

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Internal Auditor

AGENDA DATE: September 03, 2019

CONTACT PERSON NAME/PHONE: Edmundo Calderon, Chief Internal Auditor, 915-212-1365
Bruce D. Collins, Director, Purchasing & Strategic Sourcing 915-212-1181

DISTRICT(S) AFFECTED: All

STRATEGIC GOAL NO. 6: Set the standard for sound governance and fiscal management

SUBJECT:

Discussion and action on the award of Solicitation No. 2019-1035 Audit of Sales Tax Collection to Avenu Insights & Analytics, LLC, for an initial term of three (3) years on a contingency fee of 13% of the additional revenue. The award is to include a two (2) year renewal options for a total five (5) year award.

BACKGROUND / DISCUSSION:

Keeping with our goal of increasing audit coverage for revenue streams. Sales Tax Discovery Audits were identified as an opportunity to increasing collection of Sales Tax within the City of El Paso Jurisdiction.

SELECTION SUMMARY:

Two (2) responses were received and evaluated on: Fee proposal – 25%, General overview of agency and services – 10%; Experience in government and sales tax audit – 25%; Capacity and Capability of Agency resources – 25%, Proposed hours of engagement – 10%; and References - 5%

PROTEST

No protest received for this requirement.

Protest received.

CONTRACT VARIANCE:

PRIOR COUNCIL ACTION:

None

AMOUNT AND SOURCE OF FUNDING:

Amount: Contingent on increase of the Collections Base Amount

Department: ; Division: ; Fund: ; Account: ; Program:

210 13130 1000 521010

BOARD / COMMISSION ACTION:

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:

Edmundo S. Calderon, Chief Internal Auditor



**COUNCIL PROJECT FORM
(REQUEST FOR PROPOSAL)**

*******POSTING LANGUAGE BELOW*******

Please place the following item on the **REGULAR** agenda for the Council Meeting of **October 1, 2019**.

Strategic Goal: No. 6: Set the Standard for Sound Governance and Fiscal Management

Discussion and action that the City Manager be authorized to sign a Service Agreement (Solicitation 2019-1035R) for the auditing of City sales tax collections by and between the City of El Paso (“City”) and Avenu Insights and Analytics, LLC (“Agency”) for a contract term of three (3) years from the date this Service Agreement is approved by the City Council, with one (1) option to extend for two (2) additional years. This award is a contingency-based contract, which shall not exceed 13% of the additional revenue to the City based on the Agency’s documented findings. In accordance with this award the City Manager or designee is authorized to exercise future options if needed.

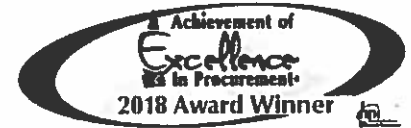
In addition, it is requested that the City Attorney’s Office review and that the City Manager be authorized to execute any related contract documents and agreements necessary to effectuate this award.

Evaluation Score Sheet**2019-1035 Audit of Sales Tax Collections**

DESCRIPTION	Maximum Allowable Score	AVENU INSIGHTS & ANALYTICS, LLC.	SALES TAX ASSURANCE, LLC (HDL)
Fee Proposal	25	20.75	12.5
General Overview of Agency and Services	10	9.75	9.5
Experience in Professional Auditing Services, specifically in government and sales tax audits.	25	19.5	18.75
Capacity and Capability of Agency's Resources	25	19.5	17.5
Number of Hours Dedicated to Engagement	10	8.75	9.5
Response of References	5	3	5
TOTAL	100	81.25	72.75



**CITY OF EL PASO
REQUEST FOR PROPOSALS TABULATION FORM**



Bid Opening Date: JUNE 5, 2019

Solicitation #: 2019-1035R

Project Name: SALES TAX AUDIT

Department: INTERNAL AUDIT

BIDDER'S NAME:	LOCATION:	AMENDMENT(S) ACKNOWLEDGED:
AVENU INSIGHTS & ANALYTICS, LLC	CENTREVILLE, VA	N/A
SALES TAX ASSURANCE, LLC DBA HDL COMPANIES	AUSTIN, TX	N/A
RFPs SOLICITED: 4 LOCAL RFPs SOLICITED: 0 RFPs RECEIVED: 2 LOCAL RFPs RECEIVED: 0 NO BIDS: 0		

NOTE: The information contained in this RFP tabulation is for information only and does not constitute actual award/execution of contract.

