

CITY OF COALINGA
PROPERTY TAX AUDIT AND
INFORMATION SERVICES

JANUARY 21, 2020

HdL 
Coren & Cone



January 20, 2020

Ms. Jasmin Bains, Finance Director
City of Coalinga
155 W. Durian
Coalinga, California 93210

Re: Property Tax Management, Audit and Information Services

Thank you for your interest in our Property Tax Services. In response, enclosed is our firm's proposal to provide property tax management, audit and information services for the City of Coalinga.

Founded in 1992, HdL Coren & Cone (HdLCC) developed the first computer software system in California for tracking property tax revenues for counties, cities, and special. The company was the first in the state to go beyond using parcel data for allocation audits by developing specialized reports and models to assist government agencies by using the data for parcel administration, focused economic development strategies and revenue projections. The corporation is owned by its employees and the major stockholders that manage the firm. The staff consists of 15 highly qualified analysts, auditors and information systems technology professionals.

HdLCC currently provides ongoing services to over 230 California agencies. The company maintains annual property tax records for Fresno County back to 1996. HdLCC's experienced team has worked with key county staff and is thoroughly familiar with county property tax procedures.

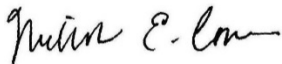
Specific advantages that HdLCC possesses to perform the services being sought by the City include:

- HdLCC maintains property tax data for 45 California counties, including all agencies in those counties. The size of the database plus a sophisticated computer system uniquely qualifies HdLCC to provide the most comprehensive property tax analysis available in California.
- HdLCC's audit team has developed specialized databases and audit techniques and is thoroughly familiar with the County of Fresno. This familiarity, and excellent working relationships with County departments, will allow Coalinga to recover all misallocated property tax revenue in a timely manner.
- HdLCC's service team is comprised of individuals with extensive experience in property tax assessment, administration, auditing, economic development and financial management. All of the firms' key personnel have worked in or with public agencies and thoroughly understand their challenges and needs. This ensures prompt and knowledgeable response to inquiries and provides for relevant and timely information.

- HdLCC employs a staff of three full time information technology professionals with expertise in applications development, network design and maintenance, database management and technical support. These staff members continually work on developing and enhancing the firm's technological capabilities.
- All HdLCC staff works from our centrally located headquarters in Brea, California. The decision to operate out of a single location allows the company to minimize overhead costs and thereby lower service fees, maximize coordination of client services, protect the company's substantial databases and allows for immediate response to requests for information or assistance.
- HdLCC will provide Coalinga staff with access to the firm's web-based property tax software which affords city staff a user-friendly tool for parcel look-up and will display parcel ownership, valuation, sales and building/land characteristic information.

We look forward to reviewing this proposal with you in greater detail and demonstrating how our services and software products can benefit the City of Coalinga.

Sincerely,



Nichole Cone, President

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1. PERSONNEL--SUMMARY OF PROFESSIONAL QUALIFICATIONS

The firms' staff have performed thousands of secured and unsecured property tax audits for client agencies over the past twenty-two years and recovered millions of dollars in misallocated property tax revenue. Our management team and staff pride themselves on being highly responsive to client needs and cordial in our contacts county departments. This philosophy has served our clients and the company well. This is evident by the fact that 83% of our property tax audit and information services clients have been using our services for more than 10 years and 50% of our clients have been under contract for more than 15 years.

KEY STAFF

Paula Cone

Paula Cone is a principal with HdL Coren and Cone, the property tax arm of the HdL Companies, and has over twenty years of municipal experience in finance and city management and 29 years of property tax analysis, local agency interface and audit review experience. She joined the firm in 1990 to oversee the development of the property tax analysis, audit and software elements in use today. She developed the first cost-effective and accurate computer program for identifying, monitoring, auditing and correcting property tax misallocations. Paula oversees the company's property tax management and auditing division which is also responsible for verifying and correcting jurisdictional and boundary errors. She and her team have identified errors which have resulted in a redistribution of net tax revenues of \$ 52.6 million to client agencies since 2000. The property tax database is also used to verify jurisdictional and boundary errors for sales tax audit purposes.

