

**PROFESSIONAL SERVICES AGREEMENT
PROPERTY TAX SERVICES
HDL COREN & CONE**

THIS AGREEMENT is entered into this ____ day of _____ 2018, between the CITY OF STOCKTON, a municipal corporation ("City"), and HDL COREN & CONE whose address is 1340 Valley Vista Dr., Suite 200 Diamond Bar, CA 91765 and telephone number is 909-861-4335 ("Consultant").

RECITALS

A. Consultant is qualified to and experienced in facilitating collaboration, teamwork and strategic planning efforts for the purposes specified in this Agreement.

B. City finds it necessary and advisable to use the services of the Consultant for the purposes provided in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and conditions in this Agreement, City and Consultant agree as follows:

1. **Consultant's Services.** Subject to the terms and conditions set forth in this Agreement, Consultant shall provide **Property Tax Services** to City described in **Exhibit A**. Consultant shall provide said services at that time, place and in the manner specified in **Exhibit A**.

2. **City Assistance, Facilities, Equipment and Clerical Support.** Except as set forth in **Exhibit A**, Consultant shall, at its sole cost and expense, furnish all facilities and equipment that may be required for furnishing services pursuant to this Agreement. City shall furnish to Consultant only the facilities and equipment listed in **Exhibit A**, according to the terms and conditions set forth in **Exhibit A**.

3. **Term.** This Agreement shall commence on the date written above and shall expire on **June 30, 2023**; provided, however the parties may agree to change either the commencement or expiration date.

4. **Compensation.** City shall pay Consultant for services rendered pursuant to this Agreement as described more particularly in **Exhibit A**. The payments shall be made on a monthly basis, in accordance with the fee schedule attached as **Exhibit B**, and upon receipt and approval of Consultant's invoice. Total compensation for fixed fee services, contingency fees, and reimbursement for costs shall not exceed **\$1,000,000 for the term of this Agreement**.

a. Invoices submitted by Consultant to City must contain a brief description of work performed, time used and City reference number. Payment shall be made within thirty (30) days of receipt of Consultant's invoice and approved by City.

b. Upon completion of work and acceptance by City, Consultant shall have sixty (60) days in which to submit final invoicing for payment. An extension may be granted by City upon receiving a written request thirty (30) days in advance of said time limitation. The City shall have no obligation or liability to pay any invoice for work performed which the Consultant fails or neglects to submit within sixty (60) days, or any extension thereof granted by the City, after the work is accepted by the City.

5. **Sufficiency of Consultant's Work.** All reports, drawings, designs, plan review comments and work product of Consultant shall be adequate and sufficient to meet the purposes for which they are prepared.

6. **Ownership of Work.** All reports, drawings, designs, plan review comments, work product, and all other documents completed or partially completed by Consultant in the performance of this Agreement shall become the property of the City. Any and all copyrightable subject matter in all materials is hereby assigned to the City and the Consultant agrees to execute any additional documents that may be necessary to evidence such assignment. All materials shall be delivered to the City upon completion or termination of the work under this Agreement. If any materials are lost, damaged or destroyed before final delivery to the City, the Consultant shall replace them at its own expense. Consultant shall keep materials confidential. Materials shall not be used for purposes other than performance of services under this Agreement and shall not be disclosed to anyone not connected with these services, unless the City provides prior written consent.

7. **Changes.** City may request changes in the scope of services to be provided by Consultant. Any changes and related fees shall be mutually agreed upon between the parties and subject to a written amendment to this Agreement.

8. **Consultant's Status.** In performing the obligations set forth in this Agreement, Consultant shall have the status of an independent contractor and Consultant shall not be considered to be an employee of the City for any purpose. All persons working for or under the direction of Consultant are its agents and employees and are not agents or employees of City.

9. **Termination for Convenience of City.** The City may terminate this Agreement at any time by mailing a notice in writing to Consultant. The Agreement shall then be deemed terminated and no further work shall be performed by Consultant. If the Agreement is so terminated, the Consultant shall be paid for that percentage of the work actually completed at the time the notice of termination is received.

