

December 10, 2019

C-5

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute an agreement, including any necessary amendments, with MuniServices, LLC, dba Avenu MuniServices, LLC, for sales, use, and transaction and use tax projection, analysis, and consultant services, in an annual amount not to exceed \$12,000, for a period of one year, with the option to renew for four additional one-year periods, at the discretion of the City Manager; and,

Adopt a Resolution authorizing MuniServices, LLC, dba Avenu MuniServices, LLC, to examine all records related to sales, use, and transaction and use tax, collected by the California Department of Tax and Fee Administration. (Citywide)

DISCUSSION

City Council approval is requested to enter into a contract with MuniServices, LLC, dba Avenu MuniServices, LLC (Avenu), for sales, use, and transaction and use tax projection, analysis and consultant services. City Council approval is also requested to adopt a Resolution authorizing Avenu to examine all records related to the City of Long Beach (City) collected by the California Department of Tax and Fee Administration (CDTFA). State law requires that local jurisdictions adopt a Resolution authorizing outside consultants to review CDTFA records to perform revenue recovery and projection services. In addition to an approved Resolution authorizing access to City data, State law also requires an approved contract between the City and consultant for services.

The City previously retained the services of Avenu for consultant services for sales tax and transaction and use tax auditing, projection, and recovery. The previous contract has since ended; however, the City requests that Avenue continue supporting the City with forecast reports and analysis. In response to the Request for Proposals (RFP) released in 2018, Avenu and Hinderliter, de Llamas & Associates (dba HdL Companies) were the only vendors that submitted proposals. HdL was selected as the City primary sales, use, and transaction and use tax consultant, however staff is recommending that Avenu be added to support the City as an additional resource for forecast reports and analysis.

The reports by Avenu will supplement the work of the City's current sales and use tax consultant, HdL Companies. It is currently anticipated that the City will require forecast reports twice per year, but additional reports may be requested as-needed. Each forecast

report will include current and out year projections for both Bradley Burns and Measure A revenues with a summary of key projection assumptions.

This matter was reviewed by Deputy City Attorney Amy R. Webber on November 20, 2019, Purchasing Agent Tara Yeats on November 15, 2019, and by Revenue Management Officer Geraldine Alejo on November 12, 2019.

TIMING CONSIDERATIONS

City Council action is requested on December 10, 2019, to ensure the contract and Resolution is in place expeditiously.

FISCAL IMPACT

The annual contract amount will not exceed \$12,000. Costs will be funded within current resources in the General Fund Group in the Citywide Department. This recommendation has no staffing impact beyond the budgeted scope of duties and is consistent with existing City Council priorities. There is no job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



THOMAS B. MODICA
ACTING CITY MANAGER

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH DESIGNATING MUNISERVICES,
5 LLC DBA AVENU MUNISERVICES, LLC TO EXAMINE
6 SALES, USE, OR TRANSACTIONS AND USE TAX
7 RECORDS OF THE CITY OF LONG BEACH

8
9 WHEREAS, pursuant to California Revenue and Taxation Code Section
10 7200 et seq., the City of Long Beach has adopted a sales and use tax ordinance which
11 imposes a tax and provides that the State Board of Equalization can administer and
12 collect such tax; and

13 WHEREAS, in addition, on July 19, 2016, the City Council authorized a
14 contract with the State Board of Equalization, now known as the California Department of
15 Tax and Finance Administration ("CDTFA") to perform all functions incident to the
16 administration and collection of the Transactions and Use Tax adopted by the voters and
17 the local sales and use taxes; and

18 WHEREAS, pursuant to California Revenue and Taxation Code Section
19 7056, the City of Long Beach may designate any officer, employee or other person to
20 examine sales and use tax records of the CDTFA pertaining to the sales and use taxes
21 collected for the City; and

22 WHEREAS, the CDTFA has requested a resolution specifically designating
23 MuniServices, LLC dba Avenu MuniServices, LLC as the authorized entity to review
24 records related to sales and transactions use taxes; and

25 WHEREAS, City deems it necessary for authorized representatives of City
26 to examine confidential sales and transactions and use tax records of the CDTFA
27 pertaining to sales and transactions and use taxes collected by the CDTFA for City; and

28 WHEREAS, Section 7056 of the California Revenue and Taxation Code

1 sets forth certain requirements and conditions for the disclosure of CDTFA records and
2 establishes criminal penalties for the unlawful disclosure of information contained in, or
3 derived from sales or transactions and use tax records of the CDTFA; and

4 WHEREAS, Section 7056 of the California Revenue and Taxation Code
5 requires that any person designated by City shall have an existing contract to examine
6 City's sales and transactions and use tax records;

7 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
8 follows:

9 Section 1. That the Assistant Director of the Department of Financial
10 Management, or other officer or employee of City designated in writing by the City
11 Manager to CDTFA is hereby appointed to represent City with authority to examine all of
12 the sales and transactions and use tax records of the CDTFA pertaining to sales and
13 transactions and use taxes collected for City by the Board of Equalization pursuant to the
14 contract between City and the CDTFA. Information obtained by examination of CDTFA
15 records shall be used for purposes related to the collection of City's sales and
16 transactions and use taxes by the CDTFA pursuant to the contract.

17 Section 2. That the Assistant Director of the Department of Financial
18 Management, or other officer or employee of City designated in writing by the City
19 Manager to the CDTFA, is also hereby appointed to represent City with the authority to
20 examine those sales and transactions and use tax records of the CDTFA for purposes
21 related to the following governmental functions of City:

- 22 A. Tracking and economic development;
- 23 B. Forecasting and budget related functions;
- 24 C. Detection of misallocations and deficiencies.

25 The information obtained by examination of CDTFA records shall be used
26 only for those governmental functions of City listed above.

27 Section 3. That MuniServices, LLC dba Avenu MuniServices, LLC is
28 hereby designated and authorized to examine all of the sales and transactions and use

1 tax records of the CDTFA pertaining to all sales and use taxes collected for City and any
2 transaction and use taxes collected for City under the following Transactions and Use
3 Tax Ordinances and any future Transactions and Use Tax Ordinances that may be
4 enacted in the City. The person or entity designated by this Section meets all of the
5 following conditions:

6 A. Has an existing contract with City to examine sales and
7 transactions and use tax records;

8 B. Is required by that contract to disclose information contained
9 in, or derived from those sales and transactions and use tax records only to
10 an officer or employee authorized under Section 1 of this resolution to
11 examine the information;

12 C. Is prohibited by that contract from performing consulting
13 services for a retailer during the term of that contract;

14 D. Is prohibited by that contract from retaining the information
15 contained in, or derived from those sales and transactions and use tax
16 records after that contract has expired.

17 Section 4. The information obtained by examination of CDTFA records
18 shall be used only for purposes related to the collection of City's sales and transactions
19 and use taxes by the CDTFA pursuant to the contracts between City and the CDTFA and
20 for purposes relating to the governmental functions of City listed in Section 2 of this
21 resolution.

22 Section 5. This resolution shall take effect immediately upon its adoption
23 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

24 ///

25 ///

26 ///

27 ///

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2019, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664