



Board Agenda Item 32

DATE: May 26, 2020
TO: Board of Supervisors
SUBMITTED BY: Jean M. Rousseau, County Administrative Officer
SUBJECT: Agreement for Sales Tax Forecasting

RECOMMENDED ACTION(S):

- 1. Make a finding that it is in the best interest of the County to waive the competitive bidding process consistent with Administrative Policy No. 34 for unusual or extraordinary circumstances for the solicitation of services for forecasting of sales tax revenue for Fresno County;**
- 2. Approve and authorize the Chairman to execute an Agreement with Hinderliter, de Llamas and Associates for forecasting of sales tax revenue, effective upon execution, not to exceed five consecutive years, at no cost to the County, as well as an option for additional services total not to exceed \$10,000; and**
- 3. Adopt a resolution authorizing Hinderliter, de Llamas and Associates access to examine confidential sales and use tax records of the California Department of Tax and Fee Administration (CDTFA) pertaining to sales and use taxes collected by the CDTFA for the County of Fresno pursuant to Revenue and Taxation Code 7056.**

Approval of the recommended action would allow the County to receive state sales tax forecasts at no cost to the County. It would also allow the County to receive additional services, such as tax analysis and reporting, economic development consulting, and tax ordinance development, at an additional charge not to exceed \$10,000.

ALTERNATIVE ACTION(S):

If the recommended action is not approved, the County would have to continue to forecast sales tax revenues without the analysis tools available through a third party.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

It is requested that the County waive the competitive bidding process under Administrative Policy No. 34 under "unusual or extraordinary circumstances" exception, as Hinderliter de Llamas and Associates is the only vendor suited to this work and equipped with a longstanding history and knowledge of Fresno County's sales tax revenues, which is needed to prepare an accurate forecasting model. The Internal Services Department - Purchasing concurs with the Department's request to waive the competitive bidding process.

FISCAL IMPACT:

There is no Net County Cost associated with the Recommended Action. If the County chooses to utilize the

additional services available, Net County Cost could be up to \$10,000.

DISCUSSION:

Hinderliter, de Llamas and Associates (HdL) has been the contractor providing audits of sales receipts to identify and correct omitted sales tax allocations errors since 1994. Along with that service, HdL also provides sales tax analysis and forecasting. That contract has expired, and at this time there is not the need for the sales tax audits. HdL will continue to provide the sales tax forecasting to the County at no cost. In exchange for providing the sales tax forecasting to the County, HdL will receive access to the County's sales and use tax transaction records, which HdL would not otherwise be able to access.

To accomplish the forecasting model, HdL uses historical sales, use and transactions tax data and business specific performance data. With this information, they will provide a forecasting model that is consolidated into major economic categories, including retail, transportation, construction and business-to-business, which can be culled by major industry groups. Consideration is given for macroeconomic trends, microeconomic trends, sales tax anomalies, future developments, threatened businesses, and legislative actions. These reports will be provided to the County on a quarterly basis, and used to help project sales tax revenues.

In addition, if the County chooses, HdL can be utilized for sales tax analysis and reporting, economic development consulting, and tax ordinance development at a cost not to exceed \$10,000.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Sole Source Acquisition Request
On file with Clerk- Agreement
On file with Clerk - Resolution

CAO ANALYST:

Debbie Paolinelli