10. **Non-Assignability.** The Consultant shall not assign, sublet, or transfer this Agreement or any interest or obligation in the Agreement without the prior written consent of the City, and then only upon such terms and conditions as City may set forth in writing. Consultant shall be solely responsible for reimbursing subcontractors.

11. **Indemnity and Hold Harmless.** To the fullest extent permitted by law, Consultant shall hold harmless, defend at its own expense, and indemnify the City of Stockton, its officers, employees, agents, and volunteers, against any and all liability, claims, losses, damages, or expenses, including reasonable attorney's fees, arising from all acts or omissions of contractor or its officers, agents, or employees in rendering services under this contract; excluding, however, such liability, claims, losses, damages, or expenses arising from the City of Stockton's sole negligence or willful acts. The duty to defend and the duty to indemnify are separate and distinct obligations. The indemnification obligations of this section shall survive the termination of this agreement.

12. **Insurance.** During the term of this Agreement, Consultant shall maintain in full force and effect at its own cost and expense the insurance coverage as set forth in the attached **Exhibit C** and shall otherwise comply with the other provisions of **Exhibit C**.

13. **Notices.** All notices herein required shall be in writing and shall be sent by certified or registered mail, postage prepaid, addressed as follows:

Consultant: HdL Coren & Cone
1340 Valley Dr., Suite 200
Diamond Bar, CA 91765

City: City Manager
City of Stockton
425 N. El Dorado Street
Stockton, CA 95202

14. **Conformance to Applicable Laws.** Consultant shall comply with all applicable Federal, State, and Municipal laws, rules, and ordinances. Consultant shall not discriminate in the employment of persons or in the provision of services under this Agreement on the basis of any legally protected classification, including race, color, national origin, ancestry, sex or religion of such person.

15. **Licenses, Certifications and Permits.** Prior to the City's execution of this Agreement and prior to the Consultant's engaging in any operation or activity set forth in this Agreement, Consultant shall obtain a City of Stockton business license, which must be kept in effect during the term of this Agreement. Consultant covenants that it has obtained all certificates, licenses, permits and the like required to perform the services under this Agreement.

16. **Records and Audits.** Consultant shall maintain all records regarding this Agreement and the services performed for a period of three years from the date that final payment is made. At any time during normal business hours, the records shall be made available to the City to inspect and audit.

17. **Confidentiality.** Consultant shall exercise reasonable precautions to prevent the unauthorized disclosure and use of City reports, information or conclusions.

18. **Conflicts of Interest.** Consultant covenants that other than this Agreement, Consultant has no financial interest with any official, employee or other

representative of the City. Consultant and its principals do not have any financial interest in real property, sources of income or investment that would be affected in any manner of degree by the performance of Consultant's services under this Agreement. If such an interest arises, Consultant will immediately notify the City.

19. **Waiver.** In the event either City or Consultant at any time waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or of any other covenant, condition or obligation.

20. **Governing Law.** California law shall govern any legal action pursuant to this Agreement with venue for all claims in the Superior Court of the County of San Joaquin, Stockton Branch or, where applicable, in the federal District Court of California, Eastern District, Sacramento Division.

21. **No Personal Liability.** No official or employee of City shall be personally liable to Consultant in the event of any default or breach by the City or for any amount due Consultant.

22. **Exhibits.** All exhibits referred to herein are attached hereto and are by this reference incorporated herein.

23. **Scope of Agreement.** This writing constitutes the entire Agreement between the parties. Any modification to the Agreement shall be in writing and signed by both parties.

THIS AGREEMENT executed the date and year first above written.

