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DEPARTMENT OF
FINANCE

REVENUE DIVISION

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 114
730 I STREET
SACRAMENTO, CA
95814-2696

REVENUE
ADMINISTRATION
916-808-5724

June 17, 2005

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT:

AUTHORIZATION TO AMEND THE CURRENT AGREEMENT FOR REVENUE AUDIT AND REVENUE RECOVERY CONSULTANT SERVICES TO MBIA MUNISERVICES COMPANY (MMC) TO EXTEND FOR ONE YEAR

LOCATION/COUNCIL DISTRICT: City-wide (all districts)

STAFF RECOMMENDATION:

Staff recommends that the City Council adopt the following resolution authorizing the City Manager and City Clerk to sign and execute an amendment to extend the current Consultant Services Agreement with MBIA Muniservices Company (MMC) to provide revenue audit and revenue recovery services for one additional year, through July 31, 2006. The current agreement expires on July 31, 2005. The Agreement for audit and recovery services is to be paid on a contingency basis on a percent of new revenues recovered by the City due to MMC's audit and recovery services, plus an annual fixed fee amount not to exceed \$50,000.

CONTACT PERSONS: Brad Wasson, Revenue Manager, 808-5844
Russell Fehr, Budget Manager, 808-5832

FOR COUNCIL MEETING OF: June 28, 2005

SUMMARY:

The current agreement for revenue audit and revenue recovery services (No. 2002-166) which was awarded by the City Council on September 17, 2002 to MBIA Muniservices Company is due to expire on July 31, 2005. Additional net revenues realized as a result of MBIA Muniservices audit results include:

- ▶ Business Operations Tax - \$965,000 (FY04 and FY05)
- ▶ Sales Tax - \$740,000 (FY04)
- ▶ Utility User Tax - \$590,000 (FY04)

Ongoing auditing efforts are expected to result in an additional net \$400,000 in Business Operations Tax revenue to the City for FY06. An extension of the current agreement will allow for a continuity of the auditing efforts.

BACKGROUND:

In June 2002, a Request for Qualifications (RFQ) was solicited for revenue audit and revenue recovery consultant services with the goal of assisting the City in collecting additional tax revenues due. Three responses from consultant firms were received, with the two most qualified interviewed. A selection committee selected MMC as the most qualified and experienced to perform the services requested.

Staff recommends that the City Council authorize the extension of the current agreement for one year to allow for the uninterrupted auditing of business operations tax accounts. Staff will initiate a Request for Proposal (RFP) in FY06 to allow interested auditing and consulting firms to respond and participate in a selection process expected to award a new three year contract effective August 1, 2006.

FINANCIAL CONSIDERATIONS:

The MMC audit and compliance services provide the City with additional General Fund revenue that the City would otherwise not likely collect. MMC compensation is based on a contingency basis and a fixed fee amount not to exceed \$50,000 budgeted in FY06.

ENVIRONMENTAL CONSIDERATIONS:

The current project has been determined to be exempt from the requirements of the California Environmental Quality Act (CEQA), under Section 15061(b)(3), which states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. The current proposal involves only the extension of an existing professional services agreement. Therefore, it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment.


POLICY CONSIDERATIONS:

This recommendation is consistent with the requirements for the suspension of competitive bidding as detailed in Chapter 3.56.230(C) of the Sacramento City Code.

ESBE CONSIDERATIONS:


MBIA Muniservices Company is not certified as an Emerging/Small Business Enterprise firm. During the June 2002 RFQ solicitation to award this agreement, only three bids were received, with two fully qualified to provide the complete range of services requested. MBIA Muniservices was one of the two qualified firms.

Respectfully submitted



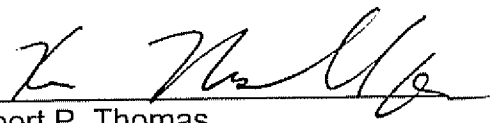
Brad Wasson
Revenue Manager

Respectfully submitted,



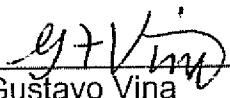
Russell Fehr
Budget Manager

RECOMMENDATION APPROVED:



Robert P. Thomas
City Manager

APPROVED:



Gustavo Vina
Director of Finance

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RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE CITY MANAGER AND CITY CLERK TO SIGN AND EXECUTE AN AMENDMENT TO EXTEND THE CURRENT AGREEMENT FOR REVENUE AUDIT AND REVENUE RECOVERY CONSULTANT SERVICES TO MBIA MUNISERVICES COMPANY

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

1. The City Manager and City Clerk are hereby authorized to sign and execute an amendment to the current agreement with MBIA Muniservices Company (MMC) to extend for one year, through July 31, 2006. The agreement for audit and recovery services is to be paid on a contingency basis on a percent of new revenues recovered by the City due to MMC's audit and recovery services, plus an annual fixed fee amount not to exceed \$50,000.

MAYOR

ATTEST:

CITY CLERK

OR CITY CLERK USE ONLY

RESOLUTION NO: _____

DATE ADOPTED: _____

ADDENDUM No. 2002 -- 166 - 2

CITY OF SACRAMENTO

CONSULTANT AND PROFESSIONAL SERVICES AGREEMENT

This is an addendum to the agreement made at Sacramento, California as of August 1, 2002, by and between the City of Sacramento, a municipal corporation ("City") and MBIA Muniservices Company, a Delaware Corporation with an office at 7335 N. Palm Bluffs Ave, Fresno, CA 93711 ("Consultant").

Section 7. - Renewal is modified to extend the agreement for a third additional one-year term, from August 1, 2005 through July 31, 2006.

All other terms and conditions of this Agreement remain in full force and effect.

Executed as of _____.

City of Sacramento

MBIA Muniservices Company

Robert P. Thomas
City Manager

Marc Herman
President

Approved as to Form:

City Attorney

City Clerk