market, Trader Joe's, Whole Foods	\$14 - \$93	\$155 - \$235
Chain Supermarket*	42 - 60	Albertson's, Ralphs, Safeway, Stater Bros., Vons	\$61 - \$100	\$145 - \$170
Warehouse Grocery	14 - 80	Food 4 Less, Grocery Outlet, Smart & Final	\$14 - \$89	\$100 - \$110
Ethnic Market	25 - 60	99 Ranch Market, Cardenas, El Super, Northgate, Superior Grocers	\$20 - \$65	\$80 - \$110
DRUG STORES				
Drug Stores	8 - 20	CVS, Rite Aid, Walgreens	\$17 - \$33	\$165 - \$210
RESTAURANTS				
Coffee House	1 - 2	Coffee Bean, Dunkin' Donuts, Dutch Bros., Peet's Coffee, Starbucks	\$1 - \$5	\$50 - \$250
Fast Food - Burger	1 - 4.5	Burger King, Carl's Jr., In N Out, Jack in the Box, McDonald's	\$12 - \$80	\$1,200 - \$1,780
Fast Food - Hispanic	1.5 - 3	Del Taco, El Pollo Loco, Miguel's Jr., Taco Bell	\$13 - \$26	\$850 - \$870
Fast Food - Asian	2 - 2.5	Ono Hawaiian BBQ, Panda Express, Yoshinoya	\$11 - \$28	\$550 - \$1,120
Fast Casual	2 - 4	Chipotle, Five Guys, Habit Burger, Mooyah, Panera Bread	\$6 - \$27	\$300 - \$675
Fast Casual - Pizza	1 - 3	Blaze Pizza, MOD Pizza, Pieology, Zpizza	\$6 - \$14	\$465 - \$600
Family Dining	4 - 9	BJ's, Cheesecake Factory, Islands, Red Robin	\$27 - \$149	\$400 - \$1,655
HOME IMPROVEMENT/FURNISHINGS				
Home Décor / Accessories	10 - 34	HomeGoods (Pottery Barn, Crate & Barrel, Cost Plus World Market)	\$14 - \$91	\$140 - \$270
Paint	4 - 6	Dunn Edwards, Sherwin Williams, Vista Paint	\$10 - \$40	\$225 - \$670
Home Improvement / Building Supply	90 - 150	Home Depot, Lowe's	\$369 - \$788	\$410 - \$525
Hardware	8 - 17	Ace Hardware, Harbor Freight Tools, True Value	\$8 - \$62	\$110 - \$365
Furniture/Bedroom	2.5 - 4.5	Sit'n Sleep, Sleep Number, Mattress Firm	\$10 - \$40	\$400 - \$890
Furniture/General	12 - 25	Jerome's, Mor Furniture for Less	\$8 - \$127	\$65 - \$210
Warehouse Furniture	25 - 100	Ashley Homestore, Living Spaces	\$87 - \$360	\$345 - \$360
Small Electronics	1 - 6	Apple	\$261 - \$467	\$7,800 - \$25,000
Cell Phones	1.5 - 4	AT&T, Sprint, T-Mobile, Verizon	\$1 - \$27	\$65 - \$675
MISCELLANEOUS RETAIL				
Bath & Beauty	5 - 10	Sephora, ULTA Beauty	\$39 - \$75	\$750 - \$780
Craft Shops	22 - 70	Hobby Lobby, Jo-Ann Fabrics & Crafts, Michaels Arts & Crafts	\$15 - \$99	\$65 - \$140
Office Supplies	10 - 20	Staples, Office Depot	\$14 - \$41	\$145 - \$205
Pet Supplies	6 - 22	Kahoots, Petco, PetSmart	\$20 - \$66	\$300 - \$330
Sporting Goods (Sm. Concept)	4 - 12	Big 5 Sporting Goods, Hibbett Sports	\$9 - \$29	\$225 - \$240
Sporting Goods (Lg. Concept)	35 - 60	Dick's Sporting Goods	\$94 - \$153	\$270 - \$305

*May include gasoline sales.

HdL receives expanding retailer information from a variety of sources that tend to emphasize large regional and national chains with less focus on small, regional retailers. While many of these chains are also looking to expand, their plans are not as well publicized due to their size. HdL therefore encourages agencies to regularly communicate with their regional business community to maximize the expansion opportunities offered by these smaller chains.



LEGISLATIVE UPDATE

MARCH 2025

HdL Companies
Local Government Solutions



ALERT

CDTFA EMERGENCY REGULATION 1808, TAX REVENUE SHARING AGREEMENT REPORTING AND PUBLICATION

In March the California Department of Tax and Fee Administration (CDTFA) adopted [Emergency Regulation 1808](#), which clarifies the reporting and publication requirements for local agencies under Revenue and Taxation Code section 7213 (AB 2854). This regulation mandates that local agencies report tax revenue sharing agreements and outlines penalties for non-compliance. These regulations will remain in effect for two years from adoption and may be readopted as needed. The regulation was adopted in accordance with the Administrative Procedure Act.

For AB 2854 compliance requirements [please see this guidance from the CDTFA](#). **Compliance due date is April 30, 2025.**



LEGISLATION TO WATCH

California's financial outlook in January revealed a weak start to fiscal year 2025/2026. The Governor proposed a \$322 billion budget on January 6th, the deadline for Legislature to pass the budget is June 15th.

February 21st was the deadline to introduce new legislation for 2025. New introductions totaled 2,350 bills by that date, many of which were placeholders to be amended in the coming weeks. Committee hearings will not begin until bills have been in print for 30 days. Important dates to note include:

- May 2nd Last day for policy committees to hear fiscal bills
- May 9th Last day for policy committees to hear non-fiscal bills

The following includes HdL's 2025 priority status updates on broad based and hot topic legislation to watch with a focus on bills related to sales and use tax, cannabis taxation and regulation, economic development, property taxation, and business license legislation.



CONSTITUTIONAL AMENDMENT

AB 21 (DEMAIO, R) TAXPAYER PROTECTION ACT OF 2025

This bill would declare the intent of Legislature to enact a constitutional amendment to limit the ability of state and local governments to raise taxes, restore a 2/3 vote requirement on local special tax increases, impose voter approval requirements on specific categories of new taxes, and regulate the titles on state and local ballot measures relating to tax increases.

Status: *May be heard in committee, 1/2/25.*



BUSINESS LICENSE LEGISLATION

SB 276 (WIENER, D) CITY AND COUNTY OF SAN FRANCISCO: MERCHANDISING SALES

Under current law, knowingly buying or receiving stolen property valued over \$950 is punishable as either a misdemeanor or a felony. Local authorities are restricted from regulating sidewalk vendors except under specific provisions related to health, safety, or welfare concerns. This bill, effective until January 1, 2034, authorizes the City and County of San Francisco to adopt an ordinance prohibiting the sale of specified merchandise on public property without a permit. The ordinance must include written findings demonstrating a significant pattern of retail theft leading to the sale of stolen goods on public property. It must also identify a local permitting agency responsible for administering the permit system. The ordinance may stipulate that selling merchandise without a permit is punishable as an infraction, with subsequent violations after two prior convictions being punishable as either an infraction or a misdemeanor, with potential imprisonment in the county jail for up to six months.

Status: Referred to Committees on Local Government, Public Safety, and Appropriations. Set for hearing 3/19/25.



CANNABIS LEGISLATION

AB 8 (AGUIAR-CURRY, D) INDUSTRIAL HEMP

The Sherman Food, Drug, and Cosmetic Law requires a hemp manufacturer who produces an industrial hemp product that is a food or beverage to register with the State Department of Public Health, as specified. This bill would require an out-of-state hemp manufacturer who produces an industrial hemp product that is a food or beverage for sale in this state to register with the department. By creating a new crime, this bill would impose a state-mandated local program.

Status: Referred to Committee on Business, Professions, and Economic Development, 2/3/25.



ECONOMIC DEVELOPMENT LEGISLATION

AB 685 (SOLACHE, D) LOS ANGELES AND VENTURA WILDFIRE SMALL BUSINESS RECOVERY ACT

The proposed bill seeks to establish the Los Angeles and Ventura Wildfire Small Business Recovery Act, aimed at providing assistance to small businesses directly impacted by the January 2025 wildfires in Los Angeles and Ventura Counties. To support this initiative, the bill would appropriate \$50,000,000 from the General Fund to create the Los Angeles and Ventura Wildfire Small Business Recovery Fund within the State Treasury. The Office of Small Business Advocate (OSBA) would be responsible for administering the fund and allocating the monies to both the Capital Investment Program (CIP) and the Small Business Technical Assistance Program (SB-TAP). Additionally, the bill mandates OSBA to establish a separate program to provide relief for employees of small businesses affected by the wildfires. The bill also requires the Governor's Office of Business and Economic Development (Go-Biz) to submit a report to the Legislature detailing the allocation and expenditure of funds as per these provisions. The act is set to be repealed on January 1, 2031. Furthermore, the bill includes legislative findings and declarations highlighting the necessity of a special statute for Los Angeles and Ventura Counties.

Status: Referred to Committee on Economic Development, Growth, and Household Impact, 3/3/25.



LODGING LEGISLATION

SB 346 (DURAZO, D) LOCAL AGENCIES: TRANSIENT OCCUPANCY TAXES: SHORT-TERM RENTAL FACILITATOR

Current law allows local authorities to regulate the occupancy of rooms or living spaces in hotels, inns, tourist homes, motels, or other lodgings for periods of less than 30 days through ordinances or resolutions. This bill would authorize local agencies (defined as cities, counties, or city and county) to enact ordinances requiring short-term rental facilitators to report the assessor parcel number of each short-term rental during the reporting period, along with any additional information necessary to identify the property. The bill would allow local agencies to impose administrative fines or penalties for failure to file the report and to initiate audits of short-term rental facilitators. Additionally, the bill would require short-term rental facilitators in jurisdictions with such ordinances to include any applicable local license number and transient occupancy tax certification in the listing of a short-term rental.

Status: Referred to Committees on Local Government, and Judiciary. Set for hearing 3/19/25.



PROPERTY TAX LEGISLATION

SB 5 (CABALDON, D) INFRASTRUCTURE FINANCING DISTRICTS: ALLOCATION OF TAXES: AGRICULTURAL LAND EXCLUSION

The California Land Conservation Act of 1965, also known as the Williamson Act, allows cities and counties to enter into contracts with agricultural landowners to preserve land for agricultural use in return for reduced property tax assessments. The act also permits landowners to petition for the cancellation of a Williamson Act contract to designate the land as a farmland security zone, which qualifies the land for a specific property tax valuation and reduced rates for certain special taxes. This bill proposes to exclude taxes levied on parcels of land enrolled in or subject to a Williamson Act contract or a farmland security zone contract from the allocation to the district as described above.

Status: Referred to Committee on Local Government, 1/29/25.



SALES AND USE TAX LEGISLATION

SB 86 (MCNERNEY, D) CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY ACT: SALES AND USE TAX EXCLUSION

The California Alternative Energy and Advanced Transportation Financing Authority Act establishes the California Alternative Energy and Advanced Transportation Financing Authority. The act authorizes, until January 1, 2026, the authority to provide financial assistance to a participating party by authorizing exclusions from sales and use tax for certain projects, including those that promote California-based manufacturing, California-based jobs, advanced manufacturing, reduction of greenhouse gases, or reduction in air and water pollution or energy consumption. The act prohibits the sales and use tax exclusions from cumulatively exceeding \$100,000,000 for each calendar year, except as provided. The Sales and Use Tax Law, for the purposes of the taxes imposed pursuant to that law, until January 1, 2026, excludes the lease or transfer of title of tangible personal property constituting one of those projects to any contractor for use in the performance of a construction contract for a participating party that will use that property as an integral part of the approved project. This bill would extend indefinitely the authorization to provide financial assistance in the form of a sales and use tax exclusion for projects approved by the authority. The bill would increase the maximum cumulative amount of the sales and use tax exclusions authorized under these provisions from \$100,000,000 to \$300,000,000 per calendar year. The bill would add electrical generation facilities using nuclear fusion technology to the types of projects qualifying for this sales and use tax exclusion.

Status: Referred to Committee on Revenue and Taxation, 1/29/25.

SB 333 (LAIRD, D) TRANSACTIONS AND USE TAXES: SAN LUIS OBISPO COUNCIL OF GOVERNMENTS

This bill would authorize the San Luis Obispo Council of Governments, by an ordinance adopted by the council, to levy a tax pursuant to the Transactions and Use Tax Law at a rate not to exceed 1%, for general and special purposes, subject to voter approval on or after January 1, 2026. The bill would authorize the board to exceed the 2% limit as specified to impose the retail transactions and use tax. This bill would make legislative findings and declarations as to the necessity of a special statute for County of San Luis Obispo.

Status: Referred to Committees on Local Government and Revenue and Taxation. Set for hearing 3/19/25.



UTILITY USERS TAX LEGISLATION

AB 353 (BOERNER, D) COMMUNICATIONS: BROADBAND INTERNET SERVICE PROVIDERS: AFFORDABLE HOME INTERNET

Existing law, the Digital Equity Bill of Rights, establishes the principle that all residents of the state should have access to broadband that meets specific requirements and ensures equal access to broadband internet service within a provider's service area. This bill would state the Legislature's intent to enact legislation requiring broadband internet service providers to offer affordable home internet to California residents.

Status: May be heard in committee 3/2/2025.

AB 330 (ROGERS, D) LOCAL PREPAID MOBILE TELEPHONY SERVICES COLLECTION ACT

The Local Prepaid Mobile Telephony Services Collection Act, effective until January 1, 2026, suspends the authority of cities, counties, or city and county governments to impose a utility user tax on prepaid communications services and charges related to prepaid mobile telephony services. Instead, these taxes and charges are applied at specified rates under local ordinances from January 1, 2016, to January 1, 2026. The act mandates that these local charges be collected from prepaid consumers by sellers at the time of sale. Current law requires that all local charges be collected and paid to the California Department of Tax and Fee Administration, deposited into the Local Charges for Prepaid Mobile Telephony Services Fund, and then transmitted to the respective city, county, or city and county. This bill proposes to extend the operation of the act until January 1, 2031.

Status: Referred to Committee on Revenue and Taxation 2/10/25.



HISTORY

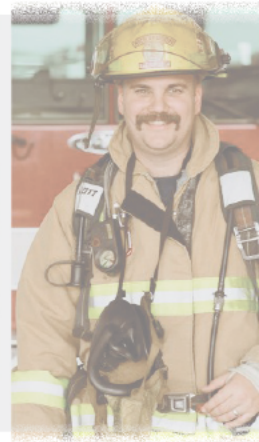
Proposition 172 is the byproduct of California budget deficits and the resulting Education Revenue Augmentation Fund (ERAF). Simply put, ERAF shifted property tax dollars away from local governments to shore up school funding. As a backfill measure, voters approved a half-cent sales tax in 1993 dedicated to local public safety – Proposition 172.

These funds are intended to maintain public safety services (police, fire, district attorneys, and corrections), not necessarily enhance them. The current law contains a “maintenance of effort” requirement to ensure these restricted resources are dedicated to public safety and not diverted for other uses.