Approved: _____

Date: _____

SALES TAX AUDIT RFP

BIDDERS LIST

1. Sales Tax Assurance
8700 Manchaca Road, Ste. 106
Austin, TX 78748

2. MuniServices, LLC
12301 Kurland Drive, Suite 150
Houston, TX 77034

3. BDO USA
301 Commerce Street
Fort Worth, TX 76102
214-243-2925

4. Texas Tax Group
4101 McEwen, Suite 255
Dallas, TX 75244
972-275-9191

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

THAT the City Manager be authorized to sign a Service Agreement (Solicitation 2019-1035R) for the auditing of City sales tax collections by and between the City of El Paso ("City") and Avenu Insights and Analytics, LLC ("Agency") for a contract term of three (3) years from the date this Service Agreement is approved by the City Council, with one (1) option to extend for two (2) additional years. This award is a contingency-based contract, which shall not exceed 13% of the additional revenue to the City based on the Agency's documented findings. In accordance with this award the City Manager or designee is authorized to exercise future options if needed.

In addition, it is requested that the City Attorney's Office review and that the City Manager be authorized to execute any related contract documents and agreements necessary to effectuate this award.

APPROVED this the _____ day of _____ 2019.

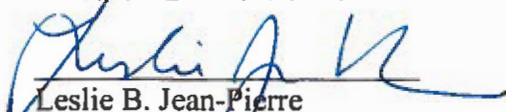
THE CITY OF EL PASO

Dee Margo
Mayor

ATTEST:

Laura D. Prine
City Clerk

APPROVED AS TO FORM:



Leslie B. Jean-Pierre
Assistant City Attorney

APPROVED AS TO CONTENT:



Edmundo S. Calderon, CIA, CGAP, CRMA
Chief Internal Auditor

SECTION 3. CONSIDERATION. The City will pay the Agency as described in Exhibit "B" for the Agency's performance of the Services. The City will pay invoices for all Services performed as soon as reasonably possible but not later than thirty (30) days from receipt in accordance with Chapter 2251 of the Texas Government Code.

SECTION 4. TERM. The Agreement commences on the Effective Date and ends three (3) years from the Effective Date ("Term"). Prior to the expiration of the Term, the City Manager, or designee, may extend the Term for two (2) additional years.

SECTION 5. OWNERSHIP OF WORK PRODUCT. All files and documents generated by Company as a result of its activity under Agreement shall remain at all times the property of the City. The Agency grants a license to the City to reproduce for non-commercial purposes the copies owned by the City under this Agreement.

SECTION 6. REPRESENTATIONS AND WARRANTIES. The Agency makes the following representations and warranties to the City as of the Effective Date.

- a. The Agency represents and warrants to the City that the Agency has all required licenses, permits, and expertise to perform the Services.
- b. The person signing this Agreement on behalf of the Agency has the authority to sign this Agreement on behalf of the Agency.

