

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

AGREEMENT

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3 THIS AGREEMENT is made and entered, in duplicate, as of January 14,
4 2019, for reference purposes only, pursuant to a minute order adopted by the City Council
5 of the City of Long Beach at its meeting on January 8, 2019, by and between
6 HINDERLITER, DE LLAMAS & ASSOCIATES, a California corporation ("Consultant"), with
7 a place of business at 120 S. State College Blvd., Suite 200, Brea, California 92821, and
8 the CITY OF LONG BEACH, a municipal corporation ("City").

9 WHEREAS, City requires specialized services requiring unique skills to be
10 performed in connection with sales, use, and transaction and use tax auditing, projection,
11 recovery, and consultant services ("Project"); and

12 WHEREAS, City has selected Consultant in accordance with City's
13 administrative procedures and City has determined that Consultant and its employees are
14 qualified, licensed, if so required, and experienced in performing these specialized
15 services; and

16 WHEREAS, City desires to have Consultant perform these specialized
17 services, and Consultant is willing and able to do so on the terms and conditions in this
18 Agreement;

19 NOW, THEREFORE, in consideration of the mutual terms, covenants, and
20 conditions in this Agreement, the parties agree as follows:

21 1. SCOPE OF WORK OR SERVICES.

22 A. Consultant shall furnish specialized services more particularly
23 described in Exhibit "A", attached to this Agreement and incorporated by this
24 reference, in accordance with the standards of the profession, and City shall pay for
25 these services in the manner described below, not to exceed Three Hundred Fifty
26 Thousand Dollars (\$350,000), at the rates or charges shown in Exhibit "B".

27 B. The City's obligation to pay the sum stated above for any one
28 fiscal year shall be contingent upon the City Council of the City appropriating the

1 necessary funds for such payment by the City in each fiscal year during the term of
2 this Agreement. For the purposes of this Section, a fiscal year commences on
3 October 1 of the year and continues through September 30 of the following year. In
4 the event that the City Council of the City fails to appropriate the necessary funds
5 for any fiscal year, then, and in that event, the Agreement will terminate at no
6 additional cost or obligation to the City.

7 C. Regarding Audit Recoveries (Section 1) of the Cost Proposal,
8 a six quarter cap is placed on retroactive recoveries for all petitions that are resolved
9 at the first level of administrative review (Allocation Group). A cap is not placed on
10 cases that are elevated to the Appeals Group.

11 D. Consultant may select the time and place of performance for
12 these services; provided, however, that access to City documents, records and the
13 like, if needed by Consultant, shall be available only during City's normal business
14 hours and provided that milestones for performance, if any, are met.

15 E. Consultant has requested to receive regular payments. City
16 shall pay Consultant in due course of payments following receipt from Consultant
17 and approval by City of invoices showing the services or task performed, the time
18 expended (if billing is hourly), and the name of the Project. Consultant shall certify
19 on the invoices that Consultant has performed the services in full conformance with
20 this Agreement and is entitled to receive payment. Each invoice shall be
21 accompanied by a progress report indicating the progress to date of services
22 performed and covered by the invoice, including a brief statement of any Project
23 problems and potential causes of delay in performance, and listing those services
24 that are projected for performance by Consultant during the next invoice cycle.
25 Where billing is done and payment is made on an hourly basis, the parties
26 acknowledge that this arrangement is either customary practice for Consultant's
27 profession, industry or business, or is necessary to satisfy audit and legal
28 requirements which may arise due to the fact that City is a municipality.

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F. Consultant represents that Consultant has obtained all necessary information on conditions and circumstances that may affect its performance and has conducted site visits, if necessary.

G. CAUTION: Consultant shall not begin work until this Agreement has been signed by both parties and until Consultant's evidence of insurance has been delivered to and approved by City.

2. TERM. The term of this Agreement shall commence at midnight on January 8, 2019, and shall terminate at 11:59 p.m. on January 7, 2021, unless sooner terminated as provided in this Agreement, or unless the services or the Project is completed sooner. The term may be renewed for three (3) additional one-year periods, at the discretion of the City Manager.

3. COORDINATION AND ORGANIZATION.

A. Consultant shall coordinate its performance with City's representative, if any, named in Exhibit "C", attached to this Agreement and incorporated by this reference. Consultant shall advise and inform City's representative of the work in progress on the Project in sufficient detail so as to assist City's representative in making presentations and in holding meetings on the Project. City shall furnish to Consultant information or materials, if any, described in Exhibit "D", attached to this Agreement and incorporated by this reference, and shall perform any other tasks described in the Exhibit.

B. The parties acknowledge that a substantial inducement to City for entering this Agreement was and is the reputation and skill of Consultant's key employee, named in Exhibit "E" attached to this Agreement and incorporated by this reference. City shall have the right to approve any person proposed by Consultant to replace that key employee.

4. INDEPENDENT CONTRACTOR. In performing its services, Consultant is and shall act as an independent contractor and not an employee, representative or agent of City. Consultant shall have control of Consultant's work and the

1 manner in which it is performed. Consultant shall be free to contract for similar services to
2 be performed for others during this Agreement; provided, however, that Consultant acts in
3 accordance with Section 9 and Section 11 of this Agreement. Consultant acknowledges
4 and agrees that (a) City will not withhold taxes of any kind from Consultant's compensation;
5 (b) City will not secure workers' compensation or pay unemployment insurance to, for or
6 on Consultant's behalf; and (c) City will not provide and Consultant is not entitled to any of
7 the usual and customary rights, benefits or privileges of City employees. Consultant
8 expressly warrants that neither Consultant nor any of Consultant's employees or agents
9 shall represent themselves to be employees or agents of City.

10 5. INSURANCE.

11 A. As a condition precedent to the effectiveness of this
12 Agreement, Consultant shall procure and maintain, at Consultant's expense for the
13 duration of this Agreement, from insurance companies that are admitted to write
14 insurance in California and have ratings of or equivalent to A:V by A.M. Best
15 Company or from authorized non-admitted insurance companies subject to Section
16 1763 of the California Insurance Code and that have ratings of or equivalent to A:VIII
17 by A.M. Best Company, the following insurance:

18 i. Commercial general liability insurance (equivalent in
19 scope to ISO form CG 00 01 11 85 or CG 00 01 10 93) in an amount not less
20 than \$1,000,000 per each occurrence and \$2,000,000 general aggregate.
21 This coverage shall include but not be limited to broad form contractual
22 liability, cross liability, independent contractors liability, and products and
23 completed operations liability. City, its boards and commissions, and their
24 officials, employees and agents shall be named as additional insureds by
25 endorsement (on City's endorsement form or on an endorsement equivalent
26 in scope to ISO form CG 20 10 11 85 or CG 20 26 11 85 or both CG 20 10
27 07 04 and CG 20 37 07 04 or both CG 20 33 07 04 and CG 20 37 07 04),
28 and this insurance shall contain no special limitations on the scope of

1 protection given to City, its boards and commissions, and their officials,
2 employees and agents. This policy shall be endorsed to state that the insurer
3 waives its right of subrogation against City, its boards and commissions, and
4 their officials, employees and agents.

5 ii. Workers' Compensation insurance as required by the
6 California Labor Code and employer's liability insurance in an amount not
7 less than \$1,000,000. This policy shall be endorsed to state that the insurer
8 waives its right of subrogation against City, its boards and commissions, and
9 their officials, employees and agents.

10 iii. Professional liability or errors and omissions insurance
11 in an amount not less than \$1,000,000 per claim.

12 iv. Commercial automobile liability insurance (equivalent in
13 scope to ISO form CA 00 01 06 92), covering Auto Symbol 1 (Any Auto) in
14 an amount not less than \$500,000 combined single limit per accident.

15 B. Any self-insurance program, self-insured retention, or
16 deductible must be separately approved in writing by City's Risk Manager or
17 designee and shall protect City, its officials, employees and agents in the same
18 manner and to the same extent as they would have been protected had the policy
19 or policies not contained retention or deductible provisions.

20 C. Each insurance policy shall be endorsed to state that coverage
21 shall not be reduced, non-renewed or canceled except after thirty (30) days prior
22 written notice to City, shall be primary and not contributing to any other insurance
23 or self-insurance maintained by City, and shall be endorsed to state that coverage
24 maintained by City shall be excess to and shall not contribute to insurance or self-
25 insurance maintained by Consultant. Consultant shall notify City in writing within
26 five (5) days after any insurance has been voided by the insurer or cancelled by the
27 insured.

28 D. If this coverage is written on a "claims made" basis, it must

1 provide for an extended reporting period of not less than one hundred eighty (180)
2 days, commencing on the date this Agreement expires or is terminated, unless
3 Consultant guarantees that Consultant will provide to City evidence of uninterrupted,
4 continuing coverage for a period of not less than three (3) years, commencing on
5 the date this Agreement expires or is terminated.

6 E. Consultant shall require that all subconsultants or contractors
7 that Consultant uses in the performance of these services maintain insurance in
8 compliance with this Section unless otherwise agreed in writing by City's Risk
9 Manager or designee.

10 F. Prior to the start of performance, Consultant shall deliver to City
11 certificates of insurance and the endorsements for approval as to sufficiency and
12 form. In addition, Consultant shall, within thirty (30) days prior to expiration of the
13 insurance, furnish to City certificates of insurance and endorsements evidencing
14 renewal of the insurance. City reserves the right to require complete certified copies
15 of all policies of Consultant and Consultant's subconsultants and contractors, at any
16 time. Consultant shall make available to City's Risk Manager or designee all books,
17 records and other information relating to this insurance, during normal business
18 hours.

19 G. Any modification or waiver of these insurance requirements
20 shall only be made with the approval of City's Risk Manager or designee. Not more
21 frequently than once a year, City's Risk Manager or designee may require that
22 Consultant, Consultant's subconsultants and contractors change the amount, scope
23 or types of coverages required in this Section if, in his or her sole opinion, the
24 amount, scope or types of coverages are not adequate.

25 H. The procuring or existence of insurance shall not be construed
26 or deemed as a limitation on liability relating to Consultant's performance or as full
27 performance of or compliance with the indemnification provisions of this Agreement.

28 6. ASSIGNMENT AND SUBCONTRACTING. This Agreement

1 contemplates the personal services of Consultant and Consultant's employees, and the
2 parties acknowledge that a substantial inducement to City for entering this Agreement was
3 and is the professional reputation and competence of Consultant and Consultant's
4 employees. Consultant shall not assign its rights or delegate its duties under this
5 Agreement, or any interest in this Agreement, or any portion of it, without the prior approval
6 of City, except that Consultant may with the prior approval of the City Manager of City,
7 assign any moneys due or to become due Consultant under this Agreement. Any
8 attempted assignment or delegation shall be void, and any assignee or delegate shall
9 acquire no right or interest by reason of an attempted assignment or delegation.
10 Furthermore, Consultant shall not subcontract any portion of its performance without the
11 prior approval of the City Manager or designee, or substitute an approved subconsultant
12 or contractor without approval prior to the substitution. Nothing stated in this Section shall
13 prevent Consultant from employing as many employees as Consultant deems necessary
14 for performance of this Agreement.

15 7. CONFLICT OF INTEREST. Consultant, by executing this Agreement,
16 certifies that, at the time Consultant executes this Agreement and for its duration,
17 Consultant does not and will not perform services for any other client which would create
18 a conflict, whether monetary or otherwise, as between the interests of City and the interests
19 of that other client. Consultant further certifies that Consultant does not now have and shall
20 not acquire any interest, direct or indirect, in the area covered by this Agreement or any
21 other source of income, interest in real property or investment which would be affected in
22 any manner or degree by the performance of Consultant's services hereunder. And,
23 Consultant shall obtain similar certifications from Consultant's employees, subconsultants
24 and contractors.

25 8. MATERIALS. Consultant shall furnish all labor and supervision,
26 supplies, materials, tools, machinery, equipment, appliances, transportation and services
27 necessary to or used in the performance of Consultant's obligations under this Agreement,
28 except as stated in Exhibit "D".

1 9. OWNERSHIP OF DATA. All materials, information and data
2 prepared, developed or assembled by Consultant or furnished to Consultant in connection
3 with this Agreement, including but not limited to documents, estimates, calculations,
4 studies, maps, graphs, charts, computer disks, computer source documentation, samples,
5 models, reports, summaries, drawings, designs, notes, plans, information, material and
6 memorandum (“Data”) shall be the exclusive property of City. Data shall be given to City,
7 and City shall have the unrestricted right to use and disclose the Data in any manner and
8 for any purpose without payment of further compensation to Consultant. Copies of Data
9 may be retained by Consultant but Consultant warrants that Data shall not be made
10 available to any person or entity for use without the prior approval of City. This warranty
11 shall survive termination of this Agreement for five (5) years.

12 10. TERMINATION. Either party shall have the right to terminate this
13 Agreement for any reason or no reason at any time by giving fifteen (15) calendar days
14 prior written notice to the other party. In the event of termination under this Section, City
15 shall pay Consultant for services satisfactorily performed and costs incurred up to the
16 effective date of termination for which Consultant has not been previously paid. The
17 procedures for payment in Section 1.B. with regard to invoices shall apply. On the effective
18 date of termination, Consultant shall deliver to City all Data developed or accumulated in
19 the performance of this Agreement, whether in draft or final form, or in process. And,
20 Consultant acknowledges and agrees that City’s obligation to make final payment is
21 conditioned on Consultant’s delivery of the Data to City.

22 11. CONFIDENTIALITY. Consultant shall keep all Data confidential and
23 shall not disclose the Data or use the Data directly or indirectly, other than in the course of
24 performing its services, during the term of this Agreement and for five (5) years following
25 expiration or termination of this Agreement. In addition, Consultant shall keep confidential
26 all information, whether written, oral or visual, obtained by any means whatsoever in the
27 course of performing its services for the same period of time. Consultant shall not disclose
28 any or all of the Data to any third party, or use it for Consultant's own benefit or the benefit

1 of others except for the purpose of this Agreement.

2 12. SECTION 7056 – CONFIDENTIALITY REQUIREMENTS. Section
3 7056 of the State of California Revenue and Taxation code specifically limits the disclosure
4 of confidential taxpayer information contained in the records of the California Department
5 of Tax and Fee Administration. This Section specifies the conditions under which a city
6 may authorize persons other than city officers and employees to examine State Sales, Use
7 and Transactions Tax records. The following conditions specified in Section 7056 (b), (1)
8 of the State of California Revenue and Taxation Code are hereby made part of this
9 agreement.

10 A. Consultant is authorized by this Agreement to examine sales,
11 use or transactions and use tax records of the Department of Tax and Fee
12 Administration provided to City pursuant to contract under the Bradley-Burns
13 Uniform Sales and Use Tax Law.

14 B. Consultant is required to disclose information contained in, or
15 derived from, those sales, use or transactions and use tax records only to an officer
16 or employee of the City who is authorized by resolution to examine the information.

17 C. Consultant is prohibited from performing consulting services for
18 a retailer, as defined in California Revenue & Taxation Code Section 6015, during
19 the term of this Agreement.

20 D. Consultant is prohibited from retaining the information
21 contained in, or derived from those sales or transactions and use tax records, after
22 this Agreement has expired. Information obtained by examination of Department of
23 Tax and Fee Administration records shall be used only for purposes related to
24 collection of local sales and use tax or for other governmental functions of the City
25 as set forth by resolution adopted pursuant to Section 7056 (b) of the Revenue and
26 Taxation Code. The resolution shall designate the Consultant as a person,
27 authorized to examine sales and use tax records and certify that this Agreement
28 meets the requirements set forth above and in Section 7056 (b), (1) of the Revenue

1 and Taxation Code.

2 13. BREACH OF CONFIDENTIALITY. Consultant shall not be liable for
3 a breach of confidentiality with respect to Data that: (a) Consultant demonstrates
4 Consultant knew prior to the time City disclosed it; or (b) is or becomes publicly available
5 without breach of this Agreement by Consultant; or (c) a third party who has a right to
6 disclose does so to Consultant without restrictions on further disclosure; or (d) must be
7 disclosed pursuant to subpoena or court order.

8 14. ADDITIONAL COSTS AND REDESIGN.

