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DATE: July 21st, 2026

TO: Honorable Mayor and Members of the City Council

FROM: Travis Sanborn, Finance Director

THROUGH: Kyle Knopp, City Manager

SUBJECT: Adopt Resolution No. 1678-2026, a Resolution of the City Council of the City of Rio Dell Authorizing Examination of Sales or Transactions and Use Tax Records, superseding Resolution No. 1672-2026.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Adopt Resolution No. 1678-2026, a Resolution of the City Council of the City of Rio Dell Authorizing Examination of Sales or Transactions and Use Tax Records, superseding Resolution No. 1672-2026.

BACKGROUND

On June 16, 2026, the City Council adopted Resolution No. 1672-2026, designating City officers and the City's sales tax consultant, Hinderliter de Llamas and Associates (HdL), to examine confidential sales and use tax records held by the California Department of Tax and Fee Administration (CDTFA), as required under Revenue and Taxation Code section 7056. This designation is a standard requirement that allows the City and its consultant to access the transaction data needed for revenue forecasting, audit recovery, and quarterly sales tax reporting under the City's recently executed agreement with HdL.

Upon review, CDTFA approved Resolution No. 1672-2026 as it pertains to the City's Bradley-Burns local sales and use tax. However, CDTFA noted that the resolution's reference to Ordinance Number 326 pertains to the City's original Transactions and Use Tax district (STJ 390), which expired on December 31, 2024. The City's current Transactions and Use Tax, approved under Ordinance Number 394-2022 and administered by CDTFA as district STJ B14, is not covered by the prior resolution. CDTFA requires a new resolution citing the current ordinance in order for HdL to examine records for the active district tax.

DISCUSSION

The proposed resolution is substantively identical to Resolution No. 1672-2026, with the following corrections:

1. The recitals now cite Ordinance Number 394-2022 and the City's 2025 Transactions and Use Tax rather than the expired Ordinance Number 326;
2. Section 4 expressly supersedes Resolution No. 1672-2026 to eliminate any ambiguity regarding which resolution governs.

Adoption of the proposed resolution will authorize HdL to examine records for both the Bradley-Burns sales and use tax and the current Transactions and Use Tax district, ensuring the City receives full audit, forecasting, and reporting services across all of its sales tax revenue streams. The resolution maintains the same confidentiality protections required by Revenue and Taxation Code sections 7056 and 7056.5, including restrictions on HdL's use and retention of the data.

FISCAL IMPACT

There is no direct fiscal impact from adoption of the resolution. Compensation for HdL's services is governed by the existing agreement approved by the City. Enabling HdL to examine records for the current Transactions and Use Tax district supports revenue protection through misallocation detection and audit recovery, which may result in additional revenue to the City.

ATTACHMENTS

1. Resolution No. 1678-2026
2. Resolution No. 1672-2026 (adopted June 16, 2026)