CITY OF STOCKTON

HDL COREN & CONE

Kurt Wilson, City Manager

By:

Paula J Cone
Signature

ATTEST:

PAULA J CONE
Print name

Bret Hunter, City Clerk

Title:

PRESIDENT

APPROVED AS TO FORM:
John M. Luebberke, City Attorney

*[If Consultant is a corporation
signature(s) must comply with
Corporations Code §313.]*

Deputy City Attorney

EXHIBIT A SCOPE OF WORK

A. STATEMENT OF WORK

Consultant shall provide, at a minimum, the following Property Tax services and applicable reporting:

1. PROPERTY TAX GENERAL STRATEGY

- 1.1 Consultant shall reconcile the annual Auditor/Controller Assessed Valuations Report and shall furnish a breakdown of assessed values within the City and Successor Agency.
- 1.2 Consultant shall use property tax data sets to identify escaping revenue. The unsecured roll contains property owners which, when matched with a business license data set, can be used to identify escaping revenues. 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.
- 1.3 Consultant shall furnish 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. Consultant shall provide the City with quarterly reports of successful, pending and historical assessment appeals.
- 1.4 Consultant shall provide ongoing consultation services regarding the interpretation of data, revenue estimation (up to a five-year revenue forecast), and special revenue impact analysis reports as requested by City staff about Property Tax revenues.
- 1.5 Consultant shall, upon request from the City, provide analyses based on geographic areas designated by the City to include assessed valuations and square footage computations.

2. METHODOLOGY AND DELIVERABLES

- 2.1 Consultant shall perform the following tasks to identify, correct and recover property tax errors:

- Task I - Establishment of County Data Set
- Task II - Identify and Correct Errors
- Task III - Prepare Reports
- Task IV - Ongoing Analysis

2.2 Deliverables

Consultant shall ensure that the deadlines for deliverables are met and that requests placed by City staff are handled expeditiously.

2.3 Identification and Correction of Errors

- 2.3.1 Consultant shall analyze all secured parcels within the City and Successor Agency to identify costly errors resulting in the misallocation of property taxes.
- 2.3.2 Consultant shall audit the secured and unsecured property tax rolls two ways:
 - a. First review the entire county to find parcels miscoded to other jurisdictions;
 - b. Second, review the parcels within the City, San Joaquin County or agency to ensure that each is coded to the appropriate taxing entity.
- 2.3.3 Consultant shall file audit results with the County Assessor in a timely manner, to assure that the repetitive errors from previous years will not re-occur.
- 2.3.4 Consultant shall conduct an audit of the City local secured and unsecured valuations, on a parcel-by-parcel basis to determine tax rate area miscoding errors and omissions
- 2.3.5 Consultant shall 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 using specialized computer software, assessor maps, city GIS maps, city records, other pertinent documents, and field investigations. Consultant's review shall 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.

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

2.4 Reports

- 2.4.1 Consultant shall provide the following reports to City based on the current year lien date property tax rolls and shall provide the reports annually, quarterly or monthly as appropriate: (Reports are also available from prior years if required.)
- a. A five-year history of the values within the City, Successor Agency and custom (City defined) geographic area.
 - b. A listing of the largest value changes, positive and negative between tax years.
 - c. An annual parcel listing of properties with parcel number changes between tax years identifying parcel splits and combines.
 - d. A listing of the major property owners for both the City and Successor Agency, including the assessed values and the combined assessed values of their property and property use code designation.
 - e. A listing of the major property tax payers, including an estimate of the property taxes.
 - f. A listing of property tax transfers which occurred since the lien date ordered by month.
 - g. A listing of parcels that have not changed ownership since the enactment of Proposition 13A including assessed value.
 - h. A comparison of property within the City and Successor Agency by county use code designation.
 - i. A listing of multiple owned parcels.
 - j. A listing of absentee owned parcels.
 - k. A multiple year comparison of growth by use code designation over a ten-year period.
 - l. Provide a listing by parcel of new construction activity utilizing City building permit data, including building permits with Assessor Parcel Numbers (APN) and project completion dates, to identify non-residential with new construction activity and provide reports for use in the City's preparation of Proposition 4 and 111 State Appropriation Limit calculations.

- m. 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.
- n. A calculated estimate of property tax revenue anticipated to be received by the City for the fiscal year based on the initial value information provided by the County.
- o. Analysis of parcels that received a Proposition 8 reduction and the potential value to be recaptured as market values improve.

