

**City of Culver City, California
Agenda Item Report**

Meeting Date: 07/27/09		Item Number: C-4	
CITY COUNCIL AGENDA ITEM: Approval of a Professional Services Agreement with Mayer Hoffman McCann P.C. for Transient Occupancy Tax Audit Services			
Contact Person/Dept.: Nagam Rao, Finance Department		Phone Number: (310) 253-5889	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☐	Attachments: ☐
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (E-Mail) Meetings and Agendas - City Council (07/22/09); (USPS) Jefferson Wells (07/22/09); (USPS) Lance Soll & Lunghard, LLP (07/22/09); (USPS) Mayer Hoffman McCann P.C. (07/22/09); (USPS) MuniServices, LLC (07/22/09); (USPS) Sotomayor & Associates, LLP (07/22/09); (USPS) ValuPoint (07/22/09).			
Department Approval: Jeff Muir (07/15/09)		City Attorney Approval: Carol Schwab (by H. Baker) (07/21/09)	
Chief Financial Officer Approval: Jeff Muir (07/15/09)		City Manager Approval: Mark Scott (07/22/09)	

RECOMMENDATION:

Staff recommends the City Council approve a professional services agreement with Mayer Hoffman McCann P.C. for Transient Occupancy Tax (TOT) Audit Services.

BACKGROUND:

The last TOT audit was completed in 2006 by the firm Jefferson Wells International. Their audit included all hotels in Culver City. With the exception of one hotel that had gone through a recent management change, the previous audit found that most of the hotels had improved their record keeping procedures and were doing a better job at substantiating TOT remittances to the City.

When undertaking a TOT audit, the City is legally able to review remittances and records for the past three years. Since it has been three years since the last audit, an RFP for TOT audit services was released in the late spring for audit services to audit fiscal years 2006/07, 2007/08 and 2008/09.

DISCUSSION:

Five known firms that provide these services were contacted, and the RFP was posted on the California Society of Municipal Finance Officers website. The following were the responses:

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<u>FIRM</u>	<u>FEE PROPOSAL</u>
Jefferson Wells	\$35,000
Lance Soll & Lunghard, LLP	\$32,400
Mayer Hoffman McCann P.C.	\$28,800
MuniServices, LLC	\$28,800
Sotomayor & Associates, LLP	\$75,000
ValuPoint	\$39,500

A panel of three staff members from the Finance Department reviewed the written proposals submitted by each firm separately from the pricing. The proposal of Mayer Hoffman McCann P.C. was ranked first, slightly ahead of the MuniServices proposal. Given Mayer Hoffman McCann P.C. was ranked first in the written proposal and tied for the lowest cost, it is recommended that they be awarded the contract.

Mayer Hoffman McCann P.C. is a well qualified auditing firm that has performed many similar TOT audits. They are also the City's outside audit firm for its financial statements.

FISCAL ANALYSIS:

These audit services are necessary to ensure that the hotels and motels in Culver City are properly calculating and remitting TOT. During the past two TOT audits, the findings and penalties have been in excess of the cost of the audit. However, there is no guarantee on any particular audit that this will be the case. The cost of this audit is necessary to ensure compliance and equitable treatment of all TOT taxpayers.

There are sufficient funds included in the Fiscal Year 2009/10 budget for this contract.

ATTACHMENTS:

None

MOTION:

That the City Council:

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1. Approve a professional services agreement with Mayer Hoffman McCann P.C. in a not to exceed amount of \$28,800; and,
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.