

AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF PALM DESERT AND HINDERLITER, DE LLAMAS AND ASSOCIATES

1. Parties and Date.

This Amendment No. 2 to the made and entered into on **April 10, 2025**, between the City of Palm Desert ("City") and **Hinderliter, De Llamas and Associates (also known as HdL Companies)**, a Corporation, with its principal place of business at **120 S. State College Blvd., Suite 200, Brea, CA. 92821** ("Vendor"). The City and Vendor are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. Recitals.

2.1(a) Agreement. The City and **Hinderliter, De Llamas and Associates** have entered into an agreement entitled "Professional Services Agreement" dated **April 30, 2021**. ("Agreement" or "Contract") for the purpose of retaining the services of **Hinderliter, De Llamas and Associates** to provide **Business License Tax and Fees Administration**.

Amendment Number	Amendment Description	Amendment Date
1	Extend Term	03/24/2022

2.2(b) Amendment No. 2. The City and **Hinderliter, De Llamas and Associates** desire to amend the Agreement to **Extend the Term**.

2.3(c) Amendment Authority. This Amendment No. 2 is authorized pursuant to **Section 3.6.14** of the Agreement.

3. Terms.

3.1(a) Term. Section **3.1.2** of the Agreement is hereby amended in its entirety to read as follows:

The term of this agreement shall be from April 30, 2021, to April 30, 2026, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedule and deadlines.

Exhibits "A" and "B" are hereby deleted in their entirety and replaced with Exhibit "A-1", attached hereto and incorporated herein by reference.

3.2(b) Continuing Effect of Agreement. Except as amended by this Amendment No. 2, all other provisions of the Agreement remain in full force and effect and shall govern the actions of the parties under this Amendment No. 2. From and after the date of this Amendment No. 2, whenever the term "Agreement" or "Contract" appears in the Agreement, it shall mean the Agreement as amended by this Amendment No. 2.

3.3(c) Adequate Consideration. The Parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment No. 2.

3.4(d) Severability. If any portion of this Amendment No. 2 is declared invalid, illegal, or

otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5(e) Counterparts. This Amendment No. 2 may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute but one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

**SIGNATURE PAGE FOR AMENDMENT NO. 2 TO PROFESSIONAL SERVICES
AGREEMENT BETWEEN THE CITY OF PALM DESERT
AND HINDERLITER, DE LLAMAS AND ASSOCIATES**

IN WITNESS WHEREOF, the Parties have entered into this Amendment No. 2 to the Professional Services Agreement as of the day and year first above written.

CITY OF PALM DESERT

HINDERLITER, DE LLAMAS AND ASSOCIATES, A CORPORATION.

By: _____
Chris Escobedo
Interim City Manager

By: _____
Richard Park
CFO

Attest:

By: _____
Joshua Davis
VP of TFA

By: _____
Anthony J. Mejia
City Clerk

Approved as to form:

By: _____
Isra Shah
Best Best & Krieger LLP
City Attorney

City Clerk QC: _____

Contract QC: _____

Insurance:

Initial Review

Final Approval

Business License Tax and Fees Administration
SCOPE OF SERVICES

Consultant will provide the following Services relative to Client's business license tax administration.

1. Operations Management Services

- 1.1. Maintain a database of Client businesses.
- 1.2. Receive and process applications, renewals and payments in a timely fashion.
- 1.3. Send renewal notices to active businesses within 30 days of the renewal period end date.
- 1.4. Provide multiple options for businesses to submit applications, renewals, or payments and to request support (including via website, email, mail, phone, and fax.) Consultant license specialists will be available for live interactions Monday through Friday, 8:00am to 5:00pm Pacific.
- 1.5. Remit revenue no less than monthly to Client.
- 1.6. Provide Client staff access to website portal offering business registry inquiry, reporting, and electronic department approval capabilities.

2. Compliance Services: 1) Identify and register businesses which are subject to licensure or taxation, 2) collect known debt as pertains to business license or tax.

2.1. Discovery Services – Applicable to accounts in Discovery process as of or prior to March 31, 2025.

- 2.1.1. Notify non-compliant businesses of their options to comply or dispute their non-compliant status. Notification and support to businesses will be facilitated through the website, mail, email, phone and fax.
- 2.1.2. Review information and forms submitted by the business for completion and accuracy, inclusive of any additional required documentation (i.e. home occupation permit). All submissions are filed and stored electronically and made available to Client upon request.
- 2.1.3. Provide businesses with detailed invoicing and options to pay via website, mail, and phone.
- 2.1.4. Remit revenue to Client no less than monthly, along with all business applications and any additional documentation.

2.2. Collection Services

- 2.2.1. Identify businesses subject to Client licensure or taxation which have known debt to Client and have failed to pay within an appropriate time frame.
- 2.2.2. Notify businesses of their options to comply or dispute their non-compliant status.
- 2.2.3. Provide businesses with detailed invoicing and options to pay via website, mail and phone.
- 2.2.4. Remit revenue to Client no less than monthly.

