

**CITY OF SANTA ROSA  
PROFESSIONAL SERVICES AGREEMENT  
WITH MUNISERVICES LLC  
AGREEMENT NUMBER \_\_\_\_\_**

This "Agreement" is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 2019, by and between the City of Santa Rosa, a municipal corporation ("City"), and MuniServices LLC, a Delaware Limited Liability company ("Consultant").

**RECITALS**

- A. City desires revenue and audit and consulting services.
- B. City desires to retain a qualified firm to conduct the services described above in accordance with the Scope of Services as more particularly set forth in Exhibit A to the Agreement.
- C. Consultant represents to City that it is a firm composed of highly trained professionals and is fully qualified to conduct the services described above and render advice to City in connection with said services.
- D. The parties have negotiated upon the terms pursuant to which Consultant will provide such services and have reduced such terms to writing.

**AGREEMENT**

**NOW, THEREFORE,** City and Consultant agree as follows:

**1. SCOPE OF SERVICES**

Consultant shall provide to City the services described in Exhibit A ("Scope of Services"). Consultant shall provide these services at the time, place, and in the manner specified in Exhibit A. Exhibit A is attached hereto for the purpose of defining the manner and scope of services to be provided by Consultant and is not intended to, and shall not be construed so as to, modify or expand the terms, conditions or provisions contained in this Agreement. In the event of any conflict between this Agreement and any terms or conditions of any document prepared or provided by Consultant and made a part of this Agreement, including without limitation any document relating to the scope of services or payment therefor, the terms of this Agreement shall control and prevail.

**2. COMPENSATION**

a. City shall pay Consultant for services rendered pursuant to this Agreement at the rates, times and in the manner set forth in Exhibit B. Consultant shall submit monthly statements to City which shall itemize the services performed as of the date of the statement and set forth a progress report, including work accomplished during the period, percent of each task completed, and planned effort for

the next period. Invoices shall identify personnel who have worked on the services provided, the number of hours each worked during the period covered by the invoice, the hourly rate for each person, and the percent of the total project completed, consistent with the rates and amounts shown in Exhibit B.

b. The payments prescribed herein shall constitute all compensation to Consultant for all costs of services, including, but not limited to, direct costs of labor of employees engaged by Consultant, travel expenses, telephone charges, copying and reproduction, computer time, and any and all other costs, expenses and charges of Consultant, its agents and employees. In no event shall City be obligated to pay late fees or interest, whether or not such requirements are contained in Consultant's invoice.

c. Notwithstanding any other provision in this Agreement to the contrary, the total maximum compensation to be paid for the satisfactory accomplishment and completion of all services to be performed hereunder shall in no event exceed the sum of six hundred thousand dollars (\$600,000). The City's Chief Financial Officer is authorized to pay all proper claims from various charge numbers.

### **3. DOCUMENTATION; RETENTION OF MATERIALS**

a. Consultant shall maintain adequate documentation to substantiate all charges as required under Section 2 of this Agreement.

b. Consultant shall keep and maintain full and complete documentation and accounting records concerning all extra or special services performed by it that are compensable by other than an hourly or flat rate and shall make such documents and records available to authorized representatives of City for inspection at any reasonable time.

c. Consultant shall maintain the records and any other records related to the performance of this Agreement and shall allow City access to such records during the performance of this Agreement and for a period of four (4) years after completion of all services hereunder.

### **4. INDEMNITY**

a. Consultant shall, to the fullest extent permitted by law, indemnify, protect, defend and hold harmless City, and its employees, officials and agents ("Indemnified Parties") from all claims, demands, costs or liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, interest, defense costs, and expert witness fees), that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Consultant, its officers, employees, or agents, in said performance of professional services under this Agreement, excepting only liability arising from the sole negligence, active negligence or intentional misconduct of City.

b. The existence or acceptance by City of any of the insurance policies or coverages described in this Agreement shall not affect or limit any of City's rights under this Section 4, nor shall the limits of such insurance limit the liability of Consultant hereunder. This Section 4 shall not apply to any intellectual property claims, actions, lawsuits or other proceedings subject to the provisions of Section

17(b), below. The provisions of this Section 4 shall survive any expiration or termination of this Agreement.

## **5. INSURANCE**

a. Consultant shall maintain in full force and effect all of the insurance coverage described in, and in accordance with, Attachment One, "Insurance Requirements." Maintenance of the insurance coverage set forth in Attachment One is a material element of this Agreement and a material part of the consideration provided by Consultant in exchange for City's agreement to make the payments prescribed hereunder. Failure by Consultant to (i) maintain or renew coverage, (ii) provide City notice of any changes, modifications, or reductions in coverage, or (iii) provide evidence of renewal, may be treated by City as a material breach of this Agreement by Consultant, whereupon City shall be entitled to all rights and remedies at law or in equity, including but not limited to immediate termination of this Agreement. Notwithstanding the foregoing, any failure by Consultant to maintain required insurance coverage shall not excuse or alleviate Consultant from any of its other duties or obligations under this Agreement. In the event Consultant, with approval of City pursuant to Section 6 below, retains or utilizes any subcontractors or subconsultants in the provision of any services to City under this Agreement, Consultant shall assure that any such subcontractor has first obtained, and shall maintain, all of the insurance coverages set forth in the Insurance Requirements in Attachment One.

b. Consultant agrees that any available insurance proceeds broader than or in excess of the coverages set forth in the Insurance Requirements in Attachment One shall be available to the additional insureds identified therein.

c. Consultant agrees that the insurance coverages and limits provided under this Agreement are the greater of: (i) the coverages and limits specified in Attachment One, or (ii) the broader coverages and maximum limits of coverage of any insurance policy or proceeds available to the name insureds.

## **6. ASSIGNMENT**

Consultant shall not assign any rights or duties under this Agreement to a third party without the express prior written consent of City, in City's sole and absolute discretion. Consultant agrees that the City shall have the right to approve any and all subcontractors and subconsultants to be used by Consultant in the performance of this Agreement before Consultant contracts with or otherwise engages any such subcontractors or subconsultants.

## **7. NOTICES**

Except as otherwise provided in this Agreement, any notice, submittal or communication required or permitted to be served on a party, shall be in writing and may be served by personal delivery to the person or the office of the person identified below. Service may also be made by mail, by placing first-class postage, and addressed as indicated below, and depositing in the United States mail to:

City Representative:  
Alan Alton, Deputy Director –  
Finance  
Finance Department  
90 Santa Rosa Avenue, Santa  
Rosa, CA 95404  
(707) 543-3093  
aalton@srcity.org

Consultant Representative:  
Thomas Adams, Client Services Executive  
MuniServices, LLC (dba  
Avenu/MuniServices)  
1264 Hawkes Flight Ct. #270  
El Dorado Hills, CA 95762  
(916) 926-9019  
Thomas.Adams@avenuinsights.com

## **8. INDEPENDENT CONTRACTOR**

a. It is understood and agreed that Consultant (including Consultant's employees) is an independent contractor and that no relationship of employer-employee exists between the parties hereto for any purpose whatsoever. Neither Consultant nor Consultant's assigned personnel shall be entitled to any benefits payable to employees of City. City is not required to make any deductions or withholdings from the compensation payable to Consultant under the provisions of this Agreement, and Consultant shall be issued a Form 1099 for its services hereunder. As an independent contractor, Consultant hereby agrees to indemnify and hold City harmless from any and all claims that may be made against City based upon any contention by any of Consultant's employees or by any third party, including but not limited to any state or federal agency, that an employer-employee relationship or a substitute therefor exists for any purpose whatsoever by reason of this Agreement or by reason of the nature and/or performance of any services under this Agreement.

b. It is further understood and agreed by the parties hereto that Consultant, in the performance of Consultant's obligations hereunder, is subject to the control and direction of City as to the designation of tasks to be performed and the results to be accomplished under this Agreement, but not as to the means, methods, or sequence used by Consultant for accomplishing such results. To the extent that Consultant obtains permission to, and does, use City facilities, space, equipment or support services in the performance of this Agreement, this use shall be at the Consultant's sole discretion based on the Consultant's determination that such use will promote Consultant's efficiency and effectiveness. Except as may be specifically provided elsewhere in this Agreement, the City does not require that Consultant use City facilities, equipment or support services or work in City locations in the performance of this Agreement.

c. If, in the performance of this Agreement, any third persons are employed by Consultant, such persons shall be entirely and exclusively under the direction, supervision, and control of Consultant. Except as may be specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by Consultant. It is further understood and agreed that Consultant shall issue W-2 or 1099 Forms for income and employment tax purposes, for all of Consultant's assigned personnel and subcontractors.

d. The provisions of this Section 8 shall survive any expiration or termination of this Agreement. Nothing in this Agreement shall be construed to create an exclusive relationship between

City and Consultant. Consultant may represent, perform services for, or be employed by such additional persons or companies as Consultant sees fit.

#### **9. ADDITIONAL SERVICES**

Changes to the Scope of Services shall be by written amendment to this Agreement and shall be paid on an hourly basis at the rates set forth in Exhibit B, or paid as otherwise agreed upon by the parties in writing prior to the provision of any such additional services.

#### **10. SUCCESSORS AND ASSIGNS**

City and Consultant each binds itself, its partners, successors, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect of all promises and agreements contained herein.

#### **11. TERM, SUSPENSION, TERMINATION**

a. This Agreement shall become effective on the date that it is made, set forth on the first page of the Agreement, and shall continue in effect until both parties have fully performed their respective obligations under this Agreement, unless sooner terminated as provided herein.

b. City shall have the right at any time to temporarily suspend Consultant's performance hereunder, in whole or in part, by giving a written notice of suspension to Consultant. If City gives such notice of suspension, Consultant shall immediately suspend its activities under this Agreement, as specified in such notice.

c. City shall have the right to terminate this Agreement for convenience at any time by giving a written notice of termination to Consultant. Upon such termination, Consultant shall submit to City an itemized statement of services performed as of the date of termination in accordance with Section 2 of this Agreement. These services may include both completed work and work in progress at the time of termination. City shall pay Consultant for any services for which compensation is owed; provided, however, City shall not in any manner be liable for lost profits that might have been made by Consultant had the Agreement not been terminated or had Consultant completed the services required by this Agreement. Consultant shall promptly deliver to City all documents related to the performance of this Agreement in its possession or control. All such documents shall be the property of City without additional compensation to Consultant.

#### **12. TIME OF PERFORMANCE**

The services described herein shall be provided during the period, or in accordance with the schedule, set forth in Exhibit A. Consultant shall complete all the required services and tasks and complete and tender all deliverables to the reasonable satisfaction of City, not later than September 30, 2024, or September 30, 2026, if the contract is extended for the two option years.

#### **13. STANDARD OF PERFORMANCE**

Consultant shall perform all services performed under this Agreement in the manner and according to the standards currently observed by a competent practitioner of Consultant's profession in California. All products of whatsoever nature that Consultant delivers to City shall be prepared in a professional manner and conform to the standards of quality normally observed by a person currently practicing in Consultant's profession, and shall be provided in accordance with any schedule of performance. Consultant shall assign only competent personnel to perform services under this Agreement. Consultant shall notify City in writing of any changes in Consultant's staff assigned to perform the services under this Agreement prior to any such performance. In the event that City, at any time, desires the removal of any person assigned by Consultant to perform services under this Agreement, because City, in its sole discretion, determines that such person is not performing in accordance with the standards required herein, Consultant shall remove such person immediately upon receiving notice from City of the desire of City for the removal of such person.

#### 14. CONFLICTS OF INTEREST

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, that would conflict in any manner with the interests of City or that would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor, without the written consent of City. Consultant agrees to avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City at all times during the performance of this Agreement.

#### 15. CONFLICT OF INTEREST REQUIREMENTS

a. **Generally.** The City's Conflict of Interest Code requires that individuals who qualify as "consultants" under the Political Reform Act, California Government Code sections 87200 *et seq.*, comply with the conflict of interest provisions of the Political Reform Act and the City's Conflict of Interest Code, which generally prohibit individuals from making or participating in the making of decisions that will have a material financial effect on their economic interests. The term "consultant" generally includes individuals who make governmental decisions or who serve in a staff capacity.

b. **Conflict of Interest Statements.** The individual(s) who will provide services or perform work pursuant to this Agreement are "consultants" within the meaning of the Political Reform Act and the City's Conflict of Interest Code:

yes  no (check one)

If "yes" is checked by the City, Consultant shall cause the following to occur within 30 days after execution of this Agreement:

- (1) Identify the individuals who will provide services or perform work under this Agreement as "consultants"; and
- (2) Cause these individuals to file with the City Clerk the assuming office statements of economic interests required by the City's Conflict of Interest Code.

Thereafter, throughout the term of the Agreement, Consultant shall cause these individuals to file with the City Clerk annual statements of economic interests, and "leaving office" statements of economic interests, as required by the City's Conflict of Interest Code.

The above statements of economic interests are public records subject to public disclosure under the California Public Records Act. The City may withhold all or a portion of any payment due under this Agreement until all required statements are filed.

## **16. CONFIDENTIALITY OF CITY INFORMATION**

During performance of this Agreement, Consultant may gain access to and use City information regarding inventions, machinery, products, prices, apparatus, costs, discounts, future plans, business affairs, governmental affairs, processes, trade secrets, technical matters, systems, facilities, customer lists, product design, copyright, data, and other vital information (hereafter collectively referred to as "City Information") that are valuable, special and unique assets of the City. Consultant agrees to protect all City Information and treat it as strictly confidential, and further agrees that Consultant shall not at any time, either directly or indirectly, divulge, disclose or communicate in any manner any City Information to any third party without the prior written consent of City. In addition, Consultant shall comply with all City policies governing the use of the City network and technology systems. A violation by Consultant of this Section 16 shall be a material violation of this Agreement and shall justify legal and/or equitable relief.

## **17. CONSULTANT INFORMATION**

a. City shall have full ownership and control, including ownership of any copyrights, of all information prepared, produced, or provided by Consultant pursuant to this Agreement. In this Agreement, the term "information" shall be construed to mean and include: any and all work product, submittals, reports, plans, specifications, and other deliverables consisting of documents, writings, handwritings, typewriting, printing, photostating, photographing, computer models, and any other computerized data and every other means of recording any form of information, communications, or representation, including letters, works, pictures, drawings, sounds, or symbols, or any combination thereof. Consultant shall not be responsible for any unauthorized modification or use of such information for other than its intended purpose by City.

b. Consultant shall fully defend, indemnify and hold harmless City, its officers and employees, and each and every one of them, from and against any and all claims, actions, lawsuits or other proceedings alleging that all or any part of the information prepared, produced, or provided by Consultant pursuant to this Agreement infringes upon any third party's trademark, trade name, copyright, patent or other intellectual property rights. City shall make reasonable efforts to notify Consultant not later than ten (10) days after City is served with any such claim, action, lawsuit or other proceeding, provided that City's failure to provide such notice within such time period shall not relieve Consultant of its obligations hereunder, which shall survive any termination or expiration of this Agreement.

c. All proprietary and other information received from Consultant by City, whether

received in connection with Consultant's proposal, will be disclosed upon receipt of a request for disclosure, pursuant to the California Public Records Act; provided, however, that, if any information is set apart and clearly marked "trade secret" when it is provided to City, City shall give notice to Consultant of any request for the disclosure of such information. Consultant shall then have five (5) days from the date it receives such notice to enter into an agreement with the City, satisfactory to the City Attorney, providing for the defense of, and complete indemnification and reimbursement for all costs (including plaintiff's attorneys' fees) incurred by City in any legal action to compel the disclosure of such information under the California Public Records Act. Consultant shall have sole responsibility for defense of the actual "trade secret" designation of such information.

d. The parties understand and agree that any failure by Consultant to respond to the notice provided by City and/or to enter into an agreement with City, in accordance with the provisions of subsection c, above, shall constitute a complete waiver by Consultant of any rights regarding the information designated "trade secret" by Consultant, and such information shall be disclosed by City pursuant to applicable procedures required by the Public Records Act.

## **18. MISCELLANEOUS**

a. Entire Agreement. This Agreement contains the entire agreement between the parties. Any and all verbal or written agreements made prior to the date of this Agreement are superseded by this Agreement and shall have no further effect.

b. Modification. No modification or change to the terms of this Agreement will be binding on a party unless in writing and signed by an authorized representative of that party.

c. Compliance with Laws. Consultant shall perform all services described herein in compliance with all applicable federal, state and local laws, rules, regulations, and ordinances, including but not limited to, (i) the Americans with Disabilities Act of 1990 (42 U.S.C. 12101, et seq.) ("ADA"), and any regulations and guidelines issued pursuant to the ADA; and (ii) Labor Code sections 1720, et seq., which require prevailing wages (in accordance with DIR determinations at [www.dir.ca.gov](http://www.dir.ca.gov)) be paid to any employee performing work covered by Labor Code sections 1720 et seq. Consultant shall pay to the City when due all business taxes payable by Consultant under the provisions of Chapter 6-04 of the Santa Rosa City Code. The City may deduct any delinquent business taxes, and any penalties and interest added to the delinquent taxes, from its payments to Consultant.

d. Discrimination Prohibited. With respect to the provision of services under this Agreement, Consultant agrees not to discriminate against any person because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status of that person.

e. Governing Law; Venue. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California. Venue of any litigation arising out of or connected with this Agreement shall lie exclusively in the state trial court in Sonoma County in the State of California, and the parties consent to jurisdiction over their persons and over the subject matter of any



such litigation in such court, and consent to service of process issued by such court.

f. Waiver of Rights. Neither City acceptance of, or payment for, any service or performed by Consultant, nor any waiver by either party of any default, breach or condition precedent, shall be construed as a waiver of any provision of this Agreement, nor as a waiver of any other default, breach or condition precedent or any other right hereunder.

g. Incorporation of Attachments and Exhibits. The attachments and exhibits to this Agreement are incorporated and made part of this Agreement, subject to terms and provisions herein contained.

**19. AUTHORITY; SIGNATURES REQUIRED FOR CORPORATIONS**

Consultant hereby represents and warrants to City that it is (a) a duly organized and validly existing LLC, formed and in good standing under the laws of the State of Delaware, (b) has the power and authority and the legal right to conduct the business in which it is currently engaged, and (c) has all requisite power and authority and the legal right to consummate the transactions contemplated in this Agreement. Consultant hereby further represents and warrants that this Agreement has been duly authorized, and when executed by the signatory or signatories listed below, shall constitute a valid agreement binding on Consultant in accordance with the terms hereof.

If this Agreement is entered into by a corporation, it shall be signed by two corporate officers, one from each of the following two groups: a) the chairman of the board, president or any vice-president; b) the secretary, any assistant secretary, chief financial officer, or any assistant treasurer. The title of the corporate officer shall be listed under the signature.

Executed as of the day and year first above stated.

**CONSULTANT:**

**CITY OF SANTA ROSA**  
a Municipal Corporation

Name of Firm: MuniServices, LLC

TYPE OF BUSINESS ENTITY (check one):

- Individual/Sole Proprietor
- Partnership
- Corporation
- Limited Liability Company
- Other (please specify: \_\_\_\_\_)

By: \_\_\_\_\_

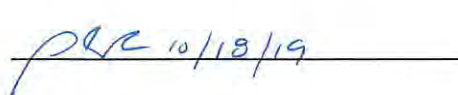
Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signatures of Authorized Persons:

APPROVED AS TO FORM:

By: 



Print Name: Mike Melka

Office of the City Attorney

Title: Chief Financial Officer

ATTEST:

City of Santa Rosa Business Tax Cert. No.

9997064204

\_\_\_\_\_  
City Clerk

Attachments:

Attachment One - Insurance Requirements

Exhibit A - Scope of Services

Exhibit B - Compensation

**ATTACHMENT ONE  
INSURANCE REQUIREMENTS FOR  
PROFESSIONAL SERVICES AGREEMENTS**

**A. Insurance Policies:** Consultant shall, at all times during the terms of this Agreement, maintain and keep in full force and effect, the following policies of insurance with minimum coverage as indicated below and issued by insurers with AM Best ratings of no less than A-VI or otherwise acceptable to the City.

<b>Insurance</b>	<b>Minimum Coverage Limits</b>	<b>Additional Coverage Requirements</b>
1. Commercial general liability	\$ 1 million per occurrence \$ 2 million aggregate	Coverage must be at least as broad as ISO CG 00 01 and must include completed operations coverage. If insurance applies separately to a project/location, aggregate may be equal to per occurrence amount. <b>Coverage may be met by a combination of primary and umbrella or excess insurance but umbrella and excess shall provide coverage at least as broad as specified for underlying coverage. Coverage shall not exclude subsidence.</b>
2. Business auto coverage	\$ 1 million	ISO Form Number CA 00 01 covering any auto (Code 1), or if Consultant has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than \$ 1 million per accident for bodily injury and property damage.
3. Professional liability (E&O)	\$ 1 million per claim \$ 1 million aggregate	Consultant shall provide on a policy form appropriate to profession. If on a claims made basis, Insurance must show coverage date prior to start of work and it must be maintained for three years after completion of work.
4. Workers' compensation and employer's liability	\$ 1 million	As required by the State of California, with Statutory Limits and Employer's Liability Insurance with limit of no less than \$ 1 million per accident for bodily injury or disease. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Consultant, its employees, agents and subcontractors.

**B. Endorsements:**

1. All policies shall provide or be endorsed to provide that coverage shall not be canceled, except after prior written notice has been provided to the City in accordance with the policy provisions.

2. Liability, umbrella and excess policies shall provide or be endorsed to provide the following:
  - a. For any claims related to this project, Consultant's insurance coverage shall be primary and any insurance or self-insurance maintained by City shall be excess of the Consultant's insurance and shall not contribute with it; and,
  - b. **The City of Santa Rosa, its officers, agents, employees and volunteers are to be covered as additional insureds on the CGL policy.** General liability coverage can be provided in the form of an endorsement to Consultant's insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used.

**C. Verification of Coverage and Certificates of Insurance:** Consultant shall furnish City with original certificates and endorsements effecting coverage required above. Certificates and endorsements shall make reference to policy numbers. All certificates and endorsements are to be received and approved by the City before work commences and must be in effect for the duration of the Agreement. The City reserves the right to require complete copies of all required policies and endorsements.

**D. Other Insurance Provisions:**

1. No policy required by this Agreement shall prohibit Consultant from waiving any right of recovery prior to loss. Consultant hereby waives such right with regard to the indemnitees.
2. All insurance coverage amounts provided by Consultant and available or applicable to this Agreement are intended to apply to the full extent of the policies. Nothing contained in this Agreement limits the application of such insurance coverage. Defense costs must be paid in addition to coverage amounts.
3. Policies containing any self-insured retention (SIR) provision shall provide or be endorsed to provide that the SIR may be satisfied by either Consultant or City. Self-insured retentions above \$10,000 must be approved by City. At City's option, Consultant may be required to provide financial guarantees.
4. Sole Proprietors must provide a representation of their Workers' Compensation Insurance exempt status.
5. City reserves the right to modify these insurance requirements while this Agreement is in effect, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

**MUNISERVICES**

/ AN **AVENU** INSIGHTS & ANALYTICS COMPANY /

# City of Santa Rosa

Request for Proposals

## Revenue Audit and Consulting

**RFP # 19-45**



July 25, 2019

**Submitted By:**  
Avenu Insights & Analytics/MuniServices  
1264 Hawkes Flight Court #270  
El Dorado Hills, CA 95762

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## Cover Letter

July 25, 2019

*Via Upload to Planet Bids*  
City of Santa Rosa  
Attn: Alan Alton  
635 1<sup>st</sup> St., 2<sup>nd</sup> Floor  
Santa Rosa, CA 95404

**RE: Proposal for Revenue Audit and Consulting, RFP No. 19-45**

Dear Mr. Alton:

MuniServices, LLC (Avenu/MuniServices), is pleased to provide the City of Santa Rosa with the following response to the City's Request for Proposals (RFP) for Revenue Audit and Consulting Services, RFP No. 19-45. Avenu/MuniServices has closely reviewed and considered the requirements in the City's RFP and we are confident that we have the required skills, expertise, capabilities, and knowledge specific to Santa Rosa to continue providing the City with these services.

Our successful partnership with the City that began over 30 years ago, and our wealth of experience in the Sonoma County region, provides us with a deep institutional knowledge of Santa Rosa's sales tax base. We are a leader in assisting local governments in implementing, administering, and managing multiple tax types – servicing more than 1,000 government partners throughout the Country, including over 350 jurisdictions in California. Why continue working with Avenu/MuniServices?

- ▶ **Seamless Transition.** Avenu/MuniServices offers the City of Santa Rosa a seamless continuation of services that other companies cannot offer – as we are able to leverage our current institutional knowledge of the City, and the City's tax base.
- ▶ **Four Decades of Experience.** For over 40 years, Avenu/Muniservices has been an industry leader in the services requested in the City's RFP.
- ▶ **Proven Results.** Avenu/MuniServices offers the City of Santa Rosa a proven and demonstrated track record of results. Since our partnership with the City began in 1989, **Avenu/MuniServices has generated over \$53 million in new revenue for the City.**
- ▶ **Firmly Established throughout California.** We know California. We were founded in California and we currently provide revenue consulting services to over 350 California public agencies. Additionally, we have strategic office locations throughout California, including Sacramento, Fresno, El Dorado Hills, and Westlake Village.

- ▶ **Dedicated Government Relations Team.** We have a dedicated in-house Government Relations team located in Sacramento, including an in-house lobbyist, who are experts in tracking and researching legislation that has the potential to affect region-specific tax revenues.
- ▶ **A team of experts.** Our experts are committed to the continuation of Santa Rosa's success. Avenu/MuniServices has a distinguished team of experts that support our customers. Our Executive and Senior Management team are easily accessed and are deeply involved in day-to-day operations.

Our priority is to provide the City of Santa Rosa with the highest level of customer service. Doug Jensen and Thomas Adams will serve as the City's primary contacts and project liaisons. Other key team members are also listed below. We will manage this project out of the Client Services offices in San Rafael and Vacaville, along with our data office in Fresno.

- ▶ Doug Jensen, [Doug.Jensen@avenuinsights.com](mailto:Doug.Jensen@avenuinsights.com) / 559-288-8943
- ▶ Tom Adams, [Thomas.Adams@avenuinsights.com](mailto:Thomas.Adams@avenuinsights.com) / 916-926-9019
- ▶ Janis Varney, [Janis.Varney@avenuinsights.com](mailto:Janis.Varney@avenuinsights.com) / 800.800.8181 ext. 76311
- ▶ Tracy Vesely, [Tracy.Vesely@avenuinsights.com](mailto:Tracy.Vesely@avenuinsights.com) / 925-330-2958

On behalf of Avenu/MuniServices, I welcome the opportunity to continue our partnership with the City of Santa Rosa. I represent that the information contained in this proposal is true and correct, and we can perform the commitments contained in this proposal. As Chief Financial Officer, I am authorized to commit Avenu/MuniServices to a contract and represent the firm in all oral presentations and negotiations. This offer will remain valid for 120 days from the due date of this proposal.

