



City of Emeryville

C A L I F O R N I A

PROFESSIONAL SERVICES CONTRACT

THIS PROFESSIONAL SERVICES CONTRACT ("Contract") is effective as of 09/28/2022 (the "Effective Date"), by and between **THE CITY OF EMERYVILLE**, a municipal corporation, ("City") and **HDL COMPANIES** ("Contractor"), individually referred to as a "Party" and collectively as the "Parties".

WITNESSETH THAT

WHEREAS, the City desires to engage Contractor for Business License Tax Revenue and Consulting Services; and

WHEREAS, the City finds that specialized knowledge, skills, and training are necessary to render the services necessary to do the work contemplated under this Contract; and

WHEREAS, the City has determined that the Contractor is qualified by training and experience to render such services; and

WHEREAS, the Contractor desires to provide such services; and,

WHEREAS, the public interest will be served by this Contract; and

NOW, THEREFORE, the Parties hereto do mutually agree as follows:

1. SCOPE OF SERVICES AND TERMINATION DATE

1.1 Project Description

A complete project description is set forth in the Scope of Work, attached hereto as **Exhibit A** and incorporated herein by this reference.

1.2 Services

The services to be completed under this Contract ("Services") are described in the Scope of Work set forth in **Exhibit A**. The Services shall be performed in accordance with terms, conditions, and specifications set forth herein. To the extent there is a conflict between the Scope of Work, and the terms, conditions, and specifications set forth herein, the terms, conditions, and specifications set forth herein shall govern.

1.3 Schedule and Completion Date

The Services to be provided by Contractor under this Contract shall commence on the Effective Date and terminate on **JUNE 30, 2025**. The Parties may, by mutual, written consent, extend the term of this Contract.

FOR CITY USE ONLY			
Contract No.	22044E-0000-FN01	CIP No.	N/A
Resolution No.	22-115	Project No.	N/A

2. WORK CHANGES

2.1 *City Rights to Change*

The City reserves the right to order changes in the Services to be performed under this Contract by altering, adding to or deducting from the Scope of Work. All such changes shall be incorporated in amendments executed by the Contractor and the City. Such amendments shall specify the changes ordered and any necessary adjustment of compensation and completion time.

2.2 *Additional Work Changes*

Any work added to the Scope of Work by an amendment shall be executed under all the applicable conditions of this Contract. No claim for additional compensation or extension of time shall be recognized unless contained in an amendment duly executed on behalf of the City and the Contractor.

2.3 *City Manager Execution*

The City Manager has authority to execute without further action of the Emeryville City Council, any number of amendments so long as their total effect does not materially alter the terms of this Contract or increase the total amount to be paid under this Contract, as set forth in Section 3.2 below.

3. COMPENSATION AND METHOD OF PAYMENT

3.1 *Compensation for Services Performed*

City agrees to pay the Contractor for the Services performed and costs incurred by Contractor upon certification by the City that the Services were actually performed and costs actually incurred in accordance with the Contract. Compensation for Services performed and reimbursement for costs incurred shall be paid to the Contractor upon receipt and approval by the City of invoices setting forth in detail the Services performed and costs incurred. The City shall pay the Contractor within forty-five (45) days after approval of the invoice by City staff.

3.2 *Total Compensation Amount*

The total amount paid under this Contract as compensation for Services performed and reimbursement for costs incurred shall not, in any case, exceed **ONE HUNDRED SIXTY FIVE THOUSAND DOLLARS AND NO CENTS (\$165,000.00)**, except as outlined in Section 2.3 above. The compensation for Services performed shall be as set forth in **Exhibit A**. Reimbursement for costs incurred shall be limited as follows. Long distance telephone and telecommunications, facsimile transmission, normal postage and express mail charges, photocopying and microcomputer time shall be at cost. Supplies and outside services, transportation, lodging, meals and authorized subcontracts shall be at cost plus no more than a 10% administrative burden. Automobile mileage shall be no more than the current deductible rate set by the Internal Revenue Service.

4. COVENANTS OF CONTRACTOR

4.1 *Assignment of Contract*

The Contractor covenants and agrees not to assign or transfer any interest in, nor delegate any duties of this Contract, without the prior express written consent of the City. As to any approved subcontractors, the Contractor shall be solely responsible for reimbursing them and the City shall have no obligation to them.

4.2 *Responsibility of Contractor and Indemnification of City*

To the fullest extent permitted by law, Contractor shall indemnify, defend, and hold harmless City and City's members, officers, agents, employees and volunteers, from and against any and all claims, losses, liabilities of every kind, nature and description, damages, injury (including without limitation injury to or death of an employee of Contractor or subcontractors as well as any claim by any employee, agent, Contractor or independent contractor hired or employed by Contractor that such persons or individuals are entitled to any benefit otherwise provided to employees of the City, including coverage under the California Public Employee Retirement System), costs and expenses of any kind except for lost revenues or lost profits, whether actual, alleged or threatened, including, without limitation, court costs, reasonable attorneys' fees, litigation expenses, and fees of expert contractors or expert witnesses incurred in connection therewith and the costs of investigation, arising out of, pertaining to, or relating to, directly or indirectly, in whole or in part, the negligence, recklessness, or willful misconduct of Contractor, any subcontractor, anyone directly or indirectly employed by them or anyone that they control. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for Contractor. To the extent that the Contractor has satisfied its obligations under its scope of services (**Exhibit A**) to collect taxes or fees due to the City from businesses, Contractor shall not be liable for any lost revenues for taxes or fees due to the City from businesses which have not be collected by the Contractor. Further, in no event will Contractor be liable for any special, incidental, or consequential damages of any nature. Contractor's duty to indemnify and hold harmless City shall not apply to claims for liability which arise from the issuance or non-issuance of any license or permit. This obligation to indemnify and defend the City, its members, officers, agents, employees and volunteers shall survive termination of this Contract.

If Contractor's obligation to defend, indemnify, and/or hold harmless arises out of Contractor's performance of "design professional" services (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Contractor's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Contractor, and, upon Contractor obtaining a final adjudication by a court of competent jurisdiction, Contractor's liability for such claim, including the cost to defend, shall not exceed the Contractor's proportionate percentage of fault.

4.3 Independent Contractor

The Contractor hereby covenants and declares that it is engaged in an independent business and agrees to perform the Services as an independent contractor and not as the agent or employee of the City. The Contractor agrees to be solely responsible for its own matters relating to the time and place the Services are performed; the instrumentalities, tools, supplies and/or materials necessary to complete the Services; hiring of contractors, agents or employees to complete the Services; and the payment of employees, including compliance with Social Security, withholding and all other regulations governing such matters. The Contractor agrees to be solely responsible for its own acts and those of its subordinates and employees during the term of this Contract.

4.4 Insurance

Contractor shall not commence Services under this Contract until it has provided evidence satisfactory to the City that it has secured all insurance required under **Exhibit B**, attached hereto and incorporated herein by this reference. In addition, Contractor shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the City that the subcontractor has secured all insurance required under **Exhibit B**. Failure to provide and maintain all required insurance shall be grounds for the City to terminate this Contract for cause.

4.5 Records, Reports and Audits

4.5.1 Records

- A. Records shall be established and maintained by the Contractor in accordance with requirements prescribed by the City with respect to all matters covered by this Contract. Except as otherwise authorized, such records shall be maintained for a period of three years from the date that final payment is made under this Contract. Furthermore, records that are the subject of audit findings shall be retained for three years or until such audit findings have been resolved, whichever is later.
- B. All costs shall be supported by properly executed payrolls, time records, invoices, contracts, or vouchers, or other official documentation evidencing in proper detail the nature and propriety of the charges. All checks, payrolls, invoices, contracts, vouchers, orders or other accounting documents pertaining in whole or in part to this Contract shall be clearly identified and readily accessible.

4.5.2 Reports and Information

Upon request, the Contractor shall furnish to the City any and all statements, records, reports, data and information related to matters covered by this Contract in the form requested by the City.

4.5.3 Audits and Inspections

At any time during normal business hours and as often as the City may deem necessary, there shall be made available to the City for examination all records with respect to all matters covered by this Contract. The Contractor will permit the City to audit, examine, and make excerpts or transcripts from such records, and to audit all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and or data relating to all matters covered by this Contract.

4.6 *Conflicts of Interest*

The Contractor covenants and declares that, other than this Contract, it has no holdings or interests within the City of Emeryville, nor business holdings, contracts or agreements with any official, employee or other representative of the City. For the duration of this Contract, in the event the Contractor or its principals, agents or employees acquire such a holding, interest, contract, or agreement within the City of Emeryville or with any official, employee or representative of the City in the future, the Contractor will immediately notify the City of such holding, interest, contract, or agreement in writing.

4.7 *Confidentiality*

The Contractor agrees that such reports, information, opinions or conclusions shall not be made available to or discussed with any individual or organization, including the news media, without prior written approval of the City. The Contractor shall exercise reasonable precautions to prevent the unauthorized disclosure and use of City information whether deemed confidential or not.

4.8 *Discrimination Prohibited*

The Contractor covenants and agrees that in performing the Services required under this Contract, the Contractor shall not discriminate against any person on the basis of race, color, religion, sex, sexual orientation, gender identity, marital status, national origin or ancestry, age or disability, except as provided in section 12940 of the Government Code.

4.9 *Licenses, Certifications and Permits*

The Contractor covenants and declares that it has obtained all diplomas, certificates, licenses, permits or the like required of the Contractor by any and all national, state, regional, county, city or local boards, agencies, commissions, committees or other regulatory bodies in order to perform the Services contracted for under this Contract. All work performed by Contractor under this Contract shall be in accordance with applicable legal requirements and shall meet the standard of quality ordinarily expected of competent professionals.

4.10 *Key Personnel*

All of the individuals listed in Exhibit A are necessary for the successful prosecution of the Services due to their unique expertise and depth and breadth of experience. There shall be no change in Contractor's Project Manager or members of the project team

without the City's approval. Contractor recognizes that the composition of this team was instrumental in the City's decision to award the work to Contractor and that compelling reasons for substituting these individuals must be demonstrated for the City's consent to be granted. Any substitutes shall be persons of comparable or superior expertise and experience. Failure to comply with the provisions of this section shall constitute a material breach of Contractor's obligations under this Contract and shall be grounds for termination.

4.11 Authority to Contract

The Contractor covenants and declares that it has obtained all necessary approvals of its board of directors, stockholders, general partners, limited partners or similar authorities to simultaneously execute and bind Contractor to the terms of this Contract, if applicable.

4.12 Ownership of Work

All reports, designs, drawings, plans, specifications, schedules, work product and other materials prepared or in the process of being prepared for the Services to be performed by the Contractor ("Materials") shall be and are the property of the City and the City shall be entitled to full access and copies of all such Materials. Any such Materials remaining in the hands of the Contractor or subcontractor upon completion or termination of the work shall be delivered immediately to the City. The Contractor assumes all risk of loss, damage or destruction of or to such Materials. If any Materials are lost, damaged or destroyed before final delivery to the City, the Contractor shall replace them at its own expense. Any and all copyrightable subject matter in all materials is hereby assigned to the City and the Contractor agrees to execute any additional documents that may be necessary to evidence such assignment.

4.13 City Labor Requirements 1

4.13.1 Compliance

At the Effective Date, compliance with the City's living wage ordinance is ☒ **required** / ☐ **not required** for this Contract. If this Contract provides for compensation to Contractor of \$25,000 or more within a single fiscal year for providing Services to the City, then Contractor shall comply with the requirements of the City's Living Wage Ordinance set forth in [Chapter 31 of Title 5 of the Emeryville Municipal Code](#), unless (i) Contractor is a governmental entity, (ii) this Contract is subject to a higher prevailing wage rate as defined in the California Labor Code, or (iii) this Contract is subject to federal or state laws or regulations that would preclude the application of the City's laws.

4.13.2 Applicability

Compliance with the Living Wage Ordinance, if applicable, shall be required during the term of the Contract for all employees of Contractor who perform at least twenty-five percent (25%) of the work arising from this Contract, unless said employees are otherwise exempt from the application of the Living Wage Ordinance pursuant to

[Section 5-31.08 of the Emeryville Municipal Code](#). Contractor shall promptly provide to the City documents and information verifying compliance with the requirements of the Living Wage Ordinance within ten (10) working days following a written request for such documentation and information from the City.

4.13.3 Non-Compliance

Failure to comply with the Living Wage Ordinance provides that a person claiming a violation thereof may bring an action against Contractor for back pay, reinstatement and compensatory damages, as well as a penalty up to three times the amount of damages for a willful violation, plus reasonable attorney's fees and costs. In addition, the City may terminate the Contract and pursue any other remedies available to the City, including debarment, for violations of the Living Wage Ordinance.

4.13.4 Living Wage

Contractor shall notify each of its affected employees with regards to wages that are required to be paid pursuant to this Contract. "Living Wage" means no less than **\$17.43 PER HOUR** (which is [subject to increase annually on July 1st](#) to reflect the twelve-month average increase to the Consumer Price Index for all urban consumers in the San Francisco-Oakland-San Jose Metropolitan Statistical Area for the preceding year from May to April, not to exceed three percent (3%) in any one year) including wages and health benefits. If employer contributions for health benefits are not paid on an hourly basis, the employer must demonstrate to the City the hourly value of such benefits in order to receive credit for such payments to covered employees.

4.13.5 Minimum Wage and Paid Sick Leave

In addition to the Living Wage Ordinance, the Contractor may be required to comply with the [City's Minimum Wage, Paid Sick Leave, and Other Employment Standards Ordinance](#), as set forth in [Chapter 37 of Title 5 of the Emeryville Municipal Code](#), to the extent it is applicable.

4.14 California Labor Requirements

4.14.1 Prevailing Wage Requirements

Contractor is aware of the requirements of [California Labor Code](#) Sections 1720 et seq. and 1770 et seq., which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects ("Prevailing Wage Laws"). If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. Contractor shall defend, indemnify and hold the City, its officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the Contractor and all subcontractors to comply with all California Labor Code provisions, which include but are not limited to prevailing wages (Labor Code Sections 1771, 1774 and 1775),

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employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Sections 1771.4 and 1776), hours of labor (Labor Code Sections 1813 and 1815) and debarment of contractors and subcontractors (Labor Code Section 1777.1). The requirement to submit certified payroll records directly to the Labor Commissioner under Labor Code section 1771.4 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Section 1771.4.