SECTION 7. INDEMNIFICATION. Agency or its insurer will INDEMNIFY, DEFEND AND HOLD the City, its officers, agents and employees, HARMLESS FOR AND AGAINST ANY AND ALL CLAIMS, CAUSES OF ACTION, LIABILITY, DAMAGES OR EXPENSE, (INCLUDING BUT NOT LIMITED TO ATTORNEY FEES AND COSTS) FOR ANY DAMAGE TO OR LOSS OF ANY PROPERTY, OR ANY ILLNESS, INJURY, PHYSICAL OR MENTAL IMPAIRMENT, LOSS OF SERVICES, OR DEATH TO ANY PERSON ARISING OUT OF OR RELATED TO THIS AGREEMENT, even where such damage, injury, loss, illness, physical or mental impairment, loss of service, or death results from or involves NEGLIGENCE, or allegations of negligence on the part OF THE CITY, its officers, agents, or employees. Without modifying the conditions of preserving, asserting or enforcing any legal liability against the City as required by the City Charter or any law, the City will promptly forward to Agency every demand, notice, summons or other process received by the City in any claim or legal proceeding contemplated herein. Agency will 1) investigate or cause the investigation of accidents or occurrences involving such injuries or damages; 2) negotiate or cause to be negotiated the claim as the Agency may deem expedient; and 3) defend or cause to be defended on behalf of the City all suits for damages even if groundless, false or fraudulent, brought because of such injuries or damages. Agency will pay all judgments finally establishing liability of the City in actions defended by Agency pursuant to this section along with all attorneys' fees and costs incurred by the City including interest accruing to the date of payment by Agency, and premiums on any appeal bonds. The City, at its election, will have the right to participate in any such negotiations or legal proceedings to the extent of its interest. The City will not be responsible for any loss of or damage to the Agency's property from any cause. This provision survives the term of the Agreement.

SECTION 8. RELEASE. The Agency releases the City from all claims of property damage, property loss, personal injury, illness, and death sustained by the Agency while performing the Services under this Agreement regardless of whether such property damage, property loss, personal injury, illness, or death was caused by the negligence of the City or the City's officers, employees, and/or agents. **This provision survives the term of the Agreement.**

SECTION 9. DAMAGES TO CITY PROPERTY. The Agency is responsible for all damages caused by the Agency to City property. If the Agency damages any City property, then the City will repair such damage to the City's standards and the City will send an invoice to the Agency for the full costs of the repairs. The Agency will pay in full any invoice sent by the City under this Section within 30 calendar days of receipt.

SECTION 10. INSURANCE. The Agency will provide the City and maintain throughout the Term of this Agreement the insurance policies as described in this Section. Prior to performing any Services, Agency will provide the City copies of all insurance policies along with all endorsements and certificates of insurance. The Agency will provide the City all certificates evidencing renewal or replacement of said policies of insurance at least 15 days prior to the expiration or cancellation of any such policies.

- A. **Liability Insurance from a solvent company authorized to do business in the State of Texas.** The liability insurance must provide coverage for the Agency and its employees in the minimum amounts of \$1,000,000.00 per occurrence for bodily injury or wrongful death and One Million Dollars \$1,000,000 per occurrence for property damage. The Agency will ensure that the liability insurance provides coverage for premises liability, operations liability, products and completed operations liability, personal and advertising injury, contractual liability, broad form property damage liability, and independent Agency liability. If the Agency is performing services near any railroad or streetcar track, then the Agency will provide liability insurance that provides railroad protective liability insurance in the amount of \$1,000,000 Bodily Injury/\$1,000,000 Property Damage Liability per occurrence
- B. **Workers Compensation.** If required by law, the Agency will obtain a third-party policy of Workers' Compensation insurance coverage providing Statutory Benefits according to the Workers Compensation Act of the State of Texas and/or any other state or federal law as may be applicable to the work and shall cover all of the persons engaged in the work.
- C. **Auto Liability.** Automobile Liability Insurance covering all owned, hired, and non-owned motor vehicles used by Agency, its employees, contractors or agents, in connection with the work being performed under this Agreement with limits of liability not less than \$1,000,000.00 for each occurrence Combined Single Limit for Bodily Injury and Property Damage.

- D. **Professional Liability Insurance.** Professional Liability Insurance for the benefit of the City to cover the errors and omissions of the Agency, its principals or officers, agents or employees in the performance of this Agreement with a limit of \$1,000,000.00 on a claims made basis.
- E. **Form of Policies.** The Agency may provide the insurances required in this Section in one or more policies of insurance, the form of which must be approved by the City's Risk Manager.
- F. **Issuers of Policies.** The issuer of any policy must have a certificate of authority to transact insurance business in the State of Texas. Each issuer must be responsible, reputable, and have financial capability consistent with the risks covered. The City may reject an issuer of an insurance policy in the City's sole discretion.
- G. **Insured Parties.** Each policy, except those for Workers' Compensation, must name the City of El Paso (and their elected and appointed officials, officers, agents and employees) as Additional Insured parties on the original policy and all renewals or replacements during the term of this Agreement.
- H. **Deductibles, Aggregates, and Endorsements.** Agency will obtain the prior written approval of the City's Risk Manager for any deductibles, aggregate caps, and endorsements on any insurance policy required under this Agreement.
- I. **Material Change in Policy(ies).** The Agency will require the insurance policy issuer to provide the City 30 calendar days advance notice of any reduction in coverage under an insurance policy.
- J. **Cancellation.** Each policy must expressly state that it may not be canceled or non-renewed unless thirty (30) days advance notice of cancellation or intent not to renew is given in writing to the City's Purchasing Manager by the insurance company.
- K. **Subrogation.** Each policy must contain an endorsement to the effect that the issuer waives any claim or right in the nature of subrogation to recover against the City, their elected and appointed officials, officers, agents or employees.
- L. **Endorsement of Primary Insurance.** Each policy must contain an endorsement that such policy is primary insurance to any other insurance available to the Additional Insured with respect to claims arising hereunder and that the insurance applies separately to each insured.

SECTION 11. TERMINATION. This Agreement may be terminated as provided in this Section.

- A. **TERMINATION FOR CONVENIENCE.** City may terminate this Agreement for any reason, upon 15 calendar days' prior written notice to the non-terminating party. City will compensate Agency in accordance with this Agreement. The City may withhold

any payment to the Agency that is held to be in dispute for the purpose of setoff until such time as the exact amount due the Agency from the City is determined. The City is not obligated to pay for any service that are not in compliance with the terms of this Agreement.

- B. TERMINATION BY EITHER PARTY FOR CAUSE.** Either party may terminate this Agreement in whole or in part for cause. Such a termination may be made for failure of one party to fulfill its contractual obligations, pursuant to this Agreement, and through no fault of the other party. Prior to termination under this provision, the terminating party will: a) provide written notice of intent to terminate enumerating the failures for which the termination is being sought; and b) provide a minimum of 30 consecutive calendar days to the non-terminating party to cure such failure. The City may immediately terminate this Agreement for default if the Agency violates any local, state, or federal laws, rules or regulations that relate to the performance of this Agreement. In the event of termination by the City pursuant to this subsection, the City may withhold payments to the Agency for the purpose of setoff until such time as the exact amount due the Agency from the City is determined.
- C. NON-APPROPRIATION OF FUNDS.** If funds are not appropriated by the City to cover payment obligation(s) under this Agreement, then the City may terminate this Agreement. If the City terminates this Agreement under this provision, then the City shall still be obligated to pay Agency for services performed through the effective date of termination for which Agency has not been previously paid. In addition, because the services performed by Agency prior to termination of this Agreement may result in the City's receipt of revenue after termination which are subject to Agency's fee, the City shall remain obligated after termination to provide to Agency such information as is necessary for Agency to calculate compensation due as a result of the receipt of revenue by the City.
- D. TERMINATION NOT A RELEASE.** Termination by either party is not a release of any claims that the terminating party may be lawfully entitled to assert against the terminated party. Further, the terminated party is not relieved of any liability for damages sustained by the terminating party by virtue of any breach of this Agreement.
- E. COMPLETION OF SERVICES.** Agency's services performed hereunder may result in corrections of misallocations after cessation of services by Agency for the City. Notwithstanding anything else in the Agreement to the contrary, the City will pay Agency per the terms of this Agreement for services begun before termination or expiration of the Agreement even if the monies are received after termination or expiration. Agency will provide City with a list of taxpayer accounts submitted but not yet corrected as of the expiration or termination within thirty (30) days after the expiration or termination ("Completion List"). Agency is allowed to continue working those taxpayer accounts on the Completion List for a two-year Completion Period to obtain a correction. During the Completion Period, the Agency may only do work to finish the Completion List. The City agrees to make payments otherwise required by the terms of this Agreement until the end of the two year Completion Period.