Ms. Cone earned her Bachelor's degree from California State University at Long Beach. She is former Parks and Recreation Director and Assistant City Manager for the City of Lawndale.

David Schey

David has 25 years of experience with HdLCC since joining the firm in 1994. His prior experience includes service as Planning Director, Community Development Director and Deputy Director of Redevelopment as well as having provided development and consulting services to municipal clients. As a principal with HdLCC, David has provided client services in connection with tax allocations bonds; property tax and tax increment issues; tax sharing calculation; and analysis of legislative actions. David has spoken at numerous conferences and seminars sponsored by the California Redevelopment Association and the League of California Cities.

In addition to his professional work in connection with local government, David served for over six years as a member and chairman of both the Planning Commission and Parks and Recreation Commission. Education: Bachelor of Arts, University of California; Los Angeles, California; Bachelor of Arts, California State University; Long Beach, California; Master of Public Administration, University of Southern California; Los Angeles, California.

Nichole Cone

Nichole has 19 years property tax analytical and processing experience, and specializes in understanding the data received from Assessor & Auditor, used for secured and unsecured parcel audits, and property tax analysis

Nichole Cone joined HdLCC in 1992. She oversees the acquisition and processing of county assessor and auditor controller data into HdLCC's database. Preparation and production of property tax reports and client data sets are also under Ms. Cone's direction. She oversees the staff responsible for the HdLCC Comprehensive Annual Financial Report (CAFR) product and fields many of the general day to day client inquiries. Ms. Cone was instrumental in our system redesign which closely mirrors the systems used by counties. Education: Bachelor of Arts, Loyola Marymount University, Los Angeles, California.

Cheryl Murase

Cheryl Murase joined HdL Coren & Cone in 1997 after five years with O'Connor & Company Securities as a Vice President. Prior to that, Ms. Murase worked for a California municipal financial advising firm for five years in Senior Associate and Associate positions where she gained experience in structuring a wide variety of issues including tax allocation, certificates of participation, Marks-Roos and Mello-Roos issues. Her understanding of county assessments of property value and tax collections has aided in the projection of tax increment revenue. She has assisted clients with the various government reporting requirements, and has gathered information necessary for continued rating of debt.

Ms. Murase gained her municipal accounting background from working in a variety of capacities for the cities of Montebello and Commerce. She served as the Redevelopment Accountant for the City of Commerce.

Robert Scherer

Robert Scherer joined HdL Coren and Cone in 2004. He is responsible for the acquisition and preparation of County data, and is the lead designer of HdLCC's property tax analytical reports system. Mr. Scherer earned his Bachelor's degree in Business Administration, Computer Information Systems from California State Polytechnic University, Pomona, California.

2. EXPERIENCE/QUALIFICATION INFORMATION

HdL Coren and Cone (HdLCC) was founded in 1992 and developed California's first computerized property tax management program. In addition, the firm provides clients with parcel tax administration and successor agency consulting. HdLCC is a California "S" Corporation which has been serving cities and special districts for 28 years. All HdLCC staff work from our centrally located headquarters in Brea, California. The decision to operate out of a single location allows the company to minimize overhead costs and thereby lower service fees, maximize

coordination of client services, protect the company's substantial databases and allows for immediate response to requests for information or assistance.

HdLCC provides property tax management services to over 230 California public agencies. The company consists of a team of seasoned professionals with decades of experience in every aspect of local government including finance, management, auditing, economic development, redevelopment and legislative advocacy. This ensures prompt and knowledgeable response to inquiries and provides for relevant and timely information on issues impacting the City's property tax. HdLCC's specialized computer software, databases and highly trained staff have generated over \$95,000,000 in new revenues for client agencies, \$52.6 million since 2000.

HdLCC maintains property tax data from 40 California counties, including all cities and successor agency project areas in those counties. Our data resources include 15-22 years of historical data in most counties and the company maintains twenty four years of annual property tax records for the Fresno County. Our audit team has worked extensively with key County staff and is thoroughly familiar with Fresno County.