Sincerely,



Mike Melka  
Chief Financial Officer  
Avenu/MuniServices  
5860 Trinity Parkway, Suite 120  
Centreville, VA 20120  
[proposals@avenuinsights.com](mailto:proposals@avenuinsights.com)



## Section 1: Company Information

### A. Identification of Firm

<b>Name:</b>	MuniServices, LLC (d/b/a Avenu/MuniServices)
<b>Address:</b>	1264 Hawkes Flight court, #270; El Dorado Hills, CA 95762
<b>E-Mail:</b>	proposals@avenuinsights.com
<b>Phone:</b>	(916) 926-9019 – Thomas Adams, Client Services Executive

### B. Point of Contact

<b>Name:</b>	Thomas Adams
<b>Title:</b>	Client Services Executive
<b>E-Mail:</b>	Thomas.adams@avenuinsights.com
<b>Phone:</b>	(916) 926-9019

### C. Background and Organization

Founded in California in 1978, MuniServices, LLC (Avenu/MuniServices) is a privately-owned consulting services company that specializes in helping public agencies across the nation to preserve, enhance, and manage their tax revenue base. From July 2008 to January 24, 2017 MuniServices was a wholly owned subsidiary of PRA Group, Inc. (NASDAQ: PRAA), a publicly traded, full-service provider of outsourced receivables management and related services. In 2017, MuniServices, LLC joined forces with Avenu Insights & Analytics, LLC, and as one team, Avenu/MuniServices focuses exclusively on local government agencies like the City of Santa Rosa. In the course of our 40-year history, we have grown to a national footprint of over 1,000 employees, supporting over 3,000 customers in all 50 states. We have a dedicated team of revenue consulting and tax audit experts which provide concierge-level services to over 350 public agencies in California and over 900 jurisdictions throughout the nation.

Avenu/MuniServices has 14 office locations strategically stationed across the United States, including five (5) offices in California, with an additional two (2) offices in Canada. Data and analytics services for this project will be provided from Avenu/MuniServices California headquarters office in Fresno, our audit services office in El Dorado Hills, our UUT & TOT office in Westlake Village, our government relations office in Sacramento, and our client services offices in San Rafael and Vacaville.

We offer our local governments a full range of revenue enhancement and administrative solutions, providing administration, audit, and technology services to state and local governments nationwide. We have the expertise and resources to provide all necessary services detailed in this RFP. Our company is financially stable, and we will provide all services according to prices quoted within this proposal and deliver them in a timely manner.

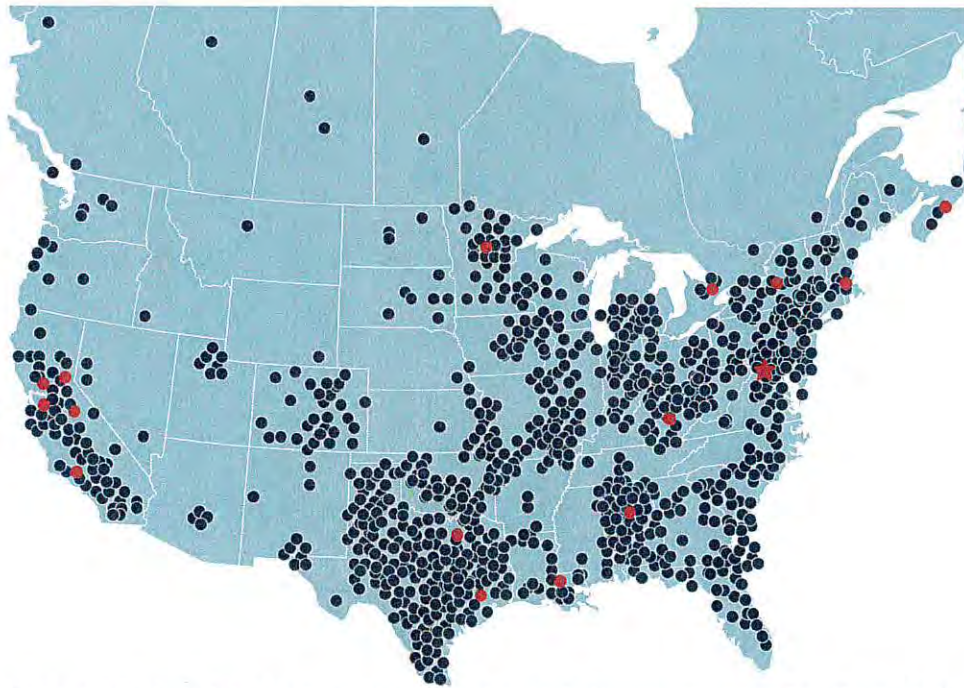


Figure 1 - Map illustrating Avenu/MuniServices national footprint with Red representing Avenu/MuniServices' offices and Blue representing clients

### Project Staffing

Avenu/MuniServices offers Santa Rosa a highly skilled and dedicated team of experts ready to continue their support of the City. As we have demonstrated in our long-standing partnership, we are committed to Santa Rosa's success and our Executive, Senior Management, and Advisory teams are easily accessed and are deeply involved in day-to-day operations.

Most of our senior staff each have over twenty years of experience in local government finance, tax audit and tax administration, providing a level of expertise unmatched in the industry. We will not use any sub-consultants for this project, so we are directly accountable for all aspects of operations and revenue enhancement.

We have a Government Relations team and in-house lobbyist in Sacramento that monitors legislative and regulatory activity to ensure our clients are informed on legislative updates. Our team of former municipal executives, sales tax and data & analytics experts, along with our national footprint, provides us with a unique opportunity to continuously develop new and innovative ways to uncover businesses that are incorrectly reporting taxes. To demonstrate our expertise to the City of Santa Rosa, Avenu/MuniServices received industry-wide recognition by being listed on the GovTech100 for our role in supporting our local government clients.



Figure 2 - Avenu/MuniServices was listed on the 2019 GovTech100 for our support of local governments

### **Executive and Management Team**

**Paul Colangelo, Chief Executive Officer.** Paul has nearly 20 years of executive leadership and a track record as a trusted advisor at the state and local levels. Paul not only leads the operations, strategy, and growth of Avenu/MuniServices, he is directly involved in the day-to-day operations of our Sales and Use Tax teams. Paul previously served as President and COO at Library Systems & Services, as well as President of Appriss — where his strategic vision led to the portfolio revenue growth and diversification. Before Appriss, Paul was Vice President of Convergys Global Business Unit, managing client services programs in government, automotive, and transportation markets. Paul earned his bachelor's degree from Seton Hall University and his MBA from Strayer University. And as part of his ongoing commitment to serving state and local communities nationwide, he serves an active member on the National Center for Missing & Exploited Children Law Enforcement Advisory Board, Blessings in a Backpack National Board, and the Netwisedata & Spokeo Advisory Board.

**Doug Jensen, Senior Advisor & Executive Contact.** Doug has over 27 years of expertise in tax policy, municipal finance, municipal revenue enhancement, and economic development. Doug has worked extensively with the City and he will assist the City in developing strategies to preserve and enhance the City's local revenue. Doug oversees all Revenue Enhancement services for Avenu/MuniServices – and is responsible for ensuring the consistent and high-caliber delivery of audit, analysis, and consulting services outlined in this scope of services. Doug is a frequent speaker at professional organizations, committees and governing bodies.

**Janis Varney, Vice President, Sales and Use Tax Audit.** Janis manages the sales tax audit team to ensure that all audit services are provided to the City. Janis has over 29 years of experience with the intricacies of California sales and use tax law, CDTFA administrative procedures, and taxpayer reporting procedures. She oversees the day-to-day operations of the sales and use tax audit service including the detection of reporting errors, preparation of the comprehensive documentation required to establish “date of knowledge”, and facilitation of the correction of the local tax allocation. Janis prepares cases for hearings and testifies before the Board.

**Thomas Adams, Client Services Executive.** Tom has over 20 years of experience in municipal government including work for the City of San Jose, the City and County of San Francisco, and the City of San Rafael. Most recently, Tom worked on redevelopment and economic development projects for over twelve years. Tom has extensive experience working on sales tax and revenue analysis, municipal operating and capital budgets, and strategic planning.

**Tracy Vesely, Director of Client Services.** Tracy has 28 years of experience in municipal finance, budgeting, technology and administration. She has served as Administrative Services Director for the City of Walnut Creek, Director of Finance for the Cities of Hayward and San Leandro, and Budget Manager for the City of Berkeley. Tracy has served as president of the League of California Cities Fiscal Officers Department and a repeat member of the League's Revenue and Taxation Policy Committee (current member), as well as on the Government Finance Officers Association (GFOA) Economic Development and Capital Planning policy committee.

**Jonathan Gerth, Esq., Vice President Audit.** Jonathan manages our Audit Division and will have overall responsibility for implementation and successful completion of the auditing services for this contract. Jonathan has extensive professional experience in legal, business and accounting environments, including advanced federal, state and local governmental functions and tax compliance. He began his career as a tax attorney and appeals officer for the Internal Revenue Service's Division of Chief Counsel and Compliance in Dallas, Texas. Jonathan has held a wide variety of legal roles in our audit department consisting of legal tax support and strategic analysis on compliance audits, tax controversy and advocacy, regulatory compliance initiatives, reforms in audit, assessment and collection practices, and intensive litigation support.

### **Advisory Team**

**Ben Fay, Esq., of Jarvis, Fay & Gibson, LLP, Local Government Law.** Ben specializes in local government revenues, advising cities and special districts throughout California in matters concerning local taxes (e.g., Utility Users Tax), fees, and assessments. He will provide as needed legal advice on issues that may arise related to the development of local policies and regulations regarding cannabis, including preparation of City Ordinances. He has represented local governments throughout California defending local taxes, fees, and assessments, and he regularly advises cities and special districts on the application of Propositions 13, 26, 62, and 218 to taxes, fees, and assessments. He has a special expertise in property tax allocation.

**Jeff Kolin, Advisory Board Member.** Jeff has over 30 years of direct involvement with local governments as a City Manager to Pittsburg, CA, Santa Rosa, CA, and Beverly Hills, CA. He has a wide range of expertise that includes sales tax, cannabis, water and wastewater utilities, public parking, and property management. Jeff's expertise has helped cities stabilize and grow their general funds, prepare for difficult financial challenges as well as manage future growth. As City Manager, Jeff developed city budget teams that involved Departments in the development and justification of their budget requests under a framework of Strategic Goals and Initiatives developed with his City Councils.

### **Audit Team**

**Angel Rivera, Sr. Sales and Use Tax Analyst/Audit Supervisor.** Angel has over 22 years with Avenu/MuniServices and currently supervises the Sales and Use Tax Audit team. In addition, she serves as a Senior Analyst, directly interacting with businesses to determine possible allocation reporting errors and developing substantiating documentation to establish a date of knowledge with the CDTFA. Angel's work for MuniServices involves an extensive amount of time interfacing with high level personnel at 'Fortune 500' companies throughout the U.S. on behalf of Avenu/MuniServices clients. Angel has a working knowledge of sales/use tax law, CDTFA administrative procedures and tax preparer reporting procedures.

**Sandra Heuer, Supervisor of Transactions and Use Tax.** Sandra has more than twenty-six years of experience with Avenu/MuniServices and currently supervises our Transactions & Use Tax audits in addition to her role as a Senior Sales & Use Tax Analyst, Sandra developed many of the

proprietary transactions and use tax audit methods and leads the team in the identification and correction of use tax errors. Sandra is responsible for contacting targeted businesses to determine whether allocation reporting errors exist and, for each error detected, developing the substantiating documentation to establish date of knowledge with the CDTFA.

**John Thrasher III, CPA AVP Audit Operations.** John is responsible for the day to day direction, implementation, and development of the Audit Division for Avenu/MuniServices. John has more than 20 years of professional accounting, tax and consulting experience. Prior to joining Avenu/MuniServices, John was founder and managing member of a full-service accounting and consulting firm that focused on growing small to mid-sized privately held businesses. John began his career in public accounting, serving as a Manager in the assurance practice of Ernst and Young, and later as Senior Manager in the assurance practice of PricewaterhouseCoopers. John is a licensed Certified Public Accountant (CPA) in the state of Alabama.

**Gennaro DiMassa, TOT Senior Auditor.** Gennaro, a Certified Public Accountant, inactive, is responsible for Avenu/MuniServices' TOT Compliance program and is a senior auditor. He is responsible for the review and analysis of the Transient Occupancy Tax paid by hotels for compliance with City ordinances. He has ten years of audit experience with a major recovery audit firm and practiced seven years as a CPA with a major CPA firm in the Los Angeles area.

**Tami Nguyen, TOT Senior Auditor.** Tami is responsible for the company's TOT Compliance program. She is also responsible for the review and analysis for Transient Occupancy Tax paid by hotels for compliance with City ordinances. She conducts on site audits and helps prepare management reports. Prior to joining Avenu/MuniServices, she worked for a major home builder as a Treasury Analyst.

### **Client Relations Team**

**Irene Reynolds, Client Relations Manager.** With almost twenty years with Avenu/MuniServices, Irene manages the Client Relations unit. Her team provides critical and complex analytics, forecasting and reporting. She and her team clean and standardize raw sales tax data, create and maintain Geo areas, as well as provide custom reports, charts, tables or ad hoc reports on demand.

**Mark Bryson, Senior Economic Business Analyst.** Mark's primary role includes building and updating our proprietary sales tax forecasts and developing special analytical reports for Avenu/MuniServices' sales and use tax clients. Mark has over 25 years of experience as an accountant for small to medium sized businesses, non-profit corporations and government agencies. This includes extensive hands-on experience preparing budgets, financial statements, audit schedules and Income, sales and payroll tax returns.

### **Property Tax Team**

**Stephanie Ontiveros, Property Tax Manager.** Stephanie started with the company in 1993 and is currently the manager of Property Tax Audit, Consulting and Information Services Department. Stephanie is responsible for the scheduling and preparation of all property tax audits for Cities and Special Districts. Stephanie analyzes secured and unsecured property tax valuations and allocations for verification of correct tax rate area coding assignment.

**Lori Church, Property Tax Auditor.** Lori started with Avenu in 1998. Lori transferred to the Property Tax Department in 2000. Lori has responsibility of the annual property tax and doc transfer tax audits. Lori also assists with annual revenue forecasting and special project requests.

### **Government Relations/Legislative Advocacy Team**

**Francesco D. Mancía, MBA, VP Government Relations & Business Development.** Fran is responsible for overseeing company Legislative, Regulatory, and Government Relations work at the state and federal level. Fran has a strong working knowledge of local government general fund tax laws and state and federal regulatory and legislative issues that impact local governments. He monitors, analyzes and leads company lobbying efforts related to legislation, state mandates, and regulatory changes and policies that affect client revenue streams. Fran currently serves as a member of the League of California Cities Revenue and Taxation Policy Committee. Fran was a Regent of the University of California in 2017-2018.

**Brenda Narayan, Director Government Relations/In-House Lobbyist.** Brenda monitors legislation in Sacramento and Washington D.C. that may have potential impacts to local government. Brenda is the primary author of MuniServices Policy, Regulatory and Legislative updates and is our in-house lobbyist. Brenda researches, identifies and tracks key legislation for MuniServices on behalf of clients. She provides internal and external leadership insight and concepts in public and community relations activities as they pertain to policy matters. Prior to joining MuniServices, Brenda served as an assistant to the Speaker of the California State Assembly. Brenda has served numerous terms as a member of the League of California Cities Revenue and Taxation Policy Committee and currently sits on the League's Governance Transparency Committee. Brenda in 2016 was appointed to the United States Conference of Mayors Business Council.

## **Section 2: Technical Proposal**

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### **A. SALES, TRANSACTIONS AND USE TAX**

Avenu/MuniServices' approach to sales tax audits has been refined over four decades of experience. Our personnel are experts in detecting and correcting Sales, Transactions and Use Tax misallocations and these services are a foundational part of our value. We capture the obvious sales tax errors, as well as the more complicated ones that involve different interpretations of tax liability.

The objective of Avenu/MuniServices' Sales, Transactions and Use Tax Audit (SUTA) and Recovery service is to maximize the City's income – and minimize the cost of lost revenue. We are successful at this through the timely detection and correction of sales and use taxes misallocated to 1) another jurisdiction, 2) another city-wide pool or the statewide pool, and 3) misreported sales taxes that should be allocated to the City. We fully pursue correction of all misallocations allowable within the statute of limitations on recoverability.

Avenu/MuniServices delivers its solutions in the context of a concierge-level service. During every stage of the process we realize we are working with data and processes as well as people, so we take great care in our communication. As a representative of the City, our staff emphasize cooperation when contacting taxpayers with education and guidance on California Department of Tax and Fee Administration (CDTFA) (formerly State Board of Equalization) rules. Whether they are in sales, operations and/or tax accounting at each target business, these citizens are treated with respect.

Avenu/MuniServices regularly engages City staff to provide updates on local sales tax performance. We hold quarterly in-person meetings with City staff, during which we provide a comprehensive overview of sales tax revenues and updated budget forecasts. The meetings also are an opportunity for City staff to ask questions about specific businesses, economic trends, or legislative and regulatory activities. We also hold periodic training sessions and collaborate closely with your staff on their periodic questions as well as assistance with special projects and communication with city council.

### **Sales, Transactions and Use Tax Audit Services**

Detecting and correcting Sales & Use Tax misallocations is a foundational part of Avenu/MuniServices' value. Our highly trained staff have the experience and expertise to review large amounts of data and identify those businesses with potential misallocations.

- ▶ **Taxable Nexus Field Audit.** We target City-based businesses that do not pay sales and use tax. We do this via a physical canvassing of the City's borders in addition to the commercial and industrial areas. We evaluate taxes paid by businesses for their products, will-call operations and other references to sales-related activities. Without this labor-intensive undertaking, misallocations may remain undetected even with electronic data mining.

- ▶ **Tax Area Code (TAC)/Permit Audits.** We identify and correct improperly registered permits of companies with point-of-sale or use operations. We also look for businesses with an incorrect tax area code due to a jurisdictional/boundary confusion. Wholesalers, contractors, manufacturers and other non-retail businesses frequently do not hold a permit registered to the City because their operations do not include a point-of-sale qualifying activity. However, these companies often generate tax from the CDTFA audit deficiency assessments, new or changed operations, or the self-accrual of use tax through direct payment permits.
- ▶ **Quarterly Distribution Report (QDR) Audit.** We conduct QDR audits when we see a substantial change in historical allocation because of declining or missing payments, negative fund transfers, and audit adjustments in the sales and use tax allocation. QDR audits have the same objective as the other audits: to detect, document and assist in correcting errors and thereby generate new, previously unrealized sales, use and transaction tax revenue for the City. To make sure the City gets the highest possible amount of misallocated revenue, we include the current economic period based on the calendar quarter and the three prior tax return periods. Avenu/MuniServices reviews 100% of taxpayers reporting local tax to the City each quarter in addition to a comprehensive review of the Citywide pool to ensure all possible allocation errors and aberrations are identified and submitted for correction.
- ▶ **Accounts Payable Audit Reviews.** Avenu/MuniServices performs an accounts payable audit that enables us to prepare the documentation to issue a direct payment permit (use tax) to the City. We also provide technical assistance in preparing and filing the required tax returns. Our accounts payable audits review purchases to identify opportunities for the City to capture the 1% local use tax. They also provide the foundation necessary for cities to get a direct payment permit (use tax) and recover funds. Cities also receive our technical assistance in preparing and filing the required tax returns, which is essential because the CDTFA has specific procedures and timing for filing claims.
- ▶ **Deficiency Assessment Audit.** With a CDTFA audit, taxpayers often receive a substantial deficiency assessment due to underpayments and/or under collections. Our proprietary criteria and techniques detect and correct what are often misallocations to the state or City pool. We use similar techniques to detect and correct CDTFA deficiency assessment misallocations and thus expand the benefits produced by our allocation audit service.

### **Use Tax Audit & Recovery Opportunities**

Our use tax audit services are designed to not only capture use tax revenue through the review of past purchase activity by the businesses in the City, but also to assist in establishing new processes and procedures designed to prevent the pooling of these revenues and increase the direct allocation to the City. The use tax audits identify taxpayers purchasing tangible personal property directly from out-of-state retailers where the transactions are subject to use tax (rather than sales tax). The use tax is often collected by the vendor who in turn remits it to the CDTFA, with the local allocation typically distributed statewide or Citywide through the pools. These audits include proprietary techniques used to identify purchases made by businesses located in the City from out-of-state vendors that are in excess of \$500,000. Additional use tax audits can focus on the practice of "Use Tax Accrual" in certain conditions where the purchaser may elect to self-accrue the use tax and remit it directly to the CDTFA, in which case the local portion will



come back to the City in the same manner as sales tax. This can involve both purchases made by the City itself or working directly with businesses and construction contractors to establish the practice of self-accrual and direct remittance to the CDTFA.

### **Business Cooperation Program (BCP)**

Avenu/MuniServices pioneered the Business Cooperation Program (BCP) program, which can generate significant City revenues. Our BCP consulting services encourage construction contractors and major vendors to obtain a direct pay permit or job site registration to encourage them to report the applicable local use tax so that the local use payments can be directly allocated to the City instead of the Citywide pool. There are many complexities associated with determining which contractors are eligible to register a job site, in addition to reviewing purchasing contracts for major fixtures, machinery and equipment from overseas manufacturers in order to provide proper instructions to the purchasers. We are actively working with multiple agencies on major construction projects to maximize the use tax revenue associated with their purchases of materials, fixtures and machinery and equipment involving sports arenas, large hotels, airport expansions, and energy/solar projects, in addition to other major commercial and industrial projects. We manage these use tax issues from pre-construction through project completion.

### **Other Important Aspects of our Service**

- ▶ **Sales Tax Quarterly Reporting.** At the quarterly review meeting we cover your sales tax performance results on both a cash and economic basis. We provide a variety of detailed, technical sales tax reports that are pertinent to the City. Additionally, we provide detailed reports that demonstrate sales tax performance for specific geo-coded areas in the City (e.g. Downtown, regional malls, business improvement districts, etc.). Included with our reporting are comprehensive five-year sales and use tax forecasts with multiple scenarios. Our accurate forecasts combine city-specific business level activity with regional economic indicators and national economic trends.
- ▶ **Documentation.** Each quarter the City will receive an Open Account Status Report providing a comprehensive report for all petitions/inquiries filed by Avenu/MuniServices on their current status and an estimate of the revenue estimated that the City will receive once the correction has been processed by the CDTFA.
- ▶ **Quality Control.** We carefully review all accounts for accuracy prior to submittal to the CDTFA to ensure the required information and applicable documentation is complete. Avenu/MuniServices provides concise and accurate reporting of the suspected misallocation and/or deficiency to expedite the correction and funding of the revenue to the City. This includes an estimate of the amount of revenue at issue which is then reviewed against the fund transfers processed by the CDTFA for accuracy. Our quality submissions help ensure faster results with the CDTFA.

### **Data Analytics, Reports, and Economic Development**

Avenu/MuniServices provides the expertise and experience along with the required data and analytics to develop an economic development strategy tailored to the specific needs of the City

of Santa Rosa. Successful economic development strategies are highly location dependent - while other firms provide an 'out of the box' solution to economic development, Avenu/MuniServices provides customized consulting based on the specific local and regional conditions that affect your jurisdiction. We will provide consulting and assistance with the preparation of quarterly reporting on Santa Rosa businesses, a quarterly list of businesses expanding in the area, the review of economic development strategies from other cities, and assist with other elements of a successful economic development program.

As one element of our economic development consulting services, our new 'Clearview' online sales tax software platform provides an easy to use powerful economic data and analytics software database. Clearview provides a wide variety of valuable economic data and reporting capabilities that can be used for economic development research, comparisons, and reporting. Clearview provides all businesses by NAICS code and allows for searching historic sales tax performance for businesses, business segments, and geographic areas. All Clearview data is exportable to Excel and Pdf formats for easy use in staff reports and presentations.

We also provide a quarterly, in-depth Economic News Update report. These reports summarize key economic trends and are useful in understanding the forces affecting municipal revenues. To prepare the Economic Update, MuniServices monitors dozens of news sources to provide updates on trends that may impact their local business and ultimately City revenues.

## **GOVERNMENT RELATIONS/LEGISLATIVE ADVOCACY**

### **Government Relations/Legislative Advocacy and Policy Updates**

All of Avenu/MuniServices' service offerings are complemented by a dedicated Government Relations team that provides local government advocacy, policy, regulatory and legislative consulting support and expertise. Located in Sacramento, we maintain strong relationships with essential organizations such as the League of California Cities, the US Conference of Mayors, and organizations that support the interests of California cities such as the California Municipal Revenue Tax Association (CMRTA), California Society of Municipal Finance Officers (CSMFO), and International City/County Management Association (ICMA). Our Government Relations team ensures the city will have advanced notice of legislative or regulatory impacts to revenue at the State and Federal levels. We have a proven track record of tracking and successfully resolving numerous issues that have preserved and expanded the tax base of California cities.

- ▶ **Policy Updates.** Avenu/MuniServices publishes comprehensive legislative and regulatory policy updates throughout the year which provide details on potential state and federal legislation that might affect local government revenues. We also prepare advocacy documents that include "action alerts" and sample draft letters. Please refer to the Appendix for a sample report or the following link for previously published reports:  
<http://www.muniservices.com/services/government-relations/>

## B. PROPERTY TAX

Avenu/MuniServices' Property Tax analysis and information services are designed to provide the City with a flexible suite of property tax data, analysis, and reporting services to match the City's needs at a cost-effective price. We have provided our property tax services to over 100 jurisdictions throughout California and we have developed a powerful database. Avenu/MuniServices property tax services are intended to be flexible – we will provide data, analysis, reporting, audit, forecasting, and software services according to the City's needs.

Avenu/MuniServices provides property tax data and analysis for all required services as detailed in the RFP – we provide summaries of both secured and unsecured assessed value along with a summary of land use and sales within the City. Our experienced staff create a comprehensive inventory of every parcel located within the City that and link the parcels to state data to provide a comparison analysis with City secured and unsecured taxable values. As part of our analysis, we provide a highly accurate forecast of projected property tax revenues valuable for budgeting and strategic planning that includes a preliminary estimate and a mid-year update. Mid-year forecast updates utilizing recent sales activities, current annual inflationary factors, and the potential impact of pending appeals result in a highly accurate annual growth projection.

### Property Tax Audit and Recovery

In addition to our ad hoc property tax reports and analytical services, Avenu/MuniServices also provides expertise in property tax audit and recovery which leads to the quick correction of misallocations and an expedited revenue recovery process. In conducting the property tax audit, Avenu/MuniServices will:

- ▶ **Inventory parcels in the City to facilitate comparison analysis.** Establish a comprehensive inventory of every parcel located within the City including the database elements needed to facilitate a comparison analysis with City secured and unsecured taxable values.
- ▶ **Examine records on behalf of the City.** Represent the City for purposes of examining records pertaining to property tax to identify and confirm any errors/omissions that are resulting in deficient payment of tax revenues to the City.
- ▶ **Document process.** For each error/omission identified and confirmed, prepare documentation to substantiate and facilitate recovery of revenue due from prior periods plus applicable interest and penalties (collectively "Misallocations").

