

**Administering Agency:** Nevada County - County Executive Office

**Contract No.** \_\_\_\_\_

**Contract Description: Sales Tax Audit and Informational Services for Recovery of Misallocated Sales and Use Tax for the County of Nevada**

### **PROFESSIONAL SERVICES CONTRACT**

**THIS PROFESSIONAL SERVICES CONTRACT** ("Contract") is made at Nevada City, California, as of July 1, 2025 by and between the County of Nevada, ("County"), and Hinderliter de Llamas and Associates ("Contractor") (together, "Parties", individual "Party"), who agree as follows:

1. **Services** Subject to the terms and conditions set forth in this Contract, Contractor shall provide the services described in Exhibit A. Contractor shall provide said services at the time, place, and in the manner specified in Exhibit A.
2. **Payment** County shall pay Contractor for services rendered pursuant to this Contract at the time and in the amount set forth in Exhibit B. The payments specified in Exhibit B shall be the only payment made to Contractor for services rendered pursuant to this Contract. Contractor shall submit all billings for said services to County in the manner specified in Exhibit B; or, if no manner be specified in Exhibit B, then according to the usual and customary procedures which Contractor uses for billing clients similar to County. **The amount of the contract shall not exceed \$70,000.**
3. **Term** This Contract shall commence on July 1, 2025. All services required to be provided by this Contract shall be completed and ready for acceptance no later than the **Contract Termination Date** of: June 30, 2027.
4. **Facilities, Equipment and Other Materials** Contractor shall, at its sole cost and expense, furnish all facilities, equipment, and other materials which may be required for furnishing services pursuant to this Contract.
5. **Exhibits** All exhibits referred to herein and attached hereto are incorporated herein by this reference.
6. **Electronic Signatures** The Parties acknowledge and agree that this Contract may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, "electronic signature" shall include faxed or emailed versions of an original signature or electronically scanned and transmitted versions (e.g., via pdf) of an original signature.
7. **Time for Performance** Time is of the essence. Failure of Contractor to perform any services within the time limits set forth in Exhibit A, or elsewhere in this Contract, shall constitute material breach of this contract. Contractor shall devote such time to the performance of services pursuant to this Contract as may be reasonably necessary for the satisfactory performance of Contractor's obligations pursuant to this Contract. Neither Party shall be considered in default of this Contract to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the Party.
8. **Liquidated Damages**  
Liquidated Damages are presented as an estimate of an intangible loss to the County. It is a provision that allows for the payment of a specified sum should Contractor be in breach of contract. Liquidated Damages ☐shall not ☒shall apply to this contract. If Liquidated Damages are applicable to this contract, the Terms are incorporated in Exhibit E, attached hereto.

9. **Relationship of Parties**

9.1. **Independent Contractor**

In providing services herein, Contractor, and the agents and employees thereof, shall work in an independent capacity and as an independent contractor and not as agents or employees of County. Contractor acknowledges that it customarily engages independently in the trade, occupation, or business as that involved in the work required herein. Further, the Parties agree that Contractor shall perform the work required herein free from the control and direction of County, and that the nature of the work is outside the usual course of County's business. In performing the work required herein, Contractor shall not be entitled to any employment benefits, Workers' Compensation, or other programs afforded to County employees. Contractor shall hold County harmless and indemnify County against such claim by its agents or employees. County makes no representation as to the effect of this independent contractor relationship on Contractor's previously earned California Public Employees Retirement System ("CalPERS") retirement benefits, if any, and Contractor specifically assumes the responsibility for making such determination. Contractor shall be responsible for all reports and obligations including but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, workers' compensation and other applicable federal and state taxes.

9.2. **No Agent Authority** Contractor shall have no power to incur any debt, obligation, or liability on behalf of County or otherwise to act on behalf of County as an agent. Neither County nor any of its agents shall have control over the conduct of Contractor or any of Contractor's employees, except as set forth in this Contract. Contractor shall not represent that it is, or that any of its agents or employees are, in any manner employees of County.

9.3. **Indemnification of CalPERS Determination** In the event that Contractor or any employee, agent, or subcontractor of Contractor providing service under this Contract is determined by a court of competent jurisdiction or CalPERS to be eligible for enrollment in CalPERS as an employee of County, Contractor shall indemnify, defend, and hold harmless County for all payments on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of County.

10. **Assignment and Subcontracting** Except as specifically provided herein, the rights, responsibilities, duties and services to be performed under this Contract are personal to Contractor and may not be transferred, subcontracted, or assigned without the prior written consent of County. Contractor shall not substitute or replace any personnel for those specifically named herein or in its proposal without the prior written consent of County.

Contractor shall cause and require each transferee, subcontractor, and assignee to comply with the insurance provisions and information technology security provisions set forth herein, to the extent such insurance provisions are required of Contractor under this Contract. Failure of Contractor to so cause and require such compliance by each transferee, subcontractor, and assignee shall constitute a material breach of this Contract, and, in addition to any other remedy available at law or otherwise, shall serve as a basis upon which County may elect to suspend payments hereunder, or terminate this Contract, or both.