3. INFORMATION PROVIDED MONTHLY OR QUARTERLY

- 3.1 Consultant shall provide City via email on a quarterly basis information on transfers of ownership and median sale prices in Stockton and the surrounding cities.
- 3.2 Consultant shall make available through the Consultant's web-based software database a listing of property transfers that have occurred since the last report. Consultant shall update property transfer listings on monthly basis. This data shall 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.

4. REVENUE FORECASTING

- 4.1 Consultant shall calculate an estimate of general fund and VLF In-Lieu property tax revenue anticipated to be received for the next fiscal year by the City and Successor Agency respectively based upon the initial information provided by the County and additional datasets and analysis and subject to modification. This report is interactive for tax modeling.
- 4.2 Consultant shall provide a five-year property tax revenue forecast using known and historical trend information to assist staff with a long-range forecast

5. PROPERTY TAX APPLICATION

- 5.1 Consultant shall provide a user-friendly web-based software application database of City's property tax information for City to access their property tax data and parcels. Consultant shall provide updates to the data portion of the product on monthly basis to reflect

changes in ownership, updated appeals filings, and deed recordings. GIS map layers are also provided to allow staff to search for and select properties visually. As modifications and enhancements are made to the program, City shall receive the enhanced version of the software at no additional cost.

- 5.2 Consultant shall provide onsite, video, or web-based training 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 City staff members or City staff requiring a refresher course.
- 5.3 If City requests additional training sessions, the fees in the compensation section under hourly fees shall be charged. Consultant shall make available to the City the help manual within the program for City to easily navigate through the system. Consultant shall be available Monday through Friday, 8 a.m. to 5 p.m. pacific standard time to answer questions and assist staff on the use of the software. Additionally, Consultant shall provide assistance by either by phone or via email.
- 5.4 Consultant shall grant City a site license for the application, providing access to all City employees with no limit to the number of users. Consultant shall 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 City.

6. SUCCESSOR AGENCY SUPPORT

- 6.1 Consultant shall provide the following Successor Agency Services. The services shall include but not be limited to:
 - a. Tax increment projections and cash flow analysis for the Successor Agency by component Project Area.
 - b. General advice and assistance with Redevelopment Obligation Payment Schedules (ROPS) document.
 - c. Assistance in providing property tax information for the taxing agencies receiving property tax revenues from within the former Project Areas.
 - d. Estimates of property tax revenues to be received by the taxing entities from former Project Areas.
 - e. Providing property tax information to the Oversight Board at the direction of the Successor Agency.

- f. Providing access to the Oversight Board to City and former redevelopment agency documents at the direction of the Successor Agency
- g. Monitoring the County distribution of tax-sharing and residual revenues to the City and to taxing entities within the former redevelopment agency
- h. Coordinating with the Auditor-Controller the relationship between the tax-sharing, debt service and other obligations of former redevelopment agency

7. SUCCESSOR AGENCY CONSULTATION

- 7.1 Consultant shall provide 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
- 7.2 Analysis of legislative and judicial actions impacting Redevelopment Property Tax Trust Fund (RPTTF) revenues to the Successor Agency and to the City.

8. TIMELINE FOR PROPERTY TAX ANALYSIS AND AUDIT SERVICES

- 8.1 The following is the timeline for Consultant to provide Property Tax Analysis and Audit Services to City:
 - a. Consultant shall purchase County assessment rolls annually in July.
 - b. Consultant shall make available to City the property data program for access via the internet within 30 calendar days of the execution of this Agreement. Consultant shall update monthly the parcel data to include the most current ownership information due to parcel transfers.
 - c. Consultant shall complete and submit the initial secured and unsecured audits for the City and Successor Agency to the County Assessor for corrective action within 90 days of receipt of county rolls. The City will receive from Consultant file copies of submittals simultaneous with submissions to the County Assessor.
 - d. Consultant shall perform data collection from the county assessor's and auditor controller's offices for reports in August and September each year and preliminary reports shall be delivered to the City annually before the end of December.

- e. Consultant shall make available to City the final tax ratio percentages from the auditor controller's office annually in February/March. Consultant shall prepare and deliver final reports to City prior to the end of April annually.

