

From: [Jim Wilk](#)
To: [Farrell, Lori Ann](#); [Wagner, Scott](#)
Cc: [Stapp, Mark](#); [City Clerk](#); [Nutt, Jason](#); [Christian Fea](#)
Subject: [EXTERNAL] Subject: Modernizing Santa Rosa's Cannabis Tax, UUT, and Business License Collections — A Revenue-Protection Conversation
Date: Monday, May 4, 2026 11:09:13 AM

Good Monday morning Lori Ann and Scott,

Jim Wilk of Monarch Technologies here. Welcome to Santa Rosa. I've been following the FY 2025-26 budget process closely — the \$551.3M adopted budget, the \$19.3M starting deficit reduced to \$6.7M after the \$13.4M in cuts, and the five-year outlook projecting \$46.6M in cumulative shortfall if structural pressures hold. Coming in mid-cycle on top of that picture, with 76% of the General Fund locked in salaries and benefits, is not a small inheritance.

I'm writing because I think Monarch Technologies can help Santa Rosa close a meaningful piece of that gap — without rate increases, additional service cuts, or new ballot measures beyond the two voters already approved last November. Three of the City's revenue streams — the cannabis business tax, the 5% Utility Users Tax, and the modernizing business license tax — are areas where modern automation routinely recovers 5–15% of revenue that quietly leaks out of legacy self-reporting systems.

Before I get to the pitch, one piece of context: I know Santa Rosa's relationship with HdL Companies runs deep. HdL has administered the City's Business Tax program since October 26, 2018, hosts the Cannabis Business Tax portal infrastructure, and runs the TOT support function under the SantaRosaTOT@hdlgov.com line. That's substantial work and this letter isn't a pitch to displace it. What I'm proposing is the technology layer that sits underneath HdL's existing administration — turning the data already flowing through their portals into continuous verification, not periodic findings.

Cannabis Tax — METRC and POS Integration

Santa Rosa's cannabis program — anchored in Sonoma County's cultivation ecosystem and the City's retail framework — depends on operator self-reporting through the HdL-hosted Cannabis Business Tax portal. The portal does its job competently. But by design, it accepts what operators report. It doesn't independently verify what they actually transacted. Our Monarch Tax Authority (MTA) platform integrates directly with METRC, California's state-mandated seed-to-sale tracking system, and operator point-of-sale systems. Instead of accepting what operators report, MTA cross-checks what they reported against what the data shows actually happened — continuously, not quarterly. The HdL portal continues collecting filings exactly as it does today; MTA verifies underneath that what flows

in matches what crossed the counter or moved out of the cultivation site.

We've delivered this for Lancaster and Desert Hot Springs — two Southern California cities where HdL was also active — and in both cases MTA identified material recovery that the existing audit cycle had not surfaced. Both are now extremely satisfied with the platform's accuracy and the visibility it gives leadership over the cannabis revenue stream.

Utility Users Tax — Closing the "Black Box"

Santa Rosa's 5% UUT — applied to electric, gas, telephone, and cable TV under Measure N (2014) and Title 3 Chapter 3.32 — is a critical General Fund revenue, and unlike business tax and cannabis tax, this stream is administered directly by the City rather than through an HdL portal. UUT operates as a "black box" that depends on utility providers correctly interpreting Santa Rosa's local ordinance and remitting accurately. Our TRAC.tax UUT platform turns that trust into verifiable certainty:

1. Automated nexus & boundary mapping — eliminates address-level errors that misallocate utility tax between the City and unincorporated Sonoma County, particularly along the Roseland and southwest corridor boundaries.
2. Real-time remittance tracking — replaces the monthly paper-and-check cycle with a digital provider portal that flags under-reporting or late payments (and the associated 10–15% penalties) the moment they occur.
3. Audit "look-back" — verifies that providers are correctly applying the 5% rate across electric, gas, telephone (landline), and cable TV, including VoIP and bundled digital services that consistently slip through legacy systems.
4. \$1,000-per-utility cap enforcement — automates the per-location annual cap calculation, eliminating the manual reconciliation work that creates errors at the highest-usage commercial accounts.

Because UUT sits outside the HdL administrative footprint at Santa Rosa, the UUT pilot is fully independent — no displacement, no operational disruption to anything HdL currently runs.

Business License Tax — Discovery and Compliance

Voters approved business license tax modernization in November 2024, and the City is projecting \$3M from that measure (paired with the hotel tax increase). HdL's portal handles the renewal and remittance side of that program well. What HdL's tooling is not built to do — and what Monarch specifically does — is the discovery layer underneath: identifying businesses that should be registered but aren't:

1. Discovery & compliance — cross-references Secretary of State filings, sales

tax registrations (which HdL is already pulling for you), fictitious business name records, online business activity, gig-economy operator records, and short-term rental platform data to identify operators not currently registered with the City. This is where the 5–15% recovery typically appears first, and where the new modernized rate structure pays off the most.