9 A. Any costs incurred by City due to Consultant's failure to meet
10 the standards required by the scope of work or Consultant's failure to perform fully
11 the tasks described in the scope of work which, in either case, causes City to request
12 that Consultant perform again all or part of the Scope of Work shall be at the sole
13 cost of Consultant and City shall not pay any additional compensation to Consultant
14 for its re-performance.

15 B. If the Project involves construction and the scope of work
16 requires Consultant to prepare plans and specifications with an estimate of the cost
17 of construction, then Consultant may be required to modify the plans and
18 specifications, any construction documents relating to the plans and specifications,
19 and Consultant's estimate, at no cost to City, when the lowest bid for construction
20 received by City exceeds by more than ten percent (10%) Consultant's estimate.
21 This modification shall be submitted in a timely fashion to allow City to receive new
22 bids within four (4) months after the date on which the original plans and
23 specifications were submitted by Consultant.

24 15. AMENDMENT. This Agreement, including all Exhibits, shall not be
25 amended, nor any provision or breach waived, except in writing signed by the parties which
26 expressly refers to this Agreement.

27 16. LAW. This Agreement shall be construed in accordance with the laws
28 of the State of California, and the venue for any legal actions brought by any party with

1 respect to this Agreement shall be the County of Los Angeles, State of California for state
2 actions and the Central District of California for any federal actions. Consultant shall cause
3 all work performed in connection with construction of the Project to be performed in
4 compliance with (1) all applicable laws, ordinances, rules and regulations of federal, state,
5 county or municipal governments or agencies (including, without limitation, all applicable
6 federal and state labor standards, including the prevailing wage provisions of sections 1770
7 *et seq.* of the California Labor Code); and (2) all directions, rules and regulations of any fire
8 marshal, health officer, building inspector, or other officer of every governmental agency
9 now having or hereafter acquiring jurisdiction.

10 17. PREVAILING WAGES.

11 A. Consultant agrees that all public work (as defined in California
12 Labor Code section 1720) performed pursuant to this Agreement (the "Public
13 Work"), if any, shall comply with the requirements of California Labor Code sections
14 1770 *et seq.* City makes no representation or statement that the Project, or any
15 portion thereof, is or is not a "public work" as defined in California Labor Code
16 section 1720.

17 B. In all bid specifications, contracts and subcontracts for any
18 such Public Work, Consultant shall obtain the general prevailing rate of per diem
19 wages and the general prevailing rate for holiday and overtime work in this locality
20 for each craft, classification or type of worker needed to perform the Public Work,
21 and shall include such rates in the bid specifications, contract or subcontract. Such
22 bid specifications, contract or subcontract must contain the following provision: "It
23 shall be mandatory for the contractor to pay not less than the said prevailing rate of
24 wages to all workers employed by the contractor in the execution of this contract.
25 The contractor expressly agrees to comply with the penalty provisions of California
26 Labor Code section 1775 and the payroll record keeping requirements of California
27 Labor Code section 1771."

28 18. ENTIRE AGREEMENT. This Agreement, including all Exhibits,

1 constitutes the entire understanding between the parties and supersedes all other
2 agreements, oral or written, with respect to the subject matter in this Agreement.

3 19. INDEMNITY.

4 A. Consultant shall indemnify, protect and hold harmless City, its
5 Boards, Commissions, and their officials, employees and agents (“Indemnified
6 Parties”), from and against any and all liability, claims, demands, damage, loss,
7 obligations, causes of action, proceedings, awards, fines, judgments, penalties,
8 costs and expenses, arising or alleged to have arisen, in whole or in part, out of or
9 in connection with (1) Consultant’s breach or failure to comply with any of its
10 obligations contained in this Agreement, including any obligations arising from the
11 Project’s compliance with or failure to comply with applicable laws, including all
12 applicable federal and state labor requirements including, without limitation, the
13 requirements of California Labor Code section 1770 *et seq.* or (2) negligent or willful
14 acts, errors, omissions or misrepresentations committed by Consultant, its officers,
15 employees, agents, subcontractors, or anyone under Consultant’s control, in the
16 performance of work or services under this Agreement (collectively “Claims” or
17 individually “Claim”).

18 B. In addition to Consultant’s duty to indemnify, Consultant shall
19 have a separate and wholly independent duty to defend Indemnified Parties at
20 Consultant’s expense by legal counsel approved by City, from and against all
21 Claims, and shall continue this defense until the Claims are resolved, whether by
22 settlement, judgment or otherwise. No finding or judgment of negligence, fault,
23 breach, or the like on the part of Consultant shall be required for the duty to defend
24 to arise. City shall notify Consultant of any Claim, shall tender the defense of the
25 Claim to Consultant, and shall assist Consultant, as may be reasonably requested,
26 in the defense.

27 C. If a court of competent jurisdiction determines that a Claim was
28 caused by the sole negligence or willful misconduct of Indemnified Parties,

1 Consultant's costs of defense and indemnity shall be (1) reimbursed in full if the
2 court determines sole negligence by the Indemnified Parties, or (2) reduced by the
3 percentage of willful misconduct attributed by the court to the Indemnified Parties.

4 D. The provisions of this Section shall survive the expiration or
5 termination of this Agreement.

6 20. AMBIGUITY. In the event of any conflict or ambiguity between this
7 Agreement and any Exhibit, the provisions of this Agreement shall govern.

8 21. NONDISCRIMINATION.

9 A. In connection with performance of this Agreement and subject
10 to applicable rules and regulations, Consultant shall not discriminate against any
11 employee or applicant for employment because of race, religion, national origin,
12 color, age, sex, sexual orientation, gender identity, AIDS, HIV status, handicap or
13 disability. Consultant shall ensure that applicants are employed, and that
14 employees are treated during their employment, without regard to these bases.
15 These actions shall include, but not be limited to, the following: employment,
16 upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or
17 termination; rates of pay or other forms of compensation; and selection for training,
18 including apprenticeship.

19 B. It is the policy of City to encourage the participation of
20 Disadvantaged, Minority and Women-Owned Business Enterprises in City's
21 procurement process, and Consultant agrees to use its best efforts to carry out this
22 policy in its use of subconsultants and contractors to the fullest extent consistent
23 with the efficient performance of this Agreement. Consultant may rely on written
24 representations by subconsultants and contractors regarding their status.
25 Consultant shall report to City in May and in December or, in the case of short-term
26 agreements, prior to invoicing for final payment, the names of all subconsultants
27 and contractors hired by Consultant for this Project and information on whether or
28 not they are a Disadvantaged, Minority or Women-Owned Business Enterprise, as

1 defined in Section 8 of the Small Business Act (15 U.S.C. Sec. 637).

2 22. EQUAL BENEFITS ORDINANCE. Unless otherwise exempted in
3 accordance with the provisions of the Ordinance, this Agreement is subject to the
4 applicable provisions of the Equal Benefits Ordinance (EBO), section 2.73 et seq. of the
5 Long Beach Municipal Code, as amended from time to time.

6 A. During the performance of this Agreement, the Consultant
7 certifies and represents that the Consultant will comply with the EBO. The
8 Consultant agrees to post the following statement in conspicuous places at its place
9 of business available to employees and applicants for employment:

10 "During the performance of a contract with the City of Long Beach, the
11 Consultant will provide equal benefits to employees with spouses and its
12 employees with domestic partners. Additional information about the City of
13 Long Beach's Equal Benefits Ordinance may be obtained from the City of
14 Long Beach Business Services Division at 562-570-6200."

15 B. The failure of the Consultant to comply with the EBO will be
16 deemed to be a material breach of the Agreement by the City.

17 C. If the Consultant fails to comply with the EBO, the City may
18 cancel, terminate or suspend the Agreement, in whole or in part, and monies due or
19 to become due under the Agreement may be retained by the City. The City may
20 also pursue any and all other remedies at law or in equity for any breach.

21 D. Failure to comply with the EBO may be used as evidence
22 against the Consultant in actions taken pursuant to the provisions of Long Beach
23 Municipal Code 2.93 et seq., Contractor Responsibility.

24 E. If the City determines that the Consultant has set up or used its
25 contracting entity for the purpose of evading the intent of the EBO, the City may
26 terminate the Agreement on behalf of the City. Violation of this provision may be
27 used as evidence against the Consultant in actions taken pursuant to the provisions
28 of Long Beach Municipal Code Section 2.93 et seq., Contractor Responsibility.

