



**AGENDA**  
**FINANCE, ADMINISTRATION AND POLICE SUBCOMMITTEE**

**Meeting Date and Special Time: Tuesday, January 5, 2021, at 1:30 p.m.**  
**Location: Virtual Meeting**

**-IMPORTANT-**  
**THIS MEETING WILL NOT BE PHYSICALLY OPEN TO THE PUBLIC, THE MEETING WILL BE BROADCASTED VIA TELECONFERENCING OR OTHER ELECTRONIC MEANS**

In order to minimize the spread of the COVID 19 virus, this Regular Meeting will be conducted pursuant to the provisions of the Governor’s Executive Order N-29-20, which suspended certain requirements of the Brown Act.


All Members of the subcommittee will be participating in the meeting remotely via teleconferencing or other electronic means consistent with Executive Order N-29-20. If you would like to provide public comment, we encourage you to submit them via email to the City Clerk: [iwerby@ci.cloverdale.ca.us](mailto:iwerby@ci.cloverdale.ca.us).

Please refer to the end of the agenda for instructions on how to view the meeting and provide public comment using Zoom: <https://us02web.zoom.us/j/89506094227>

**Subcommittee Members**

Councilmember Melanie Bagby, Chair  
Councilmember Gus Wolter, Vice Chair

City Manager David Kelley  
Police Chief Jason Ferguson  
Finance Director Susie Holmes

1. **Call to Order:**
2. **Communications:** None.
3. **Public Comment:** Members of the public may comment on any matter not on this agenda. Please limit comments to three minutes. Members of the public may comment on items on the agenda when the subcommittee considers that item. To make a public comment, use the “raise hand”  icon on your smart device or desktop computer, or dial \*9 if you are using just your telephone.
4. **Approval of Minutes:** December 1, 2020 Meeting Minutes
5. **Current Items for Discussion:**
  - a. HdL proposal for Business License Administration
6. **Standing Items / Items Continued:**
  - a. St. Joseph Health - Building Self-Healing Communities
  - b. Discuss current state of COVID 19 pandemic, initial steps for reopening and recovery after the COVID 19 Emergency

1. Shelter in Place Order - timing, phasing, health benchmarks, physical distancing requirements, and potential threats
  2. Opening and recovery – Local events; tourism/hospitality, retail opportunities, Public Works/infrastructure investments, Chamber & business support programs, Planning & Building processes; housing; resiliency/sustainability, tax/fee deferrals, and potential opportunities
  - c. Update on Sonoma County Homeless Emergency Response – (Kelley)
  - d. Update on Measure P and Cannabis Permits – (Susie Holmes)
  - e. Update on Pension Liability legislation, financing tool and other
  - f. Update on OpenGov
- 7. Future Agenda Items (subject to change):**
- a. Discuss options for funding street improvements and paving
- 8. Pending Items:**
- 9. Good of the Order:**
- 10. Adjournment:** Adjourn to the next meeting on Tuesday, February 2, 2021 at 1:30 pm. or alternate date/time as requested via teleconference.

**IMPORTANT NOTICE REGARDING THIS SUBCOMMITTEE MEETING**

This Meeting will be conducted pursuant to the provisions of the Governor’s Executive Order N-29-20, which suspended certain requirements of the Brown Act.

**In order to minimize the spread of the COVID 19 virus, please do the following:**

- Attendees may join the meeting through the use of Zoom at: <https://us02web.zoom.us/j/89506094227>  
**Webinar ID: 895 0609 4227** or by **Telephone 1+ (669) 900-6833** and entering **Webinar ID: 895 0609 4227**
- Attendees will be muted until they are called upon for Public Comment. To make a public comment, use the “raise hand” 🙋 icon on your smart device or desktop computer, or dial \*9 if you are using just your telephone. Please listen carefully for the Chair or City Clerk to address you by name (or phone number) and for the audible Zoom notification that you have been unmuted. Once you begin your public comment, your three (3) minutes will begin.
- If you would prefer to submit public comment in writing, please email your comments to [iwerby@ci.cloverdale.ca.us](mailto:iwerby@ci.cloverdale.ca.us). If you are commenting on a specific agenda item or items, please state the agenda item number(s) in the subject line of the email. All comments received via email will be provided to the Subcommittee in writing and included as a part of the record of the meeting.
- The City of Cloverdale thanks you in advance for taking all precautions to prevent spreading the COVID 19 virus.

**CERTIFICATION** – Pursuant to Government Code § 54954.2, the agenda for this meeting was properly posted on or before 1:30 p.m., December 30, 2020.



**DRAFT MINUTES**  
**FINANCE, ADMINISTRATION AND POLICE SUBCOMMITTEE**

**Meeting Date and Special Time: Tuesday, December 1, 2020, at 1:00 p.m.**  
**Location: Virtual Meeting**

**Subcommittee Members**

Councilmember Melanie Bagby, Chair  
Mayor Gus Wolter, Vice Chair

City Manager David Kelley  
Police Chief Jason Ferguson  
Finance Director Susie Holmes

1. **Call to Order:** Chair Bagby called the meeting to order at 1:02 p.m. Present: Vice Chair Wolter, City Manager Kelley, Assistant City Manager/CDD Thompson, Police Chief Ferguson, Finance Director Holmes.
2. **Communications:**
  - Richard Hamilton – Parking on Public Streets (10/27/2002) - City Manager Kelley reported on the parking concerns raised by Mr. Hamilton. Police Chief Ferguson reported the department followed-up on the matter with Mr. Hamilton and explained the 72-hour parking enforcement protocol.
3. **Public Comment:** None.
4. **Approved Minutes:** October 6, 2020 Meeting Minutes.
5. **Current Items for Discussion:**
  - a. Contract for Scanning of Building Documents – City Manager Kelley introduced the item. Assistant City Manager/CDD Thompson reported on the item. After seeking quotes staff is recommending Data Dash to assist with the scanning of building documents currently stored off-site. Following discussion staff ensured the data collection and compilation would be meet the City’s standards and work effectively with OpenGov. Action: The subcommittee recommended City staff prepare the item to be considered by the City Council.

