

CITY OF OCEANSIDE

PROFESSIONAL SERVICES AGREEMENT

PROJECT: TOT AUDIT SERVICES

THIS AGREEMENT, dated October 15, 2025 for identification purposes, is made and entered into by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and Hinderliter, De Llamas & Associates dba HdL Companies, hereinafter designated as "CONSULTANT."

NOW THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. SCOPE OF WORK. The project is more particularly described as follows:

Audit Services

- 1.1. Analyze Client transient occupancy and short-term rental tax ordinance and business procedures, and recommend possible improvements or best practices for processes, form design, and ordinance.
- 1.2. Analyze lodging provider data and review analysis findings with Client. Analysis will include the most recent thirty-six (36) months of tax filings along with supplemental data as available (including number of rooms, occupancy rate, physical condition, and business dynamics).
- 1.3. Recommend lodging providers who merit additional investigation or examination to determine their compliance with Client's ordinance.
- 1.4. Lodging providers identified by Consultant and approved by Client for audit are scheduled for a compliance analysis audit.
- 1.5. Review records of the lodging provider for information related to compliance with Client regulations (including endeavoring to validate taxable gross rents, exemptions, bank statements, daily/monthly summaries, and other relevant compliance-related information). Supporting documentation for relevant items such as exemptions will also be reviewed.
- 1.6. Generate lodging provider compliance report (including results of the compliance analysis audit and recommended actions). Review report with Client and determine next steps.
- 1.7. Notify deficient lodging providers of the findings as well as instructions for payment and appeal processes. Schedule appointments with lodging providers to review findings and educate regarding proper filing procedures in order to prevent future errors and deficiencies.
- 1.8. Send compliant lodging providers a letter of commendation, thanking them for their cooperation and compliance.
- 1.9. Invoice lodging providers found to be underreporting through the standard Client approved collections process.

The scope of work is described in more detail in Exhibit A "Request for Proposal (RFP) for Transient Occupancy Tax Audit Services" and CONSULTANT'S response Exhibit B

Transient Occupancy Tax Audit Services

“Proposal for Transient Occupancy Tax Audit Services”.

In the event of a conflict between the terms of this Agreement, the RFP and/or the CONSULTANT’S response, copies of which are incorporated by reference, this agreement shall prevail.

2. **INDEPENDENT CONTRACTOR.** CONSULTANT'S relationship to the CITY shall be that of an independent contractor. CONSULTANT shall have no authority, express or implied, to act on behalf of the CITY as an agent, or to bind the CITY to any obligation whatsoever, unless specifically authorized in writing by the CITY. CONSULTANT shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement, including the training of each employee regarding the rights and responsibilities of an employer and employee for any potential discrimination or harassment claim under state or federal law. CONSULTANT shall report to the CITY any and all employees, agents, and consultants performing work in connection with this project, and all shall be subject to the approval of the CITY.
3. **WORKERS’ COMPENSATION.** Pursuant to Labor Code section 1861, the CONSULTANT hereby certifies that the CONSULTANT is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Workers’ Compensation or to undertake self-insurance in accordance with the provisions of that Code, and the CONSULTANT will comply with such provisions, and provide certification of such compliance as a part of this Agreement.
4. **LIABILITY INSURANCE.**
 - 4.1. CONSULTANT shall, throughout the duration of this Agreement maintain comprehensive general liability and property damage insurance, or commercial general liability insurance, covering all operations of CONSULTANT, its agents and employees, performed in connection with this Agreement including but not limited to premises and automobile.
 - 4.2. CONSULTANT shall maintain liability insurance in the following minimum limits:

Comprehensive General Liability Insurance
(bodily injury and property damage)

Combined Single Limit Per Occurrence	\$ 2,000,000
General Aggregate	\$ 4,000,000*

Commercial General Liability Insurance

Transient Occupancy Tax Audit Services

(bodily injury and property damage)

General limit per occurrence \$ 2,000,000

General limit project specific aggregate \$ 4,000,000

Automobile Liability Insurance \$ 2,000,000

*General aggregate per year, or part thereof, with respect to losses or other acts or omissions of CONSULTANT under this Agreement.

