

RESOLUTION NO. 2015-29

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA APPROVING AGREEMENT BETWEEN CITY OF MARINA AND MUNISERVICES, LLC OF FRESNO, CALIFORNIA, FOR BUSINESS LICENSE COMPLIANCE REVIEW AND ADMINSTRATIVE SERVICES, AUTHORIZE THE CITY MANAGER TO EXECUTE AGREEMENT ON BEHALF OF CITY SUBJECT TO FINAL REVIEW AND APPROVAL BY THE CITY ATTORNEY AND AUTHORIZE THE FINANCE DIRECTOR TO MAKE THE NECESSARY ACCOUNTING AND BUDGETARY ENTRIES

WHEREAS, the City of Marina has business license tax as reflected in the Marina Municipal Code chapter 5.04; and

WHEREAS, currently, the City has approximately 1,100 active business licenses and receives approximately \$119,000 each fiscal year; and

WHEREAS, conducting an independent compliance reviews of the City business license tax is important relative to City governance duties and revenue collections; and

WHEREAS, the current business license administration is done in-house by City staff and there is no online system for annual renewal; and

WHEREAS, the City Council wishes to enforce compliance with City tax regulation and improve efficiency and effectiveness of business license administration.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Marina:

1. Approves agreement between City of Marina and MuniServices, LLC of Fresno, California, for business license compliance review and administrative services (**EXHIBIT A**), and;
2. Authorizes City Manager to execute agreement on behalf of City subject to final review and approval by the City Attorney, and;
3. Authorizes the Finance Director to make the necessary accounting and budgetary entries.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 3<sup>rd</sup> day of March 2015, by the following vote:

AYES: COUNCIL MEMBERS: Amadeo, Brown, Morton, O'Connell, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

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Frank O'Connell, Mayor Pro-Tem

ATTEST:

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Anita Sharp, Deputy City Clerk

**Consulting Services Agreement  
between the City of Marina and MuniServices, LLC**

This Agreement is made between the City of Marina, a municipal corporation of the State of California ("City"), and MuniServices, LLC, a Delaware limited liability company, and a wholly owned subsidiary of PRA Group, Inc. ("Consultant").

- 1. Notice to Parties.** All notices, including notices of address changes, provided by either party under this Agreement are deemed received on the third day after mailing if sent by regular mail, or the next day if sent overnight delivery. Consultant does not accept notices by email or facsimile. Notice of rate changes or distribution changes must be sent by certified mail.

To City:

**City of Marina  
Attn: City Manager and Finance  
Director  
211 Hillcrest Avenue  
Marina, CA 93933  
Facsimile: 831.384.0473  
Email: [llai@ci.marina.ca.us](mailto:llai@ci.marina.ca.us)**

With a copy to:

**Marina City Attorney  
857 Cass Street, Suite D  
Monterey, CA 93940**

To Consultant:

**MuniServices, LLC  
Attn: Legal Department  
7625 N. Palm Avenue, Suite 108  
Fresno, CA 93711  
Facsimile: 559.312.2852  
Email: [legal@muniservices.com](mailto:legal@muniservices.com)**

All notices, including notices of address changes, provided by either party under this Agreement are deemed received on the third day after mailing if sent by regular mail, or the next day if sent overnight delivery. The City does not accept notices by email or facsimile. Notice of rate changes or distribution changes must be sent by certified mail

- 2. Services and payment.** Consultant will provide City with the services listed in Attachment 1 (the "Services"). City will pay Consultant the fees listed in that same Attachment. If Consultant is providing more than one Service, each service will have a separate attachment and will be labeled Attachment 1-1, 1-2, etc.
- 3. Services do not include.** Consultant does not provide to City or any third-parties any legal advice or services. Consultant also does not provide tax advice to City or third parties. Also Consultant cannot and therefore does not establish: the tax rates due from taxpayers; and the penalties and fees that are assessed against taxpayers (though Consultant will calculate these amounts for City as part of the Services once City has provided the rates). Consultant also does not determine either the amount of refunds or the proper government account(s) that taxpayer receipts shall be deposited into.

**4. Term of this Agreement.** The initial term of this Agreement begins on \_\_\_\_\_, 2015 (the "Effective Date") and continues for a period of three years from the Effective Date. This Agreement may be renewed for successive three year terms (each a "Renewal Term") upon written agreement of Consultant and the City Manager to continue Services as provided in Attachment 1 and/or to perform other services set forth in a written amendment, unless either party notifies the other in writing of its intent not to renew 90 days prior to the end of the initial term or any Renewal Term. There are other ways this Agreement can end and those are found in Article I of the General Provisions, Attachment 2.

**5. General Provisions.** The parties are also bound by the General Provisions as set forth in Attachment 2 of this Agreement, which are by this reference incorporated into this Agreement. If something in this Agreement contradicts the General Provisions, set forth in Attachment 2 or any other provision contained in the Attachments then what is said in this Agreement governs rather than the General Provisions.

The Parties are signing this Agreement on the Effective Date indicated in Section 5 above.

**"CONSULTANT"**

**"CITY"**

**MuniServices, LLC**

**City of Marina,  
a Municipal Corporation**

By: \_\_\_\_\_  
Doug Jensen  
SVP Client Services

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

# Attachment 1

## Local Tax Compliance Discovery and Audit

### Article 1 – Objectives and Methods

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The objective is to assist the City in identifying businesses that are conducting business in City and are not registered with the City. Our LTC service is designed to assist the City in locating tax revenue that the City may not be receiving from its local tax registry Consultant provides detection, documentation and correction of errors and omissions causing deficiencies thereby producing new revenue that would not otherwise have been realized by the City. Moreover, our team works in full and collaborative partnership with City revenue staff to supplement the operations and procedures currently in place.

Consultant Local Tax Compliance (“LTC”) Services include identifying any person engaged in or carrying on any profession, trade, calling, occupation or business within the City that are not registered with the City to ensure that the business is properly registered and has made all appropriate payments to the City.

The LTC service to be contracted for will not replace or duplicate the current tax discovery and collections efforts undertaken by the City’s employees. Our LTC Services are intended to complement the current efforts by bringing to the City more sophisticated technology, data and door-to-door investigations that may not presently be available to the City.

### Article 2 – Scope of Work

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1. **Initial Meeting.** Consultant meets with the City staff to review the procedures and objectives of the LTC service, business entity relations and logistical matters, including establishing an appropriate liaison with City management and staff and logical checkpoints for measuring progress (the “Initial Meeting”). Consultant and City shall schedule the meeting within 10 days after Consultant receives the fully-signed copy of the Agreement from the City with this Exhibit attached.
2. **Workplan.** Based on the Initial Meeting, Consultant develops a workplan that incorporates the logistical matters agreed to in the Initial Meeting and describes in detail how the objectives of the LTC service shall be met (the “Workplan”).
3. **Commencement of services.** After the Workplan is developed, Consultant shall begin providing the services described herein. Consultant’ obligation to provide services is contingent on the City providing the necessary information and cooperation.
4. **Local Tax Discovery Services.** Local Tax Discovery Services are designed to provide a full service solution to City’s business license enforcement procedures. It does not replace current functions, but provides a focused and full-time solution to the identification of entities subject to taxation by the City, which are not properly registered, or otherwise not reporting taxes to the City. In performing the Discovery Services, Consultant will:
  - a. Establish a comprehensive inventory of the entities subject to taxation by the City and the database elements needed to facilitate a comprehensive comparative analysis with the City’s records of those entities that are properly registered;
  - b. Compare Consultant’s database of business records with the City’s records to identify potential non-reporting and non-registered entities subject to taxation;
  - c. For each unregistered or non-reporting entities identified and confirmed, assist the entities, 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);

- d. Invoice entities (including supporting documentation) on behalf of the City for the amount of identified deficiencies, with payment to be remitted to Consultant;
- e. Ensure that all submitted registration forms are completed correctly and in their entirety;
- f. Forward all completed registration forms and associated payments to the City in batches at the frequency directed by the City. Applications will be forwarded with copies of the payments and payments deposited into an account designated by the City;
- g. Collect the amount of identified deficiencies, together with supporting documentation, and remit payment received to the City in weekly batches. (Consultant will follow the City's business rules in collecting partial payments or the tax in full at the City's direction.);
- h. Establish a call center open during normal business hours to assist entities with questions concerning application of the City's taxes, and reporting and remittance requirements;
- i. Educate entities regarding the City's reporting requirements to prevent recurring deficiencies in future years;
- j. Contact personnel in sales, operations and/or tax accounting at each target business to determine whether a business license fee is due, when necessary and appropriate. This is accomplished with the highest regard to discretion and professional conduct. Consultant's LTC audits are predicated on a non-controversial, constructive public relations approach that emphasizes the importance of each business to the City and the mutual benefits of correcting non-reporting errors;
- k. Provide reports addressing each taxpayer not reporting, including the business name, address, and telephone number to the City; and
- l. Monitor and analyze the business license registration files of the City each quarter in order to determine non-reporting businesses.

5. **Deficiency Audit Services.** Local Tax Deficiency Audit Services are designed to identify entities subject to taxation by the City that are not properly reporting the full amount of tax to which they are subject to under the City's ordinances. These Audit Services identify entities that are potentially underreporting, or not reporting all applicable taxes, and Consultant reviews the entity's records to ensure compliance with the City's taxes.

***Consultant shall not proceed with the Audit service until the City provides a notice to proceed.***

In performing the Audit Services, Consultant will:

- a. Establish a comprehensive inventory of the registered entities subject to taxation by the City and the database elements needed to facilitate an analysis of records of those entity's current and prior year's tax remittance;
- b. Compare Consultant's records with the City's records to identify potential under-reporting entities subject to taxation;
- c. Meet with designated City staff to review and discuss potential audit candidates and mutually agree which entities will be subject to review. Only entities mutually agreed by Consultant and the City to be reviewed shall be subject to Consultant's audit services.
- d. For potential under-reporting entities identified, Consultant will obtain authorization from the City to conduct a review of the entities' records and determine the amount of tax due for current and prior periods (plus applicable interest and penalties, where appropriate).

- e. Submit audit summaries (also referred to as “Deficiency Notice”) to the City to permit the City to determine the amount of a deficiency owed, if any.
- f. Invoice entity for the amount of identified deficiencies, together with supporting documentation, and remit payment received to the City;
- g. If the City elects to have Consultant conduct payment deposit services, applications will be forwarded with copies of the payments and payments deposited into an account designated by the City; and
- h. Educate entity regarding the City’s reporting requirements to prevent recurring deficiencies in future years.

### **Article 3 - Timeline for Project Implementation**

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Consultant implements its new projects in phases. The phased approach ensures the highest quality of service to both our client and their constituents. The Project will be executed in three phases. Each phase will be discussed briefly below, along with the projected timing of these phases.

#### **Phase 1: Preparation Phase**

The Preparation Phase will allow Consultant to make certain that all necessary steps are accomplished to lay the foundation for a successful project. These steps include meeting with the City to obtain a thorough understanding of the client’s processes and requirements, obtaining data from both the client and external sources, standardizing this data for Consultant’s proprietary database integration software, generating correspondence and forms, and modifications to Consultant’s Compliance Administration System to calculate delinquent taxes.