4.14.2 Registration

If the Services are being performed as part of an applicable “public works” or “maintenance” project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Contractor and all subcontractors performing such Services must be registered with the Department of Industrial Relations. Contractor shall maintain registration for the duration of the Contract and require the same of any subcontractors, as applicable. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

4.14.3 Labor Compliance Oversight

This Contract may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Contractor’s sole responsibility to comply with all applicable registration and labor compliance requirements. Any stop orders issued by the Department of Industrial Relations against Contractor or any subcontractor that affect Contractor’s performance of Services, including any delay, shall be Contractor’s sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Contractor caused delay and shall not be compensable by the City. Contractor shall defend, indemnify and hold the City, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Contractor or any subcontractor.

4.14.4 Workers’ Compensation

Pursuant to the requirements of section 1860 of the [California Labor Code](#), Contractor will be required to secure the payment of workers’ compensation to his employees in accordance with the provisions of section 3700 of the Labor Code. By signing this Contract, Contractor certifies the following:

 ^{DS}

“I am aware of the provisions of section 3700 of the California 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 I will comply with such provisions before commencing the performance of the work of this contract.”

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4.14.5 Event of Default

Failure by Contractor to comply with any provision of this Section shall constitute a default of this Contract and shall be grounds for termination as provided in this Contract.

5. TERMINATION

- A. City and Contractor shall have the right to terminate this Contract for any reason whatsoever by providing written notice thereof at least forty-five (45) calendar days in advance of the termination date.
- B. All termination notice periods triggered pursuant to written notice shall begin to run from the date of the United States Postal Service postmark.
- C. Upon termination, City shall provide for payment to the Contractor for Services rendered and expenses incurred prior to the termination date.
- D. Upon receipt of a termination notice the Contractor shall: (1) promptly discontinue all Services affected, unless the notice directs otherwise; and (2) promptly deliver to the City all data, drawings, reports, summaries, and such other information and materials as may have been generated or used by the Contractor in performing this Contract, whether completed or in process, in the form specified by the City.
- E. Notwithstanding anything to the contrary, this Contract is subject to immediate termination in the event the City Council does not appropriate sufficient funds for this Contract.
- F. The rights and remedies of the City and the Contractor provided in this Section are in addition to any other rights and remedies provided under this Contract or at law or in equity.

6. NO PERSONAL LIABILITY

No member, official or employee of the City shall be personally liable to the Contractor or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Contractor or successor or on any obligation under the terms of this Contract.

7. ENTIRE AGREEMENT

This Contract constitutes the complete agreement between the Parties and supersedes any and all other agreements, either oral or in writing, between the Parties with respect to the subject matter of this Agreement. No other agreement, statement or promise relating to the subject matter of this Contract not contained in this Contract shall be valid or binding. This Contract may be modified or amended only by a written document signed by representatives of both Parties with appropriate authorization.

8. SUCCESSORS AND ASSIGNS

Subject to the provisions of this Contract regarding assignment, this Contract shall be binding on the heirs, executors, administrators, successors and assigns of the respective Parties.

9. APPLICABLE LAW AND ATTORNEY'S FEES; VENUE

If any action at law or in equity is brought to enforce or interpret the provisions of this Contract, the rules, regulations, statutes and laws of the State of California will control. The prevailing party shall be entitled to reasonable attorney's fees in addition to any other relief to which said party may be entitled. The exclusive venue for any legal action taken pursuant to this Contract shall be the State of California Superior Court for the County of Alameda or the United States District Court for the Northern District of California.

10. SEVERABILITY

The caption or headnote on articles or sections of this Contract are intended for convenience and reference purposes only and in no way define, limit or describe the scope or intent thereof, or of this Contract nor in any way affect this Contract. Should any article(s) or section(s), or any part thereof, later be deemed unenforceable by a court of competent jurisdiction, the remainder of this Contract shall remain in full force and effect to the extent possible.

11. BUSINESS TAX CERTIFICATE

Prior to commencement of the Services to be provided hereunder, Contractor shall apply to the City of Emeryville Finance Department for a business tax certificate, pay the applicable business tax and maintain said business tax certificate during the term of this Contract, as provided in Article 1 of Chapter 1 of Title 3 of the Emeryville Municipal Code.

12. NOTICES

12.1 Communications Relating to Daily Activities

All communications relating to the day-to-day activities of the work and invoices shall be exchanged between **Brad Farmer** for the City and **Robert Gray** for the Contractor:

CITY	CONTRACTOR
Brad Farmer, Finance Director Phone No: 510-596-4352 E-Mail : bfarmer@emeryville.org	Robert Gray, Director of TFA Phone No: 714-879-5000 E-Mail : rgray@hdlcompanies.com

12.2 Official Notices

All other notices, writings or correspondence as required by this Contract shall be directed to the City and the Contractor, respectively, as follows:

CITY	CONTRACTOR
City Manager 1333 Park Avenue Emeryville, California 94608 Phone No: 510-596-4371 E-Mail : city_manager@emeryville.org <i>with a copy to:</i> Brad Farmer, Finance Director 1333 Park Avenue Emeryville, California 94608 Phone No: 510-596-4352 E-Mail : bfarmer@emeryville.org	Attn: Robert Gray HdL Companies 120 S. State College Blvd., Suite 200 Brea, CA 92821 Phone No: 714-879-5000 E-Mail : rgray@hdlcompanies.com

13. COUNTERPARTS

This Contract may be signed in counterparts, each of which shall constitute an original. It is expressly agreed that each Party to this Contract shall be bound by its own telecopied, scanned, electronic or digital signature and shall accept the telecopied, scanned, electronic or digital signature of the other Party to this Contract.

14. NO THIRD-PARTY BENEFICIARIES

Except to the extent expressly provided for herein, there are no intended third-party beneficiaries of any right or obligation assumed by the Parties.

15. NON-EXCLUSIVITY

City reserves right to employ other contractors in connection with the Services covered under this Contract.

16. ASSIGNMENT OR TRANSFER

Contractor shall not assign, hypothecate or transfer, either directly or by operation of law, this Contract or any interest herein without the prior written consent of the City. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

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17. WAIVER

The City's failure to enforce any provision of this Contract or the waiver in a particular instance shall not be construed as a general waiver of any future breach or default.

18. OTHER REQUIREMENTS

Compliance with terms and conditions set forth in **Exhibit C** is ☐ **required** / ☒ **not required** for this Contract. Contractor shall also fully and adequately comply with the provisions included in **Exhibit C** ("Other Requirements") when attached hereto and incorporated herein by reference ("Other Requirements"). With respect to any conflict between such Other Requirements and the terms of this Contract and/or the provisions of state law, **Exhibit C** shall control.

SIGNATURES ON FOLLOWING PAGE

19. SIGNATURE PAGE TO PROFESSIONAL SERVICES CONTRACT

IN WITNESS WHEREOF the City and the Contractor have executed this Contract, which shall become effective as of the date first written above.

Approved As To Form:

DocuSigned by:
John Kennedy
2C934D02DB55407...

City Attorney

Dated:

09/28/2022

CITY OF EMERYVILLE
DocuSigned by:
Pedro Jimenez, Acting City Manager
52E30B02CB32476...

Christine S. Daniel, City Manager

Dated:

08/15/2022

HDL COMPANIES
DocuSigned by:
Robert Gray
D4C602357870418...

Robert Gray, Director of TFA (Signature)

<i>Attach: W-9 Form</i>	<i>Attach: Business License Certificate</i>

EXHIBIT A

Tax and Fee Administration Services and Fees
Business License Tax Revenue and Consulting Services

SCOPE OF SERVICES

Contractor will provide the following Services relative to City's business license tax administration.

1. Operations Management Services

- 1.1. Establish and maintain database of City businesses.
- 1.2. Receive and process applications, renewals and payments in a timely fashion.
- 1.3. Send renewal notices to active businesses within 30 days of the renewal period end date or at another interval specified by City.
- 1.4. Provide businesses multiple options for submitting applications, renewals, payments, or support requests (including via website, email, mail, phone, and fax. Contractor license specialists will be available for live interactions Monday through Friday, 8:00am to 5:00pm Pacific).
- 1.5. Remit revenue to City no less than monthly.
- 1.6. Provide City staff access to website portal offering business registry inquiry, reporting, and electronic department approval capabilities.

2. Compliance Services: 1) Identify and register businesses which are subject to licensure or taxation, 2) collect known debt as pertains to business license or tax, and 3) identify under-reported tax liability.**2.1. Discovery Services**

- 2.1.1. Develop a list of businesses subject to City licensure or taxation.
- 2.1.2. Notify non-compliant businesses of their options to comply or dispute their non-compliant status. Notification and support to businesses will be facilitated through the website, mail, email, phone and fax.
- 2.1.3. Review information and forms submitted by the business for completion and accuracy, inclusive of any additional required documentation (i.e. home occupation permit). All submissions are filed and stored electronically and made available to City upon request.
- 2.1.4. Provide businesses with detailed invoicing and options to pay via website, mail, and phone.
- 2.1.5. Remit revenue to City no less than monthly, along with all business applications and any additional documentation.

2.2. Collection Services

- 2.2.1. Identify businesses subject to City licensure or taxation which have known debt to City and have failed to pay within an appropriate time frame.
- 2.2.2. Notify businesses of their options to comply or dispute their non-compliant status.
- 2.2.3. Provide businesses with detailed invoicing and options to pay via website, mail and phone.
- 2.2.4. Remit revenue to City no less than monthly.

2.3. Audit Services

- 2.3.1. Identify potential under-reporting and/or misclassified businesses.
- 2.3.2. Audit businesses mutually agreed to by City and Contractor that are identified as potential under-reporting businesses.
- 2.3.3. Submit audit summaries to City and discuss further actions.
- 2.3.4. Educate businesses on proper reporting practices.
- 2.3.5. Invoice and collect identified delinquencies.

3. Online Payment Processing – Contractor's services include PCI compliant payment processing services powered by FIS Global, which supports both credit card and eCheck transactions.**3.1. City Responsibilities**

- 3.1.1. As a condition to its receipt of the Service, City shall execute and deliver any and all applications, agreements, certifications or other documents required by FIS Global, Networks or other third parties whose consent or approval is necessary for the processing of Transactions by FIS Global. "Network" is an entity or association that operates, under a common service mark, a system

EXHIBIT A**Tax and Fee Administration Services and Fees
Business License Tax Revenue and Consulting Services**

which permits participants to authorize, route, and settle Transactions among themselves, including, for example, networks operated by VISA USA and Mastercard, Inc., NYCE Corporation, American Express, and Discover.

- 3.1.2. City hereby grants Contractor the full right, power and authority to request, receive and review any Data or records reflected in a Transaction report. City represents and warrants that it has the full right and authority to grant these rights.

FEES**4. Operations Management Services**

- 4.1. Fees for performing operations management Services shall be \$16.00 for each processed account, which is any account for which an application or renewal/return was processed, or active account which was sent a renewal notice.
- 4.2. Fees will be increased as of January 1st of each calendar year 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%.
- 4.3. Fees related to travel and lodging expenses are billed at cost and apply to all meetings (including implementation, training, operations and support). Travel expenses only apply to out of scope travel and must therefore be pre-approved by City.
- 4.4. Fees will be invoiced monthly to City for Services performed during the prior month. Fees will be netted out of City's monthly revenue disbursement. City will submit payment for any balance due to Contractor within 30 days of receiving the invoice.

5. Compliance Services

- 5.1. Fees for performing compliance Services apply to all monies received for the current tax/license period and any other prior period collected (including monies received for taxes, penalties, interest, and fees).
 - 5.1.1. Fees for performing discovery Services shall be a contingency Fee of 35% of the revenues received as a result of the Services.
 - 5.1.2. In the event that City discovers a non-compliant business and reports the business to Contractor (including a calculation of all taxes/fees due), Contractor will categorize the business as a collection service effort and thus apply the lower collection Services contingency Fee rate.
 - 5.1.3. Fees for performing collection Services shall be a contingency Fee of 25% of the revenues received as a result of the Services.
 - 5.1.4. Fees for performing audit Services shall be a contingency Fee of 35% of the revenues received as a result of the Services.
- 5.2. Contractor recognizes City's authority to waive or reduce the tax/fee debt of a business. Should City decide to do so for a business whose deficiency was identified by Contractor, Contractor shall be entitled to compensation in the amount of one half (1/2) of the Fees Contractor would have otherwise earned. Deficiencies which are uncollectable due to insolvency or dissolution of the business, or for deficiencies which are otherwise incapable of collection (i.e. statute of limitation or other legal defense) shall not be considered a City voluntary election to waive, and thus, Contractor would not be entitled to compensation related thereto under this provision.

EXHIBIT A

Tax and Fee Administration Services and Fees
Business License Tax Revenue and Consulting Services

- 5.3. Fees related to travel and lodging expenses are billed at cost and applied to all meetings (including implementation, training, operations, and support). Travel expenses only apply to out of scope travel and must therefore be pre-approved by City.
- 5.4. Fees will be invoiced monthly to City for Services performed during the prior month. Fees will be netted out of City's monthly revenue disbursement. City will submit payment for any balance due to Contractor within 30 days of receiving the invoice.
- 6. Payment Processing** – Contractor will configure payment processing services to utilize either a taxpayer funded model (convenience fee) or City funded model, as directed by City. City may switch between these models upon written request to Contractor. Fees for each of these payment processing models are detailed here.
 - 6.1. Taxpayer funded model – City authorizes Contractor to collect each convenience fee from the taxpayer at time of payment.
 - 6.1.1. Credit and debit card processing – 2.9% of transaction amount, minimum of \$2.00
 - 6.1.2. ACH/eCheck processing - \$1.25 per transaction
 - 6.2. City funded
 - 6.2.1. Credit and debit card processing – 2.9% of transaction amount
 - 6.2.2. ACH/eCheck processing - \$0.50 per transaction
 - 6.3. Returned payments/NSF fee – Each occurrence of a card chargeback, returned payment or insufficient funds will incur a fee of \$25.00, to be applied to the taxpayers account.
 - 6.4. Contractor reserves the right to review and adjust pricing related to payment processing services on an annual basis. Contractor will communicate any such adjustment to City in writing, with 60 days advance notice. Items that will be considered in the review of fees may include, but are not limited to: regulatory changes, card association rate adjustments, card association category changes, bank/processor dues and assessments, average consumer payment amounts, card type utilization, and costs of service.
- 7. Consulting Services** – Additional services beyond the scope of services in this Exhibit A are priced separately depending on the complexity of the tasks involved. Such fees can either be fixed or time and materials based on then current hourly rates. The work to be performed including timeframe for completion and any associated costs will be provided to City for approval prior to any work being done.
- 8. Confidentiality; Software Use and Warranty; Records.**
 - 8.1. Contractor will comply with the requirements of applicable laws, ordinances and/or regulations concerning the confidentiality of tax records.
 - 8.2. As used herein, the term “proprietary information” means all information, techniques, processes, services or material that has or could have commercial value or other utility in Contractor's Business, including without limitation: Contractor's (i) software, computer or data processing programs; (ii) data processing applications, routines, subroutines, techniques or systems; (iii) desktop or web-based software; (iv) audit, tax or fee collection/administration or business processes, methods or routines; (v) marketing plans, analyses and strategies; and (vi) materials, techniques and intellectual property used. Except as otherwise required by law, City must hold in confidence and may not use (except as expressly authorized by this Agreement) or disclose to any other party any proprietary information provided, learned of or obtained by City in connection with this Agreement. The terms of this Section do not apply to any information that is public information.
 - 8.3. If access to any software which Contractor owns is provided to City as part of this Agreement (including, without limitation, if City chooses to subscribe to such software and reports option as part of the Services) (such Contractor-owned software is, collectively, the “Software”), Contractor hereby provides a limited, non-exclusive, non-transferable license to City for the use by such of City's staff as may be designated from time to time by City to use the Software pursuant to and during the Term

EXHIBIT A

Tax and Fee Administration Services and Fees Business License Tax Revenue and Consulting Services

of this Agreement. The Software must only be used by such authorized City staff, and City must not sublicense, sublet, duplicate, modify, decompile, reverse engineer, disassemble, or attempt to derive the source code of the Software. The license granted hereunder does not imply ownership by City or any of City's staff of the Software nor any rights of City or any of City's staff to sublicense, transfer or sell the Software, or rights to use the Software for the benefit of others. City may not create (or allow the creation of) any derivative work or product based on or derived from the Software or documentation, nor modify (or allow the modification of) the Software or documentation without the prior written consent of Contractor. In the event of a breach of this provision (and without limiting Contractor's remedies), such modification, derivative work or product based on the Software or documentation is hereby deemed assigned to Contractor. Upon termination of this Agreement or this Software license, this Software license will be deemed to have expired and City must immediately deactivate, cease using and remove, delete and destroy all the Software (including, without limitation, from City's computers and network). Contractor warrants that the Software will perform in accordance with the Software's documentation.

