


DATE: 10/05/99 AGENDA ITEM # 7
() APPROVED () DENIED
() CONTINUED TO _____

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services 
SUBJECT: Transient Occupancy Tax Audit Contract
DATE: October 5, 1999

Need:

For the Council to consider adoption of a resolution approving a contract with DMG Maximus to undertake transient occupancy tax (TOT) audits.

Facts:

1. Two years ago, the Council authorized the a contract with DMG Maximus to undertake TOT audits of all motel/hotel operations within the City.
2. It was the Council's desire that follow up audits be undertaken every two on a rotational basis.
3. The current budget as adopted by the Council includes \$8,000 to undertake TOT audits in the current fiscal year.
4. The Four Year Financial Plan includes an additional \$8,000 in fiscal year 2002 for TOT audits.
5. This matter was presented to the Council's ad hoc fiscal policy committee at their regularly scheduled meeting of August 22nd.
6. The ad hoc committee recommended that DMG Maximus perform the TOT audits.
7. The ad hoc committee further recommended that the City undertake the TOT audits on the motel/hotel operators based upon the 'findings' amount in the last audit; from the largest to the least.

Analysis
and
Conclusion:

The Council may contract with DMG Maximus as recommended by the ad hoc committee or the City may prepare and distribute Request for Proposals (RFP) from qualified firms. A copy of the proposed contract is attached for Council consideration. Since DMG Maximus performed the original audits, it was felt that there was an advantage to continuing the relationship.

The Council may also desire some other methodology for determining which motel/hotel operators are audited during this engagement. However, the ad hoc committee felt that

auditing the motel/hotel operators in the order of 'findings', from larger to least, was the preferred approach. Accordingly, the audit would include the following motel/hotel operators:

Stardust Motel	Mariana Motel (Relax Inn)
Budget Inn	Motel 6
Suburban Lodge	Colonial Motel
Adelaide Motor Inn	

The findings from the last audit would indicate that the Paso Robles Inn should be included in this engagement. However, due to its recent change in ownership, staff is recommending that their audit be postponed until fiscal year 2002.

Fiscal
Impact:

The DMG Maximus proposal provides for a flat rate fee of \$900 per motel/hotel plus out of pocket expenses. Based upon a budget appropriation of \$8,000, staff estimates that seven motel/hotel operators could be audited leaving \$1,700 for out of pocket expenses.

Options:

- a. That the Council adopt the attached resolution approving a contact with DMG Maximus for transient tax audits of the motel/hotel operators identified in the staff report; or
- b. Amend, modify or reject any of the options above.

RESOLUTION NO. 96-

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF EL PASO DE ROBLES APPROVING A
CONTRACT FOR TRANSIENT OCCUPANCY TAX
AUDITING SERVICES WITH DMG MAXIMUS

WHEREAS, transient occupancy taxes represent a major revenue source to the City's General Fund operations;
and

WHEREAS, the transient occupancy tax audit undertaken two years recommended that the City implement a
continuous audit program; and

WHEREAS, the City Council concurred with the audit recommendation and programmed funds into the Four
Year Financial Plan for fiscal years 2000 and 2002; and

WHEREAS, DMG Maximus did undertake the original transient occupancy tax audit; and

WHEREAS, it is believed that there is an advantage of continuing this audit relationship.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Paso de Robles that the
agreement to provide professional consulting services attached herewith for transient occupancy tax audits is
approved and the Director of Administrative Services is authorized to execute said agreement.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 5th day of October, 1999
by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Duane Picanco, Mayor

ATTEST:

Dennis Fansler, City Clerk



MAXIMUS

Helping Government Serve The People

AGREEMENT TO PROVIDE PROFESSIONAL CONSULTING SERVICES TO THE CITY OF PASO ROBLES

THIS AGREEMENT entered into this _____ day of _____ 1999, and effective immediately by and between DMG-MAXIMUS. (hereinafter called the "Consultant") and the City of Paso Robles (hereinafter called "City"), WITNESSETH THAT,

WHEREAS, the City has properties within its jurisdiction from whom transient occupancy tax is collected, and

WHEREAS, the Consultant is staffed with personnel knowledgeable and experienced in the review of transient occupancy tax, and

WHEREAS, the City desires to engage the Consultant to assist in reviewing the transient occupancy tax payments made by a selection of properties within the City's boundaries,

NOW, THEREFORE, the parties hereto mutually agree as follows:

- (1) Employment of Consultant. The City agrees to engage the Consultant and the Consultant hereby agrees to perform the following services.
- (2) Scope of Services. The Consultant shall do, perform, and carry out in a good and professional manner the following services:
 - A. Perform a transient occupancy tax review of the properties for fiscal year 1998/99. The review includes a reconciliation of the gross and exempt balances to the revenue reported to the City as well as testing a sample of the exemptions for propriety.
 - B. Upon completion, deliver to the City a written summary of unpaid taxes noted during our review.
- (3) Time of Performance. The services to be performed hereunder by the Consultant shall be undertaken and completed in such sequence as to assure their expeditious completion and best carry out the purpose of the agreement.