SECTION 12. GENERAL PROVISIONS

A. TITLE VI OF THE CIVIL RIGHTS ACT OF 1964, 78 STAT. 252, 42 U.S.C. 2000D TO 2000D-4 AND TITLE 49, CODE OF FEDERAL REGULATIONS, DEPARTMENT OF TRANSPORTATION.

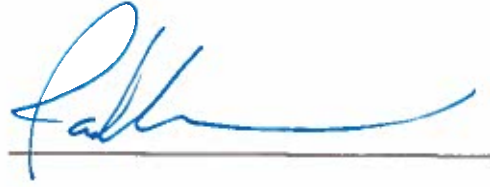
During the performance of this Agreement, Agency, for itself, any permitted assignees and successors in interest (hereinafter referred to as the "Contractor") agrees as follows:

- (1) **Compliance with Regulations:** Contractor will comply with the Regulations relative to nondiscrimination in Federally-assisted programs of the Department of Transportation (hereinafter, "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time, (the "Regulations"), which are incorporated by reference and made a part of this Agreement.
- (2) **Nondiscrimination:** As it pertains to the obligations under this Agreement, Contractor will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Contractor will not participate either directly or indirectly in the discrimination prohibited by section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.
- (3) **Solicitations for Subcontractors, Including Procurements of Materials and Equipment:** In all solicitations either by competitive bidding or negotiation made by Contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier must be notified by Contractor of Contractor's obligations under this Agreement and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
- (4) **Information and Reports:** Contractor will provide all information and reports required by the Regulations or directives issued pursuant to the Regulations, and will permit access to its books, records, accounts other sources of information, and its facilities as may be determined by City to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of a Contractor is in the exclusive possession of another who fails or refuses to furnish this information Contractor will so certify to City, as appropriate, and will set forth what efforts it has made to obtain the information.
- (5) **Sanctions for Noncompliance:** In the event of Contractor's noncompliance with the nondiscrimination provisions of this Agreement, the City will impose such contract sanctions as it may determine to be appropriate, including but not limited to:
 - a. Withholding of payments to the Contractor under the contract until the Contractor complies, and / or
 - b. Cancellation, termination or suspension of the contract in whole or in part.
- (6) **Incorporation of Provisions:** Contractor will include the provisions of paragraphs (1) through (6) in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations, or directive issued pursuant thereto.


Contractor shall take such action with respect to any subcontract or procurement as City may direct as a means of enforcing such provisions including sanctions for non-compliance: Provided, however, that in the event a Contractor becomes involved in, or is threatened with litigation with a subcontractor or supplier as a result of such direction, the Contractor may request City to enter into such litigation to protect the interests of City and in addition, Contractor may request the United States to enter into such litigation to protect the interests of the United States.

- B. COMPLIANCE WITH LAWS.** Contractor will comply with all applicable federal and state statutes, ordinances, administrative orders, rules or regulations, in addition to any local laws or ordinances relating to its activities and performance under this contract and will procure all licenses and pay all fees or other charges as required, if applicable.
- C. SECTION 4. INDEPENDENT CONTRACTOR RELATIONSHIP.** Nothing in this Agreement creates an employer-employee relationship between the parties. The City is not subject to any obligations or liabilities of the Agency incurred in the performance of this Agreement.
- D. CONFIDENTIALITY.** The City will handle all release of information obtained under this Agreement as required under the Texas Public Information Act. The Agency agrees to the release of this Agreement pursuant to a request made under the Texas Public Information Act. This clause survives the completion or termination of this Agreement.
- E. AUDITING RECORDS FOR THE SPECIFIC PROJECT.** The Agency will make available to the City for inspection and copying all records which have a bearing on matters pertaining to the Services performed under this Agreement.
- F. SUCCESSORS AND ASSIGNS.** This Agreement is binding on the City and the Agency, and the Agency's successors and assigns. Neither party may assign, sublet, or transfer its interest or obligations in this Agreement without the written consent of the other.
- G. VENUE.** This Agreement is entered in the City and County of El Paso, Texas. Venue for any dispute pertaining to this Agreement is in El Paso County, Texas.
- H. GOVERNING LAW.** This Agreement is governed by Texas law.
- I. CAPTIONS.** The captions of this Agreement are for information purposes only, and in no way affect the substantive terms or conditions of this Agreement.
- J. SEVERABILITY.** Should any section, paragraph or other provision of this Agreement be found invalid, such invalidity does not affect the remaining provisions of this Agreement.

