

AGREEMENT FOR SERVICES #1
AMENDMENT 1

This Amendment 1 to that Agreement for Services #1, made and entered into by and between the County of El Dorado, a political subdivision of the State of California (hereinafter referred to as "County") and Hinderliter, DeLlamas and Associates, a California Corporation, duly qualified to conduct business in the State of California, whose principal place of business is 120 S. State College Blvd, Suite 200 Brea, CA 92821; (hereinafter referred to as "Contractor");

RECITALS

WHEREAS, Contractor has been engaged by County to provide sales tax analysis and recovery, in accordance with Agreement for Services #1, dated the 17th day of September, 1996, incorporated herein and made by reference a part hereof; and

NOW THEREFORE, the parties do hereby agree that Agreement for Services #1 shall be amended a first time as follows:

ARTICLE I Scope of Services, ARTICLE III Confidentiality, and ARTICLE V Consideration are hereby amended as follows:

ARTICLE I

Scope of Services: CONTRACTOR shall perform the following services (collectively, the "Services"):

A. SALES TAX AND ECONOMIC ANALYSIS SERVICES

1. CONTRACTOR shall establish a special database that identifies the name, address and quarterly allocations of all sales tax producers within the COUNTY for the most current and all quarters back to fiscal year 1995-1996 if the COUNTY has prior historical sales tax data available on computer readable magnetic media. This database will be utilized to generate special reports to the COUNTY on: major sales tax producers by rank and category, sales tax activity by categories, or business districts, identification of reporting aberrations, and per capita and outlet comparisons with regional and statewide sales.
2. CONTRACTOR shall provide updated reports following each calendar quarter identifying changes in sales by individual businesses, business groups and categories and by geographic area. These reports may include, without limitation, quarterly aberrations due to State audits, fund transfers, and receivables along with late or double payments, and quarterly reconciliation

worksheets to assist with budget forecasting. CONTRACTOR shall meet quarterly with COUNTY.

3. CONTRACTOR shall additionally provide following each calendar quarter a summary analysis for the COUNTY to share with the public that analyze COUNTY'S sales tax trends by major groups, and geographic areas without disclosing confidential information.
4. CONTRACTOR shall make available to COUNTY staff CONTRACTOR's web-based sales tax computer software program containing sellers permit and quarterly allocation information for all in-County business outlets registered with the Department of Tax and Fee Administration and updated quarterly. This software shall allow COUNTY staff to search businesses by street address, account number, business name, business type and keyword, arrange data by geographic area, and print out a variety of reports.

B. ALLOCATION AUDIT AND RECOVERY SERVICES

1. CONTRACTOR shall conduct initial and on-going sales, use and transactions tax audits to identify and correct distribution and allocation errors, and to proactively affect favorable registration, reporting or formula changes thereby generating previously unrealized sales, use and transactions tax income for the COUNTY and/or recovering misallocated tax from previously properly registered taxpayers. Common errors that will be monitored and corrected include, but are not limited to: transposition errors resulting in misallocations; erroneous consolidation of multiple outlets; formula errors, misreporting of "point of sale" to the wrong location; delays in reporting new outlets; misallocating use tax payments to the allocation pools or wrong jurisdiction; and erroneous fund transfers and adjustments.
2. CONTRACTOR shall initiate contacts with state agencies, and sales management and accounting officials in companies that have businesses where a probability of error exists to verify whether current tax receipts accurately reflect the local sales activity. Such contacts will be conducted in a professional and courteous manner.
3. CONTRACTOR shall (i) prepare and submit to the Department of Tax and Fee Administration information for the purpose of correcting allocation errors that are identified and (ii) follow-up with individual businesses and the California Department of Tax and Fee Administration to promote recovery by the COUNTY of back or prospective quarterly payments that may be owing.
4. If during the course of its audit, CONTRACTOR finds businesses located in the

COUNTY that are properly reporting sales and use tax but have the potential for modifying their operation to provide an even greater share to the COUNTY, CONTRACTOR may so advise COUNTY and work with those businesses and the COUNTY to encourage such changes.

C. CONSULTING AND OTHER OPTIONAL SERVICES

CONTRACTOR may, from time to time in its sole discretion, consult with COUNTY staff, including without limitation, regarding (i) technical questions and other issues related to sales, use and transactions tax; (ii) utilization of reports to enhance business license collection efforts; and (iii) sales tax projections for proposed annexations, economic development projects and budget planning. In addition to the foregoing optional consulting services, CONTRACTOR may, from time to time in its sole discretion, perform other optional Services, including without limitation, negotiating/review of tax sharing agreements, establishing purchasing corporations, and meeting with taxpayers to encourage self-assessment of use tax.

ARTICLE III

Confidentiality: A. Section 7056 of the State of California Revenue and Taxation Code specifically limits the disclosure of confidential taxpayer information contained in the records of the California Department of Tax and Fee Administration. Section 7056 specifies the conditions under which a COUNTY may authorize persons other than COUNTY officers and employees to examine State Sales and Use Tax records.

B. The following conditions specified in Section 7056-(b), (1) of the State of California Revenue and Taxation Code are hereby made part of this Agreement:

1. CONTRACTOR is authorized by this Agreement to examine sales, use or transactions and use tax records of the Department of Tax and Fee Administration provided to COUNTY pursuant to contract under the Bradley-Burns Uniform Sales and Use Tax Law Revenue and Taxation Code section 7200 et.seq.
2. CONTRACTOR is required to disclose information contained in, or derived from, those sales, use or transactions and use tax records only to an officer or employee of the COUNTY who is authorized by resolution to examine the information.

