



## Legislation Details (With Text)

<b>File #:</b>	19-0010	<b>Version:</b>	1	<b>Name:</b>	FM - HDL sales tax RFP
<b>Type:</b>	Resolution	<b>Status:</b>		<b>Status:</b>	Adopted
<b>File created:</b>	12/17/2018	<b>In control:</b>		<b>In control:</b>	City Council
<b>On agenda:</b>	1/8/2019	<b>Final action:</b>		<b>Final action:</b>	1/8/2019
<b>Title:</b>	<p>Recommendation to adopt Specifications No. RFP FM18-126 and award a contract to Hinderliter, de Llamas &amp; Associates (dba HdL Companies), of Diamond Bar, CA, for sales, use, and transaction and use tax auditing, projection, recovery, and consultant services, in an annual amount not to exceed \$350,000, for a period of two years, with an option to renew for three additional one-year periods, at the discretion of the City Manager; and</p> <p>Adopt resolution authorizing HdL Companies to examine all records related to sales, use, and transaction and use tax, collected by the California Department of Tax and Fee Administration. (Citywide)</p>				
<b>Sponsors:</b>	Financial Management				
<b>Indexes:</b>	Contracts				
<b>Code sections:</b>					
<b>Attachments:</b>	1. 010819-C-10sr&att.pdf, 2. RES-19-0002.pdf				

Date	Ver.	Action By	Action	Result
1/8/2019	1	City Council	approve recommendation and adopt	Pass

Recommendation to adopt Specifications No. RFP FM18-126 and award a contract to Hinderliter, de Llamas & Associates (dba HdL Companies), of Diamond Bar, CA, for sales, use, and transaction and use tax auditing, projection, recovery, and consultant services, in an annual amount not to exceed \$350,000, for a period of two years, with an option to renew for three additional one-year periods, at the discretion of the City Manager; and

Adopt resolution authorizing HdL Companies to examine all records related to sales, use, and transaction and use tax, collected by the California Department of Tax and Fee Administration. (Citywide)

City Council approval is requested to enter into a contract with HdL Companies (HdL), for sales, use, and transaction and use tax auditing, projection, recovery, and consultant services. State law requires that local jurisdictions adopt a Resolution authorizing consultants to review state records to perform revenue auditing and recovery services. City Council approval is requested to adopt a Resolution authorizing HdL to examine all records available with the California Department of Tax and Fee Administration (CDTFA) related to the City's sales, use, and transaction and use tax.

The Request for Proposals (RFP) was advertised in the Long Beach Press-Telegram on August 10, 2018, and 5,161 potential proposers specializing in sales, use, and transaction and use tax auditing, projection, recovery, and consultant services were notified of the RFP

opportunity. Of those proposers, 23 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at [www.longbeach.gov/purchasing](http://www.longbeach.gov/purchasing). A RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority, and women-owned business groups. Two proposals were received by the deadline of September 5, 2018. Of those two proposers, none were Minority-owned Business Enterprises (MBEs), Women-owned Business Enterprises (WBEs), certified Small Business Enterprises (SBEs), or Long Beach businesses (Local).

The selection committee determined that HdL Companies, of Diamond Bar, CA (not a MBE, WBE, SBE or Local), was the most qualified firm to provide the services. In addition to meeting the City's needs outlined in the RFP, the firm was chosen because it excelled in staff expertise necessary to conduct robust analysis on economic factors impacting the City and its sales, use, and transaction and use tax performance.

HdL's compensation covers sales, use, and transaction and use tax projection, reporting, access to its sales tax database, specialized analysis and support as requested by the City, in addition to 15 percent of new or misallocated sales and use tax revenues realized by the City as direct result of HdL's detection and correction. The 15 percent fee applies to the first six regular quarterly payments following the correction. The fee is also applied retroactively and is capped six quarters prior to correction for most cases. The proposed contract does not include a cap for the number of previous quarters for more complex cases requiring HdL to provide a more significant amount of time and resources.

## **Local Business Outreach**

In an effort to align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the PlanetBids database to download the RFP specifications. Through outreach, 559 Long Beach vendors were notified to submit proposals, of which two downloaded and none submitted a proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Amy R. Webber on December 14, 2018 and by Budget Analysis Officer Julissa José-Murray on December 13, 2018.

City Council action to adopt Specifications No. RFP FM18-126, award a contract, and adopt a Resolution authorizing access to the City sales, use, and transaction and use tax information to HdL Companies is requested on January 8, 2019, to ensure continuous auditing, projection, recovery, and consultant services.

The contract with HdL will not exceed \$350,000 annually, and is appropriated in the General Fund (GF) in the Citywide Activities Department (XC). The contract authority estimates quarterly payments at \$8,800, covering all sales, use, and transaction and use tax projection,

analysis, reporting, and access to its sales tax database. In addition, \$45,950 is estimated to cover HdL's quarterly fee of 15 percent of new or misallocated sales and use tax revenues realized by the City as a direct result of the HdL's audit detection and correction efforts. This fee will be offset by revenues received by the City and accrued in the General Fund. Additionally, \$32,750 per quarter is estimated for specialized analysis and support, as requested by the City, on an as-needed basis. There is no local job impact associated with this recommendation.

Approve recommendation.

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JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST  
CITY MANAGER