Using HdLCC's custom software, a data set of all parcel in the city and former redevelopment project area(s), successor agency, will be established and be available via the internet through the HdLCC Web-Based property tax program. This data is prepared from the Fresno County lien date property rolls that are purchased annually in July. HdLCC updates the original county roll with any transfers of ownership, which have occurred between the lien date and the current month and updates the ownership information (name, and mailing address), date of transfer, sale price, and document (deed) number monthly.

A. Reports and Analytical Services

HdLCC furnishes a variety of reports detailing property and revenue trends for the entire City and Successor Agency and for custom defined geographic areas. These reports can be used for budgeting purposes, planning, economic development and public

information. Among the reports provided are top property owner/taxpayer listings, identification of property ownership transfers, sales trend analysis, Proposition 8 tracking and restoration forecasting, use category value/revenue analysis and budget projections. We also provide the City with quarterly reports of successful, pending and historical assessment appeals.

GENERAL STRATEGY

HdL Coren and Cone will reconcile the annual Auditor/Controller Assessed Valuations Report and will furnish a breakdown of assessed values within the City and Successor Agency.

The identification of escaping revenue through the use of property tax data sets has been a targeted focus for HdLCC during the past 28 years. With the reduction of tax revenues through legislated Educational Revenue Augmentation Fund (ERAF), cities, counties, agencies and special districts have been focusing on ways to increase the limited resources already stretched thin. The unsecured roll contains property owners which, when matched with a business license data set can be used to identify escaping revenues. For instance, property leased to businesses in your jurisdiction is taxed to the lessor of the property. We find that frequently, the lessors are not properly registered with a city business license. When notified and properly licensed, these businesses will generate additional revenue for the city.

The use of the secured roll will assist in identifying owners of rented residential, commercial, or industrial properties that do not have a business license with the City should one be required.

The company will provide the following reports based on the current year lien date rolls and will provide the reports annually, quarterly or monthly as appropriate: Reports are also available from prior years if required.

- A five year history of the values within the city, Successor Agency and custom (city defined) geographic area;
- A listing of the largest value changes, positive and negative between tax years;
- An annual parcel listing of properties with parcel number changes between tax years identifying parcel splits and combines;
- A listing of the major property owners for both the City and Successor Agency, including the combined assessed values of their property and property use code designation;
- A listing of the major property tax payers, including an estimate of the property taxes;
- A listing of property tax transfers which occurred since the lien date ordered by month;
- A listing of parcels that have not changed ownership since the enactment of Proposition 13;
- A comparison of property within the City and Successor Agency by county use-code designation;
- A multiple year comparison of growth by use code designation over a 10 year period;
- A listing by parcel of new construction activity utilizing City building department data, including building permits with assessor parcel numbers and project completion dates, to identify non-residential parcels with new construction activity and to provide reports for use in the City's preparation of Proposition 4 and 111 State Appropriation Limit calculations;
- Calculate an estimate of property tax revenue anticipated to be received for the fiscal year by the City and Successor Agency respectively based upon the initial information provided by the County and subject to modification. This report is

interactive for tax modeling. This estimate shall not be used to secure the indebtedness of the City or Successor Agency.

- Analyses based on geo areas designated by the City to include assessed valuations and square footage computations for use in economic analysis and community development planning.

B. Identification and Correction of Errors

HdL Coren & Cone has the technology, methodology and trained staff to analyze all secured parcels within the City and Successor Agency to identify costly errors resulting in the misallocation of property taxes.

The company has the ability to audit the secured and unsecured property tax rolls two ways, first reviewing the entire county to find parcels miscoded to other jurisdictions; and second, reviewing the parcels within the city, county or agency to ensure that each is coded to the appropriate taxing entity. To date, we have recovered in excess of \$95 million in net revenue for our client agencies in 40 counties statewide. Our advanced technology, accuracy and track record have placed us in a unique position to be hired by cities to find additional revenues after audits have been performed by prior consultants. In addition, by filing audit results with the County Assessor in a timely manner, we can assure that the repetitive errors from previous years will not re-occur.

