



Legislation Details (With Text)

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<b>Title:</b>	CONSIDER APPROVAL OF AMENDMENT NO. 2 TO THE AGREEMENT WITH HR&A ADVISORS, INC. FOR FISCAL AND ECONOMIC ANALYSIS CONSULTING SERVICES (CITY COUNCIL)				
<b>Sponsors:</b>	Community Services				
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<b>Attachments:</b>	1. Ex. No. 1 - HR&A Executed Contract, 2. Ex. No. 2 - HR&A Executed Amendment No. 1, 3. Ex. No. 3 - Proposed HRA Advisors - Amendment No.pdf				

Date	Ver.	Action By	Action	Result
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**Report to Mayor and City Council**

Tuesday, June 16, 2020

Consent

**SUBJECT:**

**CONSIDER APPROVAL OF AMENDMENT NO. 2 TO THE AGREEMENT WITH HR&A ADVISORS, INC. FOR FISCAL AND ECONOMIC ANALYSIS CONSULTING SERVICES (CITY COUNCIL)**

**I. SUMMARY**

On June 19, 2018, the City and HR&A Advisors, Inc. (HR&A) entered into an agreement for fiscal and economic analysis consulting services (Exhibit No. 1). HR&A’s scope of services consists of three components: (1) Peer review of economic and fiscal impact analysis provided by project developers relating to their proposed projects, (2) Independent economic and fiscal analysis of proposed projects, (3) Participating in the Community Development/Planning project team at meetings/hearings and make presentations as necessary. The term of the agreement was from June 18, 2018 to June 17, 2019, with the City’s option to renew the agreement for two additional one-year terms. The contract sum was a not-to-exceed amount of \$100,000 per year.

City exercised the option to renew the agreement for the first of the two optional years with Amendment No. 1 (Exhibit No. 2). Staff is requesting approval of the proposed Amendment No. 2 (Exhibit No. 3) to extend the term of the contract for the second of the two optional years. This amendment is necessary to allow for continued fiscal and economic analysis consulting services for development proposals throughout the City over

the next year. The entire cost incurred for consultant services is offset by funds deposited by developers.

## II. **RECOMMENDATION**

TAKE the following actions:

1. APPROVE Amendment No. 2 to the agreement with HR&A Advisors, Inc. for a one-year extension for fiscal and economic analysis consulting services, from June 19, 2020 through June 18, 2021, at a cost not-to-exceed \$100,000.

2. AUTHORIZE the Mayor to execute the amendment, following approval as to form by the City Attorney.

## III. **ALTERNATIVES**

TAKE any other action the City Council deems appropriate and is consistent with the requirements of law.

## IV. **BACKGROUND**

The City retained HR&A via a Request for Proposals (RFP) process in 2018. Staff issued a RFP on February 15, 2018 to identify, select, and recommend a qualified firm to assist the City in economic analysis consulting services. The RFP was advertised in “Our Weekly” and on the Planet Bids website. On March 1, 2018, the City received ten proposals from experienced firms. A selection committee reviewed the proposals and evaluated each firm on the criteria set forth in the RFP, including proposal completeness, qualification and experience, understanding of City issues and costs. After an extensive review, HR&A was recommended by the selection committee.

The City will continue to use HR&A Advisors on an as-needed basis to perform the following:

### **A. Peer review of economic and fiscal impact analysis provided by project developers relating to their proposed projects:**

(1) Perform a peer review of the developer’s economic and fiscal impact analysis, including detailed review of overall methodology, key assumptions, calculations and conclusions related to all applicable categories of project specific annual General Fund revenues (e.g., property taxes, sales tax, transient occupancy tax, utility tax, business license tax) and any one-time revenues (e.g., business license tax on contractor earnings, sales tax on certain construction materials and real estate transfer tax). (2) Review the methodology, key assumptions, calculations and conclusions about project-specific City service costs, and net fiscal impacts (i.e., revenues minus costs).

### **B. Independent economic and fiscal impact analysis:**

(1) Perform an estimate and forecast the net fiscal impacts of a proposed project on the fiscal condition of the City, particularly the project’s net new recurring revenues

and public service costs associated with the City's General Fund. (2) Estimate any one-time City tax revenues associated with construction of the proposed project (e.g., gross receipts tax on contractor earnings and sales tax on certain construction materials), and tax revenues associated with activity generated by new households (e.g., sales tax on household purchases, utility user's tax, fines and forfeitures) and annual operation of the proposed development (e.g., property tax, hotel transient occupancy tax, franchise tax, utility user's tax, gross receipts tax, on-site retail sales and use tax). (3) Estimate the average annual costs for the City to provide public services to the proposed project using a form of per-capita costing - i.e., expressing relevant categories of City service costs on a per-person basis, and then multiplying the resulting cost factors by the estimated residential population in these projects together with a high-level estimate of the number of employees, expressed as "resident equivalents," based on the average time they are present in the City. Consultant will then the costs of City services delivered to the proposed project against the tax revenues associated with the project's revenues to determine the net fiscal impact. Depending on City staff request, the net fiscal analysis will be performed to the project's anticipated stabilized year only and/or for a period following project stabilization.

**Meetings/Hearings.** Consultant will participate with the Community Development/Planning project team at up to two public hearings per project, making presentations on their findings as necessary.

## V. FISCAL IMPACT

This agreement has a not-to-exceed amount of \$100,000 per year. The entire cost incurred for consultant services is offset by funds deposited by developers. Funds for this service were budgeted in account 101-99-999-999-2401 for FY 2020/21.

## VI. EXHIBITS

1. Agreement with HR&A Advisors, Inc. (pgs. 4-31)
2. Amendment No. 1 with HR&A Advisors, Inc. (pgs. 32-36)
3. Amendment No. 2 with HR&A Advisors, Inc. (pgs. 37-41)

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