

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 09/09/2013		Item Number: <u>C-4</u>	
AGENDA ITEM: Approval of a Professional Services Agreement with Mayer Hoffman McCann P.C. for Transient Occupancy Tax Audit Services for an Amount Not-to-Exceed \$32,400.			
Contact Person/Dept.: Jeff Muir, Finance Department		Phone Number: (310) 253-5865	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☐ Attachments: ☐	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (Email) Meetings and Agendas – City Council (09/04/2013); (E-mail) Mayer Hoffman McCann P.C., MuniServices LLC, and Moss, Levy & Hartzheim, LLC (09/04/2013)			
Department Approval: Jeff Muir (09/04/13)		City Attorney Approval: Carol Schwab (by H. Baker) (09/04/13)	
Chief Financial Officer Approval: Jeff Muir (09/04/13)		City Manager Approval: John M. Nachbar (09/04/13)	
<u>RECOMMENDATION:</u> Staff recommends that the City Council award a professional services agreement to Mayer Hoffman McCann P.C., to provide Transient Occupancy Tax audit services for an amount not-to-exceed \$32,400. <u>BACKGROUND:</u> Section 11.02.105 of the Culver City Municipal Code (CCMC) establishes a Transient Occupancy Tax (TOT) of fourteen percent. Hotels and motels are required to collect the tax from the customer and remit it to the City on a monthly basis. Section 11.02.145 of the CCMC establishes that hotel and motel operators must keep records related to the collection and remittance of the TOT for a period of three years, and that the Tax Administrator shall have the right to inspect them at all reasonable times. It has been the practice of the City to hire a consultant approximately every three years to perform a TOT audit. The last such audit was completed in 2010. Therefore, the Finance Department requested, and City Council approved, one-time funds in the City Council Adopted Budget for Fiscal Year 2013/2014 to engage a firm to conduct another TOT audit to cover a three year period. <u>DISCUSSION:</u> Staff released a Request for Proposal for TOT audit services on June 17, 2013. Proposals were received from three (3) qualified firms by the due date of July 18,			

City of Culver City, California
City Council Agenda Item Report

2013. The firms that submitted proposals were Mayer Hoffman McCann P.C. (MHM), MuniServices LLC, and Moss, Levy & Hartzheim, LLP.

All firms were evaluated based on the following criteria:

1. Thoroughness of response and understanding of the task to be completed;
2. Responsiveness to requirements of the project;
3. Firm's experience in TOT audits, especially in California;
4. Overall experience of staff assigned to the project;
5. Time required to accomplish the requested services;
6. Client references; and
7. Cost of service.

Based on the Finance Department's evaluation of the proposals, MHM and MuniServices were selected as finalists. Both firms demonstrated a complete understanding of the requested service, have extensive experience performing TOT audits in California, and proposed experienced staff to provide the service. The following table summarizes the costs contained within the proposals:

	Mayer Hoffman McCann P.C.	MuniServices LLC	Moss, Levy & Hartzheim, LLP
Fee	32,400	28,800	39,270
Expenses		2,500	
Total Not-to-Exceed	32,400	31,300	39,270

In comparing the two proposals, staff felt that the MHM proposal indicated a higher level of transaction testing and detail work. MHM performed the last TOT audit for the City in 2010, and staff was satisfied with the services provided. For these reasons, staff is recommending the selection of MHM.

It is the City's policy to rotate the independent auditor of the financial statements every five years. While this is not a requirement for TOT audit services, it is likely staff would recommend the use of a different consultant the next time a TOT audit is undertaken.

FISCAL ANALYSIS:

The cost of the audit will be \$32,400. Sufficient funds have been included in the City Council Adopted Budget for Fiscal Year 2013/2014 Adopted Budget.

City of Culver City, California
City Council Agenda Item Report

ATTACHMENT(S):

None

MOTION:

That the City Council:

1. Approve a professional services agreement with Mayer Hoffman McCann P.C. to provide Transient Occupancy Tax audit services in an amount not-to-exceed \$32,400; and
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute the agreement on behalf of the City.