The standard timing of this phase is approximately 30 to 60 days. This timeframe is dependent on items such as timely receipt of data and client requirements. Because of this, the timeframe may be shortened or lengthened as necessary.

#### Initial Project Meeting/Draft Work Plan Review

The first draft version of the work plan will be completed and submitted to the City for their review on this date. Revisions to the work plan will be implemented in conjunction with the City after the initial meeting and throughout the duration of the project.

#### Business Inventory Build

The tax registration file(s) provided by the City will be integrated with multiple public and private database files. The end result will be an inventory of the compliant and non-compliant entities operating in the City. At this stage our staff of tax specialists can review the potential non-compliant accounts or “leads” for accuracy.

#### **Phase 2: Testing Phase**

During this phase Consultant will begin to test the processes and procedures developed during the preparation phase. Prior to bulk mailing, a smaller test batch of notifications will be mailed to ensure that the processes outlined are functioning correctly. During this phase any modifications to process can be initiated in a timely manner. The standard timing of this phase is 60 days.

#### 1<sup>st</sup> Test Mailing

Consultant will prepare a mailing designed to assess the procedures outlined in the work plan. The test batch usually consists of 100 - 150 notices and will be tracked closely to determine impact on Consultant as well as City staff. During the testing phase, Consultant and the City can make immediate modifications to the processes to ensure the highest level of effectiveness prior to bulk notifications starting.

#### Invoice & Tax Calculation Approval

Once the first round of respondents has been processed, Consultant will submit sample account statements for the City's review. This allows the City to validate tax calculations and classifications prior to invoicing of the non-compliant entities.

#### Payment Process Test

This procedure will validate Consultant payment posting and application processing procedures. Consultant and the City will ensure funds are transmitted timely and that documentation for each payment batch meets the City's guidelines.

#### Application & Batch Forwarding

Consultant will submit to the City the first batch of applications where payment has been received by the taxpayer.

### **Phase 3: Active Phase**

Stated simply, this phase will be the execution of the work plan developed by Consultant for the notification and registration of non-compliant entities. During the testing phase, Consultant will work with the City to refine the processes and ensure accuracy prior to the volumes associated with the active phase. Consultant will continue to modify the timing related to new milestones of the active phase as the project continues.

#### Testing Validation

Upon completion of the testing phase, Consultant will review the processes with the City and review any additions or modifications to the procedures outlined in the work plan. Consultant will then prepare a final operation version of the work plan and submit to the City for approval.

#### Bulk Mailing - Active Phase

The active phase begins with Consultant first bulk mailing. Each mailing will continue the processes refined during the testing phase and continue on a weekly basis throughout the duration of the project.

## **Article 4 - Timing and Deliverables**

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Consultant will provide the City with audit progress reports to include the following:

1. Status of work in progress, including copies of reports provided to taxpayers/intermediaries addressing each reporting error/omission individually, including where applicable the business name, address, telephone number, account identification number, individuals contacted, date(s) of contact, nature of business, reason(s) for error/omission and recommended corrective procedure;
2. Actual revenue produced for the City by Consultant's service on a quarterly and cumulative basis;
3. Projected revenue forthcoming to the City as a result of Consultant's audit service, specified according to source, timing, and one-time versus ongoing; and
4. Alphabetical listing of all errors/omissions detected for the City by Consultant, including the account number, correction status, payment amount received by the City, period to which payment is related and payment type (e.g., reallocation, deficiency assessment) for each one.

Consultant will commence project planning within 10 working days following authorization.

## Article 5 - City Assistance

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Prior to execution of the discovery program, Consultant needs certain items from the City in order to ensure the highest level of performance.

1. Registration Database – Consultant will need a copy of the business license tax registry in electronic format along with the payment history of all registered businesses in the City. A Business Tax File Layout form will be included with the project plan for additional information on the data transfer process.
2. Supporting City Data Files – Consultant would also like to receive additional City database files to include in the master business inventory build for the City. Examples include a copy of the commercial utility billing records and a copy of City preferred vendors.
3. Registration Forms – Consultant will need a copy of the business tax application currently used by the City (in Microsoft Word if available).
4. Accompanying Documents to the Business Registration Forms - Consultant will also need any other documentation required as a prerequisite to the issuing of a certificate.

The City will be expected and obligated to:

- a. Use reasonable and diligent efforts to collect, or to assist Consultant in the collection of, deficiencies identified by Consultant pursuant to the Agreement; and
- b. Notify Consultant within 10 days following receipt by the City of payments, if there is any, resulting from deficiencies identified by Consultant.
- c. Because Consultant's LTC Service may result in collection of deficiencies after termination of the Agreement, the City's obligation to collect fees and notify Consultant, and Consultant' right to continue to receive contingency fees, shall survive termination of the Agreement for any reason.

The City will have the right, at the City's option, to elect not to proceed with recovery of any identified deficiencies. Deficiencies which are uncollectible due to insolvency or dissolution of the entity liable, or for deficiencies which are otherwise incapable of collection (e.g. statute of limitations expiration or other legal defense) will not be considered an "election" by the City for the purposes of the Agreement. For deficiencies otherwise collectable but for which the City elects not to collect, the City will notify Consultant of its election not to pursue ("waive") collection of said deficiencies. Consultant will be entitled to one-half (½) of the fee Consultant would have been entitled to for the waived portion of the deficiency.

## Article 6 - Compensation

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### Local Tax Compliance Discovery Services

Consultant's compensation for providing Discovery Services shall be a contingency fee of 35% of the additional revenue received by the City from the services. The 35% will apply to the current tax year, all eligible prior period revenues, and any applicable penalties, interest, and late charges. The contingency fee only applies to revenue actually 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 Consultant has identified deficiencies.

### Local Tax Compliance Audit Services

Consultant's compensation for the Audit Service shall be a contingency fee of 35%. The 35% contingency fee will apply to revenue received by the City as a result of deficiencies identified in the review and will include any eligible prior period revenues together with all applicable penalties, interest and late charges. The City agrees to use reasonable and diligent efforts to collect deficiencies identified by Consultant.

### **Taxpayers' payments and Consultant' Invoice Process**

- a. Taxpayers' payments received by Consultant shall be deposited into a general escrow account maintained by Consultant. The taxpayers' payments deposited into the escrow account shall be remitted to the City on a monthly basis net of Consultant' fees.
- b. Consultant shall send to the City a remittance package no less frequently than once per month that shall contain the taxpayer business license application, copy of the taxpayer payment, other supporting documents received from the taxpayer, a Consultant generated report identifying each taxpayer payment received and the amount of Consultant fees attributed to the taxpayer payment, a check made payable to the City for the amount of fees collected less Consultant' fees, and an invoice showing our contingency fee.
- c. Should there be any disputed payments; Consultant shall work with City to mutually resolve these issues. If the resolution results in City's favor, Consultant shall refund the applicable portion of the fee to City within 10 days of resolution.

### **Additional Consulting Services**

City may request that Consultant provide additional consulting services at any time during term of the Agreement to which this Addendum is attached. If Consultant and the City agree on the scope of the additional consulting services requested, then Consultant shall provide the additional consulting services on a Time and Materials basis. Depending on the personnel assigned to perform the work, Consultant's standard hourly rates range from \$75 per hour to \$300 per hour.

Depending on the personnel assigned to perform the work, Consultant's standard hourly rates will apply. The following are sample hourly rates based on the job classification:

- Principal: \$300 per hour
- Project Manager: \$200 per hour
- Client Services: \$175 per hour
- Information Technology (IT) support: \$175 per hour
- Operational Support:
  - Director: \$175 per hour
  - Manager: \$150 per hour
  - Senior Analyst: \$125 per hour
  - Analyst: \$100 per hour
  - Administrative: \$75 per hour

These additional consulting services will be invoiced at least monthly based on actual time and expenses incurred.

**ATTACHMENT 2**  
**GENERAL PROVISIONS**

**Article I**

<b>Within 5 business days after signing this agreement.</b>	City will designate, in writing, one individual to whom Consultant may address communications concerning this Agreement. This person or such person's designee will be the principal point of contact for Consultant in obtaining decisions, information, approvals, and acceptances.
<b>10 business days after City receive our invoice.</b>	City have until this date to dispute in the invoice, or a portion of it, in writing. City written dispute must be post-marked by this date and must be sent to the addresses in paragraph 1 of the Agreement. (Paragraph 1 is located on the front page of the agreement and is titled "Consultant".)
<b>10 business days after Consultant receive City written notice that City dispute an invoice or part of an invoice.</b>	Consultant will either correct the error or explain to City why Consultant think the invoice is correct. During this time, Consultant will not try to collect the amount being disputed.
<b>30 days after receiving our invoice.</b>	City must pay our invoice(s) by this date. If City do not pay by that time, Consultant have the right to charge City interest at the rate of one and one-half percent (1.5%) per month, or the maximum amount permitted by law, whichever is less, on any amounts City do not pay within thirty days. If Consultant refer City account to an attorney for collection of past due amounts, Consultant may charge City for our reasonable attorney fees, including costs for attorneys who are employed by Consultant, and court costs incurred by Consultant to the extent permitted by law. Any settlement of City account balance for less than what is owed requires our written consent.
<b>40 days after receiving our invoice</b>	If City have not paid, and have not disputed an invoice as provided above, then Consultant may terminate this Agreement with no further notice and Consultant have no further obligation to City.
<b>When City provide Consultant with information for use in the Services.</b>	By providing Consultant information, City represent that: <ul style="list-style-type: none"><li>• City have the right to provide Consultant the information without violating the rights of third-parties;</li><li>• City release of the information to Consultant does not violate any applicable laws and regulations; and</li><li>• to the best of City knowledge the information is accurate and not defamatory.</li></ul> City will notify Consultant immediately if there is a change in the information City have provided to Consultant.
<b>If Consultant send City a report or other deliverable.</b>	City will review all reports Consultant provide to City in a timely fashion and City will notify Consultant immediately if City find a discrepancy in any of the information Consultant have provided to City. Upon payment therefore, Consultant will grant City all right, title, and interest in and to the reports, charts, graphs, and other deliverables Consultant are required to produce under this Agreement.
<b>Indemnity</b>	To the fullest extent permitted by law, the Consultant shall (1) immediately defend, and (2) indemnify the City, and its directors, officers, and employees from and against all liabilities regardless of nature or type arising out of or resulting from Consultant's negligent or unlawful performance of services under this contract, or any negligent or unlawful act or omission of the Consultant or Consultant's officers, employees, agents, or subcontractors. Liabilities subject to the duties to defend and indemnify include, without limitation all claims, losses,

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damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. The Consultant's obligation to indemnify does not apply to the extent that liability was caused by the sole active negligence or sole willful misconduct of an indemnified party. If liability is caused by the comparative active negligence or willful misconduct of an indemnified party, the Consultant's indemnification obligation shall be reduced in proportion to the established comparative liability of the indemnified party.

