

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: KIMBERLY ZUNINO, REVENUE MANAGER,
FINANCE DEPARTMENT
SUBJECT: APPROVAL OF FIRST AMENDMENT TO PROFESSIONAL
SERVICES AGREEMENT WITH MUNISERVICES, LLC FOR
BUSINESS TAX ADMINISTRATION SERVICES AND INCREASE
CONTRACT FUNDING

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, approve the First Amendment to the Professional Services Agreement with MuniServices, LLC, Fresno, California, to (1) extend the term for an additional one year period through June 30, 2018 and increase the contract funding by \$300,000 for a total not to exceed amount of \$900,000 and (2) ratify a letter agreement that extended the contract through June 30, 2017 with no increase in contract funding.

EXECUTIVE SUMMARY

In order to continue Business Tax administration services provided by the firm, it is necessary to extend the contract through June 30, 2018 utilizing the last extension provision of the original agreement approved by the City Council on April 30, 2013. The original agreement was for a three-year term with the City having sole discretion to extend the term of the agreement for up to two additional one-year terms. This amendment is to provide continued Business Tax administration services that includes issuance of Business Tax Certificates and collection of Business Tax revenue from new or existing businesses in Santa Rosa.

BACKGROUND

On March 12, 2013, the former Chief Financial Officer presented information at a City Council Study Session about the Finance Department's administration of the Business Tax Program and various options staff explored associated with the City's efforts in migrating off the a 30+ year-old legacy mainframe computer platform. The City Council was also presented with information on how our current Revenue Consultant, MuniServices, LLC, could provide full Business Tax administration services at a cost

savings to the City. On April 30, 2013, by Resolution No. 28273, the City Council entered into a Professional Services Agreement with MuniServices, LLC, to provide Business Tax administration services, which were previously administered in-house. The original agreement was a three-year term with two optional one-year extensions. On May 10, 2016, the Purchasing Agent by letter extended the contract for an additional one-year period through June 30, 2017 with no increase in contract funding and no changes in contract terms.

PRIOR CITY COUNCIL REVIEW

On April 30, 2013, by Resolution No. 28273, the City Council approved a sole source three-year contract with two one-year extensions for Business Tax Administration Services to MuniServices, LLC, Fresno, California in the amount of \$600,000.

ANALYSIS

In 2013, the City entered into a contract with MuniServices, LLC to administer our Business Tax Program with an estimated cost of \$200,000 per fiscal year. Overall, the Revenue Division is satisfied with the performance of MuniServices in administering our Business Tax Program. This amendment is to provide continued and necessary Business Tax administration services with MuniServices, LLC that includes issuance of Business Tax Certificates and collection of Business Tax revenue from new or existing businesses in Santa Rosa. Business Tax revenue has been on an upward trend:

FY15-16	FY14-15	FY13-14
\$4.194M	\$3.973M	\$3.651M

The agreement was for a three-year term with the City having sole discretion to extend the term of the agreement for up to two additional one-year terms. Last year, the Purchasing Agent by letter extended the contract for an additional one-year period that ends at the end of June 2017 with no increase in contract funding. There was approximately \$100,000 available of the \$600,000 original funding because the cost of the first 3 years was lower than estimated.

The Revenue Division will perform a Citywide review and evaluation of the impacts of the contract to determine how to proceed with Business Tax Collection during the final contract extension currently proposed.

This will provide the Revenue Division adequate time to perform a thorough evaluation of Business Tax administration services provided by the firm and determine a recommendation for future administration of the program. It is necessary to increase the contract funding by \$300,000, \$100,000 for the current Fiscal Year (FY) and \$200,000 for FY 2017-18 to allow payment to be made to MuniServices, LLC.

FISCAL IMPACT

Funds for this contract are budgeted and approved through the yearly budget process. The funds do not increase the fiscal year budget for the Revenue Division, Finance Department. Therefore, appropriations in the current year budget and the FY 2017-18 proposed budget of the Revenue Division, Finance Department are sufficient. The extension allows for payment to MuniServices, LLC.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution – Exhibit A - First Amendment to Professional Services Agreement
Exhibit B – May 10, 2016 Extension Letter

CONTACT

Kimberly Zunino, Revenue Manager, Finance Department, kzunino@srcity.org; 707-543-3960