



STAFF REPORT
Board Meeting of October 20, 2021

AGENDA ITEM: 10-C

PREPARED BY: Troy McNeil, Deputy Director/Fiscal Supervisor

SUBJECT:

Transaction Tax Management Services Consultant

Enclosure: No

Action: Direct staff to enter an agreement with HdL Companies to provide transaction tax management services

SUMMARY:

Recently, Commissioners have inquired regarding the use of a transaction tax management services consultant. The Authority does not currently have an agreement with a consultant for these types of services. Staff requested a proposal from HdL Companies that could provide these services. Their proposal indicated they could perform the following services:

- Transactions and Use Tax Audit Program – The following services would be performed by HdL audit team members under the direction of the Director of Audit Services: A thorough initial audit will be supplemented by ongoing reviews of quarterly distribution reports as new data is released. All countywide payments, including direct allocations, county pool distributions and deficiency assessments will be compared to the Commission's transactions tax distributions to isolate all potential opportunities for revenue recovery.
- Transactions and Use Tax Management Program – The following services would be performed by HdL sales tax principals, production team and assisted by their IT department: Economic Analysis, Budget Projections and Monitoring, Management Support, and Reports, Transactions Tax Website and Training.

The cost for these services is as follows:

- Transactions and Use Tax Audit Program – All fees for the allocation and deficiency audit work are billed at 25% for any audit recovery for retroactive adjustments only. Quarterly invoices will detail on an account-by-account basis the amount of district tax recovered due to HdL's audit efforts. Clients are not invoiced until/unless CDTFA has confirmed the specific allocation error identified and has processed the necessary corrections so that the revenue has been received.

- Transactions Tax Management Services for Measure T – Economic Analysis, Management Support, Reports, Transactions Tax Website, Budgets and Quarterly Meetings will be billed quarterly at a monthly rate of \$450* to the Commission. All costs associated with this service are included in the monthly charge and they will not bill for any out of pocket or other miscellaneous fees. *The monthly fee will increase annually by the percentage increase in the “CPI” for the preceding twelve-month period.

Additional Services: Should the Commission require additional services not covered in this proposal, those charges will be billed at the hourly rates below:

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

If approved by the Policy Board, staff will enter into an agreement with HdL Companies to provide the indicated services until the end of the measure in 2027.

FISCAL IMPACT:

Fiscal impact of \$5,400 to the approved 2021-22 Overall Work Program and Budget.