



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
January 19, 2021

TOPIC: Approve Agreement with HdL Coren & Cone

AGENDA TITLE:

Approve agreement with HDL Coren & Cone for property tax consulting and auditing services for up to a five-year period for an amount not to exceed \$206,250 (General Fund)

RECOMMENDED ACTION

Authorize the City Manager to execute an agreement with HdL Coren & Cone (HdLCC) for Secured and Unsecured Property Tax Revenue Auditing and Consulting Services for a period beginning February 1, 2021 through January 31, 2024 for an amount not to exceed \$122,250 which includes a contingency of \$52,500, plus two one-year extensions exercisable by the City Manager for an amount not to exceed \$84,000 which includes a contingency of \$37,500 for a total combined amount not to exceed \$206,250, subject to non-substantive changes approved by the City Manager and City Attorney.

Meeting Date Display

DISCUSSION

Property tax is the second largest General Fund revenue source, with an estimated revenue of \$75.9 million for Fiscal Year 2020-2021 and represents 25 percent of the City's total General Fund revenue. The City has recently concluded its previous property tax consultant agreement for property tax services, which has been used to provide budget planning, revenue forecasting, trend analysis, and other property tax services. Therefore, on October 1, 2020, a Request for Proposals (RFP No. 20-126) for Property Tax Revenue Auditing Recovery, Reporting, Analysis, and Legislative/State Agency Liaison and Implementation Monitoring Services was issued. The City received two proposals on November 2, 2020 and a selection committee from the Community Development and Finance and Management Services Agencies evaluated them. The evaluation was based on the following criteria:

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|---|-----|
| • Professional Consultant/Contractor Qualifications | 15% |
| • Professional Consultant/Contractor Experience | 15% |
| • Client References | 15% |
| • Proposed Scope of Services | 35% |

• Cost of Providing Service 20%

The final score was derived by averaging the individual staff member's rating for each category and then reaching a cumulative score. Using this methodology, the highest average cumulative score would reflect the best proposal.

The results of the RFP Evaluation are as follows:

Rank	Firm	Average Score (Out of 100 pts.)
1	HdL Coren & Cone	96
2	Avenue Insights & Analytics, LLC	91

Staff recommends selecting HdLCC as the most responsive, capable and cost effective respondent to the City's needs. HdLCC has been the property tax consultant for the City since 2016 and has performed above expectations. Currently they serve as the property tax consultant for over 250 California agencies, including the cities of Long Beach, Pasadena, Riverside, Fullerton, Costa Mesa, and Irvine.

The property tax services provided by HdLCC (Exhibit 1) will include, but are not limited to, the following:

1. Property Tax reporting services, including, but not limited to: City Property Tax Roll Summary, Top 40 Net Taxable Change History, Median/Average Sales Price of Property Sales, Top Secured/Unsecured Property Owner/Taxpayer Summary Reports, General Fund Revenue Forecast Spreadsheet, 5 Year Property Tax Revenue Projections.
2. Property Tax services for the Successor Agency (formerly Redevelopment), including, but not limited to the following: tax increment projections for each former Project Area, cash flow estimates for the Successor Agency by Project Areas, estimates of property tax venues to be received by the taxing entities from former Project Areas, and monitor the county distribution of Redevelopment Property Tax Trust Fund.
3. Access to a web-based software application which will enable staff to access secured and unsecured tax information; property tax information such as parcel number, property owner, and property characteristics; and download data and reports to perform further analysis.
4. Analysis and identification of misallocations by performing secured parcel audits and unsecured bill audits.
5. Monitor and report on issues related to property tax legislation and regulations that will impact the City or Successor Agency revenues.

Quarterly reporting of appeal filings, transfers of ownerships, and the median and average sale prices for single family residential properties.

FISCAL IMPACT

Previously, the City charged the cost of service to the revenue account in the General Fund, and reflected a net revenue number. To provide greater clarity going forward, staff will report the gross revenue and an offsetting expenditure for the cost of service. The summary table below includes the base contract fees, the allowances for contingency, and the optional extension years for a potential grand total of \$206,250 associated with this contract.

Fiscal Year	Accounting Unit - Account No.	Fund Description	Accounting Unit - Account No. Description	Amount	Contingency	Total Amount
2020-21	01110130-62300	General Fund	FMSA Treasury Contract Services - Professional	\$11,625	\$15,000	\$26,625
2021-22	01110130-62300	General Fund	FMSA Treasury Contract Services - Professional	\$23,250	\$15,000	\$38,250
2022-23	01110130-62300	General Fund	FMSA Treasury Contract Services - Professional	\$23,250	\$15,000	\$38,250
2023-24	01110130-62300	General Fund	FMSA Treasury Contract Services - Professional	\$23,250	\$15,000	\$38,250
2024-25	01110130-62300	General Fund	FMSA Treasury Contract Services - Professional	\$23,250	\$15,000	\$38,250
2025-26	01110130-62300	General Fund	FMSA Treasury	\$11,625	\$15,000	\$26,625

			Contract Services - Professional			
Grand Total:						\$206,250

EXHIBIT(S)

1. Consultant Agreement for HdL Coren & Cone

Submitted By: Kathryn Downs, CPA, Executive Director – Finance and Management
Services Agency

Approved By: Kristine Ridge, City Manager