ALLOCATION

The California Department of Tax and Fee Administration (CDTFA) collects the Proposition 172 half-cent sales tax and apportions to each of the state’s 58 counties based on a county’s proportionate share of statewide taxable sales in the prior calendar year (see pro-rata factor explanation).

This allocation method is similar to how cities and counties are apportioned revenues from their countywide use tax pools.



California Government code section 30051 et al¹ outlines the Proposition 172 Public Safety Fund law, including allocation methodologies. Since FY 1996–97 and each year thereafter, the County Auditor is required to establish a Public Safety Augmentation Fund to receive Proposition 172 revenues. Amounts deposited in this fund shall be expended exclusively for public safety services and allocated among the county and eligible cities.

County Auditors distribute allocations to local agencies based on an agency’s proportionate share of net property tax loss due to ERAF. Cities that did not receive property tax or did not exist in 1980 are not affected by this phase of ERAF and are ineligible for these revenues. In addition, State law provides for nine counties with unique allocation formulas. In all cases, each of the 58 counties retain an excess of 90% of Proposition 172 revenues, while the remainder is shared with eligible municipalities.

PRO-RATA FACTOR

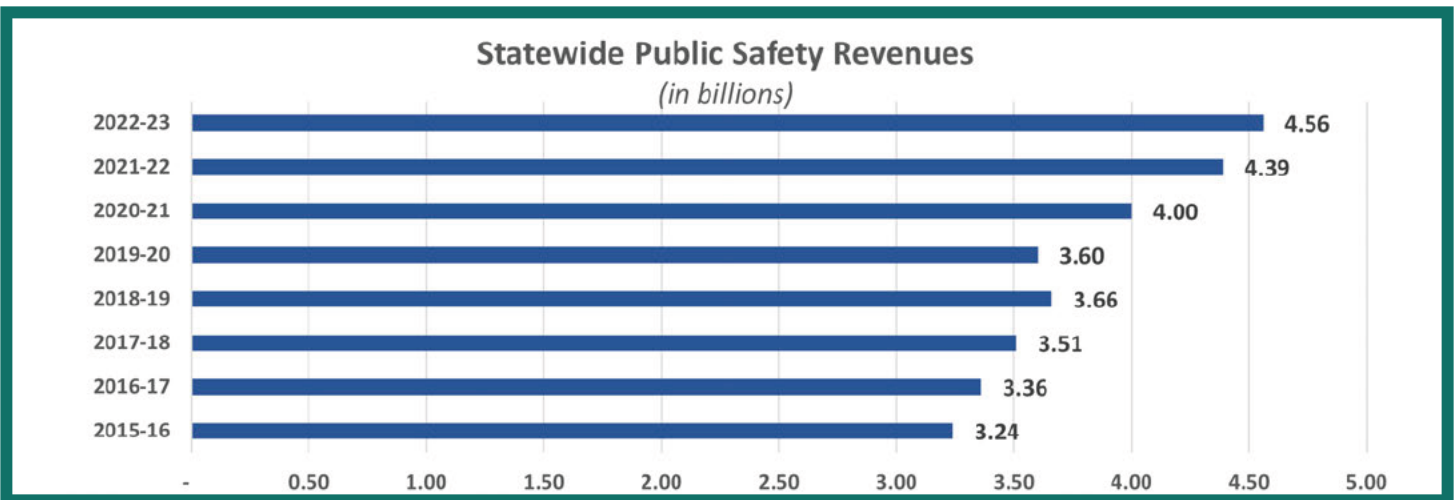
Each county’s share of Proposition 172 revenues is set by a pro-rata factor that is determined by that county’s ratio of sales tax collections to the statewide total in CDTFA’s most recent annual taxable sales report. Each county’s pro-rata factor is adjusted annually based on the prior calendar year’s local Bradley-Burns 1% allocations. For example, allocations for FY 2021-22 are based on calendar year 2020 Bradley-Burns sales tax receipts. The CDTFA provides the calendar year results to the State Controller’s Office (SCO) and the SCO updates the pro-rata factor in June/July (previously, annual factors changed in March).

IMPACTS

Significant swings in the Bradley-Burns 1% sales tax could impact Proposition 172 fund allocations. Here are a couple of recent examples:

- **PANDEMIC IMPACTS.** Changes in sales tax revenues during calendar year 2020, fueled by the intensity of the pandemic, have demonstrably impacted statewide allocations. Coastal, urban, metropolitan and tourist-dependent regions saw sales tax revenues decrease at a much larger rate than many inland and rural communities – thereby shifting the overall Bradley-Burns distribution of sales tax statewide.
- **ONLINE SALES.** Where a retailer is located and how it operates its business dictates how the local Bradley-Burns 1% portion of the base sales tax rate is allocated. For example, the pro-rata factor would be impacted if a large retailer changes its reporting so that some or all tax allocations shift from the countywide use tax pools (where all agencies receive a portion) to direct allocation (where a few agencies get a large portion).

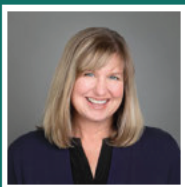
OUTLOOK



Even with factor changes, Proposition 172 revenues are estimated to grow as the California economy rebounds from the pandemic. As mentioned, the pandemic-infused 2020 sales tax performance greatly influenced FY 2021-22 Proposition 172 allocations. Separately, beginning in January 2021, a higher concentration of sales reported to agencies with in-state fulfillment centers will cause significant Proposition 172 factor changes for FY 2022-23.

Given expected statewide growth in Proposition 172 revenues for FY 2021-22 and FY 2022-23, per county results will vary widely. Counties (and cities therein) with large Proposition 172 tax fluctuations may wish to budget conservatively until the changes impacting the allocations begin to normalize.

¹ Click [HERE](#) for more information on California Government code section 30051.



Written by Tracy Vesely, Sales Tax Principal

Tracy Vesely has held leadership positions in California local government for almost 30 years, serving as Finance/Administrative Services Director for the Cities of American Canyon, Walnut Creek, Hayward and San Leandro; Budget Manager for the City of Berkeley; as well as senior positions with the Administrative Office of the Courts and the County of Kern. In addition, Tracy has recently worked in the revenue enhancement space as a Director of Client Services serving local government clients in both California and Washington.

Tracy has been an active member of several public-sector organizations, including serving on the Board of Directors for the League of California Cities, President of the League's Fiscal Officers Department, and a member of the League's Revenue and Taxation Policy Committee. She has also served on the Government Finance Officers Association (GFOA) Economic Development and Capital Planning policy committee. Tracy holds a B.A. from Arizona State University and has participated in a number of leadership programs, including the Harvard Kennedy School – Senior Executives in State & Local Government program.

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HdL⁺ Companies

HeadLines

RETAIL TRENDS AFFECTING SALES TAX

Stay up to date to make insightful budget & economic planning decisions.

Brick and Mortar

The backbone of America's economy was just dealt a serious blow



Retail sales in April were unchanged from March and missed economists' projections. Despite a slight increase in spending at gas stations, clothing stores, and restaurants, most sectors saw declines, particularly online retail. The slowing spending, coupled with a slight easing of inflation and a weakening labor market, suggests economic challenges ahead and increases the likelihood that the Federal Reserve might consider cutting interest rates soon.

Import prices post biggest increase in two years, adding to U.S. inflation pressures



In April, the cost of imported goods in the U.S. increased at the fastest rate in two years, with the import-price index rising 0.9%, surpassing economists' forecasts. This rise, not limited to energy, contributed to persistent inflation, complicating the Federal Reserve's plans to cut interest rates. As U.S. inflation remains stuck above the Fed's 2% target, higher import prices continue to exacerbate the issue.

Babies'R'Us is returning with new shops set to open in Kohl's stores nationwide



Kohl's Corp. has announced plans to open Babies"R"Us shops in 200 of its department stores across the U.S. later this year as part of a partnership with Babies"R"Us parent company WHP Global. The new in-store shops will offer a curated selection of baby gear, furniture, accessories, and more, alongside Kohl's existing baby and kids' apparel sections. This move aims to enhance Kohl's assortment and establish it as a go-to destination for families.

In its third bankruptcy, Rue21 plans to shutter all locations



Rue21, under new CEO Josh Burris, expanded its store fleet during the pandemic but now faces operational losses and liquidity challenges, according to court documents. The retailer plans to pursue a sale of assets, including through store closures and liquidation, amid difficulties raising capital and increasing online competition. Despite overall apparel sales growth, some analysts caution that consumer spending may be artificially propped up, potentially leading to future downturns in retail.

Used Retail Vehicle Sales Decrease in April



In April, retail used-vehicle sales dropped by 7% from March, totaling 1.45 million, but were up 4.8% year over year. Despite a seasonal dip in consumer demand post-tax refund season and ongoing challenges with tight inventory and high interest rates, used vehicle sales surpassed last year's levels. Certified pre-owned (CPO) vehicle sales also saw a month-over-month decrease, with a 2.5% drop from April 2023 and a 9.8% decline from March.

Ecommerce

Airfreight rides e-commerce to surprise growth in May



Despite conventional expectations of a summer slowdown, the air cargo market remains strong due to increased demand from Asian exporters and robust Chinese e-commerce orders. Airfreight volumes grew by double digits for five consecutive months, driven by shifts from ocean shipping due to conflicts and robust e-commerce, particularly for high-margin goods and flowers around holidays like Mother's Day.

What We're Reading

Adult-Use Cannabis Markets Generated Over \$20 Billion in State Tax Revenue



In 2023, state-regulated cannabis sales generated over \$4 billion in tax revenue, with California leading at nearly \$1.1 billion, followed by Illinois, Washington, and Michigan. Since 2014, adult-use cannabis sales have produced over \$20 billion in state tax revenue, which funds various social services and programs. Additionally, the cannabis industry added over 23,000 new jobs in 2023, employing more than 440,000 full-time workers.

HdL Insights



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CONFLICT OF INTEREST CERTIFICATION

Any vendor, proposer, bidder, consultant, or contractor (Contractor) who supplies goods or provides services to the City of San Diego must sign and date this certification and comply with the requirements described herein.

OFFICE USE ONLY

Date Received

Contractor is required to comply with all applicable local, state, and federal conflict of interest laws and regulations relating to public contracts including, but not limited to, California Government Code sections 1090 through 1099, California Government Code sections 81000, et. seq., and the City of San Diego Ethics Ordinance, codified in the San Diego Municipal Code sections 27.3501 through 27.3595. Compliance with these laws and regulations may require Contractor to timely file a statement of economic interests with the Filing Officer of the City of San Diego disclosing relevant financial interests.

Contractor shall establish and make known to its employees and agents appropriate safeguards to prohibit employees from using their positions for a purpose that is, or appears to be, motivated by the desire for private gain for themselves or others, particularly those with whom they have family, business, or other relationships.

A violation of any conflict of interest law is grounds for immediate termination of a contract with the City of San Diego.

Signature of Authorized Representative

Andrew Nickerson

Printed/Typed Name

Hinderliter, de Llamas & Associates

Contractor Name

April 10, 2025

Date

City of San Diego
CONTRACTOR STANDARDS
Pledge of Compliance

The City of San Diego has adopted a Contractor Standards Ordinance (CSO) codified in section 22.3004 of the San Diego Municipal Code (SDMC). The City of San Diego uses the criteria set forth in the CSO to determine whether a contractor (bidder or proposer) has the capacity to fully perform the contract requirements and the business integrity to justify the award of public funds. This completed Pledge of Compliance signed under penalty of perjury must be submitted with each bid and proposal. If an informal solicitation process is used, the bidder must submit this completed Pledge of Compliance to the City prior to execution of the contract. All responses must be typewritten or printed in ink. If an explanation is requested or additional space is required, Contractors must provide responses on Attachment A to the Pledge of Compliance and sign each page. Failure to submit a signed and completed Pledge of Compliance may render a bid or proposal non-responsive. In the case of an informal solicitation or cooperative procurement, the contract will not be awarded unless a signed and completed Pledge of Compliance is submitted. A submitted Pledge of Compliance is a public record and information contained within will be available for public review except to the extent that such information is exempt from disclosure pursuant to applicable law.

By signing and submitting this form, the contractor is certifying, to the best of their knowledge, that the contractor and any of its Principals have not within a five (5) year period – preceding this offer, been convicted of or had a civil judgement rendered against them for commission of a fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (Federal, State or local) contract or subcontract.

“Principal” means an officer, director, owner, partner or a person having primary management or supervisory responsibilities within the firm. The Contractor shall provide immediate written notice to the Procurement Contracting Officer handling the solicitation, at any time prior to award should they learn that this Representations and Certifications was inaccurate or incomplete.

This form contains 10 pages, additional information may be submitted as part of *Attachment A*.

A. BID/PROPOSAL/SOLICITATION TITLE:

Consultant for Sales and Use Tax Audits and Reporting Services

B. BIDDER/PROPOSER INFORMATION:

Hinderliter, de Llamas & Associates		HdL Companies	
Legal Name		DBA	
120 S. State College Blvd. Suite 200	Brea	CA	92821
Street Address	City	State	Zip
Andrew Nickerson, President/CEO	(909) 879-5000	(909) 861-7726	
Contact Person, Title	Phone	Fax	

Provide the name, identity, and precise nature of the interest* of all persons who are directly or indirectly involved** in this proposed transaction (SDMC § 21.0103). Use additional pages if necessary.

* The precise nature of the interest includes:

- the percentage ownership interest in a party to the transaction,
- the percentage ownership interest in any firm, corporation, or partnership that will receive funds from the transaction,
- the value of any financial interest in the transaction,
- any contingent interest in the transaction and the value of such interest should the contingency be satisfied, and
- any philanthropic, scientific, artistic, or property interest in the transaction.

** Directly or indirectly involved means pursuing the transaction by:

- communicating or negotiating with City officers or employees,
- submitting or preparing applications, bids, proposals or other documents for purposes of contracting with the City, or
- directing or supervising the actions of persons engaged in the above activity.

Hinderliter, de Llamas & Associates is a 100% employee owned company.

None to Report - Managed through the HdL Trust.

Name	Title/Position
Brea, CA	
City and State of Residence	Employer (if different than Bidder/Proposer)
Hinderliter, de Llamas & Associates is the sole service provider and recipient of the transaction.	
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

Name	Title/Position
City and State of Residence	Employer (if different than Bidder/Proposer)
Interest in the transaction	

C. OWNERSHIP AND NAME CHANGES:

1. In the past five (5) years, has your firm changed its name?

☐ Yes ☒ No

If **Yes**, use Attachment A to list all prior legal and DBA names, addresses, and dates each firm name was used. Explain the specific reasons for each name change.

2. Is your firm a non-profit?

☐ Yes ☒ No

If **Yes**, attach proof of status to this submission.

3. In the past five (5) years, has a firm owner, partner, or officer operated a similar business?

☐ Yes ☒ No

If **Yes**, use Attachment A to list names and addresses of all businesses and the person who operated the business. Include information about a similar business only if an owner, partner, or officer of your firm holds or has held a similar position in another firm.

D. BUSINESS ORGANIZATION/STRUCTURE:

Indicate the organizational structure of your firm. Fill in only one section on this page. Use Attachment A if more space is required.

☒ **Corporation** Date incorporated: 07/22/1985 State of incorporation: California

List corporation's current officers:

President:	<u>Andrew Nickerson - CEO</u>
Vice Pres:	<u>Gary Lott - COO</u>
Secretary:	<u>Richard Park - CFO</u>
Treasurer:	<u>Robert Gray - CIO</u>

Type of corporation: C ☒ Subchapter S ☐

Is the corporation authorized to do business in California: ☒ **Yes** ☐ **No**

If **Yes**, after what date: 07/01/1983

Is your firm a publicly traded corporation? ☐ Yes ☒ No

If Yes, how and where is the stock traded? _____

If Yes, list the name, title and address of those who own ten percent (10 %) or more of the corporation's stocks:

Do the President, Vice President, Secretary and/or Treasurer of your corporation have a third party interest or other financial interests in a business/enterprise that performs similar work, services or provides similar goods? ☐ Yes ☒ No

If Yes, please use Attachment A to disclose.

Please list the following: Authorized Issued Outstanding

a. Number of voting shares:	_____	_____	_____
b. Number of nonvoting shares:	_____	_____	_____
c. Number of shareholders:	_____	_____	_____
d. Value per share of common stock:		Par	\$ _____
		Book	\$ _____
		Market	\$ _____

Limited Liability Company Date formed: _____ State of formation: _____

List the name, title and address of members who own ten percent (10%) or more of the company:

☐ Partnership Date formed: _____ State of formation: _____

List names of all firm partners:

☐ Sole Proprietorship Date started: _____

List all firms you have been an owner, partner or officer with during the past five (5) years. Do not include ownership of stock in a publicly traded company:

☐ Joint Venture Date formed: _____

List each firm in the joint venture and its percentage of ownership:

Note: To be responsive, each member of a Joint Venture or Partnership must complete a separate *Contractor Standards form*.

E. FINANCIAL RESOURCES AND RESPONSIBILITY:

1. Is your firm preparing to be sold, in the process of being sold, or in negotiations to be sold?

☐ Yes ☒ No

If Yes, use Attachment A to explain the circumstances, including the buyer's name and principal contact information.

2. In the past five (5) years, has your firm been denied bonding?

☐ Yes ☒ No

If Yes, use Attachment A to explain specific circumstances; include bonding company name.

3. In the past five (5) years, has a bonding company made any payments to satisfy claims made against a bond issued on your firm's behalf or a firm where you were the principal?

☐ Yes ☒ No

If Yes, use Attachment A to explain specific circumstances.

4. In the past five (5) years, has any insurance carrier, for any form of insurance, refused to renew the insurance policy for your firm?

☐ Yes ☒ No

If Yes, use Attachment A to explain specific circumstances.

5. Within the last five years, has your firm filed a voluntary petition in bankruptcy, been adjudicated bankrupt, or made a general assignment for the benefit of creditors?

☐ Yes ☒ No

If Yes, use Attachment A to explain specific circumstances.

6. Are there any claims, liens or judgements that are outstanding against your firm?

☐ Yes ☒ No

If Yes, please use Attachment A to provide detailed information on the action.

7. Please provide the name of your principal financial institution for financial reference. By submitting a response to this Solicitation Contractor authorizes a release of credit information for verification of financial responsibility.

Name of Bank: Citizens Business Bank

Point of Contact: Pat Batiz

Address: 2650 E. Imperial Highway, Brea, CA 92821

Phone Number: (714) 996-8150

8. By submitting a response to a City solicitation, Contractor certifies that he or she has sufficient operating capital and/or financial reserves to properly fund the requirements identified in the solicitation. At City's request, Contractor will promptly provide to City

a copy of Contractor's most recent balance sheet and/or other necessary financial statements to substantiate financial ability to perform.

9. In order to do business in the City of San Diego, a current Business Tax Certificate is required. Business Tax Certificates are issued by the City Treasurer's Office. If you do not have one at the time of submission, one must be obtained prior to award.

Business Tax Certificate No.: Will provide if awarded Year Issued: _____

F. PERFORMANCE HISTORY:

1. In the past five (5) years, has your firm been found civilly liable, either in a court of law or pursuant to the terms of a settlement agreement, for defaulting or breaching a contract with a government agency?

☐ Yes ☒ No

If Yes, use Attachment A to explain specific circumstances.

2. In the past five (5) years, has a public entity terminated your firm's contract for cause prior to contract completion?

☐ Yes ☒ No

If Yes, use Attachment A to explain specific circumstances and provide principal contact information.

3. In the past five (5) years, has your firm entered into any settlement agreement for any lawsuit that alleged contract default, breach of contract, or fraud with or against a public entity?

☐ Yes ☒ No

If Yes, use Attachment A to explain specific circumstances.

4. Is your firm currently involved in any lawsuit with a government agency in which it is alleged that your firm has defaulted on a contract, breached a contract, or committed fraud?

☐ Yes ☒ No

If Yes, use Attachment A to explain specific circumstances.

5. In the past five (5) years, has your firm, or any firm with which any of your firm's owners, partners, or officers is or was associated, been debarred, disqualified, removed, or otherwise prevented from bidding on or completing any government or public agency contract for any reason?

☐ Yes ☒ No

If Yes, use Attachment A to explain specific circumstances.

6. In the past five (5) years, has your firm received a notice to cure or a notice of default on a contract with any public agency?

☐ Yes ☒ No

If Yes, use Attachment A to explain specific circumstances and how the matter resolved.

7. Performance References:

Please provide a minimum of three (3) references familiar with work performed by your firm which was of a similar size and nature to the subject solicitation within the last five (5) years.

Please note that any references required as part of your bid/proposal submittal are in addition to those references required as part of this form.

Company Name: City of Long Beach - Sales Tax Client Since 2019

Contact Name and Phone Number: Geraldine Alejo, Revenue Manager
Contact Email: geraldine.alejo@longbeach.gov
Address: 411 W. Ocean Blvd., Long Beach, CA 90802
Contract Date: September 25, 2023
Contract Amount: \$ 150,000.00
Requirements of Contract: Sales and Use Tax Audit and Reporting Services

Company Name: City of Ontario - Sales Tax Client Since 2020
Contact Name and Phone Number: Armen Harkalyan, Finance Director
Contact Email: aharkalyan@ontarioca.gov
Address: 303 E. B Street, Ontario, CA 91764
Contract Date: July 21, 2020
Contract Amount: \$ 60,000.00
Requirements of Contract: Sales and Use Tax Audit and Reporting Services

Company Name: City of San Francisco - Sales Tax Client Since 2020
Contact Name and Phone Number: Michelle Allersman, Asst. Budget & Revenue Manager
Contact Email: michelle.allersma@sfgov.org
Address: 1 Dr. Carlton B Goodlette Place, No 316, San Francisco, CA 94102
Contract Date: July 1, 2020
Contract Amount: \$ 200,000.00
Requirements of Contract: Sales and Use Tax Audit and Reporting Services

G. COMPLIANCE:

1. In the past five (5) years, has your firm or any firm owner, partner, officer, executive, or manager been criminally penalized or found civilly liable, either in a court of law or pursuant to the terms of a settlement agreement, for violating any federal, state, or local law in performance of a contract, including but not limited to, laws regarding health and safety, labor and employment, permitting, and licensing laws?

☐ Yes ☒ No

If Yes, use Attachment A to explain specific circumstances surrounding each instance. Include the name of the entity involved, the specific infraction(s) or violation(s), dates of instances, and outcome with current status.

2. In the past five (5) years, has your firm been determined to be non-responsible by a public entity?

☐ Yes ☒ No

If **Yes**, use Attachment A to explain specific circumstances of each instance. Include the name of the entity involved, the specific infraction, dates, and outcome.

