

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 DEC -3 PM 5: 04

APPROVED AS TO FORM AND LEGALITY:

Arthur Salas

OAKLAND CITY COUNCIL

RESOLUTION NO. 82470 C.M.S.

Introduced by Councilmember _____

A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO A PROFESSIONAL SERVICES CONTRACT WITH HINDERLITER, DE LLAMAS AND ASSOCIATES FOR SALES AND USE TAX DATA AND AUDITING SERVICES FOR AN AMOUNT NOT TO EXCEED \$11,500 ANNUALLY IN FIXED COSTS PLUS ADDITIONAL AUDIT FEES BASED ON PERCENTAGES OF SALES AND USE TAX REVENUE DISCOVERED AND RECOVERED BY THE CITY AS A RESULT OF AN AUDIT AND AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO A THREE PARTY PROFESSIONAL SERVICES CONTRACT WITH THE REDEVELOPMENT AGENCY AND HDL COREN & CONE FOR PROPERTY TAX DATA AND AUDITING SERVICES FOR AN AMOUNT NOT TO EXCEED \$22,000 ANNUALLY IN FIXED COSTS PLUS ADDITIONAL AUDIT FEES BASED ON PERCENTAGES OF PROPERTY TAX REVENUE DISCOVERED AND RECOVERED BY THE CITY AS A RESULT OF AN AUDIT; AND AUTHORIZING BOTH CONTRACTS FOR AN INITIAL THREE-YEAR PERIOD ENDING DECEMBER 30, 2012 WITH TWO OPTIONAL ANNUAL EXTENSIONS OF THE CONTRACTS

WHEREAS, the City of Oakland seeks to increase its revenue by securing payment of all taxes owed to the City; and

WHEREAS, in order to best achieve such an increase in revenue, the Finance and Management Agency ("FMA") has determined that a contract with a tax auditing firm would provide the City with valuable information and services; and

WHEREAS, FMA issued a request for proposals ("RFP") for tax auditing and data services services; and

WHEREAS, based upon a review and evaluation of the responses to the RFP, staff recommends entering into a contract with the affiliated companies Hinderliter, de Llamas and Associates and HdL Coren & Cone, jointly referred to as "HdL"; and

WHEREAS, the data and training to be obtained through the contract with HdL will be used by FMA for tax auditing and by the City for revenue projections and trend analysis; and

WHEREAS, the City has been under contract with HdL for Sales and Use Tax and Property Tax consulting and auditing services since 1998 and has realized an \$7,800,000 in additional revenue as a result of services provided by HdL; and

WHEREAS, FMA has reviewed the services and determined that this firm continues to provide the best and most cost-effective services; and

WHEREAS, HdL presents the best package of services and cost effectiveness; now, therefore, be it

RESOLVED, that the City Council of the City of Oakland hereby finds, determines, declares and resolves as follows:

Section 1. All recitals set forth above are true and correct.

Section 2. That the City Administrator is authorized to enter into a three-year professional services contract with HdL for data and tax auditing services, and, as the case may be, the City Administrator, at her or his sole discretion, may exercise an option to extend the contract for up to two additional one-year terms.

Section 3. HdL will conduct specialized audits for the City's property and sales taxes and will be compensated under their contract as follows:

- A. Sales and Use Tax: HdL will receive 15% of revenue discovered and recovered by the City as a result of an audit with a cap of \$50,000 for any single audit recovery (revenue recovery will be calculated based on any retroactive recovery plus eight future quarters)
- B. Property Tax 25% of revenue discovered and recovered by the City as a result of an audit
- C. A fixed annual fee of \$11,500 will be paid to Hinderliter, de Llamas and Associates for Sales and Use Tax data to and specialized software
- D. A fixed annual fee of \$22,000 will be paid to HdL Coren and Cone for Property Tax data and specialized software; and be it

FURTHER RESOLVED, the funding for the \$22,000 annual fee for the Property Tax data will be allocated by the Redevelopment Agency from Agency Land Sales Proceeds Fund (9553), Capital Improvement Projects Organization (94800), Downtown Capital Project (P130610); and be it

FURTHER RESOLVED, the funding for the \$11,500 annual fee for the Sales and Use tax data will be allocated by the City from the following three sources: \$4,500 from General Purpose Fund (1010), Budget Division Organization (02811), Undetermined Project, \$2,500 from General Purpose Fund (1010), Revenue Division Organization (08721), Undetermined Project and \$4,500 from Oakland Redevelopment Agency Projects Fund (7780), Business Development Organization (88559), to be divided equally between Coliseum Project (C82620) and Army Base Project (P235310).

FURTHER RESOLVED, that this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, JAN - 5 2010, 2010

PASSED BY THE FOLLOWING VOTE:

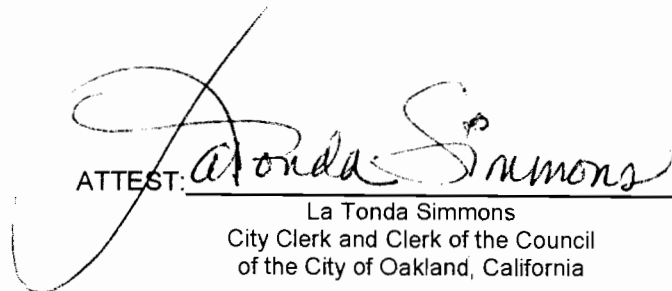
AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER - 8

NOES - 0

ABSENT - 0

ABSENTENTION - 0

ATTEST:



La Tonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California