

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: SCOTT WAGNER, INTERIM CHIEF FINANCIAL OFFICER
SUBJECT: REVENUE ANALYSIS AND SUPPORT SERVICES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

The Finance Department recommends that the Council, by resolution: 1) approve a split bid award for RFPO #R165926 of two (2) five-year Professional Services Agreement, to A) provide Property Tax Review with HdL Coren & Cone, Brea, California for the amount of \$29,000 per year under contract #F003098 including one (1) five-year renewal option and B) to provide revenue analysis support services with Hinderliter de Llamas and Associates (HdL), Brea, California under contract #F003099 including one (1) five-year renewal option, in a total amount not to exceed \$150,000 per year; and 2) delegate authority to the Chief Financial Officer to negotiate and execute the Agreement, subject to approval by the City Attorney. This item has no impact on current fiscal year budget.

EXECUTIVE SUMMARY

The Finance Department proposes entering into two (2) five-year agreements with one (1) 5-year extension option, with HdL Coren & Cone for property tax review and with Hinderliter de Llamas and Associates for revenue analysis and support services. The proposed services will provide additional efficiencies within the Finance Department.

GOAL

The Finance Department seeks to engage a managed service provider for coordination, compliance, and review of multiple revenue sources. This item relates to Council Goal #1 - Achieve and Maintain Budgeting Excellence and Fiscal Stability by offering streamlined and efficient multi-lingual customer support; annual and ongoing analysis of multiple revenue streams; and providing broader online options for remittance of revenues.

BACKGROUND/PRIOR COUNCIL REVIEW

The Revenue and Collections Division of the Finance Department has used external consultants since 1996 to provide Revenue Enhancement and Information Services, specifically with MuniServices.

Most recently, the City contracted with MuniServices LLC in 2013 to provide Sales and Use tax oversight, Utility Users Tax (UUT) compliance services, and cannabis and TOT audits. This agreement is due to expire on September 30, 2026.

Finance completed an RFP process in October 2018 for business tax administration services and compliance auditing only (F001767), where Hinderliter de Llamas and Associates (HdL) were chosen for ongoing business tax administration and compliance. This agreement was extended by Council in 2023 through October 2028.

MuniServices LLC has provided these services for 30 years.

ANALYSIS

On June 19, 2024, the Purchasing Agent opened RFP #R165926 to understand what new and innovative revenue services were available to the City. Of three (3) prospective proposers, three (3) responses were received and considered responsive to the solicitation. See table below:

Bidder	Proposed work	Location
HdL Coren & Cone	Property Tax review	Brea, CA
MuniServices LLC	Revenue coordination and compliance services	El Dorado Hills, CA
Hinderliter de Llamas and Associates (HdL Companies)	Revenue analysis and support services	Brea, CA

A four-member evaluation panel, consisting of two Directors and two City staff members from the Finance and Planning and Economic Development (PED) Departments carefully evaluated all three proposals. The top-ranked proposals were from:

- HdL Coren and Cone for Property Tax review
- Hinderliter de Llamas and Associates - HdL Companies for revenue analysis and support

The panel chose these two proposals because of the breadth of detail presented, with a strong understanding of the specific needs of Santa Rosa. The potential integration of the varied revenue streams creates a cohesive suite of services to be engaged as needed.

Under the City's Contract/Purchase City Code 3-08-11 0(A) Award Authority, this award requires approval by the Council.

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On June 17, 2025, Council approved the reduction of 2.0 FTE Revenue Division positions. Recently, Finance Administration investigated contracting with one provider for property tax review and one provider to offer multi-stream revenue analysis and support service options for the City, while partnering with the remaining staff in Finance's Revenue Administration.

This approach will allow the City to best confirm that expected revenues are received and to potentially elect additional options from HdL's proposed Scope of Work and best meet the requirements for incoming revenue to the City.

Staff notes that the Hinderliter de Llamas Professional Services Agreement is a variation of the City's standard agreement which contains certain unfavorable terms and conditions including changes to the City's standard indemnification language and to the City's remedies on default.

FISCAL IMPACT

As this is a split award:

Funding for contract #F003098 for Property Tax Review has no impact on FY 2025-2026 general fund budget, as current budgets within Finance will meet the requirement for appropriations as previously approved by Council. Upcoming budget adoptions in the years FY 2026-2027 through FY 2030-2031 will include this expense going forward.

Funding for contract #F003099 for Revenue Analysis and Support Services will be limited to consulting analysis that the City can choose to engage or not and has no impact on FY 2025-2026 budget. Current budgets within Finance will meet the requirement for appropriations as previously approved by Council. Upcoming budget adoptions in the years FY 2026-2027 through FY 2030-2031 may include this expense going forward. The remaining services to be provided include receipting, tracking, and analyzing revenue owed to the City. Fees for these services (attached) will be deducted from amounts collected and cannot be estimated prior to commencement of the contract. To preserve limited City staffing resources, once the contractor completes the work, the City regularly reconciles for accuracy.

ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines Section 15378, the recommended action is not a "project" subject to the California Environmental Quality Act (CEQA) because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. In the alternative, the recommended action is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the recommended action may have a significant effect on the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 - HdL Coren & Cone agreement
- Attachment 2 - Hinderliter de Llamas and Associates (HdL) agreement
- Resolution

PRESENTER(S)

Scott Wagner, Interim Chief Financial Officer