We will provide further steps on behalf of the City to recover property tax allocation errors and omissions as follows:

- ▶ **Review findings and recommendations with City.** Meet with designated City official(s) as necessary to review our findings and recommendations. Avenu/MuniServices will also provide additional assistance as necessary to support the City in recovering and preventing tax allocation errors/omissions.
- ▶ **Develop requests for corrective action and establish Date of Knowledge.** Prepare and forward to the appropriate parties' requests for corrective action and revenue recovery for

misallocations. The date appropriate parties receive and acknowledge these requests are the Date of Knowledge (DOK).

- ▶ **Assessor reviews misallocations identified by Avenu/MuniServices for reallocation.** From the DOK, the Assessor's office will review the identified misallocations, and for those misallocations for which a correction is required, an Assessor's Roll Correction (ARC) will be processed correcting those Misallocations. The Roll Year in which the assessments first appear corrected is the Date of Correction. Corrected assessments result in proper allocations in subsequent Roll Years ("Corrected Allocations").
- ▶ **Auditor/Controller reallocation.** Once the Assessor's office confirms errors and makes corrections, the information is forwarded to the Auditor/Controller for redistribution of revenues. The reallocation process is monitored through to receipt of revenue.

### **Property Tax Information Service (PropertyLINK™)**

'PropertyLINK™' is our online property tax data management software package which provides direct access to secured and unsecured property tax data and it allows agencies to query and export data on parcels, valuations, property owners, etc. The software provides essential reports for the City and Successor Agency (SA) which can be shared with city council and the community. The customizable query function, pre-defined reports and export capabilities provide the means to use property tax data to inform land use policy and economic development. Reports available within the PropertyLINK™ databases include:

1. Top (1 - 100) Property Owners
2. Top (1 - 100) Property Taxpayers
3. Top (1 - 100) Property Tax Detail
4. Property Transfers since prior period
5. Pre-Prop 13 Property Listing
6. Top (1 - 100) Taxable Value Changes
7. New Construction Activity (requires City building permit data)
8. Multiple Owned Parcel
9. Absentee Owner Parcel Listing
10. Taxable Value Summary Tax Rate Area, Land Use and Tax Type
11. Estimated City Share Revenue TRA
12. Tax Revenue Summary TRA
13. Taxable Value by Land Use
14. Taxable Value Change Summary by TRA
15. Tax Increment Revenue Summary

In addition to pre-defined reports, Avenu/MuniServices can provide the City with a variety of additional reports that can be customized for the City.

### **Assessment Appeals**

The Assessment Appeal Reports analyze historical success rates; pending appeals and the potential impact they may have on the City and each SA project area and are prepared quarterly. Assessment Appeals Reports will contain the following information:

1. Top 20 Property Tax Generators –top property tax generators combined by owner
2. Current Pending Appeals for Top 20 Property Tax Assessors –appeals filed and pending by top property tax generators
3. Assessment Appeal History and Success Rate –historical disposition of appeals with success rates and financial impact
4. Pending Appeals Total Impact Projections – calculates potential impact of pending appeals based on historical rates
5. Pending Appeals Annual Impact Projections

### **Statistical Reporting Package for Comprehensive Annual Financial Report (CAFR)**

Avenu/MuniServices currently provides Santa Rosa with the CAFR basic package reports which assist the city in preparing the statistical section of the city's CAFR reporting requirements and will be provided on an annual basis in the cities format and in compliance with GASB No. 44.

The basic CAFR reports include:

1. Assessed and Estimated Market Value
2. Property Tax Land Use Distribution
3. Direct & Overlapping Property Tax Rates
4. Principal (Top 25) Property Taxpayers
5. Principal (Top 25) Sales Tax Producers

Additional CAFR reports are available for an additional fee. The additional CAFR reports include Direct and Overlapping Debt, Principal Employers, and Demographics and Economic Statistics.

### **C. UTILITY USERS TAX**

Avenu/MuniServices' Utility Users Tax (UUT) service monitors and reviews more than 70 percent of UUT revenues in California. To date, this service has recovered more than \$300 million. We monitor the utilities of gas, electricity and telecommunications, (wired, wireless and Prepaid Wireless). We accomplish this through our team of analysts, auditors, attorneys, and project managers who analyze, manage, and protect UUT revenues.

Our discovery methods and enforcement tools ensure that utilities comply with tax regulations and remit the correct amounts, whether they are for natural gas, electricity, or telecommunications and video utilities. We further protect future revenue by remaining current on pending legislation, new technologies and recommending ordinance changes. Any statutory requirement for third-party review of UUT payments is met through Avenu/MuniServices.

### UUT Program Objectives and Scope

The UUT Compliance Program's services will protect the City's existing UUT revenues from erosion due to new legislation, new technologies, outdated ordinance language and inaccurate information, focusing on 1) Compliance, 2) Administrative, 3) Legislative Review and Implementation Strategy, 4) Ordinance Review, Administrative Rulings, and Tax Inquiries.

### Compliance Activities

Avenu/MuniServices will provide the following Compliance Activities:

1. **UUT Tax Application Review.** We will conduct a "focused" compliance review of the major service providers on behalf of one or more cities to assure that the provider's "tax application" matrix reflecting all the provider's current products and service, is being taxed properly, for the benefit of City and other California cities.
2. **UUT Payment Review.** We will identify possible gaps in payments, irregularities, calculation mistakes (*e.g.*, wrong tax rate), and other payment errors to the City, provided that the City provides Avenu/MuniServices with regular UUT payment history. MuniServices will assist the City with the appropriate compliance correspondence and enforcement actions.
3. **Comparative Analysis of UUT Payments.** We will periodically perform a comparative analysis of a service provider's UUT payments to the City with other neighboring or comparable cities, after adjusting for rate, population, and median household income. We will also perform a comparative analysis of the franchise and UUT payments for gas and electricity.
4. **Detection.**
  - ▶ We will annually update its proprietary database of "new telecom service providers" and send out a PUC 799 notice letter to such new providers on City's behalf. The current list exceeds 1,500 providers.
  - ▶ We will annually update its proprietary database of new "video service providers" and send out a notice letter to such new providers on City's behalf.
  - ▶ We will annually review the SB 278 lists of the major gas and electric companies to identify new non-core gas and direct access electric customers, as well as new third-party providers, and take appropriate steps to assure that the UUT is being applied to "commodity" purchases.
5. **Exemption Review.** Avenu/MuniServices will periodically review the exemption lists of the major service providers regarding non-residential customers.
6. **Optional City Specific Compliance Reviews.** At City's option, we will offer "City-Specific" reviews on a performance fee or other negotiated basis, if the above activities or other factors (*e.g.*, non-response by utility provider) would suggest that there is a reasonable need to do so.

### Administrative Activities

1. **UUT Payment History.** Avenu/MuniServices will provide the City, on a monthly or otherwise mutually agreed upon basis, with a spreadsheet reflecting the City's UUT

payments by provider and utility category (based on remittance data provided by City to Avenu/MuniServices).

2. **Prepaid Wireless (AB1717) Monitoring and Analysis.** For direct sellers, Avenu/MuniServices will monitor the monthly prepaid wireless payments and perform a comparative analysis with similar cities to determine accuracy and identify any potential discrepancies. For major direct sellers, we will perform a tax application review under Item 1 above. We will identify online prepaid wireless sellers and send an annual notice letter to ensure compliance with AB1717. We will engage and follow-up with the California Department of Tax & Fee Administration (CDTFA) on any issues, problems and discrepancies affecting your City's prepaid wireless revenue collections by retail sellers, including online sellers, to the extent that we have access to CDTFA documents through a City resolution authorizing Avenu/MuniServices to have such access.
3. **UUT Website.** Prepare and maintain an accurate copy of the City's UUT ordinance and its administrative rules and interpretations on the uutinfo.org website, including a link to the City's web page (if desired). Model forms for exemptions and remittances, administrative rulings, and other tax compliance documents will be maintained on the [www.uutinfo.org](http://www.uutinfo.org) website.
4. **Revenue Forecasts and Management Reports.** Avenu/MuniServices will provide an annual report that outlines the year's activities in review, revenue forecasts, year-over-year (YOY) comparison charts and revenue generated from compliance activities. This report contains a UUT revenues analysis, and a five-year revenue forecast for each of the utility business segments (electric, gas, CATV, wired telecom, wireless telecom, etc).
5. **Tax Application and Geocode Inquiries.** Avenu/MuniServices will provide technical assistance to City staff and provide timely analysis and draft responses to tax application inquiries from utility companies and will assist in responding to citizens regarding their utility bills. We will assist City and the utility service providers in correcting geocoding errors in response to taxpayer complaints.

### **Revenue Protection and Enhancement Activities**

1. **Legislative Review Services.** Avenu/MuniServices will monitor proposed state and federal legislation to identify issues affecting the City's UUT or utility franchise revenues and, make recommendations to cities, their lobbyists, and other potential stakeholders or municipal advocates and otherwise assist in developing effective consensus positions and coordinated advocacy.
2. **Technology and Marketing Analysis.** Avenu/MuniServices will identify, monitor and anticipate changes in technology, services, or marketing of services, which may have an impact on future UUT revenues.

### **UUT Ordinance Advisory Services**

- ▶ Analysis and recommendation (including drafting amendment language) on proposed state and federal legislation.
- ▶ Assistance with tax application issues, including taxation of new technologies or services; including preparation of Administrative Rulings.

- ▶ Assistance on issues involving “bundling rule” and tax allocation/apportionment.
- ▶ Assistance on nexus issues (re: tax application and collection).
- ▶ Review of city’s tax info/forms on uutinfo.org.
- ▶ Assist on Voluntary Disclosure Agreements (offers to compromise owed taxes).
- ▶ On request, review of exemption status of individual utility user.

### **UUT Legislative and Regulatory Review Services**

Avenu/MuniServices will continue to monitor proposed state and federal legislation to identify issues affecting the City’s UUT or utility franchise revenues, and, if justified, make recommendations to the City and its lobbyists. Avenu/MuniServices uses the expertise of Ben Fay, Esq., of Jarvis, Fay & Gibson, LLP, on matters requiring legislative and legal analysis. Our Government Relations team works in collaboration with Mr. Fay and other stakeholders including representatives from the League of California Cities, the California Society of Municipal Finance Officers, the California Municipal Revenue Tax Association, Special Districts Association, City advocates, utility providers, the Public Utilities Commission, CDTFA, BOE, and others.

As in previous years, our team will continue to work with the City for the further protection of revenues including advocacy efforts on Federal bills affecting taxation of broadband telecommunication networks; taxation of wireless services; and taxation of on-line sales and certain digital goods. Avenu/MuniServices is a Business Partner with the US Conference of Mayors allowing further access to policy decision makers and stakeholders on revenues issues, especially on Federal proposals. Our Government Relations team manages a strong public relations program and provides crisis assistance on policy matters – including published works on policy issues including an industry respected publication, “Policy Update.”

### **Required Documentation from the City**

To conduct any UUT/Franchise Fee City Specific Reviews, Avenu/MuniServices would require the same amount of City support as provided in the past, including items such as copies of payment information, annual copy of SB 278 data, etc.

### **D. TRANSIENT OCCUPANCY TAX**

Avenu/MuniServices’ Transient Occupancy Tax (TOT) Administration and Reporting Services are designed to make TOT administration simple, efficient, and cost-effective for the hundreds of local jurisdictions we work with. Our years of experience and expertise in providing tax administration services allow City staff to focus on core municipal services and not the burdens of the administrative process.

### **The Transient Occupancy Tax (TOT) Compliance Program**

Avenu/MuniServices is the industry leader in the provision of TOT audit and compliance services. Our approach to TOT Audit and Compliance has proven to be effective in successfully completing lodging tax audits for local governments and it helps ensure long term compliance. Shown below is a detailed work plan of our process.



**Phase 1 – Hotel/Motel Analysis**

1. **Inventory.** Establish a comprehensive inventory of all lodging properties subject to taxation by the City and the database elements (public and private databases) needed to facilitate further analysis to identify and locate lodging providers not properly registered with the City and not appearing on the City rolls as TOT remitters.
2. **Analysis.** Analyze lodging provider “return information” to identify unusual or suspicious reporting and/or activities that warrant further review.
3. **Data collection.** Conduct unobtrusive collection of information on each property, including number of rooms, occupancy rate, transient and non-transient guests, exemptions, property’s condition, business dynamics, etc.
4. **Reporting.** Provide a detailed analysis report to the City identifying lodging providers who might require additional investigation or review to determine their compliance with the City’s TOT ordinance and coordinate with the City to review the analysis report.
5. **Identify Phase 2 reviews.** Work with the City to develop a list of lodging providers subject to a compliance review of lodging and tax records.

**Phase 2 – Hotel/Motel Audit and Compliance Review**

Based on our historical experience, we will recommend an average of 30% of properties from Phase 1 for Phase 2.

1. **Records.** Provide the City with a detailed list of all records required from lodging providers, together with a draft engagement announcement letter to be sent to each lodging provider.
2. **Examine & Verify.** Review records pertaining to TOT for each lodging provider selected for a compliance review and verify the accuracy of filed TOT returns with daily and monthly activity summaries.
  - a. Review a random sample of the daily and monthly summaries to determine if the daily summaries reconcile to the monthly summaries.
  - b. If Avenu/MuniServices believes such a review is necessary, review secondary and tertiary documentation such as bank statements to verify that deposits reconcile with the reported revenue on the TOT returns or other tax filings.
  - c. Review exempted revenue for proper supporting documentation.
3. **Compliance Report.** Review with City a compliance review report that includes:
  - a. All review findings;
  - b. Documentation for each error/omission identified that is necessary to facilitate recovery of revenue due from lodging providers for prior periods.
  - c. Draft notices of deficiency determination, commendation and warning letters as applicable.
4. **Findings.** Assist the City in reviewing any matters submitted in extenuation and mitigation by lodging providers in contesting a deficiency determination. Prepare and document any changes to the compliance review findings and provide revised tax, interest or penalty amounts due the City.
5. **Consulting.** During the term of this Agreement, provide up to ten (10) hours of additional consulting time to assist the City in evaluating or implementing any of the proposed actions suggested by the above report.

### TOT Report Deliverables

**The Compliance Program – Audit - Phase 1.** Avenu/MuniServices will provide the City with a detailed analysis report identifying lodging providers who might require additional investigation or review to determine their compliance with the City's TOT ordinance.

**The Compliance Program - Compliance Review - Phase 2.** Avenu/MuniServices will provide City staff with a detailed list of all records required to be made available by lodging providers for the reviews, together with a draft engagement announcement letter to be sent to each lodging provider. This Phase will include:

- ▶ Avenu/MuniServices review findings
- ▶ For each identified and confirmed error/omission, we will request accompanying documentation that Avenu/MuniServices believes is necessary to facilitate recovery of revenue due from lodging providers for prior periods;
- ▶ Draft notices of deficiency determination, commendation and warning letters as applicable; and recommendations

### Short-Term Rental Property Program

Avenu/MuniServices' Short-Term Rental Review Program maximizes a city's tax revenue from short term rental and vacation rental properties. We have designed each component to build value, increase revenue, provide due diligence and strengthen the working relationship between the City and these businesses.

### Short Term Rental Discovery - Identify Short-Term Rentals Within the City Limits

There is a wide variety of reasons for why an owner may not be complying. This phase is designed to establish a comprehensive list of short-term rentals currently out of compliance.

1. **Identify data sources.** We use several for-fee and public-domain data sources to establish the true geographical area of the City, identify the business community participants and to gather important demographic information for those participants. Over the last 30 years we have isolated the most reliable, accurate and useful datasets to improve the accuracy of our lists and to reduce the costs of projects.
2. **Integrate data with records in our data warehouse.** As a natural evolution of gathering data for audits over the past 30 years, we have developed an enormous data warehouse containing over 19 terabytes of data. We integrate the data for this project into the warehouse, combining it with other records to complete the picture of each entity.
3. **Data analysis.** After we have scrubbed and standardized the new data, we run the data through proprietary systems designed to identify potentially non-compliant entities and cross check the data against your existing list of compliant entities. We continually analyze the output from our proprietary systems to ensure the identified entities match the target objectives.
4. **Human factor.** Once our system completes its' analysis, we refine the list further through human analysis. Analysts comb through the output listing and conduct additional research to confirm, exclude or add additional entities to the final list.

### **Short-Term Rental Owner's Compliance**

This phase of the project is the effort to bring non-compliant entities into compliance. We stress the importance of approaching each interaction with the mindset that entities are most frequently out of compliance by mistake not by intention. This perspective improves the efficiency of each contact and improves customer satisfaction through a positive experience rather than a confrontational one.

1. **Contact entities.** We will contact non-compliant entities directly by phone and through the mail to help them comply. We have found a three-stage letter campaign is often effective accompanied by outreach by phone and email. Each letter communicates the need for compliance and methods the entity may follow to comply. The City will approve the letters for use in the campaign prior to launching the campaign.
2. **Register entities.** We assist each confirmed unregistered or non-reporting entity, as necessary, to complete the City's applicable registration form(s) and determine the amount of tax due for current and prior periods (plus applicable interest and penalties, where appropriate.)
3. **Invoicing.** We invoice each entity for identified deficiencies on behalf of the City. We include supporting documentation with the invoice. Entities will remit their payments to Avenu/MuniServices. We will process and remit the payments net of our fee to the City.
4. **Customer Support.** We establish a call center open during normal business hours to assist entities regarding questions concerning application of City's taxes and the entity's reporting and remittance requirements.
5. **Educate entities.** The final step is to help educate the short-term rental owners' community about the rules, regulations and reporting requirements of having vacation rentals in the City to help prevent recurring deficiencies in future years.

### **E. REAL PROPERTY TRANSFER TAX**

As part of Avenu/MuniServices Property Tax services, we have extensive experience in monitoring and auditing the real property transfer tax. Our services include both a misallocation audit service along with a discovery audit program.

#### **Misallocation Audit**

1. Contact City designated staff to review service objectives, scope, workplan schedule, and logistical matters. We will also establish an appropriate liaison with the city's coordinator and logical checkpoints for progress reviews.
2. Represent the City for purposes of examining records pertaining to RPTT/DTT to identify any errors/omissions that are resulting in deficient payment of tax revenues.
3. Establish a comprehensive inventory of every parcel located within the City, including the database elements needed to facilitate a comparative analysis between RPTT/DTT receipts by the city and transfers which have occurred within the city.
4. Procure from Santa Rosa, an electronic copy of detailed listing indicating all parcels transferred within 2 years of the list date.
5. Semi-annually, review the County listing of transferred parcels for proper allocation.

6. Prepare a list of any misallocated transfers resulting in deficiencies for the city.
7. If necessary, Avenu/MuniServices is prepared to meet with Santa Rosa to discuss a program which is mutually agreeable to reallocate identified misallocated transactions.

### Discovery Audit

1. Establish a comprehensive inventory of every parcel located within the City, including the database elements needed to facilitate a comparative analysis between property sales and RPTT/DTT imposed by the County and received by the City.
2. Procure from the County, an electronic copy of detailed listing indicating all parcels transferred within 2 years of the list date.
3. Review property transfers occurring within the City of Santa Rosa for the imposition of a RPTT/DTT and document those transactions which were not assessed the tax.
4. Prepare and forward a list of any transfers resulting in deficiencies to the City.
5. If necessary, Avenu/MuniServices is prepared to meet with City of Santa Rosa to discuss transfers which did not meet the RPTT/DTT requirements and the supporting documentation associated with the transaction.

### F. FRANCHISE FEES

In general, Avenu/MuniServices' Franchise Fee reviews are designed to verify that agencies have received the appropriate franchise revenues due for any eligible audit periods. We obtain and review available documents, reports, work papers, and any prior reports concerning franchise fee computation. We also review franchise agreements or governing ordinances/regulations relating to the jurisdiction's franchise fees and analyze the customer base to verify that customers are correctly coded to the proper jurisdiction, that the utilities are properly interpreting and applying the levies to their revenues, and that the utility providers' reporting strategies are appropriate for the intended purpose, scope and application of the governments' tax and fee levies. Avenu/MuniServices brings to this project:

- ▶ A team of qualified and experienced tax attorneys, CPA's, tax examiners, and audit specialists devoted specifically to auditing utility taxpayers for local utility tax and franchise fee compliance.
- ▶ Experience in auditing utilities of all types spanning jurisdictions of all sizes throughout the country.
- ▶ An exclusive focus on local government agencies, with no potential for conflict of interest.

**Process & Deliverables.** Avenu/MuniServices starts with a review of customer statements where we look for completeness, accuracy, and that all monies collected are submitted to the city. Steps we take include:

- ▶ Compare the franchisee's payments, exclusions, and other computations related to the franchise agreement, or relevant state law.
- ▶ Compare the actual payments made to the city for timeliness and accuracy
- ▶ Review findings with providers and obtain the franchisee's position on the findings

- ▶ Report and present the results, potential monies due, and any penalties and interest
- ▶ Identify residents and businesses that are not paying the appropriate level of taxes or fees, potential additional monies due based upon erroneous interpretations of governing regulations, and any applicable penalties and interest
- ▶ Provide supporting documents to assist the city to collect underpaid franchise fees

**Additional Reviews as Needed (Optional).** While performing franchise fee or utility user tax reviews, Avenu/MuniServices may discover discrepancies or other evidence of non-compliance by a specific utility or franchisee. In such as case we may request permission to conduct a city-specific compliance review of a service provider. The City and Avenu/MuniServices would agree to the parameters of these audits beforehand.

### **G. ADDITIONAL SERVICE REQUIREMENTS**

Avenu/MuniServices can comply with all additional service requirements 1 – 9: we tailor reports to the City's needs, and we provide data in PC and GIS formats. We will attend quarterly meetings to discuss reports and a provide a consistent point of contact for these discussions. We will meet with staff to support tax recovery efforts and provide periodic reports and documentation on revenue recovery work in progress. We will provide a detailed listing of all errors/omissions detected. Lastly, we are always available to provide additional services upon request.

**H. FEE STRUCTURE**

**Pricing Summary Matrix**

Service	Current Pricing	New Proposed Pricing
Sales, Transaction & Use Tax Audit	15% with 5 forward quarters & eligible back quarters prior to Date of Knowledge (DOK)	14% with 5 forward quarters & eligible back quarters prior to DOK
Sales Tax Analysis & Reporting (STARS)	\$7,500 annually	\$7,000 annually (plus annual CPI) This includes Clearview online sales tax platform, GIS mapping, forecasting, quarterly reports & meetings, ad hoc reporting, etc.
Property Tax (PropertyLINK)	\$11,500 per year (PropertyLINK)	\$11,000 PropertyLINK (plus annual CPI) This includes forecast, assessment appeals reports, & CAFR basic package.
Property Tax Audits	0%	0%
Utility User Tax Audit	0.5% of UUT revenues excluding sewer, water, trash, and cable TV with not-to-exceed \$85,000 annually.	0.5% of UUT revenues excluding sewer, water, trash, and cable TV with not-to-exceed \$85,000 annually
Transient Occupancy Tax	\$600 per property in phase 1 and \$850 per property in phase 2. Review of BIA assessments included in both phases & included in fee.	Hotel/Motel: \$800 per property in phase 1 and \$1,200 per property in phase 2 plus expenses. Review of BIA assessments included in both phases & included in fee.
Short Term Rental Discovery and Compliance Program	N/A	30% contingency
Real Property Transfer Tax	15% of recovered revenue for current years and any retroactive recoveries	\$5,000 per audit and 10% of recovered revenue for current years and any retroactive recoveries.
Franchise Fees (includes City Specific UUT and Franchise Fee Compliance Review)	20% of recovered revenue for current year and any retroactive recoveries including penalties and interest.	20% of recovered revenue for current year and any retroactive recoveries including penalties and interest.
Additional Consulting	10% reduction on standard hourly rates. We rarely have additional consulting charges unless special projects are requested outside this scope.	10% reduction on standard hourly rates. We rarely have additional consulting charges unless special projects are requested outside this scope.

### Additional Pricing Details

#### **Sales, Transaction and Use Tax Audit**

**Completion of Services:** Because the services performed by Avenu/MuniServices result in corrections of misallocations and other revenue after cessation of services performed by Avenu/MuniServices for the City, the City agrees that with regards to misallocations identified to the CDTFA whose Date of Knowledge occurred during Avenu/MuniServices performance of services for the City or for other revenue resulting from Avenu/MuniServices actions taken during the term of the Agreement, that the City's obligation to pay Avenu/MuniServices in accordance with the compensation language of the Agreement will survive expiration or termination of the Agreement for any reason. Additionally, notwithstanding any other provision of the Agreement, if the Agreement is terminated or expires, Avenu/MuniServices will continue to pursue corrections of accounts identified during the term of the Agreement that have not been corrected by the CDTFA as of the effective date of termination or expiration.

#### **Property Tax Analysis and Information Services**

**Additional Users:** City may add additional users over the standard five users for a one-time set-up fee of four hundred dollars (\$400) per additional user plus two hundred dollars (\$200) per additional user in Annual Fees. City may authorize additional users by providing Avenu/MuniServices with written authorization that specifies the number of additional users and contains your agreement to the set-up fee and additional Annual Fees. City may provide the authorization by email. Upon request, City will also provide Avenu/MuniServices with any additional information we need to add the additional user(s). SecureID's may be transferred to a new user for a one-time transfer fee of one hundred dollars (\$100.00) per transfer. A lost or damaged SecureID can be replaced for a one-time fee of three hundred dollars (\$300.00) per replacement. We will replace Malfunctioning SecureID's at no charge.

#### **Additional CAFR Reports**

- ▶ Direct and Overlapping Debt (\$500);
- ▶ Principal Employers (\$1,000)
- ▶ Demographics and Economic Statistics (\$200)

#### **Transient Occupancy Tax (TOT) Administration and Reporting Services**

**Travel and Out-of-Pocket for Audit Services:** For the Transient Occupancy Tax services Avenu/MuniServices will also charge the City out-of-pocket expenses for reasonable travel costs related to the performance of the audits. Travel Costs include, but are not limited to, the costs of car rental, gasoline, or other transportation. These out-of-pocket expenses will not exceed \$2,500 per visit without prior approval from the City for any amounts over the allotted \$2,500. The out-of-pocket expenses will be invoiced to the City upon delivery of the final report to the City.