1 23. NOTICES. Any notice or approval required by this Agreement shall
2 be in writing and personally delivered or deposited in the U.S. Postal Service, first class,
3 postage prepaid, addressed to Consultant at the address first stated above, and to City at
4 333 West Ocean Boulevard, Long Beach, California 90802, Attn: City Manager, with a copy
5 to the City Engineer at the same address. Notice of change of address shall be given in
6 the same manner as stated for other notices. Notice shall be deemed given on the date
7 deposited in the mail or on the date personal delivery is made, whichever occurs first.

8 24. COPYRIGHTS AND PATENT RIGHTS.

9 A. Consultant shall place the following copyright protection on all
10 Data: © City of Long Beach, California ____, inserting the appropriate year.

11 B. City reserves the exclusive right to seek and obtain a patent or
12 copyright registration on any Data or other result arising from Consultant's
13 performance of this Agreement. By executing this Agreement, Consultant assigns
14 any ownership interest Consultant may have in the Data to City.

15 C. Consultant warrants that the Data does not violate or infringe
16 any patent, copyright, trade secret or other proprietary right of any other party.
17 Consultant agrees to and shall protect, defend, indemnify and hold City, its officials
18 and employees harmless from any and all claims, demands, damages, loss, liability,
19 causes of action, costs or expenses (including reasonable attorney's fees) whether
20 or not reduced to judgment, arising from any breach or alleged breach of this
21 warranty.

22 25. COVENANT AGAINST CONTINGENT FEES. Consultant warrants
23 that Consultant has not employed or retained any entity or person to solicit or obtain this
24 Agreement and that Consultant has not paid or agreed to pay any entity or person any fee,
25 commission or other monies based on or from the award of this Agreement. If Consultant
26 breaches this warranty, City shall have the right to terminate this Agreement immediately
27 notwithstanding the provisions of Section 10 or, in its discretion, to deduct from payments
28 due under this Agreement or otherwise recover the full amount of the fee, commission or

1 other monies.

2 26. WAIVER. The acceptance of any services or the payment of any
3 money by City shall not operate as a waiver of any provision of this Agreement or of any
4 right to damages or indemnity stated in this Agreement. The waiver of any breach of this
5 Agreement shall not constitute a waiver of any other or subsequent breach of this
6 Agreement.

7 27. CONTINUATION. Termination or expiration of this Agreement shall
8 not affect rights or liabilities of the parties which accrued pursuant to Sections 7, 10, 11,
9 17, 19, 22 and 28 prior to termination or expiration of this Agreement.

10 28. TAX REPORTING. As required by federal and state law, City is
11 obligated to and will report the payment of compensation to Consultant on Form 1099-
12 Misc. Consultant shall be solely responsible for payment of all federal and state taxes
13 resulting from payments under this Agreement. Consultant shall submit Consultant's
14 Employer Identification Number (EIN), or Consultant's Social Security Number if
15 Consultant does not have an EIN, in writing to City's Accounts Payable, Department of
16 Financial Management. Consultant acknowledges and agrees that City has no obligation
17 to pay Consultant until Consultant provides one of these numbers.

18 29. ADVERTISING. Consultant shall not use the name of City, its officials
19 or employees in any advertising or solicitation for business or as a reference, without the
20 prior approval of the City Manager or designee.

21 30. AUDIT. City shall have the right at all reasonable times during the
22 term of this Agreement and for a period of five (5) years after termination or expiration of
23 this Agreement to examine, audit, inspect, review, extract information from and copy all
24 books, records, accounts and other documents of Consultant relating to this Agreement.

25 31. THIRD PARTY BENEFICIARY. This Agreement is not intended or
26 designed to or entered for the purpose of creating any benefit or right for any person or
27 entity of any kind that is not a party to this Agreement.

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IN WITNESS WHEREOF, the parties have caused this document to be duly executed with all formalities required by law as of the date first stated above.

HINDERLITER, DE LLAMAS & ASSOCIATES, a California corporation

1/23, 2019

By [Signature]
Name Andrew Nickerson
Title President

1/23, 2019

By [Signature]
Name Jeffrey Schmehr
Title Chief Financial Officer

**Tom Modica
Assistant City Manager**

"Consultant"

**EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER**

CITY OF LONG BEACH, a municipal corporation

1/29, 2019

By [Signature]
City Manager

"City"

This Agreement is approved as to form on 1-28, 2019.

CHARLES PARKIN, City Attorney

By [Signature]
Deputy

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
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Lona Beach, CA 90802-4664

EXHIBIT “A”

Scope of Work

C. SCOPE OF PROJECT

The objective of this proposal is to ensure that the City of Long Beach receives its maximum share of the sales, use and district tax generated by its business community and that it possesses the tools and support to generate additional revenues through improved collection of other revenue sources and through more informed economic development.

Over the last decade, administration of sales, use and district tax revenues has become increasingly complex. The California Department of Tax and Fee Administration (CDTFA) processes returns from over 1.2 million active accounts, some having 200 or more sub-outlets. 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 insure 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 CDTFA to insure rapid turn around and thereby reduce the City's fees associated with retroactive corrections.

HdL's extensive database, with the City's detailed sales tax data back to 1992 is supplemented with quarterly updates from the CDTFA, and continually reviewed and enhanced by staff to improve quality. HdL provides authorized City staff with unlimited access to our web-based sales tax system to facilitate in-house analysis and printing of reports. The system allows City staff to search all sales tax producers in the City by business name, address, CDTFA account number and current or historical sales tax allocations.

HdL's proposal for the City of Long Beach provides for:

- Systematic and continuous auditing to identify, correct and recover all sales, use and district allocation errors due the City.
- Ongoing analyses and reports on the City's sales tax trends in relationship to the surrounding market region as well as by individual business, 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, use and district tax related issues including training, budget projections, legislative analysis and economic development.
- Maximization of sales, use and district tax payments through the encouragement 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 access to the most up-to-date tax information available.

1. Taxable Nexus Field Audit

A field canvass of the City's business and industrial areas will be conducted to identify businesses that appear to be under-reporting revenues or are not on the California Department of Tax and Fee Administration (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.

Field canvasses are supported and supplemented by HdL's Local Sales Use and Transactions Tax database, which includes account-level registration and allocation detail for the entire City. This data allows for quick generation of exception or "lead lists". It also lends legitimacy to information requests and enhances taxpayer cooperation when HdL can demonstrate that it already has specific information from the company's sales and use tax returns.

2. Sales, Use and District Tax Audits and Recovery

HdL will deploy a series of proprietary techniques, developed and refined over 35 years of performing local allocation audits, to detect, correct and recover misallocated revenue for the City of Long Beach. The audit team's goal is ***no missed opportunity*** for revenue recovery or enhancement. When errors are found HdL staff will promptly file claims for their corrections following the procedures and guidelines codified in CDTFA Regulation 1807. Thereafter HdL will work diligently with CDTFA staff to ensure prompt recovery of all escaped revenue.

HdL's extensive database provides authorized City staff with unlimited access to our web-based sales tax system to facilitate in-house analysis and printing of reports. The system allows City staff to search all sales tax producers in the City by business name, address, CDTFA account number and current or historical sales tax allocations.

[Click here](#) for a complete sample report package.

3. Tax Area Code/Permitization Audits

Tax Area Cost Audits: 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 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.

Permitization Audits: HdL field canvasses document and inventory not only obvious sales tax producers, but *all* businesses that are not clearly and exclusively service oriented. Data gathered in the field is entered and compiled into preset database formats to allow for fast and efficient queries against other commercially available databases. 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 will apply a proprietary process for identifying companies who should be taking out permits so that those revenues due the City are properly allocated to the City.

4. Deficiency Assessment Audit

CDTFA compliance audits of individual taxpayers occasionally result in deficiency assessments for things such as under-reported taxable sales or purchases subject to use tax, or for disallowed exemptions. A deficiency assessment will have a local tax component that should be allocated to the appropriate jurisdiction via a CDTFA-514-L form. However, errors will sometime occur wherein the wrong jurisdiction will receive credit. For example – the local tax may be allocated to the taxpayer's main or headquarters location, as opposed to a sales office or manufacturing site where the liability was originally incurred.

