



CITY OF OCEANSIDE

REQUEST FOR PROPOSAL

Transient Occupancy Tax Audit Services

Proposal Submittal Due Date

July 31, 2025 – 3:00 PM PST

**Submit proposals via Bidnet Direct
www.ci.oceanside.ca.us**

City of Oceanside
Financial Services Department
300 North Coast Highway
Oceanside, CA 92054

Questions regarding this solicitation must be in writing via email to
jrhoades@oceansideca.org

No phone calls will be accepted

I. Introduction and Background

The City of Oceanside (hereinafter referred to as the “City”) is located along the Southern California coast, approximately 35 miles north of the City of San Diego. Oceanside encompasses 42 square miles and serves a culturally diverse population of approximately 174,000 residents. The City provides a full range of municipal services to its community including police, fire, beach lifeguards, public works, parks and recreation, library, water and sewer and general administration.

Originally incorporated on January 3, 1888, under the general laws of the State of California, the City adopted Charter City status following voter approval on June 8, 2010. Oceanside operates under a Council-Manager form of government and functions as a full-service city. The mayor is elected at large to a four-year term and four councilmembers are elected by district to a four-year term.

The City’s ideal location, with three and half miles of beach and perfect year around weather and proximity to Los Angeles, Orange County and San Diego have increased the demand for year-round accommodations.

Overview

The City is requesting proposals from qualified consultants with demonstrated experience in auditing Transient Occupancy Tax (TOT) returns and assessing compliance with local municipal code requirements. The City is seeking a vendor with demonstrated expertise and the technical capacity to support compliance efforts and ensure the accurate collection and remittance of transient occupancy taxes in accordance with applicable laws and regulations. The City intends to award a multi-year contract for the performance of annual TOT audits.

Hotels, motels and short-term rental (STR) operators are required to register with the City and file Transient Occupancy Tax (TOT) returns. The City utilizes the GovOS, MUNIRevs application, to register lodging operators, electronically submit TOT returns, and receive automated reminders of tasks. Currently, the City has approximately 31 hotel/motels and 1191 STR properties registered.

The City has one benefit assessment district, Oceanside Tourism and Marketing District (OTMD) which funds collective tourism marketing efforts and is paid by all hotels, motels, and STRs within city limits as a percentage of room rental revenue.

The primary objective of these audits is to verify that hotels/motels and STRs operating within Oceanside are submitting accurate and timely TOT returns and remitting the correct amounts due. These audits will also evaluate compliance with the OTMD assessment, which is included as part of the City's TOT return.

TOT is a large source of General Fund revenue. In FY 2023–24, TOT revenue exceeded \$16 million, with the approximately 53% of revenue generated from hotel/motels and 47% of revenue from STRs.

The initial term of the agreement will be three years, with the option of two additional one-year extensions.

II. Scope of Work

The selected consultant will be responsible for conducting annual TOT audits for the most recent three fiscal years. For example, during the first year of engagement, audits will cover Fiscal Years 2022, 2023, and 2024, with each fiscal year ending on June 30.

In Year One, the City will identify ten (10) hotels for audit and ten (10) short term rentals. In subsequent years, between eight (8) and twelve (12) hotels, and ten (10) short term rentals will be selected annually for review.

A. Required Services

The audit procedures for each selected lodging operator shall include the following:

1. Review Applicable Municipal Code and Resolutions

- Review the Oceanside Municipal Code, specifically:
 - Chapter 34 Article 3 ([Transient Occupancy Tax](#)))
 - Chapter 24 ([Short Term Rentals](#))
 - Chapter 24 A sections 24A.7 and 24A.8 ([OTMD](#))
- Review all relevant City resolutions pertaining to TOT and assessments.

2. Assess Internal Control Procedures

Evaluate and report on the hotel/motel's and STRs internal controls related to the collection and reporting of transient occupancy taxes, including:

- Accounting and reporting of transient rent receipts to the City
- Procedures for identifying transient vs. non-transient guests
- Documentation and reporting of taxable and non-taxable room revenues
- Documentation and reporting of exemptions, including complimentary rooms

3. Verify Accuracy and Timeliness of Filed Returns

- Hotel/Motels- confirm the accuracy and submission timeliness of TOT returns for the three-year audit period.
- STRs- confirm the accuracy and submission timeliness of TOT returns for a one-year period. If discrepancies are found then, confirm the accuracy and submission timeliness of the three-year audit period.