- 4.3** If coverage is provided through a Commercial General Liability Insurance policy, a minimum of 50% of each of the aggregate limits shall remain available at all times. If over 50% of any aggregate limit has been paid or reserved, the CITY may require additional coverage to be purchased by the CONSULTANT to restore the required limits. The CONSULTANT shall also notify the CITY promptly of all losses or claims over \$25,000 resulting from work performed under this contract, or any loss or claim against the CONSULTANT resulting from any of the CONSULTANT'S work.
- 4.4** All insurance companies affording coverage to the CONSULTANT for the purposes of this Section shall add the City of Oceanside as "additional insured" under the designated insurance policy for all work performed under this agreement. Insurance coverage provided to the City as additional insured shall be primary insurance and other insurance maintained by the City of Oceanside, its officers, agents, and employees shall be excess only and not contributing with insurance provided pursuant to this Section.
- 4.5** All insurance companies affording coverage to the CONSULTANT pursuant to this agreement shall be insurance organizations admitted by the Insurance Commissioner of the State of California to transact business of insurance in the state or be rated as A-X or higher by A.M. Best.
- 4.6** CONSULTANT shall provide thirty (30) days written notice to the CITY should any policy required by this Agreement be cancelled before the expiration date. For the purposes of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation.
- 4.7** CONSULTANT shall provide evidence of compliance with the insurance requirements listed above by providing, at minimum, a Certificate of Insurance and applicable endorsements, in a form satisfactory to the City Attorney, concurrently with the submittal of this Agreement.
- 4.8** CONSULTANT shall provide a substitute Certificate of Insurance no later than

Transient Occupancy Tax Audit Services

thirty (30) days prior to the policy expiration date. Failure by the CONSULTANT to provide such a substitution and extend the policy expiration date shall be considered a default by CONSULTANT and may subject the CONSULTANT to a suspension or termination of work under the Agreement.

- 4.9 Maintenance of insurance by the CONSULTANT as specified in this Agreement shall in no way be interpreted as relieving the CONSULTANT of any responsibility whatsoever and the CONSULTANT may carry, at its own expense, such additional insurance as it deems necessary.

5. **PROFESSIONAL ERRORS AND OMISSIONS INSURANCE.** Throughout the duration of this Agreement and four (4) years thereafter, the CONSULTANT shall maintain professional errors and omissions insurance for work performed in connection with this Agreement in the minimum amount of Two Million Dollars (\$2,000,000.00).

CONSULTANT shall provide evidence of compliance with these insurance requirements by providing a Certificate of Insurance.

6. **CONSULTANT'S INDEMNIFICATION OF CITY.** To the greatest extent allowed by law, CONSULTANT shall indemnify and hold harmless the CITY and its officers, agents and employees against all claims for damages to persons or property arising out of the negligent acts, errors or omissions or wrongful acts or conduct of the CONSULTANT, or its employees, agents, subcontractors, or others in connection with the execution of the work covered by this Agreement, except for those claims arising from the willful misconduct, sole negligence or active negligence of the CITY, its officers, agents, or employees. CONSULTANT'S indemnification shall include any and all costs, expenses, attorneys' fees, expert fees and liability assessed against or incurred by the CITY, its officers, agents, or employees in defending against such claims or lawsuits, whether the same proceed to judgment or not. Further, CONSULTANT at its own expense shall, upon written request by the CITY, defend any such suit or action brought against the CITY, its officers, agents, or employees resulting or arising from the conduct, tortious acts or omissions of the CONSULTANT.

CONSULTANT'S indemnification of CITY shall not be limited by any prior or subsequent declaration by the CONSULTANT.

7. **COMPENSATION.**

- 7.1 Fees for performing audit Services are \$2,250.00 per property for audits of ten (10) properties or more performed at the same time. For audits of less than ten

Transient Occupancy Tax Audit Services

(10) properties at the same time, the fees for performing audit Services are \$2,500.00 per property.

- 7.1.1 Fees will be increased as of January 1st of each calendar year, beginning January 1, 2027, with reference to the 12-month percent change in the most recently published annual Consumer Price Index for All Urban Consumers (CPI-U), West Region, as reported by the U.S. Bureau of Labor Statistics (the "CPI Change"). Each annual increase in the Fees will be equal to the greater of two percent (2%) or the actual CPI Change and the lesser of ten percent (10%) or the actual CPI Change. For example, if the actual CPI Change is 1.5%, then the annual increase will be 2%, if the actual CPI Change is 3.5%, then the annual increase will be 3.5%, and if the actual CPI Change is 12%, then the annual increase will be 10%.
- 7.2 Fees for any travel and lodging expenses will be billed at cost and applied to all meetings (including implementation, training, operations and support).
- 7.3 Fees will be invoiced monthly to Client for Services performed during the prior month. Client will submit payment for any balance due to Consultant within 30 days of receiving the invoice.

CONSULTANT'S compensation for all work performed in accordance with this Agreement, shall not exceed the total contract price of \$141,950 for the three-year agreement in accordance with the CONSULTANT'S cost proposal dated July 31, 2025, attached hereto as Exhibit C.

No work shall be performed by CONSULTANT in excess of the total contract price without prior written approval of the CITY. CONSULTANT shall obtain approval by the CITY prior to performing any work that results in incidental expenses to CITY.

- 8. **TIMING REQUIREMENTS.** The term of Time is of the essence in the performance of work under this Agreement and the timing requirements shall be strictly adhered to unless otherwise modified in writing. All work shall be completed in every detail to the satisfaction of the CITY within 30 calendar days of the receipt of request.