11. **Licenses, Permits, Etc.** Contractor represents and warrants to County that Contractor shall, at its sole cost and expense, obtain or keep in effect at all times during the term of this Contract, any licenses, permits, and approvals which are legally required for Contractor to practice its profession at the time the services are performed.
12. **Hold Harmless and Indemnification Contract** To the fullest extent permitted by law, each Party (the "Indemnifying Party") hereby agrees to protect, defend, indemnify, and hold the other Party (the "Indemnified Party"), its officers, agents, employees, and volunteers, free and harmless from any and all losses, claims, liens, demands, and causes of action of every kind and character resulting from the Indemnifying Party's negligent act, willful misconduct, or error or omission, including, but not limited to, the amounts of judgments, penalties, interest, court costs, legal fees, and all other expenses incurred by the Indemnified Party arising in favor of any party, including claims, liens, debts, personal injuries, death, or damages to property (including employees or property of the Indemnified Party) and without limitation, all other claims or demands of every character occurring or in any way incident to, in connection with or arising directly or indirectly out of, the Contract. The Indemnifying Party agrees to investigate, handle, respond to, provide defense for, and defend any such claims, demand, or suit at the sole expense of the Indemnifying Party, using legal counsel approved in writing by Indemnified Party. Indemnifying Party also agrees to bear all other costs and expenses related thereto, even if the claim or claims alleged are groundless, false, or fraudulent. This provision is not intended to create any cause of action in favor of any third party against either Party or to enlarge in any way either Party's liability but is intended solely to provide for indemnification of the Indemnified Party from liability for damages, or injuries to third persons or property, arising from or in connection with Indemnifying Party's performance pursuant to this Contract. This obligation is independent of, and shall not in any way be limited by, the minimum insurance obligations contained in this Contract.
13. **Standard of Performance** Contractor shall perform all services required pursuant to this Contract in the manner and according to the standards observed by a competent practitioner of the profession in which Contractor is engaged in the geographical area in which Contractor practices its profession. All products of whatsoever nature which Contractor delivers to County pursuant to this Contract shall be prepared in a substantial first class and workmanlike manner and conform to the standards or quality normally observed by a person practicing in Contractor's profession.
14. **Contractor without additional compensation** Contractor's personnel, when on County's premises and when accessing County network remotely, shall comply with County's regulations regarding security, remote access, safety and professional conduct, including but not limited to Nevada County Security Policy NCSP-102 Nevada County External User Policy and Account Application regarding data and access security. Contractor personnel will solely utilize County's privileged access management platform for all remote access support functions, unless other methods are granted in writing by County's Chief Information Officer or his/her designee.

15. **Prevailing Wage and Apprentices** To the extent made applicable by law, performance of this Contract shall be in conformity with the provisions of California Labor Code, Division 2, Part 7, Chapter 1, commencing with section 1720 relating to prevailing wages which must be paid to workers employed on a public work as defined in Labor Code section 1720, et seq., and shall be in conformity with Title 8 of the California Code of Regulations section 200 et seq., relating to apprenticeship. Where applicable:
- Contractor shall comply with the provisions thereof at the commencement of services to be provided herein, and thereafter during the term of this Contract. A breach of the requirements of this section shall be deemed a material breach of this contract. Applicable prevailing wage determinations are available on the California Department of Industrial Relations website at <http://www.dir.ca.gov/OPRL/PWD>.
  - Contractor and all subcontractors must comply with the requirements of Labor Code section 1771.1(a) pertaining to registration of contractors pursuant to section 1725.5. Registration and all related requirements of those sections must be maintained throughout the performance of the Contract.
  - Contracts to which prevailing wage requirements apply are subject to compliance monitoring and enforcement by the Department of Industrial Relations. Contractor and each subcontractor must furnish certified payroll records to the Labor Commissioner at least monthly.
  - County is required to provide notice to the Department of Industrial Relations of any public work contract subject to prevailing wages within five (5) days of award.
16. **Accessibility** It is the policy of County that all County services, programs, meetings, activities and facilities shall be accessible to all persons, and shall comply with the provisions of the Americans With Disabilities Act and Title 24, California Code of Regulations. To the extent this Contract shall call for Contractor to provide County contracted services directly to the public, Contractor shall certify that said direct services are and shall be accessible to all persons.
17. **Nondiscriminatory Employment** Contractor shall not discriminate in its employment practices because of race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, sex or sexual orientation, or any other legally protected category, in contravention of the California Fair Employment and Housing Act, Government Code section 12900 et seq.
18. **Drug-Free Workplace** Senate Bill 1120, (Chapter 1170, Statutes of 1990), requires recipients of State grants to maintain a "drug-free workplace". Every person or organization awarded a contract for the procurement of any property or services shall certify as required under Government Code Section 8355-8357 that it will provide a drug-free workplace.
19. **Political Activities** Contractor shall in no instance expend funds or use resources derived from this Contract on any political activities.
20. **Levin Act** This contract ☒ shall not ☐ shall be subject to compliance with [Government Code Section 84308](#) (Levine Act), which pertains to campaign contributions of more than \$500 to any member of the County of Nevada Board of Supervisors or any County of Nevada Official who will be making, participating in making, or in any way attempting to use their official position to influence a County decision to approve the contract. If Levine Act Compliance is applicable to this contract, the terms are incorporated in Exhibit G, attached hereto.
21. **Subrecipient** This contract ☒ shall not ☐ shall be subject to subrecipient status as such: the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200 et al (commonly referred to as the "OMB Super Circular" or "Uniform Guidance"). A copy of these regulations is available at the link provided herein for the Code of Federal Regulations. Subrecipient and Contractor determinations