H. BUSINESS INTEGRITY:

1. In the past five (5) years, has your firm been convicted of or found liable in a civil suit for making a false claim or material misrepresentation to a private or public entity?

☐ Yes ☒ No

If **Yes**, use Attachment A to explain specific circumstances of each instance. Include the entity involved, specific violation(s), dates, outcome and current status.

2. In the past five (5) years, has your firm or any of its executives, management personnel, or owners been convicted of a crime, including misdemeanors, or been found liable in a civil suit involving the bidding, awarding, or performance of a government contract?

☐ Yes ☒ No

If **Yes**, use Attachment A to explain specific circumstances of each instance; include the entity involved, specific infraction(s), dates, outcome and current status.

3. In the past five (5) years, has your firm or any of its executives, management personnel, or owners been convicted of a federal, state, or local crime of fraud, theft, or any other act of dishonesty?

☐ Yes ☒ No

If **Yes**, use Attachment A to explain specific circumstances of each instance; include the entity involved, specific infraction(s), dates, outcome and current status.

4. Do any of the Principals of your firm have relatives that are either currently employed by the City or were employed by the City in the past five (5) years?

☐ Yes ☒ No

If **Yes**, please disclose the names of those relatives in Attachment A.

I. BUSINESS REPRESENTATION:

1. Are you a local business with a physical address within the County of San Diego?

☐ Yes ☒ No

2. Are you a certified Small and Local Business Enterprise certified by the City of San Diego?

☐ Yes ☒ No

Certification # _____

3. Are you certified as any of the following:

a. Disabled Veteran Business Enterprise Certification # _____

b. Woman or Minority Owned Business Enterprise Certification # _____

c. Disadvantaged Business Enterprise Certification # _____

J. WAGE COMPLIANCE:

In the past five (5) years, has your firm been required to pay back wages or penalties for failure to comply with the federal, state or local prevailing, minimum, or living wage laws? ☐ Yes ☒ No If **Yes**, use Attachment A to explain the specific circumstances of each instance. Include the entity involved, the specific infraction(s), dates, outcome, and current status.

By signing this Pledge of Compliance, your firm is certifying to the City that you will comply with the requirements of the Equal Pay Ordinance set forth in SDMC sections 22.4801 through 22.4809.

K. STATEMENT OF SUBCONTRACTORS & SUPPLIERS:

Please provide the names and information for all subcontractors and suppliers used in the performance of the proposed contract, and what portion of work will be assigned to each subcontractor. Subcontractors may not be substituted without the written consent of the City. Use Attachment A if additional pages are necessary. If no subcontractors or suppliers will be used, please write "Not Applicable."

Company Name: None to Report - HdL will not be using any subcontractors for this project.

Address: _____

Contact Name: _____ Phone: _____ Email: _____

Contractor License No.: _____ DIR Registration No.: _____

Sub-Contract Dollar Amount: \$ _____ (per year) \$ _____ (total contract term)

Scope of work subcontractor will perform: _____

Identify whether company is a subcontractor or supplier: _____

Certification type (check all that apply): ☐DBE ☐DVBE ☐ELBE ☐MBE ☐SLBE ☐WBE ☐Not Certified

Contractor must provide valid proof of certification with the response to the bid or proposal to receive participation credit.

Company Name: _____

Address: _____

Contact Name: _____ Phone: _____ Email: _____

Contractor License No.: _____ DIR Registration No.: _____

Sub-Contract Dollar Amount: \$ _____ (per year) \$ _____ (total contract term)

Scope of work subcontractor will perform: _____

Identify whether company is a subcontractor or supplier: _____

Certification type (check all that apply): ☐DBE ☐DVBE ☐ELBE ☐MBE ☐SLBE ☐WBE ☐Not Certified

Contractor must provide valid proof of certification with the response to the bid or proposal to receive participation credit.

L. STATEMENT OF AVAILABLE EQUIPMENT:

A full inventoried list of all necessary equipment to complete the work specified may be a requirement of the bid/proposal submission.

By signing and submitting this form, the Contractor certifies that all required equipment included in this bid or proposal will be made available one week (7 days) before work shall commence. In instances where the required equipment is not owned by the Contractor, Contractor shall explain how the equipment will be made available before the commencement of work. The City of San

Diego reserves the right to reject any response, in its opinion, if the Contractor has not demonstrated he or she will be properly equipped to perform the work in an efficient, effective matter for the duration of the contract period.

M. TYPE OF SUBMISSION: This document is submitted as:

- ☒ Initial submission of *Contractor Standards Pledge of Compliance*
- ☐ Initial submission of *Contractor Standards Pledge of Compliance* as part of a Cooperative agreement
- ☐ Initial submission of *Contractor Standards Pledge of Compliance* as part of a Sole Source agreement
- ☐ Update of prior *Contractor Standards Pledge of Compliance* dated _____.

Complete all questions and sign below.

Under penalty of perjury under the laws of the State of California, I certify that I have read and understand the questions contained in this Pledge of Compliance, that I am responsible for completeness and accuracy of the responses contained herein, and that all information provided is true, full and complete to the best of my knowledge and belief. I agree to provide written notice to the Purchasing Agent within five (5) business days if, at any time, I learn that any portion of this Pledge of Compliance is inaccurate. Failure to timely provide the Purchasing Agent with written notice is grounds for Contract termination.

I, on behalf of the firm, further certify that I and my firm will comply with the following provisions of SDMC section 22.3004:

(a) I and my firm will comply with all applicable local, State and Federal laws, including health and safety, labor and employment, and licensing laws that affect the employees, worksite or performance of the contract.

(b) I and my firm will notify the Purchasing Agent in writing within fifteen (15) calendar days of receiving notice that a government agency has begun an investigation of me or my firm that may result in a finding that I or my firm is or was not in compliance with laws stated in paragraph (a).

(c) I and my firm will notify the Purchasing Agent in writing within fifteen (15) calendar days of a finding by a government agency or court of competent jurisdiction of a violation by the Contractor of laws stated in paragraph (a).

(d) I and my firm will notify the Purchasing Agent in writing within fifteen (15) calendar days of becoming aware of an investigation or finding by a government agency or court of competent jurisdiction of a violation by a subcontractor of laws stated in paragraph (a).

(e) I and my firm will cooperate fully with the City during any investigation and to respond to a request for information within ten (10) working days.

Failure to sign and submit this form with the bid/proposal shall make the bid/proposal non-responsive. In the case of an informal solicitation, the contract will not be awarded unless a signed and completed *Pledge of Compliance* is submitted.

Andrew Nickerson

Name and Title

Signature

April 10, 2025

Date

City of San Diego
CONTRACTOR STANDARDS
Attachment "A"

Provide additional information in space below. Use additional Attachment "A" pages as needed. Each page must be signed.
Print in ink or type responses and indicate question being answered.

None to report.

I have read the matters and statements made in this Contractor Standards Pledge of Compliance and attachments thereto and I know the same to be true of my own knowledge, except as to those matters stated upon information or belief and as to such matters, I believe the same to be true. I certify under penalty of perjury that the foregoing is true and correct.

Andrew Nickerson, President/CEO

Print Name, Title

Signature

April 18, 2025

Date

AA. CONTRACTORS CERTIFICATION OF PENDING ACTIONS

As part of this Contract, the Contractor must provide to the City a list of all instances within the past 10 years where a complaint was filed or pending against the Contractor in a legal or administrative proceeding alleging that Contractor discriminated against its employees, subcontractors, vendors or suppliers, and a description of the status or resolution of that complaint, including any remedial action taken.

CHECK ONE BOX ONLY.