Subject to and in accordance with the preceding paragraph, Consultant shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with counsel approved by the City, the City and its directors, officers, and employees, immediately upon tender to the Consultant of the claim in any form or at any stage of an action or proceeding, The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if the Consultant asserts that liability is caused in part by the negligence or willful misconduct of the indemnified party. If liability was caused by the sole active negligence or sole willful misconduct of an indemnified party, Consultant may submit a claim to the City for reimbursement of reasonable attorneys' fees and defense costs to the extent that it has paid such fees or costs.

The review, acceptance or approval of the Consultant's work or work product by any indemnified party shall not affect, relieve or reduce the Consultant's indemnification or defense obligations. This Section survives completion of the services or the termination of this contract. The provisions of this Section are not limited by and do not affect the provisions of this contract relating to insurance.

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**While the Agreement is effective.**

Consultant will keep in full force and effect the minimum amount of insurance at all times during the term of this Agreement as follows:

1. Commercial general liability and personal injury with limits of at least one million dollars (\$1,000,000.00) combined single limit coverage per occurrence and two million dollars (\$2,000,000) general aggregate;
2. Automobile liability insurance with limits of at least one million dollars (\$1,000,000.00) per occurrence;
3. Professional liability (errors and omissions) insurance with limits of at least one million dollars (\$1,000,000.00) per occurrence and two million dollars (\$2,000,000) annual aggregate. Consultant shall maintain such insurance for a term of three years following the completion of services performed under this Agreement; and,
4. Workers' Compensation insurance in the statutory amount as required by the State of California and Employer's Liability Insurance with limits of at least one million (\$1,000,000) per occurrence. If Consultant has no employees, they shall complete the City's Request for Waiver of Workers' Compensation Insurance Requirement form.

As a condition precedent to the effectiveness of this Agreement and without limiting Consultant' indemnification of the City, Consultant agrees to obtain and maintain in full force and effect at its own expense the insurance policies set forth above. Consultant shall furnish the City with certificates of insurance, autographed by a person authorized by

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that insurer to bind coverage on its behalf, along with copies of all required endorsements. All certificates and endorsements must be received and approved by the City before any work commences. All insurance policies shall be subject to approval by the City Attorney and Risk Manager as to form and content. Specifically, such insurance shall: (1) protect City as an additional insured for commercial general liability, employer's liability and auto liability; (2) provide City at least thirty days written notice of cancellation, material reduction in coverage or reduction in limits and ten days written notice for non-payment of premium; and (3) be primary with respect to City's insurance program.

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**90-days after prior written notice.**

This Agreement terminates for convenience but only if the terminating party sends the notice to the person designated to receive notices under this Agreement (see paragraph 1 or 2, as applicable, of this Agreement).

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**After giving written notice of a breach other than a failure to pay.**

The non-breaching party may immediately terminate this Agreement if:

- the written notice of the breach was sent to the person designated to receive notices for the breaching party under this Agreement (see paragraph 1 or 2, as applicable, of this Agreement); and the breach is not City failure to pay (that situation is addressed separately below.); and
- the breach has not been cured in a reasonable time after the breaching party received notice.

Ordinarily, 30 days will be a reasonable time to cure the breach but if the party receiving notice of the breach can demonstrate that the breach will take more than 30 days to cure, the non-breaching party and breaching party will agree on an extended period to cure the breach.

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**After the occurrence of a "financial default"**

A party may terminate this Agreement immediately if the other party experiences a "financial default." A "financial default" means:

- a material adverse change in a party's financial condition that adversely affects its ability to perform hereunder; or
- a party becomes or is declared insolvent or bankrupt; or
- a party is the subject of any proceedings relating to liquidation or insolvency or for the appointment of a receiver; or
- a party makes an assignment for the benefit of all or substantially all of its creditors; or
- a party enters into an agreement for the composition, extension, or readjustment of all or substantially all of its obligations.

If either party experiences a "financial default" then the non defaulting party Consultant may, at its option, declare the entire outstanding amounts and costs owing to Consultant hereunder immediately due and payable.

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**This Agreement is terminated or expires.**

City remain obligated to: (1) pay Consultant for Services performed through the effective date of the termination or expiration; (2) if applicable, provide Consultant with all the information necessary for Consultant to calculate what City owes Consultant on revenue City receive after the termination or expiration; and (3) if applicable pay invoices Consultant send City after the expiration or termination of this Agreement for Services performed before termination or expiration or for continuing payments required by the Scope of Work or for both.

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## Article II. The parties also agree to the following miscellaneous terms.

1. *Independent Contractor.* Consultant are an independent contractor. Nothing in this Agreement is to be interpreted as: creating the relationship of employer and employee between City and Consultant or between City and any of our employees or agents; or creating a partnership or joint venture between City and Consultant. Consultant are responsible for any subcontractors Consultant use in performing Services for City and Consultant are solely responsible to pay those subcontractors. Consultant may perform similar services for others during this Agreement and City agree that our representation of other government sector clients is not a conflict of interest.

2. *Compliance with Laws.* The parties agree to comply with all applicable local, state and federal laws and regulations during the term of this Agreement.

3. *Intellectual Property.* Consultant retain all right, title, and interest in and to the processes, procedures, models, inventions, software, ideas, know-how, and any and all other patentable or copyrightable material used, developed, or reduced to practice in the performance of this Agreement.

4. *Waiver.* Either party's failure to insist upon strict performance of any provision of this Agreement are not to be construed as a waiver of that or any other of a party's rights under this Agreement at any later date or time.

5. *Force Majeure.* Neither party is liable for failing to perform its obligations hereunder (other than payment obligations) where performance is delayed or hindered by war, riots, embargoes, strikes or acts of its vendors or suppliers, accidents, acts of God, or any other event beyond its reasonable control.

6. *Counterparts.* This Agreement may be signed in separate counterparts including facsimile copies. Each counterpart (including facsimile copies) is deemed an original and all counterparts are deemed on and the same instrument and legally binding on the parties.

7. *Assignment.* Consultant may assign this Agreement, in whole or in part, without City consent to any corporation or entity into which or with which Consultant has merged or consolidated; any parent, subsidiary, successor or

affiliated corporation of Consultant; or any corporation or entity which acquires all or substantially all of the assets of Consultant. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties and their successors or assigns.

8. *Public Release and Statements.* Neither City nor Consultant nor each of our representatives or agents shall disseminate any oral or written advertisement, endorsement or other marketing material relating to each other's activities under this Agreement without the prior written approval of the other party. Neither party shall make any public release or statement concerning the subject matter of this Agreement without the express written consent and approval of the other party. No party or its agent will use the name, mark or logo of the other party in any advertisement or printed solicitation without first having prior written approval of the other party. The parties shall take reasonable efforts to ensure that its subcontractors shall not disseminate any oral or written advertisement, endorsement or other marketing materials referencing or relating to the other party without that party's prior written approval. In addition, the parties agree that their contracts with all subcontractors will include appropriate provisions to ensure compliance with the restrictions of this Section. Consultant acknowledges that the City is a California public entity and has limited ability to withhold information from the public. Consultant acknowledges that it may be subject to the appropriate disclosure requirements of the California Public Records and Fair Political Practices Acts, as determined by the City Manager. Nothing in this Section 8 shall be read or construed to require the City to take any action that would be inconsistent with its duties and obligations in accordance with those Acts.

9. *Dispute Resolution.* If any dispute arises between the parties as to proper interpretation or application of this Agreement, the parties shall first meet and confer in a good faith attempt to resolve the matter between themselves. Representatives of each party will meet and attempt in good faith to resolve the dispute. If their representatives are unable to resolve the dispute within 15 days thereafter, the parties agree to first endeavor to settle the dispute in an amicable manner, using mandatory non-binding mediation under the rules of the Judicial Arbitration and Mediation Service ("JAMS"). The

expenses of witnesses for either side shall be paid for the party producing such witnesses. All other expenses of the mediation shall be borne equally by the parties, unless they agree otherwise. Any resultant agreements from mediation shall be documented in writing. All mediation proceedings, results, and documentation shall be inadmissible for any purpose in any legal proceeding (pursuant to California Evidence Codes sections 1115 through 1128), unless otherwise agreed upon in writing by both parties. Mediators shall not be subject to any subpoena or liability, and their actions shall not be subject to discovery. Mediation shall be completed within 30 days after request for the mediation by either Party. If the dispute is not or cannot be resolved by mediation, the parties may mutually agree (but only as to those issues of the matter not resolved by mediation) to submit their dispute to arbitration. Before commencement of the arbitration, the parties may elect to have the arbitration proceed on an informal basis; however, if the parties are unable so to agree, then the arbitration shall be conducted under the rules of JAMS. The decision of the arbitrator shall be binding unless within 30 days after issuance of the arbitrator's written decision, a party seeks recourse in a court of law. Venue and jurisdiction for any legal proceeding between the parties shall lie in the Superior Court for the County of Monterey.

10. *Entire Agreement.* This Agreement is the entire Agreement between Consultant and City for the Service(s). This Agreement supersedes and replaces any prior Agreements, of whatever kind or nature, for the Service(s). Any prior Agreements, discussions, or representations not expressly set forth in this Agreement are of no force or effect. No additional terms, Purchase Order Terms and Conditions, or oral or written representations of any kind are of any force and effect unless in writing and signed with the same formality as this Agreement.

11. *No Oral Modification.* No modification of this Agreement is effective unless set forth in writing and signed with the same formality as this Agreement.

12. *Attorney's Fees.* In the event of any controversy, claim or dispute relating to this Agreement, or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

13. *Invalidity.* If any provision of this Agreement is determined to be invalid, illegal, or unenforceable, the remaining provisions of this Agreement remain in full force, if the essential provisions of this Agreement for each party remain valid, binding, and enforceable.

14. *Construction.* This Agreement is to be construed in accordance with the laws of the State of California without regard to its conflict of laws principals.

15. *Headings.* The section headings herein are for convenience and reference purposes only and are not to serve as a basis for construction or interpretation.