City of Emeryville

PROPOSAL FOR BUSINESS LICENSE TAX REVENUE CONSULTING SERVICES

August 12, 2021

HdL[®] Companies

SUBMITTED BY

HdL Companies
Corporate Office: Brea, CA
Operations Center: Fresno, CA
hdlcompanies.com

CONTACT

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



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1

COVER LETTER

August 12, 2021

City of Emeryville
Brad Farmer, Finance Director
133 Park Ave.
Emeryville, CA 94608

HdL Companies (HdL) is pleased to submit our proposal for Business License Tax Revenue Consulting Services. With almost 40 years of experience, HdL provides revenue enhancement and consulting services to local governments. Our firm serves over 500 cities, counties and special districts across the nation and has recovered more than \$3 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 60 California municipalities who have switched to HdL from other service providers.

Our contact information is:

Robert Gray, Director of Tax and Fee Administration HdL Companies
120 S. State College Blvd., Suite 200 Brea, CA 92821
Ph: 714.879.5000
Website: www.hdlcompanies.com

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, recaptured revenues, and precise budget forecasts to maximize your revenue streams.
- Reliable continuity of service by a firm with stable employee ownership and a low staff turnover rate.

HdL is uniquely suited to deliver our high quality and full-service solutions to the City and its business community in the areas outlined in this proposal. HdL will provide unparalleled service, reporting, and analytics due to synergies between the various tax programs requested by the City.

HdL agrees to perform the services and adhere to the requirements set forth in the City's RFP. We look forward to reviewing the proposal with you in more detail and demonstrate how HdL can enhance Emeryville's bottom line. Please call if you have questions or need additional information. I can be reached at 714.879.5000 or by email at rgray@hdlcompanies.com.

HdL acknowledges receipt of the Questions and Responses dated 8/5/21.

Sincerely,



Robert Gray
Director of Tax and Fee Administration

Attachment A

PROPSER'S CERTIFICATION

I hereby propose to furnish the goods or services specified in the Request for Proposals ("RFP"). I agree that my proposal will remain firm for a period of up to ninety (90) days to allow the City of Emeryville ("City") adequate time to evaluate the qualifications submitted.

I have carefully examined the Request for Proposals and any other documents accompanying or made a part of this RFP. The information contained in this proposal is true and correct to the best of my knowledge and is signed under penalty of perjury under the laws of the State of California. I further certify that I am duly authorized to submit this proposal on behalf of the firm as its authorized agent and that the firm is ready, willing and able to perform if awarded the contract.

I further certify that this proposal is made without prior understanding, agreement, connection, discussion, or conspiracy with any other person, firm or corporation submitting a proposal for the same product or service; that this proposal is fair and made without outside control, collusion, fraud or illegal action; that no officer, employee or agent of the City or any other proposer is financially interested in said proposal; that no undue influence or pressure was used against or in concert with any officer, employee or agent of the City in connection with the award or terms of the contract that will be executed as a result of this RFP; and that the undersigned executed this Proposer's Certification with full knowledge and understanding of the matters therein contained and was duly authorized to do so.

Hinderliter, de Llamas & Associates

NAME OF BUSINESS



SIGNATURE

Robert Gray, CIO

NAME & TITLE, TYPED OR PRINTED

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

MAILING ADDRESS

714.879.5000

TELEPHONE NUMBER

rgray@hdlcompanies.com

EMAIL

Type of Organization:

_____ Sole Proprietorship ☒ Corporation CA State of Incorporation

_____ Partnership _____ Limited Liability Company

3 FIRM'S QUALIFICATIONS

FIRM HISTORY

HdL Companies

**FOUNDED
1983**



Hinderliter, de Llamas and Associates (HdL) was established in 1983 to maximize local government revenues by providing allocation audits, analytical services, and software products to local governments. The firm, which is a 100% employee-owned company, provides audit and consulting services for sales, use and transaction taxes, cannabis taxes and 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. HdL Software was formed in 1996 to provide innovative software processing tools for business licensing, transient occupancy taxes and other locally administered revenues.

HdL's systematic and coordinated approach to revenue management, tax administration and economic data analysis is currently being utilized by over 500 agencies in eleven states.

Currently partnering with over 220 cities and counties in California for services including business license tax/registration, transient occupancy tax, cannabis tax, and short-term rentals, HdL processes hundreds of millions in revenue annually from locally collected taxes.

FIRM QUALIFICATIONS

HdL maintains the largest privately held sales, property, and business tax databases in California. The firm constantly improves and enhances the California Department of Tax and Fee Administration (CDTFA) raw registration data by correcting addresses and business names, differentiating brick and mortar retailers from business to business and online taxpayers and adding new business classifications to better identify emerging trends and economic opportunities. This highly enhanced database serves as the base for identifying emerging economic trends and developing budget projections that take those trends into account.

The database also includes continually updated registration data for every seller in California, allocation data for 502 of the state's 538 agencies and 235 transactions tax districts, business license data for over 700,000 businesses, property tax data for every jurisdiction in the 38 largest counties, a constantly updated automated telephone directory for all of California and thousands of business contacts developed through three decades of audit and business development activity.

3 FIRM'S QUALIFICATIONS

To date, HdL has recovered more than \$3 billion in revenue for client agencies. HdL is the leading provider of local tax revenue administration services and compliance in California. Currently partnering with over 220 cities and counties in California for services including business license tax/registration, transient occupancy tax, cannabis tax, and short-term rentals, HdL processes over hundreds of millions in revenue annually from locally collected taxes.

HdL is qualified to perform the services requested in the RFP.

HdL will not be using any subcontractors for this project.

PROUD
TO HAVE SERVED
LOCAL GOVERNMENTS
AND
SPECIAL DISTRICTS
FOR OVER
40 YEARS

100%
EMPLOYEE
OWNED

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

This close understanding of local government needs coupled with extensive databases and advance methodology provides for the most relevant, productive and responsive, revenue recovery, forecasting and economic services available.

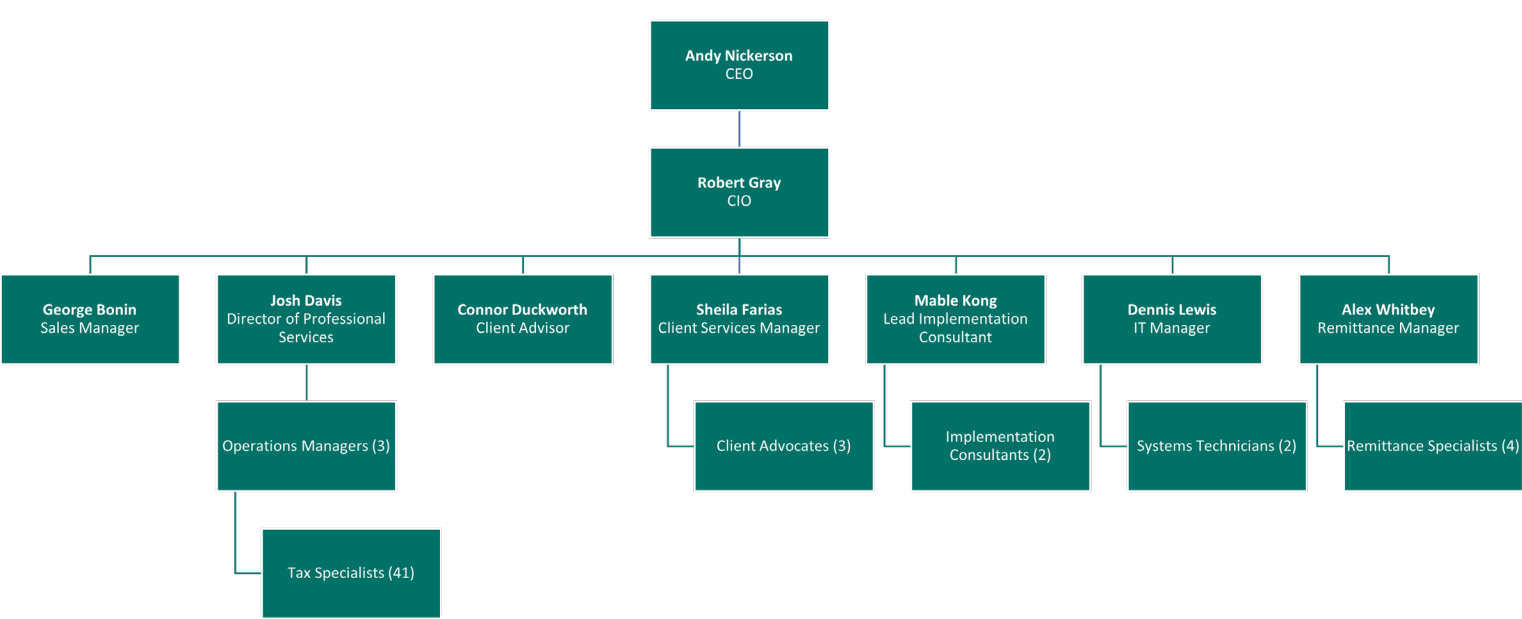


CALIFORNIA
SOCIETY of MUNICIPAL
FINANCE OFFICERS



3

FIRM'S QUALIFICATIONS



EXPERIENCE AND REFERENCES

EXPERIENCE

Our team of professionals has the capacity to meet and exceed the expectations set forth in the City's RFP. The firm has successfully implemented and continues to manage similar projects for over 220 local government agencies and currently processes hundreds of millions in taxes annually.

Properly administering local taxes is an important and specialized task. HdL's solution was designed from the ground up for local taxes such as business license tax and is constantly enhanced by HdL with new functionality and improvements. HdL is 100% focused on delivering support and results to benefit your local tax team and your business community. HdL is the business license service provider of choice by California agencies. We have partnered with California local governments for almost 40 years and have been selected by more agencies than any other provider while maintaining over a 99.6% customer retention rate. Our staff represents hundreds of years of local government experience, including CROs, business tax supervisors, finance directors, and city managers. We have a broad, deep, and intimate understanding of the complex needs of California local government. As former government professionals' ourselves, our dedication to local government is second to none.

REFERENCES

City of West Covina – Business License Services Client Since 1998

Paulina Morales, Assistant City Manager, 626.939.8401, pmorales@westcovina.org

1444 W. Garvey Avenue South | West Covina, CA 91790

HdL currently provides business license administration and compliance services and transient occupancy tax services.

City of Sausalito – Business License Services Client Since 2015

Chares Francis, Finance Director, 415.289.4105, cfrancis@sausalito.gov

420 Litho Street | Sausalito, CA 94965

HdL currently provides business license administration, discovery and compliance services, tax study, transient occupancy tax and short-term rental services.

City of San Bruno – Business License Services Client Since 2019

Qianyu Sun, Finance Director, 650.616.7054, qsun@sanbruno.ca.gov

567 El Camino Real | San Bruno, CA 94066

HdL currently provides business license administration, discovery and compliance services and transient occupancy tax services.

5 QUALIFICATIONS OF TEAM

Business License Tax Analysis Team

HdL's key staff has extensive local government experience, having previously held positions in city management, finance, planning, economic development, and revenue collection. The HdL team includes several experienced business license tax department supervisors, certified revenue officers (CROs), and prior CMRTA board members.

HdL's team will complete the project from the following locations:

Corporate Headquarters:

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

Fresno Office:

1111 E. Herndon Ave., Suite 301, Fresno, CA 93720



Robert Gray – Director of Tax and Fee Administration Solutions

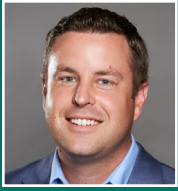
Mr. Gray serves as Director of Tax & Fee Administration, and has been with the firm since 1996. He has extensive experience in the design, development, implementation and support of local tax software systems for local government. He has played a key role in the design of 8 municipal software systems and approximately 275 successful implementations of those systems. He introduced HdL's local tax services, which provide tax administration and consulting services to an ever growing number of municipalities. While leading HdL's Tax & Fee Administration team through a period of significant growth, he has ensured that the team maintains its commitment to providing excellent customer service. He also oversees software development and IT as HdL's CIO. He earned a Bachelor of Science degree in Computer Science and a Master's degree in Business Administration from Azusa Pacific University.



Joshua Davis – Associate Director of Tax and Fee Administration

Mr. Davis has over 20 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 California 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. Prior to joining HdL, he was employed as a compliance service manager at a government services firm. 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. Notable projects he has managed include a long term and broad engagement supporting the City of Beverly Hills business tax team and administering business tax for the City of Roseville. All services provided through Mr. Davis's team enable municipalities to administer their tax programs more effectively, through both efficient operations and increased discovery and collection of tax due.

