

**THIRD AMENDMENT TO THE AGREEMENT FOR SALES, USE AND
TRANSACTIONS TAX AUDIT AND INFORMATION SERVICES
TO ADD SHORT-TERM RENTAL INFORMATION FROM GRANICUS
BY AND BETWEEN COUNTY OF HUMBOLDT
AND
HINDERLITER, DE LLAMAS AND ASSOCIATES
FOR FISCAL YEARS 2020-2021 THROUGH 2022-2023**

This Third Amendment to the Agreement for Sales, Use and Transactions Tax Audit and Information Services (the "Agreement"), by and between the County of Humboldt, a political subdivision of the State of California, hereinafter referred to as "COUNTY," and Hinderliter, De Llamas and Associates, a California corporation, hereinafter referred to as "CONTRACTOR," is entered into this 27th day of April 2021.

WHEREAS, COUNTY, by and through its County Administrative Office - Management and Budget Team, desired to retain a qualified professional firm to provide sales and use tax audit services that will improve identification of economic opportunities, provide for more accurate sales and use tax forecasting and assist in related revenue collections; and

WHEREAS, on May 24, 2017, COUNTY and CONTRACTOR entered into an Agreement for Sales, Use and Transactions Tax Audit and Information Services regarding the provision of such services ("Tax Audit and Information Services Agreement"); and

WHEREAS, the parties first amended the Agreement on February 3, 2020 for certain provisions of the Tax Audit and Information Services Agreement to extend the term thereof, expand the scope of services to be provided thereunder and adjust the rates of compensation set forth therein; and

WHEREAS, the parties amended the Agreement a second time on November 10, 2020 to include the CONTRACTOR Prime Software System for Excise and Transient Occupancy Taxes and Business License Issuance and Tracking, pursuant to Sections 1, 5, and 25 of the Agreement, as amended; and

WHEREAS, the parties now wish to add a third amendment for additional services to systematically identify the addresses and owner's contact information for short-term rentals located in the unincorporated areas of the COUNTY pursuant to Sections 1, 5, and 25 of the Agreement, as amended;

NOW THEREFORE, the parties mutually agree as follows:

1. Section 1. CONTRACTOR OBLIGATIONS, is hereby amended to read as

1. CONTRACTOR OBLIGATIONS:

- A. **Tax Management Services.** CONTRACTOR agrees to furnish the tax management services described in Exhibit A – Scope of Services, which is attached hereto and incorporated herein by reference. CONTRACTOR shall obtain any and all licenses, permits and approvals as may be required by law for the performance of the tax management services required by this Agreement.
- B. **Service Authorization.** CONTRACTOR shall obtain COUNTY approval prior to beginning the work of correcting tax reporting methodology or “point of sale” for specific business where payment of the percentage fee required hereunder will be expected. Said approval shall be deemed given when the Humboldt County Administrative Officer, or designee thereof, signs a Sales Tax Audit Authorization Form, which is attached hereto as Exhibit B and incorporated herein by reference.
- C. **Grant of Software License.** CONTRACTOR hereby grants to COUNTY a non-exclusive and non-transferable license to use of CONTRACTOR’s Sales Tax website by authorized COUNTY staff. Access to CONTRACTOR’s Sales Tax website shall not be granted to any third-party without explicit written authorization by CONTRACTOR. The license to use of the Sales Tax website granted hereunder shall expire, and all COUNTY staff website logins shall be de-activated, upon the expiration or termination of this Agreement.
- D. **Prime Software System.** CONTRACTOR hereby agrees to furnish the Prime Software System services described in Exhibit D – Scope of Prime Software System Services, which is attached hereto and incorporated herein by reference.
- E. **Short-Term Rental Information from Granicus.** CONTRACTOR hereby agrees to furnish address and owner contact information from their partner company Granicus; which is attached hereto in Exhibit A and incorporated herein for reference.
- F. **Optional Services.** CONTRACTOR agrees to provide certain optional services not otherwise specified herein pursuant to a written amendment to this Agreement. CONTRACTOR shall be compensated for the provision of such optional services according to the terms and conditions of such amendment.