**Attachment 3  
Consultant Helpful Contacts**

<b>Contact</b>	<b>Project Role</b>	<b>Phone</b>	<b>Email</b>
Mary Flynn	Client Services Manager	559.271.6809	<a href="mailto:mary.flynn@muniservices.com">mary.flynn@muniservices.com</a>
Doug Jensen	S VP Client Services	559.288.8943	<a href="mailto:doug.jensen@muniservices.com">doug.jensen@muniservices.com</a>
Lisa Varalli	AVP Local Tax Compliance	856.251.1066 x 4049	<a href="mailto:lisa.varalli@muniservices.com">lisa.varalli@muniservices.com</a>
Patrick Scott	VP Client Services	856.251.1066 x 4045	<a href="mailto:patrick.scott@muniservices.com">patrick.scott@muniservices.com</a>
Raymond Beye	LTC Manager	559.271.6829	<a href="mailto:ray.beye@muniservices.com">ray.beye@muniservices.com</a>
	Billing Department	757.321.2517	<a href="mailto:billing@portfoliorecovery.com">billing@portfoliorecovery.com</a>
Fran Mancia	VP Government Relations	559.288.7296	<a href="mailto:fran.mancia@muniservices.com">fran.mancia@muniservices.com</a>
Brenda Narayan	Dir. of Government Relations	916.261.5147	<a href="mailto:brenda.narayan@muniservices.com">brenda.narayan@muniservices.com</a>
Patricia A. Dunn	Contracts Manager	559.271.6852	<a href="mailto:patricia.dunn@muniservices.com">patricia.dunn@muniservices.com</a>

**EXHIBIT B**



**City of  
Marina**

**Proposal for Local Tax Compliance  
Discovery/Audit and Administration Services**

**February 23, 2015**

**Mary E. Flynn**

**Client Services Manager**

**MuniServices, LLC**

**559.271.6809**

**Mary.Flynn@MuniServices.com**



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## Letter of Introduction

February 23, 2015

Lauren Lai  
Finance Director  
City of Marina  
211 Hillcrest Avenue  
Marina, CA 93933

Re: MuniServices Proposal for Local Tax Compliance Discovery and Audit Services

Dear Ms. Lai:

MuniServices is pleased to present the City of Marina with this proposal for Local Tax Compliance Discovery/Audit and Administration Services.

MuniServices Business License Tax Discovery, Audit and Administration Compliance service is designed to assist the City in locating tax revenue that the City may not be receiving from its local tax registry. We provide detection, documentation and correction of errors and omissions causing deficiencies thereby producing new revenue that would not otherwise have been realized by the City. Moreover, our team works in full and collaborative partnership with City revenue staff to supplement the operations and procedures currently in place.

This proposal represents an opportunity for the City of Marina to achieve several financial and service goals. Our proposal will enable the City to streamline business tax services, offer your taxpayers web-based business license application and renewal options, and realize significant expenditure savings and increased revenue from improved business license tax compliance.

The Business License service also aims to reduce future errors by informing the businesses that are identified as having errors or omissions about the proper methods of compliance informing business owners of the requirements of the ordinance helps to prevent future mistakes by businesses making future enforcement efforts by the City less burdensome for the City.

Mary Flynn, Client Services Manager will serve as the City's primary contact for this project. Mary may be reached by email at [Mary.Flynn@MuniServices.com](mailto:Mary.Flynn@MuniServices.com) or by phone at 559.271.6809. We are confident that MuniServices offers the City of Marina the greatest opportunity for success and look forward to the opportunity to continue to the City and its residents. The proposal included here is valid for a period of at least 90 days from the date of this proposal.

As MuniServices' Senior Vice President of Client Services I am duly authorized to commit MuniServices to a contract and represent the firm in all oral presentations and negotiations.

Respectfully submitted,

Doug Jensen  
Senior Vice President of Client Services  
MuniServices, LLC  
7625 N. Palm Avenue, Suite 108, Fresno, California 93711  
Phone: 800.800.8181 ext. 5012; Fax: 559.312.2920  
E-mail: [Doug.Jensen@MuniServices.com](mailto:Doug.Jensen@MuniServices.com)



## Scope of Services

### Local Tax Compliance Discovery and Audit

The objective is to assist the City in identifying businesses that are conducting business in City and are not registered with the City. MuniServices Local Tax Compliance (“LTC”) Services include identifying any person engaged in or carrying on any profession, trade, calling, occupation or business within the City that are not registered with the City to ensure that the business is properly registered and has made all appropriate payments to the City.

The LTC service to be contracted for will not replace or duplicate the current tax discovery and collections efforts undertaken by the City’s employees. Our LTC Services are intended to complement the current efforts by bringing to the City more sophisticated technology, data and door-to-door investigations that may not presently be available to the City.

### Program Objectives and Methods

Our LTC service is designed to assist the City in locating tax revenue that the City may not be receiving from its local tax registry. MuniServices provides detection, documentation and correction of errors and omissions causing deficiencies thereby producing new revenue that would not otherwise have been realized by the City. Moreover, our team works in full and collaborative partnership with City revenue staff to supplement the operations and procedures currently in place.

The LTC service also aims to reduce future errors by informing the businesses that are identified as having errors or omissions about the proper methods of compliance. Informing business owners of the requirements of the ordinance helps to prevent future mistakes by businesses making future enforcement efforts by the City less burdensome for the City.

### Local Tax Discovery Services

Local Tax Discovery Services are designed to provide a full service solution to City’s business license enforcement procedures. It does not replace current functions, but provides a focused and full-time solution to the identification of entities subject to taxation by the City, which are not properly registered, or otherwise not reporting taxes to the City. In performing the Discovery Services, MuniServices will:

1. Establish a comprehensive inventory of the entities subject to taxation by the City and the database elements needed to facilitate a comprehensive comparative analysis with the City’s records of those entities that are properly registered;
2. Compare MuniServices’ database of business records with the City’s records to identify potential non-reporting and non-registered entities subject to taxation;
3. For each unregistered or non-reporting entities identified and confirmed, assist the entities, 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);
4. Invoice entities (including supporting documentation) on behalf of the City for the amount of identified deficiencies, with payment to be remitted to MuniServices;



5. Ensure that all submitted registration forms are completed correctly and in their entirety;
6. Forward all completed registration forms and associated payments to the City in batches at the frequency directed by the City. Applications will be forwarded with copies of the payments and payments deposited into an account designated by the City;
7. Collect the amount of identified deficiencies, together with supporting documentation, and remit payment received to the City in weekly batches. (MuniServices will follow the City's business rules in collecting partial payments or the tax in full at the City's direction.);
8. Establish a call center open during normal business hours to assist entities with questions concerning application of the City's taxes, and reporting and remittance requirements;
9. Educate entities regarding the City's reporting requirements to prevent recurring deficiencies in future years;
10. Contact personnel in sales, operations and/or tax accounting at each target business to determine whether a business license fee is due, when necessary and appropriate. This is accomplished with the highest regard to discretion and professional conduct. MuniServices' LTC audits are predicated on a non-controversial, constructive public relations approach that emphasizes the importance of each business to the City and the mutual benefits of correcting non-reporting errors;
11. Provide reports addressing each taxpayer not reporting, including the business name, address, and telephone number to the City; and
12. Monitor and analyze the business license registration files of the City each quarter in order to determine non-reporting businesses.

### **Deficiency Audit Services**

Local Tax Deficiency Audit Services are designed to identify entities subject to taxation by the City that are not properly reporting the full amount of tax to which they are subject to under the City's ordinances. These Audit Services identify entities that are potentially underreporting, or not reporting all applicable taxes, and MuniServices reviews the entity's records to ensure compliance with the City's taxes. In performing the Audit Services, MuniServices will:

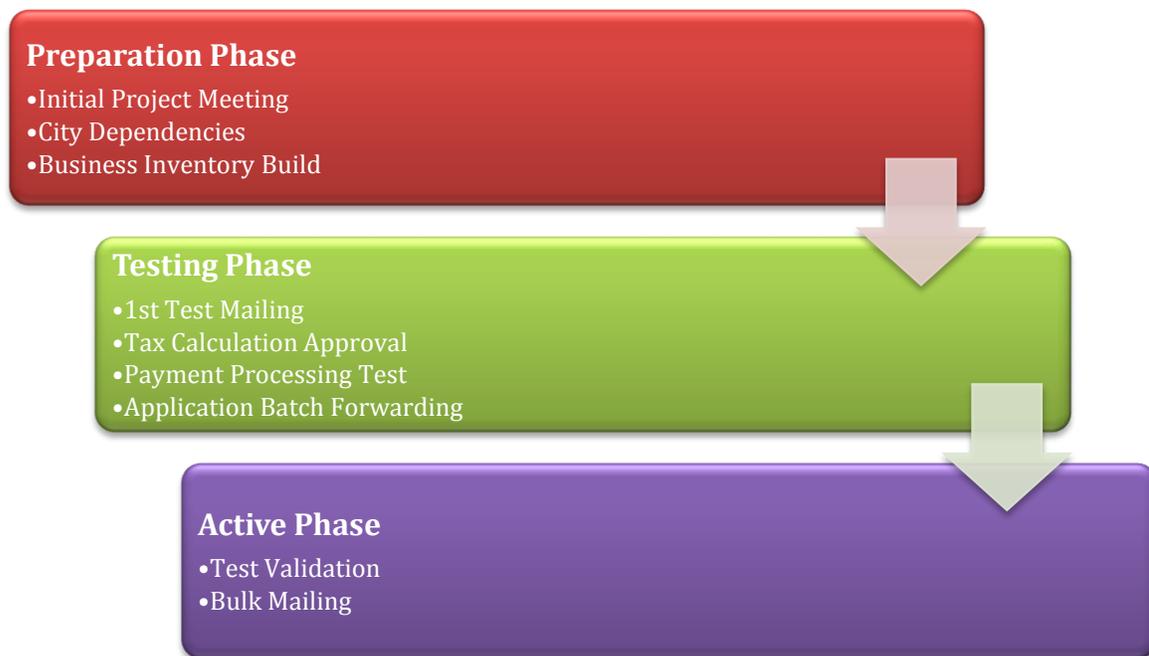
1. Establish a comprehensive inventory of the registered entities subject to taxation by the City and the database elements needed to facilitate an analysis of records of those entity's current and prior year's tax remittance;
2. Compare MuniServices' records with the City's records to identify potential under-reporting entities subject to taxation;
3. Meet with designated City staff to review and discuss potential audit candidates and mutually agree which entities will be subject to review. Only entities mutually agreed by MuniServices and the City to be reviewed shall be subject to MuniServices' audit services.



4. For potential under-reporting entities identified, MuniServices will obtain authorization from the City to conduct a review of the entities' records and determine the amount of tax due for current and prior periods (plus applicable interest and penalties, where appropriate).
5. Submit audit summaries (also referred to as "Deficiency Notice") to the City to permit the City to determine the amount of a deficiency owed, if any.
6. Invoice entity for the amount of identified deficiencies, together with supporting documentation, and remit payment received to the City;
7. If the City elects to have MuniServices conduct payment deposit services, applications will be forwarded with copies of the payments and payments deposited into an account designated by the City; and
8. Educate entity regarding the City's reporting requirements to prevent recurring deficiencies in future years.

### Timeline for Project Implementation

MuniServices implements its new projects in phases. The phased approach ensures the highest quality of service to both our client and their constituents. The Project will be executed in three phases. Each phase will be discussed briefly below, along with the projected timing of these phases.



### Phase 1: Preparation Phase

The Preparation Phase will allow MuniServices to make certain that all necessary steps are accomplished to lay the foundation for a successful project. These steps include meeting with the City to obtain a thorough understanding of the client's processes and requirements, obtaining data from both the client and external sources, standardizing this data for use in



MuniServices proprietary database integration software, generating correspondence and forms, and modifications to our Compliance Administration System to calculate delinquent taxes.

The standard timing of this phase is approximately 30 to 60 days. This timeframe is dependent on items such as timely receipt of data and client requirements. Because of this, the timeframe may be shortened or lengthened as necessary.