22. **Debarment** In order to prohibit the procurement of any goods or services ultimately funded by Federal awards from debarred, suspended or otherwise excluded parties, this contract ☒shall not ☐shall qualify for debarment suspension monitoring. Contractor shall provide proof of debarment compliance if requested by the County. In addition, the County may (at anytime during the term of the Contract) screen the Contractor at [www.sam.gov](http://www.sam.gov) to ensure Contractor, its principal and their named subcontractors are not debarred, suspended or otherwise excluded by the United States Government in compliance with the requirements of 7 Code of Federal Regulations (CFR) 3016.35, 28 CFR 66.35, 29 CFR 97.35, 34 CFR 80.35, 45 CFR 92.35 and Executive Order 12549.
23. **Financial, Statistical and Contract-Related Records:**
- 23.1. **Books and Records** Contractor shall maintain statistical records and submit reports as required by County. Contractor shall also maintain accounting and administrative books and records, program procedures and documentation relating to licensure and accreditation as they pertain to this Contract. All such financial, statistical and contract-related records shall be retained for five (5) years or until program review findings and/or audit findings are resolved, whichever is later. Such records shall include but not be limited to bids and all supporting documents, original entry books, canceled checks, receipts, invoices, payroll records, including subsistence, travel and field expenses, together with a general ledger itemizing all debits and credits.
- 23.2. **Inspection** Upon reasonable advance notice and during normal business hours or at such other times as may be agreed upon, Contractor shall make all of its books and records, including general business records, available for inspection, examination or copying, to County, or to the State Department of Health Care Services, the Federal Department of Health and Human Services, the Controller General of the United States and to all other authorized federal and state agencies, or their duly authorized representatives.
- 23.3. **Audit** Contractor shall permit the aforesaid agencies or their duly authorized representatives to audit all books, accounts or records relating to this Contract, and all books, accounts or records of any business entities controlled by Contractor who participated in this Contract in any way. All such records shall be available for inspection by auditors designated by County or State, at reasonable times during normal business hours. Any audit may be conducted on Contractor's premises or, at County's option, Contractor shall provide all books and records within fifteen (15) days upon delivery of written notice from County. Contractor shall promptly refund any moneys erroneously charged and shall be liable for the costs of audit if the audit establishes an over-charge of five percent (5%) or more of the correct amount owed during the audit period.

24.

**Termination**

- A. A material breach, as defined pursuant to the terms of this Contract or otherwise, in addition to any other remedy available at law or otherwise, shall serve as a basis upon which County may elect to immediately suspend payments hereunder, or terminate this Contract, or both, without notice.
- B. If Contractor fails to timely provide in any manner the services materials and products required under this Contract, or otherwise fails to promptly comply with the terms of this Contract, or violates any ordinance, regulation or other law which applies to its performance herein, County may terminate this Contract by giving **five (5) calendar days written notice to Contractor.**
- C. Either Party may terminate this Contract for any reason, or without cause, by giving **thirty (30) calendar days written notice** to the other, which notice shall be sent by registered mail in conformity with the notice provisions, below. In the event of termination not the fault of Contractor, Contractor shall be paid for services performed to the date of termination in accordance with the terms of this Contract. Contractor shall be excused for failure to perform services herein if such performance is prevented by acts of God, strikes, labor disputes or other forces over which Contractor has no control.
- D. Notwithstanding anything to the contrary herein, if state or federal funds that County intended to use for payment under this Contract are canceled, reduced, or otherwise made unavailable, County shall have the right to immediately terminate this Contract upon written notice to Contractor. In such an event, County shall pay Contractor for all services satisfactorily performed up to the date of termination in accordance with the terms of this Contract, and Contractor shall have no further claims against County due to such termination.

In the event this Contract is terminated:

- 1) Contractor shall deliver copies of all writings prepared by it pursuant to this Contract. The term "writings" shall be construed to mean and include: handwriting, typewriting, printing, photostating, photographing, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof.
- 2) County shall have full ownership and control of all such writings delivered by Contractor pursuant to this Contract.
- 3) County shall pay Contractor the reasonable value of services rendered by Contractor to the date of termination pursuant to this Contract not to exceed the amount documented by Contractor and approved by County as work accomplished to date; provided, however, that in no event shall any payment hereunder exceed the amount of the Contract specified in Exhibit B, and further provided, however, County shall not in any manner be liable for lost profits which might have been made by Contractor had Contractor completed the services required by this Contract. In this regard, Contractor shall furnish to County such financial information as in the judgment of County is necessary to determine the reasonable value of the services rendered by Contractor. The foregoing is cumulative and does not affect any right or remedy, which County may have in law or equity.

25.

**Intellectual Property**

Contractor will not publish or transfer any materials produced or resulting from activities supported by this Contract without the express written consent of County. All reports, original drawings, graphics, plans, studies and other data and documents, in whatever form or format, assembled or prepared by Contractor or Contractor's subcontractors, consultants, and other agents in connection with this Contract are "works made for hire" (as defined in the Copyright Act, 17 U.S.C. Section 101 et seq., as amended) for County, and Contractor unconditionally and irrevocably transfers and assigns to County all right, title, and interest, including all copyrights and other intellectual property rights, in or to the "works made for hire." Unless required by law, Contractor shall not publish, transfer, discuss, or disclose any of the above-described works made for hire or any information gathered, discovered, or generated in any way through this Contract, without County's prior express written consent. To the extent County provides any of its own original photographs, diagrams, plans, documents, information, reports, computer code and all recordable media together with all copyright interests thereto, to Contractor during this Contract, such

information shall remain the property of County, and upon fifteen (15) days demand therefor, shall be promptly delivered to County without exception.

26. **Waiver** One or more waivers by one Party of any major or minor breach or default of any provision, term, condition, or covenant of this Contract shall not operate as a waiver of any subsequent breach or default by the other Party.
27. **Conflict of Interest** Contractor certifies that no official or employee of County, nor any business entity in which an official of County has an interest, has been employed or retained to solicit or aid in the procuring of this Contract. In addition, Contractor agrees that no such person will be employed in the performance of this Contract unless first agreed to in writing by County. This includes prior Nevada County employment in accordance with County's Personnel Code.
28. **Entirety of Contract** This Contract contains the entire Contract of County and Contractor with respect to the subject matter hereof, and no other contract, statement, or promise made by any Party, or to any employee, officer or agent of any Party, which is not contained in this Contract, shall be binding or valid.
29. **Alteration** No waiver, alteration, modification, or termination of this Contract shall be valid unless made in writing and signed by all Parties, except as expressly provided in Section 22, Termination.
30. **Governing Law and Venue** This Contract is executed and intended to be performed in the State of California, and the laws of that State shall govern its interpretation and effect. The venue for any legal proceedings regarding this Contract shall be the County of Nevada, State of California. Each Party waives any federal court removal and/or original jurisdiction rights it may have.
31. **Compliance with Applicable Laws** Contractor and any subcontractors shall comply with any and all federal, state and local laws, codes, ordinances, rules and regulations which relate to, concern or affect the services or type of services to be provided by this Contract.
32. **Confidentiality** Contractor, its employees, agents and or subcontractors may come in contact with documents that contain information regarding matters that must be kept confidential by County, including personally identifiable patient or client information. Even information that might not be considered confidential for the usual reasons of protecting non-public records should be considered by Contractor to be confidential.

Contractor agrees to maintain confidentiality of information and records as required by applicable federal, state, and local laws, regulations and rules and recognized standards of professional practice.

Notwithstanding any other provision of this Contract, Contractor agrees to protect the confidentiality of any confidential information with which Contractor may come into contact in the process of performing its contracted services. This information includes but is not limited to all written, oral, visual and printed patient or client information, including but not limited to: names, addresses, social security numbers, date of birth, driver's license number, case numbers, services provided, social and economic conditions or circumstances, agency evaluation of personal information, and medical data.

Contractor shall not retain, copy, use, or disclose this information in any manner for any purpose that is not specifically permitted by this Contract. Violation of the confidentiality of patient or client information may, at the option of County, be considered a material breach of this Contract.

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. This section specifies the conditions under which a COUNTY may authorize persons other than COUNTY officers and employees to examine State Sales, Use and Transactions Tax records.

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.

A. CONSULTANT 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.

B. CONSULTANT 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.

C. CONSULTANT is prohibited from performing consulting services for a retailer, as defined in California Revenue & Taxation Code Section 6015, during the term of this Agreement.

D. CONSULTANT is prohibited from retaining the information contained in or derived from those sales 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 CONSULTANT 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.

33. **Additional Contractor Responsibilities**

- A. To the extent Contractor is a mandated reporter of suspected child and/or dependent adult abuse and neglect, it shall ensure that its employees, agents, volunteers, subcontractors, and independent contractors are made aware of, understand, and comply with all reporting requirements. Contractor shall immediately notify County of any incident or condition resulting in injury, harm, or risk of harm to any child or dependent adult served under this Contract.
- B. Contractor will immediately notify County of any active complaints, lawsuits, licensing or regulatory investigations, reports of fraud or malfeasance, or criminal investigations regarding its operations. Contractor agrees to work cooperatively with County in response to any investigation commenced by County with regard to this Contract or the clients served herein, including providing any/all records requested by County related thereto.
- C. Contractor shall employ reasonable background check procedures on all employees, prospective employees, volunteers and consultants performing work involving direct contact with minor children or dependent adults under this Contract, including fingerprinting and criminal records checks, sexual offender registry checks, and reference checks, including both personal and professional references.

34. **Information Technology Security Requirements** This contract ☒ shall not ☐ shall be subject to Exhibit F, "Information Technology Security," which is attached and incorporated by this reference. Contractor's failure to comply with the requirements in Exhibit F is a material breach of this Agreement.

35. **Artificial Intelligence Technology (AI Technology)** includes any machine learning, deep learning, or artificial intelligence ("AI") technologies, such as statistical learning algorithms, models (including large language models), neural networks, and other AI tools or methodologies, as well as all software implementations and related hardware or equipment capable of generating content (e.g., text, images, video, audio, or computer code) based on user-supplied prompts.

County Data includes all information, data, materials, text, prompts, images, or other content provided to the Contractor under this Agreement or any other agreements between the Contractor and the County.



**Responsibilities and Training:**

Contractor is responsible for all information in the machine learning model, intellectual property rights associated with the information, and software and coded instructions used to generate AI content. County is responsible for the accuracy, utility and formulation of prompts and other inputs used to access the AI services and for decisions made, advice given, actions taken, and failures to take action based on AI content generated from AI services, except for AI content that is generated from erroneous or non-existing information in Contractor's machine learning models or from malfunctioning AI service software.

Contractor shall not use, or permit any third party to use, County Data to train, validate, update, improve, or modify any AI Technology, whether for Contractor's benefit or that of a third party, without the County's prior written authorization, which the County may grant or withhold at its sole discretion.

36. **Notification** Any notice or demand desired or required to be given hereunder shall be in writing and deemed given when personally delivered or deposited in the mail, postage prepaid, and addressed to the Parties as follows:

COUNTY OF NEVADA:		CONTRACTOR:	
Nevada County Executive Office		HdL Companies	
Address:	950 Maidu Ave, Suite 220	Address	120 S State College Blvd
City, St, Zip	Nevada City, CA 95959	City, St, Zip	Brea, CA, 92821-5807
Attn:	Sarah Holyhead, Senior Management Analyst	Attn:	Andy Nickerson, President/CEO
Email: sarah.holyhead@nevadacountyca.gov		Email: anickerson@hdlcompanies.com	
Phone:	530-470-2720	Phone:	714-879-5000

Any notice so delivered personally shall be deemed to be received on the date of delivery, and any notice mailed shall be deemed to be received five (5) days after the date on which it was mailed.

**Authority:** All individuals executing this Contract on behalf of Contractor represent and warrant that they are authorized to execute and deliver this Contract on behalf of Contractor.

**IN WITNESS WHEREOF**, the Parties have executed this Contract to begin on the Effective Date.

By: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name/Title: Craig Griesbach, Purchasing Agent

**CONTRACTOR: HdL Companies**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_

\* Title: \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_

\* Title: \_\_\_\_\_

***\*If Contractor is a corporation, this Contract must be signed by two corporate officers; one of which must be the secretary of the corporation, and the other may be either the President or Vice President, unless an authenticated corporate resolution is attached delegating authority to a single officer to bind the corporation (California Corporations Code Sec. 313).***

**Exhibits**

- A. [Schedule of Services](#)
- B. [Schedule of Charges and Payments](#)
- C. [Insurance Requirements](#)
- D. [Information Technology Security](#)
- [Summary Page](#)

## **EXHIBIT A**

### **SCHEDULE OF SERVICES**

#### **1. Audit Recovery Services for Sales, Use and Transactions Tax**

Contractor shall detect, correct and recover misallocated revenue for Nevada County. When errors are found, file claims for their corrections following the procedures and guidelines codified in CDTFA Section 35056. Work with CDTFA staff to ensure prompt recovery of all escaped revenue. Using confidential taxpayer records as authorized by Revenue and Taxation Code Section 7056, identify and correct errors that result in underpayments of tax to the County. Find, document and submit for correction all taxpayer errors that result in lost County revenue or could result in lost revenue in the future.

Provide documentation of errors to the County, as well as reports that accurately depict the County's sales tax base, use tax collections and revenues.

Contractor should employ a variety of audit techniques and programs to recover sales and use taxes for the County, including:

- **Taxable Nexus Field Audits:** A field canvass of business and industrial areas will be conducted to identify businesses that appear to be under-reporting revenues or are not on the California Department of Tax and Fee Administration (CDTFA) allocation rolls. Contractor shall document not only the existence of sales tax-producing businesses but also any relevant factors that may further help establish transactions or nexus within the district.
- **Tax Area Code (TAC)/Permit Audits:** Review active accounts on the CDTFA's allocation rolls reporting \$50 or more in local tax to ensure proper TAC assignment.
- **Deficiency Assessment Audits:** Identify potential allocation errors with respect to the deficiency assessment.
- **Quarterly Distribution Report Audits:** Identify all accounts for which there may have been an allocation error or omission. Reviews of the quarterly registration and allocation data files focus on the following:
  - Business-by-business comparison of local tax allocations for brick-and-mortar stores and other cash register-based businesses where all transactions are conducted on-site and therefore subject to the transactions and use tax.
  - Review of all significant one-time use tax payments to ensure the corresponding transactions and use tax has been properly remitted.
  - Review of statewide transactions and use tax allocation patterns to identify errors and omissions.
  - Identification of and follow-up with all large purchasers of supplies and equipment (i.e. hospitals, refineries, manufacturing plants) to ensure that vendors are properly collecting and reporting transactions and use tax.
  - Industry specific, statewide analysis of specific business sectors (i.e. auto dealers, large out of state retailers) to establish trends and averages, and thus spot anomalies and payment deviations.
- Where appropriate, Contractor shall act as a liaison between taxpayers and CDTFA staff.

- **Use Tax Errors and Opportunities:** Analyze the use tax allocation pool to identify instances where a taxpayer may have misidentified a transaction as use tax rather than sales tax. Where appropriate, identify direct allocation opportunities of local use tax.
- **Regulation 1699 Evaluations:** CDTFA Regulation 1699 controls when and where a permit should be issued to a given business location. Wholesalers, contractors, processors, manufacturers, and other non-retail businesses that do not normally sell merchandise often conduct occasional sales, self-accrue use tax or are levied deficiency assessments by the state. Identify companies that should be taking out permits so that those revenues are allocated to the County.
- **Transaction Tax/Measure 'A' Audit Services:** Unlike the Point of Sale (POS) basis for the Bradley Burns tax, the Transactions and Use tax is a Point of Destination (POD) tax which requires different methodologies to audit and correct misallocations. Contractor will utilize analytical tools to review complex tax issues such as interstate sales, transfer of title provisions, regulation interpretation and international business transactions. This should maximize revenues from the County's Measure 'A' quarter percent district add-on tax for library services. This involves the following tasks:
  - Contractor will regularly maintain a transaction tax database which will consist of current information on all businesses with a seller's permit within the County.
  - Contractor will overlay all relevant sales, use, and transaction tax data, and the monthly CDTFA registration data (both current and historic).
  - Contractor will format the raw data, compare it to the quarterly payment data and, through this process, update business classifications and addresses.

## **2. Monitoring and Recovery of Misallocated Revenue**

**Development of Correction Data:** Where appropriate, Contractor will interview tax preparers and marketing, warehouse and management staff to correct data.

**Documentation:** Contractor shall maintain documentation of correction and recovery activities in the name of reducing the number of quarters requiring retroactive adjustment and ensuring faster recovery of misallocated revenues. Contractor shall provide County with a quarterly report of all audit work in progress, including correspondence with the CDTFA and taxpayers.