2. Section 5. COMPENSATION, is hereby amended to read as follows:

- A. **Audit Fees.** CONTRACTOR shall be paid fifteen percent (15%) of all recovered sales, transactions and/or use tax revenue, and twenty-five percent (25%) of the initial amount of new transactions or use tax revenue, received by COUNTY as a result of the tax management services provided pursuant to the terms and conditions of this Agreement. New revenue shall not include any amounts determined and verified by the parties hereto to be attributable to causes other than the tax management services provided pursuant to the terms and conditions of this Agreement. In the event that CONTRACTOR is responsible for an increase in the tax reported by businesses already properly making tax payments to COUNTY, it shall be CONTRACTOR's responsibility to separate and support the incremental amount attributable to its efforts prior to the application of the audit fee. Said audit fees will apply to state fund transfers received for those specific quarters identified as being missing and/or deficient following completion of the audit by CONTRACTOR and confirmation of corrections by the California Department of Tax and Fee Administration, but shall not apply prospectively to any future quarter. The above-referenced audit fees shall constitute full reimbursement for any and all direct and indirect expenses incurred by CONTRACTOR in performing audits pursuant to the terms and conditions of this Agreement, including, without limitation, the salaries of CONTRACTOR's employees and travel expenses connected with contacting local and out-of-state businesses and State Board of Equalization representatives.
- B. **Service Fees.** CONTRACTOR shall be compensated at the flat monthly rate of Four Hundred Fifty Dollars (\$450.00) per month for any and all tax management services, including, without limitation, reporting and forecasting services, provided pursuant to the terms and conditions of this Agreement. The monthly service fees charged pursuant to the terms and conditions of this Agreement shall increase annually by the percentage increase in the Consumer Price Index for the preceding twelve-month period. In no event shall the monthly fee be reduced by this calculation. For purposes of this Agreement, "Consumer Price Index" shall mean the Consumer Price Index – All Urban Consumers for the surrounding statistical metropolitan area nearest COUNTY, as published by the United States Department of Labor, Bureau of Labor Statistics, or, if such index should cease to be published, any reasonably comparable index agreed upon by the parties hereto.
- C. **Transaction District Tax Reports.** CONTRACTOR shall be compensated at the flat monthly rate of One Hundred Dollars (\$100.00) per month for any and all transaction district tax reports

- D. Prime Software System Fees.** CONTRACTOR shall be compensated to include one-time fees in the amount of Sixty-One Thousand Dollars (\$61,000.00), an annual Software Use Fee starting at Ten Thousand Dollars (\$10,000.00), and an annual Hosting Services Fee starting at Three Thousand Dollars (\$3,000.00), with an option of adding additional remote access user licenses for Fifteen Dollars (\$15.00) per month. The Software Use Fee provides for ongoing customer support and updates to the software. Fee will be increased as of January 1st of each calendar year with reference to the 12-month percent change in the most recently published annual Consumer Price Index for All Urban Consumers (CPI-U), West Region, as reported by the U.S. Bureau of Labor Statistics (the "CPI Change"). Each annual increase in the Fees will be equal to the greater of two percent (2%) or the actual CPI Change and the lesser of ten percent (10%) or the actual CPI Change. For example, if the actual CPI Change is 1.5%, then the annual increase will be 2%, if the actual CPI Change is 3.5%, then the annual increase will be 3.5%, and if the actual CPI Change is 12%, then the annual increase will be 10%. The Hosting Services Fee may be periodically revised, with three (3) months advance notice to COUNTY, to account for changes in market costs related to hosting, such as internet bandwidth, power, security, and related equipment or services costs. See Exhibit D for a complete description of the fees.
- E. Short-Term Rental Information from Granicus.** CONTRACTOR shall be compensated pursuant to the fee schedule included in the attached Exhibit B.
- F. Additional Services.** Any additional services not otherwise provided for herein shall not be provided by CONTRACTOR nor compensated by COUNTY without prior written authorization from COUNTY. Any and all unauthorized costs and expenses shall be the responsibility of CONTRACTOR.

3. Exhibit A -- Scope of Services, attached hereto and incorporated herein by reference, is added to the Agreement.

4. Except as modified herein, the Agreement dated May 24, 2017, and amended February 3, 2020, shall remain in full force and effect. In the event of a conflict between the provisions of this Third amendment, or the Second Amendment and the First Amendment or the original Agreement, the provisions of this Third Amendment shall govern.

IN WITNESS WHEREOF, the parties have entered into this third Amendment as of the first date written above.

TWO SIGNATURES ARE REQUIRED FOR:

- (1) CORPORATIONS: CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; AND
- (2) SECRETARY, CHIEF FINANCIAL OFFICER OR TREASURER.

HINDERLITER, DE LLAMAS AND ASSOCIATES:

By:  Andrew Nickerson Date: 4/13/2021

Name: Andrew Nickerson

Title: CEO

By:  Gary Lott Date: 4/13/2021

Name: Gary Lott

Title: COO

COUNTY OF HUMBOLDT:

By: _____ Date: _____
 Amy Nilsen, County Administrative Officer
 (Pursuant to authority granted by the Humboldt
 County Board of Supervisors on November 10, 2020)

INSURANCE AND INDEMNIFICATION REQUIREMENTS APPROVED:

By:  Date: 04/22/2021


 Risk Management

LIST OF EXHIBITS

EXHIBIT A
Scope of Services

Provide a service to systematically identify the addresses and owner's contact information for short-term rentals located in a specific local government's jurisdiction. Data provided in the form of an online software platform which makes it easy to access the complete property and owner address information and screenshots for all identifiable short-term rental units.

All service, training and support for the short-term rental listings shall be fulfilled by Granicus. Customer support information is attached herein.

EXHIBIT B
Compensation

The compensation for the services as described in Exhibit A of the Amendment shall be as follows:

- Fiscal Year 2020-2021: \$ 3,082.50 (Prorated for fiscal year ending June 30, 2021 from date of execution)
- Fiscal Year 2021-2022: \$ 3,298.28
- Fiscal Year 2022-2023: \$ 3,529.15