5 QUALIFICATIONS OF TEAM



Connor Duckworth - Client Advisor

Mr. Duckworth has over ten years of experience working for both State and local municipalities and providing political consulting to candidates on a number of races and referendums. As a project manager, he is responsible for the development and implementation of business license, tax, and revenue related products and services. He has served as a lecturer and mentor to municipalities nationwide and served as a Vice-President on both Division and State Boards for the CMRTA. He has won the CMRTA Lighthouse Award of Excellence for creating the top business license and revenue program in the State. Additionally, Mr. Duckworth was elected to a county-wide office for eight years which served the needs of over 200,000 residents.

Sheila Farias – Client Services Manager

Ms. Farias has over 20 years of experience in customer service in the business community. She previously served as a Customer Service Manager for Amerchine where she was instrumental in managing new order flow processes for the company. She has extensive experience managing call centers and client onboarding processes, and managed workflow processes for other business to business firms throughout her career. Ms. Farias currently serves as Client Services Manager, overseeing all aspects of Client Relations and Project Management for HdL Tax and Fee Administration services, providing guidance during implementation and ensuring Client support and satisfaction. She is currently completing her bachelor's degree in Data Science from Maryville University.



6 PROJECT UNDERSTANDING

GENERAL APPROACH

HdL has a unique understanding of the challenges our hundreds of clients face. The City of Emeryville faces many of those same challenges: decreased revenues as a result of the global pandemic, limited staff, and increased operational costs. HdL is positioned to offer the City relief, while providing a superior level of service.

The Business License Tax Administration Service provides a turnkey approach for local governments that need assistance with administering business license taxes. Our team of experts can manage all or parts of the business tax operations conducted by the City. When combined with the Compliance Management services, the City receives the benefit of increased revenues and superior customer service, while reducing internal costs and gaining efficiencies.

This “trifecta” of increasing city revenues and support to the business community, while simultaneously reducing costs, is becoming more and more difficult for cities to accomplish. Our programs are so successful in this endeavor, that most of our clients not only reduce costs, but actually see new revenues exceeding the cost of the program, resulting in the City receiving the contracted administration services effectively at no cost.

The City has recognized that efficiency and level of service are improved by offering the business community an on-line platform for business licensing needs. HdL offers robust online solutions for managing compliance of municipal Business License Taxes and its related functions. We are ever mindful of the important role that customer service plays in the successful implementation of a compliance and revenue collection program. Therefore, HdL will make every effort to ensure that all communications with the City’s business community are kept at a professional level, maintaining a careful balance between compliance, revenue collection, tactfulness, sensitivity, and taxpayer education.

HdL is the only firm which also provides tightly integrated local tax services as needed, including modernizing your municipal code and tax structure, discovery and audit services, and consulting services which encompass any circumstance which may be encountered in the realm of local government licensing and taxes. Our compliance services integrate closely with our software, providing an electronic remittance package which eliminates data entry.

Please find our sample report deliverables in the Appendix.

7 PROJECT PLAN

SCOPE OF WORK

1. Business License Tax Administration

HdL's Business License Tax Administration Services include the following:

Data Migration & Systems: HdL will transfer the City's existing databases from Central Square as they relate to business license tax into HdL's internal administration tools. HdL will maintain the data and provide access to or copies of data and reports at the City's request. While access to online systems will be available for the City to use at their discretion, the City will not be required to use or maintain any software in house for managing the business license registry.

Renewal Processing: All active business license accounts will receive a renewal notification within 45 days of the renewal period ending. Accounts will receive all applicable forms necessary to complete the renewal process. Depending on City specific processes, renewals can be processed via mail, e-mail, telephone, and online.

New Account Processing: HdL will process any new business license applications and complete the new account registration process in a timely fashion and in accordance with City approved processes. HdL will also facilitate intra-city departmental approvals such as zoning, code compliance, fire inspection, and other regulatory related functions. Using our online platform, approvals to other departments can be routed and approved via email and website access. Depending on City specific processes, new accounts can be processed via mail, e-mail, telephone, and online.

Delinquent Account Processing: HdL will process and collect delinquent accounts through a series of City approved processing methods. This will include at minimum three follow up delinquent notices, including by mail, email, and telephone calls. Delinquent accounts will be collected with full penalties as allowed by the Municipal Code or through current City practices.

Delinquent account processing is included in HdL's standard administration program and accounts processed this way are not subjected to any additional fees. Accounts that remain non-compliant after the delinquent account process, will be processed through the City approved guidelines established in HdL's collections component of the Compliance Management Program.



7 PROJECT PLAN

On-Line / Web Services: HdL creates a unique City website which will serve as the starting point for all web-based activities. This City specific site is designed to look and feel like the City's own web pages and ensures a level of continuity between the business community, the City, and HdL. Alternatively, the City's existing website can be used as the launch point for all web-based activities, linking to the HdL managed functionality.

HdL's website offers a variety of online functions to service the business community. While most of the website is a self-service platform for the business community, HdL staff reviews each account processed online for accuracy and compliance with City guidelines and procedures. In addition to filing and paying for taxes, businesses can obtain copies of applications, general support and FAQs, schedule appointments, and request copies of their tax registration, all with the click of a button. Our on-line services underscore HdL's commitment to excellence in customer service and education by continually improving the registration and payment experience for the business community. Online functionality available to the business community includes:

- Submission of a new application
- Renewal of existing account
- Closure request
- Pay a balance due
- Update account information
- Print Certificate
- Public record inquiries

Payment Posting/Processing: HdL will process all payments received in an expedited manner. License accounts will be updated daily with payment information and revenues to be disbursed to the City net applicable fees at an interval to be agreed to during the project planning phase. Disbursements typically occur monthly but can be remitted as often as weekly depending on volumes and City needs. HdL's payment acceptance process accepts the following payment types:

- Check / Money Order /Cashier's Check
- E-Check
- Debit Cards
- Credit Cards (Visa, Mastercard, Discover, and American Express)
- Check by Phone

HdL currently utilizes a standard payment gateway provider for on-line payment acceptance. HdL will work with the City to determine which provider, rate structures, and card types meet the City's needs. HdL can also utilize the same provider and process used by the City's current on-line functionality for an additional set-up fee.

7 PROJECT PLAN

Business Support Center: HdL provides businesses with multiple support options for registering, renewing, making payments and for general inquiries. A local, city specific number will be provided to businesses to access one of our tax specialists, Monday-Friday 8:00am to 5:00pm Pacific. Businesses will also have access to support via e-mail, fax, and via the Business Support Center On-Line. HdL constantly monitors quality control points to ensure courteous customer service, minimal hold times (under 90 seconds), and the return of voice messages the same business day.

Client Support: Each service HdL provides has our clients' needs at the forefront of our deliverables. Our client support team stands with the City from the contracting phase and every step of the way thereafter. Whether our clients reach out to our support team by email or phone, clients can expect immediate and professional responses to all inquiries. Dedicated client support representatives assist our clients with a variety of needs, including budget and forecast support, taxpayer dispute resolution, and general business tax inquiries.

Reporting: HdL provides a variety of standard reports monthly during our remittance processes. However, each client has unique ongoing reporting needs and can require a variety of ad-hoc requests from across City divisions. All report requests are processed and delivered to the City at no additional charge. Report requests can be delivered in formalized reporting formats or can be detailed data driven spreadsheets.

In addition to requesting reports from our client support team, the City has access to a variety of web-based services to run reports and make selective account inquiries. Our management portal provides a number of preset reports the City can run on real-time data. Custom reports can also be added to the portal for future needs. Detailed account lookup features are also available, should the city need information about a specific business.

Ancillary Services: Business license tax departments can be relied upon by the City to accomplish many non-related tasks. Recently, the new state laws have also burdened cities with additional process requirements that rely on business license tax departments to take on unrelated work. HdL assists cities with several ancillary programs including keeping up with new legislation and assisting other City departments with their requests. Ancillary services provided as a part of the program include but are not limited to:

- SB1186 state fee collection, remittance, and reporting
- SB205 (Storm Water) compliance and monitoring
- Collection of additional fees (Improvement Districts, Fire Inspection, Zoning, Etc.)
- Community outreach and information campaigns
- AB 2184 (Privacy Rights) service of process configurations, public search modifications, and personal information security

7 PROJECT PLAN

2. Business License Tax Discovery/Compliance and Auditing Services

HdL offers the most complete solutions for managing compliance of municipal Business License Tax including for Discovery, Audit, and Collections of various locally administered taxes. When selecting HdL, the City will benefit from the depth and breadth of municipal experience from a team of experts that work together with the City every step of the way.

The HdL Business License Discovery and Audit program's general scope of services is as follows:

Business License Tax Discovery

Enriched Data Portfolio/Lead Identification: Utilizing data provided by the City, as well as the HdL Enriched Data Portfolio (EDP), HdL's team builds an enhanced listing of entities subjected to licensure or taxation including, but not limited to, those businesses physically located in the City, itinerant businesses, and entities participating in the sharing economy such as short-term rentals (STRs), drive sharing services and others. HdL's data portfolio pulls from hundreds of sources such as internal sales and property tax databases, CDTFA and Franchise Tax Board lists, Secretary of State listings, local publications, international web-based publications, as well as locally administered business and tax databases letting the City capture every penny that is fair and equitably due to you.

Field Surveys: Experienced field crews, equipped with the most advanced tools available (mobile mapping/GPS systems, tablet computers pre-loaded with various City and state-wide databases, etc.) may canvass commercial areas of the City to develop and enhance the leads identified in the EDP. Field Surveys provide additional inventories of active businesses as well as to provide on-site verifications of data culled from other sources.

Exception Resolution: Records are reviewed by our skilled team members, filtering out records that may lead to erroneous contacts. This extra step allows staff to find additional revenues not otherwise identifiable through electronic means and assists in reducing potential complaints levied at City staff and management from pursuit of false positives.

Compliance Communication and Outreach: Upon exception resolution, HdL staff initiates contact with the identified entities through a series of City approved communication methods. HdL makes every effort to simplify the process for taxpayers and utilizes a variety of mediums for communication including mail, telephone, email and web-site access. Potential non-compliant entities are notified of their options to comply or dispute their non-compliant status. Initial notification packets include everything a business needs to become compliant and multiple methods of resolving their accounts.



7 PROJECT PLAN

Compliance and Auditing Services

Analysis and Selection: Audit candidates are selected using a variety of selection methodologies developed by our audit team with decades of business license tax audit experience. Preliminary analysis reports on each business selected are shared with the City prior to moving through the audit phases.

Audit Notification and Scheduling: Businesses selected by HdL and approved by the City are sent a letter notifying them of a scheduled Compliance Analysis Audit. Every effort is made to promote a positive experience for the taxpayer. A detailed description of the requirements and relevant documentation required for the audit is provided to the business two weeks in advance of the proposed audit date. If the business is unable to meet the audit date selected by the City, all efforts to reschedule the audit to a more accommodating date will be made. Businesses are also afforded the opportunity to schedule flexible appointment times by contacting the Business Support Center or visiting our online support center.

Compliance Analysis and Audit: The HdL audit team will audit the financial records of the business to determine compliance with business tax regulations. HdL validates taxing variables such as gross receipts and other relevant information for determining compliance. In addition to identifying underreporting issues, the HdL Audit Program will also focus on other compliance related issues such as assuring correct classifications, multiple location allocation, apportionment issues, and identifying business to business relationships that may create tax liability for third parties.

Audit and Compliance Report: Upon completion of the audit and analysis, and prior to additional actions, a compliance report will be generated and reviewed with the City. The report will indicate specific results of the review and recommended future actions. Documentation that substantiates the findings in the report will be included with the report to assist the City and HdL in determining next step of the process.

Deficiency and Commendation Notification: Upon final review of the audit and analysis report, businesses that are found to have deficiencies will be notified of the findings as well as the payment and appeal processes. HdL will also work with businesses found to be deficient to explain the current findings and educate taxpayers on proper future filing procedures to prevent future errors and deficiencies. Businesses found to be in compliance, will be sent a commendation letter thanking them for their compliance.

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



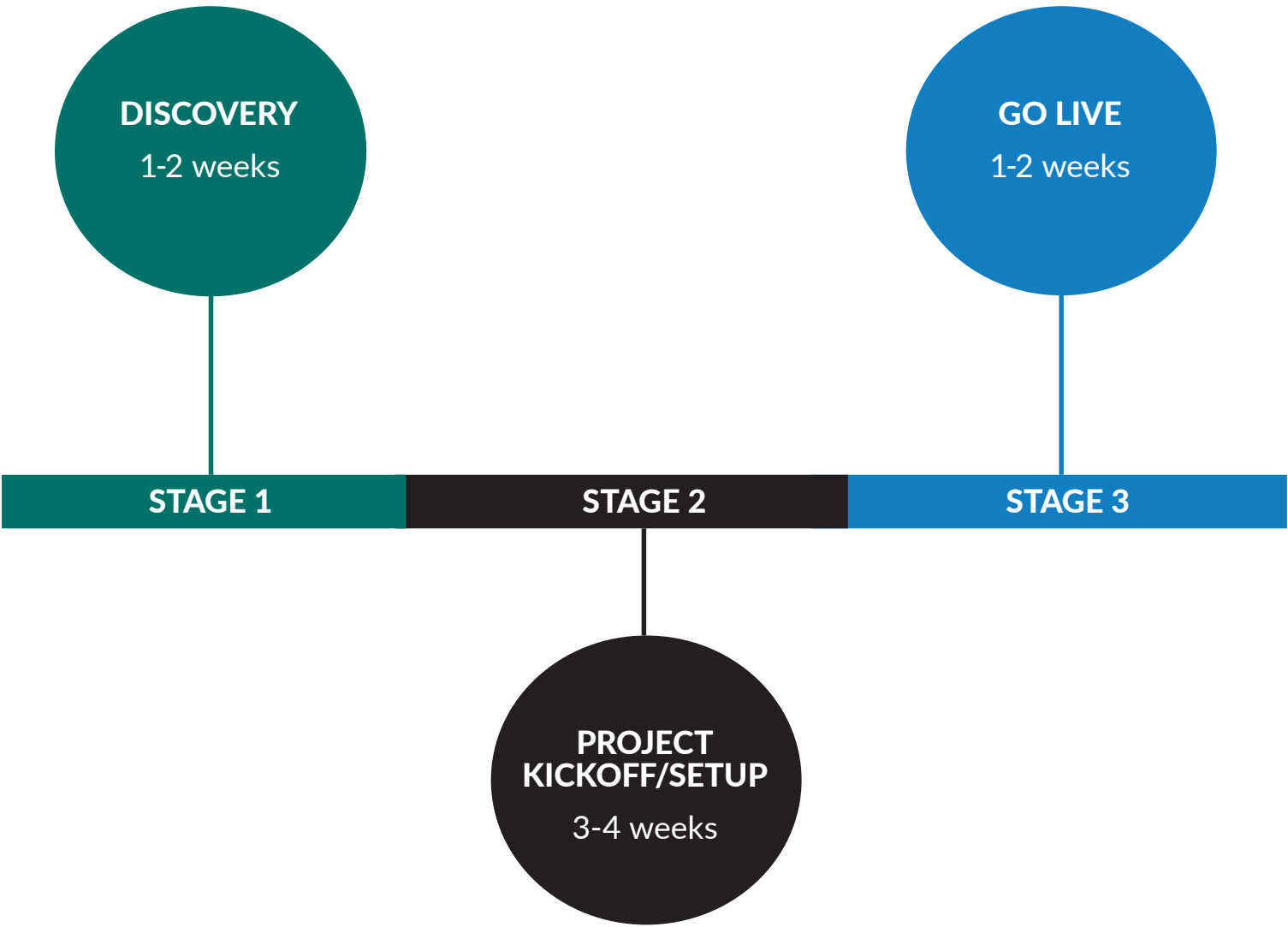
7 PROJECT PLAN

3. Proposed Work Schedule and Timeline

Event	HdL	Client
Contract signed and received by HdL	✓	✓
DISCOVERY - STAGE 1 (1-2 weeks)	✓	✓
Conference Call - HdL Sales, PM, IT, Client Stakeholders - Review contract, special conditions/programming	✓	✓
Client to provide forms, ordinances, fee resolutions, business rules, logo(s), users authority, payment gateway. Provide contact info for client stakeholder and walk through business license process.	✓	✓
Send sample letters to Client. Provide list of all information required by HdL. Provide contact info for HdL stakeholders.	✓	
Provide client IT with FTP account information, instructions for sending data	✓	
Upload client data to FTP server. (SQL or Access) Send screenshots (all screens for variety of account types)		✓
PROJECT KICK OFF AND SET UP - STAGE 2 (3-4 weeks)	✓	✓
Project kick off conference call	✓	✓
Begin data conversion	✓	
Project Mgr build tables, fee, messages, etc.	✓	
Reports, forms and letters requested/development/review/edit/approval	✓	
Project Mrg test approval with forms	✓	
HdL Tech and Project Mgr review and test 1st conversion	✓	
Send city the preview version of Prime (screenshots)	✓	
Client to confirm user permissions		✓
Client to confirm Approvals process		✓
GO LIVE - STAGE 3 (1-2 weeks)	✓	
Sign-off on conversion fee calculation		✓
Run script in client's live database for new renewal cycles		✓

7

PROJECT PLAN



7 PROJECT PLAN

4. Staff Assignments

Staff	Task
Director	Business registration process development
Client Advisor	Sales and project scope
Implementation Consultant	Project manager
Client Onboarding	Communication liaison with client
Developer	Oversees data conversion
Reports Designer	Development of reporting
Systems Technician	IT liaison
Remittance Manager	Monthly Financial Remittances
Tax Specialists	New business registration, Renewal Processing Customer Support
Operations Manager	Customer Support

COST PROPOSAL

1. Business License Tax Administration

The fee for this service is \$16* per processed account, which is any account for which an application or renewal/return was processed, or active account which was sent a renewal notice.

*CPI increase applied annually

NOTE: Travel Expenses (if any) – Travel and lodging expenses are billed at cost and apply to all meetings, including process, pre-installation, installation, training, and support. HdL is dedicated to conserving public funds ensuring that any travel costs are indeed required and reasonable.

2. Business License Tax Discovery and Audit Services

The fee for discovery and audit services is 35% of the revenues received as a result of the service.

3. 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 or time and materials. Our currently hourly rates are listed below.

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

9 REQUIRED STATEMENTS AND DOCUMENTS

In accordance with City's RFP, HdL agrees to the following terms:

- HdL will not substitute designated members of the team without approval by the City.
- HdL does not have any Conflicts of Interests to report.
- HdL agrees to fulfill the indemnification and insurance requirements contained in the Sample Contract.
- Nothing in this proposal is proprietary.

HdL does not have any exceptions to report.

If awarded the contract, HdL requests the following language be added **if agreeable to the City**:

Client acknowledges and agrees that any other public agency (including, without limitation, any participating government agency) located within or outside of the State (e.g., city, municipality, county, district, public authority or other political subdivision) may procure services for fees and other terms and conditions that are substantially similar to any of the Services, Fees and other terms and conditions set forth in this Agreement, provided that such other public agency executes a separate agreement with Consultant wherein the services rendered to such other public agency, the fees payable by such other public agency, and the other terms and conditions of such separate agreement are the responsibility of Consultant and such other public agency and not Client.

11 COMPETENCY OF PROPOSERS

Competency of HdL

For almost 40 years, HdL has provided revenue management solutions to local governments.

HdL has the necessary facilities, ability, experience and financial resources to provide the services specified in the City's RFP in a satisfactory and timely manner. HdL does not have any pending bankruptcies, liens, stop payment notices, judgments, arbitrations, mediations, or foreclosures to report in the last seven years.

HdL was recently involved in a lawsuit regarding cannabis applications for the City of Chula Vista. On occasion, a cannabis applicant that is denied a license will litigate with the City and/or HdL which is the case here. This did not affect our contract with the City and we continue to provide these services. Furthermore, this litigation does not affect any other HdL service offerings, including items requested in this proposal.

The firm has never terminated a contract for breach.

12 APPENDIX

Sample Deliverables and Case Study follow this page.



City of Sample

Business Tax Operation Management Service Review

Month XX, 2021

HdL[®] Companies

SUBMITTED BY

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

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Introduction

This report supplies an overview of the services HdL has provided to the City of Sample for Business Tax Operation Management since launching our Operations Management Service on January 1, 20XX. The report also summarizes specific projects that HdL and the City have completed since the services began.

Investment in Services

As your administrator, we have stewarded approximately \$7.0 million in Business Tax since the start of services. We have done this with flexible staffing that meets your highly variable demand. For example, in January, peak call volume alone can range from 50 - 200 phone calls per day, far exceeding the capacity of a single resource. Even with call volume spikes between 11 am and 2 pm, HdL handled the inbound call volume is approximately 60 seconds and returned calls the same day when requested in our automated phone system. At the same time, with our flexible service, we were able to handle 300 to 500 e-mails during peak demand within a few business days, rather the weeks it would take for a staff of 1 to 2 FTEs." *(Please see the section titled "[Business Support Center](#)," where you will find key success metrics and the volume of licensing activities.)*

The average annual cost of services has been approximately \$50,000 for Business License Operation Management – or typically around 1.5% of total revenues.

As a result of efficiencies gained from our service and the breadth of those services (including our discovery and compliance services), our goal is to have our clients receive a net gain from our services. We have seen an additional \$250,000 in revenue from our work to help taxpayers get and stay compliant in your City. Comparing that \$250,000 in additional revenue to the \$200,000 in admin fees shows a gain of \$50,000. Additionally, those comparisons do not directly factor in the ongoing revenue from having these businesses in compliance in the future. We anticipate that this figure will continue to grow the longer we work in partnership with your City to help ensure a more level playing field for your business community.

Recent Events

HdL has worked hand-in-hand with the City on everything from e-mail notifications, to custom reports, to coordinating last-minute renewal changes due to state legislation. Due to HdL's large client base, we are able to gain efficiencies from the management of over 100 unique license and tax programs. As an HdL client, the City has saved an estimated \$70K in custom software modifications, report development, and other process enhancement-related fees incurred by other cities that need to make changes to adapt to new legislation.

State of California AB2184 – Immigrant Business Inclusion Act:

- HdL implemented a series of software upgrades and process enhancements for the new state law that became effective on January 1, 2019. The bill required the removal of any section of the business license application exclusively requiring a social security number. Instead, a business license application must provide a means for accepting alternative forms of identification, including a California driver's license, identification number, or an individual taxpayer identification number (ITIN). The bill also allowed the applicant to provide an address where the individual consents to receiving "Service of Process" and would require a jurisdiction to accept a post office box or private mailbox that meets those requirements.

State of California SB234 - Family Daycare Homes:

- HdL adjusted the business license process for residential-based daycare facilities for the new state law that became effective on September 5, 2019. The new law required a large family daycare home with up to 14 children treated as residential use of a property. The bill also prohibited a local jurisdiction from imposing a business license, fee, or tax for the privilege of operating a small to large family daycare home.

State of California SB205 – Stormwater Discharge Compliance:

- HdL implemented processes and procedures for the new state law that became effective on January 1, 2020. The bill mandates that local government agencies ensure that businesses regulated by the State Water Resource Board (SWRB) follow the NPDES permit program as part of the agency's business license process for both applications and renewals. HdL has put in place multiple software and process modifications to accommodate the new legislation that utilizes SIC codes to indicate which businesses are required to demonstrate compliance. In general, HdL has been handling all business license tax requirements as they relate to this bill for the City of Sample.

COVID-19 Pandemic:

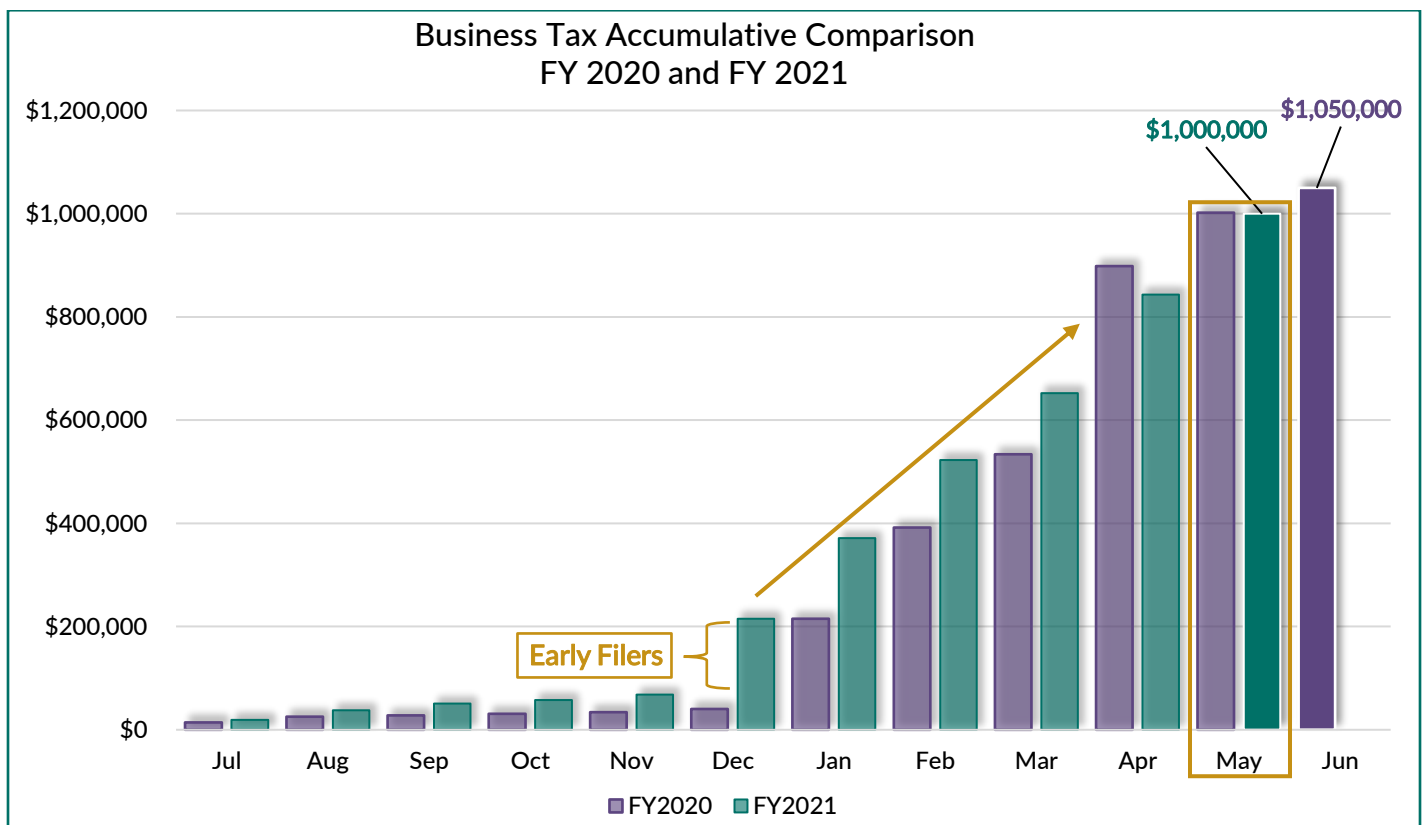
- The pandemic and resulting global public health challenges this year have had a significant impact on local governments and the State of California. HdL has worked closely with the City of Sample to implement a series of process changes and outreach programs for the business community during this tumultuous time. Since April 2020, HdL has sent 40 different e-mail notifications to the thousands of businesses that have provided e-mail addresses. The content of the e-mails contains messages from the Deputy City Manager; webinar information relating to CARES Act, Paycheck Protection Program, and Economic Injury Disaster Loan; Expansion of State and Federal Unemployment Benefits; and Employee Retention Credit. These are a few of the many impactful e-mail blasts sent this past year to business owners.

