

City of Sacramento

Legislation Text

File #: 2019-00999, **Version:** 1

Title:
Agreement for Revenue Audit and Recovery Services

File ID: 2019-00999

Location: Citywide

Recommendation:

Pass a Motion authorizing the City Manager or the City Manager's designee to execute a five-year professional services agreement with MuniServices/AvenuInsights & Analytics to provide audit, recovery, and forecast services in an amount not-to-exceed \$1.625 million for the length of the contract, provided that sufficient funds are available in the budget adopted for the applicable fiscal years.

Contact: Julie Coffeen, Interim Revenue Manager, (916) 808-1259, Department of Finance

Presenter: None

Attachments:

- 1-Description/Analysis
- 2- RFP Evaluation and Rating Summary
- 3- Contract

Description/Analysis

Issue Detail: The City of Sacramento has utilized MuniServices/AvenuInsights & Analytics (Muni) to provide revenue audit and recovery services since 1986. Muni has recovered over \$57 million on behalf of the City. The current contract for services with Muni expires on August 31, 2019.

The City recently conducted a Request for Proposal (RFP) P19061211002 for revenue audit and recovery services. The City received two bids from contractors to provide these services. A selection committee reviewed the bids and evaluated them based on the firms' qualifications, experience, proposed scope of service, and the cost of those services. Muni was selected as the most qualified and experienced to perform the services requested. The evaluation and rating summary is attached.

Policy Considerations: The recommendations in this report are consistent with the provisions of City Code Chapter 3.64 regarding contracts for professional services.

Economic Impacts: None.

Environmental Considerations: This report concerns administrative activities and governmental fiscal activities that do not constitute a “project” as defined by the CEQA Guidelines Sections 15378 (b)(2) and 15378(b)(4) and are not subject to the provisions of CEQA (CEQA Guidelines Section 15060(c)(3)).

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: In April 2019, the City’s Procurement Services Division, in accordance with City Code chapter 3.64, issued a Request for Proposal (P19061211002) for Revenue Audit and Recovery Services. Based on a panel review of the proposals staff recommends awarding the contract to Muni.

Financial Considerations: A five-year professional services agreement for a total not-to-exceed amount of \$1.625 million has been negotiated with Muni. The current year costs include \$50,000 in hard costs and up to \$250,000 in contingency fees (the contingency fees are dependent on the number of audits performed during the year). Sufficient funding for the first year of the five-year term is available in the Finance Department’s FY2019/20 operating budget. Subsequent work will be subject to funding availability in the adopted fiscal year’s budget.

The following list below breaks down the contract fees:

| Service | Fee |
|--|--|
| Sales, Use and Transaction & Use Tax Audit | 10% of identified misallocations for four quarters |
| Sales Tax Analysis and Reporting | Year 1 - \$10,000 Year 2 - \$12,500 Year 3 - \$15,000 |
| Business Operation Tax Discovery and Audit | 15% one-time contingency fee on all retroactive recoveries |
| Cannabis Tax Audit | \$145 per hour |
| Utility User Tax Audit | \$40,000 annual fixed fee and 20% contingency for city-specific audits |
| Transient Occupancy Tax Audit | \$1,500 per lodging provider audit |

Local Business Enterprise (LBE): MuniServices/AvenulInsight & Analytics is a LBE.