## **3. Quarterly Meetings, Forecasting, and Ad Hoc Requests**

On a quarterly basis, Contractor shall meet with appropriate County officials to review sales tax performance and forecasts, general trends and discuss and make recommendations regarding the budget implications of the year's data. Contractor shall provide County with this information for both unincorporated Nevada County, as well as its incorporated jurisdictions (Grass Valley, Nevada City and Truckee).

On an ad hoc basis, contractor shall:

- Provide County with sales tax estimates for proposed projects;
- Assist with budget projections;
- Answer sales and use tax questions related to economic development, budgeting and related revenue collection;

- Meet with committees of the Board of Supervisors, advisory committees and other groups to explain sales tax regulations, economic trends and legislative proposals that will impact the County's tax base;
- Conduct technical seminars for County personnel on California sales and use tax processes. To support in-house efforts to maximize use tax, the seminars will cover the fundamentals of direct payment permits, purchasing corporations and maximizing "use tax" from construction projects;
- Work with CDTFA executives and staff to quickly resolve policy issues unique to County;
- Advocate for regulatory and legislative changes when they are of benefit to County.

#### **4. Legislative Analysis**

On a quarterly basis, contractor shall provide legislative and issue updates on all proposals that may impact local revenues, as well as specific issues such as Sales Tax Participation Agreements, legal decisions or regulation changes.

#### **5. Proposition 172 Forecasting**

Contractor shall prepare for County forecasts of Proposition 172 allocations as well as forecasts for portions of 2011 Realignment Funding, specifically designated for Health and Human Services funding.

#### **6. Online Sales Tax Application**

Contractor will provide County staff with access to a web-based sales tax system to facilitate "in-house" analysis and printing of reports (including archived sales tax reports).

#### **7. Budget Projections and Monitoring**

Contractor shall provide monitoring and projections of sales and use tax revenues including annual, three and five-year forecasts, and local, state and national retail trends and current economic conditions.

#### **8. County of Nevada's Master Tax Sharing Agreement (MTSA) with Grass Valley**

Contractor shall assist the County with audits and revenues based on the MTSA with the City of Grass Valley, including generating an annual calculation of the amount the City of Grass Valley owes to the County of Nevada for its share of the taxes covered by the 2001 tax sharing agreement. This calculation shall be conducted in two phases – an estimate provided in April and a final amount provided in June.

## EXHIBIT B

### SCHEDULE OF CHARGES AND PAYMENTS

#### **Maximum Limit & Fee Schedule**

Contractor's compensation shall be paid at the schedule shown below. Reimbursement of travel, lodging and miscellaneous expenses is only authorized when discussed and agreed upon in advance. All expenses of Contractor, including any expert or professional assistance retained by Contractor to complete the work performed under this Contract shall be borne by Contractor.

The total of all payments made under this Contract shall not exceed the amount shown in Section 2 of this Contract.

#### **Fee Schedule:**

<b>Service</b>	<b>Fee Per Month</b>
Sales and Use Tax Audit Services	15% contingency
Sales and Use Tax Management (online database)	\$450*
Transactions Tax Audit and Management	\$300* + 25% contingency

#### **Sales and Use Tax Audit Services:**

Compensation for the Sales and Use Tax Audit Services will be 15% of all new sales and use tax revenue received by the County as a result of audit and recovery work performed by Contractor. This audit fee applies to monies received in the first eight consecutive reporting quarters beginning with the receipt of the audit revenue in addition to any retroactive back quarter adjustments obtained by Contractor.

Audit fees are to be billed only after completion of the audit, submittal of corrections to the CDTFA and receipt of revenues by the client. All new revenue generated by Contractor flows to the County after the completion of the eight quarters. The fee constitutes the full reimbursement to Contractor and covers all direct and indirect costs incurred by the firm under this contract. This includes all salaries of our employees, travel expenses and service contracting costs as well as the software to be delivered to the County under this proposal.

Invoices are submitted only for recoveries previously approved by the County. Contractor shall not bill for audit revenues until the client has received said monies. If, during the billing cycle, a taxpayer receives a refund for overpayment of taxes generated during that cycle, Contractor shall credit back any proportionate share of the fee that may have been levied. Invoices shall be submitted quarterly after County has received the revenue from the audit correction. Invoice shall include the name, address, and sales tax registration number of each company, and the specific amount of revenue allocated by the CDTFA to the County for those businesses.

If a misallocation correction involves additional revenue from a company that had already been partially allocating revenues to the County, the County and Contractor will agree in a Work Authorization, prior to billing, the methodology for identifying the incremental revenue attributable to Contractor's work.

#### **Sales and Use Tax Management Services:**

This includes access to the County's sales tax database through Contractor's online portal and quarterly meetings with Contractor. This service shall also include a non-confidential newsletter that can be shared

with the Board of Supervisors and the public. The price for this option is \$450 per month, billed quarterly, and subject to an annual CPI-based price adjustment.

#### **Transactions Tax Audit and Management Service (Measure A):**

Contractor will monitor and report on the County's Transactions and Use Tax Measure A. The fee for this service is \$300 per month per measure, subject to an annual CPI-based price adjustment, and a 25% contingency fee against retroactive adjustments only (no prospective billing). Audit fees are to be billed only after the completion of the audit, submittal of corrections to the CDTFA and receipt of revenue by the County.

#### **\*Price Adjustment:**

The monthly fee will increase after the first year of the contract (at the start of the new fiscal year), in accordance with the most recent increase in the Consumer Price Index, as proposed in writing not later than February 1 preceding a July 1 effective date.

#### **Payment Schedule**

The Contractor shall bill the County quarterly within thirty (30) days following the end of the quarter.