HdL applies proprietary queries and analyses to its statewide allocation database to identify all significant audit adjustments, and then researches further to determine the basis of the assessment. Once the exact nature of the deficiency is known a determination can be made as to whether the local component was allocated to the correct business location of the taxpayer.

5. Quarterly Distribution Report Audit

Each time HdL receives a new quarterly dataset from the CDTFA (i.e. a Quarterly Distribution Report) a series of proprietary queries and analyses are applied to identify any significant irregularities, whether due to a shift in regular payment activity or to CDTFA fund transfers and other accounting adjustments. Comparisons to state-wide reporting patterns will often answer whether a potential allocation error exists, HdL's database is unmatched in size and comprises over 99.8% of all sales, use and district tax transactions in California

All accounts previously identified as having point of sale distribution errors are flagged and reviewed each time new quarterly data is received. Additional follow-up is promptly initiated for any new or continuing errors identified. HdL employs two full-time case managers to ensure adequate monitoring of both past and current case inventory across our entire client database.

6. Accounts Payable Audit Reviews

HdL's business affiliate, Equity Recovery Solutions (ERS), will provide enhanced accounts payable audits to ensure the City recovers additional revenue. The ERS professionals have extensive knowledge and experience using technology, software and sophisticated testing methodologies to identify the areas of highest probability for revenue recovery. The company's audits are non-intrusive and designed to minimize client agency resources.

The process will begin by an initial exam and review with the accounting, purchasing and accounts payable staff to determine the availability of records. A request for detailed electronic Accounts Payable data will be submitted to the City's IT department. ERS will then review sales tax returns, chart of accounts and financial information to identify areas with high refund potential or areas with unusual periods or activity. The firm will perform testing and research to document and validate overpayment areas. Findings will be communicated to the City through a Project Plan. Data analysis, review, extraction of relevant detail and testing methods will be determined. Approval will be obtained from the CDTFA for proposed statistical sampling.

ERS will then gather necessary documentation (secure invoices, contracts, purchase orders) and perform technical research for legal and statutory support for refund reports. Findings will be submitted to the City for approval prior to filing claims with the CDTFA. ERS will continue to follow the process with the CDTFA until refunds are approved and paid. The firm will also work with staff at the City and provide training and process improvement (for a period up to one year) after the initial review period. ERS will also assist the City with identifying opportunities for the City to benefit from the use of its direct payment permit to capture use tax on out-of-state (OOS) purchases.

7. Sales, Use and District Tax Audit and Recovery Opportunities

HdL will provide guidance to the City regarding proactive programs and procedures to help prevent pooling of revenues and increase direct allocation of sales, use and district taxes to the City.

8. Correct Reporting Errors

Development of Correction Data: Preliminary lead are developed through all of the aforementioned audit programs and further refined using a variety of programs and databases to reduce the need for taxpayer outreach. Companies remaining in the audit database are then contacted by a specialized audit unit whose members are specifically selected and trained to interview tax preparers and marketing, warehouse and management staff. ***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 lowers client fees by reducing the number of quarters requiring retroactive adjustment and ensures faster recovery of misallocated revenues.

City Review: To avoid potential conflicts with a City's in-house audit efforts, HdL prepares a list of misallocated or under-reporting businesses for City officials to review and authorize prior to any invoicing. This line item, account-level approval process is an important step in eliminating any misunderstandings or disagreements regarding what may be considered a valid audit "find."

Preparation and Submittal of Corrections: Petitions are prepared (CDTFA Form 549-S) that notify the CDTFA the existence and nature of the misallocation. All relevant and available supporting documentation is included. Copies of all transmittal forms and correspondence with the CDTFA and taxpayers are sent to City staff.

Continuous Follow-up: HdL employs two full-time case managers 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 disproportionate 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 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 1807.

Track Record: HdL is effective in recovering misallocated revenue for client agencies in 97% of all cases submitted to the CDTFA. In addition, only 5% of HdL's case submittals are unresolved after two quarters with an average for all cases of 186 days. Equally important, agencies converting to HdL from other firms consistently find that HdL's more detailed approach to audits and follow up produces new revenue missed by other firms.

9. Use Tax Program

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.

10. Sales, Use and District 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 1% 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. 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. HdL provides budget projections twice a year. **Five-year forecasts are also provided.**

[Click here](#) for our sample reports and revenue forecasts.

11. Economic Analysis

HdL maintains the City's detailed sales tax data back to 1992 and will 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 web application 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 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 define a Geo-area, which would identify related businesses by latitude and longitude.

Training on use of the software and ongoing upgrades is provided at no additional charge.

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, business or 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 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 services are superior to other vendors because the firm provides data analysis instead of bound stacks of raw data. The 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.

Analysis of sales and use tax data and 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.

12. Economic Development Consultation

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.

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 analyses to identify retail voids and opportunities and an annual publication of retailers seeking expansion in the region and state.

13. Sales Use and District Tax Reports and Documentation

At least once per quarter, HdL will submit a Work Authorization to the City detailing those accounts being actively pursued for a local sales/use tax allocation error. In addition, quarterly invoices will detail on a line-item basis all sales tax recoveries contained in the current period Quarterly Distribution Report. Other ad hoc reports concerning audit case progress or open account status will be prepared on an as requested basis.

14. Quarterly Analysis

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.

15. Legislative Analysis

HdL prepares Legislative Updates for clients to keep them informed on any changes that may impact local revenues. The firm also provides Issue Updates which are similar in nature but deal with specific issues such as Sales Tax Participation Agreements. Each issue is presented in detail so that Agency staff is better equipped to handle questions on that topic from their community leaders.

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 Assemblymembers 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 for Los Angeles County.

16. Other Services

HdL also serves as "on-call" staff 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 staff, City Council and other groups to explain sales tax regulations and their importance to the City's tax base.

HdL will, when requested by the City, conduct technical seminars for City personnel on California sales and use tax processes. To support in-house efforts to maximize use tax, the seminars will cover the fundamentals of direct payment permits, purchasing corporations and maximizing "use tax" from construction projects.

HdL's extensive database, with the City's detailed sales tax data back to 1992, is supplemented with quarterly updates from the CDTFA, and continually reviewed and enhanced by staff to improve quality. HdL provides authorized City staff with unlimited access to our web-based sales tax system to facilitate in-house analysis and printing of reports. The system allows City staff to search all sales tax producers in the City by business name, address, CDTFA account number and current or historical sales tax allocations.

Project Schedule:

Through its contract with Los Angeles County, HdL maintains the Long Beach Sales and Use Tax database back to and including calendar year 1992 and updates the information each quarter. The firm is prepared to provide full reports, analysis and budget projections within two weeks of approval of the contract for the quarter of approval.

Initial field inventories to begin the audit process would be implemented within 30 days after a resolution of authorization is filed with the CDTFA by the City of Long Beach.

Required of the City:

1. Copy of the aforementioned resolution.
2. List of active audit claims filed by previous vendor or City to avoid duplication and taxpayer confusion.
3. Address parameters, maps or GIS shapefiles of any geographic areas that City wishes to segregate for analytical purposes.
4. Placement of HdL on mailing list of major planning and construction permit activity (if City wishes HdL to pursue use tax maximization opportunities).
5. Designation of a City contact to schedule meetings and training and to receive and distribute HdL software and reports.

17. Other Revenue Related Revenue Analysis and Audit Activities

a. Franchise Fees

Work Plan for Electric Franchise Fees

Review Franchisee's Calculation of Franchise Fees, Verify Compliance with Ordinance

- Verify that the accounting methodologies and procedures used by the franchisee accurately identified kwh sales generated within the City during the review period, investigate any inconsistencies and provide recommendations, if applicable, and confirm franchisees have:
 - Identified the appropriate source of revenue on which the City's franchisee fee collections will be based upon (kwh usage per unit);
 - Applied the appropriate franchise fee calculation; and,
 - Retained supporting documentation such as customer billing and receipt records to substantiate franchise fee base.

- Analyze payments to the City, supporting data and recalculate the franchise fees for the review period.
- Review the growth of the franchisee and perform an analysis that confirms that the revenue growth of the franchisee is similar to the growth of the revenues reported to the City in the franchise fee payment.