The initial term of this agreement shall be for three years, expiring October 14, 2028, unless terminated earlier. This agreement may be extended at the sole discretion of the CITY, in two consecutive one-year terms.

- 9. **ENTIRE AGREEMENT.** This Agreement comprises the entire integrated understanding between CITY and CONSULTANT concerning the work to be performed for this project and supersedes all prior negotiations, representations, or agreements.
- 10. **INTERPRETATION OF THE AGREEMENT.** The interpretation, validity and enforcement of the Agreement shall be governed by and construed under the laws of

Transient Occupancy Tax Audit Services

the State of California. The Agreement does not limit any other rights or remedies available to CITY.

The CONSULTANT shall be responsible for complying with all local, state, and federal laws whether or not said laws are expressly stated or referred to herein.

Should any provision herein be found or deemed to be invalid, the Agreement shall be construed as not containing such provision, and all other provisions, which are otherwise lawful, shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

11. **AGREEMENT MODIFICATION.** This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
12. **TERMINATION OF AGREEMENT.** Either party may terminate this Agreement by providing thirty (30) days written notice to the other party. If any portion of the work is terminated or abandoned by the CITY, then the CITY shall pay CONSULTANT for any work completed up to and including the date of termination or abandonment of this Agreement. The CITY shall be required to compensate CONSULTANT only for work performed in accordance with the Agreement up to and including the date of termination.
13. **SIGNATURES.** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the CONSULTANT and the CITY.

IN WITNESS WHEREOF, the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Professional Services Agreement to be executed by setting hereunto their signatures on the dates set forth below.

HDL COMPANIES	CITY OF OCEANSIDE
By: _____ Name/Title	By: _____ City Manager
By: _____ Name/Title	APPROVED AS TO FORM:
_____ Employer ID No.	_____ City Attorney

NOTARY ACKNOWLEDGMENTS OF CONSULTANT MUST BE ATTACHED.



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

City of Oceanside

Proposal for Transient Occupancy Tax Audit Services

July 31, 2025

HdL[®] Companies

SUBMITTED BY

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

CONTACT

Robert Gray
T: 714.879.5000
E: rgray@hdlcompanies.com

TABLE OF CONTENTS

TRANSMITTAL LETTER.....3

TECHNICAL PROPOSAL

FIRM BACKGROUND AND ORGANIZATION4

TECHNICAL ABILITY AND EXPERIENCE6

ABILITY TO PROVIDE SERVICES8

VALUE ADDED OFFERINGS..... 13

APPENDIX..... 14

COST PROPOSAL

PROPOSED COSTS 16

TRANSMITTAL LETTER

July 25, 2025

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

HdL Companies (HdL) is pleased to submit our proposal for **Transient Occupancy Tax Audit Services**. With 40 years of experience, HdL provides revenue enhancement and consulting services to local governments. Our firm serves over 900 cities, counties and special districts across the nation and has recovered more than \$4 billion in revenue. We use our expertise to analyze tax data to provide relevant insights to support your financial strategies. Our commitment to innovative solutions and quality customer service is valued by our clients, proven by our 99.6% client retention rate and the over 75 California municipalities who have switched to HdL from other service providers.



HdL offers robust solutions for managing the compliance of municipal Transient Occupancy Taxes (TOT) and its related functions. Our TOT Operations Management Service and team of experts can manage all or parts of the lodging tax operations providing the City with the benefit of increased revenues and superior customer service, while reducing internal costs and gaining efficiencies. Our team will use their insight into the City's Transient Occupancy Tax providers to deliver our high quality and full-service solutions to the City and its business community in the areas outlined in this proposal.

Our **contact information** is:

Hinderliter, de Llamas & Associates DBA HdL Companies
120 S. State College Blvd., Suite 200, Brea, CA 92821 Website: www.hdlcompanies.com

We look forward to reviewing the proposal with you in more detail and demonstrate how HdL can enhance Oceanside's bottom line. This firm has the qualifications and staffing necessary to provide the services requested to the City. This offer is valid for Fiscal Years 2025/26 through 2027/28. Please call if you have questions or need additional information. I am authorized to bind contracts for HdL and can be reached at 714.879.5000 or by email at rgray@hdlcompanies.com.

Sincerely,

Robert Gray, CIO

TECHNICAL PROPOSAL

FIRM BACKGROUND AND ORGANIZATION

Company Overview

HdL® Companies

FOUNDED
1983



HdL was established in 1983 to maximize local government revenues by providing allocation audits, analytical services, and software solutions to local governments. The firm, which is a 100% employee-owned company, provides municipal revenue solutions for business license tax, lodging tax, sales, use and transaction tax, cannabis tax and various other locally administered taxes. HdL developed California's first computerized sales tax management program and was responsible for securing legislation (AB 1611) that allowed independent verification of state allocations. In 1996, HdL introduced innovative software and revenue solutions for business license, transient occupancy tax and other locally administered revenues. HdL is an S-corporation.

