CITY OF

NEWPORT BEACH

City Council Staff Report

March 10, 2026
Agenda Item No. 8

TO:	HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
FROM:	Jason Al-Imam, Adminstrative Services Director/Treasurer - 949-644-3126, jalimam@newportbeachca.gov
PREPARED BY:	Trevor Power, Accounting Manager - 949-644-3125, tpower@newportbeachca.gov
TITLE:	Amendment No. One to Professional Services Agreement with Hinderliter, De Llamas & Associates for Sales and Use Tax Consulting Services

ABSTRACT:

On February 1, 2021, the City of Newport Beach entered into a professional services agreement (PSA) with Hinderliter, De Llamas & Associates (HdL) for sales and use tax consulting services. The services and reports provided by HdL have proven to be robust and valuable in supporting the City's sales tax forecasting and revenue monitoring efforts. Staff recommends City Council approval to extend the agreement for one additional year through December 31, 2026, to ensure continuity of services and to allow time to conduct a formal procurement process or to piggyback off another agency's competitive procurement process.

RECOMMENDATIONS:

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and

b) Approve Amendment No. One to the Professional Services Agreement with Hinderliter, De Llamas & Associates for Sales and Use Tax Consulting Services to extend the term of the agreement to December 31, 2026, revise the schedule of billing rates, and authorize the Mayor and City Clerk to execute the amendment.

DISCUSSION:

On February 1, 2021, the City entered into a PSA with HdL to provide sales and use tax consulting services. Staff is seeking City Council approval to extend the term of the agreement through December 31, 2026, to ensure continuity of services and allow time to conduct a formal procurement process or to piggyback off another agency's competitive procurement process.

Throughout the term of the agreement, HdL's performance has been thorough, responsive and valuable in protecting and enhancing the City's sales and use tax revenue base. HdL provides detailed sales tax revenue analysis, identifies reporting discrepancies, reviews taxpayer allocations, supports audit recovery efforts, and prepares quarterly reports to assist with revenue forecasting and budget development. These services support the City's ability to monitor and maximize legally allocable sales and use tax revenues.

The proposed amendment extends the agreement through December 31, 2026, ensuring uninterrupted services while staff evaluates the long-term needs and completes a competitive procurement process. The amendment also updates the consultant's monthly fee from $850 per month ($10,200 annually), as established under the original agreement, to $900 per month ($10,800 annually) for calendar year 2026. The modest adjustment reflects updated service costs and continued comprehensive sales and use tax consulting support.

FISCAL IMPACT:

The annual cost will increase $600, from $10,200 to $10,800 for calendar year 2026. The Administrative Services Department's operating budget can absorb this increase, and no increase to the original contract amount or appropriation is needed.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENT:

Attachment A – Amendment No. One with Hinderliter, De Llamas & Associates for Sales and Use Tax Consulting Services