



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: June 1, 2010

Approved

Date

6/9/10

COUNCIL DISTRICT: City-Wide

**SUBJECT: FIRST AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF
SAN JOSE AND MUNISERVICES COMPANY**

RECOMMENDATION

Adoption of a resolution authorizing the Director of Finance to negotiate and execute the first amendment to the agreement between the City of San Jose and MuniServices Company to increase compensation by \$400,000 to a total not to exceed \$3,780,000 and extend the term for one additional year from July 1, 2010 through June 30, 2011 for the sales and use tax audit services.

OUTCOME

Approval of this amendment would allow the Consultant to continue providing services relating to sales and use tax while allowing staff adequate time to issue a Request for Proposal for Revenue Enhancement Consulting Services.

BACKGROUND

On September 19, 2006, the City of San Jose ("City") and MuniServices Company ("MuniServices") entered into an agreement entitled "Agreement for Consultant Services between the City of San Jose and MuniServices Company ("Agreement)". In accordance with Section 2 of the original agreement, the City exercised three one-year options to renew the Agreement, extending the term through June 30, 2010. The City and MuniServices desire to amend the Agreement to further extend the term for one additional year.

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MuniServices provides sales and use tax auditing services and related informational resources used by the Finance Department, as well as the Office of Economic Development, and the City Manager's Budget Office. The sales and use tax auditing portion of the contract provides for payment of a 15% contingency fee for consulting services provided for generating additional tax revenue to the City as a result of successful tax allocation filings with the California State Board of Equalization by MuniServices on behalf of the City.

ANALYSIS

During the term of the original Agreement, MuniServices was able to recover \$6,089,641 with the Sales and Use Tax audit program at a cost of \$705,059 over the four year period. This represents a return of \$8.64 for every dollar spent.

PUBLIC OUTREACH

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this memorandum does not meet any of the above criteria, the item will be posted on the City's website for the June 22, 2010 Council Agenda.

COORDINATION

This memorandum has been coordinated with the Office of Economic Development, City Manager's Budget Office, and City Attorney's Office.

COST IMPLICATIONS

The City Wide Appropriations in the Finance Department for Revenue Enhancement Consulting Services will be sufficient to cover the cost of this contract amendment.

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BUDGET REFERENCE

The table below identifies the funds and appropriations proposed to fund the agreement recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Amount for Contract	2009-2010 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
001	2060	Revenue Enhancement Consulting Services	\$475,000	\$3,780,000	IX-32	10/20/09, 28653

CEQA

Not a Project, File No. PP10-066 (e), Services that involve no physical changes to the environment.

/s/
SCOTT P. JOHNSON
Director, Finance

For questions please contact Wendy Sollazzi, Revenue Management Division Manager, at (408) 535-7005.