3. Online Payment Processing – Consultant's services include PCI compliant payment processing services which support both credit card and eCheck transactions.

3.1. Client Responsibilities

- 3.1.1. As a condition to its receipt of the Service, Client shall execute and deliver any and all applications, agreements, certifications or other documents required by Consultant's payment processor, Networks or other third parties whose consent or approval is necessary for the processing of Transactions by Consultant's payment processor. "Network" is an entity or association that operates, under a common service mark, a system which permits participants to authorize, route, and settle Transactions among themselves, including, for example, networks operated by VISA USA and Mastercard, Inc., NYCE Corporation, American Express, and Discover.

- 3.1.2. Client hereby grants Consultant the full right, power and authority to request, receive and review any Data or records reflected in a Transaction report. Client represents and warrants that it has the full right and authority to grant these rights.

FEES

1. Operations Management Services

- 1.1. Fees for performing operations management Services shall be \$20.00 for each processed account, which is any account for which an application or renewal/return was processed, or active account which was sent a renewal notice.
- 1.2. If this contract is extended beyond April 2026, then fees will be increased as of January 1st of each calendar year (beginning January 1, 2027) 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%.
- 1.3. Fees related to travel and lodging expenses are billed at cost and apply to all meetings (including implementation, training, operations and support). Travel expenses only apply to out-of-scope travel and must therefore be pre-approved by Client.
- 1.4. Fees will be invoiced monthly to Client for Services performed during the prior month. Fees will be netted out of Client's monthly revenue disbursement. Client will submit payment for any balance due to Consultant within 30 days of receiving the invoice.

2. Compliance Services

- 2.1. Fees for performing compliance Services apply to all monies received for the current tax/license period and any other prior period collected (including monies received for taxes, penalties, interest, and fees).
 - 2.1.1. Fees for performing discovery Services shall be a contingency Fee of 40% of the revenues received as a result of the Services.
 - 2.1.2. In the event that Client discovers a non-compliant business and reports the business to Consultant (including a calculation of all taxes/fees due), Consultant will categorize the business as a collection service effort and thus apply the lower collection Services contingency Fee rate.
 - 2.1.3. Fees for performing collection Services shall be a contingency Fee of 25% of the revenues received as a result of the Services.
- 2.2. Consultant recognizes Client's authority to waive or reduce the tax/fee debt of a business. Should Client decide to do so for a business whose deficiency was identified by Consultant, Consultant shall be entitled to compensation in the amount of one half (1/2) of the Fees Consultant would have otherwise earned. Deficiencies which are uncollectable due to insolvency or dissolution of the business, or for deficiencies which are otherwise incapable of collection (i.e. statute of limitation or other legal defense) shall not be considered a Client voluntary election to waive, and thus, Consultant would not be entitled to compensation related thereto under this provision.
- 2.3. The fee shall be paid notwithstanding any related Client assistance, work in parallel, and/or incurrence of attorneys' fees or other costs or expenses in connection, with the relevant Services.

- 2.4. Fees related to travel and lodging expenses are billed at cost and applied to all meetings (including implementation, training, operations, and support). Travel expenses only apply to out of scope travel and must therefore be pre-approved by Client.
- 2.5. Fees will be invoiced monthly to Client for Services performed during the prior month. Fees will be netted out of Client's monthly revenue disbursement. Client will submit payment for any balance due to Consultant within 30 days of receiving the invoice.
3. **Payment Processing** – Consultant will configure payment processing services to utilize either a taxpayer funded model (convenience fee) or Client funded model, as directed by Client. Client may switch between these models upon written request to Consultant. Fees for each of these payment processing models are detailed here.
 - 3.1. Taxpayer funded model – Client authorizes Consultant to collect each convenience fee from the taxpayer at time of payment.
 - 3.1.1. Credit and debit card processing – 2.9% of transaction amount, minimum of \$2.00
 - 3.1.2. ACH/eCheck processing - \$2.50 per transaction
 - 3.2. Client funded
 - 3.2.1. Credit and debit card processing – 2.9% of transaction amount
 - 3.2.2. ACH/eCheck processing - \$0.75 per transaction
 - 3.3. Returned payments/NSF fee – Each occurrence of a card chargeback, returned payment or insufficient funds will incur a fee of \$25.00, to be applied to the taxpayers account.
 - 3.4. Consultant reserves the right to review and adjust pricing related to payment processing services on an annual basis. Consultant will communicate any such adjustment to Client in writing, with 60 days advance notice. Items that will be considered in the review of fees may include, but are not limited to: regulatory changes, card association rate adjustments, card association category changes, bank/processor dues and assessments, average consumer payment amounts, card type utilization, and costs of service.