**Short-term Rental Discovery Program:** If the City does not currently have an established short-term rental registration program, Avenu/MuniServices can provide 'discovery and recovery'

services to locate the short-term rental properties within the City, get these properties registered to remit transient occupancy taxes, and collect all back taxes owed to the City. The Discovery services will be provided for a contingency fee of thirty percent (30%) of the additional revenue received by the City for the services provided. The 30% shall apply to the current tax year, all eligible prior period revenues collected, and any applicable penalties, interest, and late charges. The contingency fee only applies to revenue received by the City. The term “current tax year” shall mean the most recent tax year for which local taxes are due and payable to the City, and in which Avenu/MuniServices has identified deficiencies.

**Real Property Transfer Tax**

The real property transfer tax audit is contingent upon the ability to procure data from the county and the city in a usable format for our process.

**Additional Consulting Services**

Our proposed services and associated costs will cover the entire scope of work requested by the City and we do not anticipate any ‘out-of-scope’ work required. However, should the City desire additional services outside of the agreed upon scope of work and both parties agree on the scope of the additional consulting services, then Avenu/MuniServices shall provide the additional consulting services on a Time and Materials basis at hourly rates based on the job classification (rates are subject to change):

Avenu/MuniServices Hourly Rate Schedule	
Position	Hourly Rate
Principal	\$200
Project Manager/Director	\$175
Client Services Executive	\$150
Senior Analyst	\$125
Information Technology	\$175
Analyst	\$100
Administrative	\$75



**I. REFERENCES**

Avenu/MuniServices is pleased to offer the City of Santa Rosa with the following three (3) references:

<b>Reference # 1: City of Sacramento, CA</b>	
<b>Point of Contact:</b>	<b>Name:</b> Jason Bader, Principal Budget Analyst <b>Address:</b> 915 I Street, Floor 3, Sacramento, CA 95820 <b>Phone:</b> (916) 808-5817
<b>Description of Services:</b>	Since 1989, Avenu/MuniServices has supplied the City of Sacramento with revenue enhancement services, including sales and use tax audit, utility user tax audit, business license tax audit, property tax audit and analysis, transient occupancy tax audit, and other consulting services.

<b>Reference # 2: Redwood City, CA</b>	
<b>Point of Contact:</b>	<b>Name:</b> Kimbra McCarthy, Assistant City Manager <b>Address:</b> 1017 Middlefield Rd., Redwood City, CA 94064 <b>Phone:</b> (650) 780-7072
<b>Description of Services:</b>	Since 1994, Avenu/MuniServices has supplied the City of Redwood City with revenue enhancement and compliance auditing services. For over 25 years, Avenu/MuniServices has contracted with the City of Redwood City in providing sales and use tax audit, business license tax audit, property tax audit and analysis, transient occupancy tax audit, cannabis consulting, and utility user tax audit and analysis.

<b>Reference # 3: City of Roseville, CA</b>	
<b>Point of Contact:</b>	<b>Name:</b> Dennis Kaufman, Finance Director <b>Address:</b> 311 Vernon Street, Roseville, CA 95678 <b>Phone:</b> (916) 774-5263
<b>Description of Services:</b>	Since 1996, Avenu/MuniServices has provided the City of Roseville with revenue enhancement services, including sales and use tax audit, property tax audit, hotel occupancy tax audit, and franchise fee audits.

**J. OTHER**

1. **Reports.** Avenu/MuniServices has included some of our sample reports in the Appendix of this proposal.
2. **Financial Statements.** As a privately-owned company, Avenu/MuniServices does not release financial statements. As we have demonstrated in our partnership with the City, Avenu/MuniServices is a strong and stable company with solid financial fundamentals which allow us to implement reliable, value-added services for our clients. Avenu Insights is a recognized leader in delivering business value through innovative services to state and local governments. We have helped governments manage large, complex programs for more than 40 years.
3. **Exceptions to Standard Agreement.** Avenu/MuniServices did not identify any exceptions to the City's Attachment A, Sample Agreement.
4. **Additional Information.** Avenu/MuniServices does not have any additional information beyond what has been included in this proposal.

## Appendix

In this section, Avenu/MuniServices included the following:

- ▶ Report Samples
- ▶ CDTFA Resolution Sample

**Sample CDTFA Confidentiality Resolution**

For THE CITY OF SANTA ROSA’s convenience, here is a sample of the Confidentiality Resolution that will need to be adopted upon award of contract for the Sales/Use and Transaction and Use Tax services.

**RESOLUTION NO.** \_\_\_\_\_

**A Resolution Authorizing the Examination of Sales or Transactions and Use Tax Records**

**WHEREAS**, pursuant to Ordinance Nos. \_\_\_\_\_, the CITY OF SANTA ROSA of \_\_\_\_\_ entered into a contract with the California Department of Tax and Fee Administration (formerly State Board of Equalization) (CDTFA) to perform all functions incident to the administration and collection of the Transactions and Use Tax Ordinances and the local sales and use taxes; and

**WHEREAS**, THE CITY OF SANTA ROSA deems it necessary for authorized representatives of THE CITY OF SANTA ROSA to examine confidential sales and transactions and use tax records of the CDTFA pertaining to sales and transactions and use taxes collected by the CDTFA for THE CITY OF SANTA ROSA; and

**WHEREAS**, Section 7056 of the California Revenue and Taxation Code sets forth certain requirements and conditions for the disclosure of CDTFA records and establishes criminal penalties for the unlawful disclosure of information contained in, or derived from sales or transactions and use tax records of the CDTFA; and

**WHEREAS**, Section 7056 of the California Revenue and Taxation Code requires that any person designated by THE CITY OF SANTA ROSA shall have an existing contract to examine THE CITY OF SANTA ROSA’s sales and transactions and use tax records.

**NOW, THEREFORE IT IS RESOLVED AND ORDERED AS FOLLOWS:**

**Section 1.** That the [insert title (i.e. Finance Director)], or other officer or employee of THE CITY OF SANTA ROSA designated in writing by the [insert title (i.e. Finance Director) to the CDTFA is hereby appointed to represent THE CITY OF SANTA ROSA with authority to examine all of the sales and transactions and use tax records of the CDTFA pertaining to sales and transactions and use taxes collected for THE CITY OF SANTA ROSA by the CDTFA pursuant to the contract between THE CITY OF SANTA ROSA and the CDTFA. The information obtained by examination of CDTFA records shall be used for purposes related to the collection of THE CITY OF SANTA ROSA’s sales and transactions and use taxes by the CDTFA pursuant to the contract.

**Section 2.** That the [insert title (i.e. Finance Director), or other officer or employee of THE CITY OF SANTA ROSA designated in writing by the [insert title (i.e. Finance Director) to the CDTFA, is also hereby appointed to represent THE CITY OF SANTA ROSA with the authority to examine those sales and transactions and use tax records of the CDTFA for purposes related to the following governmental functions of THE CITY OF SANTA ROSA:

- a) tracking and economic development
- b) forecasting and budget related functions
- c) detection of misallocations and deficiencies

The information obtained by examination of CDTFA records shall be used only for those governmental functions of THE CITY OF SANTA ROSA listed above.

**Section 3.** That Avenu/MuniServices is hereby designated and authorized to examine all of the sales and transactions and use tax records of the CDTFA pertaining to all sales and use taxes collected for THE CITY OF SANTA ROSA and any transaction and use taxes collected for THE CITY OF SANTA ROSA under the following Transactions and Use Tax Ordinances and any future Transactions and Use Tax Ordinances that may be enacted in the CITY OF SANTA ROSA:

[insert name and effective date of measure]

The person or entity designated by this section meets all of the following conditions:

- a) has an existing contract with THE CITY OF SANTA ROSA to examine sales and transactions and use tax records;
- b) is required by that contract to disclose information contained in, or derived from those sales and transactions and use tax records only to an officer or employee authorized under Section 1 (or Section 2) of this resolution to examine the information;
- c) is prohibited by that contract from performing consulting services for a retailer during the term of that contract;
- d) is prohibited by that contract from retaining the information contained in or derived from those sales and transactions and use tax records after that contract has expired.

**BE IT FURTHER RESOLVED** that the information obtained by examination of CDTFA records shall be used only for purposes related to the collection of THE CITY OF SANTA ROSA's sales and transactions and use taxes by the CDTFA pursuant to the contracts between THE CITY OF SANTA ROSA and the California Department of Tax and Fee Administration and for purposes relating to the governmental functions of THE CITY OF SANTA ROSA listed in Section 2 of this resolution.

**Section 4.** This resolution supersedes all prior sales and transactions and use tax resolutions of THE CITY OF SANTA ROSA adopted pursuant to subdivision (b) of Revenue and Taxation Code Section 7056.

Introduced, approved and adopted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Name & Title)

\_\_\_\_\_  
(Attest)

\_\_\_\_\_  
(Name & Title)

(Attest) \_\_\_\_\_

Notes:

Lined area for notes, consisting of 15 horizontal lines.

# Sample City Economic Review 2018Q1

Doug.Jensen@MuniServices.com | 800.800.8181 x 76212



## PART 1: ISSUE UPDATE

### State Ballot Update / Proposed Tax Fairness, Transparency and Accountability Act

**The Proposed TFTA is Withdrawn:** The initiative would have raised the approval threshold from 50% to two-thirds on all local tax-related measures and was withdrawn from the November 2018 ballot process minutes after Governor Brown signed AB 1838. AB 1838, until January 1, 2031, prohibits any local tax, fee, or other assessment on groceries and is retroactive to January 1, 2018. The Governor's signing message cites the far reaching proposed TFTA and that Mayors from across the state supported the compromise represented in AB 1838.

**Can Locals Pull Ballot Measures and how Did this Happen and?** First, it is politics. SB 1253 (Steinberg/2014) is the mechanism that allowed proponents to withdraw an initiative even after it has qualified for the ballot. A bill analysis shows support by the California Business Roundtable. **SB 1153 (Chaptered on July 20, 2018) authorizes the proponent of a local initiative to withdraw the initiative at any time before the 88th day before the election.**

**What's Ahead:** Shortly after the compromise solidified AB 1838, the California Medical Association and California Dental Association filed a proposed initiative for the 2020 ballot with the Attorney General's office for a statewide soda tax. The proposal includes a provision allowing for local taxes and well as pre-emption to AB 1838.

### Selected Measures on the November 2018 Ballot

- **Property Owners Transferring Their Property Tax Base to a Replacement Property** (Proposition 5)
- **Gas Tax Repeal** (Proposition 6)
- **Daylight Savings Time** (Proposition 7)
- **Division of CA Into Three States** (Proposition 9)
- **Enact Rent Control on Residential Property** (Proposition 10)

### South Dakota vs. Wayfair, Inc. / Sales and Use Tax Standards

The ruling upheld South Dakota's remote seller statute, in effect allowing states to force e-commerce companies that lack an in-state physical presence to collect and remit their sales and use taxes – thereby boosting local sales tax revenues. This overrules the long-standing physical presence requirement established by *Bellas Hess* in 1967 and reaffirmed by the Court in *Quill* in 1992. As a result, the Court is changing a fundamental aspect of the sales tax nexus requirement.

**What This Means:** States now can require out-of-state retailers to collect their state's sales taxes, at least in some circumstances, even if they do not have a store, warehouse, or physical presence in that state.

**Special Legislation May be on Hold Until 2019:** On August 15, 2018 MuniServices was told by leadership staff that legislation implementing the decision during the remaining weeks of Session is unlikely. It is still unclear whether the CDTFA can implement remote sales regulations, and whether legislation is needed to apply collection responsibilities to third-parties. So, exact timing of when increased sales tax revenue may materialize is unknown. *Wayfair* addressed South Dakota legislation that imposes sales and use tax requirements on businesses that deliver more than \$100,000 of goods or services into the state or engage in at least 200 transactions for delivery of goods or services into the state.

### Collecting Transactions and Use Taxes May be a Potential Issue:

MuniServices has learned that the Legislature is questioning whether locals could collect on the TUT. We earlier reported that for entities who receive TUT, we anticipate the CDTFA to register the affected companies just like they would any other out-of-state business and instruct them to collect the tax rate of the ship to location thus collecting the add-on tax rates.

**Revenue:** MuniServices is currently basing its preliminary revenue estimates for California agencies on the Government Accounting Office estimates for uncollected internet sales tax across the nation of roughly \$8 to \$13 billion. As a point of reference, total US Amazon retail ecommerce sales (gross merchandise value) are expected to hit \$258.22 billion in 2018, up 29% over 2017—far exceeding total US retail ecommerce’s growth of 16%. While Amazon already collects and remits sales taxes, the volume and growth of the ecommerce industry is significant.

**Countywide Pools:** The decision impacts revenues from “use” taxes. The revenues will flow to the countywide pools because the distinction remains for those businesses that have a physical presence in California versus not.

**PERS Election / Votes Due October 1**

CalPERS is conducting an election for the public agency representative seat on the CalPERS Board. Ballots will be mailed August 31. MuniServices understands that on average approximately 6% of eligible voters participate in the election. [www.calpers.ca.gov/boardelection](http://www.calpers.ca.gov/boardelection).

**PART 2: LEGISLATIVE REVIEW**

*August 31 is the final day of Session. The Governor has until September 30<sup>th</sup> to sign or veto measures.*

**Sales and Use Tax / District Taxes**

- **Point of Sale Changes:** Would change local sales tax revenue from on-line transactions allocation from point of sale to point of delivery; creates winners and losers; SCA 20 led to the creation of the League’s City Managers Sales Tax Working Group to discuss options for amending SCA 20 and tax reform (See AB 2853/ Medina) **(SCA 20 / Glazer)** *Held*
- **Tax Reform: Tax on Services:** Would reduce the state sales tax rate incrementally every calendar year beginning on January 1, 2020, until January 1, 2022 by a total of 2% to 3% **(SB 993/ Hertzberg)** *Died*
- **Transactions and Use Taxes / 2% Cap Exclusion:** Applies to Berkeley and the North Lake Tahoe Transportation Authority; the author noted during a hearing that he is willing to discuss and add other locals seeking a cap extension **(AB 2920/ Thurmond)**

- **Sales Tax Exemptions:** Deletes the January 1, 2019 sunset for certain charitable thrift stores (\$1.1 million annual state and local loss) **(SB 1484/ E. Hernandez)**. Military and veteran’s medical facilities (one-time state and local loss of \$211,000) **(SB 1007/ Hertzberg)** An earlier version of SB 726 from this year would have required any proposed exemption must contain detailed indicators.

**Property and Parcel Taxes / DTT**

- **Exemption: Parcel Tax: Davis Joint Unified School District:** Voters in this district can to decide on a school parcel tax exemption for public school employees **(SB 958/ Dodd)**
- **DTT Loss:** Would have removed the authority for a city to impose a DTT and for the city’s DTT to offset the county’s DTT **(SB 1411/ Moorlach)** *Dead*
- **Disaster / Property Tax Backfill for Locals:** The State Budget includes \$34.6 million GF to waive the local match for Northern California and Southern California counties' costs of debris removal, \$29.1 million and \$5.5 million, respectively. **(State Budget)** *Chaptered*

**Business License**

- **California Business License Center/ Potential Impact on Local Licensing:** Renames CalGold to the “California Master Business License Center.” MuniServices and the League expressed concern that the new name absent a defining agency level such as “California” or “State” could cause confusion for businesses with respect to local licensing requirements. **(AB 767/ Quirk-Silva)**
- **Business Licenses/ ID:** Requires locals to accept a California driver's license or identification number, individual taxpayer identification number, or municipal identification number in lieu of a social security number **(AB 2184/ Chiu)**
- **FTB/ City Business Tax Data Exchange Program:** Removes the repeal date of January 1, 2019 **(SB 855/ State Budget)** *Chaptered*

**Cannabis**

- **Temporary Permits:** Authorizes a temporary license for an event held at any other venue approved by a local jurisdiction **(AB 2020/ Quirk)**



- **Cannabis Tax: CDTFA Proposed Rule Making:** Comments were due August 17. AB 3157 would have reduced the excise tax rate on cannabis from 15% to 11% until June of 2021.
- **Banks for the Cannabis Industry:** Licensure and supervision of cannabis limited charter banks and credit unions (SB 930/ Hertzberg) *Held*
- **Local Delivery / Local Control/ Other Issues:** Bureau of Cannabis Control Proposed Regulations: Comments due August 27.

In the first three months of legal recreational cannabis sales: \$34 million from the 15% excise tax. Between April 1 and June 30, the tax was more than \$74 million. The excise tax on cannabis generated \$43.5 million, the cultivation tax generated \$4.5 million, and the sales tax generated \$26.3 million during the three-month period, the CDTFA reported. Medicinal cannabis is exempt from sales tax if the purchaser holds a valid medical marijuana identification card, the tax agency noted. MuniServices recently asked the CDTFA as part of the regulatory process to clarify whether transactions and use taxes are exempt from Medicinal cannabis.

#### Telecommunications/ Utilities

- **Municipal Separate Storm Systems:** Requires guidelines for permittees that are adequate and consistent when considering the costs to local jurisdictions (AB 2538/ Rubio)
- **Local Control and Processes: Discontinuation of Residential Water Service:** Prohibits an urban/ community water system (200 or more connections) from discontinuing service for nonpayment until a payment has been delinquent for at least 60 days (SB 998/ Dodd)
- **UUT Impact: Net Neutrality:** Would codify portions of the rescinded FCC rules protecting “net neutrality.” It is unclear whether this will affect UUT receipts from OTT streaming video (SB 822/ Wiener and SB 460 / De Leon)
- **UUT Reduction / Impact: Reduce Rates:** Directs the CPUC to reduce the rates it approves for investor-owned utilities for gas, electricity, and water service; passes to customers the tax savings received under federal tax reform (SB 1028/ Hill) *Governor’s Desk*

#### Economic Development

- **State Strategic Economic Development Plan:** The Governor’s Office of Business and Economic Development would lead the development of the Plan (AB 2596/ Cooley)
- **Use of Subsidies by Locals for Warehouse Centers:** Requires locals to provide specified information to the public before approving a subsidy for a warehouse distribution center (AB 2853/ Medina) *Rescinded by the Assembly from the Governor’s*
- **Enhanced IFD’s:** Authorizes IFD’s to fund maintenance of public capital facilities on a pay-as-you-go basis (SB 1145/ Leyva)

#### Local Administration

- **Taxicab Regulation:** Could allow for taxicab company to determine itself as “substantially located” in a city or county where it only maintains a business address (AB 939/ Low)
- **Parking Ticket Revenue:** Must provide payment plan options and waiver of late fees for indigent persons prior to sending certain documents to the DMV; expected revenue loss (AB 2544/ Lackey)
- **Pilot for Longer Alcohol Sales:** Authorizes hours to 4 am in Long Beach, Los Angeles, Oakland, Palm Springs, Sacramento, San Francisco, and West Hollywood (SB 905/ Wiener)
- **Sidewalk Vendors:** Prohibits locals from regulating sidewalk vendors; locals are not required to adopt a new program if they have an existing program that complies with the bill (SB 946/ Lara)
- **Home Kitchen Operations:** Locals would have discretion to authorize and permit (AB 626/ Garcia)
- **Lodging and Common Carriers:** Would prohibit the disclosing of any part of any guest record without a court-issued warrant. The bill as per an earlier amendment requested by MuniServices protects locals’ ability to perform TOT audits (SB 1194 / Lara)
- **Ordinance Violation Increase:** Locals may increase violation fees; the first would be \$130, \$700 for a 2nd, and \$1,300 for others (AB 2598/ Quirk)
- **Nuisance Abatement Fines:** Locals can recover fines until 2024 through liens and special assessments; to be used for enforcement building and fire code standards (SB 1416/ McGuire)

## PART 3: ECONOMIC NEWS AND TRENDS SNAPSHOT

### Economic Indicators

**GDP:** In 2017 consumer spending was up 6%; the year before 3%. Real GDP increased 2.2% in 1Q2018 (was 2.9% in 4Q2017; 3.2% in 3Q2017, 3.1% in 2Q2017, 1.4% in 1Q2017, and 2.1% in 4Q2016). BOE analysts predict a rise to 4% in Q22018.

**Services Sector 1Q2018 Total Revenue:** A decrease of 1.2% from 4Q2017 and up 5.2% from 1Q2017.

**Consumer Inflation:** Increased 0.1% in June. Consumer prices rose in June at the highest level in more than six years reflecting a positive economy.

**Recession Predictions:** Despite warnings about the coming end of the current economic expansion and the onset of another recession, U.S. GDP, employment, income, industrial production, exports, and business and consumer spending are all headed upwards and nothing on the immediate horizon has enough force to disrupt those trends. (Beacon Economics).

**Interest Rates:** Was raised to 2% in June 2018. It expects to increase this interest rate to 2.4% in 2018, 2.9% in 2019, and 3.4% in 2020.

**Commercial Sectors/ Malls:** Student housing, manufactured homes and industrial property were the top performers in the last three months; mall values in June fell 9% over the past 12 months, and 18% since the end of 2016. (WSJ, July 18, 2018)

**Tariff Threat Gets Closer to Consumers:** After imposing import levies on steel, aluminum and solar panels, the Trump administration is threatening to assess nearly \$505 billion on tariffs in exports that China sends to the U.S. Out of the more than 6,000 Chinese products on the latest U.S. tariff list, the top 20 accounted for over \$75 billion in U.S. imports last year. Items include network gear, furniture, circuit board equipment, travel bags, lamps, vacuums, car and car products, handbags, seafood, mattresses and more. (WSJ, July 18, 2018 and BLS, July 13, 2018)

### California

**Ranking:** California became the 5th largest economy in the world in 2017, behind Germany; ahead of UK.

**Growth:** Growth was 3% for 2017; 2.3% for the U.S.

**California's GDP for 4Q2017:** 3.4%. Real GDP by state growth for the 4Q2017 ranged from 5.2% in Texas to -1.3% in North Dakota.

**Unemployment:** Rate held at its low of 4.2% in July for fourth consecutive month (was 4.7% in July 2017); U.S. rate dropped to 3.9% in July.

### California Home Sales

**Existing Single-Family Homes:** July marked three months of decline.

### Autos and Gas

**Gas Prices:** AAA shows (August 7, 2018) the national average at \$2.863 per gallon. California's average is \$3.618. Was \$2.961 a year ago.

**CA 2018 New Vehicles:** 2 million; 2017 was 2.05 million  
**YTD to March CA: Total** (-3.8%); **Light Truck 1Q2018:** Up 3.7%; **Passenger:** -11.2% **Electric:** Sales up 30% in 2017.

### E-Commerce, Retail Sales and Outlook

**Total Retail Sales for 1Q2018:** An increase of 2.0% from 4Q2017. Retail sales are on track to match or exceed 2017. **June Retail Sales:** Up 0.5% from May and 6.6% above June 2017. April 2018 through June 2018 up 5.9% from the same period a year ago. Non-store retailers were up 10.2% from last year.

**E-Commerce as a Percent of Total Sales: 1Q2018** (9.5%); **4Q2017** (9.1%); **3Q2017** (9.1%); **2Q2017** (8.9%); **1Q2017** (8.5%) **California:** E-commerce sales comprise approximately 13-14% of the total sales.

**Top 10 U.S. Companies / E-Commerce Sales, 2018:** Amazon 49.1%; eBay 6.6%; Apple 3.9%; Walmart 3.7%; The Home Depot 1.5%; Best Buy 1.3%; QVC 1.2%; Macys 1.2%; Costco 1.2%; Wayfair 1.1%. (EMarketer, 07/2018)

### Groceries, Food and Restaurants

**Convenience Expands:** Reached a high of 154,958, up 0.3% in 2017. (NACS).

**Casual Dining:** Sales are rebounding as sit-down restaurants upgrade decorum and ingredients.

**Franchises:** Growth in 2018, with output increasing by around 6%, eclipsing 2017's 5% rise.

**Food Away From Home:** June 2017 to June 2018 (2.8%)

**Full Services Meals and Snacks:** From June 2017 to June 2018 (2.963%)

August 20, 2018 / 3Q2018 (#7.b) Client Meeting Edition  
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### News

- **Real gross domestic product (GDP)** increased at an annual rate of 2.9% in the fourth quarter of 2017, according to the "third" estimate released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 3.2%. (BEA)
- **Holiday 2017 Retail Sales Between November 1 and December 24:** Up 4.9% for 2017, setting a record for dollars spent. This is the largest year-over-year increase since 2011. Online shopping also saw large gains of 18.1% compared to 2016. (Mastercard)
- **Unemployment (California and the US):** Rate fell to 4.3% in December. The U.S. rate held at 4.1% in December and remained 4.1% in January 2018.
- **Retail Sales and Use Tax for January:** \$43 million below the month's forecast of \$2.790 billion - a decrease of 1.5%. January receipts includes the final payment for fourth quarter sales, which was due on January 31. Year-to-date sales tax revenues are \$35 million below forecast. (DOF)

### Top 25 Sales Tax Generators

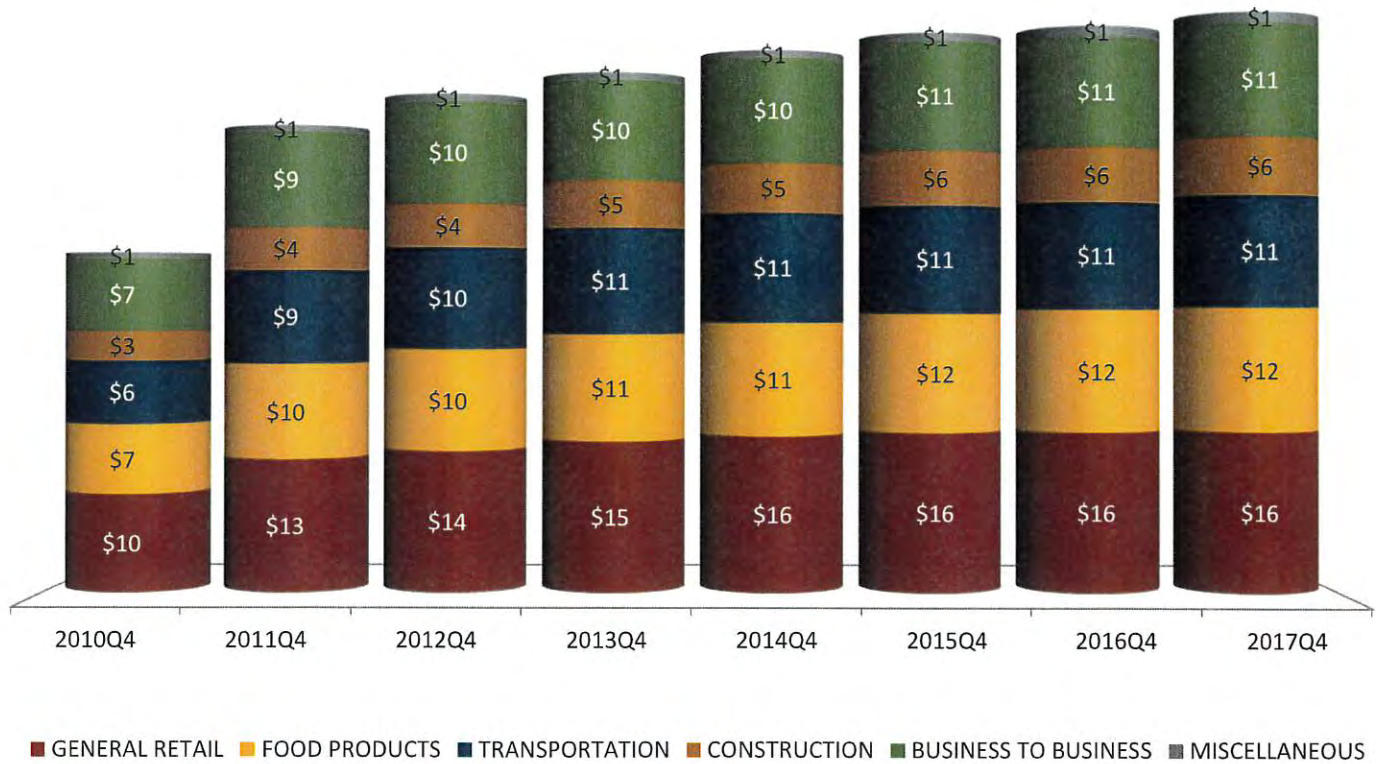
BUSINESS 1	BUSINESS 10	BUSINESS 18
BUSINESS 2	BUSINESS 11	BUSINESS 19
BUSINESS 3	BUSINESS 12	BUSINESS 20
BUSINESS 4	BUSINESS 13	BUSINESS 21
BUSINESS 5	BUSINESS 14	BUSINESS 22
BUSINESS 6	BUSINESS 15	BUSINESS 23
BUSINESS 7	BUSINESS 16	BUSINESS 24
BUSINESS 8	BUSINESS 17	BUSINESS 25
BUSINESS 9		