Operation Management

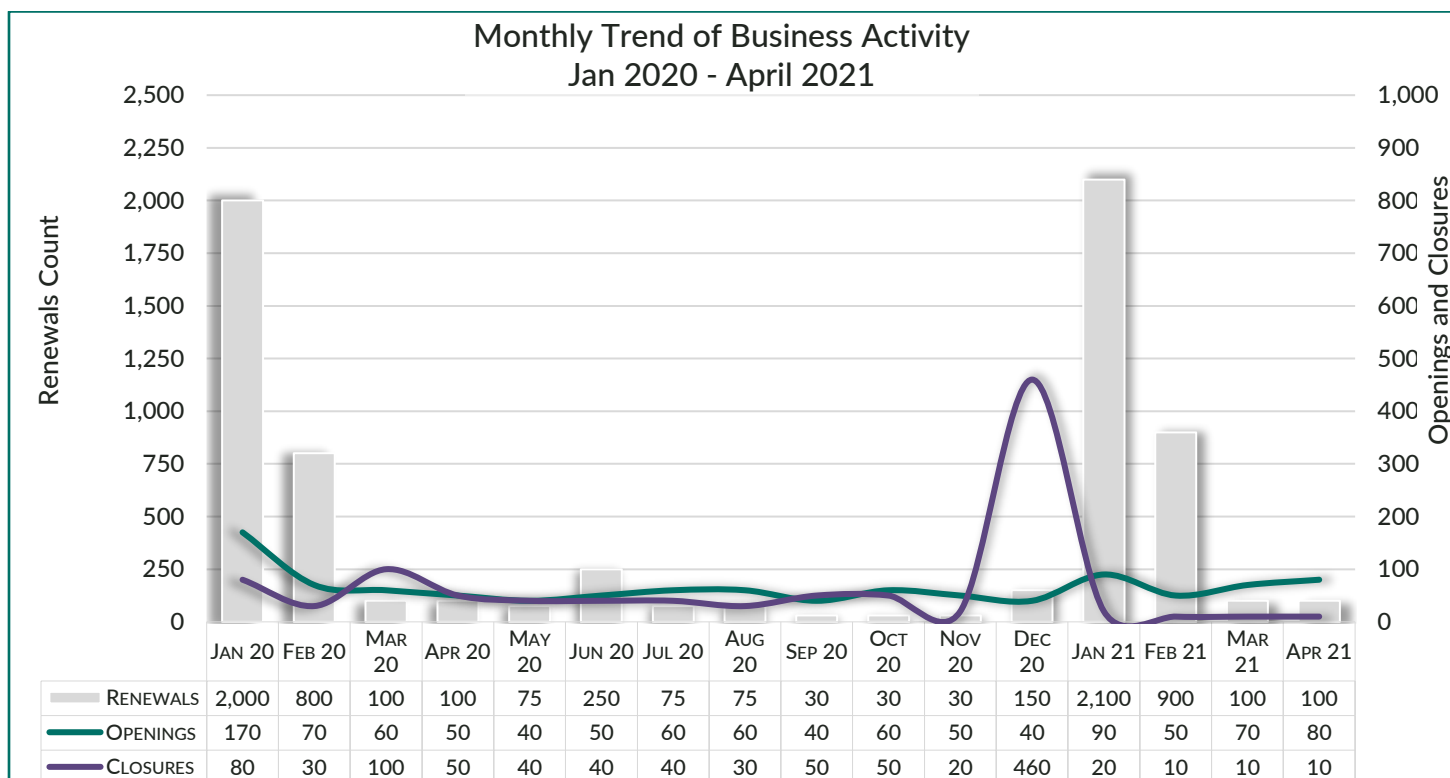
Many Californian cities experience decreases in Business Tax Revenue ranging from 13 - 15% during financial years 2020 and 2021. However, this is not true for Sample, as FY 2020 only experienced a dip of approximately 5% in Business Taxes. As of mid-May 2021, the City is less than \$25K from exceeding the FY 2020 revenue.

As of June 1 of this year, the City collected \$1,000,000 in business tax revenue through HdL's Operation Management processing of renewals and new applications. While this amount is a five percent decline from the prior year's total, the \$50,000 collected by the Discovery and Compliance team allowed the City to narrow the financial gap.

The chart immediately below shows the accumulative Business Tax Revenue of FY 2020 and FY 2021 as of June, 2021. We included graphics to indicate when businesses started submitting their 2021 Renewals and the steady but aggressive upward trend of the accumulative Business Tax Revenue.

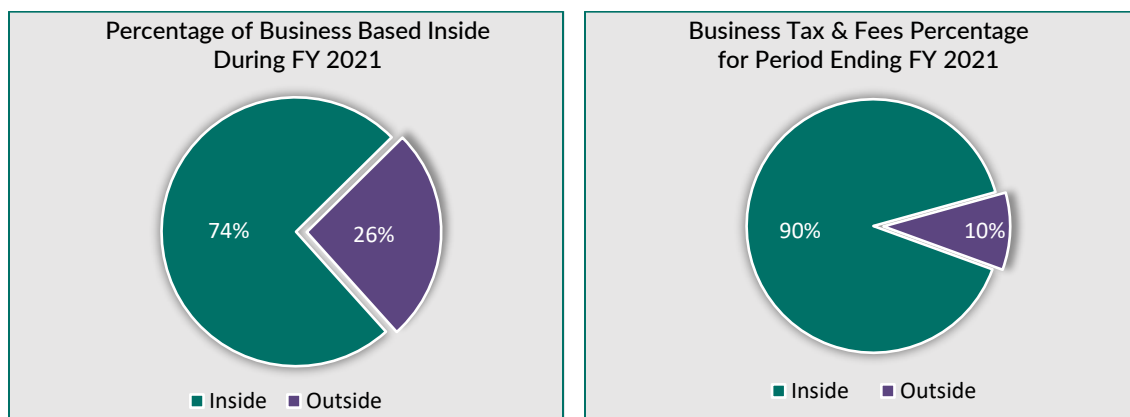


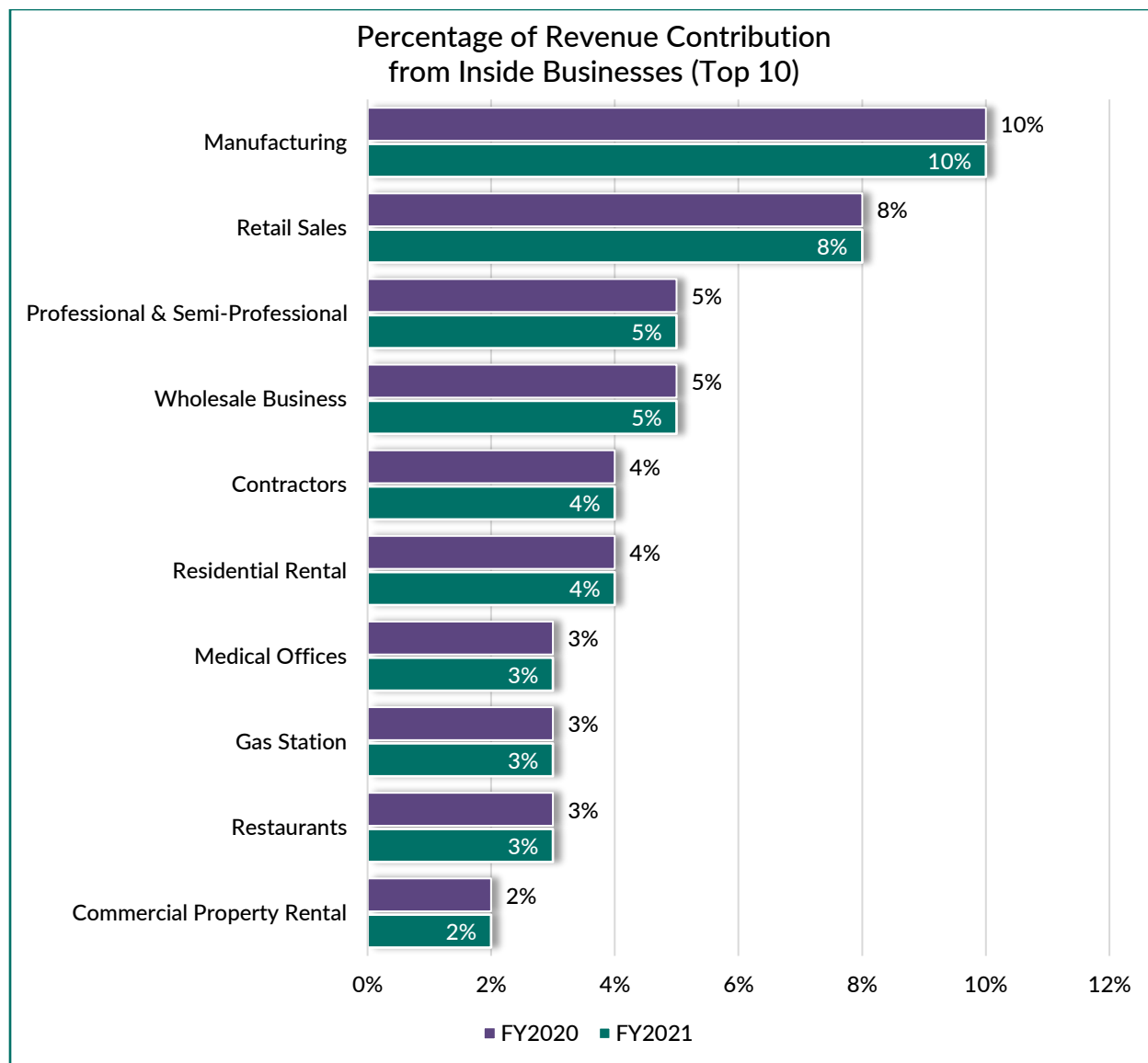
The following chart shows the monthly trends from businesses reporting openings and closures and submitted renewals between Jan 1, 2019, and April 30, 2021.



Business Demographics in Brief

For businesses with a license expiration date of 2021, 2,600 companies are based inside the City of Sample and 900 based outside the City. In the comparison below, local businesses contribute to nearly all of the business tax revenue and additional fees except for the small contribution from outside businesses.





New Businesses – Application and Reinstatement

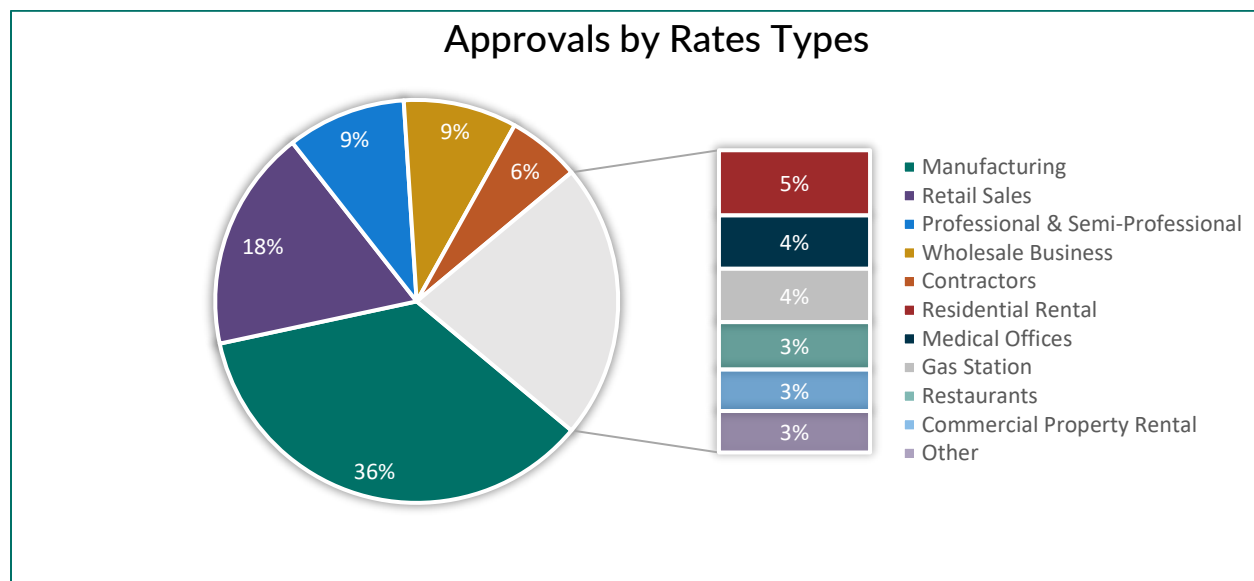
The City of Sample averages over 200 new applications and reinstatements annually and retains an average of 60% of new businesses after their first year of business.

Applied/ Reinstated	Submittal Date		
	FY 2019	FY 2020	FY 2021 (YTD)
Inside	125	125	125
Outside	75	75	75
Totals	200	200	200

Approvals Central

HdL utilizes Approval Central to implement a more streamlined process for those businesses that require further review and authorization before conducting business in the City. This process helps the City ensure that tax specialists are charging the permit fees appropriately, and all associated regulatory information is collected from the business before opening for business. The platform allows for note-taking and tracking an application's status.

Approvals by Year	Number of Applications Submitted	Number of Approvals Received
2019	125	125
2020	125	125
2021 (YTD)	125	125
Total	375	375



Annual Business License Renewal

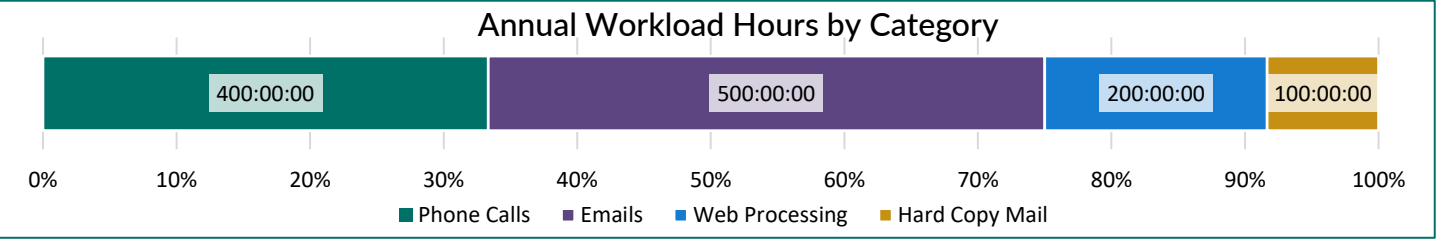
HdL has processed 3,500 business license renewals during FY 2021, including previously unpaid back years due to a business's delinquency. Each year an average of 3,500 renewal periods are submitted, for which a portion of companies pay online. This fiscal year 72% of businesses renewed their license online. A 38.9% increase compared to the previous fiscal year.

Renewal Status Submittal Date	Renewal Count	Inside	Outside	Online Renewal
FY 2018	3,500	2,600	900	-
FY 2019	3,500	2,600	900	800
FY 2020	3,500	2,600	900	1,800
FY 2021 (YTD)	3,500	2,600	900	2,500
Grand Total	14,000	10,400	3,600	5,100

Business Support Center

HdL's Business Support Center provides direct access to tax specialists for the City's businesses to ensure prompt and efficient service. Tax specialists are available by phone, e-mail, web, or postal mail, supplying multiple means of registering, renewing, making payments, or answering business–license-related questions.

The following chart shows the annual workload hours by media categories.