4. Reconcile Reported Receipts

- Trace reported transient rent receipts from the TOT returns to the accounting records, ensuring compliance with City ordinances.
- 5. Verify Occupancy Reporting**
 - Match the number of occupied room nights reported on TOT returns to the hotel/motel's and STRs internal occupancy records and validate compliance with City requirements.
- 6. Sample Rental Transactions**
 - Select a sample of rental transactions from the audit period and:
 - Verify tax computations
 - Reconcile rental revenues and TOT collected with the hotel/motel's and short-term rental's books and records
- 7. Review Exemption Claims**
 - Audit, on a sample basis, supporting documentation for TOT exemptions claimed during each of the three fiscal years.
 - If discrepancies are found, perform additional procedures to determine the and materiality extent of the issue.

B. Supporting Documents

The selected consultant shall be responsible for directly requesting all necessary documentation from each hotel, motel and STR selected for audit. This includes, but is not limited to, financial records, occupancy reports, tax returns, exemption documentation, and other relevant materials required to perform the audit procedures outlined in Section II.A.

The consultant must:

- Maintain a detailed log of all document requests and their status.
- Track outstanding items and follow up with hotels/motels and short-term rentals to ensure timely receipt of documentation.
- Communicate delays to the City when a hotel/motel or short-term rental fails to respond or provide requested materials in a reasonable timeframe.

If there is an undue delay in obtaining records, the City will assist in facilitating the collection of required documents.

C. Time Requirements

1. Audit Schedule

The planning phase of the audit engagement shall commence no later than 30 calendar days following the execution of a contract between the City and the selected consultant.

At the start of each engagement, the **City will**:

- **Notify selected hotels/motels and short-term rental** that they are subject to a Transient Occupancy Tax (TOT) audit, including the applicable audit periods. The notification will include the name and contact information of the consultant performing the audit.
- **Provide the consultant** with a list of selected hotel/motel's and short-term rentals, including the name and contact information of a designated representative at each property (e.g., general manager, owner, or proprietor).
- **Provide the consultant** with copies of TOT returns submitted by the selected hotel/motels and short-term rentals for the applicable audit periods (e.g., for Year One, fiscal years 2022, 2023, and 2024).

At the start of each engagement, the consultant shall provide the City and the selected hotels with the following:

- Primary points of contact for the engagement.
- A proposed audit schedule detailing target dates for audit planning, fieldwork, and report completion.
- A list of requested documentation, including records to be provided by both the hotel/motel or STR and the City, necessary reports or data, and prior TOT filings required to initiate the engagement.

During the fieldwork phase, the consultant shall plan for a minimum of one half-day (4 hours) of fieldwork for each hotel/motel property and two hours of fieldwork for each STR. The purpose of this visit is to:

- Conduct initial introductions
- Review the requested documentation list
- Confirm which records will be accepted for audit purposes
- Establish rapport to support a productive and collaborative engagement

2. Entrance Conference, Progress Reporting, and Exit Conference

- An entrance conference shall be held with the City prior to the start of fieldwork to review the audit plan and expectations.
- Monthly progress reports shall be submitted to the City, or as otherwise agreed upon, to ensure the audit is proceeding according to schedule.

- An exit conference shall be conducted on the final day of fieldwork or shortly thereafter to summarize key findings, communicate preliminary results, and discuss next steps for reporting and resolution.

3. Reports

The consultant shall issue draft audit reports within four (4) weeks following the conclusion of fieldwork. Reporting requirements include:

- A **summary audit report** detailing the overall results of the annual Transient Occupancy Tax (TOT) audit engagement, including any noteworthy trends or statistics.
- **Individual hotel/motel or short-term rental specific reports** that include:
 - A summary of procedures performed
 - Audit findings
 - Identified overpayments or underpayments
 - Calculations of applicable penalties and interest, consistent with the City's Municipal Code

For hotel/motels and short-term rentals with audit findings, the consultant shall include a separate schedule that clearly illustrates the calculation of net overpayments or underpayments, as well as associated penalties and interest.

The City will complete its review of the draft reports within two (2) weeks. During this period, the consultant is expected to be available for meetings to address any questions, clarifications, or revisions. If requested, the consultant may also be asked to present findings at a City Council meeting, at the City's sole discretion.

Upon final resolution of all issues, the final signed reports shall be submitted to the City within ten (10) working days.

4. Working Paper Retention and Access to Working Papers

The consultant shall retain all working papers and related documentation at their own expense for a minimum of three (3) years following the issuance of the final audit report.

The City reserves the right to request access to these materials at any time during the retention period. If required by the City, the consultant shall extend the retention period upon written notice.