2. Renewal compliance flagging — flags registered businesses that have stopped filing or whose remittance pattern suggests structural under-reporting, complementing HdL's existing renewal workflow.
3. Cannabis-business-license integration — links cannabis annual licensing directly with general business tax registration, eliminating the dual-tracking that creates leakage between the two.
4. Unified Finance dashboard — single view across cannabis, UUT, business license, and TOT, with full audit trail that complements HdL's reporting rather than duplicating it.

Coexisting with HdL

To be concrete about how this fits alongside Santa Rosa's existing arrangements: HdL Companies continues to administer business tax, cannabis business tax, and TOT through its existing portals. Monarch handles real-time cannabis verification, UUT automation, and business license discovery through MTA and TRAC.tax. The scopes don't overlap, and our platform delivers data to Finance in formats your existing reporting workflows can ingest. If at some point Santa Rosa wanted to consolidate revenue administration under a single vendor, that's a separate conversation — but it's not what I'm proposing today.

Monarch recently entered into a partnership with Gold Coast Partners, combining technology and infrastructure expertise in a delivery model that keeps the City — not the consultant — in control of the revenue stream and the data.

Lori Ann — given your finance background and the realities of stepping into Santa Rosa mid-deficit-cycle, I suspect you'd want to know if real-time data was surfacing recovery opportunities the current administration cycle isn't catching. I'd welcome a 20-minute conversation with you and Scott— no pitch deck, just a direct look at what MTA sees in a comparable program and what a low-risk pilot scope on one revenue stream (cannabis or UUT is the most natural starting point) would look like for the FY 2026-27 budget cycle. We're not asking the City to displace existing systems or commit to a long-term contract — the goal is measurable recovery on a defined scope, then expand if the numbers justify it.

Please call me directly or schedule a time at the link below.

Looking forward,

Jim Wilk

Chief Experience Officer (CXO)

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[Schedule a call](#)

From: [Chris Guenther](#)
To: [City Council Public Comments](#)
Subject: [EXTERNAL] City Council 5/5 & 5/6 – Item 3.1
Date: Monday, May 4, 2026 2:52:32 PM
Attachments: [Study Session Comments 5_4_26.pdf](#)

Please see attached comment for the upcoming City Council study session.

Thanks,
Chris G.
415-265-9378



May 4, 2026

Santa Rosa City Council
100 Santa Rosa Ave, Room 10
Santa Rosa, CA 95404

Re: 5/5/26 & 5/6/26, Item 3.1: REVIEW OF FISCAL YEAR 2026-27 OPERATIONS AND MAINTENANCE BUDGET AND CAPITAL IMPROVEMENT PROGRAM BUDGET

Dear Mayor Stapp and Councilmembers,

Happy National Bike Month!

As you hear reports this week on the state of our city's budget, the Bikeable Santa Rosa campaign encourages you to continue your "fix it first" approach to transportation infrastructure and capital improvement investments.

Because walking and biking do so much less damage to city roads and infrastructure as compared to cars and trucks, ensuring active transportation users are supported with safe routes to their destinations is an effective means of ensuring our streets stay smooth for longer. In addition, as more citizens shift to active options, our city's air will become less polluted, there will be less traffic (and with less traffic, less traffic violence and noise pollution), and our climate emissions will be reduced.

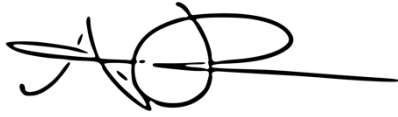
For all these reasons, Santa Rosa should *not* spend precious transportation dollars on projects that widen roads or expand infrastructure for cars and trucks, and should use the money instead to fix our existing roads while simultaneously building out our much-needed active transportation network. We believe this is the approach the City has currently been taking and we strongly support it.

We also recommend that the City continue to encourage, by whatever mechanisms available, medium- and high-density housing developments close to downtown and to active and public transportation routes (versus low-density developments on the edges of town). High-density developments are more fiscally responsible – it is less costly for the city to provide high-quality services to high-density developments close to existing infrastructure than to low-density developments on the periphery. With increased revenue and decreased cost per resident, the City

will have more resources to support the Active Transportation Plan, as well as other amenities like parks and other essential services like maintenance and public safety.

Thank you for your continued efforts to help build a thriving Santa Rosa for us all.

Sincerely,

A handwritten signature in black ink, featuring a stylized 'A' and 'F' with a long horizontal stroke extending to the right.

Alexa Forrester
Co-Lead, Bikeable Santa Rosa

A handwritten signature in black ink, consisting of a stylized 'C' and 'G' with a long horizontal stroke extending to the right.

Chris Guenther
Co-Lead, Bikeable Santa Rosa