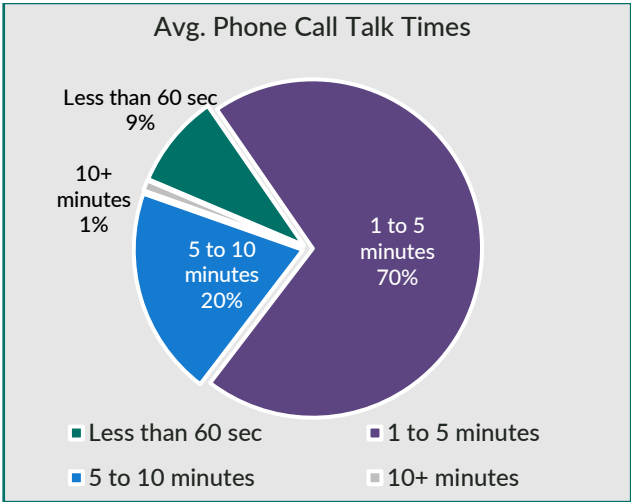


Phone Calls and E-mails

HdL's phone and e-mail system is designed to help business owners reach tax specialists who can best assist them with their specific situation while reducing wait times. Data is collected and analyzed to improve our responsiveness continuously.

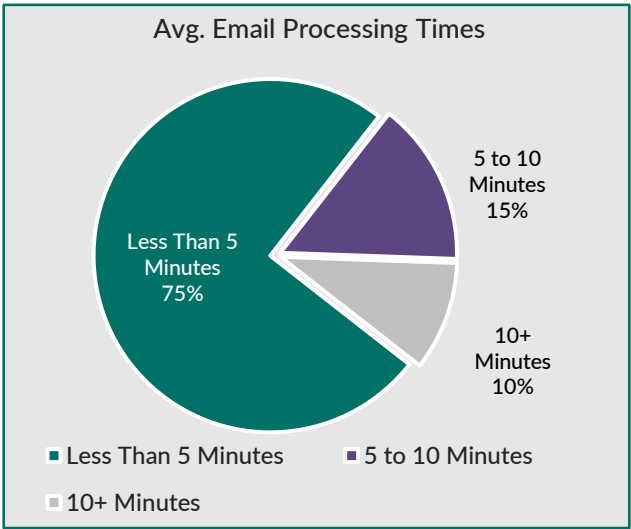
Businesses have wait times of 30 - 60 seconds. Nearly 70% of calls are finished in the first 5 minutes. Primary calls are questions about their business license or contractors obtaining a business license.

Phone Calls		Total
2020 Q1		2,000
2020 Q2		1,000
2020 Q3		500
2020 Q4		300
2021 Q1		2,000



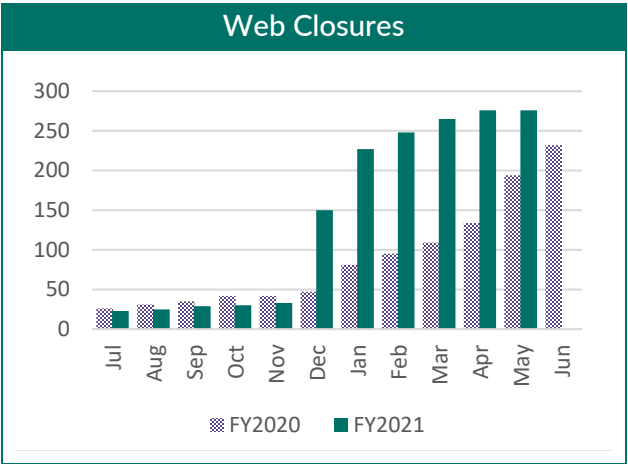
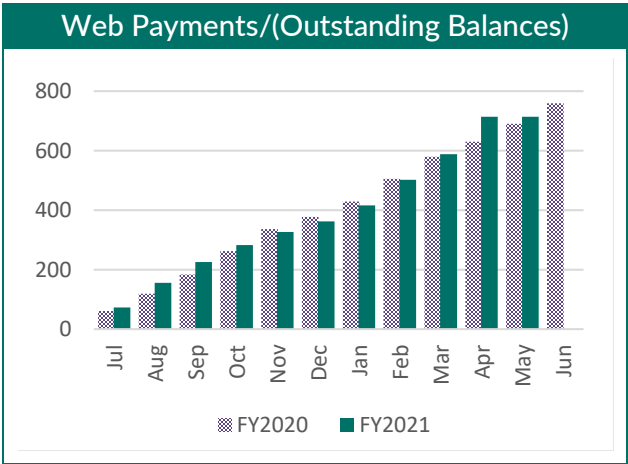
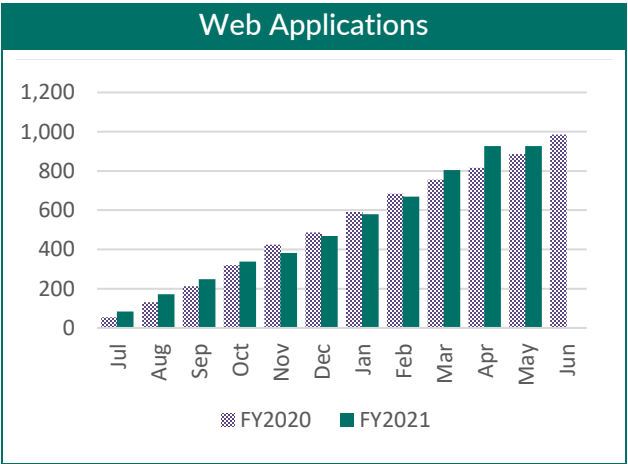
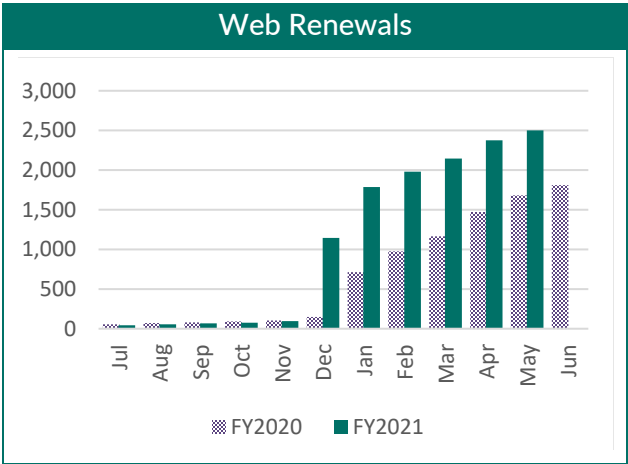
Most e-mails are answered within same day – 24 hours. The majority of e-mails received from businesses provide additional information, which allows our tax specialists to finalize business applications and renewals.

E-mails		Total
2020 Q1		2,000
2020 Q2		1,000
2020 Q3		500
2020 Q4		300
2021 Q1		2,000



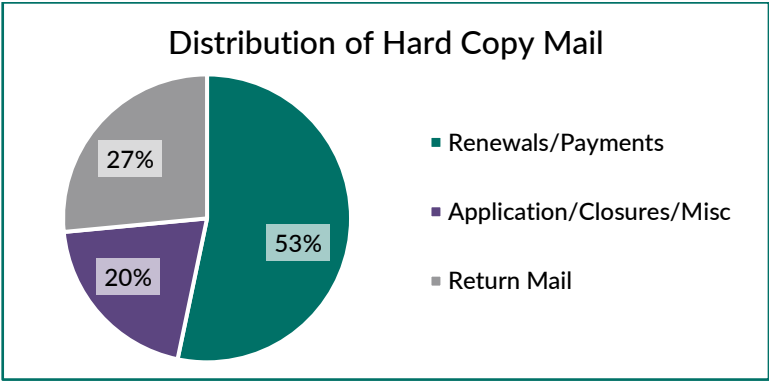
Web Processing

HdL's online filing system allows businesses to instantly submit business license renewals and new applications, address balances on accounts, or report the closure of their business. An increasing number of the City's businesses file online. We send an e-mail notification to the company when the renewal has been received and then e-mail or post the certificate to the business.



Hard Copy Mail

On average, the City receives over 100 pieces of mail monthly. More than 50% of those are payments and renewals, and 20% are new applications, closures, and supporting documentation.



Client Support Team

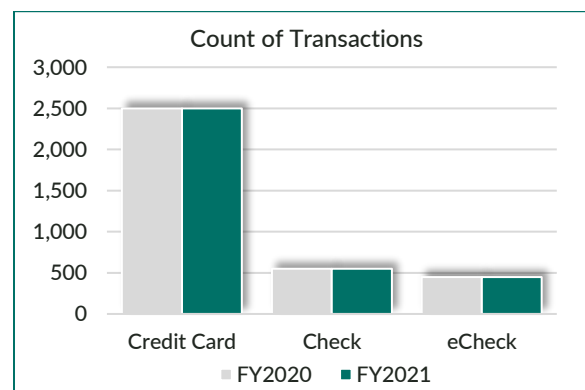
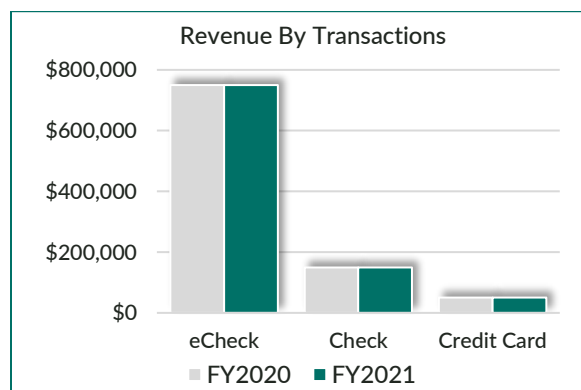
HdL's Client Support Team has actively worked with the City of Sample since January 20XX. Since the launch, our Client Support Team has built and fostered relationships to troubleshoot or aid in changes the City has implemented. HdL sends remittance and custom reports to City staff every month in addition to ad hoc reports. Also, HdL collects and remits SB-1186 funds to the State quarterly and prepares quarterly and annual report filings to State.

Remittance Support

The table below shows business tax and fees collected FY2021 YTD.

GL Account #	Fee Description	FY2021 YTD
Business License Tax	Business Tax	1,000,000
	Application Fee	20,000
	State Fee	14,000
Grand Total		1,043,000

The following charts show the revenue from and count of transactions by payment method:



Custom Reports

The City regularly requests custom reports from HdL's Client Support Team. We produce monthly reports for the finance department, economic development, and other City departments since 20XX. Below are some of the more common reports that are generated for the City on a reoccurring basis.

- Monthly New Business Reports – Requested by Economic Development.
- Home Occupancy Reports – Finance Department
- Public Records Request – Ad Hoc reports requested by the community.
- "In-City" Active Business Reports – City requested reports focusing on specific business sectors such as medical, daycare, manufacturing, tobacco, and others.

Conclusion

HdL has provided the City with services that are geared towards adding value and allowing operational flexibility. HdL's Business Support Center serves the business community with efficiency and care. At the same time, HdL's Client Support Team provides white-glove financial, operational, analytical reports and collaborating on solutions to external events. HdL looks forward to furthering our partnership with the City of Sample.

Case Study: Business Tax Revenue Administration

The City of Sausalito: Expanding Revenue Through Business Tax Expertise



In challenging times, municipalities are often forced to consider both increasing taxes and decreasing service levels. Both of these practices negatively impact and cause concern to the business community and the public. The City of Sausalito, located across from the Golden Gate Bridge in San Francisco, recently turned to the business tax expertise of HdL Companies to:

- Find additional revenue without overburdening businesses or consumers
- Reduce the costs of administration without decreasing services
- Simplify the tax code, yet increase compliance and oversight

HdL's efforts gained the City \$1 million per year in revenue, created tax equity for businesses, kept the loyalty of businesses and voters, and freed municipal staff for other duties besides administering a complex, inefficient code.

PROBLEM

Over 125 years of growth and change had created a complex Municipal Code in Sausalito with an outdated, idiosyncratic business tax structure which was generating too little revenue to meet the City's modern needs.

The City's Assistant Manager and Administrative Services Director recognized the difficulties that Sausalito faced. "Typically, small cities do not have the dedicated resources to efficiently manage programs like Business License Tax or Transient Occupancy Tax administration and collection. It's also a challenge to find the staff resources and expertise to dig deep into analysis and trends for the City's Property Tax and Sales Tax revenues," the City stated.

As Josh Davis, HdL's Assistant Director of Tax and Fee Administration, explains, "HdL researches the data that enables cities to change their tax structures without causing businesses to flee or antagonizing the community. We work directly with the existing city team to recommend ways to modernize ordinances, clear up any inadequacies, and create efficiencies in tax collection. We then educate the public so they understand the changes they will be voting on and why their support is important. We want cities to be able to generate the revenue that's essential for their survival."

SOLUTION

Research

HdL closely studied the existing Municipal Codes related to business licensing in Sausalito, looking for:

- Potential conflicts with operational practices
- Areas to modernize code language
- Impact on staff efficiency
- Areas not in line with best practices of California cities
- Potential loopholes or revenue leaks

Among other findings, HdL's research revealed that the tax ordinance contained the potential for major revenue leaks. One of the revenue leaks that HdL uncovered manifested itself by a discrepancy between sales tax and business license revenues. Davis explains, "The steady increase of revenues from sales taxes was a strong indication that business revenue was growing in the City, but the City wasn't participating in that growth as much as they would if the tax structure was better aligned with gross receipts."

HdL also compared Sausalito's revenue stream to that of neighboring cities and of comparable cities throughout California with tourist economies. The City stated, "HdL has access to information about recent business license tax ordinances throughout California. Developing those comparisons would have taken much more time in-house." HdL research showed where Sausalito could modify its own ordinances to raise more revenue without driving businesses away.



Analysis

HdL analyzed the City of Sausalito's current revenues and fee structures to determine revenue by business category and the year-to-year change in revenue from business licenses and sales tax. The team examined how different changes to the fee structure might affect the City and business community, including increasing fairness, bolstering revenue, and simplifying the role of City staff.

Davis stated, "Our investigation determined that the current business tax structure, with 22 business license categories, was both outdated and unfair to small businesses. It had also become so complex that the City staff was forced to make interpretations and decisions that strained their resources and were difficult to apply consistently."

Develop Options

HdL offered several recommendations for generating more revenue through business licensing, including adding a percentage base increase to the existing fees. Although that change was the simplest to implement, the HdL team concluded that it did not account for continued economic growth, the complexity of business license categories, or the burden on City staff and the business community.

Ultimately the City chose HdL's recommendation to create four business license categories instead of their current 22 and to end the exemption for two business categories. The City added, "HdL helped the City modernize the business license tax ordinance, including areas that we would have overlooked without their analysis."

HdL projected that the chosen option would increase revenue to the City by \$1 million per year. Other changes would modernize the code, simplify administration and enforcement, and increase fairness—thus achieving or exceeding every one of the City's goals.

Education and Advocacy

With over 35 years of experience nationwide, HdL understands the concerns of City Managers and administrators, businesses, and the public when changes are proposed to City tax structures.

Josh Davis presented HdL's report on the Business License Tax Ordinance to the City Council's Finance Committee, the City Council at large, and the general population. Carter noted, "Josh's years of experience in this area added credibility to the discussion of the new ordinance. HdL delivered comprehensive and accurate information quickly, including answers to complex, technical revenue questions. The HdL team provided an enormous amount of work behind the scenes, maintaining on-going communication with the local business community, and their report was used by the City to develop the ballot measure that we set before the voters."

As a result, the new Business License Tax Ordinance received resounding support, approved by 65% of voters, far above the simple majority that the City needed.

NEXT STEPS

"HdL's estimate of additional revenues to be generated by the new business license ordinance was very accurate," the City reported.. "It increased business license tax revenues to the City by \$1 million per year, delivering the added revenues the City needed for the General Fund budget to stay in balance."

Impressed by the knowledge and expertise that HdL brought to the table, the City of Sausalito contracted with HdL's turnkey business license tax and transient occupancy services to help with ongoing business license tax collection, renewals, notices, analysis, and review, freeing up many additional hours of staff time. HdL helps to resolve individual reporting matters, keep the City up-to-date on current best practices, and ensure its businesses stay in compliance.

"These services are invaluable for small cities, but worth considering by any community that is looking to best utilize their staff resources. HdL truly operates as an extension of City staff, taking this burden off the City's plate. I am a big fan and supporter of HdL's professionalism, expertise and exceptional customer service, and I admire their ethics, integrity and full commitment to their client agencies," stated Sausalito's Assistant Manager assigned to the project's implementation.

THE SUCCESSES

HdL was founded by local government finance professionals with the singular mission of helping local government leaders maximize their revenue sources. The HdL Team includes experienced business tax department supervisors, certified revenue officers and local government leaders who have served at all levels of local and state municipal organizations. Having walked in your shoes, the HdL team is uniquely prepared to help achieve your strategic goals.

Cities and counties across the nation have benefited from HdL's extensive resources and expertise for over 37 years. HdL is proud to be a corporate sponsor of the following organizations:

- League of California Cities
- California State Association of Counties
- California Society of Municipal Finance Officers
- California Municipal Revenue and Tax Association
- Municipal Management Association of Northern California
- Municipal Management Association of Southern California
- Alabama League of Municipalities
- Colorado Municipal League
- Colorado City and County Management Association
- Colorado Government Finance Officers Association
- Georgia Association of Business Tax Officials
- Georgia City-County Management Association
- Texas Municipal League
- Government Finance Officers Association of Texas
- Texas City Management Association

Contact HdL Business Tax Services

714.879.5000

TFA@hdlcompanies.com
hdlcompanies.com





City of Emeryville

C A L I F O R N I A

EXHIBIT B

Contract Insurance Requirements

As used in this Exhibit B, Contractor refers to **HDL COMPANIES**.

1. MINIMUM REQUIREMENTS

Contractor shall, at its expense, procure and maintain for the duration of the Contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Work or Services required by the Contract hereunder by Contractor, its agents, representatives, employees or subcontractors. Contractor shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Contract. Such insurance shall meet at least the following minimum levels of coverage, as checked below:

1.1 *Minimum Scope of Insurance*

Coverage shall be at least as broad as the latest version of the following:

- ☒ **General Liability**
Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01).
- ☐ **Automobile Liability**
Insurance Services Office Business Auto Coverage form number CA 00 01, code 1 (any auto) or if Contractor owns no vehicles, this requirement may be met through a non-owned auto endorsement to the General Liability Policy.
- ☒ **Professional Liability / Errors and Omissions**
Written on a policy form specifically designed to protect against acts, errors or omissions of the Contractor wherein "Covered Professional Services" as designated in the policy must specifically include Services performed under this Contract.
- ☒ **Workers' Compensation and Employer's Liability**
Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance. Policies shall not contain exclusions contrary to this Contract.
- ☐ **Pollution Liability Insurance**
Pollution Liability insurance for claims arising from the discharge, dispersal release or escape or any irritant or contaminant into or upon land, any structure, the atmosphere, watercourse or body of water, including groundwater. This shall

City of Emeryville | Contract Insurance Requirements (Exhibit B)
REV 08/2020

include on and off-site clean up and emergency response costs and claims arising from above ground and below ground storage tanks.

1.2 Minimum Limits of Insurance

Contractor shall maintain limits no less than:

☒ **General Liability**

☒ **All Contract Types**

\$1,000,000.00 per occurrence and **\$2,000,000.00** aggregate for bodily injury, personal injury and property damage, including without limitation, blanket contractual liability.

OR

☐ **Construction Specific**

\$2,000,000.00 per occurrence and **\$4,000,000.00** aggregate for bodily injury, personal injury and property damage, including without limitation, blanket contractual liability, and coverage for explosion, collapse and underground property damage hazards.

☐ **Automobile Liability**

\$2,000,000.00 per accident for bodily injury and property damage.

☒ **Professional Liability / Errors and Omissions**

\$2,000,000.00 per claim and aggregate.

☒ **Workers' Compensation and Employer's Liability**

Workers' compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of **\$1,000,000.00** each accident, policy limit bodily injury or disease, and each employee bodily injury or disease.

☐ **Pollution Liability Insurance**

\$2,000,000.00 per occurrence and **\$2,000,000.00** aggregate.

Except for the professional liability / errors and omissions policy, defense costs shall be available in addition to the limits. Notwithstanding the minimum limits specified herein, any available coverage shall be provided to the Parties required to be named as additional insureds pursuant to this Contract.

2. INSURANCE ENDORSEMENTS

The insurance policies shall contain the following provisions, if checked, or Contractor shall provide endorsements (amendments) on forms supplied or approved by the City to add the following provisions, if checked, to the insurance policies:

City of Emeryville | Contract Insurance Requirements (Exhibit B)
REV 08/2020☒ **General Liability**

(1) Such policy shall provide the City, its officials, employees, agents and authorized volunteers additional insured status using ISO endorsements CG20 10 or CG20 37, or endorsements providing the exact same coverage, with respect to the work or operations performed by or on behalf of Contractor, including materials, parts or equipment furnished in connection with such work; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; (3) the insurance coverage shall be primary insurance as respects the City, its officials, employees, agents and authorized volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the City, its officials, employees, agents and authorized volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it; and (4) the insurance coverage shall contain standard separation of insureds provisions.

☐ **Automobile Liability**

(1) Such policy shall provide the City, its officials, employees, agents and authorized volunteers additional insured status with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by Contractor or for which Contractor is responsible; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; and (3) the insurance coverage shall be primary insurance as respects the City, its officials, employees, agents and authorized volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the City, its officials, employees, agents and authorized volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it in any way.

☒ **Professional Liability Coverage**

Any policy inception date, continuity date, or retroactive date must be before the effective date of this Contract and Contractor agrees to maintain continuous coverage through a period no less than three years after termination of the Contract.

City of Emeryville | Contract Insurance Requirements (Exhibit B)
REV 08/2020☒ **Workers' Compensation and Employer's Liability Coverage**

The insurer shall agree to waive all rights of subrogation against the City, its officials, employees, agents and authorized volunteers for losses paid under the terms of the insurance policy which arise from work performed by Contractor.

☐ **Pollution Liability Coverage**

(1) Such policy shall give the City, its officials, employees, agents and authorized volunteers additional insured status with respect to claims arising from the discharge, dispersal release or escape or any irritant or contaminant into or upon land, any structure, the atmosphere, watercourse or body of water, including groundwater; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; and (3) the insurance coverage shall be primary insurance as respects the City, its officials, employees, agents and authorized volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the City, its officials, employees, agents and authorized volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it in any way.

ALL COVERAGES

Each insurance policy required by this Contract shall be endorsed to state that: (1) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City; and (2) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the City, its officials, employees, agents and authorized volunteers.

3. NO SPECIAL LIMITATIONS

The required insurance shall not contain any special limitations on the scope of protection afforded to the City, its officials, employees, agents and authorized volunteers.

4. DEDUCTIBLES AND SELF-INSURANCE RETENTIONS

Any deductibles or self-insured retentions must be declared to and approved by the City. Contractor shall guarantee that, at the option of the City, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officials, employees, agents and authorized volunteers; or (2) the Contractor shall procure a bond or other financial guarantee acceptable to the City guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

City of Emeryville | Contract Insurance Requirements (Exhibit B)
REV 08/2020

5. ACCEPTABILITY OF INSURERS

Insurance is to be placed with insurers with a current A.M. Best's rating no less than A-:VII, licensed to do business in California, and satisfactory to the City. Exception may be made for the State Compensation Insurance Fund when not specifically rated.

6. VERIFICATION OF COVERAGE

Contractor shall furnish City with original certificates of insurance and endorsements effecting coverage required by this Contract on forms satisfactory to the City. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms supplied or approved by the City. All certificates and endorsements must be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, at any time.

7. SUBCONTRACTORS

All subcontractors shall meet the requirements of this Section before commencing any work. Contractor shall furnish separate certificates and endorsements for each subcontractor. Subcontractor policies of General Liability insurance shall name the City, its officials, employees, agents and authorized volunteers as additional insureds using form ISO 20 38 04 13 or endorsements providing the exact same coverage. All coverages for subcontractors shall be subject to all of the requirements stated herein except as otherwise agreed to by the City in writing.

8. REPORTING OF CLAIMS

Contractor shall report to the City, in addition to Contractor's insurer, any and all insurance claims submitted by Contractor in connection with the work performed under this Contract.

Attach:
Insurance Certificate and Endorsements

RESOLUTION NO. 22-115**Resolution Of The City Council Of The City Of Emeryville Authorizing The City Manager To Enter Into A Professional Services Contract With HDL Companies For A Total Amount Not To Exceed \$165,000 For of Consulting Services Contract For Business License Tax Revenue Services For The City Of Emeryville During Fiscal Years 2022-2023, 2023-2024 And 2024-2025**

WHEREAS, The City of Emeryville desires to continue providing the highest level or service to the business community in Emeryville; and

WHEREAS, The City Finance Department manages the business license issuance and renewals utilizing Central Square software, however, Central Square does not have the ability to utilize an on-line format, therefore the City issued a Request for Proposal (RFP) for a professional consulting agreement to manage the issuance of new and renewal businesses licenses; and

WHEREAS, two qualified companies responded to the RFP, both were evaluated based upon the criteria established in the RFP. Based upon total available points, HDL Companies scored 94% of the possible points, followed by Avenue Insights at 74%; and

WHEREAS, The RFP reviewers determined based upon the submissions and costing that HDL presented the best package for the least cost to provide the business license services for the City; now, therefore, be it

RESOLVED, by the City Council of the City of Emeryville hereby authorizes the City Manager to execute a contract with HDL Companies for a total not to exceed \$165,000 a contract covering fiscal years 2022-23, 2023-24 and 2024-25.

ADOPTED, by the City Council of the City of Emeryville at a regular meeting held Tuesday, September 6, 2022, by the following vote:

AYES:	5	Mayor Bauters, Vice Mayor Medina and Council Members Donahue, Martinez, and Welch
NOES:	0	
ABSTAIN:	0	
ABSENT:	0	

DocuSigned by:

John Bauters

C7389B49E2C9458...

MAYOR

ATTEST:

APPROVED AS TO FORM:

DocuSigned by:

Sheri Hartz

FB7B5D8EAB6A4BE...

CITY CLERK

DocuSigned by:

John Kennedy

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CITY ATTORNEY



City of Emeryville

CALIFORNIA

ADDENDUM

Purchasing Supplies, Services and Equipment

Departments are encouraged to solicit bids for all purchases to ensure the City is obtaining competitive rates for its supplies, services and equipment. If a sole source contract is being recommended, complete the form below explaining why the City requires the goods and/or services from the selected vendor. Approval authority for purchases is outlined in Administrative Instruction No. 605, Section 3.2. Public Works and Maintenance projects have a separate bidding process that is in accordance with the Public Contract Code and other applicable state law.

- reference [Administrative Instruction No. 605](#)

SECTION 1. PROJECT INFORMATION

Department Finance	Project Manager Brad Farmer	CIP Number NA	Project Number NA
Project Name / Brief Description Business License Tax Revenue Consulting Services			

SECTION 2. BID PROPOSAL PROCESS

Disclose your top three bids. Project Managers are required to maintain all bid information in the project files for records retention purposes.

	COMPANY / CONTRACTOR NAME	AMOUNT QUOTED
1.	HDL Companies (HDL)	\$55,000 year/ \$165,000 3-yr
2.	Avenue Insights & Analytics (Avenue)	\$62,667 YR 1/ \$67,667 after
3.	n/a	\$0.00

SECTION 3. SELECTION OF CONTRACTOR

The Contractor selected for this contract is **HDL COMPANIES**.

BID SELECTION PROCESS. Explain your reasons for choosing this Contractor. If you do not have the minimum required quotes, please explain why.

An RFP was issued with a due date of 8/12/2021. There were two responses to the RFP. A ranking was performed based upon the responses required in the RFP. Graders were Karen Chang, Asst. Finance Director – San Leandro, Monica Centeno – Accounting Technician Emeryville and Brad Farmer – Finance Director Emeryville. HDL received 94% and Avenue received 74% of the possible grading points.

HDL's cost is \$16 per license plus 35% of any recoveries based upon discovery and recovery efforts. Cost to increase by CPI annually. Current number of licenses issued 3,224 x \$16 = \$ 51,584 (\$55,000 for growth).

Avenue's cost includes a \$10,000 up front fee for setup, \$150 per hour if set up is over 80 hours, \$15 per license plus 35% of any discovery and recovery. Cost of setup and 1st year 3,224 x \$15 = \$48,360 + \$10,000 = \$ 58,360

SOLE SOURCE JUSTIFICATION. If you are requesting to bypass the bidding process and wish to recommend a specific Contractor, please explain why.

The following is not a sole source comment, but a continuation of the Bid Process.

HDL also provided an example of the recovery process of another City which if successful at Emeryville, will further reduce the cost of administering the Business License Tax Revenue Consulting Costs and provide better customer service for the businesses in Emeryville (online application processing, acceptance of credit card payments and better customer service).

Based upon the responses, grading and projected first year costs, it is my recommendation to move forward with HDL Companies to handle the Business License Tax Revenue and Consulting Services for the City of Emeryville.

SECTION 4. CITY MANAGER REVIEW & APPROVAL

DocuSigned by:

Pedro Jimenez, Acting City Manager

City Manager Signature

09/28/2022

Date