

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM: 3.6
(ID # 23108)

MEETING DATE:
Tuesday, October 31, 2023

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Ratification and Amendment #7 to the Agreement with Hinderliter de Llamas & Associates (HDL) for Sale and Use Tax Auditing and Consulting Services to increase the yearly compensation to \$480,000 for the period ending February 29, 2024. All Districts. [Total cost \$480,000 - 100% General Fund] (4/5 Vote Required)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify and approve Amendment No 7 to the Agreement with Hinderliter, de Llamas & Associated (HDL) for Sale and Use Tax Auditing and Consulting Services to increase the yearly compensation to \$480,000 for the period between March 1, 2023 thru February 29, 2024, and authorize the Chairman of Board to sign the Amendment on behalf of the County; and,
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based on the availability of fiscal funding and as approved by County Counsel to: (1) sign amendments to the agreement including modifications of the statement of work that stay within the intent of the Agreement, and (2) sign amendments to the compensation provisions that do not exceed the sum total of ten percent (10%) or \$48,000 annually.
3. Approve and direct the Auditor-Controller to make the budget adjustment shown in Schedule A.

ACTION: Policy, 4/5 Vote Required

Frankie Z. Ezzat
Frankie Z. Ezzat, Director of Budget

10/17/2023

Dave Rogers
Dave Rogers, Chief Administrative Officer

10/26/2023

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Gutierrez, seconded by Supervisor Spiegel and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington and Gutierrez
Nays: None
Absent: Perez
Date: October 31, 2023
xc: E.O.

Kimberly A. Rector
Clerk of the Board

By: *Kimberly A. Rector*
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$480,000	\$0	\$480,000	\$0
NET COUNTY COST	\$480,000	\$0	\$480,000	\$0
SOURCE OF FUNDS: General Fund: Fund 10000			Budget Adjustment:	Yes
			For Fiscal Year:	23/24

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On September 30, 2014 the Board of Supervisors approved a restated agreement with Hinderliter, de Llamas & Associates (HdL) for sales and use tax auditing and consulting services. The contract was secured as a result of a Request for Proposal conducted by County Purchasing on behalf of the Executive Office. The contract was for a five-year period and expired on June 30, 2019. The Board then approved an extension for 18 months to allow for time to do a competitive process as continuation of the HdL service for that time period provided information during a critical period. On April 7, 2020, the Board of Supervisors approved Amendment #5 to extend the contract period through February 28, 2023 in the amount of \$250,000 annually with two (2) options to renew annually by written amendment and authorized the Purchasing Agent to execute those Amendments. Effective March 1, 2023, the Purchasing Agent at the request of the Executive Office executed Amendment #6 to extend the contract through February 29, 2024.

HdL has provided effective revenue recovery and sales and use tax analysis to the County for many years. As part of the service they provide, HdL contacts the business as well as the State, and processes the necessary paperwork to ensure that future payments and any allowable back quarter adjustments are allocated to the County. Their ongoing efforts are partially responsible for the increase in sales tax revenues seen in the past few years.

Impact on Residents and Businesses

This contract will continue to ensure sales and use tax revenues owed to the County of Riverside are allocated accurately to support public services and that sales and use tax filing and allocation errors are resolved and recovered timely in the most efficient and cost-effective manner.

Additional Fiscal Information

The contract was approved for a three-year extension with two optional one-year renewals afterwards. There is still one optional renewal remaining.

Although the estimated annual cost is \$250,000, the actual amount will vary relative to the amount of sales and use tax revenue recovered by HdL on behalf of the County any given year. A recent and substantial recovery processed by HdL resulted in the need for an increase in

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budgeted appropriation for the remaining contracted period. A budget adjustment is included in action today in the amount of \$230,000 to cover projected costs through February 29, 2024.

Contract History and Price Reasonableness

The department submitted a Sole Source Justification (SSJ) to County Purchasing for approval. SSJ #24-093 was issued. The services provided by HdL far exceed any other company that has been researched in their field of expertise. HdL continues to provide the same pricing since 2014 and the department finds it necessary for continuity of service to continue to have HDL provide these services.

SCHEDULE A. BUDGET ADJUSTMENT FY23/24

Schedule A

- | | | |
|---|--|-----------|
| 1) Increase Appropriations: | | |
| 10000-1102900000-525440 Professional Services | | \$230,000 |
| 2) Anticipated Use of Unassigned Fund Balance | | |
| 10000-1102900000-370100 Unassigned Fund Balance | | \$230,000 |
| 3) Decrease Appropriations: | | |
| 10000-1109000000-581000 Appropriation for Contingency | | \$230,000 |
| 4) Anticipated Increase of Unassigned Fund Balance | | |
| 10000-1109000000-370100 Unassigned Fund Balance | | \$230,000 |

ATTACHMENT.

