



REVENUE AUDIT AND CONSULTING AGREEMENT

City Council Meeting
November 19, 2019

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Assistant City Manager/Chief Financial Officer
Finance Department

CURRENT

- The City uses a consultant to do field audits for sales tax remittance, and compliance with other local taxes.
- The City has contracted with Muniservices LLC for these services in the past, with the most recent contract approved in 2014.

CURRENT (Cont.)

- Revenue audit and consulting services include field audits to ensure compliance and correct remittance of sales and other taxes; proper tax forecasting and analysis; and, quarterly reports showing sales tax analysis, forecasts, and legislative updates.

PROPOSAL PROCESS

- A Request for Proposals (RFP) 19-45 was issued on June 28, 2019 for Revenue Audit and Consulting Services.
- A total of three proposals were received for these services.
- Muniservices LLC provided a proposal for all services in the scope of work.
- HdL submitted a proposal services except for Property Tax and Real Property Transfer Tax

PROPOSAL PROCESS

- HdL Coren and Cone submitted a proposal for Property Tax and Real Property Transfer Tax services.
- While both are HdL companies, they are separate entities, requiring separate contracts and contract management.
- Muniservices LLC pricing was lower, and as a result, we were able to add cannabis audit services

FISCAL ANALYSIS

- The services provided with this contract will have a net positive revenue impact to the City's General Fund.
- Muniservices LLC receives either a percentage of revenue recovered through audit, or charges a flat fee per audit.
- The revenue recovered through this contract has consistently out-paced the cost.

FISCAL ANALYSIS (Cont.)

- Over the term of the 2014 contract with Muniservices LLC, the not-to-exceed amount was \$600,000; however, new revenue recovered over that period was more than \$2 million.
- The total five-year estimated cost for this contract is, once again, not-to-exceed \$600,000.

RECOMMENDATION

- It is recommended by the Finance Department that the Council, by resolution, approve a five-year professional services agreement (PSA) with Muniservices LLC, a Delaware Limited Liability Company based in El Dorado Hills, California, for Revenue Audit and Consulting services.

QUESTIONS?