



# AGENDA REPORT

Finance Department

<b>DATE:</b>	April 5, 2022
<b>TO:</b>	Mayor Butt and Members of the City Council
<b>FROM:</b>	Delmy Cuellar, Acting Director of Finance Antonio Banuelos, Accounting Manager
<b>Subject:</b>	Contract Amendment to Implement Measure U Gross Receipts Tax
<b>FINANCIAL IMPACT:</b>	The contract amount will be funded by the Finance Budget in the amount of \$30,000 for Fiscal Year 2021-2022 and Fiscal Year 2022-2023 (Account String 01917090-400201).
<b>PREVIOUS COUNCIL ACTION:</b>	June 22, 2021 – Contract approved for Management Partners, Inc. in the amount of \$109,135, with a term through June 30, 2022.
<b>STATEMENT OF THE ISSUE:</b>	Finance Department is seeking City Council approval to amend the contract with Management Partners to continue the Measure U Gross Receipts tax implementation passed by voters on November 3, 2020. Supplemental professional services are needed to complete the Measure U implementation.
<b>RECOMMENDED ACTION:</b>	APPROVE the first amendment to the contract with Management Partners, Inc. to increase the contract amount by \$30,000, for a total not to exceed amount of \$139,135, for an extended contract term through December 31, 2022 – Finance Department (Delmy Cuellar 510-620-6740/Antonio Banuelos 620-6741).

## **DISCUSSION:**

The City Council placed a measure on the November 3, 2020, ballot that was approved by the voters, which changes the Business License Tax calculation methodology to be based on gross receipts in the City of Richmond instead of the number of employees.

On June 22, 2021, Council approved a contract with Management Partners, Inc. to assist City staff in developing and implementing the Measure U Gross Receipts Tax. The contract scope of services with Management Partners has the following eight tasks:

Task 1 – Start Project

Task 2 – Conduct Interviews, Surveys and Focus Groups

Task 3 – Perform Financial Modeling and Case Study Research

Task 4 – Develop and Review Process Maps

Task 5 – Analyze Results and Develop Recommendations

Task 6 – Develop Administrative Policies, Regulations and Business/Staffing Plan

Task 7 – Assist City Staff with Developing and Acquiring Necessary Information Technology

Task 8 – Support Implementation and Provide Additional Services

Supplemental services are needed to complete the Measure U implementation. By increasing the contract amount, the City will be able to secure as-needed services as determined by the Finance Director. The City has received approximately \$2,354,869 in business tax revenue year to date. This corresponds to 29.8 percent of the budgeted amount. The goal of this contract is to assist in obtaining the remaining budgeted Measure U tax revenue in the amount of \$5,545,131, 69.2 percent during FY 2021-2022.

## **DOCUMENTS ATTACHED:**

Attachment 1 – Original Contract

Attachment 2 – Contract Amendment