- A. Ratification and Amendment No 7 to the Agreement with Hinderliter, de Llamas & Associates
- B. Single Source Procurement: Request for Sales and Use Tax Auditing Services


Heydee Koury, Sr Accountant - Auditor

10/16/2023


Meghan Hahn, Deputy Director of Procurement

10/6/2023

COUNTY OF RIVERSIDE
RATIFICATION AND AMENDMENT NO 7 TO THE AGREEMENT
WITH
HINDERLITER, de LLAMAS & ASSOCIATES

Contract Term:	March 1, 2020 through February 29, 2024
Effective Date of Amendment:	March 1, 2023
Annual Maximum Contract Amount:	\$250,000
Amended Maximum Contract Amount:	\$480,000
Contract ID:	EOARC-94682-001

This Ratification and Amendment No. 7 to the Professional Services Agreement for Sales and Tax Auditing and Consulting Services is entered into by and between County of Riverside, a political subdivision of the State of California (COUNTY) and Hinderliter, de Llamas & Associates, a California corporation (CONTRACTOR). COUNTY and CONTRACTOR are collectively referred to herein as the "Parties", and individually as the "Party".

RECITALS

WHEREAS, COUNTY and CONTRACTOR entered into that certain Service Agreement for Sales and Tax Auditing and Consulting Services (the "Agreement") along with six (6) amendments for a contract term through February 29, 2024, unless terminated earlier; and

WHEREAS, Section 3 of the Sixth Amendment to Agreement provided for maximum payments by COUNTY to CONTRACTOR not to exceed \$250,000 including all expenses; and

WHEREAS, notwithstanding the terms of the Agreement, the parties acknowledge and agree that they increased spending, without a written amendment; and

WHEREAS, as of the Effective Date provided herein, the parties agree that the increase in spending shall be deemed to have been in effect from the effective date of March 1, 2023; and,

WHEREAS, the Parties now wish to ratify and amend Section 3 and increase the maximum yearly compensation from \$250,000 to \$480,000 including all expenses.

NOW, THEREFORE, for good and valuable consideration the receipt and adequacy of which is hereby acknowledged, the Parties agree to ratify and amend the Compensation and Scope of Services of the Agreement according to the terms and in the manner set forth herein:

1. **Recitals.** The above recitals are true and correct and are incorporated herein by reference.
2. **Ratification.** All actions taken by both COUNTY and CONTRACTOR prior to the date hereof were in compliance with, and pursuant to the terms and conditions of the Agreement, and are hereby confirmed and ratified.

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RATIFICATION AND AMENDMENT NO 7 TO THE AGREEMENT
WITH
HINDERLITER, de LLAMAS & ASSOCIATES

3. **Section 3 (Compensation).** Section 3 of the Agreement is hereby amended as to the following: For the extended period from March 1, 2023, through February 29, 2024, the maximum payments by COUNTY to CONTRACTOR shall not exceed \$480,000 including all expenses.

4. **Section 1 (Description of Services).** The following item is added to Section 2 “Management Information, Analysis, and Support” of Exhibit A “Scope of Services” as item f).
“f) Provide staff with a quarterly COUNTYWIDE narrative summary by Major Industry Group documenting the trends in such a way that County staff can use while preparing various economic updates to the Board and Community at-large.”

5. All other terms and conditions of the Agreement not modified herein shall remain unchanged.

6. **Effective Date.** This Amendment No. 7 to the Agreement shall become effective March 1, 2023.

7. **Electronic Signatures.** This Amendment may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each party to this Amendment agrees to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act (“CUETA”) Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Amendment. The parties further agree that the electronic signatures of the parties included in this Amendment are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record pursuant to the CUETA as amended from time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among parties in California, including a government agency. Digital signature means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature, and shall be reasonably relied upon by the parties. For purposes of this section, a digital signature is a type of "electronic signature" as defined in subdivision (i) of Section 1633.2 of the Civil Code.

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this ratification and Amendment.

(Signature Page Follows)

COUNTY OF RIVERSIDE
RATIFICATION AND AMENDMENT NO 7 TO THE AGREEMENT
WITH
HINDERLITER, de LLAMAS & ASSOCIATES

COUNTY OF RIVERSIDE, a political
subdivision of the State of California

By: 

Kevin Jeffries, Chair
Board of Supervisor

Dated: 10/31/23

Hinderliter de Llamas & Associates,
a California Corporation

DocuSigned by:
By: Andrew Nickerson

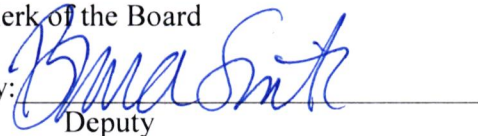
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Name: Andrew Nickerson

Title: President

Dated: 9/27/2023 | 9:05:15 AM PDT

ATTEST:

Kimberly A Rector
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:

Minh Tran, County Counsel

By: 