Honoring the Past. HdL grew out of local government. Its founders, a legendary city manager and distinguished finance director, founded HdL to protect cities against revenue losses and decisions based on limited data. In a convincing demonstration of their enduring commitment to the profession they love, they converted HdL to an employee-owned company when they retired from HdL. Not only does their foresight insulate our client-first, resident-focused culture from market whims that so easily steer other companies toward market expectations and away from client needs but also creates a culture of personal responsibility and caring. This simple-yet-powerful protection inspires our staff to remember our roots as they operate and innovate on your behalf.

Thriving in the Present. HdL has carefully assembled a distinguished team of elite professionals from the highest ranks of local government and the private sector to recapture leaking revenue, expand access to data, and optimize local tax structures and revenue.

Seizing the Moment. For the last 40+ years, HdL has been in a continuous cycle of pioneering and then evolving the art and industry of local tax discovery, compliance, and administration services. As a result, HdL's 900+ local government clients are better funded, more informed, better prepared for, and more confident about the future. There is no better time to take advantage of unparalleled expertise and experience at the best cost-value ratio.

Protecting Your Future. Most of HdL's revenue management service clients realize new revenues exceeding the cost of the program, which means you would optimize your tax revenue while receiving additional services effectively at no cost.

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



Organizational Information

Hinderliter, de Llamas & Associates (HdL) is a California S-Corporation. HdL has offices in Brea and Fresno, California as well as offices in Texas and North Carolina. With a staff of over 250 employees, the staff for this project will work out of our Brea and Fresno locations. Office locations are:

Corporate Headquarters

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

Employee Count: HdL has 60 employees at this facility.

Operations Center

HdL Companies, 1111 Herndon Ave., Suite 301 Fresno, CA 93720

Employee Count: HdL has over 100 employees at this facility.



HdL has grown to over 250 nationwide and is proud to be 100% employee-owned. HdL empowers each employee-owner to fulfill our mission of helping local government agencies increase revenues, gain actionable insights, maintain regulatory compliance, and operate more efficiently.

HdL has the financial stability that the City expects from its vendors. The firm continues to grow and now has a nationwide presence. There have not been any changes in our ownership, structure or management of the company since 2007, when HdL became an ESOP.

FIRM'S TECHNICAL ABILITY AND EXPERIENCE

Firm Experience

Experience

HdL's systematic and coordinated approach to revenue management, tax administration and economic data analysis is currently being utilized by over 900 agencies nationwide. The firm is trusted by almost 300 cities and counties in California for tax and fee administration services including business license tax/registration and ordinance review, transient occupancy tax, cannabis tax, short-term rentals, and utility users' tax. HdL processes hundreds of millions in revenue annually on behalf of our clients.

HdL offers robust solutions for managing compliance of municipal Transient Occupancy Tax and its related functions. Our service and team of experts can manage all or parts of the lodging tax operations providing the City with the benefit of increased revenues and superior customer service, while reducing internal costs and gaining efficiency.

HdL offers the following **advantages**:

- Relevant, timely, and ongoing staff support by a team with decades of direct experience in municipal finance and budgeting, economic development, and maximization of revenues.
- Technology-driven resources for data analysis and reporting capabilities, providing immediate and convenient access to the most up-to-date tax and fee information.
- Expertise, analysis, and recaptured revenues to maximize your revenue streams.
- Reliable continuity of service by a firm with stable employee ownership and a low staff turnover rate.

Consulting expertise is a core component of every service that we provide to our clients and is taken very seriously. Our staff is always available to respond to City staff queries as well as from the business community. All communications with the City's business community are done in a positive manner, focusing on education. Continual monitoring of returns is the optimal way to increase compliance while maintaining positive relations with the City's sales tax, business license and lodging providers. The program is education-focused, ensuring that providers are clear on reporting requirements and methodology.

At the City's request, HdL will present to the City's stakeholders on issues that may impact the City or to address any concerns that may arise regarding these services.

Summary of Similar Engagements

HdL understands the importance of the City's TOT taxes to support the City's services and operations. With a staff of over 100 in our California operations center, we are properly staffed to meet the expectations set forth in the City's RFP. HdL will work with the City on each step throughout the process. [REDACTED]

Relevant Projects

City of Burbank – HdL Client Since 2000

Project Description: HdL currently provides transient occupancy tax services and sales, use, and transactions tax audit and management services.

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

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

Implementation Results or Status: Ongoing TOT administration with audits.

City of Santa Barbara– HdL Client Since 2023

Project Description: HdL currently provides transient occupancy tax services and cannabis compliance services.

Address: 735 Anacapa Street, Santa Barbara, CA 93101

Contact: Keith DeMartini, Finance Director, 805.897.2335, kdemartini@santabarbaraca.gov

Implementation Results or Status: Ongoing TOT audit client.