#### **Invoices**

Itemized invoices shall be submitted to County on a quarterly basis. In addition to the monthly fees, invoices shall show any recovered amounts, what period the recovery is for, the taxpayers' names, and permit numbers, and the specific amount of revenue allocated by the CDTFA to the County for those businesses. Work performed by Contractor will be subject to final acceptance by County project manager(s).

#### **Submit all invoices to:**

<b>COUNTY OF NEVADA:</b>	
Nevada County Executive Office	
Address:	950 Maidu Ave, Suite 220
City, St, Zip	Nevada City, CA 95959
Attn:	Sarah Holyhead, Senior Management Analyst
Email:	sarah.holyhead@nevadacountyca.gov
Phone:	530-470-2720

County will make payment within thirty (30) days after the billing is received and approved by County and as outlined below.

Unless otherwise agreed to by County, all payments owed by County to Contractor under this Contract shall be made by Automated Clearing House ("ACH"). In the event County is unable to release payment by ACH Contractor agrees to accept payment by County warrant.



## EXHIBIT C

### INSURANCE REQUIREMENTS

**Insurance:** Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by Contractor, its agents, representatives, or employees. Coverage shall be at least as broad as:

1. **Commercial General Liability CGL:** Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Contractor has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers’ Compensation:** Insurance as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
4. **Professional Liability (Errors and Omissions):** Insurance covering **accountants and auditor’s malpractice** with limit no less than **\$1,000,000** per occurrence or claim, **\$1,000,000** aggregate.
5. If Contractor maintains broader coverage and/or higher limits than the minimums shown above, County requires and shall be entitled to the broader coverage and/or the higher limits maintained by Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to County.

#### **Other Insurance Provisions:**

The insurance policies are to contain, or be endorsed to contain, the following provisions:

1. **Additional Insured Status: County, its officers, employees, agents, and volunteers are to be covered as additional insureds** on the CGL policy with respect to liability arising out of the work or operations performed by or on behalf of Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to Contractor’s insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, then through the addition of both CG 20 10, CG 20 25, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used.)
2. **Primary Coverage** For any claims related to this contract, **Contractor’s insurance shall be primary** insurance primary coverage at least as broad as ISO CG 20 01 04 13 as respects County, its officers, employees, agents, and volunteers. Any insurance or self-insurance maintained by County, its officers, employees, agents, and volunteers shall be excess of Contractor’s insurance and shall not contribute with it.
3. **Umbrella or Excess Policy** The Contractor may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. Umbrella or Excess policies shall be provided on a true “following form” or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until the Contractor’s primary and excess liability policies are exhausted.

4. **Notice of Cancellation** This policy shall not be changed without first giving thirty (30) days prior written notice and ten (10) days prior written notice of cancellation for non-payment of premium to County.
5. **Waiver of Subrogation** Contractor hereby grants to County a waiver of any right to subrogation which any insurer or said Contractor may acquire against County by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not County has received a waiver of subrogation endorsement from the insurer.
6. **Sole Proprietors** If Contractor is a Sole Proprietor and has no employees, they are not required to have Workers Compensation coverage. Contractor shall sign a statement attesting to this condition, and shall agree they have no rights, entitlements or claim against County for any type of employment benefits or workers' compensation or other programs afforded to County employees.
7. **Self-Insured Retentions** must be declared to and approved by the County. The County may require the Contractor to provide proof of ability to pay losses and related investigations, claims administration, and defense expenses within the retention. The Policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or County. The CGL and any policies, including Excess liability policies, may not be subject to a self-insured retention (SIR) or deductible that exceeds **\$25,000** unless approved in writing by the County. Any and all deductibles and SIRs shall be the sole responsibility of the Contractor or subcontractor who procured such insurance and shall not apply to the Indemnified Additional Insured Parties. County may deduct from any amounts otherwise due Contractor to fund the SIR/deductible. Policies shall NOT contain any self-insured retention (SIR) provision that limits the satisfaction of the SIR to the Named. The policy must also provide that Defense costs, including the Allocated Loss Adjustment Expenses, will satisfy the SIR or deductible. County reserves the right to obtain a copy of any policies and endorsements for verification.
8. **Acceptability of Insurers:** Insurance is to be placed with insurers authorized to conduct business in the State with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to County.
9. **Claims Made Policies** if any of the required policies provide coverage on a claims-made basis:
  - a. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
  - b. Insurance must be maintained, and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
  - c. If the coverage is canceled or non-renewed, and not replaced with another **claims-made policy form with a Retroactive Date**, prior to the contract effective date, Contractor must purchase "extended reporting" coverage for a minimum of **five (5)** years after completion of contract work.
10. **Verification of Coverage** Contractor shall furnish County with original Certificates of Insurance including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Page of the CGL policy listing all policy endorsements to County before work begins. However, failure to obtain and provide verification of the required documents prior to the work beginning shall not waive Contractor's obligation to provide them. County reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.
11. **Subcontractors** Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that County is an additional insured on insurance required from subcontractors. For CGL coverage subcontractors shall provide coverage with a format at least as broad as CG 20 38 04 13.

12. **Special Risks or Circumstances** County reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.
13. **Premium Payments** The insurance companies shall have no recourse against County and funding agencies, its officers, and employees or any of them for payment of any premiums or assessments under any policy issued by a mutual insurance company.
14. **Material Breach** Failure of Contractor to maintain the insurance required by this Contract, or to comply with any of the requirements of this section, shall constitute a material breach of the entire Contract.
15. **Certificate Holder** the Certificate Holder on insurance certificates and related documents should read as follows:

County of Nevada  
950 Maidu Ave.  
Nevada City, CA 95959

Upon initial award of the Contract to your firm, you may be instructed to send the actual documents to a County contact person for preliminary compliance review.

