

RESOLUTION NO. 2017-05

CITY COUNCIL CONSIDER TERMINATING AGREEMENT BETWEEN CITY OF MARINA AND MUNISERVICES, LLC OF FRESNO, CALIFORNIA, FOR BUSINESS LICENSE COMPLIANCE AND ADMINISTRATIVE SERVICES AND APPROVING AGREEMENT BETWEEN CITY OF MARINA AND HINDERLITER, DE LLAMAS (HDL) FOR BUSINESS LICENSE COMPLIANCE AND ADMINISTRATIVE SERVICES AND AUTHORIZE CITY MANAGER TO EXECUTE AGREEMENT ON BEHALF OF CITY SUBJECT TO FINAL REVIEW AND APPROVAL BY THE CITY ATTORNEY

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

WHEREAS, the City of Marina has approximately 1,325 active business licenses and;

WHEREAS, starting in April 2015, the City receives compliance and administrative services through Muniservices and some deficiencies have come to light since Muniservices began administering the City's business licenses purchase/renewal program and;

WHEREAS, 90-day written notice of termination is required and;

WHEREAS, Hinderliter, De Llamas (HDL) founded in 1983 to maximize local government revenues by providing a variety of analytical services and software products having over 30 cities as customers and;

WHEREAS, the City of Marina currently utilizes HDL for sales tax monitoring of receipts to identify and correct allocation errors, interprets data, and performs retail analysis and;

WHEREAS, Muniservices charges \$10.00 per license and 35% for any revenue discovered through audit services and HDL charges \$14.00 per license and 35% for any revenue discovered through audit services, an ongoing annual increase of \$5,300 and a one-time cost of \$7,500 for educating the business community on Measure U and;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Marina does hereby:

1. Terminate agreement between City of Marina and Muniservices for business license compliance review and administrative services, and;
2. Approve agreement between City of Marina and Hinderliter, De Llamas (HDL) for business license compliance review and administrative services, and;
3. Authorize City Manager to execute agreement on behalf of City subject to final review and approval by the City Attorney, and;

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 18th day of January 2017, by the following vote:

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

NOES, COUNCIL MEMBERS: None

ABSENT, COUNCIL MEMBERS: None

ABSTAIN, COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of January 18, 2017

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2017-,
TERMINATING AGREEMENT BETWEEN CITY OF MARINA AND
MUNISERVICES FOR BUSINESS LICENSE COMPLIANCE REVIEW
AND ADMINISTRATIVE SERVICES AND APPROVING AGREEMENT
BETWEEN CITY OF MARINA AND HINDERLITER, DE LLAMAS (HDL)
FOR BUSINESS LICENSE COMPLIANCE REVIEW AND
ADMINISTRATIVE SERVICES AND AUTHORIZE CITY MANAGER TO
EXECUTE AGREEMENT ON BEHALF OF CITY SUBJECT TO FINAL
REVIEW AND APPROVAL BY THE CITY ATTORNEY**

REQUEST:

It is requested that the City Council consider:

4. Adopting Resolution No. 2017-, Terminating agreement between City of Marina and Muniservices for business license compliance review and administrative services, and;
5. Approving agreement between City of Marina and Hinderliter, De Llamas (HDL) for business license compliance review and administrative services, and;
6. Authorize City Manager to execute agreement on behalf of City subject to final review and approval by the City Attorney.

BACKGROUND:

The City of Marina has a business license tax as reflected in the Marina Municipal Code chapter 5.04. Currently, the City has approximately 1,325 active business licenses and receives approximately \$118,000. Back in 2015, the City aimed to improve the business license administrative process and compliance/audit of such tax revenues. Responsiveness to the City business community and a robust website tool were two major factors.

Starting in April 2015, the City receives compliance and administrative services through Muniservices. Some deficiencies have come to light since Muniservices began administering the City's business licenses purchase/renewal program. Staff has received observations from the business community and staff is in agreement that businesses are not receiving the business license service necessary; they are:

- Muniservices website is not linked to the City of Marina's website and this causes confusion for the business owner;
- Muniservices website utilizes many pages to process a business license causing confusion during the process;
- Muniservices website does not look credible;
- Muniservices is deficient in communication and coordination; staff did not know that compliance and administration are two separate companies causing interruption and mistakes in dealing with the business community;
- Muniservices does not offer a dedicated phone number for the businesses of Marina to have their questions answered, causing the callers to use a lengthy directory to process their calls to the right person; and

- Muniservices does not facilitate the approval process of new business licenses through the planning, building, engineering, fire and police departments.

ANALYSIS:

Hinderliter, De Llamas & Associates (HDL) was founded in 1983 to maximize local government revenues by providing a variety of audits, analytical services and software products. HDL is dedicated to helping cities, counties and special districts. City of Marina currently utilizes HDL for monitoring the City's sales receipts to identify and correct allocation errors, interprets data, and performs retail analysis.

With improved technology, HDL is successful in providing business license compliance and administrative services to over 30 cities and continues to grow their business license platform. Staff feels that this advanced technology will meet the needs of Marina's business community. HDL provides:

- portal that can be linked to the City of Marina's website, so the business owners are not confused during the process;
- user-friendly and streamlined website that the business community can process their license quickly with ease;
- credible website that has the "CityofMarina.org" in the web address;
- timely communication; both compliance and administration are handled by HDL (one organization);
- dedicated phone line for the City business community;
- City of Marina website portal to facilitate the approval process for new business licenses through planning, building, engineering, fire and police; alerting the proper department via emails.

Timeline:

- HDL will provide educational material via the postal service to the business community 60 days in advance of the business license website going live and include this information on the City's website.
- HDL will coordinate with Muniservices to extract the business license database and install it on the City's website on or before the 90-day termination date with Muniservices.

It is expected that the new website for business licenses will go live 45 days prior to July 1, 2017.

The City Council is requested to terminate the professional service agreement with Muniservices and approve the attached agreement with HDL (**"EXHIBIT A"**).

FISCAL IMPACT:

Currently, Muniservices charges \$10.00 per license and 35% for any revenue discovered through audit services, totaling an annual payment of approximately \$13,250 for administrative services. HDL charges \$14.00 per license and 35% for any revenue discovered through audit services, totaling an annual payment of approximately \$18,550 for administrative services.

The ongoing annual increase is approximately \$5,300 and one-time cost of approximately \$7,500 for educating the business community on Measure U. This additional cost will be funded by additional business license revenues collective via compliance audits.

CONCLUSION:

In order for HDL to educate the business community on Measure U prior to July 1, 2017, a 90-day written notice requirement to Muniservices is due to terminate the agreement. This request is submitted for City Council consideration and possible action.

Respectfully submitted,

Stephen Green
Accounting Services Manager
City of Marina

REVIEWED/CONCUR:

Lauren Lai, CPA
Finance Director
City of Marina

Layne Long
City Manager
City of Marina