III. Proposals

A. Schedule

The following table outlines the anticipated schedule for the RFP process. Please note that these dates are subject to change at the City's discretion:

Milestone	Date
RFP Issued	July 2, 2025 – 5:00 PM PST
Deadline for Questions from Bidders	July 14, 2025 – 5:00 PM PST
Deadline for City Responses to Questions	July 21, 2025 – 5:00 PM PST
Proposal Submission Deadline	July 31, 2025 – 3:00 PM PST
Interviews with Top Bidders	Week of August 11, 2025
Notification of Selected Firm	Week of August 18, 2025
Estimated Contract Start Date	Week of September 2, 2025

This schedule is tentative and may be modified to meet the needs of the City of Oceanside.

B. Submission Requirements

To be considered, all proposals must be submitted no later than 3:00 PM (PST) on Thursday, July 31, 2025, through the City of Oceanside's Bidnet Direct portal.

A proposal evaluation committee comprised of City staff will review all submissions. During the evaluation process, the City reserves the right to:

- Request additional information or clarification from proposers
- Correct or allow proposers to correct immaterial errors or omissions in proposals
- Interview top-ranked firms, if deemed necessary

All questions regarding this RFP must be submitted in writing to jrhoades@oceansideca.org no later than 5:00 PM July 14, 2025. Answers to all submitted questions will be posted on or before 5:00 PM July 21, 2025.

C. How to Submit a Proposal

The Request for Proposals (RFP) is available exclusively through the City of Oceanside's Bidnet Direct portal. Interested parties must register as a vendor to access

the RFP, receive notifications, submit proposals, and receive any subsequent updates or addenda.

1. Vendor Registration

To participate in this solicitation, proposers must:

Register to do business with the City of Oceanside by joining the California Purchasing Group through [Bidnet Direct](#).

2. Submission of Questions

All questions, requests for clarification, or requests for additional information regarding this RFP must be submitted in writing. Guidelines include:

- Submit via email to: jrhoades@oceansideca.org
- Deadline: Questions must be received by the deadline listed in the RFP Schedule (Section III.A). Questions submitted after this deadline may not be considered.
- Addenda: Questions deemed material will be answered via formal addenda issued by the City and posted on the Bidnet Direct portal.
- Binding Clarifications: Only responses issued through written addenda will be legally binding. Oral interpretations or informal communications will not be binding.
- Responsibility: It is the responsibility of the proposer to review all issued addenda and incorporate them into the proposal submission.

3. Submission of Proposal

All proposals must be submitted electronically via the City of Oceanside's Bidnet Direct Bidding system. Submission rules:

- Deadline: Proposals must be received by the date and time listed on the cover page of the RFP.
- Electronic Only: Email or fax submissions will not be accepted.
- Certification: By submitting a proposal, proposers affirm that all submitted information is true, complete, and accurate.

4. Submission Conditions

- Confidentiality: All proposals remain sealed until the due date and time.
- Modifications: Proposals may be modified, updated, or withdrawn at any time prior to the due date and time.
- Deadline Enforcement:
 - The Bidnet Direct system will not accept late submissions.

- Once the deadline has passed, all submissions become visible to City staff for evaluation.
- Transmission Delays:
 - Proposers are advised to allow sufficient time for upload.
 - The City is not responsible for any proposals that fail to upload or are delayed due to issues related to internet speed, bandwidth, or hardware performance.

D. Additional Proposal Terms and Conditions

1. Legal Certification

By submitting an electronic proposal, the Proposer agrees to and certifies under penalty of perjury under the laws of the State of California that all certifications, forms, and affidavits submitted as part of the proposal are true and correct. Electronic submissions carry full legal force and effect.

2. Public Records Disclosure

All proposals submitted become the property of the City of Oceanside and are considered public records subject to disclosure under the California Public Records Act (PRA). Proposers must clearly identify any proprietary, confidential, or trade secret information in their submissions. General references to sections of the PRA are insufficient. Proposers must provide specific legal citations and case law that justify exemption from disclosure. In the absence of proper justification, the City reserves the right to release any information in accordance with applicable law and shall not be held liable for such release.

3. Revisions to the RFP

The City may issue written addenda to clarify or modify this RFP. Only addenda issued via the Bidnet Direct portal will be considered binding. It is the responsibility of the Proposer to check for and acknowledge receipt of all addenda in their submission. Any changes made by addendum shall be deemed incorporated into the original RFP as though originally issued.

