CITY OF OAKLAND

AGENDA REPORT

TO:	Jestin D. Johnson City Administrator	**FROM:**	Bradley Johnson Director of Finance
SUBJECT:	HdL Software, LLC Local Tax Software Solution & Printing & Mailing Services	**DATE:**	November 20, 2025

City Administrator Approval Jestin Johnson (Nov 24, 2025 09:23:52 PST) Date: 11/24/2025

RECOMMENDATION

Staff Recommends That The City Council Adopt Resolution Waiving The Competitive Multi-Step Solicitation Process For It Contracts And The Local/Small Local Business Enterprise Program Requirements And Authorizing The City Administrator To Execute A Five-Year Professional Service Agreement With Hdl Software, Llc In An Amount Not To Exceed $1,670,000 For The Provision Of Technical Support, Ongoing Maintenance, And Software Upgrades For The City's Local Tax Software Solution And Printing And Mailing Services.

EXECUTIVE SUMMARY

The City uses HdL Software, LLC's Prime Local Tax Software Solution ("LTSS") to manage billing and collection of local taxes and fees. Implemented in 2016, it is a core operational platform for the Finance Department, supporting account management, payment processing, and reporting functions. The existing agreement is set to expire on January 17, 2027.

The City is currently implementing a new electronic cashiering and point-of-sale system ("POS"), CityBase, to replace the current POS, Active Network, which will be decommissioned in 2026 due to security compliance limitations. Integrating CityBase with LTSS is estimated at $70,000. However, if a new tax software provider were selected through a competitive process, a second integration would be required, resulting in duplicative costs. In addition, the City would incur significant expenses related to system conversion, staff retraining, and data migration, potentially causing service disruptions and increasing overall project costs.

To avoid incurring expenditures for services that would only be utilized for a limited 6-9-month period and to ensure system continuity, the Administration proposes to terminate the existing HdL agreement one year early and execute a new five-year agreement effective January 18, 2026, through January 17, 2031. This approach aligns the POS system transition with the City's tax software implementation, leverages HdL's new cloud-based platform that meets industry-standard security requirements, and is projected to save approximately $230,000 in one-time and recurring costs during the new term of the agreement.

Accordingly, the staff recommends that the City Council authorize the City Administrator to:

1. Waive competitive bidding and Local/Small Local Business Enterprise Program requirements, as HdL's system is uniquely compatible with the City's existing infrastructure and preserves current configurations of tax codes, policies, and procedures, eliminating the need to rebuild them in a new system.

2. Execute a new five-year agreement with HdL Software, LLC, not to exceed $1,670,000, covering licensing, maintenance, support, and printing/mailing services, providing long-term cost stability, operational continuity, and efficiency improvements.

BACKGROUND / LEGISLATIVE HISTORY

In November 2015, RMB released a Request for Qualifications ("RFQ") for an LTSS through the City's e-procurement system, iSupplier, with the objective of procuring a web-based, turnkey solution that would replace and upgrade the City's existing LTSS. A cross-functional evaluation committee comprised of 19 knowledgeable members from Revenue, Treasury, and Controller Bureaus, and the Information Technology Department was created. Their role was to fairly, objectively, and systematically evaluate all aspects of the five proposals submitted. The evaluation committee concluded its work with the recommendation to award the contract to HdL Software, LLC as the best provider based on the criteria set forth in the RFQ.

In April 2016, the City Council adopted Resolution 86120 C.M.S. authorizing the execution of an agreement with HdL to provide an LTSS for an initial five-year term with five one-year options. The approved appropriation of $1,266,730 covered the purchase, configuration, training, and implementation of LTSS and on-going maintenance, necessary upgrades, and technical support. Following the successful negotiation and execution of the agreement in July 2016, the LTSS, and the associated Business Tax Online Portal, went live in November 2016.

In February 2021, the City Council adopted Resolution 88517 C.M.S., waiving the competitive bidding process and authorizing the renewal of the agreement with HdL for an additional three-year term with an option to renew for one additional two-year term in an amount not to exceed $900,000 for all five years for the provision of on-going maintenance, technical support, and upgrades. The current agreement is set to expire in January 2027.

In July 2024, the City Council adopted Resolution 90303 C.M.S., waiving the Local/Small Local Business Enterprise Program requirements and authorizing the execution of an agreement with CityBase, Inc. to provide and implement a new, modern electronic cashiering system in an amount not to exceed $1,031,391 for a term of five years beginning in July 2024 and ending in June 2029.

ANALYSIS AND POLICY ALTERNATIVES

Staff recommends ending the current agreement with HdL Software, LLC, one year early and executing a new five-year agreement to maintain the City's LTSS. This approach ensures continuity, avoids duplicative integration costs, upgrades the existing LTSS to HdL's Prime Cloud, gain access to HdL's advanced Business Intelligence tools, and add the printing and mailing services, as part of the overall package, all while generating substantial cost savings and operational efficiencies.

The recommendation aligns with the Citywide priorities of maintaining **a vibrant, sustainable infrastructure and a responsive, trustworthy government**. Secure and efficient software solutions are essential to ensuring business continuity and reliable service delivery for both City departments and residents. Retaining a proven, integrated platform avoids the significant software and staffing costs associated with implementing a new system and preserves the functionality and reliability of critical platforms. The rationale for ending the existing agreement early and entering a new agreement is outlined below:

1. Integration Necessity

As the City implements its new POS, City Base, the existing POS, Active Network, will be fully decommissioned in 2026 due to outdated technology, noncompliance with modern security standards, and the impending lapse of Active Network's support. Consequently, integration between the new POS and the LTSS must occur in 2026 to maintain data integrity, prevent service disruptions, and support uninterrupted revenue processing.