City of Santa Cruz – HdL Client Since 1994

Project Description: HdL currently provides transient occupancy tax services: sales, use, and transactions tax audit and management services; local tax software; and business license tax services.

Address: 333 Front Street, Suite 200, Santa Cruz, CA 95060

Contact: Elizabeth Cabell, Finance Director, 831.420.5150, ecabell@santacruzca.gov

Implementation Results or Status: Renewed TOT audit client.

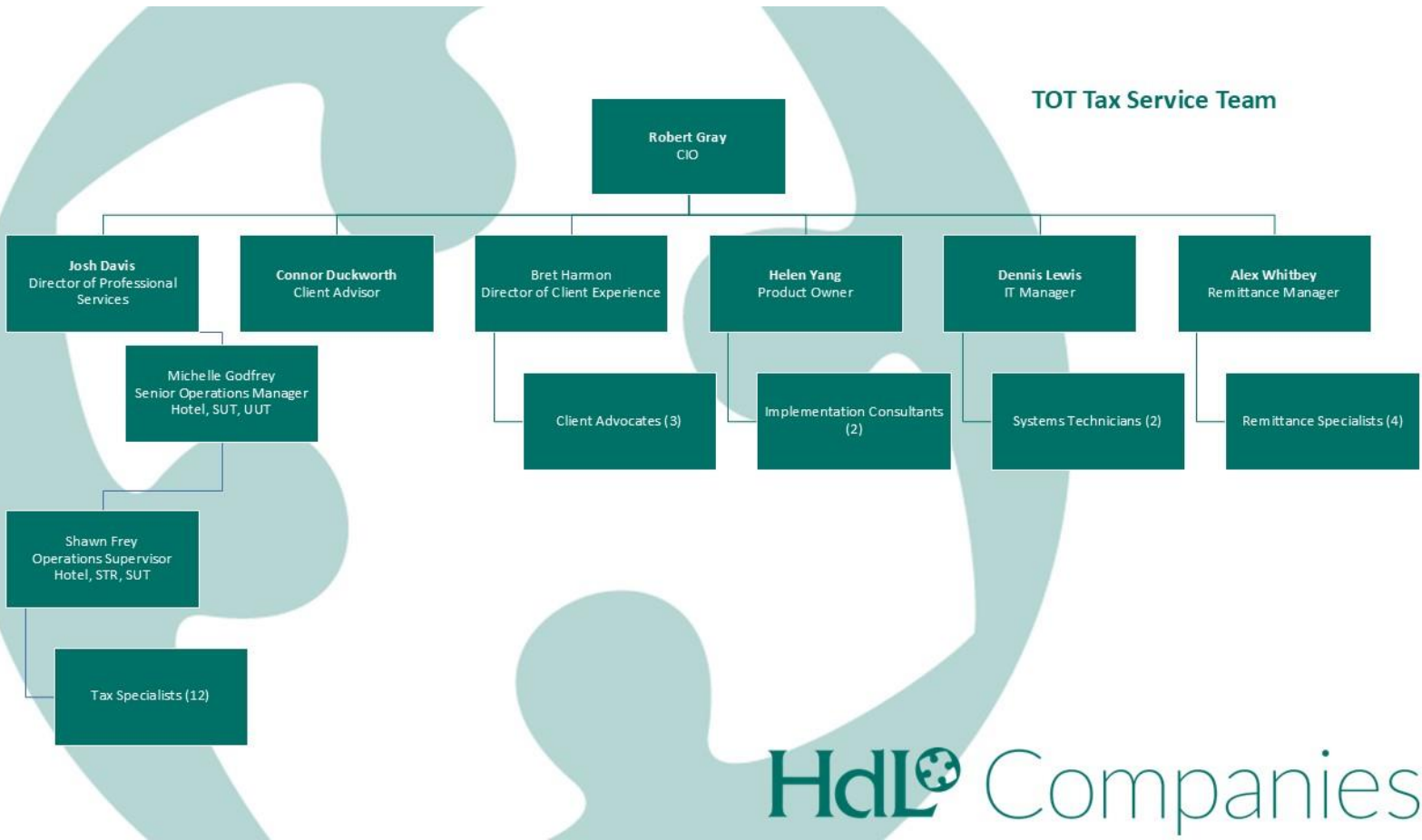


FIRM’S ABILITY TO PROVIDE SERVICES

Team Organization

Transient Occupancy Tax Audit Staff

HdL employs over 250 staff, including more than 100 team members dedicated to its Tax and Fee Administration division. Please see the organizational chart for our TOT team below.



Staff Hours

HdL has the appropriate staffing and resources needed to meet and exceed the requirements listed in the City’s RFP. Our team will invest all the hours required to deliver quality services.