**EXHIBIT B
FEE SCHEDULE**

A. Pursuant with Paragraph 4 of this Agreement, Consultant shall be compensated for the Work described in Exhibit A as follows:

- 1.1 Based on the number of parcels within Stockton (82,638), the fee for property tax services is **\$6,250** per quarter, **(\$25,000/year)**.
- 1.2 In addition to the fixed fee, **25%** of net tax revenues recovered for the City and/or Successor Agency from the audits performed over the period of time allowable by State statute (current year and 3 prior lien date years) shall be paid to Consultant. Net tax revenues are the taxes received by the City or Successor Agency through Consultant's audit efforts after factoring for tax sharing agreements.
- 1.3 Work that is requested by the City and that is beyond the scope of services outlined in this Agreement shall be paid on a time and material basis. No work will be performed without prior written approval of the City/RDA Successor Agency.
- 1.4 Fees for additional services outside of the Scope of this Agreement are as follows:

TITLE	HOURLY BILLABLE RATE
Partner	\$225
Principal	\$195
Associate	\$150
Programmer	\$150
Senior Analyst	\$100
Analyst	\$ 65
Administrative	\$ 45

- 1.6 Hourly rates are exclusive of expenses. Expenses, reasonable travel and lodging fees shall be billed at actual incurred costs.

EXHIBIT C INSURANCE REQUIREMENTS FOR PROFESSIONAL SERVICES

Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the **general aggregate limit shall be twice** the required occurrence limit.
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease. ***(Not required if consultant provides written verification it has no employees)***
4. **Professional Liability (Errors and Omissions)** Insurance appropriate to the Consultant's profession, with limit no less than **\$2,000,000** per occurrence or claim, **\$2,000,000** aggregate. (If Claims-made, see below.)

If the Consultant maintains higher limits than the minimums shown above, the City of Stockton requires and shall be entitled to coverage for the higher limits maintained by the consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City of Stockton.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers are to be covered as additional insureds on the CGL policy and AL policy with respect to liability arising out of work or operations performed

by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance (**at least as broad as** ISO Form CG 20 10 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used).

Primary Coverage

For any claims related to this contract, the **Consultant's insurance coverage shall be endorsed as primary** insurance as respects the City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers. Any insurance or self-insurance maintained by the City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers shall be excess of the Consultant's insurance and shall not contribute with it. The City of Stockton does not accept endorsements limiting the Consultant's insurance coverage to the sole negligence of the Named Insured.

Notice of Cancellation

Each insurance policy required above shall state that **coverage shall not be canceled, except with notice to the City of Stockton.**

Waiver of Subrogation

Consultant hereby grants to City of Stockton a waiver of any right to subrogation which any insurer of said Consultant may acquire against the City of Stockton by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City of Stockton has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City of Stockton Risk Services. The City of Stockton may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII if admitted to do business in the State of California; if not admitted to do business in the State of California, insurance is to be placed with insurers with a current A.M. Best's rating of no less than A+:X.

Claims Made Policies

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.

2. If Claims Made policy form is used, a three (3) year discovery and reporting tail period of coverage is required after completion of work.

Verification of Coverage

Consultant shall furnish the City of Stockton with original certificates and amendatory endorsements required by this clause. All certificates and endorsements are to be received and approved by the City of Stockton Risk Services before work commences. Failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The City of Stockton reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time, for any reason or no reason.

Consultant shall, prior to the commencement of work under this Agreement, provide the City of Stockton with a copy of its Declarations Page and Endorsement Page for each of the required policies.

Certificate Holder Address

Proper address for mailing certificates, endorsements and notices shall be:

- City of Stockton
- Attention: Risk Services
- 425 N El Dorado Street
- Stockton, CA 95202

City of Stockton Risk Services Phone: 209-937-5037

City of Stockton Risk Services Fax: 209-937-8558

Maintenance of Insurance

If at any time during the life of the Contract or any extension, the Consultant fails to maintain the required insurance in full force and effect, all work under the Contract shall be discontinued immediately. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Contract.

Subcontractors

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that City of Stockton is an additional insured on insurance required from subcontractors.

Special Risks or Circumstances

City of Stockton reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.