- ☒ The undersigned certifies that within the past 10 years the Contractor has NOT been the subject of a complaint or pending action in a legal administrative proceeding alleging that Contractor discriminated against its employees, subcontractors, vendors or suppliers.
- ☐ The undersigned certifies that within the past 10 years the Contractor has been the subject of a complaint or pending action in a legal administrative proceeding alleging that Contractor discriminated against its employees, subcontractors, vendors or suppliers. A description of the status or resolution of that complaint, including any remedial action taken and the applicable dates is as follows:

DATE OF CLAIM	LOCATION	DESCRIPTION OF CLAIM	LITIGATION (Y/N)	STATUS	RESOLUTION/ REMEDIAL ACTION TAKEN

Contractor Name: Hinderliter, de Llamas & Associates

Certified By Andrew Nickerson

Title President/CEO

Name



Date April 14, 2025

Signature

EQUAL OPPORTUNITY CONTRACTING (EOC)

1200 Third Avenue, Suite 200 • San Diego, CA 92101

Phone: (619) 236-6000 • Fax: (619) 236-5904

BB. WORK FORCE REPORT

The objective of the *Equal Employment Opportunity Outreach Program*, San Diego Municipal Code Sections 22.3501 through 22.3517, is to ensure that contractors doing business with the City, or receiving funds from the City, do not engage in unlawful discriminatory employment practices prohibited by State and Federal law. Such employment practices include, but are not limited to unlawful discrimination in the following: employment, promotion or upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation, and selection for training, including apprenticeship. Contractors are required to provide a completed *Work Force Report (WFR)*.

**NO OTHER FORMS WILL BE ACCEPTED
CONTRACTOR IDENTIFICATION**

Type of Contractor: ☐ Construction ☐ Vendor/Supplier ☐ Financial Institution ☐ Lessee/Lessor
☒ Consultant ☐ Grant Recipient ☐ Insurance Company ☐ Other

Name of Company: Hinderliter, de Llamas & Associates

ADA/DBA: HdL Companies

Address (Corporate Headquarters, where applicable): 120 S. State College Blvd., Suite 200

City: Brea County: Orange State: CA Zip: 92821

Telephone Number: 714.879.5000 Fax Number: 909.861.7726

Name of Company CEO: Andrew Nickerson

Address(es), phone and fax number(s) of company facilities located in San Diego County (if different from above):

Address: _____

City: _____ County: _____ State: _____ Zip: _____

Telephone Number: _____ Fax Number: _____ Email: _____

Type of Business: Financial Consulting Type of License: NA

The Company has appointed: Tracy Roth

As its Equal Employment Opportunity Officer (EEOO). The EEOO has been given authority to establish, disseminate and enforce equal employment and affirmative action policies of this company. The EEOO may be contacted at:

Address: 120 S. State College Blvd., Suite 200, Brea, CA 92821

Telephone Number: 714.879.5000 Fax Number: 909.861.7726 Email: troth@hdlcompanies.com

☐ One San Diego County (or Most Local County) Work Force - Mandatory

☐ Branch Work Force *

☒ Managing Office Work Force

Check the box above that applies to this WFR.

**Submit a separate Work Force Report for all participating branches. Combine WFRs if more than one branch per county.*

I, the undersigned representative of Hinderliter, de Llamas & Associates

(Firm Name)

Orange, California hereby certify that information provided

(County)

(State)

herein is true and correct. This document was executed on this 10th day of April, 2025

Tracy Roth

(Authorized Signature)

Tracy Roth

(Print Authorized Signature Name)

WORK FORCE REPORT – Page 2

NAME OF FIRM: Hinderliter, de Llamas & Associates

DATE: April 10, 2025

OFFICE(S) or BRANCH(ES): Brea - Corporate Headquarters

COUNTY: Orange

INSTRUCTIONS: For each occupational category, indicate number of males and females in every ethnic group. Total columns in row provided. Sum of all totals should be equal to your total work force. Include all those employed by your company on either a full or part-time basis. The following groups are to be included in ethnic categories listed in columns below:

- | | |
|--------------------------------------|---|
| (1) Black or African-American | (5) Native Hawaiian or Pacific Islander |
| (2) Hispanic or Latino | (6) White |
| (3) Asian | (7) Other race/ethnicity; not falling into other groups |
| (4) American Indian or Alaska Native | |

Definitions of the race and ethnicity categories can be found on Page 4

ADMINISTRATION OCCUPATIONAL CATEGORY	(1) Black or African American		(2) Hispanic or Latino		(3) Asian		(4) American Indian/ Nat. Alaskan		(5) Pacific Islander		(6) White		(7) Other Race/ Ethnicity	
	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)
Management & Financial			1	2	2	3					9	5	2	2
Professional			5	1	5	6					11	6		1
A&E, Science, Computer														
Technical			1			1					1		1	
Sales														
Administrative Support		1	3	7	7	6		1			3	10	4	2
Services														
Crafts														
Operative Workers														
Transportation														
Laborers*														

*Construction laborers and other field employees are not to be included on this page

Totals Each Column	0	1	10	10	14	16	0	1	0		24	21	7	5
--------------------	---	---	----	----	----	----	---	---	---	--	----	----	---	---

Grand Total All Employees
109

Indicate by Gender and Ethnicity the Number of Above Employees Who Are Disabled: **None to Report**

Disabled														
----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Non-Profit Organizations Only:

Board of Directors														
Volunteers														
Artists														

WORK FORCE REPORT – Page 3NAME OF FIRM: Hinderliter, de Llamas & AssociatesDATE: April 10, 2025OFFICE(S) or BRANCH(ES): Brea - Corporate HeadquartersCOUNTY: Orange

INSTRUCTIONS: For each occupational category, indicate number of males and females in every ethnic group. Total columns in row provided. Sum of all totals should be equal to your total work force. Include all those employed by your company on either a full or part-time basis. The following groups are to be included in ethnic categories listed in columns below:

- | | |
|--------------------------------------|---|
| (1) Black or African-American | (5) Native Hawaiian or Pacific Islander |
| (2) Hispanic or Latino | (6) White |
| (3) Asian | (7) Other race/ethnicity; not falling into other groups |
| (4) American Indian or Alaska Native | |

Definitions of the race and ethnicity categories can be found on Page 4 NOT APPLICABLE

TRADE OCCUPATIONAL CATEGORY	(1) Black or African American		(2) Hispanic or Latino		(3) Asian		(4) American Indian/ Nat. Alaskan		(5) Pacific Islander		(6) White		(7) Other Race/ Ethnicity	
	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)	(M)	(F)
Brick, Block or Stone Masons														
Carpenters														
Carpet, Floor & Tile Installers Finishers														
Cement Masons, Concrete Finishers														
Construction Laborers														
Drywall Installers, Ceiling Tile Inst														
Electricians														
Elevator Installers														
First-Line Supervisors/Managers														
Glaziers														
Helpers; Construction Trade														
Millwrights														
Misc. Const. Equipment Operators														
Painters, Const. & Maintenance														
Pipelayers, Plumbers, Pipe & Steam Fitters														
Plasterers & Stucco Masons														
Roofers														
Security Guards & Surveillance Officers														
Sheet Metal Workers														
Structural Metal Fabricators & Fitters														
Welding, Soldering & Brazing Workers														
Workers, Extractive Crafts, Miners														

Totals Each Column														
--------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Grand Total All Employees	
---------------------------	--

Indicate By Gender and Ethnicity the Number of Above Employees Who Are Disabled:

Disabled														
----------	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Work Force Report

HISTORY

The Work Force Report (WFR) is the document that allows the City of San Diego to analyze the work forces of all firms wishing to do business with the City. We are able to compare the firm's work force data to County Labor Force Availability (CLFA) data derived from the United States Census. CLFA data is a compilation of lists of occupations and includes the percentage of each ethnicity we track (American Indian or Alaska Native, Asian, Black or African-American, Native Hawaiian or Pacific Islander, White, and Other) for each occupation. Currently, our CLFA data is taken from the 2010 Census. In order to compare one firm to another, it is important that the data we receive from the consultant firm is accurate and organized in the manner that allows for this fair comparison.