### Business Activity

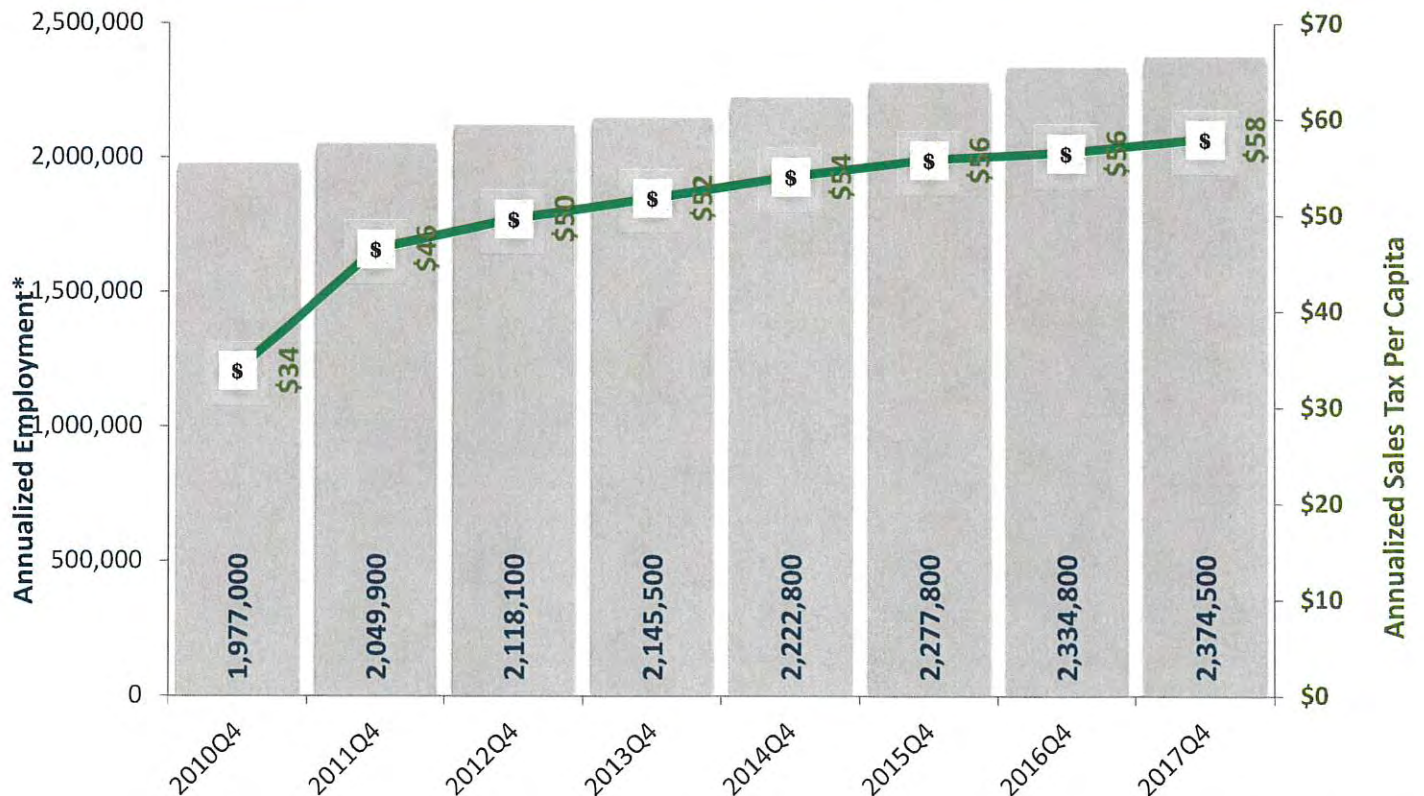
	Quarter over Quarter			Year over Year		
	Sample City	Compared Transit	Compared Transit	Sample City	Compared City	Compared City
<b>TOTAL</b>	<b>4.3%</b>	<b>2.9%</b>	<b>2.8%</b>	<b>.</b>	<b>2.1%</b>	<b>2.9%</b>
GENERAL RETAIL	<b>2.3%</b>	<b>-1.9%</b>	2.5%	<b>1.5%</b>	<b>-0.3%</b>	2.2%
FOOD PRODUCTS	<b>3.1%</b>	4.4%	2.7%	<b>2.7%</b>	3.3%	3.3%
TRANSPORTATION	<b>8.7%</b>	6.8%	2.5%	<b>5.5%</b>	4.9%	3.5%
CONSTRUCTION	<b>8.9%</b>	<b>-2.2%</b>	11.2%	<b>7.6%</b>	<b>-2.3%</b>	7.3%
BUSINESS TO BUSINESS	<b>4.7%</b>	4.1%	<b>-0.1%</b>	<b>3.9%</b>	2.9%	0.1%
Restaurants	<b>2.9%</b>	3.8%	3.0%	<b>2.4%</b>	2.8%	3.7%
Auto Sales - New	<b>9.3%</b>	7.7%	<b>-0.3%</b>	<b>5.3%</b>	4.6%	2.2%
Miscellaneous Retail	<b>3.2%</b>	<b>-7.6%</b>	<b>-0.9%</b>	<b>2.6%</b>	<b>-2.0%</b>	2.8%
Department Stores	<b>3.1%</b>	3.8%	4.1%	<b>2.9%</b>	3.1%	2.6%
Bldg.Matls-Whsle	<b>11.0%</b>	<b>-6.2%</b>	12.9%	<b>9.1%</b>	<b>-5.9%</b>	7.6%
Light Industry	<b>-0.2%</b>	<b>-3.4%</b>	<b>-5.4%</b>	<b>-0.1%</b>	<b>-2.5%</b>	<b>-4.8%</b>
Apparel Stores	<b>-2.2%</b>	<b>-0.8%</b>	2.8%	<b>-1.2%</b>	<b>-1.3%</b>	1.3%
Service Stations	<b>15.3%</b>	11.1%	10.5%	<b>12.1%</b>	9.4%	8.4%
Food Markets	<b>3.5%</b>	3.7%	1.9%	<b>3.2%</b>	3.4%	1.9%
Furniture/Appliance	<b>8.4%</b>	<b>-0.2%</b>	6.6%	<b>3.3%</b>	0.0%	3.2%
Bldg.Matls-Retail	<b>5.2%</b>	6.7%	8.9%	<b>5.2%</b>	5.3%	7.1%
Office Equipment	<b>2.1%</b>	<b>-10.9%</b>	<b>-6.6%</b>	<b>-0.1%</b>	<b>-1.0%</b>	<b>-6.0%</b>
Heavy Industry	<b>17.0%</b>	18.5%	15.0%	<b>11.9%</b>	13.4%	9.1%
Leasing	<b>5.5%</b>	5.9%	15.8%	<b>5.3%</b>	4.7%	8.2%

## Sales Tax Per Capita by Benchmark Year

Annualized sales tax for Juri\_Name divided by its population as reported by State Department of Finance



## Estimated Annualized Employment and Gross Sales Tax Per Capita by Benchmark Year



A Correlation Coefficient of 1 indicates a Perfect Positive Correlation.

Correlation Coefficient: **0.91**

S.F. BAY AREA: Quarterly Comparison of 2017Q1 and 2018Q1

	General Retail	Food/Beverage	Transportation	Construction	B2B	Misc.	Jan - Mar 2018 (2018Q1)	Jan - Mar 2017 (2017Q1)	% Chg	Gain	Gain	Decline	Decline
<b>ALAMEDA COUNTY</b>													
ALAMEDA	12.3%	5.5%	6.6%	-21.2%	5.0%	-24.6%	2,291,047	2,159,220	6.1%	Office Equipment	Furniture/Appliance	Electronic Equipment	Heavy Industry
ALBANY	-3.2%	7.9%	26.3%	-32.4%	-12.7%	-42.9%	585,372	572,030	2.3%	Auto Sales - New	Restaurants	Bldg.Matls-Whsle	Miscellaneous Retail
BERKELEY	-5.6%	2.1%	-3.8%	-0.6%	-31.4%	11.3%	4,173,607	4,438,546	-6.0%	Light Industry	Liquor Stores	Chemical Products	Miscellaneous Retail
DUBLIN	-4.8%	-1.1%	0.4%	1.4%	-4.4%	-87.0%	4,529,193	4,627,990	-2.1%	Apparel Stores	Heavy Industry	Miscellaneous Retail	Office Equipment
EMERYVILLE	-7.4%	1.4%	12.0%	7.3%	-27.4%	162.0%	2,032,485	2,116,408	-4.0%	Restaurants	Health & Government	Furniture/Appliance	Heavy Industry
FREMONT	1.3%	3.7%	12.6%	1.1%	-11.0%	3.3%	10,698,203	10,650,066	0.5%	Auto Sales - New	Auto Sales - Used	Office Equipment	Bldg.Matls-Retail
HAYWARD	8.4%	6.7%	18.2%	5.7%	18.9%	42.6%	8,255,989	7,312,138	12.9%	Heavy Industry	Auto Sales - New	Chemical Products	Office Equipment
LIVERMORE	5.8%	6.7%	0.3%	212.7%	0.6%	-29.8%	7,822,669	6,622,655	18.1%	Bldg.Matls-Whsle	Apparel Stores	Bldg.Matls-Retail	Heavy Industry
NEWARK	-0.9%	4.8%	3.0%	-30.6%	-8.4%	54.6%	2,590,898	2,704,133	-4.2%	Auto Sales - New	Health & Government	Bldg.Matls-Retail	Heavy Industry
OAKLAND	-8.9%	3.6%	-0.8%	-13.6%	-2.6%	-16.3%	11,010,526	11,340,390	-2.9%	Restaurants	Food Processing Eqp	Department Stores	Bldg.Matls-Retail
PIEDMONT	-10.3%	9.3%	29.9%	-6.5%	30.8%	-5.1%	43,100	42,884	0.5%	Service Stations	Miscellaneous Retail	Bldg.Matls-Retail	Furniture/Appliance
PLEASANTON	-8.7%	0.7%	18.7%	-23.1%	-10.8%	15.4%	5,551,474	5,675,447	-2.2%	Auto Sales - Used	Office Equipment	Leasing	Bldg.Matls-Retail
SAN LEANDRO	6.7%	4.1%	1.1%	8.4%	-5.6%	-0.3%	6,732,913	6,587,187	2.2%	Department Stores	Bldg.Matls-Whsle	Electronic Equipment	Light Industry
UNION CITY	-4.7%	9.4%	-5.3%	7.6%	11.6%	195.4%	2,323,084	2,192,143	6.0%	Heavy Industry	Food Processing Eqp	Miscellaneous Retail	Recreation Products
ALAMEDA COUNTY	4.0%	0.1%	-2.0%	2.5%	12.6%	-0.3%	2,105,007	2,069,812	1.7%	Heavy Industry	Recreation Products	Drug Stores	Leasing
<b>CONTRA COSTA COUNTY</b>													
ANTIOCH	2.1%	2.9%	4.6%	3.9%	-1.7%	-1.9%	2,860,449	2,785,316	2.7%	Auto Sales - New	Department Stores	Recreation Products	Heavy Industry
BRENTWOOD	6.2%	3.0%	14.9%	-59.5%	-15.0%	-8.1%	1,690,651	1,735,787	-2.6%	Service Stations	Auto Sales - Used	Bldg.Matls-Retail	Energy Sales
CLAYTON	-0.2%	-5.3%	-19.1%	5.3%	-61.0%	-43.2%	100,802	109,902	-8.3%	Recreation Products	Liquor Stores	Food Markets	Business Services
CONCORD	2.4%	2.5%	5.4%	-22.1%	13.9%	-7.6%	7,510,441	7,392,341	1.6%	Auto Sales - New	Light Industry	Bldg.Matls-Retail	Service Stations
DANVILLE	-4.4%	2.8%	-0.6%	-9.5%	37.0%	-29.3%	1,324,646	1,336,904	-0.9%	Light Industry	Food Processing Eqp	Miscellaneous Retail	Furniture/Appliance
EL CERRITO	-1.2%	-0.5%	6.7%	-2.2%	-13.4%	-13.0%	697,319	692,323	0.7%	Auto Sales - New	Department Stores	Miscellaneous Retail	Office Equipment
HERCULES	4.2%	3.4%	-1.7%	3.3%	2.6%	4.9%	463,043	452,077	2.4%	Office Equipment	Bldg.Matls-Retail	Service Stations	Bldg.Matls-Whsle
LAFAYETTE	-6.4%	-2.1%	-2.3%	-7.4%	30.2%	4.9%	699,805	714,538	-2.1%	Business Services	Liquor Stores	Apparel Stores	Restaurants
MARTINEZ	-3.2%	-3.0%	-24.2%	-45.4%	-7.3%	49.4%	962,648	1,092,628	-11.9%	Bldg.Matls-Whsle	Energy Sales	Bldg.Matls-Retail	Auto Sales - Used
MORAGA	0.8%	-4.3%	-8.1%	1.7%	-24.0%	0.6%	239,291	247,334	-3.3%	Furniture/Appliance	Recreation Products	Business Services	Service Stations
OAKLEY	15.0%	-2.6%	4.1%	1.6%	-22.0%	-4.0%	340,671	345,824	-1.5%	Service Stations	Restaurants	Heavy Industry	Food Markets
ORINDA	4.4%	-6.1%	2.7%	-24.8%	-16.1%	-13.7%	237,314	249,810	-5.0%	Heavy Industry	Service Stations	Business Services	Bldg.Matls-Whsle
PINOLE	3.9%	1.0%	0.7%	6.6%	-11.8%	-19.1%	876,647	870,489	0.7%	Furniture/Appliance	Bldg.Matls-Retail	Office Equipment	Leasing
PITTSBURG	-1.0%	3.1%	4.9%	-10.4%	1.6%	0.0%	1,759,678	1,754,318	0.3%	Auto Sales - New	Restaurants	Bldg.Matls-Whsle	Department Stores
PLEASANT HILL	-1.9%	9.0%	-15.8%	17.7%	-12.2%	-29.5%	2,025,120	2,047,807	-1.1%	Liquor Stores	Restaurants	Auto Parts/Repair	Miscellaneous Retail
RICHMOND	0.6%	10.8%	4.2%	-4.5%	15.6%	23.9%	3,568,679	3,396,422	5.1%	Energy Sales	Auto Sales - New	Bldg.Matls-Whsle	Service Stations
SAN PABLO	3.3%	-0.5%	-6.9%	-4.3%	8.2%	41.1%	467,316	469,843	-0.5%	Furniture/Appliance	Restaurants	Service Stations	Liquor Stores
SAN RAMON	-3.1%	2.1%	-0.4%	6.0%	9.1%	0.7%	2,137,254	2,083,422	2.6%	Business Services	Light Industry	Energy Sales	Heavy Industry
WALNUT CREEK	2.4%	7.8%	5.8%	0.1%	-32.4%	25.3%	5,657,068	5,595,309	1.1%	Auto Sales - New	Apparel Stores	Business Services	Light Industry
CONTRA COSTA COUNTY	-5.8%	3.8%	10.5%	42.1%	-11.5%	-11.5%	2,509,040	2,386,713	5.1%	Bldg.Matls-Whsle	Service Stations	Energy Sales	Light Industry
<b>MARIN COUNTY</b>													
BELVEDERE	-2.6%	740.1%	-8.3%	-100.0%	5.6%	-86.5%	18,330	13,531	35.5%	Restaurants	Miscellaneous Retail	Health & Government	Closed Acct-Adjustmt
CORTE MADERA	-4.7%	-4.5%	0.2%	-8.0%	-5.4%	61.6%	1,659,605	1,719,824	-3.5%	Recreation Products	Bldg.Matls-Whsle	Apparel Stores	Furniture/Appliance
FAIRFAX	-0.5%	0.2%	-3.1%	-7.5%	-28.2%	-22.6%	134,687	139,232	-3.3%	Restaurants	Florist/Nursery	Business Services	Bldg.Matls-Retail
LARKSPUR	11.0%	-2.5%	-0.3%	-11.9%	-4.9%	-12.0%	628,483	618,642	1.6%	Miscellaneous Retail	Business Services	Office Equipment	Apparel Stores
MILL VALLEY	3.5%	-2.0%	15.0%	0.8%	-44.6%	8.7%	675,796	660,395	2.3%	Auto Sales - New	Restaurants	Food Markets	Heavy Industry
NOVATO	-1.2%	-1.8%	4.0%	1.5%	-3.6%	-6.5%	1,991,185	1,997,633	-0.3%	Office Equipment	Auto Sales - Used	Recreation Products	Chemical Products
ROSS	85.0%	0.2%	-100.0%	-100.0%	47.9%	-76.4%	12,993	10,376	25.2%	Miscellaneous Retail	Business Services	Closed Acct-Adjustmt	Bldg.Matls-Whsle
SAN ANSELMO	-17.4%	-0.8%	-12.5%	-27.1%	-11.0%	-31.5%	259,497	288,124	-9.9%	Apparel Stores	Light Industry	Miscellaneous Retail	Furniture/Appliance

S.F. BAY AREA: Quarterly Comparison of 2017Q1 and 2018Q1

	General Retail	Food Products	Transportation	Construction	B2B	Misc.	Jan - Mar 2018 (2018Q1)	Jan - Mar 2017 (2017Q1)	% Chg	Gain	Gain	Decline	Decline
SAN RAFAEL	-1.4%	-0.2%	-7.0%	-25.3%	-5.3%	-3.1%	4,312,117	4,669,543	-7.7%	Leasing	Service Stations	Bldg.Matls-Retail	Auto Sales - New
SAUSALITO	0.2%	-1.7%	51.3%	7.9%	6.2%	-0.7%	471,585	457,405	3.1%	Misc. Vehicle Sales	Office Equipment	Restaurants	Food Processing Eqp
TIBURON	18.3%	-8.8%	-96.8%	-100.0%	-40.0%	-15.9%	132,245	136,660	-3.2%	Miscellaneous Retail	Business Services	Restaurants	Light Industry
MARIN COUNTY	-52.2%	3.1%	-9.0%	25.4%	12.1%	-88.8%	956,224	1,363,787	-29.9%	Food Markets	Heavy Industry	Miscellaneous Retail	Miscellaneous Other
<b>NAPA COUNTY</b>													
NAPA	0.9%	3.9%	11.2%	-0.9%	49.1%	45.2%	3,755,506	3,479,834	7.9%	Office Equipment	Auto Sales - New	Business Services	Bldg.Matls-Whsle
SAINT HELENA	-15.8%	2.8%	15.2%	1.7%	-24.0%	-80.4%	602,321	612,561	-1.7%	Food Processing Eqp	Auto Sales - New	Miscellaneous Retail	Restaurants
YOUNTVILLE	-10.4%	4.5%	-	5.6%	673.5%	-72.7%	319,049	309,061	3.2%	Restaurants	Apparel Stores	Furniture/Appliance	Miscellaneous Retail
<b>SAN FRANCISCO COUNTY</b>													
SAN FRANCISCO	-2.7%	0.3%	5.4%	-5.4%	-15.2%	9.2%	41,928,424	43,170,464	-2.9%	Restaurants	Auto Sales - New	Light Industry	Department Stores
<b>SAN MATEO COUNTY</b>													
ATHERTON	497.8%	0.7%	-100.0%	-100.0%	13.7%	-31.3%	83,796	55,434	51.2%	Miscellaneous Retail	Health & Government	Miscellaneous Other	Closed Acct-Adjustmt
BELMONT	-5.8%	3.4%	1.4%	9.1%	-40.2%	18.7%	729,995	809,607	-9.8%	Restaurants	Auto Sales - New	Office Equipment	Heavy Industry
BRISBANE	60.6%	74.5%	8.3%	0.8%	23.4%	35.9%	1,001,704	777,951	28.8%	Food Processing Eqp	Miscellaneous Retail	Bldg.Matls-Whsle	Light Industry
BURLINGAME	-1.4%	3.9%	0.6%	-12.6%	0.4%	-2.9%	2,724,362	2,721,255	0.1%	Auto Parts/Repair	Food Processing Eqp	Apparel Stores	Office Equipment
COLMA	1.0%	2.3%	13.7%	-95.3%	5.7%	29.6%	2,364,542	2,454,209	-3.7%	Auto Sales - New	Apparel Stores	Bldg.Matls-Retail	Auto Sales - Used
DALY CITY	-1.7%	4.0%	1.9%	-6.6%	-22.6%	-6.9%	2,698,626	2,702,843	-0.2%	Restaurants	Auto Sales - New	Department Stores	Auto Sales - Used
EAST PALO ALTO	-19.4%	5.3%	2.0%	1.3%	-13.0%	-25.0%	815,872	919,638	-11.3%	Restaurants	Miscellaneous Retail	Furniture/Appliance	Recreation Products
FOSTER CITY	0.4%	-0.8%	-19.0%	-37.6%	-27.0%	-38.2%	754,679	848,311	-11.0%	Department Stores	Light Industry	Business Services	Office Equipment
HALF MOON BAY	5.5%	1.7%	5.8%	-10.0%	30.0%	-50.5%	586,585	575,567	1.9%	Auto Sales - New	Business Services	Bldg.Matls-Retail	Miscellaneous Other
HILLSBOROUGH	51.0%	-15.8%	24.3%	0.0%	-73.8%	-35.8%	34,947	31,952	9.4%	Miscellaneous Retail	Apparel Stores	Business Services	Heavy Industry
MENLO PARK	15.6%	-9.2%	-0.3%	-39.4%	110.0%	17.7%	1,359,413	1,177,488	15.5%	Light Industry	Miscellaneous Retail	Liquor Stores	Bldg.Matls-Retail
MILLBRAE	5.3%	12.8%	0.1%	3.3%	-16.2%	-3.3%	611,739	575,940	6.2%	Restaurants	Miscellaneous Retail	Leasing	Food Markets
PACIFICA	1.1%	9.6%	-3.3%	-7.5%	-11.9%	-23.1%	461,143	448,521	2.8%	Food Markets	Recreation Products	Service Stations	Business Services
PORTOLA VALLEY	-42.9%	-2.2%	4.1%	-3.1%	-7.3%	-27.7%	43,302	50,883	-14.9%	Miscellaneous Other	Business Services	Miscellaneous Retail	Florist/Nursery
REDWOOD CITY	-3.0%	-3.3%	-2.1%	-4.4%	-36.0%	-54.6%	5,443,219	5,971,166	-8.8%	Furniture/Appliance	Heavy Industry	Office Equipment	Miscellaneous Retail
SAN BRUNO	-4.8%	-0.9%	6.2%	-2.9%	16.3%	16.9%	1,802,990	1,808,451	-0.3%	Recreation Products	Auto Sales - New	Miscellaneous Retail	Auto Parts/Repair
SAN CARLOS	13.5%	-0.5%	4.4%	-23.3%	-17.2%	-16.3%	2,137,815	2,253,671	-5.1%	Furniture/Appliance	Bldg.Matls-Whsle	Bldg.Matls-Retail	Business Services
SAN MATEO	-7.0%	0.7%	-5.3%	0.7%	-7.9%	-8.5%	4,358,613	4,574,856	-4.7%	Miscellaneous Retail	Light Industry	Department Stores	Business Services
SOUTH SAN FRANCISCO	0.1%	1.2%	3.8%	-2.4%	6.6%	80.5%	3,758,827	3,675,761	2.3%	Business Services	Leasing	Office Equipment	Electronic Equipment
WOODSIDE	21.3%	-9.2%	0.1%	5155.6%	4.5%	-22.9%	121,087	117,907	2.7%	Bldg.Matls-Whsle	Miscellaneous Retail	Restaurants	Light Industry
SAN MATEO COUNTY	0.8%	9.1%	-2.1%	9.2%	-17.1%	-23.9%	3,631,049	3,932,443	-7.7%	Restaurants	Energy Sales	Business Services	Leasing
<b>SANTA CLARA COUNTY</b>													
CAMPBELL	0.8%	3.1%	-0.9%	3.3%	9.3%	-2.4%	2,526,356	2,453,879	3.0%	Office Equipment	Restaurants	Miscellaneous Retail	Electronic Equipment
CUPERTINO	-15.0%	10.3%	-0.8%	-48.3%	42.2%	27.1%	7,641,209	6,201,976	23.2%	Business Services	Office Equipment	Bldg.Matls-Whsle	Department Stores
GILROY	1.8%	4.4%	11.0%	30.5%	14.5%	3.1%	4,081,919	3,801,759	7.4%	Auto Sales - New	Bldg.Matls-Retail	Recreation Products	Service Stations
LOS ALTOS	-11.9%	-11.6%	5.6%	-15.1%	-24.6%	-11.9%	601,337	668,016	-10.0%	Auto Parts/Repair	Apparel Stores	Food Processing Eqp	Restaurants
LOS ALTOS HILLS	-83.1%	8.1%	-100.0%	80.0%	86.7%	125.9%	16,200	12,911	25.5%	Health & Government	Electronic Equipment	Miscellaneous Retail	Closed Acct-Adjustmt
LOS GATOS	-9.2%	1.2%	1.5%	-17.8%	21.7%	-15.8%	1,756,993	1,821,061	-3.5%	Business Services	Leasing	Miscellaneous Other	Furniture/Appliance
MILPITAS	1.8%	3.2%	4.8%	58.2%	3.9%	0.9%	5,524,820	5,138,854	7.5%	Bldg.Matls-Whsle	Electronic Equipment	Business Services	Heavy Industry
MONTE SERENO	-8.1%	-100.0%	700.0%	-100.0%	-99.7%	-62.1%	1,890	10,692	-82.3%	Department Stores	Auto Parts/Repair	Business Services	Miscellaneous Retail
MORGAN HILL	10.1%	5.4%	-2.3%	5.0%	4.6%	-8.2%	1,925,863	1,866,617	3.2%	Electronic Equipment	Recreation Products	Light Industry	Heavy Industry
MOUNTAIN VIEW	-2.1%	-3.0%	-2.8%	2.5%	-28.9%	-13.4%	4,004,516	4,460,195	-10.2%	Recreation Products	Bldg.Matls-Whsle	Business Services	Office Equipment
PALO ALTO	9.0%	5.0%	17.9%	2.4%	-33.4%	-10.7%	6,646,458	6,693,230	-0.7%	Miscellaneous Retail	Leasing	Electronic Equipment	Office Equipment
SAN JOSE	-4.0%	4.0%	0.2%	-3.8%	-8.4%	-1.3%	39,362,635	40,479,156	-2.8%	Restaurants	Leasing	Light Industry	Bldg.Matls-Whsle
SANTA CLARA	-14.0%	1.0%	4.3%	-6.6%	-23.0%	-40.1%	11,278,287	13,036,702	-13.5%	Auto Sales - New	Leasing	Office Equipment	Electronic Equipment