AGENCY:




APPROVED AS TO FORM:



Leslie B. Jean-Pierre
Assistant City Attorney

APPROVED AS TO CONTENT:



Edmundo S. Calderon, CIA, CGAP, CRMA
Chief Internal Auditor

(ACKNOWLEDGEMENTS BEGIN ON THE FOLLOWING PAGE)

ACKNOWLEDGEMENTS

THE STATE OF TEXAS §
 §
COUNTY OF EL PASO §

This instrument was acknowledged before me on this _____ day of _____, 2019,
by Tomás González, as City Manager of the City of El Paso, Texas.

Notary Public, State of Texas

My commission expires:

THE STATE OF Virginia §
 §
COUNTY OF Fairfax §

This instrument was acknowledged before me on this 19th day of September, 2019,
by _____, as President of
Paul Colangelo, CEO, Avenu Insights & Analytics

Susan E. McYounis
Notary Public, State of ~~Texas~~ VIRGINIA

My commission expires:

03/31/2022



ATTACHMENT "A"
SALE TAX AUDIT
SCOPE OF SERVICES

A. Analysis & Compliance Review Services

- Determine if all businesses operating within the City of El Paso that are subject to city sales and use tax are in fact remitting to the Texas Comptroller of Public Accounts
- Determine if all internet sales that are subject to local City of El Paso sales and use tax are in fact remitting to the Texas Comptroller of Public Accounts
- Determine if the City of El Paso is being correctly allocated and paid all city sales and use tax due from the Texas State Comptroller of Public Accounts, and
- Identify, document, and correct any business entity operating within the City limits of El Paso from which the City is not being allocated its share of city sales and use tax receipts by the Texas Comptroller.
- Identify, document, and correct misclassification of revenue subject to sales tax reported by any business entity operating within the City limits of El Paso resulting in the City not being allocated its share of city sales and use tax receipts by the Texas Comptroller.
- Identify, document, and correct any city sales and use tax reporting omissions and or errors.
- On behalf of the City, coordinate with the Office of the Texas Comptroller of Public Accounts to correct appropriate records in order to ensure collection of any unrealized sales tax revenue due to the City.

B. Comprehensive Reporting

- Review and recommendation reporting
- Audit finding reporting by firm
- Annual trends and revenue analysis reporting
- Reporting of other relevant information with regard to ordinance compliance and related matters.
- Provide written reports on a monthly basis on the findings and results of the ongoing examination.

C. Reports to be issued

- Following the completion of the agreed upon procedures, the agency will issue a report addressed to the City Office of the Chief Internal Auditor as required by the agency's professional standards. All records are subject to public record.

D. Working Paper Access


- A copy of any or all working papers will be provided to the City of El Paso, Texas – Office of the Chief Internal Auditor upon request. Any requests from outside parties will be routed through the City of El Paso-Office of the Chief Internal Auditor and working papers may not be disclosed unless approved by the City of El Paso- Office of the Chief Internal Auditor. In addition, the agency shall be in compliance with current auditing standards, respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance. Depending on circumstance, a copy of any or all working papers may also be routed through the City Attorney's Office.
- In addition to the previous information described, the selected agency shall consider the following, based on their assessment, to further satisfy the requirements of the Services Overview and needs of the Office of the Chief Internal Auditor. In general, the selected agency shall submit to the City a brief description of the agency, how it is organized, and how its resources will be utilized on behalf of the City. Additionally, the overview should include how the agency will approach the aforementioned services that the agency may provide as the agency of the City.