- (4) **Compensation.** The City agrees to pay the Consultant a fixed fee of \$ 900 per property reviewed plus expenses. The expenses will not exceed \$ 1,500 .
- A. The professional fee includes a review of the findings with each motel owner and the written summary as stated in paragraph (2)B. Any additional meetings with the City and the motel owners or the City Council will be billed at standard DMG billing rates of \$185 for Vice Presidents and \$ 100 for other professional staff, plus expenses. Additional meetings will be at the control and discretion of the City.
- (5) **Method of Payment.** Payment will be made by the City to the Consultant in the agreed upon amount in Paragraph (4) with 50% of contract total due within 30 days after the on- site review and the remaining 50% of contract total due within 30 days after delivery of the final report.
- (6) **Changes.** The City may, from time to time, require changes in the scope of services of the Consultant to be performed hereunder. Such changes, which are mutually agreed upon by and between the City and the Consultant, shall be incorporated in written amendment to this agreement.
- (7) **Services and Materials to be Furnished by the City.** The City shall be responsible for the accumulation of and provision of all tax history needed for the review.
- (8) **Termination.** City or Consultant may terminate this Agreement at any time by providing thirty (30) days written notice to City or Consultant.
- (9) **Termination of Agreement for Cause.** If, through any cause, the Consultant shall fail to fulfill in a timely and proper manner its obligations under this agreement, the City shall thereupon have the right to terminate this agreement by giving written notice to the Consultant of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. Payment will be made to the consultant based on the percentage of work performed to that point in time when the agreement is terminated.
- (10) **Information and Reports.** The Consultant shall, at such time and in form as the City may require furnish periodic reports concerning the status or progress of work.
- (11) **Records and Inspections.** The Consultant shall maintain full and accurate records with respect to all matters covered under this agreement. The City shall have free access at all proper times to such records, and the right to examine and audit the same and to make transcripts therefrom, and to inspect all documents and activities.

- (12) Accomplishment of Project. The Consultant shall commence, carry on, and complete the work with all practicable dispatch, in a sound, economical, and efficient manner in accordance with the provisions hereof and all applicable laws.
- (13) Matters to be disregarded. The titles of the several sections, subsections, and paragraphs set forth in this agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of the provisions of this agreement.
- (14) Completeness of Agreement. This agreement and any additional or supplementary document or documents incorporated herein by specific reference contain all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this agreement or any part thereof shall have any validity or bind any of the parties hereto.
- (15) City Not Obligated to Third Parties. The City shall not be obligated or liable for payment hereunder to any party other than the Consultant.
- (16) When Rights and Remedies Not Waived. In no event shall the making by the City of any payment to the Consultant constitute or be construed as a waiver by the City of any breach of covenant, or any default which may then exist, on the part of the Consultant, and the making of any such payment by the City while any such breach or default shall exist in no way impair or prejudice any right or remedy available to the City in respect to such breach or default.
- (17) Personnel. The Consultant represents that it has, or will secure at its own expense, all personnel required in performing the services under this agreement. All of the services required hereunder will be performed by the Consultant or under Consultant's supervision, and all personnel engaged in the work shall be qualified to perform such services.
- (18) Consultant Liability if Audited. The Consultant will assume all financial and statistical information provided to the Consultant by City employees or representatives is accurate and complete. Any subsequent disallowance of funds paid to the City for any reason is the sole responsibility of the City. In no case shall Consultant's liability exceed Consultant's fee for their contract.
- (19) Notices. Any notices, bills, invoices, or reports required by this agreement shall be sufficient if sent by the parties in the United States mail, postage paid, to the address noted below:

City of Paso Robles
Department of Finance
1000 Spring Street
Paso Robles, CA 93446

DMG-MAXIMUS
19732 MacArthur Blvd, Suite 110
Irvine, CA 92612

IN WITNESS WHEREOF, the City and the Consultant have executed this agreement as of the date first written above.

By: _____

ATTEST:

DMG-MAXIMUS

By: Manfred Endres

Manfred Endres

Director Cost/Revenue Practice

