



Legislation Details (With Text)

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On agenda: 6/17/2024 **Final action:**

Title: SUBJECT: Approval of Third Amendment to Agreement with Hinderliter de Llamas and Associates for Consultation Services for New Measure C Transaction Tax

REPORT IN BRIEF

Considers approving Third Amendment to Agreement with Hinderliter de Llamas and Associates (HdL) for Consultation Services for new Measure C Transaction Tax.

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving Third Amendment to Agreement with Hinderliter de Llamas and Associates for Consultation Services for new Measure C Transaction Tax; and,
- B. Authorizing the City Manager or designee to execute the necessary documents; and,
- C. Authorizing the Finance Officer to make the necessary budget adjustments.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Third Amendment to Agreement, 2. Original Agreement, 3. First Amendment to Agreement, 4. Second Amendment to Agreement

Date	Ver.	Action By	Action	Result
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Report Prepared by: Venus Rodriguez, Finance Officer

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ALTERNATIVES

1. Approve, as recommend by Staff; or,
2. Approve, subject to other than recommended by Staff; or,
3. Deny; or,
4. Refer to Staff for reconsideration of specific items; or,
5. Continue to a future meeting.

AUTHORITY

Merced Municipal Code Charter 3.04 relating to the purchase of materials, supplies, equipment, and contractual services of an estimated value greater than thirty-seven thousand dollars (\$37,000).

CITY COUNCIL PRIORITIES

As provided for in the proposed 2024/2025 Budget.

DISCUSSION

On July 15, 1996, the City Council approved a consultant agreement with HdL to perform sales tax reporting services and sales and use tax allocation audit to detect and correct misallocation of sales tax and information services.

In June 2009, the City Council approved the First Amendment to Agreement for Sales Tax Audit and Information Services. This agreement reduced the scope of the agreement by removing the consulting and reporting services. These services were terminated due to the downturn and reduction in the City's budget. The Finance Department recommended reducing the scope of the agreement as a cost saving measure. HdL continued the audit service that enables the City to capture misallocated sales, use and transaction tax revenues. The fee for the audit service is based on a percentage of revenue recovered by the audit.

The Second Amendment to the Agreement was approved by City Council on 08/05/2013. The amendment reinstated the consulting and reporting services for sales tax which included the 2006 approved Measure C transaction and use tax. The current cost of the service is \$765.50 per month. The monthly fee increases annually by the Consumer Price Index (CPI).

The Third Amendment to the Agreement is required by the California Department of Tax and Fee Administration (CDTFA) to allow HdL access to information for the new Measure C that begins July 1, 2024. The CDTFA is requiring the City amend the agreement with HdL to specify the inclusion of consultation services for Transaction Tax-Measure C which was approved by ballot measure on March 5, 2024. This amendment makes no other changes to any previous agreements with HdL including the fee structure.

IMPACT ON CITY RESOURCES

No additional funding is needed for the third amendment.

ATTACHMENTS

1. Third Amendment to Agreement
2. Original Agreement
3. First Amendment to Agreement
4. Second Amendment to Agreement