

RESOLUTION NUMBER R- **316305**DATE OF FINAL PASSAGE **JUN 26 2025**

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO AUTHORIZING A CONTRACT WITH HDL
COMPANIES FOR SALES, TRANSACTION AND USE TAX
AUDIT AND RECOVERY, AND INFORMATION SERVICES.

RECITALS

The Council of the City of San Diego (Council) adopts this Resolution based on the following:

A. To maximize the City of San Diego's (City) sales, transactions and use tax revenues and minimize revenue losses by detecting and documenting misallocations of sales and use tax activity, municipalities commonly engage outside consultants to provide sales and use tax audits and reporting services (Tax Services). To provide Tax Services, outside consultants examine on the municipalities' behalf, confidential sales and transactions and use tax records contained in the records of the California Department of Tax and Fee Administration (CDTFA) per the requirements contained in section 7056 of the California Revenue and Taxation Code.

B. To bring the Tax Services in-house, the City would need to hire full-time staff, require legal support from the City Attorney's Office, and develop and maintain a software program for sales tax audits. The City would also lose access to other State and regional municipalities' tax data utilized by outside consultants to maximize revenue recovery.

C. Over the last five calendar years, the current outside consultant helped the City recover approximately \$16.8 million of tax revenues, while charging an 8% contingency fee (or approximately \$269,000 per year) on revenues recovered.

D. In March 2025, the City issued a Request for Proposal for the Tax Services, receiving proposals from two qualified companies. HdL Companies (HdL) was selected based on its significant amount of relevant experience, especially in California and San Diego County.

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And at a 7.5% contingency fee with no additional fees for quarterly reporting, HdL's proposal was the lowest cost of the two proposals.

E. Department of Finance staff seeks Council authorization for the Mayor or designee to sign and deliver a 5-year agreement between the City and HdL for Tax Services in an amount not to exceed \$5 million, at a contingency fee to HdL of 7.5% of revenues recovered (Agreement).

F. The Office of the City Attorney prepared this Resolution based on the information provided by City staff, with the understanding that this information is complete and accurate.

ACTION ITEMS

Be it resolved by the Council of the City of San Diego:

1. The Council approves the Agreement, and the Mayor or designee is authorized to sign and deliver it on the City's behalf. When signed by both parties, the Agreement will be placed on file in the Office of the City Clerk as Document No. RR-**316305**.


2. The Mayor, Chief Operating Officer, Chief Financial Officer (CFO) or other officer or employee of the City designated in writing by the CFO are authorized to examine sales or transactions and use tax records of the California Department of Tax and Fee Administration (CDTFA) only for purposes related to the collection of City sales or transactions and use taxes.

3. HdL is authorized on the City's behalf to examine confidential sales or transactions and use tax records contained in the records of the CDTFA per the requirements contained in section 7056 of the California Revenue and Taxation Code.

4. The CFO is authorized to appropriate and expend an amount not to exceed \$5 million from the General Fund, Citywide Program Expenditures Department, contingent upon the Council appropriating funds for any payments to HdL in each applicable fiscal year and the

CFO first certifying that the funds necessary for expenditure are, or will be, on deposit in the City treasury.

APPROVED: HEATHER FERBERT, City Attorney

By 
Bret A. Bartolotta
Chief Deputy City Attorney


BAB/jdf
05/28/2025
Or. Dept: Finance
CC: 3000017801
Doc. No.: 4075259

I certify that the Council of the City of San Diego adopted this Resolution at a meeting held on
JUN 24 2025.

DIANA J.S. FUENTES
City Clerk

By 
Deputy City Clerk

Approved: 6/26/25
(date)


TODD GLORIA, Mayor

Vetoed: _____
(date)

TODD GLORIA, Mayor

The City of San Diego
COMPTROLLER'S CERTIFICATE

CERTIFICATE OF UNALLOTTED BALANCE

ORIGINATING

CC 3000017801
DEPT. NO.: 9912

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount: _____

Purpose: _____

Date: _____

By: _____
COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA									
Doc. Item	Funded Program	Fund	Grant Number	G/L Account	Functional Area	Business Area	Fund Center or Cost Center	Internal Order or WBS Element	Original Amount
TOTAL AMOUNT									-

FUND OVERRIDE ☐

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed: \$250,000.00

Vendor: HdL Companies

Purpose: Authorize the 5-year agreement with HdL Companies to provide sales and use tax audits and reporting services for a contingency fee on new sales and transaction use tax revenue recovered by the consultant. The average annual fiscal impact is estimated to be \$250,000.

Date: June 2, 2025

By: Coleen Heaton
COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA									
Doc. Item	Funded Program	Fund	Grant Number	G/L Account	Functional Area	Business Area	Fund Center or Cost Center	Internal Order or WBS Element	Original Amount
I	NON-PROGRAM	100000	NOT_RELEVANT_GRANT	512028	OTHR-00000000-GG	9912	9912001117		\$250,000.00
TOTAL AMOUNT									\$250,000.00

CC-361 (REV 7-09)

FUND OVERRIDE ☐

CC 3000017801

Passed by the Council of The City of San Diego on JUN 24 2025, by the following vote:

Councilmembers	Yeas	Nays	Not Present	Recused
Joe LaCava	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Jennifer Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Stephen Whitburn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry L. Foster III	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marni von Wilpert	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kent Lee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raul A. Campillo	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vivian Moreno	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sean Elo-Rivera	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Date of final passage JUN 26 2025.

(Please note: When a resolution is approved by the Mayor, the date of final passage is the date the approved resolution was returned to the Office of the City Clerk.)

AUTHENTICATED BY:

TODD GLORIA
Mayor of The City of San Diego, California.

(Seal)

DIANA J.S. FUENTES
City Clerk of The City of San Diego, California.

By Linda Irwin, Deputy

Office of the City Clerk, San Diego, California

Resolution Number R- **316305**