S.F. BAY AREA: Quarterly Comparison of 2017Q1 and 2018Q1

	General Retail	Food Products	Transportation	Construction	B2B	Misc.	Jan - Mar 2018 (2018Q1)	Jan - Mar 2017 (2017Q1)	% Chg	Gain	Gain	Decline	Decline
SARATOGA	3.0%	1.6%	3.5%	22.0%	-51.0%	-9.0%	263,696	266,297	-1.0%	Restaurants	Auto Parts/Repair	Office Equipment	Electronic Equipment
SUNNYVALE	-6.3%	0.0%	-1.1%	-49.1%	13.7%	-1.7%	6,939,309	6,969,592	-0.4%	Electronic Equipment	Office Equipment	Bldg.Matls-Whsle	Bldg.Matls-Retail
SANTA CLARA COUNTY	-18.9%	-4.6%	-28.2%	-5.7%	35.4%	-20.4%	1,041,692	1,137,588	-8.4%	Heavy Industry	Apparel Stores	Miscellaneous Retail	Health & Government
<b>SOLANO COUNTY</b>													
RIO VISTA	-0.7%	4.1%	18.7%	-1.9%	7.1%	-36.2%	262,650	237,335	10.7%	Auto Sales - New	Energy Sales	Heavy Industry	Bldg.Matls-Whsle
<b>SONOMA COUNTY</b>													
CLOVERDALE	17.6%	12.7%	-0.5%	19.1%	390.2%	-72.7%	174,687	156,373	11.7%	Bldg.Matls-Whsle	Energy Sales	Miscellaneous Retail	Auto Parts/Repair
COTATI	-4.0%	9.8%	7.3%	1.2%	23.1%	-4.3%	457,680	426,122	7.4%	Business Services	Service Stations	Electronic Equipment	Auto Sales - New
HEALDSBURG	-5.2%	2.9%	-4.6%	-14.0%	31.7%	-20.3%	945,361	961,149	-1.6%	Heavy Industry	Restaurants	Bldg.Matls-Whsle	Auto Parts/Repair
PETALUMA	2.6%	-7.3%	4.1%	-1.0%	-16.9%	-12.4%	2,991,438	3,040,575	-1.6%	Auto Sales - New	Apparel Stores	Food Processing Eqp	Office Equipment
ROHNERT PARK	11.2%	-2.9%	0.7%	-4.6%	-5.2%	42.5%	1,840,807	1,767,853	4.1%	Furniture/Appliance	Recreation Products	Bldg.Matls-Whsle	Restaurants
SANTA ROSA	0.6%	1.7%	9.8%	1.5%	-21.9%	23.5%	8,917,340	8,776,611	1.6%	Auto Sales - New	Auto Sales - Used	Light Industry	Office Equipment
SEBASTOPOL	13.2%	7.4%	1.4%	9.6%	-31.2%	25.0%	441,710	417,268	5.9%	Miscellaneous Retail	Restaurants	Business Services	Food Markets
SONOMA	-3.7%	-2.6%	-4.3%	-8.7%	-4.4%	29.9%	681,011	706,822	-3.7%	Auto Sales - Used	Health & Government	Restaurants	Bldg.Matls-Retail
WINDSOR	1.7%	11.3%	-1.7%	-50.6%	-9.6%	-22.4%	818,275	900,752	-9.2%	Bldg.Matls-Whsle	Food Markets	Bldg.Matls-Retail	Heavy Industry
SONOMA COUNTY	-15.4%	2.1%	0.7%	6.9%	1.1%	-19.8%	3,911,486	3,907,739	0.1%	Bldg.Matls-Whsle	Food Processing Eqp	Drug Stores	Miscellaneous Retail

# SAMPLE CITY: Sales Tax Performance Analysis by Quarter

**TOTAL**

Confidential

Economic



TOTAL				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$69,962,013	4.3%	\$2,906,358	3.6%	\$8,951,395

GENERAL RETAIL				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$21,636,152	2.3%	\$490,314	1.5%	\$1,097,455
% of 2018Q1 Total:		30.9%		

FOOD PRODUCTS				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$14,110,200	3.1%	\$422,366	2.7%	\$1,403,864
% of Total:		20.2%		

TRANSPORTATION				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$12,023,525	8.7%	\$965,879	5.5%	\$2,418,437
% of Total:		17.2%		

CONSTRUCTION				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$6,567,618	8.9%	\$535,663	7.6%	\$1,820,166
% of Total:		9.4%		

BUSINESS TO BUSINESS				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$14,349,598	4.7%	\$639,549	3.9%	\$2,001,213
% of Total:		20.5%		

QoQ = 17Q4 / 16Q4

YoY = YE 17Q4 / YE 16Q4

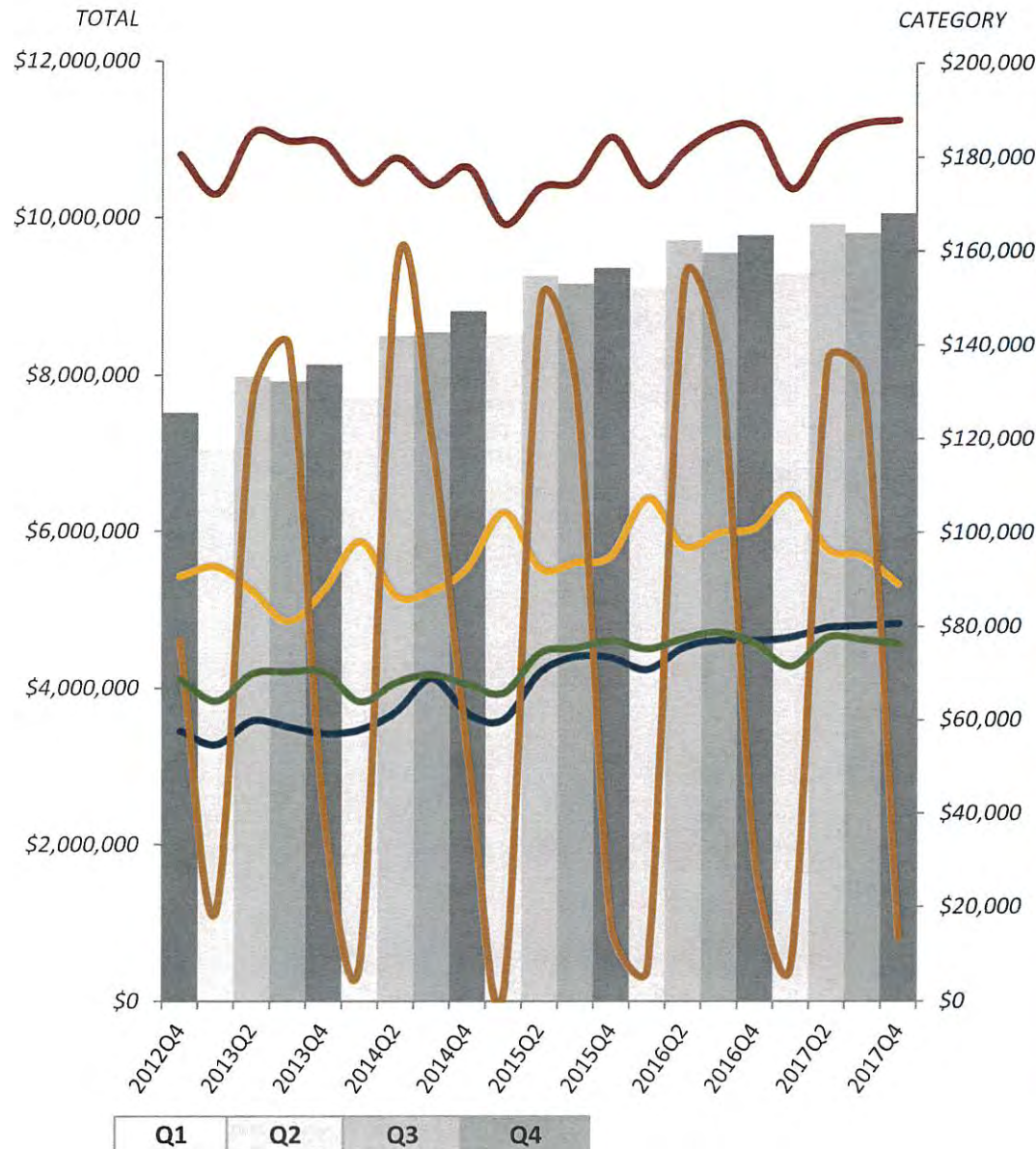


# SAMPLE CITY: #1 Sales Tax Segment's Performance Analysis by Quarter

## RESTAURANTS

Confidential

Economic



RESTAURANTS				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$10,077,770	2.9%	\$282,903	2.4%	\$928,287
% of 2018Q1 Total:		14.4%		

RESTAURANTS #1				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$187,905	1.0%	\$1,904	0.7%	\$4,948
% of Seg:		1.9%	% of Total:	0.3%

RESTAURANTS #2				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$89,128	-11.7%	-\$11,779	-4.1%	-\$16,544
% of Seg:		0.9%	% of Total:	0.1%

RESTAURANTS #3				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$80,548	4.8%	\$3,680	6.1%	\$18,157
% of Seg:		0.8%	% of Total:	0.1%

RESTAURANTS #4				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$13,308	-55.7%	-\$16,716	-11.1%	-\$36,255
% of Seg:		0.1%	% of Total:	0.0%

RESTAURANTS #5				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$76,223	0.0%	-\$13	-1.6%	-\$5,066
% of Seg:		0.8%	% of Total:	0.1%

QoQ = 17Q4 / 16Q4

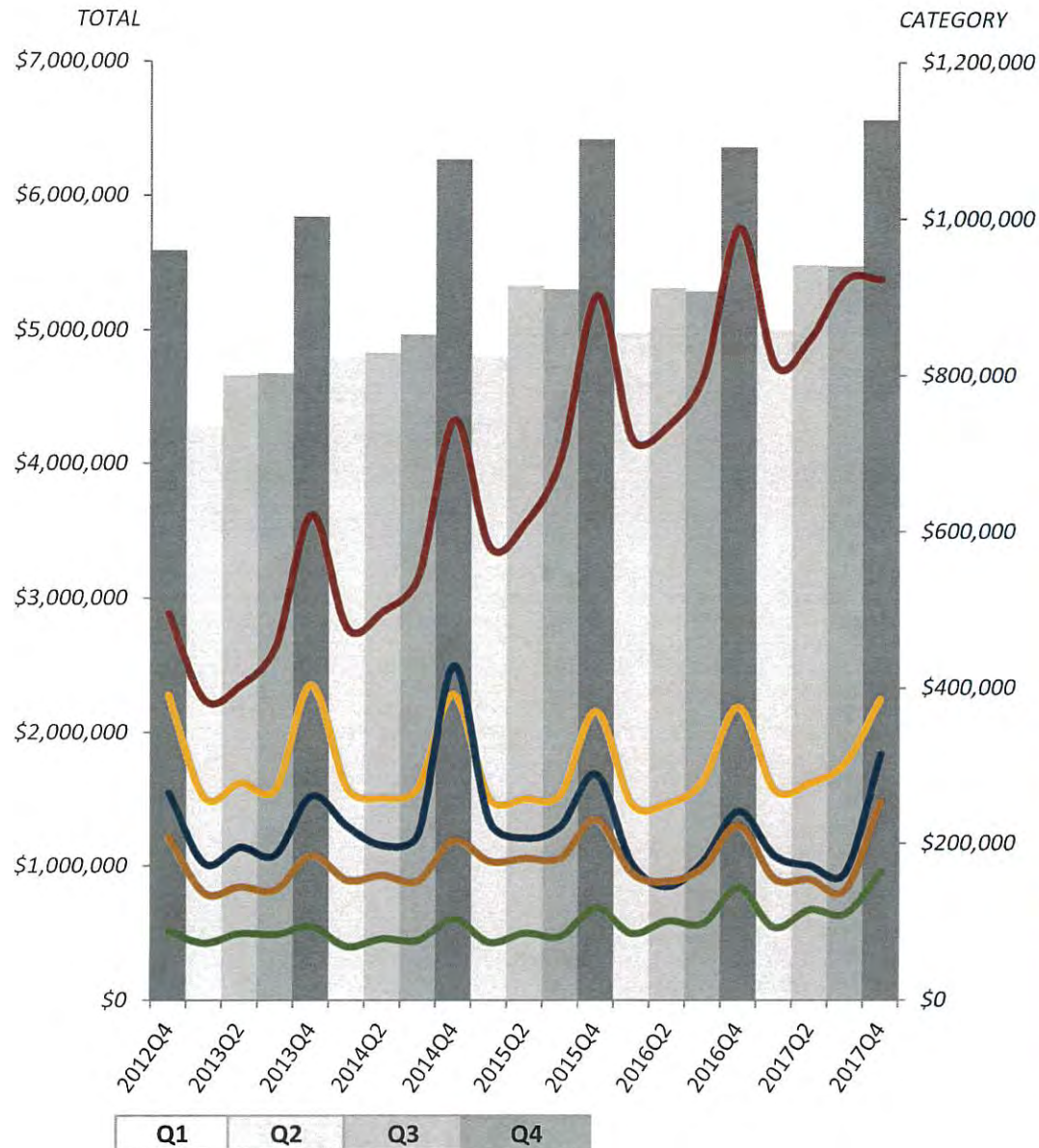
YoY = YE 17Q4 / YE 16Q4

# SAMPLE CITY: #2 Sales Tax Segment's Performance Analysis by Quarter

## MISCELLANEOUS RETAIL

Confidential

Economic



MISCELLANEOUS RETAIL				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$6,574,725	3.2%	\$206,426	2.6%	\$579,539
% of 2018Q1 Total:		9.4%		

MISCELLANEOUS RETAIL #1				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$922,475	-6.6%	-\$65,403	8.3%	\$267,632
% of Seg:		14.0%	% of Total:	1.3%

MISCELLANEOUS RETAIL #2				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$386,016	2.8%	\$10,608	6.9%	\$79,584
% of Seg:		5.9%	% of Total:	0.6%

MISCELLANEOUS RETAIL #3				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$314,381	30.8%	\$74,058	13.1%	\$96,135
% of Seg:		4.8%	% of Total:	0.4%

MISCELLANEOUS RETAIL #4				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$253,487	13.8%	\$30,750	-0.3%	-\$1,962
% of Seg:		3.9%	% of Total:	0.4%

MISCELLANEOUS RETAIL #5				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$163,332	14.1%	\$20,241	12.8%	\$54,684
% of Seg:		2.5%	% of Total:	0.2%

QoQ = 17Q4 / 16Q4

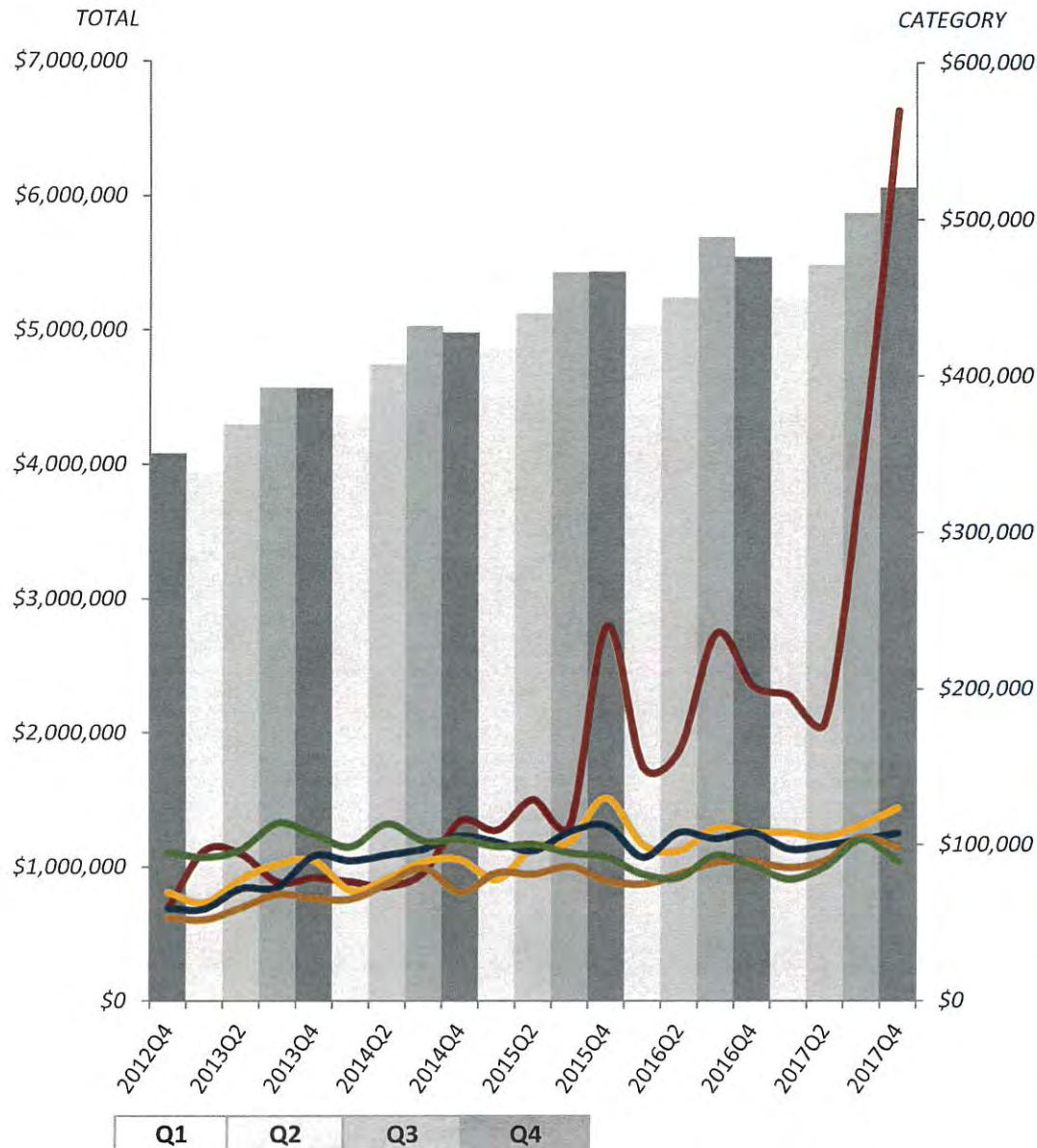
YoY = YE 17Q4 / YE 16Q4

# SAMPLE CITY: #3 Sales Tax Segment's Performance Analysis by Quarter

## AUTO SALES - NEW

Confidential

Economic



AUTO SALES - NEW				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$6,071,911	9.3%	\$517,469	5.3%	\$1,146,199
% of 2018Q1 Total:		8.7%		

AUTO SALES - NEW #1				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$569,685	182.6%	\$368,070	72.5%	\$541,110
% of Seg:		9.4%	% of Total: 0.8%	

AUTO SALES - NEW #2				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$123,528	14.3%	\$15,452	8.3%	\$34,276
% of Seg:		2.0%	% of Total: 0.2%	

AUTO SALES - NEW #3				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$107,256	-0.5%	-\$548	-1.0%	-\$4,216
% of Seg:		1.8%	% of Total: 0.2%	

AUTO SALES - NEW #4				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$98,212	10.1%	\$8,971	13.3%	\$44,235
% of Seg:		1.6%	% of Total: 0.1%	

AUTO SALES - NEW #5				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$88,644	2.2%	\$1,871	4.6%	\$15,615
% of Seg:		1.5%	% of Total: 0.1%	

QoQ = 17Q4 / 16Q4

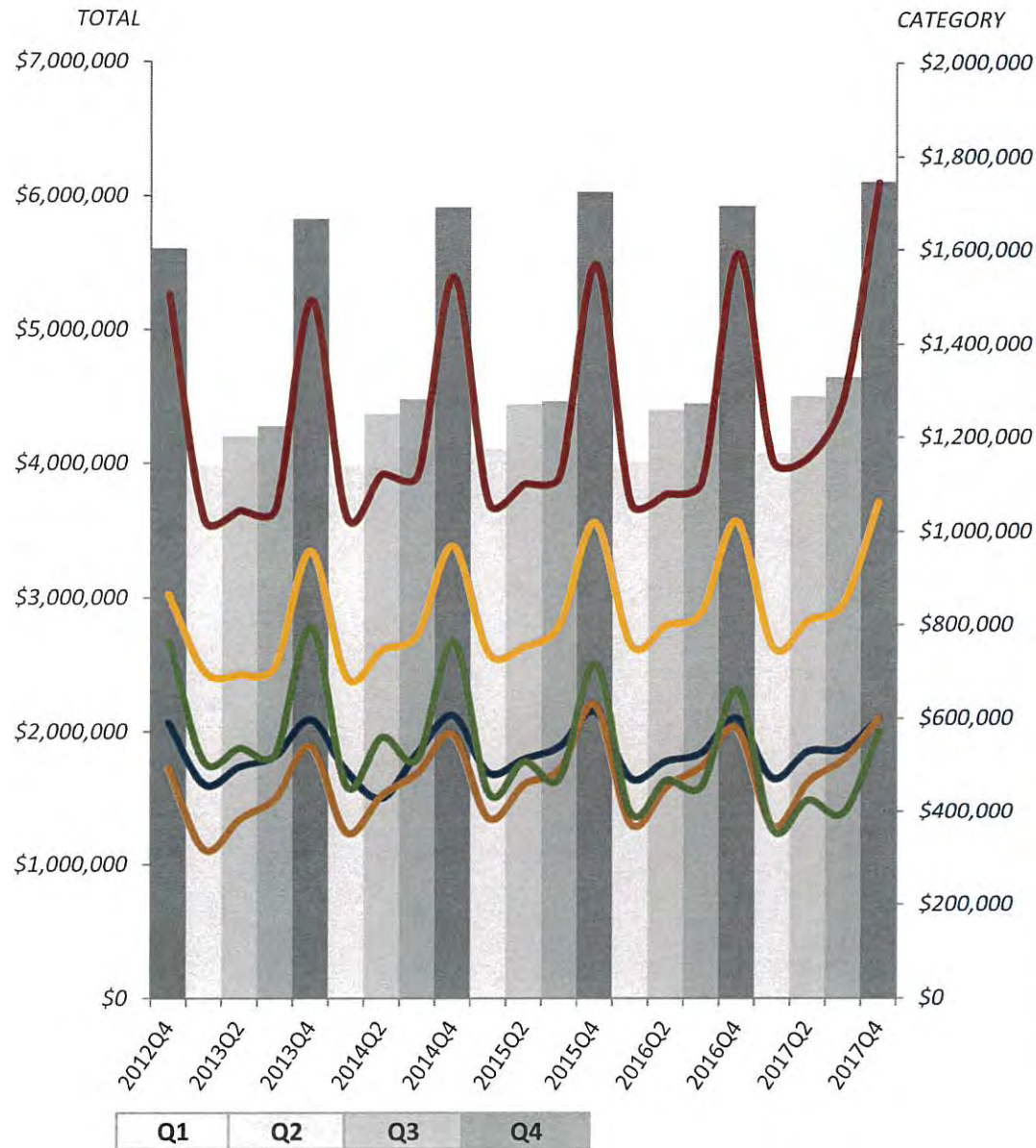
YoY = YE 17Q4 / YE 16Q4

# SAMPLE CITY: #4 Sales Tax Segment's Performance Analysis by Quarter

## DEPARTMENT STORES

Confidential

Economic



DEPARTMENT STORES				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$6,113,792	3.1%	\$184,974	2.9%	\$549,230
% of 2018Q1 Total:		8.7%		

DEPARTMENT STORES #1				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$1,744,281	9.6%	\$152,790	10.4%	\$502,403
% of Seg:		28.5%	% of Total: 2.5%	

DEPARTMENT STORES #2				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$1,062,320	4.0%	\$41,188	2.0%	\$67,032
% of Seg:		17.4%	% of Total: 1.5%	

DEPARTMENT STORES #3				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$597,662	-0.2%	-\$1,365	1.4%	\$29,172
% of Seg:		9.8%	% of Total: 0.9%	

DEPARTMENT STORES #4				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$599,544	3.8%	\$21,972	2.3%	\$43,524
% of Seg:		9.8%	% of Total: 0.9%	

DEPARTMENT STORES #5				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$570,864	-13.4%	-\$88,224	-11.4%	-\$224,592
% of Seg:		9.3%	% of Total: 0.8%	

