



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**July 16, 2024**

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**TOPIC:** Tax Revenue Auditing, Analysis, Forecasting, and Reporting Services

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**AGENDA TITLE**

Agreement for Tax Revenue Auditing, Analysis, Forecasting, and Reporting Services  
RFP (24-010)

**RECOMMENDED ACTION**

1. Authorize the City Manager to execute agreements with Hinderliter, de Llamas and Associates ("HdL") and HdL Coren & Cone ("HdLCC") for various tax revenue services for an initial three-year term beginning July 1, 2024, with a provision for two one-year extensions exercisable by the City Manager and the City Attorney, in a total amount not to exceed \$1,346,714, which includes a 20% general contingency (Agreement No. A-2024-XXX).
2. Adopt a resolution authorizing the release of information to HdL from the California Department of Tax & Fee Administration in connection with the auditing of Sales and Use Tax making certain determinations relating thereto and authorizing certain actions in connection therewith.

RESOLUTION NO. 2024-XXX entitled A RESOLUTION OF THE CITY OF  
SANTA ANA AUTHORIZING EXAMINATION OF SALES AND USE TAX  
RECORDS AND TRANSACTIONS AND USE TAX RECORDS

**GOVERNMENT CODE §84308 APPLIES:** Yes

**DISCUSSION**

The City of Santa Ana collects revenue from a variety of sources, primarily through taxes assessed on real property, goods, services, or other activities. Staff have utilized outside consultants to conduct the auditing and recovery services for the City's top General Fund revenue sources. However, these services were typically spread out among several vendors. As such, staff issued an Omni Request for Proposals (RFP 24-010) on February 8, 2024 for Tax Audit, Analysis, Forecasting, and Reporting Services to consolidate efforts for a more efficient utilization of City resources. RFP 24-010 was released and posted on the City's online bid management and publication system. The RFP outlined eight options from which bidders may submit proposals and were

welcome to submit bids for all or only some of the options listed. The eight options were as follows:

- **Option A:** Sales & Use Tax (Bradley-Burns Allocation) and Transactions & Use Tax (Santa Ana Measure X)
- **Option B:** Property Tax, Property Tax In-Lieu of Vehicle License Fees, Residual Allocations from the Redevelopment Property Tax Transfer Fund, and Documentary Stamp Tax: \$88.39M, 22.05% of GF Total Revenue
- **Option C:** Non-Regulatory Business License Tax
- **Option D:** Business License Tax for Cannabis Business
- **Option E:** Hotel Visitors Tax
- **Option F:** Utility Users Tax for Electric, Gas & Telecommunications Services
- **Option G:** Statistical Report Package for the Annual Comprehensive Financial Report

Three proposals were received and were subsequently reviewed by a four-member committee composed of staff from the Finance and Management Services Agency and the Community Development Agency.

Each of the responding consultants were interviewed and evaluated based on the following criteria:

- Qualifications
- Experience
- Proposed work plan for the requested scope of services
- Client references
- Cost of providing services

The proposals were ranked accordingly as follows:

Rank	Firm	Options bid
1	HdL Coren & Cone	B, G
2	Hinderliter, de Llamas and Associates	A, C, D, E, F
3	MuniServices LLC	A, C, D, E, F, G

The proposals submitted by Hinderliter, de Llamas and Associates (“HdL”) and HdL Coren & Cone (“HdLCC”) for the options bid upon were found to be the most responsive to the City’s needs, offer the best value, and are appropriate for the services requested. HdL and HdLCC both possess strong qualifications, experience, and client references as well as appropriate proposed work plans that will provide for a flexible and cost-effective auditing program. Both consultants also possess extensive experience in implementing identical services for comparable and neighboring cities, including the Cities of Long Beach, Corona, Costa Mesa, Irvine, Newport Beach, Ontario, Riverside, and Torrance.

A full listing of the services to be provided can be found in Exhibit 1 – Consultant Agreement for HdL and Exhibit 3 – Consultant Agreement for HdLCC. The reports, analyses, and information derived from the audit programs will be used for budget planning, revenue forecasting, trend analysis, economic development analysis, and other projects requiring the data to assist in analyzing the City's economic standing.

### **ENVIRONMENTAL IMPACT**

There is no environmental impact associated with this action.

### **FISCAL IMPACT**

Funding for the services to be rendered for FY 2024-25 were already included in the adopted budget. Funding for subsequent fiscal years will be included in the appropriate proposed budgets for City Council consideration. The annual contract cost is approximately 0.076% of the General Fund revenue to be maximized with these services (less than one-tenth of one percent).

<b>Fiscal Year</b>	<b>Accounting Unit – Acct #</b>	<b>Fund Description</b>	<b>Accounting Unit, Acct Description</b>	<b>Amount</b>
2024-25	01110130-62300	General Fund	Contract Services Professional	\$243,369
2025-26	01110130-62300	General Fund	Contact Services Professional	\$255,538
2026-27	01110130-62300	General Fund	Contract Services Professional	\$268,315
2027-28*	01110130-62300	General Fund	Contract Services Professional	\$283,675
2028-29*	01110130-62300	General Fund	Contract Services Professional	\$295,817
			Grand Total:	\$1,346,714

\*Denotes an extension year, not part of initial term

### **EXHIBIT(S)**

1. Consultant Agreement for HdL
2. Resolution Authorizing Examination of Tax Records for HdL
3. Consultant Agreement for HdLCC
4. RFP 24-010

Submitted By: Kathryn Downs, FMSA Executive Director

Approved By: Alvaro Nuñez, Acting City Manager