E. Best Value Evaluation

In accordance with Oceanside Municipal Code, Chapter 28A.16 ([Purchasing](#)), contract award may be based on a best value evaluation—not necessarily the lowest bid. Evaluation criteria include:

- Responsiveness to the RFP specifications
- Firm's experience and performance on comparable government engagements (especially local government experience)

- Demonstrated ability to provide required services
- Any value-added services proposed
- Overall cost

The City reserves the right to reject any or all proposals, waive minor irregularities, and to accept the proposal deemed most advantageous to the City.

F. Proposal Requirements

Each proposal should include the following sections in the order listed:

1. Title Page & Table of Contents

- Proposal title and subject
- Firm name and contact details
- Name, address, phone, and email of contact person
- Date of submission

2. Transmittal Letter

- Signed by an authorized representative
- Statement of understanding and commitment
- Summary of qualifications and availability
- Acknowledgment that the proposal is a firm and irrevocable offer for Fiscal Years 2025/26 through 2027/28

3. Technical Proposal (Do not include any pricing or cost information in this section)

a. Firm Background and Organization

- Firm's history, size, ownership, and organization
- Local office details where work will be performed

b. Firm's Technical Ability and Experience

- Summary of similar engagements with municipal clients in the past three years
- Provide three (3) references for comparable work

c. Firm's Ability to Provide Services

- Staffing plans and timeframes for initiating and completing work
- Number and qualifications of personnel assigned to this engagement
- Supervision and project management structure

- Detailed response to Section II.A. Required Services (numbered 1–7 to match)

d. Value-Added Offerings

Any additional services or features included in the proposal at no additional cost. Clearly label this section. If none, indicate “None.”

G. Proposed Costs

All pricing and cost-related information should be included in a separate section clearly marked “**Cost Proposal**” following the technical proposal. At a minimum, include:

1. Year 1: Total All-Inclusive Price (10 Hotel/Motels and 10 Short-term Rentals)
2. Years 2–5: Per-Hotel/Motel All-Inclusive Price and per Short-term Rental All-Inclusive Price
 - Identify any pricing escalators and their basis (e.g., CPI)
3. Hourly Rates for Additional Professional Services
 - Provide hourly rates by staff level (e.g., Associate, Senior, Manager, Partner)

Note: Informal consultation and advice not requiring significant time or research should be included in the all-inclusive price. The City will not be responsible for any costs associated with proposal preparation or submission.

H. Appendices or Exhibits

Include any supporting materials (e.g., resumes, organizational charts, sample reports) in appendices. These do not count toward the 15-page maximum.

I. Proposal Format Guidelines

- Maximum length (excluding appendices): 15 pages
- Proposals should be clear, concise, and straightforward, with minimal use of promotional material
- Submit via the Bidnet Direct portal by the stated deadline

IV. Evaluation Procedures

A. Mandatory Qualifications

To be considered for evaluation, each proposing firm must meet the following mandatory qualifications:

- No conflict of interest related to any current or prior work performed for the City of Oceanside.
- Full compliance with the instructions and requirements outlined in this Request for Proposals.

A verifiable track record of performing high-quality audit work for comparable public sector engagements.

B. Evaluation Criteria

Proposals will be evaluated by a committee of City staff using the following criteria. While cost is a consideration, it will not be the sole or primary factor in the selection process. The evaluation will include:

- Responsiveness to the specifications and requirements in the RFP
- Relevant experience and performance on comparable governmental audits, particularly with local government agencies
- Demonstrated ability to provide the required services effectively and on schedule
- Value-added offerings, if any, that enhance the proposal beyond baseline requirements
- Cost proposal, including clarity, structure, and overall value

The City reserves the right to retain all proposals submitted and to use any ideas or concepts contained therein, regardless of whether a proposal is selected.

C. Oral Presentations

At the discretion of the evaluation committee, oral presentations may be requested from selected firms. These presentations will offer firms the opportunity to:

- Clarify their written proposals
- Answer specific questions from the committee
- Highlight key strengths or differentiators

Note: Not all proposers will be invited to present. Selection for oral presentations does not guarantee award.

D. Right to Reject Proposals

Submission of a proposal indicates the firm's acceptance of all terms and conditions contained in this RFP, unless clearly stated otherwise in the proposal and later confirmed in a written contract with the City.

The City reserves the right to:

- Reject any or all proposals, in whole or in part
- Accept or reject late submissions, at its sole discretion
- Waive minor informalities or technical defects in any proposal, if deemed in the City's best interest

V. Inquiries

All questions regarding this RFP must be submitted in writing via email no later than 5:00 PM PST on July 14, 2025, to:

Email: jrhoades@oceansideca.org