Calculate and Report Dollar Amount of any Franchise Fee Underpayments

- Develop a spreadsheet model that includes the following calculations:
 - Summarize kwh sales recorded on source documents provided by the franchisee; and,
 - Independently calculate the franchise fees under/over reported to the City for the review period.
- Calculate under/overpayment of franchise fees by category of customer.
- Calculate interest charges and any other applicable fees on under/over payment of franchise fees.

Prepare and Submit Draft and Final Reports to the City

- Submit draft report to the City for review and comments. The draft report will include the following:
 - A table that compares, in parallel columns, the kwh sales reported to the City as compared to amounts calculated by Azavar;
 - Explanation of findings, including any noncompliance items noted during the review. Specifically identifying the areas and nature of noncompliance including recommended corrective actions;
 - Supporting tables that summarize the findings by year;
 - Calculation of under/overpayment of franchise fees plus any required penalty and interest; and,
 - Recommendations for based on the findings.
- Based on comments provided by the City, finalize and submit final report to the City.

Recovery of Unpaid Franchise Fees

- Work collaboratively with the franchisee and the City to formulate solutions for noted issues and recovery of unpaid franchise fees.

Work Plan for Electric Franchise Fees

Review Franchisee's Calculation of Franchise Fees

- Verify that the accounting methodologies and procedures used by the franchisee accurately identified revenues subject to franchise fees within the City during the review period, investigate any inconsistencies and provide recommendations, if applicable, and franchisee, as specified in the franchise agreement, have:
 - Identified the appropriate source of revenue on which the City's franchisee fee collections will be based upon (revenues);
 - Applied the appropriate franchise fee calculation as specified in the franchise agreement; and,
 - Retained supporting documentation such as customer billing and receipt records to substantiate franchise fee base.
- Review payments to the City, supporting data and recalculate the franchise fees for the review period.

- Review the growth for the franchisee and perform an analysis that confirms that the revenue growth of the franchisee is similar to the growth of the revenues reported to the City in the franchise fee payment.

Calculate and Report Dollar Amount of Franchise Fee Underpayments

- Develop a spreadsheet model that includes the following calculations:
 - Summarize revenues recorded on source documents provided by the franchisee; and,
 - Independently calculate the franchise fees under/over reported to the City for the review period.
- Calculate under/overpayment of franchise fees by category of revenues.
- Calculate interest charges and any other applicable fees on under/over payment of franchise fees.

Prepare and Submit Draft and Final Reports to the City

- Submit draft report to the City for review and comments. The draft report will include the following:
 - A table that compares, in parallel columns, the revenues reported to the City as compared to amounts calculated by Azavar;
 - Explanation of findings, including any noncompliance items noted during the review. Specifically identifying the areas and nature of noncompliance including recommended corrective actions;
 - Supporting tables that summarize the findings by year;
 - Calculation of under/overpayment of franchise fees plus any required penalty and interest; and,
 - Recommendations for based on the findings.
- Based on comments provided by the City, finalize and submit final report to the City.

Recovery of Unpaid Franchise Fees

- Work collaboratively with the franchisee and the City to formulate solutions for noted issues and recovery of unpaid franchise fees.

Work Plan for Gas & Waste Franchise Fees

Review Franchisee's Calculation of Franchise Fees

- Verify that the accounting methodologies and procedures used by the franchisee accurately identified revenues subject to franchise fees within the City during the review period, investigate any inconsistencies and provide recommendations, if applicable, and franchisee, as specified in the franchise agreement, have:
 - Identified the appropriate source of revenue on which the City's franchisee fee collections will be based upon (revenues);
 - Applied the appropriate franchise fee calculation as specified in the franchise agreement; and,
 - Retained supporting documentation such as customer billing and receipt records to substantiate franchise fee base.
- Review payments to the City, supporting data and recalculate the franchise fees for the review period.

- Review the growth for the franchisee and perform an analysis that confirms that the revenue growth of the franchisee is similar to the growth of the revenues reported to the City in the franchise fee payment.

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Calculate and Report Dollar Amount of Franchise Fee Underpayments

- Develop a spreadsheet model that includes the following calculations:
 - Summarize revenues recorded on source documents provided by the franchisee; and,
 - Independently calculate the franchise fees under/over reported to the City for the review period.
- Calculate under/overpayment of franchise fees by category of revenues.
- Calculate interest charges and any other applicable fees on under/over payment of franchise fees.

Prepare and Submit Draft and Final Reports to the City

- Submit draft report to the City for review and comments. The draft report will include the following:
 - A table that compares, in parallel columns, the revenues reported to the City as compared to amounts calculated by Azavar;
 - Explanation of findings, including any noncompliance items noted during the review. Specifically identifying the areas and nature of noncompliance including recommended corrective actions;
 - Supporting tables that summarize the findings by year;
 - Calculation of under/overpayment of franchise fees plus any required penalty and interest; and,
 - Recommendations for based on the findings.
- Based on comments provided by the City, finalize and submit final report to the City.

Recovery of Unpaid Franchise Fees

- Work collaboratively with the franchisee and the City to formulate solutions for noted issues and recovery of unpaid franchise fees.

Work Plan for Cable Franchise Fees

Review Franchisee's Calculation of Cable Fees

- Inspect billing and receipt records used to substantiate Cable Fees due from customers. Summarize the franchise and PEG fee information for the review period and note any inconsistencies.
- Review financial data of gross revenues to verify that they were reported in accordance with the definition of gross revenues set forth in California, including:
 - Comparisons of reported revenues by type over the entire review period;
 - Determine if the franchisee reported amounts received from Cable Fees, PEG fees, late fees, and returned check fees; and,
 - Review and analyze read histories to identify errors in billing and revenues processes.
- Review payments to the City, supporting data and recalculate the Cable Fees for the review period.
- Develop a spreadsheet model that includes the following calculations:

- Summarize revenues recorded on source documents provided by the franchisee. Include comparison.
- Independently calculate the Cable Fees that should be reported to the City.
- Calculate, in parallel columns, the gross revenues reported to the City vs. the gross revenues calculated Azavar, by category of revenues.
- Calculate under/overpayment of Cable Fees by category of revenues.
- Calculate interest charges on under/over payment of Cable Fees and any possible penalties or late filing assessments.
- On a test basis, reconcile gross revenues submitted as supporting documentation with the franchise fee payments to revenues recorded on the audited financial statements or equivalent reporting information.
- Identify each revenue type or source that the franchisee did not include in the determination of Cable Fees remitted to the City for the review period from failure to report or include as a City address.
- Ensure that gross revenues recorded on the general ledger are properly included in the franchise and PEG fee payments in accordance with the franchise agreement.
- Note whether the franchisee has substantively fulfilled its financial obligations in its franchise agreement with the City and determine that it adheres to the general parameters of the franchise agreement.
- Verify that the accounting methodologies and procedures used by the franchisee accurately identified revenues subject to Cable Fees within the City during the review period, investigate any inconsistencies and provide recommendations, if applicable, and franchisee, as specified in the franchise agreement, have:
 - Identified the appropriate source of revenue on which the City's franchisee and PEG fee collections will be based upon (revenues);
 - Applied the appropriate franchise and PEG fee calculations as specified in the franchise agreement; and,
 - Retained supporting documentation such as customer billing and receipt records to substantiate franchise and PEG fee base.
- Review the growth of the franchisee and perform an analysis that confirms that the revenue growth of the franchisee is similar to the growth of the revenues reported to the City in the franchise and PEG fee payments.

Calculate and Report Dollar Amount of Franchise and PEG Fee Underpayments

- Develop a spreadsheet model that includes the following calculations:
 - Summarize revenues recorded on source documents provided by the franchisee; and,
 - Independently calculate the Cable Fees under/over reported to the City for the review period.
- Calculate under/overpayment of Cable Fees by category of revenues.
- Calculate interest charges and any other applicable fees on under/over payment of Cable Fees.

Prepare and Submit Draft and Final Reports to the City

- Submit draft report to the City for review and comments. The draft report will include the following:
 - A table that compares, in parallel columns, the revenues reported to the City as compared to amounts calculated by Azavar;

- Explanation of findings, including any noncompliance items noted during the review. Specifically identifying the areas and nature of noncompliance including recommended corrective actions;
- Supporting tables that summarize the findings by year;
- Calculation of under/overpayment of Cable Fees plus any required penalties and interest; and,
- Recommendations for based on the findings.
- Based on comments provided by the City, finalize and submit final report to the City.

