



STAFF REPORT

July 10, 2024

File Number 0600-10; A- 3522

SUBJECT

CONSULTING AGREEMENT FOR PROPERTY TAX MANAGEMENT AND CONSULTING SERVICES

DEPARTMENT

Finance

RECOMMENDATION

Request the City Council adopt Resolution No. 2024-66, authorizing the Mayor to execute a Consulting Agreement with HdL Coren & Cone for Property Tax management and Consulting Services

Staff Recommendation: Approval (Finance: Christina Holmes, Director of Finance)

Presenter: Christina Holmes, Director of Finance

ESSENTIAL SERVICE – No

COUNCIL PRIORITY – Eliminate Structural Deficit

FISCAL ANALYSIS

Over the last three years, sales and use tax averaged \$36.1 million per year, approximately 29 percent of the City's General Fund. In order to forecast revenues for financial planning and budget purposes, and to ensure the accurate allocation of property tax revenue, the staff recommendation is to contract with a third-party consultant. Compensation under this consulting agreement includes a combination of contingency based and fixed fee arrangements. HdL Coren & Cone offers two primary services related to property tax: property tax management services and property tax audit services. For property tax management, the fee for ongoing analysis, reports and access to the sales tax database is \$24,000 annually. The fee for audit services is 25 percent of net tax revenues recovered for the City through the audits performed by the Consultant.

BACKGROUND

Historically the City has not engaged with a consultant for property tax management services. As part of the City's overall effort to operate within a balanced budget, a great deal of emphasis has been placed on ensuring that all revenues to which the City is entitled are received, and that future revenues are accurately forecasted. Revenue, audit and recovery services are specialized in nature and require an in-depth knowledge of local and state government operations and legislation.



CITY *of* ESCONDIDO

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In November 2023, staff issued a Request for Proposal (“RFP”) from qualified consultants to provide a range of revenue monitoring and consulting services, including services for Property Tax. Proposals were received from HdL Coren & Cone and MuniServices LLC. Each proposal was evaluated and scored by staff from the Finance and Economic Development departments based on scoring criteria identified in the RFP: background, consultant team and experience in similar organizations, three references of the consultant team, proposed plan for service, and value.

While both firms were qualified to perform the engagement, based on these criteria, staff concluded that HdL Coren & Cone is most highly qualified, would likely deliver the best services, and offered a superior proposal. HdL Companies has long-standing and documented success in audit recoveries, ability to meet project work plan and timelines, experienced and qualified staff, methodology that would be used to maximize City revenues, financial stability, available resources, competitive pricing, and revenue enhancement with City scope of work. Staff has completed its due diligence with comprehensive reference checks and all came back with positive comments and feedback.

HdL Coren & Cone is a statewide expert in property tax data analysis, assisting many cities in San Diego County with monitoring, identifying, and reconciling local property taxes to the County records. HdL Coren & Cone will provide a database on the City’s network of all parcels, assessed values, sales and transfer of data, owner and situs information, and City revenue. In addition, they will provide annual written reports and analyses, calculations of estimated property tax revenue, development of historical trending reports, listing of filed property tax appeals, along with serving as the City’s resource on questions relating to property taxes.

RESOLUTIONS

- a. Resolution No. 2024-66
- b. Resolution No. 2024-66– Exhibit “A” – Consulting Agreement
- c. Resolution No. 2024-66– Attachment “A” to Exhibit “A” – Scope of Services