SINGLE SOURCE AWARD **BID NO #SS-0499-19**

Subject: COMPREHENSIVE TANGIBLE BUSINESS PERSONAL PROPERTY TAX AUDITS FOR THE DUVAL COUNTY PROPERTY APPRAISER'S OFFICE

Department: Property Appraiser - Administration

Description of Purchase: Recommend approval of Single Source award to Tax Management Associates, Inc. to provide Comprehensive Tangible Business Personal Property Tax Audits for the Duval County Property Appraiser's Office. Period of service shall be one (1) year from date of award with recurring annual renewal options. To be processed by formal contract through the Office of General Counsel.

Compensation shall be paid exclusively from the taxes, penalties and interest collected from the tax audits performed by the vendor at an amount equal to thirty-five percent (35%) of any taxes, penalties and interest collected.

Single Source Award To: Tax Management Associates, Inc.

Price Justification: See attachment

Total Award: See attachment **Requisition #:** N/A

Attachments: Recommendation Memo, Single Source Form, Vendor Letter & Quote, Draft Contract

Certification as to Single Source: Kathleen Collins, Chief Financial Officer, Property Appraiser – Admin.

THE ABOVE PURCHASE IS RECOMMENDED FOR AWARD IN ACCORDANCE WITH CHAPTER 126.206.

Analyst: David Klages

Gregory Pease, Chief
Procurement Division

APPROVAL OF GENERAL GOVERNMENT AWARDS COMMITTEE

"ALL AWARD ACTIONS SUBJECT TO LAWFULLY APPROPRIATED FUNDS"

CHAIRMAN ***DATE***

ACTION OF AWARDING AUTHORITY DATE: _____

APPROVED_____ DISAPPROVED _____

OTHER _____

SIGNATURE OF AUTHENTICATION _____

OFFICE OF THE PROPERTY APPRAISER

JERRY HOLLAND
DUVAL COUNTY
PROPERTY APPRAISER

231 E. FORSYTH STREET
JACKSONVILLE, FL 32202
(904) 630-2011

May 10, 2019

Gregory Pease, Chief Procurement Division
214 N. Hogan Street, Suite 800
Jacksonville, FL 32202

RE: Single Source Request – Agreement for Use of Property Tax Collections to Fund Business Personal Property Tax Audit Services

Dear Greg:

The Duval County Property Appraiser would like to enter into a new single source award with Tax Management Associates, Inc. (TMA) for a 12 month period from date of award with a reoccurring option for annual renewal between the City of Jacksonville, on behalf of the Duval County Property Appraiser, and TMA to provide Comprehensive Tangible Personal Property Audits for the purpose of collecting taxes due on those properties. TMA will provide audit services in exchange for the fee of an amount equal to 35 percent of any tax, penalties and interest collected from back taxes assessed by the Property Appraiser on parcels identified through a TMA audit. The fee shall be paid exclusively from the taxes, penalties and interest collected in relation to the business personal property tax audits resulting from the tax audits performed by TMA, and shall not constitute a pledge or general obligation of tax funds or create an obligation on the taxing authorities to appropriate monies available for the purpose of this agreement. Once an award is issued PAO wills submit to the Office of General Council for formal contract.

If you have any additional questions, please feel free to contract me at the email and telephone number listed below.

Sincerely,

Kathleen Collins
Chief Financial Officer
(904) 630-2403

Cc: Jerry Holland
Enclosures: Single Source Request
Vendor Sole Source Letter

SINGLE SOURCE REQUEST

Pursuant to the City of Jacksonville Procurement Code § 126.206 & § 126.312, when requesting a purchase from a vendor subject to the referenced sections, please complete this form to justify your request and submit to Procurement with applicable attachments.

REQUESTING AGENCY (DEPT./DIVISION): Property Appraiser - Administration

FUNDING SOURCE: TMA will receive 35% of tax, penalties & interest collected in back taxes.

BRIEF DESCRIPTION OF GOODS/SERVICES:

TMA will perform Comprehensive Tangible Personal Property Audits on behalf of the Duval County Property Appraiser's Office for the purpose of collecting taxes due on those properties, which funds would otherwise be unavailable to the taxing authorities.