Recovery of Unpaid Cable Fees

- Work collaboratively with the franchisee and the City to formulate solutions for noted issues and recovery of unpaid Cable Fees.

b. Utility Users Tax

Review Utility's Address Geographical Allocation Data and Gross Revenue Computations

- Utilize proprietary systems and software operated by Azavar to analyze utility usage by service point in the City that are not reported as service addresses by the utility. Azavar will identify any address coding discrepancies and will correct miscoded addresses so that the franchisee properly identifies the address property as in the City for future remittances of UUT.
- A gross revenue audit will determine if the proper taxes derived from local users of utility service are being calculated and remitted appropriately by the utility provider. Azavar will determine if any revenues remain unaccounted for when tax remittances are being computed by a provider.

Calculate and Report Number of Addresses and Dollar Amount of any Utility Use Tax Underpayments

- Develop a spreadsheet model that includes the following:
 - Summarize addresses that do not appear in the utility's database and create estimates of back taxes owed as well as recovery amounts going forward; and,
 - Independently calculate gross revenue computations of the tax for any under/over payments reported to the City for the review period.
- Calculate interest and penalty charges based on City Ordinances and State Laws on under/over payment of UUT,

Prepare and Submit Results to the Utility Provider and Final Back Tax Reports to the City

- Submit address allocation errors and gross revenue computations errors to the utility provider for correction going forward.
- Submit a report of back taxes owed by the utility provider to the City that will include the following:
 - A table that calculates all back taxes owed including penalty in interest for both the missing addresses and miscalculated gross revenues;
 - Explanation of findings, including any ordinances and laws used and cited. Specifically identifying the areas and nature of noncompliance including recommended corrective actions;

- Supporting data that summarize the findings by month; and,
- Recommendations for based on the findings.
- Based on comments provided by the City, finalize and submit notice of tax liability to the utility provider.

Recovery of Unpaid Franchise Fees

- Work collaboratively with the utility provider and the City to collect all back taxes owed or reach a settlement agreement.

Deliverables

- Submit final report to the City, which includes supporting schedules, that summarizes the findings with a detailed explanation of payment discrepancies and penalties including any proposed restitution of unpaid franchise fees for each franchise - Electric, Gas, Waste and Cable.
- Submit final report to the City, which includes supporting schedules, that summarizes the findings with a detailed explanation of payment discrepancies and recoveries including any restitution of unpaid UUT for each of the following utility tax remitters – Electric, Gas, Telecom and Water.

Key Milestones, Checkpoints, and Other Decision Points

- Kick-off meeting of the audit process
- Sign-off of letters of agency and non-disclosure agreements
- Start of the audits
- Submit draft report to the City for review and comments
- Final report
- Review of back franchise fees owed and the best path forward to recover those fees

City Resources Required

- Onsite data intake if data is not available electronically
- Sign-off of letters of agency
- A designated contact to provide sign-off on documents and review work product for next steps

c. Transient Occupancy Tax

HdL believes that continuous monitoring of TOT reporting is the most effective way to increase compliance and avoid errors that may lead to time consuming and costly collection efforts. HdL offers two complimentary service options built around this perspective; a lodging provider audit service, and a full service administration program that incorporates ongoing monitoring and audits.

Lodging Provider Audits

HdL's lodging provider audits ensure accurate revenues and filing practices by the City's lodging providers, while employing business friendly methods to educate providers in order to ensure the compliance of ongoing filings. HdL's phased approach begins with a detailed analysis of all lodging providers registered with the City. A preliminary report is reviewed with the City and used for planning the specifics the following phase, during which audits will be conducted.

Phase 1 – Transient Occupancy Tax Analysis

- Ordinance and Filing Procedure Review – Conduct an analysis of Transient Occupancy Tax ordinances and City procedures in order to identify possible deficiencies or other administration related issues.
- Analysis Report – Conduct a review of the most recent 36 months of transient occupancy tax filings. In order to verify and augment the data, the audit team will compile a variety of supplemental information on each property, including number of rooms, occupancy rate, physical condition, and business dynamics. Data is then further scrutinized in order to identify unusual or suspicious reporting, or other factors that indicate cause for further review. Information and findings are documented in the analysis report for review with the City.
- Analysis Review – Review the analysis report with the City, and set objectives and timeline for Phase 2.

Phase 2 – Lodging Provider Audits

- Audit Notification & Scheduling – Selected lodging providers are scheduled for a Compliance Analysis Audit. Every effort is made to promote a positive experience for the taxpayer. Businesses will be reminded of the documents required for the audit that were discussed in webinars and previous communications. Lodging providers are afforded the opportunity to schedule flexible appointment times by contacting the Business Support Center or visiting our online support center.
- Compliance Analysis & Audit - The HdL audit team reviews the books and records of the lodging provider to determine compliance with transient occupancy tax regulations. HdL validates taxable gross rents, exemptions, bank statements, daily/monthly summaries, and other relevant information for determining compliance. Supporting documentation for relevant items such as exemptions will also be documented for accuracy.
- Audit & Compliance Report – Upon completion of the audit and analysis, and prior to additional actions, a compliance report is generated and reviewed with the City. The report indicates specific results of the reviews and recommended actions. Documentation will be included with the report to assist the City and HdL in determining next steps.
- Deficiency and Commendation Notification – Upon final review with the City, businesses that are found to have deficiencies are notified of the findings as well as payment and appeal processes. Appointments are also scheduled to review the findings and educate taxpayers on proper filing procedures designed to prevent future errors and deficiencies. Lodging Providers found to be in compliant, are sent a commendation letter thanking them for their cooperation and compliance.
- Invoicing & Collections – Lodging providers found to be underreporting are invoiced through the standard City approved collections process identical to the procedures approved for other Programs. Taxpayers will have access to all of the services provided including the Business Support Center and online support systems. Balances are collected and remitted along with supporting documentation to the City through approved remittance processes

TOT Administration

HdL's TOT Administration Service provides the City with streamlined return processing, online reporting, and increased revenues while the lodging community benefits from online filing and payment options, a dedicated customer service help desk, and ongoing monitoring of returns in order to identify and correct errors before incurring significant penalties. In addition to the services provided by HdL's TOT Audits program, HdL's TOT Administration service provides the following:

- Tax Registration Database Management – HdL will transfer the City's existing databases as they relate to TOT/STR into HdL's internal administration tools. HdL will maintain the data and provide reports to the City.
- Return Processing – HdL will process TOT filings within 5 days of submission. Accounts will receive all applicable forms necessary to complete the renewal process.
- New Account Processing – HdL will process any new STR registrations for Lodging Establishments that change hand or newly offered properties.
- Payment Posting / Processing – HdL will process all payments made for new and existing lodging providers. Accounts will be updated with payment information and revenues will be remitted to the City net HdL's fees on no less than a monthly basis.
- Customer Support Center – HdL will provide lodging providers with multiple support options for registering, filing returns, making payments and for general inquiries. A toll-free number will be provided to businesses in order to access one of our tax specialists Monday-Friday 8:00am to 5:00pm Pacific. Lodging providers will also have access to support via, e-mail, fax, and via the Support Center On-Line.
- On-Line Filing & Payment Processing – With input from the City, HdL creates a custom web site and domain for taxpayers to submit online forms, returns, and payments along with other customer support related items.
- Compliance Monitoring & Lodging Provider Audits – HdL will ensure accurate filings of TOT returns by consistently monitoring returns and comparing with data obtained from the identification phase. This can include listing calendar data, average occupancy, and average room rates. HdL will also provide compliance audits as mutually agreed to by the City and Hd, ensuring all providers are audited at least once every three years.
- Annual Reporting – In addition to standard monthly reports, HdL will continue to provide the City with annual analysis reports designed to provide key insights in the lodging provider community and the details on reporting of each lodging provider.

OPTIONAL SERVICES:

Short Term Rental Services

HdL's Short-Term Rentals Service provides for the identification, education and compliance of short term rental hosts regarding transient occupancy tax regulations and filing procedures, regulatory permits and licensing, and other City specific goals and objectives. HdL employs a modular, customer service centric approach, that reduces City administrative costs and provides the City with assurances of future compliance and reporting practices from the City's short-term rental lodging industry.

HdL's modular approach starts with a detailed analysis of STR listings on a variety of online platforms, including Airbnb, Home Away, VRBO, etc. This process creates a full inventory of short-term rentals currently operating within the City's jurisdiction, including the full name of the owner and the physical address of the unit. Each STR is tracked and updated nightly with valuable data that can include items such as number of nights rented, average occupancy rates, room rates, as well as trend and usage reporting.

Following identification, HdL conducts a targeted education and compliance campaign designed to inform STR Hosts of their obligations to file and remit taxes and other requisite licenses and permits as may be needed. Each lodging provider is provided a full overview of the requirements and how to best comply both in the present and the future. During the registration process, HdL offers a variety of support options to the community including online filing, file-by-phone, email, and registration via standard mail. HdL tax and license specialists are available throughout the process to provide support to the STR community and to assist in the registration process.

Once registered, accounts move into a standard administration process. HdL manages the filing of tax returns and other prerequisites on a quarterly or monthly basis, depending on City requirements. This includes mailing of tax returns, processing of payments, customer support, delinquency follow up, and the development and management of an online portal for registration, filing, payments, and other support related needs.

STR Identification & Monitoring

HdL compiles a list of all actively posted short term rentals available from a wide array of sources. Lists are compiled and aggregated to accommodate duplicate listings from various sites. During the identification and monitoring process, HdL will:

- Scan over 20 different rental sites, including global aggregators like HomeAway/VRBO, Airbnb, Turnkey.com, and Booking.com, national aggregators like Vacasa and Turnkey, and small, local property management firms.
- Match Listings to specific parcels using GIS and property tax assessor data.
- Create comparison reports to identify properties that may already be compliant or registered and paying taxes.
- Provide visual map of all listings within the City.
- Record listing details such as start date, various sites linked to, other information necessary for documenting evidence of STR activity.
- Continually monitor activity to identify and record new listings and closures to ensure accurate real-time identification and monitoring.

Education, Registration, and Compliance

Using the list of active STR listings, HdL conducts a series of City approved education-based programs ranging from mailers to direct phone contacts. Each packet and contact contains all the information necessary to obtain registration and comply with local requirements. HdL assists STR hosts throughout the program with information and support with all aspects of becoming compliant. During this program, HdL will:

- Validate listing to ensure proper identification and filter out records that may lead to erroneous contacts.
- Notify non-compliant entities with a series of education-based packets designed to garner compliance;
- Provide a support center for assistance with general questions, support, and assistance with filing and paying returns.
- Provide online portal with links to FAQs, education packets, and support for registering, filing returns, and making payments online.
- Follow up with non-compliant accounts to obtain registration
- Work with City to identify additional requirements and ensure collection of data necessary to enforcement procedures.
- Establish optional implementation items such as amnesty programs, back tax and penalty provisions, and other pre-registration programs.

EXHIBIT “B”

Rates or Charges

THE HOLLAND COMPANY

INCORPORATED IN THE STATE OF NEW YORK

OFFICE: 100 WALL STREET, NEW YORK, N. Y.

TELEPHONE: 437-1234

REGISTERED OFFICE: 100 WALL STREET, NEW YORK, N. Y.

MEMBER OF THE NEW YORK STOCK EXCHANGE

MEMBER OF THE NEW YORK BOARD OF TRADE

MEMBER OF THE NEW YORK COMMODITY EXCHANGE

MEMBER OF THE NEW YORK MERCANTILE EXCHANGE

MEMBER OF THE NEW YORK ASSOCIATION OF SECURITIES DEALERS

MEMBER OF THE NEW YORK ASSOCIATION OF INVESTMENT BROKERS

MEMBER OF THE NEW YORK ASSOCIATION OF FUTURE TRADING MEMBERS

MEMBER OF THE NEW YORK ASSOCIATION OF COMMODITY BROKERS

MEMBER OF THE NEW YORK ASSOCIATION OF INVESTMENT MANAGERS

MEMBER OF THE NEW YORK ASSOCIATION OF FINANCIAL PLANNERS

MEMBER OF THE NEW YORK ASSOCIATION OF RETIREMENT PLANNERS

MEMBER OF THE NEW YORK ASSOCIATION OF ESTATE PLANNERS

MEMBER OF THE NEW YORK ASSOCIATION OF CHARITABLE TRUST MANAGERS



COST PROPOSAL

1. Sales, Use and District Tax Costs

Audit Recoveries

HdL proposes a fee of 15% of all new sales, use and district tax revenue received by the City resulting from audit and recovery work performed by the firm. This audit fee applies to the first six regular quarterly payments following the correction, as well as any retroactive adjustments for prior periods, which are identified in the allocation data as fund transfers. The invoice detail makes a clear distinction between regular payments and fund transfers and shows the number of regular payments billed for each account.

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 six 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 of Long Beach 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.

Sales, Use and District Tax Management Services and Web-Based Application

HdL's fee for an agency of Long Beach's size and character is **\$850** per month billed quarterly. This includes access to the sales tax web application, ongoing analysis, reports, legislative support and unlimited access to HdL's team members for sales, use and district tax related questions, as well as training and support for internal implementation of a program of use tax maximization and economic expansion.

Number of Hours Per Year, Hourly Costs and Total Fixed Price for Project Budget

Hours on this project for Audit Services: HdL performs computer and in-house audit analyses of allocations quarterly and performs comprehensive physical field canvassing every 10-12 months. Once the initial inventory and analysis is completed, the amount of staff hours expended depends on the nature of the error.

- | | |
|------------------------------------------------------------------------------------------|----------------------|
| 1. Field Inventory | 120 hours per year |
| 2. Field Follow Up
(Computer crosschecks, tax payer interviews, review of returns) | 100 hours per year |
| 3. Quarterly Analysis
(Follow up with taxpayers, computer and state records research) | 30 hours per quarter |
| 4. Processing and Monitoring of Corrections | 20 hours per quarter |

Hours on this project for Sales Tax Management Services: 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. The principal will provide a package of detailed reports, including charts and graphs, and will review these with all those in attendance. Quarterly client meetings last approximately one hour however, the principal and HdL's production services teams spend an average of 20 hours prior to the meeting preparing and analyzing the City's data with an additional 5 hours on follow up activities.

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

Principal	\$325 per hour
Programmer	\$295 per hour
Senior Associate	\$245 per hour
Analyst	\$195 per hour

The total fixed-price for the project budget will vary annually based upon the nature of sales tax misallocations. In some cases, our firms have agreed to an established "not-to-exceed" amount for budgetary purposes.

2. Costs for Other Revenue Related Revenue Analysis and Audit Activities

Franchise Fees – Azavar Government Services (Subconsultant)

Azavar will provide these services for 20% of the additional revenue realized as a result of correcting errors/omissions that would apply to additional revenue realized during the 36 months following the correction and any back taxes/fees recovered.

Utility Users Tax - Azavar Government Services (Subconsultant)

Azavar will provide these services for 20% of the additional revenue realized as a result of correcting errors/omissions that would apply to additional revenue realized during the 36 months following the correction and any back taxes/fees recovered.

Transient Occupancy Tax – HdL Software

Pricing for these services provided assuming a standard scope of service. Upon discussion with the City in order to identify specific objectives and desired scope of service, pricing can be adjusted as required.

Lodging Provider Audits - \$1,500 / audit.

TOT Administration (includes Lodging Provider Audits) - \$650 per property per year, + CPI

Optional Short-Term Rentals Administration – 15% of recovered revenue

3. Costs for Accounts Payable Audit Review

Equity Recovery Solutions (ERS) will provide these services for a fee of 20% of all refunds identified and recovered. Fees are not billed until the City receives the revenue benefit. There are no additional charges for any expenses or other costs associated with this fee structure, including audit assistance.

4. Out-of-Pocket Expenses

The above fees constitute full reimbursement and covers all direct and indirect costs incurred by the firms under this contract. This includes all salaries of employees, travel expenses and service contracting costs as well as the software to be delivered to the City of Long Beach under this proposal.

EXHIBIT “C”

City’s Representative:

Geraldine Alejo, Revenue Management Officer

(562) 570-5478

EXHIBIT “D”

Materials/Information Furnished: None

EXHIBIT “E”

Consultant’s Key Employee:
Andy Nickerson, President/CEO