



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 26-1308

Agenda Date: 4/8/2026

Agenda #: 12.

DATE: April 8, 2026

TO: Honorable Mayor and City Councilmembers

FROM: Financial Services Department

TITLE: AMENDMENT 4 TO PROFESSIONAL SERVICES AGREEMENT WITH HINDERLITER DE LLAMAS AND ASSOCIATES EXTENDING THE TERM OF THE AGREEMENT FOR ONE YEAR WITH ONE-YEAR OPTION TO EXTEND

RECOMMENDATION

Staff recommends that the City Council approve Amendment 4 to Professional Services Agreement (PSA) with Hinderliter De Llamas and Associates (HdL) for Measure X sales and use tax services to extend the Agreement for one year at a cost of \$3,600, plus twenty-five percent of new revenue generated, with one additional one-year option to extend, which may be administratively approved; and authorize the City Manager to execute the Amendment.

BACKGROUND AND ANALYSIS

The City has contracted with HdL since September 2001 to assist with collection and allocation review related to the one-percent Bradley Burns sales and use tax. The Bradley-Burns Uniform Local Sales and Use Tax Law <https://www.google.com/search?q=Bradley-Burns+Uniform+Local+Sales+and+Use+Tax+Law&rlz=1C1GCEB_enUS1039US1040&oq=bradley+burns+onse+cent+tax&gs_lcrp=EgZjaHJvbWUyBggAEEUYOTIJCAEQIRgKKGKABMgkIAhAhGAoYoAEyCQgDECEYChigATIJCAQQIRgKKGKABMgkIBRAhGAoYoAEyBwgGECEYqwLSAQoxMDM3NGowajE1qAllsAIB8QXPQ8qoZS6Ohg&sourceid=chrome&ie=UTF-8&ved=2ahUKEwih9qLi-LmTAXVGCbwBHaHzAA8QgK4QegQIARAB> authorizes a 1.25% local sales tax rate in California, of which 1% is allocated to city or county general funds based on the "place of sale." Over time, HdL's work has been delivered timely and accurately, and the firm has been flexible in meeting the City's needs with minimal City staff effort.

For a district tax such as Measure X, the California Department of Fee and Tax Administration (CDTFA) requires a separate contract for consultant services and City Council approval of the contract with specific confidentiality clauses. Based on HdL's long-standing work with Oceanside's sales and use tax allocations, staff recommends continuing to use HdL for Measure X services.

HdL supports the City through audit and recovery work by reviewing sales and use tax allocations and, when appropriate, submitting requests for reallocation. CDTFA allocates tax revenue based on taxpayer submissions with some oversight, and HdL uses a specialized team of tax experts to provide an added level of review to help support accurate distribution of taxes to the City.

Pursuant to AD-21, Procurement of Goods and Services, Section IX-Procurement Clauses, Paragraph G, the City is “piggy-backing” on the procurement processes of the City of Long Beach and the City of Watsonville.

In April 2019, the City Council approved a three-year PSA with HdL in the amount of \$3,600 plus 25 percent of all new transaction or use tax revenue received by the City as a result of audit and recovery work performed. The PSA included two one-year extensions.

On June 22, 2022, the City Council approved Amendment 1 in the amount of \$1,200 extending the term of the Agreement to April 10, 2023, the first of the two optional one-year extensions.

On June 21, 2023, the City Council approved Amendment 2 in the amount of \$2,400 extending the term of the Agreement to April 10, 2024, the second of the two optional one-year extensions.

On April 10, 2024, the City Council approved Amendment 3 in the amount of \$2,400 in year one and \$2,400 plus CPI-U increase for year two, extending the term of the Agreement to April 10, 2026.

Proposed Amendment 4 would extend the term of the Agreement for one year to April 10, 2027, with one additional one-year option to extend administratively to April 10, 2028.

FISCAL IMPACT

The cost of Amendment 4 for year one is \$3,600, plus twenty-five percent of new revenue generated by HdL through audit and recovery services. For year two, if the administrative extension option is exercised, the base cost is subject to adjustment based on the increase in the Consumer Price Index for Urban Consumers (CPI-U) published by the U.S. Bureau of Labor Statistics.

The audit and recovery service expenses are based on taxes to Oceanside not reported or remitted. The twenty-five percent fee is estimated at \$5,000 annually for a total of \$8,600 to be charged to account 150010103.5305. Measure X revenue is projected to be \$18.9M for FY 2026-27, providing sufficient funding for the Agreement.

Description	Amount	Account
Amendment 4	\$8,600	150010103.5305

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed and approved as to form.

Prepared by: Jill Moya, Financial Services Director
Reviewed by: Michael Gossman, Assistant City Manager
Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. Amendment 4