WORK FORCE & BRANCH WORK FORCE REPORTS

When submitting a WFR, especially if the WFR is for a specific project or activity, we would like to have information about the firm's work force that is actually participating in the project or activity. That is, if the project is in San Diego and the work force is from San Diego, we want a San Diego County Work Force Report¹. By the same token, if the project is in San Diego, but the work force is from another county, such as Orange or Riverside County, we want a Work Force Report from that county². If participation in a San Diego project is by work forces from San Diego County and, for example, from Los Angeles County and from Sacramento County, we ask for separate Work Force Reports representing your firm from each of the three counties.

MANAGING OFFICE WORK FORCE

Equal Opportunity Contracting may occasionally ask for a Managing Office Work Force (MOWF) Report. This may occur in an instance where the firm involved is a large national or international firm but the San Diego or other local work force is very small. In this case, we may ask for both a local and a MOWF Report^{1, 3}. In another case, when work is done only by the Managing Office, only the MOWF Report may be necessary.³

TYPES OF WORK FORCE REPORTS:

Please note, throughout the preceding text of this page, the superscript numbers one ¹, two ² & three ³. These numbers coincide with the types of work force report required in the example. See below:

- ¹ One San Diego County (or Most Local County) Work Force – Mandatory in most cases
- ² Branch Work Force *
- ³ Managing Office Work Force

**Submit a separate Work Force Report for all participating branches. Combine WFRs if more than one branch per county.*

RACE/ETHNICITY CATEGORIES

American Indian or Alaska Native – A person having origins in any of the peoples of North and South America (including Central America) and who maintains tribal affiliation or community attachment.

Asian – A person having origins in any of the peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.

Black or African American – A person having origins in any of the Black racial groups of Africa.

Native Hawaiian or Pacific Islander – A person having origins in any of the peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

White – A person having origins in any of the peoples of Europe, the Middle East, or North Africa.

Hispanic or Latino – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin.

Exhibit A: Work Force Report Job Categories – Administration

Refer to this table when completing your firm's Work Force Report form(s).

Management & Financial

Advertising, Marketing, Promotions, Public Relations, and Sales Managers
Business Operations Specialists
Financial Specialists
Operations Specialties Managers
Other Management Occupations
Top Executives

Professional

Art and Design Workers
Counselors, Social Workers, and Other Community and Social Service Specialists
Entertainers and Performers, Sports and Related Workers
Health Diagnosing and Treating Practitioners
Lawyers, Judges, and Related Workers
Librarians, Curators, and Archivists
Life Scientists
Media and Communication Workers
Other Teachers and Instructors
Postsecondary Teachers
Primary, Secondary, and Special Education School Teachers
Religious Workers
Social Scientists and Related Workers

Architecture & Engineering, Science, Computer

Architects, Surveyors, and Cartographers
Computer Specialists
Engineers
Mathematical Science Occupations
Physical Scientists

Technical

Drafters, Engineering, and Mapping Technicians
Health Technologists and Technicians
Life, Physical, and Social Science Technicians
Media and Communication Equipment Workers

Sales

Other Sales and Related Workers
Retail Sales Workers
Sales Representatives, Services
Sales Representatives, Wholesale and Manufacturing
Supervisors, Sales Workers

Administrative Support

Financial Clerks
Information and Record Clerks
Legal Support Workers

Material Recording, Scheduling, Dispatching, and Distributing Workers
Other Education, Training, and Library Occupations
Other Office and Administrative Support Workers
Secretaries and Administrative Assistants
Supervisors, Office and Administrative Support Workers

Services

Building Cleaning and Pest Control Workers
Cooks and Food Preparation Workers
Entertainment Attendants and Related Workers
Fire Fighting and Prevention Workers
First-Line Supervisors/Managers, Protective Service Workers
Food and Beverage Serving Workers
Funeral Service Workers
Law Enforcement Workers
Nursing, Psychiatric, and Home Health Aides
Occupational and Physical Therapist Assistants and Aides
Other Food Preparation and Serving Related Workers
Other Healthcare Support Occupations
Other Personal Care and Service Workers
Other Protective Service Workers
Personal Appearance Workers
Supervisors, Food Preparation and Serving Workers
Supervisors, Personal Care and Service Workers
Transportation, Tourism, and Lodging Attendants

Crafts

Construction Trades Workers
Electrical and Electronic Equipment Mechanics, Installers, and Repairers
Extraction Workers
Material Moving Workers
Other Construction and Related Workers
Other Installation, Maintenance, and Repair Occupations
Plant and System Operators
Supervisors of Installation, Maintenance, and Repair Workers
Supervisors, Construction and Extraction Workers
Vehicle and Mobile Equipment Mechanics,

Installers, and Repairers
Woodworkers

Operative Workers

Assemblers and Fabricators
Communications Equipment Operators
Food Processing Workers
Metal Workers and Plastic Workers
Motor Vehicle Operators
Other Production Occupations
Printing Workers
Supervisors, Production Workers
Textile, Apparel, and Furnishings Workers

Transportation

Air Transportation Workers
Other Transportation Workers
Rail Transportation Workers
Supervisors, Transportation and Material
Moving Workers
Water Transportation Workers

Laborers

Agricultural Workers
Animal Care and Service Workers
Fishing and Hunting Workers
Forest, Conservation, and Logging Workers
Grounds Maintenance Workers
Helpers, Construction Trades
Supervisors, Building and Grounds Cleaning
and Maintenance Workers
Supervisors, Farming, Fishing, and Forestry
Workers

Exhibit B: Work Force Report Job Categories-Trade

Brick, Block or Stone Masons

Brickmasons and Blockmasons
Stonemasons

Carpenters

Carpet, floor and Tile Installers and Finishers

Carpet Installers
Floor Layers, except Carpet, Wood and Hard
Tiles
Floor Sanders and Finishers
Tile and Marble Setters

Cement Masons, Concrete Finishers

Cement Masons and Concrete Finishers
Terrazzo Workers and Finishers

Construction Laborers

Drywall Installers, Ceiling Tile Inst

Drywall and Ceiling Tile Installers
Tapers

Electricians

Elevator Installers and Repairers

First-Line Supervisors/Managers

First-line Supervisors/Managers of
Construction Trades and Extraction Workers

Glaziers

Helpers, Construction Trade

Brickmasons, Blockmasons, and Tile and
Marble Setters
Carpenters
Electricians
Painters, Paperhangers, Plasterers and Stucco
Pipelayers, Plumbers, Pipefitters and
Steamfitters
Roofers
All other Construction Trades

Millwrights

Heating, Air Conditioning and Refrigeration
Mechanics and Installers
Mechanical Door Repairers
Control and Valve Installers and Repairers
Other Installation, Maintenance and Repair
Occupations

Misc. Const. Equipment Operators

Paving, Surfacing and Tamping Equipment
Operators
Pile-Driver Operators
Operating Engineers and Other Construction
Equipment Operators

Painters, Const. Maintenance

Painters, Construction and Maintenance
Paperhangers

Pipelayers and Plumbers

Pipelayers
Plumbers, Pipefitters and Steamfitters

Plasterers and Stucco Masons**Roofers****Security Guards & Surveillance Officers****Sheet Metal Workers****Structural Iron and Steel Workers****Welding, Soldering and Brazing Workers**

Welders, Cutter, Solderers and Brazers
Welding, Soldering and Brazing Machine
Setter, Operators and Tenders

Workers, Extractive Crafts, Miners