



AGENDA REPORT

Department: City Manager's Office
Prepared by: Pedro Garcia, Economic Development Manager
Meeting Date: Tuesday, December 2, 2025
Approved by: Alejandro Hernandez, Acting City Manager

SUBJECT:

Professional Services Agreement with Hinderliter, de Llamas & Associates for a Revenue Modernization Study of the City's Business License Program

RECOMMENDATION:

Adopt the Resolution Entitled: "Resolution of the City Council of the City of National City, California, Authorizing the Mayor to Execute an Agreement with Hinderliter, de Llamas & Associates to Conduct a Revenue Modernization Study of the City's Business License Program in the Amount of \$50,000."

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

Not Applicable.

EXPLANATION:

The City of National City contracts with Hinderliter, de Llamas & Associates ("HdL") for business tax and Transient Occupancy Tax (TOT) administration services. HdL provides auditing, compliance, and operational support to ensure accuracy and efficiency in the City's business license revenue collection processes.

As part of the City's ongoing efforts to improve financial resilience and expand revenue opportunities, staff is recommending a specialized engagement with HdL to conduct a Revenue Modernization Study of the City's business license program.

The proposed work aligns with the City Council's direction to explore proactive, data-driven approaches to revenue management and diversification, ensuring the City can sustain service delivery levels while addressing long-term fiscal challenges.

HdL will perform a comprehensive evaluation of the City's business license revenue program, including:

- Reviewing existing business classifications, fee structures, and administrative processes to identify modernization opportunities.
- Conducting a comparative analysis of similar-sized and regional cities to assess best practices and identify potential efficiency improvements.
- Modeling various revenue and administrative scenarios to determine potential impacts on small, medium, and large businesses under different policy approaches.
- Providing data visualizations, benchmarking, and recommended policy adjustments to align with equitable and sustainable revenue management practices.

The study will provide a technical foundation for understanding how National City's business license program, in particular the business tax revenue, compares regionally and what modernization strategies could improve efficiency, compliance, and fairness.

The work will also help staff and Council identify opportunities to:

- Streamline business registration and compliance processes.
- Modernize revenue collection tools and data management.
- Enhance customer service for business owners.
- Strengthen the City's fiscal position through improved administration and policy alignment.

HdL's proposed scope of work includes analysis, interactive modeling, and presentations to staff and Council summarizing key findings and potential strategies for improvement.

The proposed study is exploratory and informational in nature, does not authorize or implement any new tax or fee, and any future policy changes would require separate City Council action. Upon completion, staff would present the study findings and recommendations to the City Council for discussion and further policy direction.

FINANCIAL STATEMENT:

The total cost for the engagement is \$50,000, which will be funded through the City Revitalization Project account 100-10-13-13500-7213-.

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Balanced Budget and Economic Development

ENVIRONMENTAL REVIEW:

This is not a project under CEQA, and is therefore, not subject to environmental review. CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

The Agenda Report was posted at least 72 hours before the Regular Meeting date and time, and 24 hours before a Special Meeting in accordance with the Ralph M. Brown Act.

ORDINANCE:

Not Applicable

EXHIBITS:

Exhibit A – Agreement
Exhibit B – Scope of Services
Exhibit C – Resolution