### **Initial Project Meeting/Draft Work Plan Review**

The first draft version of the work plan will be completed and submitted to the City for their review on this date. Revisions to the work plan will be implemented in conjunction with the City after the initial meeting and throughout the duration of the project.

### **City Dependencies**

Prior to execution of the discovery program, MuniServices needs certain items from the City in order to ensure the highest level of performance.

1. Registration Database – MuniServices will need a copy of the business license tax registry in electronic format along with the payment history of all registered businesses in the City. A Business Tax File Layout form will be included with the project plan for additional information on the data transfer process.
2. Supporting City Data Files – MuniServices would also like to receive additional City database files to include in the master business inventory build for the City. Examples include a copy of the commercial utility billing records and a copy of City preferred vendors.
3. Registration Forms – MuniServices will need a copy of the business tax application currently used by the City (in Microsoft Word if available).
4. Accompanying Documents to the Business Registration Forms - MuniServices will also need any other documentation required as a prerequisite to the issuing of a certificate.

### **Business Inventory Build**

The tax registration file(s) provided by the City will be integrated with multiple public and private database files. The end result will be an inventory of the compliant and non-compliant entities operating in the City. At this stage our staff of tax specialists can review the potential non-compliant accounts or “leads” for accuracy.

### **Phase 2: Testing Phase**

During this phase we will begin to test the processes and procedures developed during the preparation phase. Prior to bulk mailing, a smaller test batch of notifications will be mailed to ensure that the processes outlined are functioning correctly. During this phase any modifications to process can be initiated in a timely manner. The standard timing of this phase is 60 days.

#### **1<sup>st</sup> Test Mailing**

MuniServices will prepare a mailing designed to assess the procedures outlined in the work plan. The test batch usually consists of 100 - 150 notices and will be tracked closely to determine impact on MuniServices as well as City staff. During the testing phase, MuniServices and the City can make immediate modifications to the processes to ensure the highest level of effectiveness prior to bulk notifications starting.



### **Invoice & Tax Calculation Approval**

Once the first round of respondents has been processed, MuniServices will submit sample account statements for the City's review. This allows the City to validate tax calculations and classifications prior to invoicing of the non-compliant entities.

### **Payment Process Test**

This procedure will validate MuniServices payment posting and application processing procedures. MuniServices and the City will ensure funds are transmitted timely and that documentation for each payment batch meets the City's guidelines.

### **Application & Batch Forwarding**

MuniServices will submit to the City the first batch of applications where payment has been received by the taxpayer.

### **Phase 3: Active Phase**

Stated simply, this phase will be the execution of the work plan developed by MuniServices for the notification and registration of non-compliant entities. During the testing phase, MuniServices will work with the City to refine the processes and ensure accuracy prior to the volumes associated with the active phase. MuniServices will continue to modify the timing related to new milestones of the active phase as the project continues.

### **Testing Validation**

Upon completion of the testing phase, MuniServices will review the processes with the City and review any additions or modifications to the procedures outlined in the work plan. MuniServices will then prepare a final operation version of the work plan and submit to the City for approval.

### **Bulk Mailing - Active Phase**

The active phase begins with MuniServices first bulk mailing. Each mailing will continue the processes refined during the testing phase and continue on a weekly basis throughout the duration of the project.

### **Timing and Deliverables**

MuniServices will provide the City with audit progress reports to include the following:

1. Status of work in progress, including copies of reports provided to taxpayers/intermediaries addressing each reporting error/omission individually, including where applicable the business name, address, telephone number, account identification number, individuals contacted, date(s) of contact, nature of business, reason(s) for error/omission and recommended corrective procedure;
2. Actual revenue produced for the City by MuniServices' service on a quarterly and cumulative basis;
3. Projected revenue forthcoming to the City as a result of MuniServices' audit service, specified according to source, timing, and one-time versus ongoing; and
4. Alphabetical listing of all errors/omissions detected for the City by MuniServices, including the account number, correction status, payment amount received by the City, period to which payment is related and payment type (e.g., reallocation, deficiency assessment) for each one.



MuniServices will commence project planning within 10 working days following authorization.

### **City Assistance**

The City will be expected and obligated to:

1. Provide an electronic copy of the City's License Registration File and License Payment History file to MuniServices, together with any other information necessary for MuniServices to compute MuniServices' billing for services, in electronic format, to MuniServices on no less than a quarterly basis during the term of the Agreement and thereafter for so long as MuniServices' right to invoice for services rendered continues;
2. Use reasonable and diligent efforts to collect, or to assist MuniServices in the collection of, deficiencies identified by MuniServices pursuant to the Agreement; and
3. Notify MuniServices within 10 days following receipt by the City of payments, if there is any, resulting from deficiencies identified by MuniServices.

Because MuniServices' LTC Service may result in collection of deficiencies after termination of the Agreement, the City's obligation to collect fees and notify MuniServices, and MuniServices' right to continue to receive contingency fees, shall survive termination of the Agreement for any reason.

The City will have the right, at the City's option, to elect not to proceed with recovery of any identified deficiencies. Deficiencies which are uncollectible due to insolvency or dissolution of the entity liable, or for deficiencies which are otherwise incapable of collection (e.g. statute of limitations expiration or other legal defense) will not be considered an "election" by the City for the purposes of the Agreement. For deficiencies otherwise collectable but for which the City elects not to collect, the City will notify MuniServices of its election not to pursue ("waive") collection of said deficiencies. MuniServices will be entitled to one-half ( $\frac{1}{2}$ ) of the fee MuniServices would have been entitled to for the waived portion of the deficiency.



## Local Tax Compliance Administration

MuniServices now serves over 400 local jurisdictions for their tax administration service, processing close to \$800 million in taxes annually, over 2.4 million in complex tax transactions (one million performed online) and over 400,000 in unique tax forms.

In addition to the above comprehensive Business License Tax Discovery and Audit services, MuniServices can also provide the City with a complete turn-key Tax Administration program related to the City's business tax processing, renewals, collections, and on-going monitoring and administration of the business tax. The service will be performed utilizing MuniServices' internal programs and processes.





## Turn-key Tax Administration

---

The following are processes and procedures that MuniServices performs for the City on a turn-key Tax Administration program:

1. New application processing including review and verification of applications and application data, establishing processes for established departmental prerequisites to licensure;
2. Annual renewal application processing including mailing of renewal applications and processing of completed renewal applications; and generating business license certificates;
3. Processing of special short term licenses; and
4. For taxpayers that do not return their annual renewal application, MuniServices will send two additional notices and make one follow up phone call. To the extent these efforts do not result in taxpayer compliance, the account will be handled under MuniServices' Discovery Service.

## Collections

1. Collection of Business License taxes and fees for both new licenses, renewals, and special short term licenses with timely remittance or deposit on behalf of the City;
2. Monthly detail reporting of payments received, including monthly reconciliation of payments received to payments remitted or deposited on behalf of the City; Credit Card payment processing will be accepted pursuant to City policy. MuniServices and City will work together to determine the best method for processing credit card payments;
3. For taxpayers who do not remit payment with their application or whose check is not honored by the bank (NSF check), MuniServices will send two additional notices and make one follow up phone call. To the extent these efforts do not result in taxpayer compliance, the account will be handled under MuniServices' Discovery services.

## Taxpayer Communications

1. MuniServices will handle all taxpayer communications including general questions, account inquiries, business license application questions and issue resolution
2. MuniServices' National Taxpayer Call Center will be available through a toll free telephone line Monday through Friday, 8:00AM to 5:00PM Pacific Time;
3. MuniServices will respond to taxpayer correspondence via return phone call or written correspondence. All standard correspondence templates will be subject to City approval.

## Client Communications

MuniServices will maintain regular and close communications with City staff to communicate project activity and any issues. MuniServices will provide prompt responses to City staff regarding any questions or issues.



## City Assistance

In order for MuniServices to provide the Administration service the City will need to:

1. Provide an electronic copy of the City's License Registration File and License Payment History file to MuniServices, together with any other information necessary for MuniServices to compute MuniServices' billing for services, in electronic format, to MuniServices on no less than a quarterly basis during the term of the Agreement and thereafter for so long as MuniServices' right to invoice for services rendered continues. (If MuniServices performs the Tax Administration service for the City, going forward, MuniServices will have the access to the Registration and Payment files);
2. Use reasonable and diligent efforts to collect, or to assist MuniServices in the collection of, deficiencies identified by MuniServices pursuant to the Agreement; and
3. Notify MuniServices within 10 days following receipt by the City of payments, if there is any, resulting from deficiencies identified by MuniServices. Because MuniServices' Discovery and Audit Services may result in collection of deficiencies after termination of the Agreement, the City's obligation to collect fees and notify MuniServices, and MuniServices' right to continue to receive contingency fees, will survive termination of the Agreement for any reason.

The City will have the right, at the City's option, to elect not to proceed with recovery of any identified deficiencies. Deficiencies which are uncollectible due to insolvency or dissolution of the entity liable, or for deficiencies which are otherwise incapable of collection (e.g. statute of limitations expiration or other legal defense and relocation out of Orange County jurisdiction) will not be considered an "election" by the City for the purposes of the Agreement. For deficiencies otherwise collectable but for which the City elects not to collect, the City will notify MuniServices of its election not to pursue ("waive") collection of said deficiencies. MuniServices will be entitled to one-half ( $\frac{1}{2}$ ) of the fee MuniServices would have been entitled to for the waived portion of the deficiency except when cost of recovery exceeds the deficiency in the sole discretion of the City.

## Online File and Pay

MuniServices and our sister company, RDS, have successfully implemented, and continue to support our online file-and-pay option for over 135 of our clients, and have found that online business license filing and payment is the most convenient option for most businesses, and results in expedited filing and payment throughput for our clients.

Our system seamlessly handles the basic processing steps in the filing process:

1. Taxpayer filings and payments are entered using secure website.
2. Online payments are recorded in our system.
3. Automatic reconciliation between payment and application.
4. Online payments deposited automatically.

Typically the process takes most taxpayers no more than five minutes from start to finish. The same portal enables businesses to update their account information, correspond with MuniServices tax specialists and receive assistance for their Business License Tax questions.



We encourage businesses to utilize our online file-and-pay option by providing 24/7 access to a secure web-based portal, with support staff available “live” from 7AM-7PM PST..

To assist with “walk-in” registrations, we also offer optional on-site kiosks that will enable businesses to register unassisted at locations determined by the City, and print temporary certificate on-site.

We believe taxpayer education is critical, and, as part of our standard implementation plan for new business license clients, MuniServices conducts hands-on onsite taxpayer education seminars at no cost to the taxpayer.

### **Reporting**

While we administer the tax revenue you are never far from the information. Our online reporting system allows you to access reports and business information whenever you need it.