AMOUNT OF PROJECT (attach quote): $0.00

PROVIDE A SUMMARY OF THE SCOPE OF GOODS/SERVICES TO BE PROVIDED; IDENTIFY EACH ITEM, COMPONENT OR SERVICE BEING PROCURED(ATTACH QUOTE/PROPOSAL):

TMA will perform Comprehensive Tangible Personal Property Audits on behalf of the Duval County Property Appraiser's Office for the purpose of collecting taxes due on those properties, which funds would otherwise be unavailable to the taxing authorities.

PROVIDE A DETAILED JUSTIFICATION AS TO WHY THE REQUESTED GOODS/SERVICES CAN ONLY BE EFFICIENTLY AND EFFECTIVELY PROCURED THROUGH THE RECOMMENDED SINGLE SOURCE PROVIDER:

TMA is the only vendor currently performing personal property audits in the State of Florida. In addition TMA utilizes its proprietary CAVS software system in conjunction with conducting these audits to assist in the valuation and validity of tangible person property assets.

ASSERT THAT YOU HAVE RESEARCHED THE AVAILABILITY OF THE REQUESTED GOODS/SERVICES FROM OTHER SOURCES IN APPLICABLE MARKETS AND HAVE DISCUSSED AND EVALUATED THE SAME WITH COJ'S PROCUREMENT AND EBO DIVISIONS:

Through PAO's research for an audit firm TMA is the only company avaiable in the State of Florida that is providing these types of audits on tangible personal property.

Submitted by: Kathleen Collins — Chief Financial Officer

(Name) **(Title)**

Date: May 10, 2019

Requesting Agency's Director's Signature: Kathleen Collins

TAX MANAGEMENT ASSOCIATES, INC

CORPORATE HEADQUARTERS
5121 PARKWAY PLAZA BLVD.
CHARLOTTE, NC 28217
PHONE 704.847.1234
WWW.TMA1.COM

May 8, 2019

Kathleen Collins, MPA
Chief Financial Officer
Office of the Property Appraiser – Duval County
231 East Forsyth Street, Suite 270
Jacksonville, FL 32202

Dear Ms. Collins,

Please accept this letter in reference to Comprehensive Tangible Personal Property Audits Tax Management Associates, Inc. (TMA) is proposing to provide Duval County. TMA has been performing tangible personal property audits in Florida since 1994. Over the course of these years, TMA has not come across another vendor performing this type of service in Florida. To the best of our knowledge we are not aware of another vendor nor have we come across another vendor performing personal property audits during our contracting processes with our clients.

Also, as part of TMA's comprehensive audit technique, we have developed proprietary audit templates to conduct personal property audits for use in computing valuations. These templates were designed so TMA could easily explain to the Counties the tracking and reconciliations for the various asset items on each account as well as track the correct assets for each tax year for preparing final audit reports in compliance with the requirements of the Property Appraiser.

In addition, TMA utilizes its proprietary CAVS software in conjunction with conducting these audits to assist in the valuation and validity of tangible personal property assets. TMA is the sole source provider of this CAVS software program which provides estimated valuations based on a built-in modeling system developed by TMA. This software will also allow the Property Appraiser to establish an estimated value using cost data that is both fair and defensible. TMA provides on-going enhancements and annual support for this software.

Should you require additional information, please feel free to contact me. Thank you for your interest in our service. We look forward to continuing our working relationship with Duval County.

Sincerely,

Jay Taranto

Jay Taranto
Director of Sales and Marketing

Agreement for Use of Property Tax Collections to Fund Business Personal Property Tax Audit Services

THIS AGREEMENT ("Agreement") is made and entered into as of this _____ day of _____, 2019, by and between the DUVAL COUNTY PROPERTY APPRAISER ("PROPERTY APPRAISER"), DUVAL COUNTY TAX COLLECTOR ("TAX COLLECTOR"), and the undersigned Local Governing Boards of the TAXING AUTHORITIES of Duval county, hereinafter referred to collectively as the "TAXING AUTHORITIES."

WHEREAS, the PROPERTY APPRAISER is responsible under Florida law for the administration of ad valorem property tax audits and for back taxes related to business property tax listings; and

WHEREAS, the TAX COLLECTOR is responsible under Florida law for the collection and distribution of ad valorem property taxes, including back taxes, and associated penalties, fees, and interest; and

WHEREAS, the TAXING AUTHORITIES receive local property tax revenue to fund essential public services; and

WHEREAS, the PROPERTY APPRAISER and TAX COLLECTOR intend to contract with TAX MANAGEMENT ASSOCIATES, INC. ("TMA") for audit services to conduct business personal property tax audits for the purpose of collecting taxes due on those properties, which funds would otherwise be unavailable to the TAXING AUTHORITIES (hereinafter the "TMA Audit Agreement"); and

WHEREAS, TMA shall provide said audit services in exchange for the fee established in the TMA Audit Agreement, which consists of an amount equal to thirty-five percent (35%) of any tax, penalties, and interest collected from back taxes assessed by the PROPERTY APPRAISER on parcels identified through a TMA audit (hereinafter, the "Fee"); and

WHEREAS, the Fee shall be paid exclusively from the taxes, penalties, and interest collected in relation to the business personal property tax audits resulting from the tax audits performed by TMA, and shall not constitute a pledge or general obligation of tax funds or create an obligation on the TAXING AUTHORITIES to appropriate or make monies available for the purpose of this Agreement beyond the fiscal year in which the Agreement is executed; and

NOW, THEREFORE, the PROPERTY APPRAISER, TAX COLLECTOR, and undersigned TAXING AUTHORITIES, for and in consideration of the mutual promises, covenants, and conditions herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, agree as follows:

TERMS

1. Incorporation of Recitals. The recitals set forth above are hereby incorporated into and deemed a part of this Agreement.

2. Authorization of Reduced Collections for Fee Payment:

The undersigned TAXING AUTHORITIES authorize the TAX COLLECTOR to deduct TMA's Fee, as established in the TMA Audit Agreement, from the total property tax, penalties and interest collected as the result of the business personal property tax audits pursuant to TMA audits. The TAX COLLECTOR shall distribute the remaining tax revenue to the undersigned TAXING AUTHORITIES according to governing Florida law.

This Agreement does not constitute a pledge or general obligation of ad valorem taxation, or create any obligation on any TAXING AUTHORITY to appropriate or make monies available for any tax year, and does not create the right in any party to compel the exercise of the ad valorem taxing power of any TAXING AUTHORITY.

The TAX COLLECTOR shall annually make available to each TAXING AUTHORITY an accounting of all tax proceeds collected pursuant to the TMA Audit Agreement, the Fees paid to TMA, and the total funds distributed to each TAXING AUTHORITY.

3. Term & Termination: This Agreement shall be effective as of the date of execution for an initial term of twelve (12) months. Thereafter, the Agreement shall renew automatically on an annual basis until such time as the TMA Audit Agreement is terminated or otherwise expires. Upon termination or expiration of the TMA Audit Agreement, this Agreement automatically expires except for such provisions as survive termination as further agreed herein.

Any TAXING AUTHORITY may opt out of this Agreement provided it notifies the PROPERTY APPRAISER and TAX COLLECTOR in writing at least ninety (90) days before the end of a fiscal year. The option shall be effective upon the first day of the following fiscal year.

The parties acknowledge that TMA audit services shall not be provided for any parcel in a specific tax district if any TAXING AUTHORITY in that tax district does not sign, or subsequently withdraws from, an agreement or memorandum of understanding for use of property tax collections to fund audit services.

Upon termination of this Agreement, Fees for all audits completed by TMA in effected tax districts up to the date of the notification of termination shall be payable in accordance with the terms provided by the TMA Audit Agreement. Because taxes may not be paid within the term of this Agreement, the authorization of reduced collections for Fee payment shall survive the termination of the Agreement, and shall terminate upon the later of the collection and

payment of all taxes related to TMA audits, or the expiration of such taxes as a matter of Florida law.

4. Severability: Should any provision, portion, or application of this Agreement be determined by a court of competent jurisdiction to be illegal, unenforceable, or in conflict with any applicable law or constitutional provision, or should future changes to Florida law conflict with any portion of this Agreement, the parties shall negotiate an equitable adjustment in the affected provisions of this Agreement with a view toward effecting the purpose of this Agreement, and the validity and enforceability of the remaining provisions, portions, or applications thereof, shall not be impaired. If a future change to Florida law conflicts with or preempts the entirety of this agreement, the agreement will be immediately terminated, subject to the termination provisions herein.

5. Public Records: The parties are public agencies subject to Florida's public records laws, including records retention, production, and confidentiality provisions. The PROPERTY APPRAISER and TAX COLLECTOR agree to retain all records maintained by their agencies and associated with the performance of this Agreement in compliance with applicable Florida records retention schedules, and to make all non-confidential or exempt records available for inspection or copying upon request and in compliance with Florida's public records laws.

6. Notice: Any notice required to be given under this Agreement shall be made in writing and sent by first class mail, postage paid, or by hand delivery to, the contact and address for the party as it appears on the signatory page of this Agreement.

7. Applicable Law: The terms and conditions of this Agreement shall be governed by the laws of the State of Florida.

8. Sole Benefit: This Agreement is for the sole benefit of the parties hereto, and in no event shall this Agreement be construed to be for the benefit of any third party, nor shall any party be liable for any loss, liability, damages or expenses to any person not a party to this Agreement.

9. Headings: Headings herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the proper officer of each, as of the date first written above.

PROPERTY APPRAISER:

DATE:

JERRY HOLLAND

PROPERTY APPRAISER
231 E FORSYTH STREET
JACKSONVILLE, FL 32202
904-630-2011

APPROVED AS TO LEGAL FORM

For the Property Appraiser:
Signature: _____

TAX COLLECTOR:

DATE:

JIM OVERTON
TAX COLLECTOR
231 E FORSYTH STREET
JACKSONVILLE, FL 32202
940-630-1916

APPROVED AS TO LEGAL FORM

For the Tax Collector:
Signature: _____

DRAFT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the proper officer of each, as of the date first written above.

TAXING AUTHORITY
NAME: _____

AUTHORIZED SIGNATURE: _____
PRINT NAME: _____
TITLE: _____
DATE SIGNED: _____

PRIMARY CONTACT: _____
ADDRESS 1: _____
ADDRESS 2: _____
CITY, STATE, ZIP: _____
PHONE: _____
EMAIL: _____

APPROVED AS TO LEGAL FORM

For the TAXING AUTHORITY:

Signature: _____

Name & Title: _____

DRAFT

Klages, David

From: Collins, Kathleen
Sent: Wednesday, May 15, 2019 3:34 PM
To: Klages, David
Subject: FW: Single Source Request TMA

Hi David,

Please see Sage's response below. To reiterate, the vendor is only paid a percentage of back taxes collected. If the bill is not collected from the taxpayer, the vendor does not receive any payment.

Thanks,

Kathleen Collins, MPA
Chief Financial Officer
Office of the Property Appraiser – Duval County
231 East Forsyth Street, Suite 270
Phone: (904) 630-2403
Email: KathleenC@coj.net

From: Sullivan, Sage
Sent: Wednesday, May 15, 2019 8:48 AM
To: Collins, Kathleen; Hicks, Keith
Subject: RE: Single Source Request TMA

This would be next to impossible to estimate. The dollar amount resulting from the discovery of assets could be any number. And then, even when back taxed, it doesn't guarantee the taxpayer will pay the bill. From the Florida client list provided by TMA, the total value of discovered assets ranged from $0 to $152M (with time ranges unknown). However, it can be reiterated that there will be no *upfront* costs paid to the vendor.

Sage Sullivan, CFE
TPP Division Chief
Duval County Property Appraiser
231 East Forsyth St., Suite 330
Jacksonville, FL 32202
904-630-1939

Please note that e-mail correspondence to and from employees of this office is subject to public disclosure under Florida law.

From: Collins, Kathleen
Sent: Wednesday, May 15, 2019 8:43 AM
To: Sullivan, Sage; Hicks, Keith
Subject: FW: Single Source Request TMA

Please see the question below from David. Do we have any idea?

From: Klages, David
Sent: Tuesday, May 14, 2019 4:51 PM
To: Collins, Kathleen
Subject: RE: Single Source Request TMA

Kathleen,
Do you have an estimate for how much will be paid to the vendor the initial year?

David R. Klages
Purchasing Analyst
City of Jacksonville, Procurement Division
214 N. Hogan Street, Suite 800
Jacksonville, FL 32202
Phone: (904) 255 – 8813
Email: dklages@coj.net

CITY OF JACKSONVILLE

From: Collins, Kathleen
Sent: Friday, May 10, 2019 1:44 PM
To: Klages, David
Subject: Single Source Request TMA

Hi David,

We would like to submit a single source request to enter a contract with TMA to conduct Tangible Personal Property audits. Are you the one I should submit this with?

Thank you,

Kathleen Collins, MPA
Chief Financial Officer
Office of the Property Appraiser – Duval County
231 East Forsyth Street, Suite 270
Phone: (904) 630-2403
Email: KathleenC@coj.net