2. Avoiding Duplicative Costs

Integrating the new POS with the current LTSS would cost approximately $70,000. If a new tax software vendor were selected before the current agreement expires in January 2027, this integration would only provide six to nine months of use before being discarded, forcing the City to incur similar costs again. Entering into a new agreement with HdL now aligns the need to integrate the new POS, with a long-term solution, avoiding unnecessary expenditures and demonstrating prudent financial stewardship.

3. Migration to HdL Prime Cloud

Presently, the City utilizes HdL's LTSS to manage the critical billing and collection of local taxes, including business, transient occupancy, utility user, and parking taxes, as well as local fees, such as the Rent Adjustment Program and Excess Litter Fee.

The new agreement provides an opportunity to migrate the current LTSS to HdL's latest Prime Cloud platform, offering:

- Updated Taxpayer Portal
- Enhanced Design, Speed, and Accessibility
- Robust Advanced Search
- Consolidated and Adaptable Portals
- Dynamic Widgets and Flexible User Permissions
- Standardized Field Framework
- Smooth Data Export Options (e.g., Excel)
- Expanded Content Formatting
- Regular System Improvements and Enhanced Functionality.

Additionally, the City gains access to HdL's Business Intelligence Data Warehouse, enabling:

- Unified data views that eliminate silos
- Improved data integrity and reporting
- Scalability for future growth
- Integration with AI tools, aligning with the City's AI Initiatives.

4. Addition of Printing and Mailing Services

Under the new agreement, HdL will assume responsibility for the City's printing and mailing services, which are currently managed by a separate contractor whose contract will expire by December 31, 2025. Consolidating these services under HdL provides operational efficiency, reduces costs, and eliminates the need for coordination with third-party providers.

5. Financial & Operational Benefits

In addition to being able to avoid potential duplicative costs associated with integrating the new POS if a new system were selected, the negotiated terms include HdL's concessions to the following costs in exchange for a new fixed five-year agreement:

City Benefits:

- HdL offered to remove one-time costs totaling $116,700 for the integration of the new POS and migrating LTSS to Prime Cloud
- HdL offered to remove the recurring costs totaling approximately $60,000 for access to its Business Intelligence Data Warehouse
- HdL's provision of printing and mailing services is estimated to save the City approximately $54,000 compared with the current contract with another contractor, which also included printing and mailing services.
- Eliminate the time-consuming efforts and significant costs in the hundreds of thousands of dollars associated with conducting the competitive bidding process and implementing a new system.

HdL Benefits:

- A fixed five-year contract without the risk of potentially being replaced as a result of a competitive bidding process.

FISCAL IMPACT

The total cost of the proposed five-year agreement with HdL Software, LLC is not to exceed $1.67 million. This amount includes a 6% contingency (approximately $100,000) to cover potential unforeseen expenses.

The estimated base cost of services over five years is approximately $1.57 million, averaging $314,000 per year. Annual costs reflect 4% year-over-year estimated inflation increase. Because the current printing and mailing services contract with a different vendor expires mid-year, the first year under the proposed contract with HdL Software, LLC includes only about

$58,000 for the printing and mailing services, resulting in an estimated first-year total of $238,000. The second year is projected at approximately $313,000, with subsequent years adjusted accordingly for inflation.

Funding for the first two years is already included in the Fiscal Year 2025–27 Biennial Adopted Budget for the Finance Department under two separate funding sources: $174,615 for local tax software in the first year and $178,077 in the second year, and $58,000 in the first year and $140,000 for the second year for printing and mailing services. Funding for the remaining three years will be incorporated into the Finance Department's proposed operating budgets and contingent upon funding availability in future budget cycles.

Funding for the two years of the proposed contract is available in the Finance Department's Fiscal Years 2025-27 Adopted Budget in the following funding source:

Fund	Organization	Project	Account	Program	Amount
1010	08431	1000007	54919	IP59	$353,000
1010	08451	1000007	54111	IP59	$198,000
Total Funding					$551,000

PUBLIC OUTREACH / INTEREST

No outreach was deemed necessary for this report beyond the standard City Council agenda noticing procedures.

COORDINATION

This report has been coordinated with the Budget Bureau and the City Attorney's office.

SUSTAINABLE OPPORTUNITIES

Economic: The need to integrate the City's new cashiering system presents an ideal opportunity to transition from the existing on-premise tax software to HdL's modern, cloud-based Prime platform. By investing in an integrated, cloud-hosted solution, the City minimizes future maintenance and replacement costs while advancing a fiscally responsible approach that supports sustainable economic management and strengthens the City's overall technology infrastructure.

***Environmental*:** There are no environmental opportunities associated with this project.

***Race and Equity*:** HdL's Business Intelligence platform provides the City with integrated data tools to monitor revenue and business trends, promote equitable enforcement, and guide policy decisions that proactively identify disparities.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt resolution waiving the competitive multi-step solicitation process for IT contracts and the Local/Small Local Business Enterprise Program requirements and authorizing the City Administrator to execute a five-year professional service agreement with HdL Software, LLC in an amount not to exceed $1,670,000 for the provision of technical support, ongoing maintenance, and software upgrades for the City's Local Tax Software Solution and printing and mailing services.

For questions regarding this report, please contact Nicole Welch, Revenue & Tax Administrator, (510) 238-7025.

Respectfully submitted,

Bradley Johnson (Nov 21, 2025 12:00:14 PST)

BRADLEY JOHNSON
Director of Finance
Finance Department

Prepared By:
Nicole Welch
Revenue & Tax Administrator
Finance Department