



Legislation Details (With Text)

File #: 22-0955 **Version:** 1 **Name:** FM - MuniServices
Type: Contract **Status:** CCIS
File created: 7/14/2022 **In control:** City Council
On agenda: 8/16/2022 **Final action:** 8/16/2022

Title: Recommendation to authorize City Manager, or designee, to compensate MuniServices, LLC, dba Avenu MuniServices, LLC, of Fresno, CA, for its contractual share of new or misallocated sales, use, and transaction and use tax revenue, contingent on actual revenues received from the California Department of Tax and Fee Administration (CDTFA), as a direct result of Avenu MuniServices, LLC's detection and correction efforts pursuant to the terms of Contract Number 34743, including payment for such revenues received following close of said Contract; and

Authorize City Manager, or designee, to compensate Hinderliter, de Llamas & Associates dba HdL Companies, of Diamond Bar, CA, for its contractual share of new or misallocated sales, use, and transaction and use tax revenue, contingent on actual revenues received from CDTFA, as a direct result of HdL Companies' detection and correction efforts pursuant to the terms of Contract Number 35162, including payment for such revenues received following close of said Contract. (Citywide)

Sponsors: Financial Management

Indexes:

Code sections:

Attachments: 1. 081622-C-4sr

Date	Ver.	Action By	Action	Result
8/16/2022	1	City Council	approve recommendation	Pass

Recommendation to authorize City Manager, or designee, to compensate MuniServices, LLC, dba Avenu MuniServices, LLC, of Fresno, CA, for its contractual share of new or misallocated sales, use, and transaction and use tax revenue, contingent on actual revenues received from the California Department of Tax and Fee Administration (CDTFA), as a direct result of Avenu MuniServices, LLC's detection and correction efforts pursuant to the terms of Contract Number 34743, including payment for such revenues received following close of said Contract; and

Authorize City Manager, or designee, to compensate Hinderliter, de Llamas & Associates dba HdL Companies, of Diamond Bar, CA, for its contractual share of new or misallocated sales, use, and transaction and use tax revenue, contingent on actual revenues received from CDTFA, as a direct result of HdL Companies' detection and correction efforts pursuant to the terms of Contract Number 35162, including payment for such revenues received following close of said Contract. (Citywide)

City Council approval is requested to authorize payment to MuniServices, LLC, dba Avenu MuniServices, LLC (Avenu), and Hinderliter, de Llamas & Associates (HdL Companies) due after the expiration of each vendor's contract with the City of Long Beach (City). Compensation is on a contingency basis, where each vendor will receive their contractual

share of new or misallocated sales, use, and transaction and use tax revenue received by the City as a direct result of each company's auditing efforts while under contract. The timing of payments due to each vendor is subject to when the CDTFA reviews, approves and remits actual revenues to the City. Due to these timing considerations, which may extend beyond each contract's end date, the Financial Management Department requests authorization to continue to process payments for compensation due after each contract ends.

The City previously retained Avenu for sales, use, and transaction and use tax auditing and revenue recovery services. Services were performed under Contract No. 34743. Pursuant to contract terms, payment to Avenu is 15 percent of revenues received by the City as a direct result of Avenu's auditing efforts. Although the contract with Avenu has since concluded in 2018, payment will be due for misallocated revenues identified to the CDTFA by Avenu while under contract with the City, but later reviewed and approved by the CDTFA following contract close. Outstanding payment to Avenu is estimated at \$256,000 and covers petitions filed on the City's behalf for misallocated revenues dating back to 2017. The timing of when this amount is due to Avenu is pending CDTFA approval and actual revenues realized by the City.

Payment to the City's current consultant, HdL Companies, is also on a contingency basis and subject to the timing of CDTFA approval and when the City realizes revenues. HdL Companies is due 15 percent of new or misallocated sales, use, and transaction and use taxes received by the City directly due to HdL Companies' efforts. While Contract No. 35162 is still in effect, City Council approval is requested at this time to authorize payment to HdL Companies for its contractual share of revenues in anticipation of similar payments due following the conclusion of Contract No. 35162.

This matter was reviewed by Deputy City Attorney Anita Lakhani on July 11, 2022, Purchasing Agent Michelle Wilson on July 7, 2022, and by Revenue Management Officer Geraldine Alejo on July 1, 2022.

City Council action is requested on August 16, 2022 to ensure continued and timely payment to each vendor for their contractual share of new or misallocated sales, use, and transaction and use tax revenue.

The recommendation will authorize compensation to Avenu and HdL Companies following the expiration of each contract. Compensation to each vendor is on a contingency basis and is 15 percent of misallocated sales, use, and transaction and use tax revenue remitted to the City as a direct result of each vendor's auditing efforts while under contract. Payments will not be issued until actual revenues are remitted by the CDTFA and deposited in the General Fund Group. It is anticipated that payments will be supported with current appropriations budgeted in the General Fund Group in the Citywide Department. However, if needed, the department may return to the City Council to request an appropriation increase, offset by revenue received due to vendor efforts. Average actual sales, use, and transaction and use tax revenue received by the City due to vendor efforts is estimated at \$1.2 million per year. This recommendation has no staffing impact beyond the normal budgeted scope of duties

and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

KEVIN RIPER
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER