

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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November 21, 2006

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute an agreement with Hinderliter, de Lamas and Associates (HdL) for continued tax revenue recovery and consultant services for an amount not to exceed \$84,000 annually for a three-year term, ending November 30, 2009 and authorize the City Manager to execute amendments to extend the term. (Citywide)

DISCUSSION

Since 1983, the City has contracted the services of revenue recovery firms to provide consulting and tax review services. Hinderliter, de Lamas and Associates (HdL) has been retained by the City since July 2000 to provide the technical expertise to perform these services, which are not available within the City. HdL provides a high level of service in sales and property tax management, including strong analytics, forecasting tools and reports, as well as immediate access to professional staff. Further, the fee for this service is predominately performance-based and contingent upon HdL's reviews producing new revenue that would not otherwise have been realized by the City.

This matter was reviewed by Senior Deputy City Attorney Donna F. Gwin on November 6, 2006 and Budget Management Officer David Wodynski on November 10, 2006.

TIMING CONSIDERATIONS

City Council action is requested on November 21, 2006 to authorize the timely renewal of the current agreements.

FISCAL IMPACT

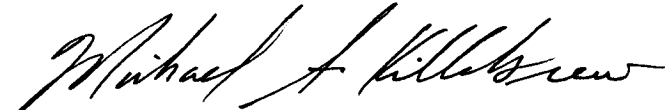
HdL's compensation for conducting the sales/use tax reviews will be 15 percent of the new revenue collected in the first eight reporting quarters, three retroactive quarters, plus a monthly fee of \$750 for software, analysis and consultant services. As a requisite payment, the new revenue must be a direct result of HdL's detection, documentation and correction of the related point-of-sale/use reporting error.

Additional annual revenue recovery is estimated to be as high as \$500,000 annually and HdL's corresponding compensation is estimated at \$84,000. Appropriation exists to support this contract in the General Fund (GP) in the Department of Financial Management (FM). If revenue produced is more than estimated, City Council action will be required to exceed the "not to exceed" amount of \$84,000.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT

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APPROVED:



GERALD R. MILLER
CITY MANAGER