Here is a list of the reports available online:

- New Account Listing
- Transfer and Distribution Report
- Daily, Weekly and Monthly Reconciliation Reports
- Detailed Payment History Reports
- Delinquency Reports
- Top Remitters Reports
- Business Tax Certificates Issued Report
- Business Tax Certificates On Hold Report
- Business Search Tool
- And more

In addition to the collection of reports and business lookup tool available online, we have a large collection of reports available for electronic transfer. These reports originated from internal analysis or clients suggesting new analysis formats. You will have access to any new reports or features on the online system as soon as they are implemented. All of our clients benefit from the ideas and suggestions of our other clients.

### **Project Implementation**

Following the standard project implementation plan below, which has been developed and successfully implemented on behalf of hundreds of municipalities by our managers and staff business license specialists, the MuniServices project team will:

1. Provide and operate a secure automated system to which electronic records of the City’s taxpayers may be transferred. Records will be provided by the City in a mutually agreeable format.
2. Print and mail the initial notification of license renewal to taxpayers, according to a schedule to be verified with the City.
3. Process new applicants and review and verify applications and application data, data input and correspondence, including processing of special short term licenses.
4. Receive process, reconcile, and deposit all payments.



5. Remit funds to the City via Automated Clearing House (ACH), Electronic Funds Transfer (EFT) or check, as directed by the City, within seven (7) calendar days of receipt.
6. Perform all data entry necessary to maintain the City's taxpayer database.
7. Provide day-to-day taxpayer support using a toll free telephone line and email communication. MuniServices' National Taxpayer Call Center will be available through a toll free telephone line Monday through Friday, 8:00AM to 5:00PM Pacific Time;
8. Handle all taxpayer communications including general questions, account inquiries, business license application questions and issue resolution;
9. Respond to taxpayer correspondence via return phone call or written correspondence. All standard correspondence templates will be subject to City's prior written approval;
10. Maintain logs identifying the date of the inquiry, the name and address of the person or entity making the inquiry and the advice or other information provided;
11. Provide NSF check processing and collection as needed for taxpayer payments;
12. Implement delinquency follow-up procedures for accounts that fail to submit a return and payment by the due date set by the City;
13. Calculate preliminary assessments for non-responsive accounts in accordance with City ordinances and fee schedules, and send an invoice to the account;
14. Identify accounts that become delinquent and inform the taxpayer of the delinquency via telephone and printed notices; and
15. Send notices to those businesses advising them of their legal obligation to obtain a business license in accordance with the City's ordinance.

### **Service Customizations for City**

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1. Kiosks to enable on-line filing/payment at City offices available at added cost.
2. Validation/desk audit of applications/renewals. Normally this is an added-cost service. (We normally check off, at no charge to ensure that all City-required forms, Permits, inspections, etc. are in place before issuing a license, but do not validate the content of the forms themselves.) Our understanding is that the City's procedure is to require a copy of the latest federal tax return as a condition of licensure, and that the City also wishes to have these returns used to validate the amounts listed on the City's business license application and renewal forms.

MuniServices can offer the following options:

- City receives tax returns and verifies receipt (no charge)
- MuniServices receives tax returns and verifies receipt of required documentation.



3. Our standard business model, in use with most of our clients, is set up so that we collect our fee out of business license payments as they are remitted, disbursing the balance to the City (“net remit”). This model assumes that payments are due upon application/renewal, and that licenses are issued only upon completion of all necessary forms/documentation and receipt of payment. We have found that this model works to assure timely receipt of payment both to MuniServices and to our clients.

If the City requires that licenses be issued in advance of payment, MuniServices can invoice the City monthly in arrears as licenses are issued, and disburse payments in full as they are received.

### **Additional Performance Metrics**

1. Meet with the City’s designated staff to review service objectives, scope, work plan schedule, public relations and logistical matters. MuniServices will also establish an appropriate liaison with the City’s coordinator and logical checkpoints for reviewing progress;
2. Review applicable provisions of the City’s municipal code and ordinances adopted by the City;
3. Represent the City for purposes of examining records pertaining to the Business Tax to identify and confirm any errors/omissions that are resulting in deficient payment to the City;
4. As necessary, meet with designated City officials to review MuniServices’ findings and recommendations; and
5. Provide additional assistance, as necessary, to support the City in recovering and preventing tax deficiencies.



## Cost Proposal

### Local Tax Compliance Discovery Services

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MuniServices' compensation for providing Discovery Services will be a contingency fee of 35% of the additional revenue received by the City from the services. The 35% will apply to the current tax year, all eligible prior period revenues, and any applicable penalties, interest, and late charges. The contingency fee only applies to revenue actually 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 MuniServices has identified deficiencies.

### Local Tax Compliance Audit Services

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MuniServices' compensation for the Audit Service will be a contingency fee of 35%. The 35% contingency fee will apply to revenue received by the City as a result of deficiencies identified in the review and will include any eligible prior period revenues together with all applicable penalties, interest and late charges. The City agrees to use reasonable and diligent efforts to collect deficiencies identified by MuniServices.

### Local Tax Administration Services

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MuniServices' compensation for providing the Business License Tax Administration Services will be:

- \$10.00 per license issued.

The per-license fee is adjusted at the beginning of each calendar year by the percentage change in the Consumer Price Index – West Urban (CPI-WU) as reported by the Bureau of Labor Statistics. The initial CPI-WU used for the first CPI adjustment will be the CPI-WU for the month in which the agreement is fully signed. The adjustments thereafter will be based on the CPI-WU from December of the prior calendar year. Each annual adjustment will not be less than two percent (2%) or greater than three percent (3%).

Included in the above compensation for Tax Administration Services are:

1. Printing and Mailing costs (for notifications, license issuance, etc.)
2. Ongoing database management and back-up (taxpayer information)
3. Forms processing and funds disbursement (secure lockbox operation)
4. Development and support of an on-line business license filing and payment application.

#### Cost for sending the original license/application to the City

MuniServices archives all original licenses/applications. If the City wants a copy of the original license/application, MuniServices will charge the City a fee equal to \$1.75 per business license/application for the mailing or faxing.



## Optional Compliance Audit Services

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Includes all preparation for the performance of an audit, any research or statistical analysis performed in relation to an audit, examination of the books and records of the taxpayer, preliminary and final assessments of the amount due (if any) and all services related to closing an audit.

### Hourly Rate

MuniServices will receive an hourly rate of \$90.00 for its Compliance Audit Services. Time is recorded in fifteen (15) minute increments (0.25 hours). There shall be no contingency fees.

### Expense Reimbursement:

#### In-State Audits

MuniServices shall be reimbursed for reasonable travel expenses inside the State of California. Normal reimbursable expenses would include mileage, hotel accommodations and meals at current Federal rates, not to exceed 15% of hourly billing. Travel to the State of California is the responsibility of MuniServices and shall not be billed or reimbursed.

#### Out of State Audits

In the event that a taxpayer's corporate location is headquartered outside the State of California, reasonable travel expenses required to conduct the audit will be pre-approved by the City prior to incurrence and City will reimburse upon billing.

#### Multi-Jurisdiction Audits

In the event that an audit for the City overlaps with audits for other MuniServices clients, the fees will be shared on a pro-rata basis related to actual time spent per client. Travel expenses will be distributed evenly. There will be no "overlap" of fees or payment for more than 100% of the time billed.

## Additional Consulting Services

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City may request that MuniServices provide additional consulting services at any time during term of the Agreement to which this Addendum is attached. If MuniServices and the City agree on the scope of the additional consulting services requested, then MuniServices shall provide the additional consulting services on a Time and Materials basis. Depending on the personnel assigned to perform the work, MuniServices' standard hourly rates range from \$75 per hour to \$300 per hour.

These additional consulting services will be invoiced at least monthly based on actual time and expenses incurred.

Depending on the personnel assigned to perform the work, MuniServices' standard hourly rates will apply. The following are sample hourly rates based on the job classification:

- Principal: \$300 per hour
- Project Manager: \$200 per hour
- Client Services: \$175 per hour
- Information Technology (IT) support: \$175 per hour
- Operational Support:
  - Director: \$175 per hour



- Manager: \$150 per hour
- Senior Analyst: \$125 per hour
- Analyst: \$100 per hour
- Administrative: \$75 per hour

### **Credit Card Processing Fees, Non-Sufficient Funds, Customary and Required Bank Fees, and Other Related Charges and Fees**

MuniServices offers a variety of payment options to businesses seeking a tax certificate. Some of these options incur additional fees and costs. MuniServices understands it is customary and reasonable for certain fees and charges to be absorbed by the issuing party and others to be charged to the taxpayer. MuniServices will follow existing City policy in charging any applicable fees and charges to either the taxpayer or continue to allow the City to absorb those fees and charges.

#### **Credit Card Processing Fee**

If the City currently the credit card processing fees charged by the credit card companies, MuniServices will withhold the exact processing fees charged by the credit card companies when MuniServices remits tax revenues to the City.

#### **Non-Sufficient Funds (NSF) and Associated Penalties**

If a business pays its business tax by check without sufficient funds, then MuniServices will charge the business a \$25 NSF charge. If the NSF payment causes the business tax payment to be late, then the associated late penalties and interest will apply.



## References

MuniServices has partnered with 107 jurisdictions in California, Michigan, Nevada, Pennsylvania, and Washington for Business License Tax services. We have performed business license audit, collections, consulting, and discovery work generating over \$70 million in new revenue for our clients.

We have identified certain industries that are known to have major issues across the state with local taxes. We analyze these industries in the City and determine if industry wide audits are necessary.

Our comprehensive Local Tax Compliance service assists the City in locating businesses operating within the City limits which are not properly registered or not reporting taxes to the City. MuniServices' proprietary detection system, which integrates a variety of public and private data sources, will enhance our ability to build and maintain an up-to-date and accurate inventory of businesses subject to the business license tax.

### City of Modesto

Gloriette Genereux, Finance Director  
1010 10th Street, Suite 5200, Modesto, CA 95354

Telephone: 209-577-5371; Email: [ggenereux@modestogov.com](mailto:ggenereux@modestogov.com)

Business License Tax Services Provided: This program has been in place since 1993 and includes audit, discovery and collections.

Revenue and compensation: Estimated average annual business license revenue identified to the client: \$150,000; Compensation for business license tax: 43% contingency fee.

### City of Sausalito

Charlie Francis, Director of Administrative Services  
420 Litho Street, Sausalito, CA 94965

Telephone: 415-289-4105; Email: [cfrancis@ci.sausalito.ca.us](mailto:cfrancis@ci.sausalito.ca.us).

Relationship: 9 years (since 2004)

Revenue and compensation: Estimated average annual business license revenue identified to the client: \$140,000. Compensation for business license tax: 25% contingency fee for all eligible back periods and 3 years go forward.

### City of Santa Rosa

Alan Alton, Revenue Manager  
90 Santa Rosa Avenue, Santa Rosa, CA 95402

Phone: 707.543.3093; Email: [aalton@srcity.org](mailto:aalton@srcity.org)

Relationship: From 2007 – 2013 we provided the City with target lists. In 2013 MuniServices took over the administration of the City's business tax administration. It has gone very well with no disruption to the business community. We are beginning our discovery phase now.