QoQ = 17Q4 / 16Q4

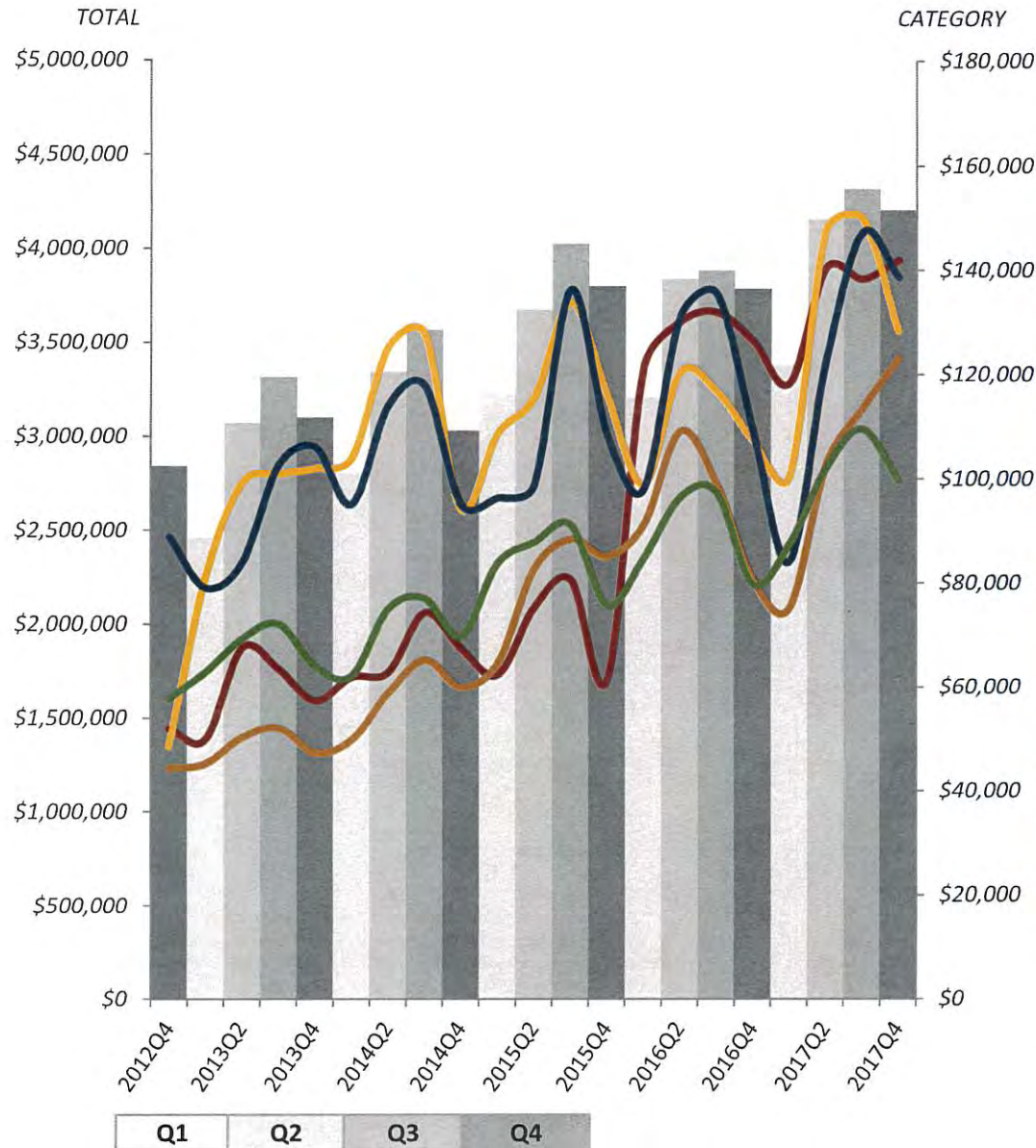
YoY = YE 17Q4 / YE 16Q4

# SAMPLE CITY: #5 Sales Tax Segment's Performance Analysis by Quarter

## BLDG.MATLS-WHSLE

Confidential

Economic



BLDG.MATLS-WHSLE				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$4,208,095	11.0%	\$418,719	9.1%	\$1,345,641
% of 2018Q1 Total:		6.0%		

BLDG.MATLS-WHSLE #1				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$141,840	12.3%	\$15,498	5.7%	\$29,178
% of Seg:		3.4%		% of Total: 0.2%

BLDG.MATLS-WHSLE #2				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$128,448	19.5%	\$20,928	18.7%	\$82,992
% of Seg:		3.1%		% of Total: 0.2%

BLDG.MATLS-WHSLE #3				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$138,582	26.9%	\$29,376	3.9%	\$18,468
% of Seg:		3.3%		% of Total: 0.2%

BLDG.MATLS-WHSLE #4				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$123,075	52.7%	\$42,456	9.0%	\$34,293
% of Seg:		2.9%		% of Total: 0.2%

BLDG.MATLS-WHSLE #5				
2018Q1	QoQ %Δ	QoQ \$Δ	YoY %Δ	YoY \$Δ
\$99,684	24.9%	\$19,896	11.2%	\$40,170
% of Seg:		2.4%		% of Total: 0.1%

QoQ = 17Q4 / 16Q4

YoY = YE 17Q4 / YE 16Q4

SAMPLE CITY: Top 25 Largest Gains in 2018Q1

Current Quarter Over Prior Year Same Quarter

Change Rank	Business Name	2017Q1	2018Q1	\$ Change	% Change	Segment
1	TOP GAINS #1	201,615	569,685	\$368,070	100+%	AUTO SALES - NEW
2	TOP GAINS #2	-	174,292	\$174,292	New	LIGHT INDUSTRY
3	TOP GAINS #3	1,591,491	1,744,281	\$152,790	9.6%	DEPARTMENT STORES
4	TOP GAINS #4	749,791	899,024	\$149,233	19.9%	FURNITURE/APPLIANCE
5	TOP GAINS #5	3,928	136,319	\$132,391	100+%	AUTO PARTS/REPAIR
6	TOP GAINS #6	44,108	171,129	\$127,021	100+%	OFFICE EQUIPMENT
7	TOP GAINS #7	775	90,384	\$89,609	100+%	HEAVY INDUSTRY
8	TOP GAINS #8	186,709	265,860	\$79,151	42.4%	DEPARTMENT STORES
9	TOP GAINS #9	-	76,161	\$76,161	New	MISCELLANEOUS RETAIL
10	TOP GAINS #10	434,265	509,796	\$75,531	17.4%	ENERGY SALES
11	TOP GAINS #11	240,323	314,381	\$74,058	30.8%	MISCELLANEOUS RETAIL
12	TOP GAINS #12	784,718	851,994	\$67,276	8.6%	BLDG.MATLS-RETAIL
13	TOP GAINS #13	-	50,178	\$50,178	New	AUTO SALES - NEW
14	TOP GAINS #14	259,976	308,488	\$48,512	18.7%	SERVICE STATIONS
15	TOP GAINS #15	27,504	75,577	\$48,073	100+%	HEAVY INDUSTRY
16	TOP GAINS #16	41,741	86,240	\$44,499	100+%	OFFICE EQUIPMENT
17	TOP GAINS #17	80,619	123,075	\$42,456	52.7%	BLDG.MATLS-WHSLE
18	TOP GAINS #18	11,197	52,847	\$41,650	100+%	HEALTH & GOVERNMENT
19	TOP GAINS #19	1,021,132	1,062,320	\$41,188	4.0%	DEPARTMENT STORES
20	TOP GAINS #20	(5,910)	35,104	\$41,014	-694.0%	OFFICE EQUIPMENT
21	TOP GAINS #21	50,649	90,766	\$40,117	79.2%	HEAVY INDUSTRY
22	TOP GAINS #22	-	39,868	\$39,868	New	RESTAURANTS
23	TOP GAINS #23	-	37,149	\$37,149	New	BUSINESS SERVICES
24	TOP GAINS #24	118,074	152,856	\$34,782	29.5%	MISCELLANEOUS RETAIL
25	TOP GAINS #25	-	33,866	\$33,866	New	BLDG.MATLS-WHSLE
Total		5,842,705	7,951,640	\$2,108,935		

## SAMPLE CITY: Top 25 Largest Gains in 2018Q1

### Current Quarter Over Prior Year Same Quarter

Change Rank	Business Name	2017Q1	2018Q1	\$ Change	% Change	Segment
1	TOP DECLINE #1	136,346	-	(\$136,346)	-100.0%	LIGHT INDUSTRY
2	TOP DECLINE #2	138,528	25,624	(\$112,904)	-81.5%	CLOSED ACCT-ADJUSTMT
3	TOP DECLINE #3	169,817	73,962	(\$95,855)	-56.4%	MISCELLANEOUS OTHER
4	TOP DECLINE #4	659,088	570,864	(\$88,224)	-13.4%	DEPARTMENT STORES
5	TOP DECLINE #5	82,979	-	(\$82,979)	-100.0%	OFFICE EQUIPMENT
6	TOP DECLINE #6	69,864	-	(\$69,864)	-100.0%	MISCELLANEOUS RETAIL
7	TOP DECLINE #7	68,472	-	(\$68,472)	-100.0%	AUTO SALES - NEW
8	TOP DECLINE #8	987,878	922,475	(\$65,403)	-6.6%	MISCELLANEOUS RETAIL
9	TOP DECLINE #9	54,382	3,409	(\$50,973)	-93.7%	MISC. VEHICLE SALES
10	TOP DECLINE #10	55,418	6,390	(\$49,028)	-88.5%	BLDG.MATLS-RETAIL
11	TOP DECLINE #11	53,280	5,600	(\$47,680)	-89.5%	RESTAURANTS
12	TOP DECLINE #12	176,636	129,892	(\$46,744)	-26.5%	ELECTRONIC EQUIPMENT
13	TOP DECLINE #13	50,944	5,446	(\$45,498)	-89.3%	AUTO PARTS/REPAIR
14	TOP DECLINE #14	42,264	5,734	(\$36,530)	-86.4%	RESTAURANTS
15	TOP DECLINE #15	78,258	43,721	(\$34,537)	-44.1%	LEASING
16	TOP DECLINE #16	37,450	6,554	(\$30,896)	-82.5%	LIGHT INDUSTRY
17	TOP DECLINE #17	67,095	36,597	(\$30,498)	-45.5%	APPAREL STORES
18	TOP DECLINE #18	30,532	2,180	(\$28,352)	-92.9%	LIGHT INDUSTRY
19	TOP DECLINE #19	39,793	12,652	(\$27,141)	-68.2%	LIGHT INDUSTRY
20	TOP DECLINE #20	27,194	879	(\$26,315)	-96.8%	MISCELLANEOUS RETAIL
21	TOP DECLINE #21	26,264	-	(\$26,264)	-100.0%	LIGHT INDUSTRY
22	TOP DECLINE #22	24,769	-	(\$24,769)	-100.0%	BLDG.MATLS-WHSLE
23	TOP DECLINE #23	28,421	5,512	(\$22,909)	-80.6%	HEAVY INDUSTRY
24	TOP DECLINE #24	104,780	81,991	(\$22,789)	-21.7%	DEPARTMENT STORES
25	TOP DECLINE #25	23,465	818	(\$22,647)	-96.5%	BLDG.MATLS-WHSLE
Total		3,233,917	1,940,300	(\$1,293,617)		

Confidential

Quarterly Economic

SAMPLE CITY: Economic Sales Tax by Benchmark Year

Confidential

	YE 2011Q1	YE 2012Q1	YE 2013Q1	YE 2014Q1	YE 2015Q1	YE 2016Q1	YE 2017Q1	YE 2018Q1	2011Q1 to 2018Q1 % Chg:	
									From Low	From High
									Yearly Average % Chg:	
									44.5%	5.6%
<b>Total Receipts</b>	\$175,377,998	\$190,847,318	\$204,598,577	\$216,892,095	\$231,467,510	\$238,463,275	\$245,929,192	\$255,252,508	79,874,510	0
<b>Net Pools/Admin/Adj</b>	-\$2,199,951	-\$775,360	-\$2,364,295	-\$2,234,265	\$134,743	-\$3,464,284	-\$1,688,767	-\$1,316,846	2,147,438	-1,451,589
<b>Local Businesses</b>	\$177,577,949	\$191,622,678	\$206,962,872	\$219,126,360	\$231,332,767	\$241,927,559	\$247,617,959	\$256,569,354	\$78,991,405	\$0
<b>General Retail</b>	\$52,597,258	\$56,056,816	\$59,996,812	\$65,035,024	\$68,017,678	\$70,516,651	\$71,565,664	\$72,663,119	\$20,065,861	\$0
Apparel Stores	8,703,136	9,342,429	10,600,844	12,100,859	12,253,425	12,650,380	<b>13,234,828</b>	13,072,804	4,369,668	-162,024
Department Stores	15,933,765	16,767,509	17,575,248	18,294,297	18,754,140	19,062,522	18,806,251	<b>19,355,481</b>	3,421,716	0
Furniture/Appliance	6,561,658	7,343,445	7,974,993	8,126,289	8,811,771	9,430,200	9,890,973	<b>10,213,760</b>	3,652,102	0
Drug Stores	2,938,916	3,065,444	3,069,497	3,221,507	3,303,963	3,456,407	<b>3,554,933</b>	3,385,762	446,846	-169,171
Recreation Products	2,196,197	2,344,004	2,494,575	2,761,691	<b>2,944,782</b>	2,829,992	2,753,188	2,692,349	496,152	-252,433
Florist/Nursery	919,920	949,814	977,211	1,061,417	1,074,686	1,207,677	1,343,976	<b>1,381,909</b>	461,989	0
Miscellaneous Retail	15,343,666	16,244,171	17,304,444	19,468,964	20,874,911	21,879,473	21,981,515	<b>22,561,054</b>	7,217,388	0
<b>Food Products</b>	\$35,248,906	\$37,863,279	\$41,101,026	\$43,975,033	\$47,126,578	\$50,186,845	\$52,432,939	\$53,836,803	\$18,587,897	\$0
Restaurants	24,566,199	26,384,555	28,733,940	31,102,269	33,599,046	36,347,484	38,225,964	<b>39,154,251</b>	14,588,052	0
Food Markets	8,100,700	8,761,200	9,488,902	9,849,701	10,142,574	10,264,593	10,338,792	<b>10,671,745</b>	2,571,045	0
Liquor Stores	1,445,136	1,527,824	1,617,779	1,708,687	1,794,299	1,896,896	2,000,902	<b>2,144,499</b>	699,363	0
Food Processing Eqp	1,136,871	1,189,700	1,260,405	1,314,376	1,590,659	1,677,872	<b>1,867,281</b>	1,866,308	729,437	-973
<b>Transportation</b>	\$30,723,923	\$35,022,419	\$38,780,753	\$41,170,618	\$43,277,399	\$43,798,974	\$44,125,469	\$46,543,906	\$15,819,983	\$0
Auto Parts/Repair	3,896,623	4,139,411	4,424,252	4,940,590	4,985,447	5,132,526	5,492,743	<b>5,627,972</b>	1,731,349	0
Auto Sales - New	11,445,541	12,741,679	15,401,850	17,389,569	19,146,527	20,889,609	21,561,375	<b>22,707,574</b>	11,262,033	0
Auto Sales - Used	1,655,124	1,773,517	1,959,569	2,193,635	2,448,361	2,808,376	3,232,396	<b>3,315,271</b>	1,660,147	0
Service Stations	11,325,368	13,702,478	<b>14,044,913</b>	13,450,551	13,283,509	11,255,672	10,120,837	11,341,078	1,220,241	-2,703,835
Misc. Vehicle Sales	2,401,267	2,665,334	2,950,169	3,196,273	3,413,555	3,712,791	<b>3,718,118</b>	3,552,011	1,150,744	-166,107
<b>Construction</b>	\$15,677,188	\$17,442,485	\$17,951,285	\$19,722,345	\$20,933,382	\$23,474,017	\$23,849,290	\$25,669,456	\$9,992,268	\$0
Bldg. Matls-Whsle	9,291,012	10,656,893	10,821,943	11,949,353	12,759,534	14,737,708	14,729,847	<b>16,075,488</b>	6,784,476	0
Bldg. Matls-Retail	6,386,176	6,785,592	7,129,342	7,772,992	8,173,848	8,736,309	9,119,443	<b>9,593,968</b>	3,207,792	0
<b>Business To Business</b>	\$40,154,259	\$42,466,523	\$45,717,351	\$45,758,327	\$48,540,950	\$50,176,785	\$50,950,308	\$52,951,521	\$12,797,262	\$0
Office Equipment	7,294,900	8,267,418	8,466,916	8,104,573	8,414,176	<b>8,984,705</b>	8,681,825	8,675,888	1,380,988	-308,817
Electronic Equipment	4,188,450	4,089,019	4,487,500	4,845,143	4,965,000	4,786,301	4,803,607	<b>5,266,449</b>	1,177,430	0
Business Services	2,660,764	2,977,489	3,237,551	3,157,787	3,618,103	3,587,229	<b>4,163,272</b>	4,137,210	1,476,446	-26,062
Energy Sales	3,137,141	3,994,192	4,085,555	<b>4,247,407</b>	4,061,525	3,150,827	2,794,595	3,184,014	389,419	-1,063,393
Chemical Products	1,797,341	1,981,219	2,095,736	2,076,174	2,340,784	<b>2,394,233</b>	2,341,973	2,313,767	516,426	-80,466
Heavy Industry	4,610,592	4,943,145	4,913,665	5,175,682	6,143,865	6,986,920	7,368,328	<b>8,248,759</b>	3,638,167	0
Light Industry	12,145,670	12,168,484	13,360,486	13,186,365	13,268,073	14,022,833	<b>14,252,470</b>	14,231,679	2,086,009	-20,791
Leasing	4,319,401	4,045,557	5,069,942	4,965,196	5,729,424	6,263,737	6,544,238	<b>6,893,755</b>	2,848,198	0
<b>Miscellaneous</b>	\$3,176,415	\$2,771,156	\$3,415,645	\$3,465,013	\$3,436,780	\$3,774,287	\$4,694,289	\$4,904,549	\$2,133,393	\$0
Health & Government	2,073,033	1,609,373	1,943,066	1,910,640	1,935,965	1,956,773	<b>2,399,152</b>	2,239,612	630,239	-159,540
Miscellaneous Other	900,127	977,162	1,214,103	1,347,874	1,308,936	1,595,550	2,102,169	<b>2,507,713</b>	1,607,586	0
Closed Acct-Adjustmt	203,255	184,621	<b>258,476</b>	206,499	191,879	221,964	192,968	157,224	0	-101,252



SAMPLE CITY: Top 100 Sales Tax Generators

17Q4	16Q4	15Q4	14Q4	13Q4	BUSINESS NAME	YE 18Q1	Δ in Taxable		YE 17Q1	YE 16Q1	YE 15Q1	YE 13Q4	ECONOMIC SEGMENT	
							Transactions	%Δ						
1	1	1	1	1	BUSINESS 1443	\$5,333,493	\$100,480,600	10.4%	\$4,831,090	\$4,841,166	\$4,805,880	\$4,599,953	DEPARTMENT STORES	
2	3	3	4	4	BUSINESS 1296	3,545,740	\$49,918,000	7.6%	3,296,150	3,093,574	2,855,512	2,795,342	BLDG.MATLS-RETAIL	
3	4	5	7	10	BUSINESS 1297	3,505,566	\$53,526,400	8.3%	3,237,934	2,784,909	2,254,741	1,859,376	MISCELLANEOUS RETAIL	
4	2	2	2	2	BUSINESS 843	3,466,932	\$13,406,400	2.0%	3,399,900	3,303,804	3,175,872	3,056,256	DEPARTMENT STORES	
5	5	4	3	3	BUSINESS 844	2,944,301	(\$1,248,400)	-0.2%	2,950,543	2,995,323	3,008,900	2,998,806	FOOD MARKETS	
6	8	7	8	8	BUSINESS 845	2,396,093	\$65,455,600	15.8%	2,068,815	2,195,368	2,192,645	1,997,940	FURNITURE/APPLIANCE	
7	6	6	9	9	BUSINESS 8	2,228,570	(\$3,778,000)	-0.8%	2,247,460	2,289,802	2,101,179	1,966,463	MISC. VEHICLE SALES	
8	7	8	10	7	BUSINESS 200	2,132,923	\$5,834,400	1.4%	2,103,751	2,147,158	2,044,965	2,068,443	DEPARTMENT STORES	
9	10	10	11	11	BUSINESS 498	1,940,256	\$8,704,800	2.3%	1,896,732	1,959,540	1,836,000	1,667,736	DEPARTMENT STORES	
10	11	11	5	5	BUSINESS 924	1,824,168	\$46,614,000	14.6%	1,591,098	1,718,292	2,329,221	2,376,753	ENERGY SALES	
11	9	9	6	6	BUSINESS 1001	1,752,240	(\$44,918,400)	-11.4%	1,976,832	2,133,672	2,289,384	2,358,912	DEPARTMENT STORES	
12	12	12	12	12	BUSINESS 1211	1,491,531	(\$7,769,400)	-2.5%	1,530,378	1,545,120	1,538,838	1,549,080	DRUG STORES	
13	20	28	52	50	BUSINESS 1023	1,287,750	\$108,222,000	72.5%	746,640	589,620	346,635	344,730	AUTO SALES - NEW	
14	14	13	15	15	BUSINESS 4912	1,235,792	\$15,916,800	6.9%	1,156,208	1,146,128	1,192,512	1,210,080	MISCELLANEOUS RETAIL	
15	13	16	17	17	BUSINESS 66	1,229,236	\$12,280,800	5.3%	1,167,832	1,099,764	1,031,050	1,011,908	APPAREL STORES	
16	15	15	14	14	BUSINESS 78	1,195,206	\$28,327,400	13.4%	1,053,569	1,099,995	1,286,390	1,327,251	SERVICE STATIONS	
17	16	14	13	13	BUSINESS 26	1,111,247	\$16,245,000	7.9%	1,030,022	1,123,140	1,341,695	1,350,465	SERVICE STATIONS	
18	17	17	18	18	BUSINESS 2095	1,037,840	\$12,587,200	6.5%	974,904	982,832	970,768	832,688	BLDG.MATLS-RETAIL	
19	22	18	16	20	BUSINESS 2519	832,102	\$19,227,000	13.1%	735,967	944,296	1,057,240	814,804	MISCELLANEOUS RETAIL	
20	18	19	20	19	BUSINESS 857	824,475	(\$6,762,600)	-3.9%	858,288	833,299	819,189	824,525	DRUG STORES	
21	19	25	27	28	BUSINESS 1613	788,040	\$2,376,000	1.5%	776,160	668,250	606,210	533,390	AUTO SALES - USED	
22	25	20	19	16	BUSINESS 4910	741,817	\$3,247,400	2.2%	725,580	788,412	948,539	1,035,252	SERVICE STATIONS	
23	24	24	24	23	BUSINESS 4908	731,639	\$989,600	0.7%	726,691	697,127	704,805	722,151	RESTAURANTS	
24	21	23	22	22	BUSINESS 3001	727,990	(\$1,599,600)	-1.1%	735,988	748,028	734,483	738,482	FOOD MARKETS	
25	26	21	25	25	BUSINESS 357	702,702	(\$392,400)	-0.3%	704,664	768,654	667,974	607,076	MISCELLANEOUS RETAIL	
<b>TOP 25</b>						<b>17.5% Percent of Total</b>	<b>\$45,007,649</b>	<b>\$496,890,600</b>	<b>5.8%</b>	<b>\$42,523,196</b>	<b>\$42,497,273</b>	<b>\$42,140,627</b>	<b>\$40,647,862</b>	
26	29	30	30	26	BUSINESS 1501	699,467	\$22,310,400	19.0%	587,915	543,076	550,383	545,042	FOOD MARKETS	
27	28	27	29	31	BUSINESS 1557	695,436	\$11,109,000	8.7%	639,891	623,553	554,757	475,188	FOOD MARKETS	
28	30	26	21	21	BUSINESS 100	675,731	\$24,042,800	21.6%	555,517	653,718	774,414	805,062	SERVICE STATIONS	
29	27	22	23	109	BUSINESS 4913	667,000	(\$5,900,000)	-4.2%	696,500	760,964	733,780	220,224	DEPARTMENT STORES	
30	35	53	81	87	BUSINESS 2884	636,283	\$36,044,800	39.5%	456,059	365,165	285,920	253,264	DEPARTMENT STORES	
31	34	37	51	71	BUSINESS 1499	551,533	\$17,081,600	18.3%	466,125	428,807	349,394	282,193	OFFICE EQUIPMENT	
32	32	85	89	97	BUSINESS 963	538,614	\$5,835,600	5.7%	509,436	279,288	265,968	237,906	BLDG.MATLS-WHSLE	
33	31	29	28	30	BUSINESS 6	534,044	(\$3,445,000)	-3.1%	551,269	574,477	556,565	522,987	FURNITURE/APPLIANCE	
34	23	102	109	74	BUSINESS 3225	532,569	(\$39,327,800)	-27.0%	729,208	243,120	232,212	278,194	HEALTH & GOVERNMENT	
35	38	32	35	42	BUSINESS 667	526,452	\$16,598,400	18.7%	443,460	473,916	451,020	383,172	BLDG.MATLS-WHSLE	
36	95	505	34	57	BUSINESS 1587	501,800	\$47,458,400	89.7%	264,508	68,668	479,880	325,704	ELECTRONIC EQUIPMENT	