Katherine Wilkins
Deputy County Counsel

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EXECUTIVE OFFICE

JEFFREY A. VAN WAGENEN, JR.
COUNTY EXECUTIVE OFFICER

JUAN C. PEREZ
CHIEF OPERATING OFFICER

DAVE ROGERS
CHIEF ADMINISTRATIVE OFFICER

SAYORI BALDWIN, ASSISTANT CEO
HUMAN SERVICES

CHARISSA LEACH, ASSISTANT CEO
PUBLIC WORKS & COMMUNITY SERVICES

MICHELLE PARADISE, ASSISTANT CEO
PUBLIC SAFETY

ZAREH SARRAFIAN, ASSISTANT CEO
HEALTH SYSTEMS

Date: 10/6/2023

From: Cesar Bernal

To: Board of Supervisors/Purchasing Agent

Via: Andrew Johnson 951.955.8735

Subject: Single Source Procurement; Request for Sales and Use Tax Auditing Services

The below information is provided in support of my Department requesting approval for a sole or single source. (*Outside of a duly declared emergency, the time to develop a statement of work or specifications is not in itself justification for sole or single source.*)

1. Supplier being requested: Hinderliter, de Llamas & Associates

2. Vendor ID: 0000006397

3. Single Source Sole Source

(*Single Source - is a purchase of a commodity or service without obtaining competitive bids although more than one source is available*)

(*Sole Source - is a purchase of a commodity or service that is proprietary or no other vendor is qualified or willing to meet the county specified requirements*)

4. Have you previously requested and received approval for a sole or single source request for this vendor for your department? (*If yes, please provide the approved sole or single source number.*)

Yes No

SSJ# 20-110_____

4a. Was the request approved for a different project?

Yes No

5. Supply/Service being requested:

(*If this request is for professional services, attach the service agreement to this sole source request. The Purchasing Agent, or designee, is the signing authority for agreements unless the service is exempted by Ordinance 459, Board delegated authority or by State law. All insurance requirements must be met prior to work commencement. See the Risk Management website for vendor insurance requirements.*)

This request is for sales and use tax auditing and consulting services to provide the County with quarterly sales tax information and research sales tax issues throughout the County.

6. Unique features of the supply/service being requested from this supplier. (If this sole source request is due to proprietary software or machinery, or hardware, provide a supporting letter from the manufacturer. If this is a single source request provide an explanation of how this provides the best value for the County by selecting this vendor.)

The services this vendor provides far exceed any other company that has been researched. The website that is provided for free, also has valuable information. This firm has been providing this service for many years and has in-depth knowledge of the County tax base and is willing to go above and beyond without additional charge in most cases. They are not asking for additional compensation from the previous contract from 2014.

7. Reasons why my department requires these unique features from the vendor and what benefit will accrue to the county:

This service is critical to the County for accurate projections of sales tax allocations to provide adjustments in sales tax reporting where information is inaccurate.

8. Period of Performance: From: 3/1/2023 to 2/28/2025 with the option to renew for an additional three (3) years, not to exceed \$250,000 annually.
(total number of years)

Is this an annually renewable contract? No Yes
Is this a fixed-term agreement: No Yes

(A fixed-term agreement is set for a specific amount of time; it is not renewed annually. Ensure multi-year fixed-term agreements include a cancellation, non-appropriation of funds, or refund clause. If there is no clause(s) to that effect, then the agreement must be submitted to the Board for approval. No exemptions shall apply.)

9. Identify all costs for this requested purchase. In addition, please include any single or sole source amounts previously approved and related to this project and vendor in the section designated below for current and future fiscal years. You do not need to include previous fiscal year amounts. If approval is for multiple years, ongoing costs must be identified below. If annual increases apply to ongoing costs such as CPI or other contract increases, provide the estimated annual cost for each consecutive year. If the annual increase may exceed the Purchasing Agent's authority, Board approval must be obtained. (Note: ongoing costs may include but are not limited to subscriptions, licenses, maintenance, support, etc.)

Description:	FY24	FY25	FY26*	FY27*	FY28*	Total
Ongoing Costs:						
Auditing Services	\$480,000	\$250,000	\$250,000*	\$250,000*	\$250,000*	\$1,480,000
Total Costs	\$480,000	\$250,000	\$250,000*	\$250,000*	\$250,000*	\$1,480,000

*With the option to renew for an additional three (3) years, not to exceed \$250,000 annually.

10. Price Reasonableness: (Explain why this price is reasonable or cost effective – were you provided government discounted pricing? Is this rate/fee comparable to industry standards?)
The fees have remained the same over the previous 9 years.

11. Projected Board of Supervisor Date (if applicable): 10/31/23

(Draft Form 11s, service agreement and or quotes must accompany the sole source request for Purchasing Agent approval.)

Frankie Ezzat

Frankie Ezzat

10/12/2023

Department Head Signature
(or designee)

Print Name

Date

The section below is to be completed by the Purchasing Agent or designee.

Purchasing Department Comments:

Approve

Approve with Condition/s

Disapprove

Condition/s:

Approved; with cost not to exceed FY limitations noted above.

Not to exceed:

One-time \$ _____

Annual Amount \$ _____ / per fiscal year through _____ (date)

(If Annual Amount Varies each FY)

FY _____ : \$ _____

FY _____ : \$ _____

FY _____ : \$ _____

FY _____ : \$ _____

FY _____ : \$ _____

Meghan Hahn

10/12/23

24-093

Purchasing Agent

Date

Approval Number

(Reference on Purchasing Documents)