

October 16, 2017

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution authorizing execution of a professional service agreement with R. Lee Springer, in an amount not to exceed \$195,000 plus applicable taxes, to perform audits of selected businesses to determine compliance with the tax chapters of the Bellevue City Code for a one year term with two one year renewal options.

FISCAL IMPACT

This action enables the City to draw upon the unique expertise of this contractor to provide complex audit services and consulting for the City's Tax Division. The contract is for an amount up to \$195,000 plus applicable taxes based on \$75 per hour for no more than 800 hours annually. The initial term is for one year with options to renew for two terms of one year each.

The 2018 Budget anticipates the revenue and expenses associated with this program and the expenses and revenues will be budgeted in the 2019-2020 budget.

STAFF CONTACTS

Toni Call, Finance Director, 452-7863
Jamie Robinson, Assistant Finance Director, 452-6843
Troy Lucas, Tax Division Manager, 452-4358
Finance Department

POLICY CONSIDERATION

Bellevue City Code
4.28.120 Professional Services Contracts

BACKGROUND

The City has contracted with independent contractors to perform tax compliance audits for the City's B&O and Miscellaneous Tax programs for several years. The consultants perform thorough audits of businesses to determine compliance with the tax chapters of the Bellevue City Code and then provide a summary of findings to the Tax Division. This work is assigned to the consultants in areas where they have expertise that City staff lacks or when the amount of demand for audits exceeds the capacity of internal staff. The consultant also provides training to City staff during audits to grow the City's internal expertise for executing audits in diverse types of industries. Other routine audit and compliance matters are handled by City staff. Based on the information and review performed by this consultant, the Tax Division then issues tax assessments or refunds, as appropriate.

A request for proposal (RFP) was issued in May 2017 to generate proposals to provide contract audit services to the City. Three proposals were received, reviewed, and evaluated by staff. Two consultants were selected for the qualification, relevance, and depth of their experience in the successful delivery of contract audit services.

R. Lee Springer has provided tax compliance services to the City during the past several years. In 2016, the audit program generated over \$1.7 million dollars in revenue from businesses previously failing to report or reporting B&O taxes improperly. Mr. Springer generated over \$378,000 in tax revenue for 2016.

EFFECTIVE DATE

If approved, this Resolution becomes effective immediately upon Council adoption.

OPTIONS

1. Adopt the Resolution authorizing execution of a professional service agreement with R. Lee Springer, in an amount not to exceed \$195,000 plus applicable taxes, to perform audits of selected businesses to determine compliance with the tax chapters of the Bellevue City Code for a one year term with two one year renewal options.
2. Do not adopt the Resolution and provide alternate direction to staff.

RECOMMENDATION

Option 1

MOTION

Move to adopt Resolution No. 9320 authorizing execution of a professional service agreement with R. Lee Springer, in an amount not to exceed \$195,000 plus applicable taxes, to perform audits of selected businesses to determine compliance with the tax chapters of the Bellevue City Code for a one year term with two one year renewal options.

ATTACHMENTS

Proposed Resolution No. 9320

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

Proposed professional services agreement