Certificates which amend or alter the coverage during the term of the Contract, including updated certificates due to policy renewal, should be sent directly to Contract Administrator.

## EXHIBIT D

### INFORMATION TECHNOLOGY SECURITY

#### **1. Notification of Data Security Incident**

For purposes of this section, “Data Security Incident” is defined as unauthorized access to the Contractor’s business and/or business systems by a third party, which access could potentially expose County data or systems to unauthorized access, disclosure, or misuse. In the event of a Data Security Incident, Contractor must notify County **in writing as soon as possible and no later than 48 hours after Contractor determines a Data Security Incident has occurred**. Notice should be made to all parties referenced in the “Notices” section of the Agreement. Notice must reference this contract number. Notice under this section must include the date of incident, Contractor’s systems and/or locations which were affected, and County services or data affected. The duty to notify under this section is broad, requiring disclosure whether any impact to County data is known at the time, to enable County to take immediate protective actions of its data and cloud environments.

Failure to notify under this section is a material breach, and County may immediately terminate the Agreement for failure to comply.

#### **2. Data Location**

2.1 Contractor shall not store or transfer non-public County of Nevada data outside the United States. This prohibition includes backup data and Disaster Recovery locations. The Contractor will permit its personnel and contractors to access County of Nevada data remotely only as required to provide technical support. Remote access to data from outside the continental United States is prohibited unless expressly approved in advance and in writing by the County.

2.2 The Contractor must notify the County **in writing within 48 hours** of any location changes to Contractor’s data center(s) that will process or store County data. Notice should be made to all parties referenced in the “Notices” section of the Agreement.

#### **3. Data Encryption**

3.1 The Contractor shall encrypt all non-public County data in transit regardless of the transit mechanism.

3.2 The Contractor shall encrypt all non-public County data at rest.

3.3 Encryption algorithms shall be AES-128 or better.

#### **4. Cybersecurity Awareness and Training**

The County maintains a robust Cybersecurity Awareness and Training program intended to assist employees and contractors with maintaining current knowledge of changing cybersecurity threats and countermeasures. Any contractor that is assigned a County network account will be assigned User Awareness training and must complete it within the time period it is assigned. Training completion progress is monitored by sponsor departments and non-compliant users may have their account suspended or restricted.

The County conducts email Phish testing on a regular basis to expose account holders to the types of potential threats.

Contractor will maintain a Cybersecurity Awareness and Training program for training staff at a minimum of once a year. Contractor will maintain records of the program for review by the County when requested

<b>Contractor Name: HdL Companies</b>
<b>Description of Services:</b> Sales Tax Audit and Informational Services for Recovery of Misallocated Sales and Use Tax for the County of Nevada

### SUMMARY OF MATERIAL TERMS

<b>Max Annual Price:</b>	\$35,000	<b>Max Multi-Year Price:</b>	\$70,000
		<b>FY 25/26 =</b>	\$35,000
		<b>FY 26/27 =</b>	\$35,000
<b>Contract Start Date:</b>	7/1/2025	<b>Contract End Date:</b>	6/30/2027
<b>Liquidated Damages:</b>	N/A		

### INSURANCE POLICIES

Commercial General Liability	(\$2,000,000)	Cyber Liability	(\$1,000,000)
Worker's Compensation	(Statutory Limits)	Technology Liability	(\$2,000,000)
Automobile Liability	(\$1,000,000)		
Professional Errors and Omissions	(\$2,000,000)		

### FUNDING

Org code: 0101102062721000, PCN: 27200000, Account: 521520
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### LICENSES AND PREVAILING WAGES

**Designate all required licenses:** N/A

### NOTICE & IDENTIFICATION

<b>COUNTY OF NEVADA:</b>		<b>CONTRACTOR:</b>	
Nevada County Executive Office		HdL Companies	
Address:	950 Maidu Ave, Suite 220	Address	120 S State College Blvd
City, St, Zip	Nevada City, CA 95959	City, St, Zip	Brea, CA, 92821-5807
Attn:	Sarah Holyhead, Senior Management Analyst	Attn:	Andy Nickerson, President/CEO
Email:	sarah.holyhead@nevadacountyca.gov	Email:	anickerson@hdlcompanies.com
Phone:	530-470-2720	Phone:	714-879-5000

<b>Contractor is a:</b> (check all that apply)					<b>EDD Worksheet Required</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
<b>Corporation:</b>	<input type="checkbox"/>	Calif. <input type="checkbox"/>	Other <input type="checkbox"/>	LLC <input type="checkbox"/>	<b>Additional Terms &amp; Conditions Included</b>		
<b>Non- Profit:</b>	<input type="checkbox"/>	Corp. <input type="checkbox"/>			<b>(Grant Specific)</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
<b>Partnership:</b>	<input type="checkbox"/>	Calif. <input type="checkbox"/>	Other <input type="checkbox"/>	LLP <input type="checkbox"/>	Limited <input type="checkbox"/>	<b>Subrecipient</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>Person:</b>	<input type="checkbox"/>	Indiv. <input type="checkbox"/>	DBA <input type="checkbox"/>	Ass'n <input type="checkbox"/>	Other <input type="checkbox"/>		

### ATTACHMENTS

<b>Exhibit A:</b> Schedule of Services	<b>Exhibit E:</b> Liquidated Damages
<b>Exhibit B:</b> Schedule of Charges and Payments	<b>Exhibit F:</b> Information Technology Security
<b>Exhibit C:</b> Insurance Requirements	<b>Exhibit G:</b> Levin Act Compliance