### City of Ukiah

Karen Scalabrini, Finance Director  
300 Seminary Avenue, Ukiah, CA 95482

Telephone: 707-463-6220; email: [kscalabrini@cityofukiah.com](mailto:kscalabrini@cityofukiah.com)

Relationship: 22 years, (since 1992)



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MuniServices' partnership with the city was established in 1992 with the start of Sales and Use Tax Audit, and then added district tax audits in 2005. The City added our Business License Administration services in August 2013.



## Qualifications

### Background

MuniServices, LLC, was founded in 1978 as Municipal Resource Consultants (MRC). The firm flourished throughout California and quickly branched out into other regions. In 1998, MRC was acquired and combined with other entities on the East Coast forming what is known today as MuniServices, LLC. Over the years, MuniServices expanded its services and strengthened its client base, and has established a track record of impressive results. In 2008, MuniServices became a wholly owned subsidiary of PRA Group, a full service provider of outsourced receivables management and related services. PRA began operations in 1996 and has been a publicly-traded company (NASDAQ:PRAA), since 2002. PRA's complete Annual Reports, as well as other SEC filings, are publicly available at <http://ir.pragroup.com> PRA is headquartered in Norfolk, Virginia and has over 4,000 employees.

MuniServices specializes in providing innovative revenue enhancement audit services to local and state governments. We are the only firm in California and throughout the United States, offering proprietary revenue enhancement audit services encompassing all general sources of municipal tax revenue including Business License Administration, Discovery, Audit and Collections; Transient Occupancy Tax Discovery, Audit and Compliance; Transaction and Use Tax Audits for Transportation Districts; Sales and Use Tax Audits; Property Tax; and, Utility Users Taxes and Franchise Fees Compliance services.

We earned our unique reputation as the premiere revenue enhancement partner to the public sector through our professional administration services, valuable analyses, forecasting and information services, and reporting tools. These services and information assets enable local governments to make informed business decisions and create sound policies. MuniServices currently provides revenue enhancement and consulting services to more than 900 jurisdictions nationwide, with over 500 using our tax administration services.

Our programs are also designed to help prevent tax revenue leakage through an array of focused tax administrative service offerings. We have an established track record of providing our clients with consistent and quantifiable results recovering over \$2.4 billion in combined new tax revenue for our local jurisdiction clients. The new tax revenue directly funds programs and services provided by the communities we serve.

MuniServices and its affiliates employ over 200 professional level staff members who are completely dedicated to the success of each unique public entity that we serve. Our offices are strategically located across the nation, including offices and employees based in California, Alabama, Colorado, Nevada, North Carolina, New Jersey, Oklahoma, Texas, and Virginia.

### Sophisticated Features of MuniServices Tax Compliance Systems

1. Creation and maintenance of valid inventory of business entities operating in the City;
2. Accessible database for MuniServices' staff to ascertain information regarding the status of each business;
3. Notifications to non-reporting taxpayers are organized and tracked throughout the process with statistics kept on the effectiveness of each mailing.



4. Telephone contacts are made with a wealth of information at MuniServices' disposal, enabling better evaluation of the responses provided by business owner;
5. Closed businesses, ownership changes, and changes of addresses are detected allowing MuniServices to assist the City in updating records and eliminate unnecessary postage and handling costs associated with the renewal process; and
6. Management reports provide performance and effectiveness measures of the detection, identification, and processing component. The reports also provide notifications, individual performance of each analyst, and the ability to analyze the composition and performance of the business tax revenue realized.

## **Government Relations**

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MuniServices' product and service offerings are complemented by a dedicated Government Relations team that provides local government advocacy, policy, regulatory and legislative consulting support and expertise. MuniServices has a proven track record of surfacing and successfully resolving numerous issues that have resulted in the preservation and expansion of the tax base for its clients. MuniServices' Government Relations Team is located in the League of California Cities building in Sacramento which provides opportunities for first hand collaboration on a daily basis with the advocacy groups that support California cities. MuniServices' overall Government Relations program brings tremendous value to the client and is a natural progression in the successful determination of revenue preservation and enhancement; and for which no consulting fee is charged to your city for the associated policy, regulatory, and legislative support.



## Staffing

### Executive/Management Team

Name/Title	Qualifications/Credentials/Education
<p><b>Doug Jensen</b> SVP Client Services</p> <p>Executive Contact</p> <p>(Since 1991)</p>	<p>Mr. Jensen has over 23 years of experience working on sales and use tax audit and information services contracts and has expertise in tax policy, municipal finance, and economic development and consulting. He will work closely with the MuniServices team several times a month on the progress of the project and provide counsel on strategies and approaches. Doug is an expert in the field of municipal revenue enhancement management and local government revenue consulting and ensures the delivery of audit, information, and consulting services, and is the company's west region leader overseeing 90 professionals with breadth and depth of knowledge and experience in local government focused on customer care. <b>Education:</b> Doug has a BS in Business Administration with an emphasis in Accounting from California State University, Fresno. <b>Professional Affiliations:</b> He is an associate member of numerous local government associations such as CSMFO and CMRTA.</p>
<p><b>Patrick Scott</b></p> <p>VP Service Technology Group</p> <p>Executive Manager</p> <p>(Since 1994)</p>	<p>Patrick Scott joined MuniServices in 1994 and is responsible for managing MuniServices Service Technology Group having responsibility for integrating all of MuniServices technologies to maximize revenue and deliver client satisfaction. Patrick is a leader for shaping the Business License Tax project to the client's satisfaction. Patrick will have responsibility for the implementation of the BLT discovery, collections and compliance projects. Patrick joined MuniServices as a Senior Analyst and was subsequently promoted to Vice President Client Services and Service Technology Group. Patrick is instrumental in the management of tax compliance programs in numerous municipalities, including the District of Columbia, Detroit, Philadelphia, and California. He supervises forty-five employees on and offsite and contributes to contract agreements and specifications. Patrick has over 20 years of direct, day-to-day management experience in the information technology, operations, municipal consulting and compliance. As part of the MuniServices senior management team, Patrick has successfully led partnerships with state and local governments providing revenue enhancement and compliance services to maximize clients revenues, expand their tax base and increase compliance Patrick began his professional career in New York working on a collaboration between IBM, CBS and Sears as a programmer and support specialist in the membership services division. This collaboration gave birth to the first fully graphical online service known today as PRODIGY.</p>
<p><b>Lisa Varalli</b></p> <p>AVP, Local Tax Compliance Operations</p> <p>(Since 1987)</p>	<p><i>Role in project: Lisa is responsible for managing the tax compliance services.</i></p> <p>Lisa has over 27 years experience servicing municipal clients in the day-to-day management of collections of tax and municipal debt, litigation support, receipts and controls, current tax administration and tax base expansion. Past and present clients serviced include but are not limited to, the City of Los Angeles, Fresno, Santa Barbara, Santa Rosa, District of Columbia, New Jersey, Oklahoma, Detroit, Philadelphia, Raleigh, Bensalem and Harrisburg. Lisa is currently working as the AVP of Local Tax Compliance Operations, managing MuniServices' West and East coast Local Tax Compliance Operations in the delivery of current tax administration, discovery, auditing, delinquent collections and compliance services for approximately 50 clients. Lisa has a proven record of success and excellent leadership skills, directing her team to provide clients with the highest level of customer service and collection results. <b>Education:</b> Lisa graduated Magna Cum Laude with a Bachelor of Science degree in Accounting from Rowan University, Rohrer College of Business.</p>



## Client Services/Project Manager

Name/Title	Qualifications/Credentials/Education
<p><b>Mary Flynn</b> Client Services Manager</p> <p>(Since 1989)</p>	<p>In her initial role as Production Manager of STARS (Sales Tax Analysis Reporting Service), Mary was responsible for the management of six staff members who cleaned, standardized, and analyzed the sales tax data for 150 client city quarterly reports. Mary has been a Client Services Manager since 1996 and is responsible for providing audit, information, and consulting services to more than 50 clients. Mary has over 25 years of local government and public sector experience interfacing with the business community and providing revenue and economic consulting services. Prior to joining MuniServices, Mary worked for the City of Fresno. <b>Education:</b> BS in Business Management from California State University, Fresno. <b>Professional Affiliations:</b> Mary is a member of the California Society of Municipal Finance Officers.</p>

## Compliance Audit Team

Name/Title	Qualifications/Credentials/Education
<p><b>Raymond Beye</b> LTC Manager</p> <p>(Since 2014)</p>	<p>Role in project: Ray is responsible for managing the Local Tax Compliance Group located in Fresno, CA. Ray has over 30 years experience servicing both commercial and government accounts in client service, client relationship management and collections. Ray is a recent addition to the MuniServices team. In his prior roles, Ray has a proven record of success and leadership guiding his teams to providing excellent customer service and collection results. Education: Ray graduated from San Diego State University with B.A. degree in Economics and an MBA from National University.</p>
<p><b>Rebecca Simonian</b> Senior Compliance Representative</p> <p>(Since 2003)</p>	<p><i>Role in project: Rebecca will serve as project lead for the tax discovery team.</i> Rebecca joined MuniServices in 2003 as a compliance analyst for the Local Tax Compliance Department. Rebecca will serve as the lead for the implementation of the project and will be involved in some of the calculation of license fees and financial reconciliation. Additionally, she will be the short term compliance representative for the inception of the contract. She will also be the lead contact for client billing and invoice reconciliation, point of contact for clients and client activity reports as needed by management. Prior to joining MuniServices Rebecca worked in business management and customer service for 12 years.</p>
<p><b>Tina Harrison</b> AVP Operations &amp; Client Relations</p> <p>(Since 2006)</p>	<p><i>Role in project: Tina will be responsible for scheduling staff and other resources to assure the timely progress of the project, and successful fulfillment of all contract deliverables.</i> Since joining MuniServices in 2006, she manages the overall operation of the Business License Administration service, as well as other tax types administered. Her responsibilities include client relations, coordinating the activities of the implementation team assigned to each client, scheduling resources required from other departments such as IT, Lockbox, and Revenue, working with suppliers for online filing requirements, defining any system changes/enhancements necessary for new clients, and scheduling client data and manpower necessary to ensure timely mailing of business licenses and payment posting. Tina has supervised the implementation of over 40 new Business license administration clients. <b>Education:</b> Tina studied Business Administration at the University of Maryland; more recently, she achieved certification as a Six Sigma Green Belt.</p>
<p><b>Joyce Ashley</b> Business License Manager</p>	<p><i>Role in project: Joyce is responsible for the ongoing administration of the annual business license cycle on behalf of our clients.</i> Her responsibilities include ensuring that all business license notices go out in accordance with the specifications and timeline established for each client,</p>



(Since 2004)	overseeing follow-up tasks to ensure taxpayer compliance, monthly reporting, implementing changes to the process required by existing clients, and maintaining overall quality control. Joyce has managed the transition from initial implementation to a regular, recurring annual business license cycle for over 100 clients.
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## Government Relations

Name/Title	Qualifications/Credentials/Education
<b>Francesco D. Mancia, MBA</b> VP of Government Relations  (Since 1995)	Fran is responsible for overseeing company Legislative, Regulatory, and Government Relations activity throughout the country. He monitors, analyzes and leads company lobbying efforts related to legislation, state mandates, and regulatory changes and policies that affect client revenue streams with a primary focus on sales and use tax laws, and the impacts on local and special district sales tax allocation. Fran has spent a significant portion of his time interacting with Mayors and Council Members, SBE Members, County Assessors and Tax Collectors, Legislators, State Agency Directors and their respective staffs. <b>Education:</b> Fran graduated from the University of California, Santa Barbara and earned a Bachelor of Arts degree in Communications, and attended the University of San Francisco where he earned a Masters degree in Business Administration. <b>Professional Affiliations:</b> Fran has served as a member of the League of California Cities Revenue and Taxation Policy Committee and is the President of the League's Partner Program.
<b>Brenda Narayan</b> Director Government Relations  (Since 1997)	Brenda Narayan has direct experience working with MuniServices' local government clients throughout the country. Brenda regularly interacts with MuniServices clients on policy issues related to local government revenue. She is the primary author of MuniServices Policy, Regulatory and Legislative updates that is distributed to several hundred clients and industry representatives. She has spent a significant amount of time at the Capitol interacting with our legislative liaison and legislators. Brenda each week briefs Fran Mancia on legislative issues of interest to clients and local governments. She is responsible for writing letters to elected officials and developing policy positions (and recommendations) on legislation. Brenda sits on the League of California Cities Revenue and Taxation Committee as Partner representative. <b>Education:</b> BA in Humanities from CSU, Sacramento; Certificate in Leadership and Management from UC, Berkeley, Extension.