Upon approval of the contract, the company will perform an analysis of the Assessor Rolls to identify all parcels on both the secured and unsecured tax rolls and verify that parcel assessed valuations and the resulting taxes are correctly allocated to the City or its Successor Agency. This analysis is accomplished through the use of specialized computer software, assessor maps, city GIS maps, city records, other pertinent documents, and field investigations. The review will include the lien date secured and unsecured data for the current tax year as well as historical data back for a total of four (4) tax years. By

cross matching parcels with the City's building permit activity and project completion information, we are able to track parcels which should have been reassessed due to new construction activity but have been missed by the assessor's appraisers (escaped assessments).

C. Information Provided Quarterly

- A listing of property tax appeals filed on properties in the City where data is available for purchase from the Clerk of the Board. These reports will be prepared for both the City General Fund portion of the City and Successor Agency and include a history of all appeals filed; the disposition of those appeals, successful appeals, pending appeals, Proposition 8 appeals and a report to assist the City/RDA in determining the potential impact of pending appeals. These reports are provided in a pdf format and are emailed to designated city staff.
- A listing of property transfers that have occurred since the last report will be available through the software provided and updated on a quarterly basis. This data will include the new owner/seller of the property, new mailing address if not the situs address, the date of sale, the sale price when verified, document number, and transaction type.

D. Property Tax Application and Database

Secured Assessment Details

Sec. Parcel: 083-280-40 Details ☐ Location: 500 ENTERPRISE PKWY
 TRA: 002-005 City: COALINGA
 Use Category: Industrial Zip Code: 93210-9513
 Use Code: WAREHOUSE Agency: Coalinga General Fund
 Owner: VALLEY GARLIC INC. Exem Desc:
 DBA: Taxable: ☒
 Mail Name: VALLEY GARLIC INC. Net AV: \$11,874.403
 Mail Addr: 500 ENTERPRISE HOK: \$0
 COALINGA, CA 93210 General Fund Revenue: \$24,522.79
 Absentee: ☐ Successor Agency Revenue: \$0.00
 Tax Bill: \$147,755.12

Year	Land	Imprvmnts	Fixtures	Pers.Prop.	Subtotal	Exems	Net Total	% Change
2019	\$683,115	\$4,270,785	\$2,447,500	\$4,273,000	\$11,874,403	\$0	\$11,874,403	7.80%
2018	\$865,802	\$4,187,045	\$2,582,800	\$3,379,100	\$11,014,747	\$0	\$11,014,747	0.52%
2017	\$848,826	\$4,104,947	\$2,379,900	\$3,623,700	\$10,957,373	\$0	\$10,957,373	-7.22%
2016	\$832,183	\$4,024,458	\$2,832,500	\$4,120,400	\$11,809,941	\$0	\$11,809,941	0.50%
2015	\$818,683	\$3,964,007	\$2,407,300	\$4,550,800	\$11,741,790	\$0	\$11,741,790	2.54%
2014	\$803,627	\$3,886,358	\$2,326,400	\$4,435,000	\$11,451,385	\$0	\$11,451,385	4.77%
2013	\$799,996	\$3,868,794	\$3,238,500	\$3,023,200	\$10,930,490	\$0	\$10,930,490	1.97%
2012	\$784,310	\$3,792,035	\$3,504,500	\$2,637,400	\$10,719,146	\$0	\$10,719,146	41.20%
2011	\$768,932	\$2,306,800	\$1,881,500	\$2,629,800	\$7,587,032	\$0	\$7,587,032	-2.06%

[Show Less Years](#)

General

Building Sq Ft: 123845 Lot Sq Ft: 997959
 Buildings: Acres: 22.91
 Units:
 Rooms: TG Page:

HdLCC provides a web-based software application to clients as a user-friendly tool to access the City's property tax data. HdLCC provides updates to the data portion of the product on monthly basis to reflect changes in ownership, updated appeals filings, and deed recordings.