SAMPLE CITY: Top 100 Sales Tax Generators

17Q4	16Q4	15Q4	14Q4	13Q4	BUSINESS NAME	YE 18Q1	Δ in Taxable		YE 17Q1	YE 16Q1	YE 15Q1	YE 13Q4	ECONOMIC SEGMENT
							Transactions	%Δ					
37	33	34	38	44	BUSINESS 1313	492,030	\$3,693,600	3.9%	473,562	439,344	421,596	370,998	BLDG.MATLS-WHSLE
38	40	55	62	51	BUSINESS 1006	482,760	\$10,936,800	12.8%	428,076	359,811	328,266	336,726	MISCELLANEOUS RETAIL
39	-	-	-	-	BUSINESS 2404	481,213	\$96,242,600	-	-	-	-	-	LIGHT INDUSTRY
40	89	251	290	438	BUSINESS 406	481,024	\$39,421,600	69.4%	283,916	133,272	112,576	69,748	AUTO SALES - USED
41	37	35	37	34	BUSINESS 4778	474,250	\$5,945,000	6.7%	444,525	431,875	431,675	426,600	FOOD MARKETS
42	42	49	44	94	BUSINESS 4654	461,820	\$9,213,600	11.1%	415,752	377,201	385,110	240,902	MISCELLANEOUS RETAIL
43	36	44	64	67	BUSINESS 5446	454,871	\$1,924,800	2.2%	445,247	392,653	324,350	289,239	LEASING
44	43	41	61	61	BUSINESS 57	449,052	\$6,855,200	8.3%	414,776	407,640	328,324	318,484	AUTO SALES - NEW
45	39	33	36	37	BUSINESS 222	422,655	(\$2,166,000)	-2.5%	433,485	443,593	439,470	417,715	LIQUOR STORES
46	41	31	26	24	BUSINESS 3111	416,791	(\$660,800)	-0.8%	420,095	540,307	661,909	679,457	SERVICE STATIONS
47	50	66	108	132	BUSINESS 4444	413,985	\$6,858,600	9.0%	379,692	320,529	233,520	194,871	BLDG.MATLS-WHSLE
48	44	40	45	66	BUSINESS 4311	406,780	(\$843,200)	-1.0%	410,996	417,764	384,984	296,192	AUTO SALES - NEW
49	56	63	82	80	BUSINESS 4078	398,382	\$8,034,000	11.2%	358,212	338,130	283,512	267,918	BLDG.MATLS-WHSLE
50	45	45	46	48	BUSINESS 516	388,295	(\$3,308,800)	-4.1%	404,839	384,946	364,372	348,622	RESTAURANTS
51	48	42	41	38	BUSINESS 888	386,596	\$476,000	0.6%	384,216	402,409	407,309	415,002	DEPARTMENT STORES
52	47	47	48	45	BUSINESS 979	383,570	(\$476,400)	-0.6%	385,952	380,763	360,521	370,294	MISCELLANEOUS RETAIL
53	63	64	75	92	BUSINESS 1324	377,502	\$8,847,000	13.3%	333,267	325,634	294,711	245,755	AUTO SALES - NEW
54	72	71	90	95	BUSINESS 3848	376,758	\$11,605,200	18.2%	318,732	307,656	264,966	240,210	BLDG.MATLS-WHSLE
55	67	59	33	35	BUSINESS 2414	373,840	\$9,648,000	14.8%	325,600	347,693	506,281	422,786	FOOD MARKETS
56	55	48	78	107	BUSINESS 3667	371,744	\$2,429,600	3.4%	359,596	379,728	291,248	221,528	BLDG.MATLS-WHSLE
57	46	50	54	82	BUSINESS 199	371,440	(\$6,322,400)	-7.8%	403,052	375,336	342,804	260,572	APPAREL STORES
58	202	458	394	350	BUSINESS 555	370,698	\$43,078,800	100+%	155,304	76,307	84,339	90,592	OFFICE EQUIPMENT
59	52	56	59	58	BUSINESS 777	362,600	(\$678,000)	-0.9%	365,990	357,305	333,485	323,765	RECREATION PRODUCTS
60	71	82	93	106	BUSINESS 2001	357,976	\$7,843,600	12.3%	318,758	285,451	254,671	223,528	LEASING
61	84	104	100	81	BUSINESS 999	355,751	\$12,220,600	20.7%	294,648	242,365	244,652	267,803	AUTO SALES - NEW
62	62	46	39	39	BUSINESS 10	355,308	\$3,123,000	4.6%	339,693	384,903	417,280	409,096	AUTO SALES - NEW
63	57	58	56	49	BUSINESS 4389	354,964	(\$212,200)	-0.3%	356,025	347,718	339,684	347,871	APPAREL STORES
64	58	61	55	65	BUSINESS 2097	353,220	\$856,800	1.2%	348,936	339,480	341,556	299,004	APPAREL STORES
65	59	60	60	53	BUSINESS 352	352,240	\$774,400	1.1%	348,368	345,616	329,696	332,960	APPAREL STORES
66	51	51	69	75	BUSINESS 1404	348,114	(\$4,461,600)	-6.0%	370,422	371,541	310,548	277,224	OFFICE EQUIPMENT
67	53	38	32	29	BUSINESS 4916	347,058	(\$2,905,200)	-4.0%	361,584	427,158	509,238	532,296	SERVICE STATIONS
68	66	88	142	297	BUSINESS 4382	342,232	\$3,167,400	4.9%	326,395	274,732	196,513	105,447	LEASING
69	90	92	77	70	BUSINESS 3833	339,256	\$11,392,000	20.2%	282,296	269,356	294,610	285,590	AUTO SALES - NEW
70	68	73	92	122	BUSINESS 246	336,830	\$2,774,200	4.3%	322,959	300,894	255,810	204,594	FURNITURE/APPLIANCE
71	150	130	143	112	BUSINESS 810	333,839	\$26,973,000	67.8%	198,974	211,651	192,714	215,415	OFFICE EQUIPMENT
72	49	39	40	33	BUSINESS 1992	330,651	(\$10,103,400)	-13.3%	381,168	422,379	417,033	431,568	MISCELLANEOUS RETAIL
73	86	65	43	36	BUSINESS 1771	327,072	\$6,947,200	11.9%	292,336	321,936	397,536	422,464	SERVICE STATIONS
74	91	97	120	135	BUSINESS 526	323,375	\$10,149,400	18.6%	272,628	261,388	218,285	193,348	LIGHT INDUSTRY
75	81	76	67	59	BUSINESS 2886	321,804	\$4,317,600	7.2%	300,216	295,897	314,160	319,536	LEASING

SAMPLE CITY: Top 100 Sales Tax Generators

17Q4	16Q4	15Q4	14Q4	13Q4	BUSINESS NAME	YE 18Q1	Δ in Taxable		YE 17Q1	YE 16Q1	YE 15Q1	YE 13Q4	ECONOMIC SEGMENT	
							Transactions	%Δ						
76	105	117	164	181	BUSINESS 3742	318,276	\$12,526,200	24.5%	255,645	224,271	173,664	160,524	LEASING	
77	82	86	95	103	BUSINESS 312	318,037	\$3,631,400	6.1%	299,880	276,445	249,246	229,664	RESTAURANTS	
78	60	62	73	84	BUSINESS 966	317,503	(\$5,975,600)	-8.6%	347,381	338,149	299,836	259,060	AUTO SALES - NEW	
79	61	77	65	99	BUSINESS 4	316,644	(\$4,804,800)	-7.1%	340,668	292,860	321,768	237,168	FURNITURE/APPLIANCE	
80	117	326	392	398	BUSINESS 1302	313,151	\$15,019,600	31.5%	238,053	109,160	84,617	76,586	FURNITURE/APPLIANCE	
81	104	139	220	368	BUSINESS 2520	312,573	\$11,361,400	22.2%	255,766	203,618	141,835	85,818	BUSINESS SERVICES	
82	54	36	31	27	BUSINESS 1893	307,359	(\$10,753,600)	-14.9%	361,127	431,184	523,978	534,612	DEPARTMENT STORES	
83	88	83	97	93	BUSINESS 1300	306,985	\$3,642,600	6.3%	288,772	281,739	248,980	244,024	FOOD MARKETS	
84	64	54	84	68	BUSINESS 6	306,458	(\$4,481,800)	-6.8%	328,867	362,578	277,507	286,533	AUTO SALES - NEW	
85	76	79	87	76	BUSINESS 2890	302,327	(\$1,013,200)	-1.6%	307,393	291,937	268,544	273,688	RESTAURANTS	
86	85	90	106	111	BUSINESS 4393	300,066	\$1,105,000	1.9%	294,541	271,492	235,066	217,685	RESTAURANTS	
87	94	67	70	90	BUSINESS 2221	298,710	\$6,813,000	12.9%	264,645	319,230	308,025	250,290	RESTAURANTS	
88	80	74	83	341	BUSINESS 4391	297,429	(\$613,800)	-1.0%	300,498	298,287	282,370	93,126	BLDG.MATLS-RETAIL	
89	69	57	53	55	BUSINESS 12	295,020	(\$5,441,400)	-8.4%	322,227	355,146	344,700	326,537	DEPARTMENT STORES	
90	110	108	159	210	BUSINESS 412	293,060	\$8,805,000	17.7%	249,035	233,385	176,460	144,050	BLDG.MATLS-WHSLE	
91	93	119	146	186	BUSINESS 3168	292,988	\$4,920,200	9.2%	268,387	221,441	188,626	157,751	LEASING	
92	87	81	86	78	BUSINESS 2224	292,500	\$531,000	0.9%	289,845	287,370	270,540	272,875	AUTO PARTS/REPAIR	
93	73	72	80	79	BUSINESS 64	290,940	(\$4,586,400)	-7.3%	313,872	301,223	287,118	271,115	APPAREL STORES	
94	65	75	57	54	BUSINESS 333	290,574	(\$7,251,000)	-11.1%	326,829	297,294	336,108	327,918	RESTAURANTS	
95	79	68	50	43	BUSINESS 2890	288,000	(\$2,671,200)	-4.4%	301,356	316,710	349,416	378,234	APPAREL STORES	
96	78	52	42	40	BUSINESS 4999	284,580	(\$3,983,600)	-6.5%	304,498	368,757	404,354	402,690	DEPARTMENT STORES	
97	96	106	130	136	BUSINESS 3926	281,400	\$3,504,000	6.6%	263,880	238,160	207,960	192,640	RESTAURANTS	
98	138	138	68	60	BUSINESS 3234	281,190	\$14,466,000	34.6%	208,860	204,414	313,914	319,116	ENERGY SALES	
99	74	69	47	41	BUSINESS 1234	279,437	(\$6,701,400)	-10.7%	312,944	316,109	364,184	393,243	LIGHT INDUSTRY	
100	114	124	150	168	BUSINESS 4321	270,660	\$6,389,400	13.4%	238,713	217,149	183,975	168,417	BLDG.MATLS-RETAIL	
TOP 25						17.5%	\$45,007,649	\$496,890,600	5.8%	\$42,523,196	\$42,497,273	\$42,140,627	\$40,647,862	
TOP 26-50						5.0%	\$12,782,837	\$313,955,200	14.0%	\$11,213,061	\$10,001,817	\$9,933,957	\$8,586,408	
TOP 51-75						3.5%	8,854,438	\$141,464,600	8.7%	8,147,115	8,055,296	7,919,650	7,458,248	
TOP 76-100						2.9%	7,455,867	\$34,437,000	2.4%	7,283,682	7,058,108	6,842,791	6,303,364	
<b>TOP 100</b>						<b>28.9% Percent of Total</b>	<b>\$74,100,791</b>	<b>\$986,747,400</b>	<b>7.1%</b>	<b>\$69,167,054</b>	<b>\$67,612,494</b>	<b>\$66,837,025</b>	<b>\$62,995,882</b>	
ALL OTHER						71.1%	\$182,468,563	\$803,531,600	2.3%	\$178,450,905	\$174,315,065	\$164,495,742	\$156,130,478	
<b>TOTAL</b>							<b>\$256,569,354</b>	<b>\$1,790,279,000</b>	<b>3.6%</b>	<b>\$247,617,959</b>	<b>\$241,927,559</b>	<b>\$231,332,767</b>	<b>\$219,126,360</b>	

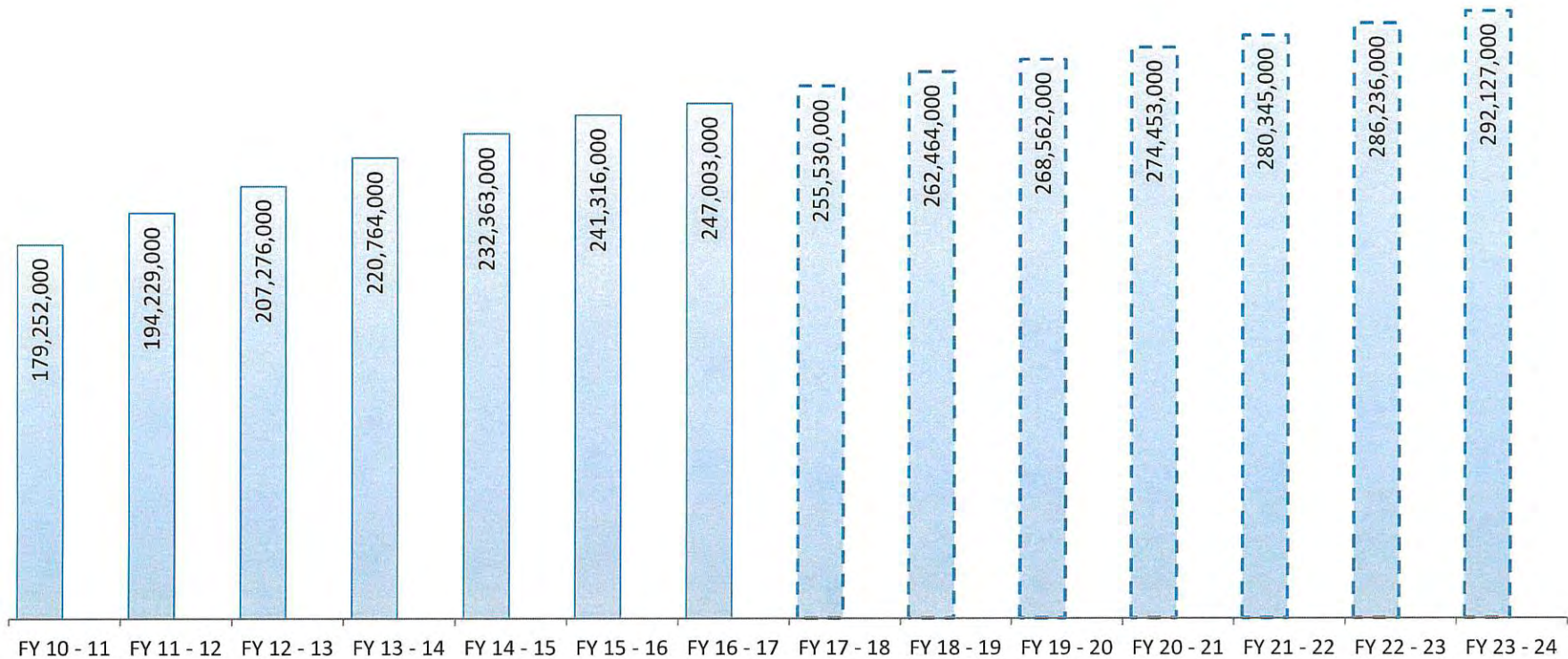
Confidential

Economic

# SAMPLE 1% Sales & Use Tax Forecast Summary

July through June Fiscal Year

Voter Approved	FY 16 - 17	FY 17 - 18	FY 18 - 19	FY 19 - 20	FY 20 - 21	FY 21 - 22	FY 22 - 23	FY 23 - 24
Projection	247,003,000	255,530,000	262,464,000	268,562,000	274,453,000	280,345,000	286,236,000	292,127,000
Percent Change	2.4%	3.5%	2.7%	2.3%	2.2%	2.1%	2.1%	2.1%



## SAMPLE 1% Sales & Use Tax Forecast Summary

July through June Fiscal Year

Voter Approved	FY 16 - 17	FY 17 - 18	FY 18 - 19	FY 19 - 20	FY 20 - 21	FY 21 - 22	FY 22 - 23	FY 23 - 24
<b>General Retail</b>	71,069,827	72,461,490	73,562,058	74,710,305	75,823,650	76,936,995	78,050,339	79,163,684
% Change	0.3%	2.0%	1.5%	1.6%	1.5%	1.5%	1.4%	1.4%
<b>Food Products</b>	53,248,878	55,012,966	56,596,778	57,979,925	59,306,062	60,632,200	61,958,337	63,284,475
% Change	3.4%	3.3%	2.9%	2.4%	2.3%	2.2%	2.2%	2.1%
<b>Transportation</b>	45,840,744	47,659,007	48,956,202	49,914,407	50,878,770	51,843,132	52,807,495	53,771,857
% Change	4.0%	4.0%	2.7%	2.0%	1.9%	1.9%	1.9%	1.8%
<b>Construction</b>	24,132,251	25,245,002	26,294,183	26,939,024	27,517,592	28,096,161	28,674,730	29,253,298
% Change	3.9%	4.6%	4.2%	2.5%	2.1%	2.1%	2.1%	2.0%
<b>Business To Business</b>	50,672,048	52,903,497	54,526,230	56,207,405	57,863,660	59,519,915	61,176,171	62,832,426
% Change	1.2%	4.4%	3.1%	3.1%	2.9%	2.9%	2.8%	2.7%
Miscellaneous	4,957,161	5,185,197	5,534,604	5,887,162	6,207,095	6,527,028	6,846,961	7,166,894
% Change	8.6%	4.6%	6.7%	6.4%	5.4%	5.2%	4.9%	4.7%
<b>Gross</b>	<b>249,920,909</b>	<b>258,467,159</b>	<b>265,470,057</b>	<b>271,638,228</b>	<b>277,596,829</b>	<b>283,555,431</b>	<b>289,514,033</b>	<b>295,472,634</b>
% Change	<b>2.3%</b>	<b>3.4%</b>	<b>2.7%</b>	<b>2.3%</b>	<b>2.2%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>2.1%</b>

Administration	(2,918,020)	(2,936,797)	(3,006,018)	(3,075,862)	(3,143,334)	(3,210,805)	(3,278,277)	(3,345,748)
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Conservative		\$251,697,400	\$258,264,600	\$263,996,800	\$269,513,300	\$275,018,100	\$280,511,000	\$285,992,200
<b>Most-Likely</b>	<b>\$247,002,889</b>	<b>\$255,530,361</b>	<b>\$262,464,039</b>	<b>\$268,562,366</b>	<b>\$274,453,496</b>	<b>\$280,344,626</b>	<b>\$286,235,756</b>	<b>\$292,126,886</b>
% Change	<b>2.4%</b>	<b>3.5%</b>	<b>2.7%</b>	<b>2.3%</b>	<b>2.2%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>2.1%</b>
Optimistic		\$259,363,300	\$266,663,500	\$273,127,900	\$279,393,700	\$285,671,200	\$291,960,500	\$298,261,600

Recession Scenario		\$262,464,039	\$240,435,502	\$231,354,642
% Decline from Prior Year			-8.4%	-3.8%
Declines between Recession Years			(\$22,028,537)	(\$9,080,860)
Difference between Recession and Most-Likely Scenarios			(\$28,126,864)	(\$43,098,854)

**MUNISERVICES**

/ AN **AVENU** INSIGHTS & ANALYTICS COMPANY /

# City of Santa Rosa

Request for Proposals

## Revenue Audit and Consulting

**BEST AND FINAL OFFER**



**RFP # 19-45**

**August 19, 2019**

**Submitted By:**  
Avenu Insights & Analytics/MuniServices  
1264 Hawkes Flight Court #270  
El Dorado Hills, CA 95762

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## Cover Letter

August 19, 2019

*Via E-Mail to [btramel@srcity.org](mailto:btramel@srcity.org)*

City of Santa Rosa

Attn: Brandalyn Tramel

635 1<sup>st</sup> St., 2<sup>nd</sup> Floor

Santa Rosa, CA 95404

**RE: Best and Final Offer (BAFO) Proposal for Revenue Audit and Consulting, RFP No. 19-45**

Dear Ms. Tramel:

MuniServices, LLC (Avenu/MuniServices), is pleased to provide the City of Santa Rosa with the following Best and Final Offer response to the City's Request for Proposals (RFP) for Revenue Audit and Consulting Services, RFP No. 19-45.

We greatly value our partnership with the City of Santa Rosa and our revised pricing is intended to demonstrate our commitment to the City. In offering this pricing revision, we have closely considered several factors, including our current pricing for these services and our ability to maintain the integrity and quality of these services.

On behalf of Avenu/MuniServices, I welcome the opportunity to continue our partnership with the City of Santa Rosa. I represent that the information contained in this revised proposal is true and correct, and we can perform the commitments contained in herein. This Best and Final Offer accompanies the original proposal and all other elements of the original proposal continue in effect. As Chief Financial Officer, I am authorized to commit Avenu/MuniServices to a contract and represent the firm in all oral presentations and negotiations.

This offer will remain valid for 120 days from the due date of this proposal.

Sincerely,



Mike Melka

Chief Financial Officer

Avenu/MuniServices

E-Mail: [proposals@avenuinsights.com](mailto:proposals@avenuinsights.com)



## Response to Best and Final Offer

Avenu/MuniServices is pleased to provide the below responses to the City's letter dated August 12, 2019, requesting a Best and Final Offer for RFP 19-45, Revenue Audit and Consulting Services.

### 1) Cell UUT:

- ▶ Avenu/MuniServices' Response: Per our original proposal, Avenu/MuniServices will provide the UUT compliance, administrative and revenue protection program for 0.5% of the annual UUT revenue. A minimum fee of \$15,000 and a maximum fee of \$85,000 shall apply. This includes gas, electricity and telecommunications (wired & wireless).

The fee for UUT audits (including cell) is 20% of recovered revenue for current year and any retroactive recoveries, including penalties and interest. As an alternative, Avenu/MuniServices is willing to offer the City a fixed fee or flat fee per audit, should the City prefer.

### 2) Cannabis audit pricing:

- ▶ Avenu/MuniServices' Response: Avenu/MuniServices will offer to perform cannabis audits for Santa Rosa for \$150 per hour, with pre-approved travel and expenses up to \$2,500 per travel trip. Actual total audit cost varies based on complexity of auditee.

### 3) Best and final price for consideration and potential issuance of notice of intent to award:

- ▶ Avenu/MuniServices' Response: In the below pricing matrix, Avenu/MuniServices has provided our best and final price for the City's consideration. As a reflection of our commitment to the City, we have lowered our fees for several of the service areas. We value our 30-year partnership with Santa Rosa and wish to provide the City the best value possible.

**Pricing Summary Matrix**

SERVICE	ORIGINAL PROPOSED PRICING	BEST AND FINAL OFFER
Sales, Transaction & Use Tax Audit	14% with 5 forward quarters & eligible back quarters prior to DOK	12.5% with 5 forward quarters & eligible back quarters prior to DOK
Sales Tax Analysis & Reporting (STARS)	\$7,000 annually (plus annual CPI). This includes Clearview online sales tax platform, GIS mapping, forecasting, quarterly reports & meetings, ad hoc reporting, etc.	\$6,500 annually (plus annual CPI). This includes Clearview online sales tax platform, GIS mapping, forecasting, quarterly reports & meetings, ad hoc reporting, etc.
Property Tax (PropertyLINK)	\$11,000 PropertyLINK (plus annual CPI). This includes forecast, assessment appeals reports, & CAFR basic package.	\$9,000 PropertyLINK (plus annual CPI) This includes forecast, assessment appeals reports, & CAFR basic package.
Property Tax Audits	0%	0%
Utility User Tax Audit	0.5% of UUT revenues excluding sewer, water, trash, and cable TV with not-to-exceed \$85,000 annually	0.5% of UUT revenues excluding sewer, water, trash, and cable TV with not-to-exceed \$85,000 annually.  Fee for UUT audits is 20% of recovered revenue for current year and any retroactive recoveries, including penalties and interest.  Avenu/MuniServices is willing to offer the City a fixed/flat fee per audit, should the City prefer.
Transient Occupancy Tax	Hotel/Motel: \$800 per property in phase 1 and \$1,200 per property in phase 2 plus expenses. Review of BIA assessments included in both phases & included in fee.	Total cost of full compliance audit is \$1,800 per property, which can be billed in 2 phases: Phase 1= \$700 and phase 2 = \$1,100. Out of pocket expenses/travel additional.
Short Term Rental Discovery and Compliance Program	30% contingency	25% contingency fee or a negotiated flat rate per discovery.
Real Property Transfer Tax	\$5,000 per audit and 10% of recovered revenue for current years and any retroactive recoveries.	\$5,000 per audit and 0% contingency for recovered revenue.
Franchise Fees (includes City Specific UUT and Franchise Fee Compliance Review)	20% of recovered revenue for current year and any retroactive recoveries including penalties and interest.	20% of recovered revenue for current year and any retroactive recoveries, including penalties and interest.  Avenu/MuniServices is willing to offer the City a fixed fee/flat fee per audit, should the City prefer.
Cannabis Audits	N/A	\$150 per hour per individual audit with pre-approved travel and expenses up to \$2,500 per travel trip.
Additional Consulting	10% reduction on standard hourly rates. We rarely have additional consulting charges unless special projects are requested outside this scope.	10% reduction on standard hourly rates. We rarely have additional consulting charges unless special projects are requested outside this scope.

## Additional Pricing Details

### **Sales, Transaction and Use Tax Audit**

**Completion of Services:** Because the services performed by Avenu/MuniServices result in corrections of misallocations and other revenue after cessation of services performed by Avenu/MuniServices for the City, the City agrees that with regards to misallocations identified to the CDTFA whose Date of Knowledge occurred during Avenu/MuniServices performance of services for the City or for other revenue resulting from Avenu/MuniServices actions taken during the term of the Agreement, that the City's obligation to pay Avenu/MuniServices in accordance with the compensation language of the Agreement will survive expiration or termination of the Agreement for any reason. Additionally, notwithstanding any other provision of the Agreement, if the Agreement is terminated or expires, Avenu/MuniServices will continue to pursue corrections of accounts identified during the term of the Agreement that have not been corrected by the CDTFA as of the effective date of termination or expiration.

### **Property Tax Analysis and Information Services**

**Additional Users:** City may add additional users over the standard five users for a one-time set-up fee of four hundred dollars (\$400) per additional user plus two hundred dollars (\$200) per additional user in Annual Fees. City may authorize additional users by providing Avenu/MuniServices with written authorization that specifies the number of additional users and contains your agreement to the set-up fee and additional Annual Fees. City may provide the authorization by email. Upon request, City will also provide Avenu/MuniServices with any additional information we need to add the additional user(s). SecureID's may be transferred to a new user for a one-time transfer fee of one hundred dollars (\$100.00) per transfer. A lost or damaged SecureID can be replaced for a one-time fee of three hundred dollars (\$300.00) per replacement. We will replace Malfunctioning SecureID's at no charge.

### **Additional CAFR Reports**

- ▶ Direct and Overlapping Debt (\$500);
- ▶ Principal Employers (\$1,000)
- ▶ Demographics and Economic Statistics (\$200)

### **Transient Occupancy Tax (TOT) Administration and Reporting Services**

**Travel and Out-of-Pocket for Audit Services:** For the Transient Occupancy Tax services Avenu/MuniServices will also charge the City out-of-pocket expenses for reasonable travel costs related to the performance of the audits. Travel Costs include, but are not limited to, the costs of car rental, gasoline, or other transportation. These out-of-pocket expenses will not exceed \$2,500 per visit without prior approval from the City for any amounts over the allotted \$2,500. The out-of-pocket expenses will be invoiced to the City upon delivery of the final report to the City.

**Short-term Rental Discovery Program:** If the City does not currently have an established short-term rental registration program, Avenu/MuniServices can provide ‘discovery and recovery’ services to locate the short-term rental properties within the City, get these properties registered to remit transient occupancy taxes, and collect all back taxes owed to the City. The Discovery services will be provided for a contingency fee of twenty-five percent (25%) of the additional revenue received by the City for the services provided. The 25% shall apply to the current tax year, all eligible prior period revenues collected, and any applicable penalties, interest, and late charges. The contingency fee only applies to revenue received by the City. The term “current tax year” shall mean the most recent tax year for which local taxes are due and payable to the City, and in which Avenu/MuniServices has identified deficiencies. As an alternative to a contingency fee, Avenu/MuniServices is willing to offer the City a fixed fee/flat fee per audit, should the City prefer.

**Real Property Transfer Tax**

The real property transfer tax audit is contingent upon the ability to procure data from the county and the city in a usable format for our process.

**Additional Consulting Services**

Our proposed services and associated costs will cover the entire scope of work requested by the City and we do not anticipate any ‘out-of-scope’ work required. However, should the City desire additional services outside of the agreed upon scope of work and both parties agree on the scope of the additional consulting services, then Avenu/MuniServices shall provide the additional consulting services on a Time and Materials basis at hourly rates based on the job classification (rates are subject to change). This proposal offers a ten (10%) reduction to these hourly rates.

Avenu/MuniServices Hourly Rate Schedule	
Position	Hourly Rate
Principal	\$200
Project Manager/Director	\$175
Client Services Executive	\$150
Senior Analyst	\$125
Information Technology	\$175
Analyst	\$100
Administrative	\$75