## Production and IT Team

Name/Title	Qualifications/Credentials/Education
<b>Kelli Greene</b> Data Intelligence Service Manager  (Since 1995)	Kelli manages a staff of twelve employees that are responsible for standardizing millions of records each year. Kelli is responsible for providing the quality control necessary to eliminate the discrepancies that are imbedded within the data, ensuring accuracy and consistency within all data, supporting continual analysis of all processes in order to increase efficiencies, coordinating the training of staff, and offering technical analysis to the programmers that test all updates, new programs, and improvements to new programs.
<b>Scott Eckman</b> Manager Database Control Services  (1990)	Scott Eckman joined MuniServices in 1990 as a GIS Technician and currently oversees MuniServices' team of Information Technology experts to ensure that all technology and software is meeting the needs of the City. Scott has created load applications to process Washington sales tax permit data for existing clients. He will be the primary MuniServices point of contact on all data related matters for this project. His background in data analysis, procedure design processing programs as well as his experience communicating with external entities regarding data issues has helped



	MuniServices compile the vast amount of data that is imperative to its product base. <b>Education:</b> Scott earned a Bachelor of Arts degree in Geography from California State University at Fresno.
<b>Cheri Bivings</b> Manager Data Control Services  (Since 1994)	Cheri is responsible for analyses of data requirements in order to deliver business solutions to PRA-GS public sector clients and internal respective business units. With over 18 years of experience in business accounting Cheri specializes include among others the establishment of processes for research and development of data; development of standards to test structure and format of data and documentation and of data anomalies. Cheri will be responsible to work with the City's staff to get copy of the necessary data. She is also responsible to acquire and format third-party data sources that will also be used to verify address and phone numbers. <b>Education:</b> Cheri is certified in Microsoft Excel and she holds an Associates of Arts degree in Business Accounting from Heald 4C's College.
<b>Michael Martinez</b> Network Administrator  (Since 2013)	Michael is a veteran in IT industry with over 11 years of experience providing advanced multiplatform system administration, specializing in networking and security. In March 2013 Michael joined MuniServices as the Network Administrator. Michael brings a wide variety of expertise to MuniServices, including Cisco Systems network design and implementation, Microsoft Windows Active Directory administration, and Cisco Systems VoIP administration and management. Prior to joining MuniServices Michael was a Senior Network Engineer for Pelco by Schneider Electric. In this role Michael provided top tier system and network support for large scale network based enterprise surveillance systems. Professional Certifications: Cisco Certified Design Associate, Cisco Certified Network Associate, Network+, A+. <b>Education:</b> Michael holds a Bachelor of Science Degree in Information Technology from American Intercontinental University.

## Project Support Team

Name/Title	Qualifications/Credentials/Education
<b>Lamont D. Maddox</b> Subsidiary Counsel  (Since 2014)	As Associate Corporate Counsel, Lamont serves as an advisor to the company and its Strategy and Development Department on various business matters, corporate transactions, contract negotiations, and regulatory compliance. Prior to joining the company, Lamont served as a business attorney and principal of Guidance Law Firm, P.C. in Norfolk, Virginia. He brings 8 years of experience as a business attorney to the company, having worked in the past on a wide variety of corporate transactions, contract negotiations, intellectually property issues, and regulatory compliance matters in multiple industries. <b>Education:</b> Lamont is a graduate of the University of Virginia in Charlottesville, Virginia, and of the College of William & Mary's joint Juris Doctorate and Master of Business Administration program in Williamsburg, Virginia.
<b>Bret Harmon, MPA</b> Client Services Manager and Information Services Advisor  (Since 2003)	Bret has become an integral part of our service delivery team since joining MuniServices in 2003. His role as Client Services Manager balances his skills and experience in multiple disciplines to create value-adding tools and resources for our clients. Bret's unique ability to combine sophisticated analytical, writing, presentation and interpersonal skills with his leadership experience from working in the public and private sectors makes him a trusted advisor to his clients. He has been the driving force behind many of our major innovations and he has developed, designed and written community marketing materials and developed sophisticated community-analysis models. He has been a repeat presenter at CSMFO and ICSC events while also creating presentations for League of California Cities conferences. In short, he brings MuniServices clients together with the information they need to make the right decisions in insightful, simple and creative ways. <b>Education:</b> Bret graduated from Brigham Young University with a Bachelor



	<p>of Science degree in Business Management earning high honors and with a Master of Public Administration degree emphasizing in local government with high honors.</p>
<p><b>Patricia Dunn</b> Client Services- Operations &amp; Contracts Manager  (Since 2006)</p>	<p>Patricia joined MuniServices in 2006 as the Contracts Administrator. She was appointed as the Contracts Compliance Manager in 2008 and then in 2011 as Client Services-Operations Manager. She is presently responsible for the reviewing, drafting, and negotiating client and vendor contracts, and provides administrative and technical support to client services managers and senior and executive management. She is also responsible for issuing and maintaining compliance-related documents including insurance certificates, local business licenses, and corporate filings. She has over 20 years of paralegal experience. <b>Education:</b> Patricia graduated magna cum laude with a BA in Organizational Leadership from Fresno Pacific University and summa cum laude with a MS in Human Resources Management from Chapman University.</p>

Honorable Mayor and Members  
of the Marina City Council

City Council Meeting  
of March 3, 2015

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2015-,  
APPROVING AGREEMENT BETWEEN CITY OF MARINA AND  
MUNISERVICES, LLC OF FRESNO, CALIFORNIA, FOR BUSINESS  
LICENSE COMPLIANCE REVIEW AND ADMINSTRATIVE SERVICES,  
AUTHORIZE THE CITY MANAGER TO EXECUTE AGREEMENT ON  
BEHALF OF CITY SUBJECT TO FINAL REVIEW AND APPROVAL BY  
THE CITY ATTORNEY AND AUTHORIZE THE FINANCE DIRECTOR  
TO MAKE THE NECESSARY ACCOUNTING AND BUDGETARY  
ENTRIES**

**REQUEST:**

It is requested that the City Council consider adopting Resolution No. 2015- :

1. Approving agreement between City of Marina and MuniServices, LLC of Fresno, California, for business license compliance review and administrative services, and;
2. Authorize City Manager to execute agreement on behalf of City subject to final review and approval by the City Attorney, and;
3. Authorize the Finance Director to make the necessary accounting and budgetary entries.

**BACKGROUND:**

The City of Marina has business license tax as reflected in the Marina Municipal Code chapter 5.04. Currently, the City has approximately 1,100 active business licenses and receives approximately \$119,000 each fiscal year.

To staff's knowledge, in the past ten years, the City has not conducted extensive independent compliance reviews of the City business license tax. By enlisting contractors that are independent from the City, it may improve perceptions about the results and may improve the City's ability to pursue collection.

Conducting timely reviews is important as statutes of limitation may impair the City's ability to collect all revenues identified. Regardless of the revenue that may be collected from such endeavor, the City may need to consider its obligation to regulate and enforce compliance of City business license tax provisions as an on-going governance duty.

On October 18, 2011, Council adopted Resolution No. 2011-180 (**EXHIBIT A**) approving the business license review as a budget priority and approving additional General Fund appropriation in an amount yet to be determined for independent services.

Furthermore, the current business license administration is done in-house by City staff and there is no online system for annual renewal. So, staff proposes to provide the business license administration through Muniservices, which will efficiently process the renewal program and provide the public with an online payment option for 24/7 customer convenience. Importantly, in the financial system replacement research and strategy, Staff and Council determined on February 18, 2015, that it was more cost-effective at this time to go with Muniservices rather than incur the financial system business license product and implementation costs.

**ANALYSIS:**

The MuniServices, LLC contract (**EXHIBIT A**) and proposal (**EXHIBIT B**) provide the company's qualification and scope of services, excerpts as follows:

- MuniServices, LLC of Fresno, California, is a full-service provider of revenue enhancement services with over 30 years of experience history. Muniservices, along with its sister company PRA Government Services, currently partners with over 900 jurisdictions nationwide. Muniservices now serves over 400 local jurisdictions for their tax administration services processing close to \$800 million in taxes annually, over 2.4 million in complex tax transaction (one million performed online) and over 400,000 in unique tax forms.
- Two phased compliance process entitled "Discovery Services" and "Deficiency Audit Service." In essence, "discovery" is focused on businesses that are not reporting, and "deficiency audit" is focused on under-reporting.
- Local tax administration services includes (1) turn-key administration program (2) collections (3) taxpayer communications (3) communications with City and (4) reporting

Staff plans to transition business license administration starting in April/May 2015 and Muniservices will process all the business license renewal for effective period of July 1, 2015 onwards. The timing of the compliance review will be subsequent to the business license administration transition and will be in consideration of the financial system implementation project.

**FISCAL IMPACT:**

Should the City Council approve this request, the compliance services is a contingent fee of 35% of the revenues collected, and the administrative service is \$10 per license issued. Also, note that the vendor provided a 100% discount of the administrative service setup cost (\$7,500). Some of the business license administrative costs may be incurred in FY14/15 for those licenses processed before June 30, 2015, and most of the costs will be in FY15/16. In approving this request, City Council is authorizing the Finance Director to make the necessary accounting and budgetary entries.

**CONCLUSION:**

This request is submitted for City Council consideration and possible action.

Respectfully submitted,

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Lauren Lai, CPA  
Finance Director  
City of Marina

**REVIEWED/CONCUR:**

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Layne P. Long  
City Manager  
City of Marina