



Legislation Details (With Text)

File #: 18-0891 **Version:** 1 **Name:** FM - MuniServices for transaction and use tax auditing

Type: Contract **Status:** CCIS

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On agenda: 10/9/2018 **Final action:** 10/9/2018

Title: Recommendation to authorize City Manager, or designee, to execute all documents necessary to amend Contract No. 34743 with MuniServices, LLC, for continued sales tax or transaction and use tax auditing, projection, recovery and consultant services, by \$203,000, for a revised total annual amount not to exceed \$509,000, and extend the term to December 31, 2018. (Citywide)

Sponsors: Financial Management

Indexes: Amendments

Code sections:

Attachments: 1. 100918-C-7sr.pdf

Date	Ver.	Action By	Action	Result
10/9/2018	1	City Council	approve recommendation	Pass

Recommendation to authorize City Manager, or designee, to execute all documents necessary to amend Contract No. 34743 with MuniServices, LLC, for continued sales tax or transaction and use tax auditing, projection, recovery and consultant services, by \$203,000, for a revised total annual amount not to exceed \$509,000, and extend the term to December 31, 2018. (Citywide)

City Council approval is requested to amend Contract No. 34743 with MuniServices, LLC (MuniServices), to increase contract authority by \$203,000 and extend the term through December 31, 2018. On August 7, 2018, the Financial Management Department issued a Request for Proposals (RFP FM18-126) for consultant services for sales tax or transaction and use tax auditing, projection, and recovery. Staff is requesting approval to ensure payment of current services covering sales and use tax services for the first, second, and third quarters of calendar year 2018. This will ensure continuation of services until a new contract is awarded and authorization is received from the California Department of Tax and Fee Administration’s (CDTFA) for the selected vendor to view the City’s sales and use tax records.

A formal procurement process was completed in 2014 (RFP FM14-115) to identify the most qualified firm for sales and use tax auditing, projection and recovery, and other revenue audit services. The City has retained MuniServices since 2007 to provide technical expertise to perform these services, which are not available within the City. These services include the examination of sales or transaction and use tax records to ensure that these taxes are properly attributed to the City. Additionally, MuniServices facilitates the process of correcting misallocations by the California Department of Tax and Fee Administration (CDTFA) so revenue is accurately remitted to the City. MuniServices’ scope of work also includes review

of the City's Measure A revenues.

MuniServices' compensation covers sales or transaction and use tax projection, reporting, and access to its sales tax database, in addition to 20 percent of new or misallocated sales and use tax revenues realized by the City as direct result of MuniServices detection, documentation and correction. MuniServices supports the development and implementation of a use tax self-accrual program, trains City staff to assist businesses with its implementation, and provides the City with a user-friendly database containing monthly sales tax data from the CDTFA. The requested contract increase estimates quarterly payments at \$67,797. Actual payments to MuniServices will be based on actual quarterly revenues received by the City as a direct result of MuniServices efforts.

This matter was reviewed by Deputy City Attorney Amy R. Webber on September 11, 2018 and by Budget Management Officer Rhutu Amin Gharib on September 17, 2018.

City Council action is requested on October 9, 2018, to allow for uninterrupted consulting services related to sales and use tax until December 31, 2018.

As proposed, MuniServices, LLC, contract has a revised, not to exceed amount of \$509,000. The additional contract authority of \$203,000 is budgeted in the General Fund (GF) in the Citywide Activities Department (XC). The requested contract authority increase includes payment and a continuation of services covering three quarters of sales or transaction and use tax projection, reporting, misallocation corrections, and access to the sales tax database. There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER