

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Jennifer Hennessy, Director of Finance

DATE: August 13, 2019

SUBJECT: Approve Agreement with HDL Coren & Cone, Inc. for Property Tax Consulting and Revenue Recovery Professional Services

PREPARED BY: Mary Vollmuth, Purchasing Manager
Rudy Graciano, Revenue Manager

RECOMMENDATION: That the City Council approve an agreement with HDL Coren & Cone, Inc., not to exceed \$60,000 each fiscal year for the duration of the agreement, to provide professional property tax consulting and revenue recovery services.

BACKGROUND: HDL Coren & Cone, Inc., (HdLCC) has provided property tax consulting and revenue recovery services to the City for several years and they work exclusively with the government sector to assess parcel data to ensure property tax revenue is distributed correctly to taxing entities which includes cities, counties, schools and special districts. Through their expertise, database, and proprietary software HdLCC performs audits and analysis of Temecula-specific parcel data using information obtained from the County of Riverside property tax rolls. Their services include, but are not limited to, property valuations and receipt calculations, parcel occupancy and ownership data, property sales reports, revenue audits, identifying and correcting misallocations with the County Assessor, and budget projection assumptions for property tax revenue forecasting.

Property tax analysis is complicated due to there being two broad categories of property (real and personal); three tax rolls (secured, unsecured, and State assessed), and numerous peculiarities such as possessory interests. HdLCC understands the complexity of the California property tax system and has the experience and expertise in providing property tax consulting and revenue recovery services making their firm a single source provider for these services.

The cost for services for Fiscal Year 2019-20 is \$22,500 plus 25% of net tax revenues recovered for the City in audits performed over the period allowable by State statute (current year and 3 prior lien date years). Recovery fees are offset by revenue received. Although the agreement not to exceed amount of \$60,000 each fiscal year is within City Manager approval authority, the payment amount of an evergreen agreement term is cumulative and requires City Council approval. The agreement limits expenditures to each fiscal year budget with a not to exceed cap within the City Manager approval authority. The provisions within the agreement also provide for the City to terminate or revise the agreement at any time for any or no reason with ten (10) days written notice.

FISCAL IMPACT: Adequate funds are included within the Fiscal Year 2019-20 Finance Operating Budget. For each subsequent fiscal year funds will be adequately appropriated within the Finance Department Operating Budget. The property tax revenue recovery fees are offset by revenue received.

ATTACHMENTS: Agreement with HdL Coren & Cone, Inc.