3.2 Minimum Requirements

- Relevant experience of the agency, especially when working with government and city sales tax, which demonstrates experience, responsiveness, a high level of customer service, documented results in tax compliance review and recovery services and the individuals assigned to the engagement;
- Provide verifiable examples by listing a maximum of five (5) projects for which sales tax compliance review and recovery services were provided or are being provided that are most relevant to this project and include as references the names and telephone numbers of client officials responsible for the projects listed;
- Provide an actual recovery amount for each client site to include the year(s) services were performed;

- Identification of the individual in charge of day-to-day management and the percentage of time committed for each individual on the engagement;
- The agency's overall audit approach to the engagement, including the use of any outside entities upon whose work will be relied upon to complete the engagement;
- The percentage, if any, of the use of any outside entities upon whose work will be relied upon to complete the engagement;
- The availability of sources of information to assist the City in determining specific accounting and reporting issues that may arise during the engagement;
- The level and types of insurance carried, including the deductible amount, to cover errors and omissions, improper judgments, or negligence; and
- Disclosure of any issues that could present a real or perceived conflict of interest, as well as any pending investigation of the agency or enforcement or disciplinary actions taken within the past three years by any regulatory bodies.

**ATTACHMENT "B"
AGENCY'S FEE PROPOSAL**

	AUDIT OF SALES TAX COLLECTIONS SOLICITATION NO.: 2019-1035R
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Fee Proposal [Evaluation Factor A]

Avenu proposes to charge the City a 13.45% contingency fee based on the sales and use tax revenue received by the City from correction of taxpayer reporting errors detected and documented by Avenu's Sales Tax Compliance Review service.

The Contingency Fee applies to: (a) past compliance - sales and use tax revenues corrected for the City for any past periods (previously filed returns); and (b) prospective compliance - incremental increase in sales and use tax revenues received for the first 24 consecutive reporting months following correction of the errors and confirmation of receipt of revenue by the City. An incremental increase is calculated as the current month's correct tax remittance less the monthly average of the prior 12 months immediately prior to the first month of correct tax remittance.

Because Avenu cannot know in advance the amount of past and prospective compliance that will ultimately be achieved ("revenue recovery"), nor control the timing of corrections and reallocations by the Texas Comptroller of Public Accounts, the following annual amounts are estimates derived from results for projects in the previous 10+ years in other cities similar in size and scope to El Paso, but are not a guarantee of results over the contract term.

The revenue recovery assumption below was used to estimate fees assuming a five-year contract period. The estimated total fee has been equally divided over the combined 5 year initial and option terms.

Initial Term

Item	Year	Annual Audit Service Fee
1	Year 1	\$78,000 90,000
2	Year 2	\$78,000 90,000
3	Year 3	\$78,000 90,000
Total (Item 1 thru 3)		\$234,000 270,000

Option Years

4	Year 4	\$78,000 90,000
5	Year 5	\$78,000 90,000
Total (Item 4 thru 5)		\$156,000 180,000
Grand Total (Initial Term + Option Years)		\$390,000 450,000

Avenu's experience and proven results in the larger jurisdictions creates the greatest value proposition for the City. Our contingency rates are competitive and combined with our big city experience, Avenu expects to return more money to the city than the next closest competitor.

Revenue Recovery Assumption

The following revenue recovery assumption along with the 13.45% contingency rate were used to determine the estimated annual audit service fees for the above Fee Proposal.

Estimated Revenue Recover Over 5 Years	Contingency Fee Rate	Avenu's Fees Over 5 years
\$3,000,000	<u>13.45%</u>	\$390,000 450,000