3. CONTRACTOR is prohibited from performing consulting services for a retailer, as defined in California Revenue & Taxation Code Section 6015, during the term of this Agreement.
4. CONTRACTOR is prohibited from retaining the information contained in, or derived from those sales, use or transactions and use tax records, after this Agreement has expired. Information obtained by examination of Department of Tax and Fee Administration records shall be used only for purposes related to collection of local sales and use tax or for other governmental functions of the COUNTY as set forth by resolution adopted pursuant to Section 7056 (b) of the Revenue and Taxation Code. The resolution shall designate the CONTRACTOR as a person authorized to examine sales and use tax records and certify that this Agreement meets the requirements set forth above and in Section 7056 (b), (1) of the Revenue and Taxation Code.

ARTICLE V

Compensation: A. CONTRACTOR shall provide the sales tax and economic analysis Services described above for a fee of **\$550** per month, commencing with the month of the Effective Date (hereafter referred to as “monthly fee”). The monthly fee shall be invoiced quarterly in arrears and shall be paid by COUNTY no later than 30 days after the invoice date. The monthly fee shall increase annually following the month of the Effective Date by the percentage increase in the “CPI” for the preceding twelve-month period. In no event shall the monthly fee be reduced by this calculation. For purposes of this Agreement, the “CPI” shall mean the Consumer Price Index - All Urban Consumers for the surrounding statistical metropolitan area nearest COUNTY, All Items (1982-84 = 100), as published by the U.S. Department of Labor, Bureau of Labor Statistics, or, if such index should cease to be published, any reasonably comparable index selected by CONTRACTOR.

B. CONTRACTOR shall be further paid **15%** of all new and recovered sales, use and transactions tax revenue received by the COUNTY as a result, in whole or in part, of the allocation audit and recovery services described in Article I-B above (hereafter referred to as “audit fee”), including without limitation, any reimbursement or other payment from any state fund and any point of sale misallocations.

1. The audit fee shall be paid even if COUNTY assists, works in parallel with, and/or incurs attorneys’ fees or other costs or expenses in connection with any of the relevant Services. Among other things, the audit fee applies to state fund

transfers received for back quarter reallocations and monies received in the first eight consecutive reporting quarters following completion of the allocation audit by CONTRACTOR and confirmation of corrections by the California Department of Tax and Fee Administration. COUNTY shall pay audit fees upon CONTRACTOR'S submittal of evidence of CONTRACTOR'S work in support of recovery of subject revenue, including, without limitation, copies of BOE 549-S petition forms of any other correspondence between CONTRACTOR and the Department of Tax and Fee Administration or the taxpayer.

2. For any increase in the tax reported by businesses already properly making tax payments to COUNTY, it shall be CONTRACTOR's responsibility to support in its invoices the audit fee attributable, in whole or in part, to CONTRACTOR's Services.

C. CONTRACTOR shall invoice COUNTY for any consulting and other optional Services rendered to COUNTY in accordance with Article I-C above based on the following hourly rates on a monthly or a quarterly basis, at CONTRACTOR's option. All such invoices shall be payable by COUNTY no later than 30 days following the invoice date. COUNTY shall not be invoiced for any consulting Services totaling less than an hour in any month. The hourly rates in effect as of the Effective Date are as follows:

Principal	\$325 per hour
Programmer	\$295 per hour
Senior Analyst	\$245 per hour
Analyst	\$195 per hour

CONTRACTOR may change such hourly rates from time to time upon not less than 30 days' prior written notice to COUNTY.

Per the original contract, Section V.B., Contractor shall obtain County approval prior to performing work outside of the services covered by the monthly fee. Said approval shall be accomplished by the Contract Administrator or his designated representative on the Work Authorization form, also known as "Exhibit A" of the original contract.

- D. Any invoices not paid in accordance with the Thirty (30) day payment terms, shall

accrue monthly interest at a rate equivalent to ten percent (10%) per annum until paid.

E. CONTRACTOR unilaterally retains the right to divide any recovery bills in excess of \$25,000 over a one (1) year period (Four (4) quarterly billings).



F. CONTRACTOR shall provide COUNTY with an itemized quarterly invoice showing all formula calculations and amounts due for the audit fee (including, without limitation, a detailed listing of any corrected misallocations), which shall be paid by COUNTY no later than 30 days following the invoice date.

Except as herein amended, all other parts and sections of that Agreement #1 shall remain unchanged and in full force and effect.

Requesting Contract Administrator Concurrence:

By:  _____ Dated: 4/3/20
  Joe Ham
 Auditor-Controller

Requesting Department Head Concurrence:

By:  _____ Dated: 4/3/20
  Joe Ham
 Auditor-Controller

IN WITNESS WHEREOF, the parties hereto have executed this first Amendment to that Agreement for Services #1 on the dates indicated below.

-- COUNTY OF EL DORADO --

By: _____ Dated: _____
 Purchasing Agent
 Chief Administrative Office
 "County"

OR
-- COUNTY OF EL DORADO --

Dated: _____


By: _____
Chair
Board of Supervisors
"County"

ATTEST:
Kim Dawson
Clerk of the Board of Supervisors

By: _____ Dated: _____
Deputy Clerk

-- CONTRACTOR --

Hinderliter, DeLlamas & Associates, Inc.
(A California CORPORATION)

By:  _____ Dated: 4/7/20
Andrew Nickerson
President
"Contractor"

By:  _____ Dated: 4/6/20
Richard Park
Chief Financial Officer
"Contractor"