Team of Experts

HdL's key staff have extensive local government experience, having previously held positions in city management, finance, planning, economic development or revenue collection. The HdL team includes several experienced business license tax department supervisors, certified revenue officers (CROs), and prior CMRTA board members. HdL's intimate understanding of local government needs coupled with our extensive databases and advanced methodology provides for the most relevant, productive, and responsive revenue solutions, software systems and customer service. The firm is properly staffed to provide these services to the City and will notify the City if there are any changes to the personnel listed below.



Robert Gray – Chief Information Officer, Director of Tax and Fee Administration

Years of experience in delivering software and administration services to local governments | 27

Mr. Gray serves as Chief Information Officer and Director of Tax and Fee Administration and has been with the firm since 1996. He has extensive experience in the design, development, implementation and operation of revenue management solutions for local government. He introduced HdL's local tax services, which provide tax administration and consulting services to an increasing number of municipalities. While leading HdL's Tax and Fee Division through a period of significant growth, he has ensured that HdL maintains its commitment to providing excellent customer service. He earned a Bachelor of Science degree in Computer Science and an MBA from Azusa Pacific University.



Joshua Davis – Practice Leader, Director of Professional Services

Years of experience in delivering business tax services to local governments | 27

Mr. Davis has over 25 years of experience with local tax administration, discovery, and audit, and oversees a skilled team which provides the most sophisticated local tax administration services available to municipalities. Trained in revenue audit and discovery techniques, he is skilled in navigating the complex scenarios and needs often encountered during such services. He also possesses strong technical and business process capabilities which he employs to aid HdL clients in meeting their strategic objectives. His reputation amongst municipalities is that of a very capable local taxation expert who will help the municipality achieve their objectives while providing excellent customer service throughout the engagement.



Michelle Godfrey – Senior Operations Manager (Project Manager)

Years of experience in delivering services to local government | 18

Michelle Godfrey joined our team in 2006 as a Revenue Clerk and now serves as HdL's Senior Operations Manager. During her tenure with HdL, she has served as a Revenue Manager and as a Sales and Use Tax Auditor. With more than 10 years of audit experience in both Sales Tax and Construction Use Tax, she has helped develop proactive audit programs designed to meet the needs of our clients. She is passionate about transaction tax and building and overseeing programs that instill and support compliance and integrity. She holds a Bachelor of Science Degree in Business Administration and Economics from Weber State University and is an active member of Colorado Government Finance Officers Association (CGFOA) and the Colorado Tax Auditor Coalition (CTAC).

Lodging Tax Staff Assignments

Please see our team assignments for this project below. HdL will not be using any subcontractors. The firm does not bill hourly for these services. Project hours vary per agency based on the number of lodging providers and other agency-specific factors. HdL will invest the time and resources to complete each audit to the satisfaction of the City.

Staff	Task
Director	Overall project objectives and success
Operations Manager	Service design, service delivery, and client support
Client Experience Advocate	Client advocate and strategic relationship management
Client Advisor	Sales and project scope
Implementation Consultant	Implementation stage manager
Developer	Data conversion management
Reports Designer	Reports design and development
Systems Technician	IT liaison
Remittance Manager	Monthly Financial Remittances
Audit Manager	Verifies audit work meets accuracy standards
Auditors	Analyze and audit lodging data and reports
Tax Specialists	Provide additional customer support, if needed

Required Services



With 40 years of experience providing high quality revenue enhancement services and support to hundreds of California municipalities and their business communities, HdL is uniquely qualified to meet and exceed the City's desired service levels in the City's RFP. HdL is currently providing a variety of revenue enhancement services directly to the City of Oceanside, affording HdL the data and long-term regional experience needed to best serve the City with these services.

Recognizing the critical role transient occupancy and related taxes play in the City's financial sustainability, HdL is dedicating a professional, experienced team to manage client and customer interactions. The tourism and lodging community can expect a partner that communicates and educates with clarity, tact, and sensitivity—while effectively advancing the objectives of the tax compliance program.

Transient Occupancy Tax and Short-Term Rental Audit Services

The HdL Transient Occupancy Tax and Short-Term Rental Audit Program involves a business-friendly approach that reduces City administrative costs and provides the City with assurances of future compliance and reporting practices from the City's lodging industry. Our approach includes an ordinance and procedural review, lodging provider analysis and selection, thorough audit completion, findings and comprehensive reporting.

Required Services

HdL's Audit Program will encompass:

1. Review Applicable Municipal Code and Resolutions: Analysis of Transient Occupancy Tax and Short-Term Rental ordinances and City procedures are conducted to identify possible deficiencies or other administration related issues. HdL will review the following applicable municipal code and resolutions including:

- Oceanside Municipal Code Chapter 34, Article 3, Chapter 24 and Chapter 24 A.
- Relevant City Resolutions pertaining to TOT and assessments.

The HdL audit team will meet with the City to discuss findings and provide recommendations for items such as best practices, form design, administrative procedures, and potential ordinance modifications or loopholes to insure the most effective policies and controls.

