



APPROVED  
BY THE CITY COUNCIL

JUN 18 1996

OFFICE OF THE  
CITY CLERK

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DEPARTMENT OF  
FINANCE

REVENUE DIVISION

CITY OF SACRAMENTO  
CALIFORNIA

June 10, 1996

RA9696137:MLF:ldm

CITY HALL  
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915 I STREET  
SACRAMENTO, CA  
95814-2696

REVENUE  
ADMINISTRATION  
916-264-5724

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: UTILITY USERS TAX AUDIT PROGRAM**

**LOCATION AND COUNCIL DISTRICT:** City-wide

**STAFF RECOMMENDATION**

It is recommended that the City Council adopt the attached resolution authorizing the issuance of subpoenas for Utility Users Tax Audits.

**CONTACT PERSON**

Margaret L. Freeman, Revenue Manager, 264-5724  
Greg Farrell, Administrative Analyst II, 264-5724

**FOR COUNCIL MEETING OF**

June 18, 1996

**SUMMARY**

Audit subpoenas must be provided to utility service providers in order to have Utility Users Tax audits performed. The attached resolution authorizes the issuance of audit subpoenas to compel utility service providers to furnish the necessary data.

**COMMITTEE/COMMISSION ACTION**

None.

## **BACKGROUND INFORMATION**

On February 5, 1996 the City Council awarded a contract to Municipal Resource Consultants (MRC) to provide revenue recovery services. One of the services to be provided is auditing the compliance of utility service providers and users with City Utility Users Tax ordinance. The issuing of audit subpoenas allows the utility service providers to release essential data to effectively complete the Utility Users Tax audits. Without the subpoenas the utility service providers have refused to release the data because of concerns of liability on their part in disclosing customer proprietary information. Utility Users Tax audits will be scheduled to begin by the end of June 1996.

Other services that have been provided by MRC to date include:

- Creation of the Business Operations Tax (BOT) Inventory Management system - utilized to satisfy the State's mandate of reporting BOT data
- Creation of the Geobased Revenue Information Program - an integrated, computerized, parcel data base for identifying revenue performance, trends, issues and opportunities. The majority of the data base has been created.
- Implementation of property tax records audit - Final results have not been submitted as of this date.

## **FINANCIAL CONSIDERATIONS**

No additional expenditures are required by this action. The services to be provided by MRC, including Utility Users Tax audits, are paid on a contingency basis. Any fees due MRC will be due from revenue recovered.

At this time no estimate of revenue recoveries can be made for the Utility Users Tax audits. This will be the first time Utility Users Tax audits will be performed on behalf of the City.

## **ENVIRONMENTAL CONSIDERATIONS**

Council action in adopting this resolution is exempt from the California Environmental Quality Act (CEQA) because it will have no conceivable effect on the physical environment.

## **POLICY CONSIDERATIONS**

Collection and recovery of monies due the City is consistent with City Council's policy of funding General Fund operations in order to provide required City services.

**MBE/WBE EFFORTS**

There is no requirement for purchase of goods or services associated with this item.

Respectfully submitted,

*Margaret L. Freeman*

Margaret L. Freeman  
Revenue Manager

**RECOMMENDATION APPROVED:**

*Patricia Masudoka*

*for*  
WILLIAM H. EDGAR, City Manager

Attachment

# RESOLUTION NO. 96-294

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

APPROVED  
BY THE CITY COUNCIL  
JUN 1 8 1996  
OFFICE OF THE  
CITY CLERK

## A RESOLUTION AUTHORIZING THE ISSUANCE OF SUBPOENAS FOR UTILITY USERS TAX AUDIT

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO that:**

WHEREAS, the City derives substantial revenues from its utility users taxes and franchise fees.

WHEREAS, it is prudent and appropriate that the City perform a periodic audit of those persons or entities responsible for the collection and/or payment of utility users taxes and franchise fees to the City.

WHEREAS, in order to conduct a thorough and efficient audit, the City requires reasonable access to certain information, records, and data of those persons or entities responsible for the collection and/or payment of utility users taxes and franchise fees to the City.

WHEREAS, with respect to the City's auditing of gas, electric, water, telephone and CATV utility users taxes and franchise fees, the City has retained the services of Municipal Resource Consultants and Donald H. Maynor (through MRC), hereinafter "Consultants".

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Sacramento hereby:

1. Institutes an audit proceeding of the City's gas, electric, water, telephone and CATV utility users taxes and franchise fees, wherein the City Staff and Consultants shall periodically report to the City Council the findings of such audit activities.

2. Authorizes the issuance of subpoenas pursuant to Government Code § 37104 et seq., requiring the subpoenaed party to provide certain information to the City and/or its authorized representatives for purposes of conducting an audit of the City's gas,

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RESOLUTION NO. \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

electric, water, telephone and CATV utility users taxes and franchise fees. The subpoenas shall be signed by the Mayor of the City of Sacramento and attested by the City Clerk.

3. Designates Consultants as authorized representatives of the City for purposes of conducting an audit of the City's gas, electric, water, telephone, and CATV utility users taxes and franchise fees, and for purposes of requesting audit information and information described in Public Utilities Code § 6354(j), and for the purposes of receiving such subpoenaed or requested information.

4. Authorizes the Mayor, City Manager, and/or Consultants, as required by the responding party, to execute non-disclosure agreements on behalf of the City in appropriate cases in which confidential or proprietary information is requested or subpoenaed, and such information is not subject to disclosure under the Public Records Act.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

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DATE ADOPTED: \_\_\_\_\_