

City of San Dimas, CA

Tax & Fee Administration Services

August 22, 2024

HdL  Companies

SUBMITTED BY
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Thank you for the opportunity to present this proposal for HdL's Services:

- HdL Transient Occupancy Tax Administration Services
- HdL Short-Term Rental Administration Services

Please be advised that we maintain a busy implementation schedule throughout the year. Your position in the implementation schedule will be determined when a signed agreement is received.

This proposal is valid until: **October 31, 2024**. Should you have any questions, please contact me at 888.861.0220 or by email at cduckworth@hdlcompanies.com.

Tax and Fee Services

Service	Compensation
Transient Occupancy Tax Administration (Includes Audits)	\$900.00/Property/year + CPI
Short Term Rental Administration	\$16.00Filing + CPI
Short Term Rental Compliance	\$5,000.00/Year + CPI
Implementation Fee – One-Time Fee	\$4,500.00

Payment transactions are subject to typical payment processing and returned payment fees. HdL supports both agency funded (fees paid by City) and convenience fee (fees paid by taxpayer) models.

TRANSIENT OCCUPANCY TAX ADMINISTRATION

General Scope of Services

HdL's transient occupancy tax administration service goes beyond scheduled cyclical audits, providing compliance monitoring of each return as it is filed while unburdening the City from the day-to-day administration of the TOT revenue program. Continual monitoring of returns is the optimal way to increase compliance while maintaining positive relations with the City's lodging providers.

The program is education focused, ensuring that lodging providers are clear on reporting requirements and methodology. HdL's tax administration professionals are available as needed to support both the City's team and the City's lodging providers. The City is kept up to date, with 24x7 online access to HdL's client portal containing real time access to registration and filing data, and management reporting. HdL's TOT administration service incorporates all of the following:

Tax Registration Database Management – HdL will transfer the City's existing databases as they relate to TOT into HdL's internal administration tools. HdL will maintain

the data, software, online filing portal for lodging providers, and online client portal for the City.

Return Processing – HdL will process TOT filings within 5 days of submission. Accounts will receive all applicable forms necessary to complete the renewal process.

New Account Processing – HdL will process any new TOT registrations for Lodging Establishments that change hand or newly offered properties.

Payment Posting / Processing – HdL will process all payments made for new and existing lodging providers. Accounts will be updated with payment information and revenues will be remitted to the City net HdL's fees on no less than a monthly basis.

On-Line Filing & Payment Processing – With input from the City, HdL crafts a customized website and domain for the City's taxpayers to submit online forms, returns, and payments along with other customer support related items.

Compliance Monitoring & Lodging Provider Audits – HdL will ensure accurate filings of TOT returns by consistently monitoring returns and educating lodging providers on filing requirements. HdL will also provide cyclical compliance audits as mutually agreed to by the City and HdL, ensuring all providers are audited at least once every three years. The compliance audit process is described above in Option 1.

Reports – HdL's TOT administration service includes a variety of standard reports demonstrating account activity and filing trends. During service implementation HdL will work with the City to identify reporting requirements and frequency/method of delivery and will supplement our standard service with custom reports as needed to meet the City's requirements.

Progress Payments – HdL's TOT administration service is billed monthly based on activity completed during the prior month. If standalone audits are conducted, they are billed only upon completion of the audit.

Customer Support Center – HdL will provide lodging providers with multiple support options for registering, filing returns, making payments and for general inquiries. A toll-free number will be provided to businesses in order to access one of our tax specialists. Lodging providers will also have access to support via e-mail, fax, and the online Business Support Center.

Annual Audit Plan – During implementation, HdL gathers all the historical data available from the City and leverages internal data sources and expertise to provide an analysis of all lodging providers, along with a recommended audit schedule. This allows HdL to work cooperatively with the City to identify the entities that require attention first. HdL works directly with the City to ensure consensus on the audit schedule for the program.

SHORT TERM RENTAL ADMINISTRATION

General Scope of Services

The Short-Term Rental (STR) Program provided by HdL takes a unique approach in ensuring compliance and educating lodging providers, including short term rental hosts (STR Hosts), in transient occupancy tax regulations and filing procedures, regulatory permits and licensing, and other City specific goals and objectives. HdL's program involves a modular, customer service centric approach, which reduces City administrative costs and provides the City with assurances of future compliance and reporting practices from the City's short-term rental lodging industry.

HdL's modular approach starts with a detailed analysis of STR listing on a variety of published methods, including Airbnb, Home Away, VRBO, etc. This process creates a full inventory of short-term rentals within the City's proscribed geographic boundary, including the full name of the owner and the physical address of the unit. Each STR is tracked and updated nightly with valuable data that can include items such as number of nights rented, average occupancy rates, room rates, as well as trend and usage reporting.

Following identification, HdL conducts a targeted education and compliance campaign designed to inform STR Hosts of their obligations to file and remit taxes and other requisite licenses and permits as may be needed. Each lodging provider is provided a full overview of the requirements and how to best comply both in the present and the future. During the registration process, HdL offers a variety of support options to the community including online filing, file-by-phone, email, and registration via standard mail. HdL tax and license specialists are available throughout the process to provide support to the STR community and to assist in the registration process.

Once registered, accounts move into a standard administration process. HdL manages the filing of tax returns and other prerequisites on a quarterly or monthly basis, depending on City requirements. This includes mailing of tax returns, processing of payments, customer support, delinquency follow up, and the development and management of an online portal for registration, filing, payments, and other support related needs.

STR Identification & Monitoring

HdL compiles a list of all actively posted short term rentals available from a wide array of sources. Lists are compiled and aggregated to accommodate duplicate listings from various sites. During the identification and monitoring process, HdL will:

- Scan over 20 different rental sites, including global aggregators like HomeAway/VRBO Airbnb, Turnkey.com, and Booking.com, national aggregators like Vacasa and Turnkey and small, local property management firms.
- Match Listings to specific parcels using GIS and property tax assessor data.
- Create comparison reports to determine which properties may already be compliant or registered and paying taxes.
- Provide visual map of all listings within the City.
- Record listing details such as start date, various sites linked to, other information

necessary for documenting evidence of STR activity; and

- Continually monitor activity to identify and record new listings and closures to ensure accurate real-time identification and monitoring.

Education, Registration, and Compliance

Using the list of active STR listings, HdL conducts a series of City approved education-based programs ranging from mailers to direct phone contacts. Each packet contains all the information necessary to obtain registration and comply with local requirements. HdL assists STR hosts throughout the program with information and support with all aspects of becoming compliant. During this program, HdL will:

- Validate listing to ensure proper identification and filter out records that may lead to erroneous contacts.
- Notify non-compliant entities with a series of education-based packets designed to garner compliance.
- Provide a support center for assistance with general questions, support, and assistance with filing and paying returns.
- Provide online portal with links to FAQs, education packets, and support for registering, filing returns, and making payments online.
- Follow up with non-compliant accounts to obtain registration
- Work with City to identify additional requirements and ensure collection of data necessary to enforcement procedures.
- Establish optional implementation items such as amnesty programs, back tax and penalty provisions, and other pre-registration programs.

Short-Term Rental - Permitting

In conjunction with Short-Term Rental (STR) discovery activities, HdL will administer STR business license/permitting for new and renewing properties. HdL will establish and maintain the permitting process under the direction of the City. This process will include:

- Contacting new and renewing property owners by email, phone, and mail to assist with the renewal process
- Collection of all fees associated with permitting
- Collection of all required documents, review for accuracy prior to submitting them to County stake holders for examination
- Obtaining appropriate City approvals prior to business license/permit issuance

- Issuing business license/permit documents to STR property owners