2. Access Internal Control Procedures: HdL's audit team will obtain and conduct a review of the most recent 3+ current year period of transient occupancy tax and short-term rental filings as a baseline for the audits.

3. Verify Accuracy and Timeliness of Filed Returns: The audit team will analyze lodging provider return information to identify reporting anomalies and potential audit selection or priority. Upon completion of the analysis report, meetings are scheduled with the City to review the results as well as identify lodging providers who require additional investigation.

4. Reconcile Reported Receipts: Lodging providers selected by HdL and approved by the City are sent a letter and scheduled for a Compliance Analysis Audit. Every effort is made to promote a positive taxpayer experience. Businesses will be reminded of the documents required for the audit through letter, email, and phone communications. Lodging providers are afforded the opportunity to schedule flexible appointment times by contacting the Audit Coordinator. Auditors meet with hotels virtually to perform the audit, unless circumstances require onsite auditing.

5. Verify Occupancy Reporting: The HdL audit team reviews the books and records of the lodging provider to determine compliance with Transient Occupancy Tax and Short-Term Rental regulations. HdL validates taxable gross rents, exemptions, bank statements, daily/monthly summaries, federal income tax returns, and other relevant information for determining compliance.

6. Sample Rental Transactions Sampling stays and supporting documents are reviewed in the audit process.

7. Review Exemption Claims Supporting documentation for relevant items such as exemptions will also be documented for accuracy. This will be provided in the final report as well.

Reporting

Findings and Comprehensive Reporting: Upon completion of the audit and analysis, and prior to additional actions, HdL generates and reviews the compliance report with the City. The report indicates specific results of the reviews, taxability rationale, and recommended actions. Business-specific 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 dispute processes. Businesses who dispute are scheduled to review the findings with the auditor. The Findings Letter educates taxpayers on proper filing procedures designed to prevent future errors and deficiencies. Lodging Providers found to be compliant are sent a Commendation Letter thanking them for their cooperation and compliance.

Invoicing and Collections: Lodging providers found to be underreporting are invoiced by the City through the standard City approved collections process. Balances are collected and remitted along with supporting documentation to the City through approved remittance processes.

Deliverables: HdL will provide the following deliverables as requested by the City:

- ✓ Draft reports for each project phase
- ✓ Final Report
- ✓ Recommended Best Practices

Timeline

HdL will work with the City to finalize the implementation and timing of the audits. Below is our typical audit timeline for each audit grouping once a signed contract is received.

- Day 1: Kick off meeting and request for filing information from the City.
- Day 7: Filing information received, communication letters approved.
- Day 14: Audit Communication Letters sent.
- Day 28: Audit Confirmations received from Properties.
- Day 42: Documents received from audit properties.
- Day 50: Audit Meeting for Q&A; additional info requested.
- Day 80: All information received and analyzed.
- Day 100: Audit report written, and first draft sent to Client.
- Day 110: Audit meeting between City and HdL to discuss findings and next steps.
- Day 115: Findings letters sent by HdL to collect amounts due.
- Day 125: Responses received from properties. Dispute Meetings Scheduled.
- Day 130: Dispute Meetings held.
- Day 140: Dispute results finalized. HdL begins final collections.
- Day 150: Final Clearance Letters sent.

City to Provide

City and HdL will work closely to ensure the success of the program and provide a high level of quality service to the tourism and lodging community. As such, HdL requests the assistance of City staff in the following areas:

- General assistance in providing background information on any recent changes to the existing City TOT operations
- General assistance in establishing deliverables, payment limits and other banking-related documentation
- Provide general review of outgoing communication to the business community
- Provide general assistance to fine tune processes and prepare for “go live”

VALUE ADDED OFFERINGS

Insights

HdL recognizes the challenges facing the City compliance, permitting, educating overnight rental operators, tracking/addressing complaints and making sure that everyone is remitting that should be. HdL understands each of these challenges. By educating taxpayers about the City's tax ordinances and their responsibilities, HdL is able to gain compliance. HdL recommends public outreach to make sure taxpayers are aware of their responsibilities.

Quality Control Process

HdL is continually enhancing its customer service to better serve the City, recently refining its quality control processes to ensure even higher service standards and outcomes.

HdL approaches quality control holistically by ensuring not only the work quality is industry leading, but also the experience quality is as well. Beginning with work quality, each service line has a dedicated Operations Manager who oversees the taxpayer service delivery and the client service delivery. The **Operations Manager** has a chain of command reporting to them that properly dedicates supervisors, analysts, and taxpayer specialists to the service. These staff undergo **80 hours of annual continuing education training** on their specific job duties. Based on their sphere of responsibility, they also receive extensive training on interpreting municipal codes, assessing client needs, communicating clearly and effectively, and assisting clients or taxpayers with different physical limitations.