As modifications and enhancements are made to the program, clients receive the enhanced version of the software at no additional cost.

Training will be provided to city staff within the first two months after the execution of the agreement for property tax management and audit services and is available annually for new staff members or staff requiring a refresher course. If additional training sessions are required, the fees in the compensation section under hourly fees will be charged.

The help manual available within the program is easy to navigate and “user friendly.” HdLCC staff is available Monday through Friday, 8 a.m. to 5 p.m. to answer questions and assist staff on the use of the software. Assistance is available either by phone or via email.

The city will be granted a “site license” for the application, providing no limit to the number of users. HdLCC will not charge an annual maintenance fee for the software program. Periodically, as the program changes and product enhancements are developed, upgrades or new releases of the software are issued at no additional cost to the client.

E Successor Agency Support

Successor Agency Services including but not limited to:

- Annual tax increment projections and, as requested, cash flow analysis for the Successor Agency by Project Area
- Review of Redevelopment Obligation Payment Schedules (ROPS) as requested.
- Provide property tax information to the Oversight Board at the direction of the Successor Agency
- Provide access to the Oversight Board to City and former redevelopment agency documents at the direction of the Successor Agency
- Monitor the County distribution of tax-sharing revenues to the taxing entities of the former redevelopment agency
- Advice and consultation on the City/Successor Agency’s preparation of required reports, such as revenue projections; review of Recognized Obligation Payment Schedules (ROPS), submittals to the Oversight Board and/or County or State agencies, and new or revised legislative requirements
- Analysis of legislative and judicial matters impacting Redevelopment Property Tax Trust Fund (RPTTF) revenues to the Successor Agency and to the City.

5. PROPOSED CONTRACT AMOUNT FOR SERVICES

Based on the number of parcels within Coalinga (3,752) the fee for these services is **\$2,025 per quarter**, (\$8,100/year). In addition to the standard fee, 25% of net tax revenues recovered for the City and/or Successor Agency in the audits performed over the period of time allowable by State statute (current year and 3 prior lien date years) shall be paid to HdL Coren & Cone. Net tax revenues mean the taxes received by the City or Successor Agency through our audit efforts after factoring for tax sharing agreements.

Work that is requested by the City and that is beyond the scope of services outlined in this proposal shall be charged on a time and material basis. No work shall be performed without prior written approval of the City/RDA Successor Agency. Fees for these services are as follows:

Partner	\$225 per hour
Principal	\$195 per hour
Associate	\$150 per hour
Programmer	\$150 per hour
Senior Analyst	\$100 per hour
Analyst	\$ 65 per hour
Administrative	\$ 45 per hour

Hourly rates are exclusive of expenses. Expenses, reasonable travel and lodging fees are billed at 1.15 times actual incurred costs.

6. PROPOSED WORK PLAN/STAFFING SCHEDULE

The methodology that the company follows in identifying, correcting and recovering property tax errors includes the following:

Task I Establishment of County Data Set

Task II	Identify and Correct Errors
Task III	Prepare Reports
Task IV	Ongoing Analysis

HdL Coren & Cone has ample staff to devote to the tasks required in this request for qualifications. Our knowledgeable staff will be assigned to ensure that the deadlines for deliverables are met and that requests placed by City staff are handled expeditiously.

Timeline for Property Tax Analysis and Audit Services:

- County assessment rolls are purchased annually in July.
- The property data program will be available for access via the internet within 30 days of the execution of the agreement. Parcel data will be updated monthly to include the most current ownership information due to parcel transfers.
- The secured audits for the City and Successor Agency will be completed and submitted to the County Assessor for corrective action within 90 days of receipt of county rolls. The City will receive file copies of submittals simultaneous with submissions to the County Assessor.
- Data collection from the county assessor's and auditor controller's offices for reports is performed in August and September each year and preliminary reports will be delivered to the City prior to the end of October annually.
- The final tax ratio percentages are available from the auditor controller's office annually in February/March. Final reports will be prepared and delivered prior to the end of April annually.