



## Agenda Report

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**FROM:** Robert Thompson, General Manager  
Originator: Wally Ritchie, Director of Finance

**SUBJECT:**

### **SALES TAX REIMBURSEMENTS FOR CHEMICAL PURCHASES**

### **GENERAL MANAGER'S RECOMMENDATION**

#### RECOMMENDATION:

Approve Sole Source Agreements for Tax Consulting and Advocacy Services with Dakessian Law, Ltd. and Equity Recovery Solutions regarding pursuit of refunds for sales tax paid on chemical purchases.

### **BACKGROUND**

Orange County Sanitation District (OC San) uses certain chemicals to treat wastewater. In some circumstances, the California Department of Tax and Fee Administration (CDTFA) has determined that the purchase of specific chemicals used to treat wastewater may be exempt from sales tax.

The Board previously approved a Sole Source Agreement with attorney Marty Dakessian, of Dakessian Law, Ltd. & Equity Recovery Solutions (ERS) to perform work on a contingency basis to recover refunds for sales tax paid on chemical purchases.

The Steering Committee and Board of Directors approved the agreements in Closed Session on October 25, 2023. This is the formal approval of the agreements.

### **RELEVANT STANDARDS**

- Ensure that the public's money is wisely spent
- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard

### **PROBLEM**

OC San regularly procures chemicals, equipment, and other capital items that are used during the process of treating wastewater at both treatment plants. OC San currently pays sales and use taxes on the purchase of these goods and consumables.

## **PROPOSED SOLUTION**

Approve the agreements with Dakessian Law, Ltd. and ERS to seek and secure sales/use tax exemptions/refunds on the purchase of chemicals, equipment, and other capital expenditures used during the treatment of wastewater.

## **PRIOR COMMITTEE/BOARD ACTIONS**

October 2023 - Approved Sole Source Agreements for Tax Consulting and Advocacy Services with Dakessian Law, Ltd. and ERS regarding pursuit of refunds for sales tax paid on chemical purchases.

January 2016 - Approved a Sole Source Agreement for Tax Consulting and Advocacy Services with Dakessian Law, Ltd. regarding pursuit of refunds for sales tax paid on chemical purchases.

September 2015 - Approved Sole Source Agreements for Tax Consulting and Advocacy Services with Equity Recovery Solutions and Reed Smith regarding pursuit of refunds for sales tax paid on chemical purchases.

## **ADDITIONAL INFORMATION**

N/A

## **CEQA**

N/A

## **FINANCIAL CONSIDERATIONS**

This request complies with authority levels of OC San's Purchasing Ordinance.

## **ATTACHMENT**

*The following attachment(s) may be viewed on-line at the OC San website ([www.ocsan.gov](http://www.ocsan.gov)) with the complete agenda package:*

- OCSD Settlement Memo
- Agreements for Tax Consulting and Advocacy Services