

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

July 26, 2022

FROM

LEONARD X. HERNANDEZ, Chief Executive Officer, County Administrative Office

SUBJECT

Approve Contract with HR&A Advisors, Inc. for Tax Increment Financing Advisory Services

RECOMMENDATION(S)

Approve **Contract No. 22-713** with HR&A Advisors, Inc., for Tax Increment Financing, and Enhanced Infrastructure Financing Districts, advisory services, in the amount of \$600,000 for the period of July 26, 2022 through June 30, 2025.

(Presenter: Matthew Erickson, County Chief Financial Officer, 387-5423)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Ensure Development of a Well-Planned, Balanced, and Sustainable County.

FINANCIAL IMPACT

This item will not result in the use of additional Discretionary General Funding (Net County Cost). The total cost of \$600,000 is funded by Discretionary General Funding. Sufficient appropriation and revenue have been included in the Countywide Discretionary Fund's 2022-23 budget and will be included in future budgets.

BACKGROUND INFORMATION

Tax Increment Financing (TIF) districts provide a funding or financing mechanism to capture incremental property tax revenues collected within a designated district to fund infrastructure projects with community-wide benefits. The formation of these districts is often initiated by a city or county. TIF was originally an economic development tool used by redevelopment agencies (RDA) throughout California, enabled as part of the community Redevelopment Act that was passed in 1945 to assist local governments in eliminating blight through development, reconstruction, and rehabilitation. In 2012, the State of California dissolved the RDAs due to the perception that RDAs were capturing property tax revenues needed by other taxing entities/districts and that funds were not being spent properly. Through the passage of ABx1 26, RDAs were prohibited from issuing new obligations and were required to wind down their affairs through successor agencies that were designated for this purpose.

After the dissolution of the RDAs, there are several TIF tools enabled by California Law. These include Infrastructure Financing Districts, Enhanced Infrastructure Financing Districts (EIFD), Community Revitalization and Investment Authorities, and Infrastructure and Revitalization Financing Districts. These financing districts have more limited powers than the former RDAs. Each of these districts have its own requirements and participation of taxing agencies is voluntary.

**Approve Contract with HR&A Advisors, Inc. for Tax Increment
Financing Advisory Services
July 26, 2022**

The County has received several proposals from cities and expects to receive more in the future to participate in proposed TIFs. These proposals require extensive research in determining potential development within an area and related tax increment revenue expected. In addition, the review requires complex financial reviews to determine if entering into such arrangements is advantageous to the County.

HR&A Advisors, Inc., which has been assisting the County under Purchase Order No. 4100236235 established through the procurement detailed below, will perform the necessary research, perform assessment of proposals, and provide a financial review for the County to determine the best course of action and will assist in developing County policies. Purchase Order No. 4100236235 was issued in February 2022 in the amount of \$200,000.

PROCUREMENT

In September 2021, the Finance and Administration department released Request for Proposals No. CAO121-CAO4-4304 to solicit interested and qualified agencies to provide consulting services for financial review of a proposed EIFD and training for establishing EIFDs, which are a form of TIF. Finance and Administration received proposals by the established deadline from the following firms: DTA, Economic & Planning Systems, Inc., HR&A Advisors, Inc., Rockfleet Financial Services, Inc., and Willdan Financial Services. All proposals met the requirements and continued in the evaluation process. The evaluation committee reviewed and evaluated the proposals based on the following criteria: qualifications and experience, financial review, technical review, and reference checks. The evaluation committee recommended HR&A Advisors, Inc. The unsuccessful candidates were notified by mail and no protests were received.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Cynthia O'Neill, Principal Assistant County Counsel, 387-5455) on June 28, 2022; Purchasing (Michelle Churchill, Supervising Buyer, 387-2070) on June 28, 2022; Finance (Amanda Trussell, Principal Administrative Analyst, 387-5423) on June 29, 2022; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-5423) on June 30, 2022.

**Approve Contract with HR&A Advisors, Inc. for Tax Increment
Financing Advisory Services
July 26, 2022**

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Janice Rutherford

Ayes: Col. Paul Cook (Ret.), Janice Rutherford, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: July 26, 2022



cc: CAO- Atkeson w/agree
Contractor - C/O CAO w/agree
File - w/agree

CCM 08/8/2022