In all cases, HdL staff receive more ongoing training in communication, customer service, and quality control than similar employees in the industry or in local government. It is this level of training and attention that protects HdL's reputation as the premiere provider.

Operations Managers coach subordinates at all levels on an hourly, daily, weekly, bi-weekly, or monthly cadence using recordings of client interactions and written communications. These coaching sessions give HdL staff an edge over others because of the consistent cycle of review and development focus. These reviews include random selection of completed administration actions and calculations, making it a holistic approach to quality control and coaching of all things within each employee's sphere of responsibility.

Further, our HdL Prime system uses technology to prevent mis-entered information, block errant actions, and to identify issues. Our **Operations Managers and Remittance Manager** provide separate reviews to confirm the accuracy and validity of the services.

When audit is involved, the **Audit Team** follows the audit check list and has their work checked by an audit manager. This segregation of duties ensures fresh eyes review work for completeness and accuracy before communicating it to the City or taxpayer.

HdL's **Client Experience** department monitors the experience each client has with HdL. This monitoring, outside of our Operations team, provides another level of segregation and separation of chains of command, to ensure the City enjoys the full benefit of the service promises HdL makes to the client. The City can access the Client Experience Advocates if there is ever a need for assistance with HdL outside of the Operations team. This balance and openness ensure quality of relationship, service, and experience.

APPENDIX

Audit Report Samples

Please click the link below for our CONFIDENTIAL Audit Sample Reports.



Optional Transient Occupancy Tax and Short-Term Rental Administration

HdL's Transient Occupancy Tax (TOT) and Short-Term Rental (STR) Administration Service goes beyond scheduled cyclical audits, providing compliance monitoring of each return as it is filed while unburdening the City from the day-to-day administration of the TOT revenue program. Continual monitoring of returns is the optimal way to increase compliance while maintaining positive relations with the City's lodging providers. The program is education focused, ensuring that lodging providers are clear on reporting requirements and methodology.

HdL's tax administration professionals are available as needed to support both the City's team and the City's lodging providers. The City is kept up to date, with 24x7 online access to HdL's client portal containing real time access to registration and filing data, and management reporting. HdL's TOT administration service includes:

Tax Registration Database Management: HdL will transfer the City's existing databases as they relate to TOT into HdL's internal administration tools. HdL will maintain the data 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 filing process.

New Account Processing: HdL will process any new registrations for lodging establishments which are new or have changed ownership.

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 to access one of our tax specialists Monday-Friday 8:00 am to 5:00 pm Pacific. Providers will also have access to support via e-mail, fax, and the Support Center Online.

Online Filing and 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.

Annual Reporting: In addition to standard monthly reports, HdL will continue to provide the City with annual analysis reports designed to provide key insights on the lodging provider community and the reporting details of each provider.

Reporting: HdL Offers a variety of hardcopy, electronic, and online reports designed to facilitate the City's administration of TOT as well as provide valuable information for budget forecasting. HdL's reporting contains a wealth of knowledge compiled from interactions with taxpayers, City information, HdL proprietary databases, as well as industry leading providers such of travel-related data such as Smith Travel and PKF-HR. HdL will work with the City during implementation to identify the standard and custom reports required by the City as well as establish the frequency of the delivery.

Compliance Monitoring and Lodging Provider Audits: HdL will ensure accurate filings of TOT returns by consistently monitoring returns and comparing them 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 HdL, ensuring all providers are audited at least once during the three-year contract term.



COST PROPOSAL

PROPOSED COSTS

Cost

Transient Occupancy Tax and Short-Term Rental Audit Services

Transient Occupancy Tax and Short-Term Rental Audit Services: The fee for audit services is \$2,250 per hotel or short-term rental plus annual CPI adjustment.

Year 1: 10 Hotels and 10 Short-Term Rental Properties
Price: \$45,000

Years 2 – 5: Annual CPI adjustment will be added each year to amount listed above. Pricing is based on 10 Hotels and 10 Short-Term Rental Properties

Year 2: \$47,250
Year 3: \$49,613
Year 4: \$52,094
Year 5: \$54,699

One-Time Implementation Fee: ~~\$5,000~~ (This will be *WAIVED* since the City is a current HdL client.)

Optional Transient Occupancy Tax Administration Services – Includes Audits

Transient Occupancy Tax Administration Services: The fee for this service is \$950* per property per year. The service includes tax administration, management support and forecasting, and audits of properties every three years.

Short-Term Rental Tax Collection Services: The fee for this service is \$20* per filing. The service includes tax administration, management support and forecasting. Audit pricing to be negotiated.

One-Time Implementation Fee: ~~\$5,000~~ (This can be *WAIVED* since the City is a current HdL client.)

Note: Annual CPI increase applies to pricing above.

Hourly Rates

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

	Hourly Rate
Principal	\$325
Programmer	\$295
Senior Analyst	\$245
Analyst	\$195
Associate	\$150