Public Comment - None.

- b. Cherry Creek affordable housing project funding request - Assistant City Manager/CDD Thompson introduced the item and provided an overview of the financials approved by the City Council for this project to date. City Manager Kelley reported on the item. Mr. Kelley also stated that the City does not have additional funds dedicated to this project. Any additional funding at this time would come from the General Fund and require the approval of the City Council.

Colleen Halbohm and William Leach with Kingdom Development provided an overview of the item which due to various factors the project now has additional funding needs due to microeconomics. Mr. Leach reported the project was the recipient of 9% housing credits, it was awarded county vouchers, have applied for additional funding from the County in the amount of \$400,000. The project is currently 90% funded. The construction budget Kingdom Development planned for with the input of Keyser Marston and inclusion of an inflation rate, due to project construction demand this new figure has put the project 1.5 million over estimated budget. Kingdom Development has taken measures into account to assist with

this gap and is seeking additional assistance from the City. Mr. Leach also explained that any funding provided by the City, the project loan would be in first position to be repaid.

Action: The subcommittee discussed the potential loan structures and potential future CDBG funds. When the item comes before the Council, the subcommittee recommended a financial report be included with the cost per unit and state where the funding is guaranteed to be paid back to the City from and estimated timeline. The subcommittee supported sending a letter to the Sonoma County Board of Supervisors encouraging the CDD's approval to award Kingdom Development \$400,000.

Public Comment - None.

- c. Amendment to the Water / Wastewater Rate Study Scope of Work – City Manager Kelley reported on the item. Mark Hildebrand explained the request for the amendment which will include additional community engagement efforts and planned workshops, Prop 218 notification assistance and an updated model and report based on community input. Chair Bagby recommended seeking a consultant who can provide an infographic in addition to the various public outreach efforts. Action: The subcommittee recommended City staff prepare the item to be considered by the City Council.

Public Comment - None.

- d. Update on Police Facility Upgrade – City Manager Kelley introduced the item. Police Chief Ferguson provided an overview of the strategic planning, cost savings and energy upgrade recommendations to meet the department needs to allow staff to conduct business and utilizing the space more efficiently. City Manager Kelley acknowledged unspent bond proceeds are estimated at about 1 million dollars, funding is available within the collected public safety impact fees and public facility impact fees.

Action: The subcommittee acknowledged since the department will continue to utilize the building and it is a landmark building, it is important to make the building functional and a welcoming place to work. The subcommittee recommended City staff move forward with conducting a request for proposals.

Public Comment - None.

- e. Discussion of Upgrading City Server – City Manager Kelley introduced the item and reported staff has reported upon further review and evaluation, an immediate upgrade to the physical server is required. A hybrid system is desirable with both physical and cloud-based capabilities and will be considered as a future project. Police Chief Ferguson further reported that in a major disaster the sole reliability of cloud-based data can be disrupted or cut. Chair Bagby recognized the importance of ensuring staff has the tools available and a secure network to continue to work remotely during the pandemic. Action: The subcommittee recommended City staff prepare the item to be considered by the City Council.

Public Comment - None.

- f. Review and discuss Sonoma County Action Recovery Plan – see attached e-mail correspondence with copy of the plan. City Manager Kelley reported on the item and acknowledged a number of strategies the City is currently incorporating as part of its own recovery plan. Chair Bagby emphasized the importance of beginning to advocate for projects and funding at the various legislative levels. Projects to lead in bringing in many economic and community benefits in a more permanent manner and use the provided data as a roadmap to continue in our recovery plan. Action: The subcommittee directed staff to organize a Council workshop.

Public Comment - None.

**6. Standing Items / Items Continued:**

- a. Community Outreach Efforts for My Brother's Keeper Pledge – City Manager Kelley reported Police Chief Ferguson has completed a presentation overview on use of force policy. Police Chief Ferguson also reported that in addition to the presentation, staff has produced a video on the department's use of force policy. Action: Following discussion, the subcommittee recommended the presentation and video be presented to the community on a future virtual Coffee with the Mayor and post on our social media platforms, including our website.  
Public Comment - None.
- b. St. Joseph Health - Building Self-Healing Communities – Becky Ennis, Executive Director of SOS Community Counseling reported on a discussion with a representative, Joe Hinton, with the Robert Wood Johnson Foundation on how to use data to move into action and develop policy that is equitable and enforcement. Ms. Ennis also provided an update on the potential grant opportunities.  
Public Comment - None.
- c. Update on Sonoma County COVID 19 Education and Compliance Program and Administrative Citation and Civil Penalty Ordinance - No report.
- d. Discuss current state of COVID 19 pandemic, initial steps for reopening and recovery after the COVID 19 Emergency - No Report.
  - 1. Shelter in Place Order - timing, phasing, health benchmarks, physical distancing requirements, and potential threats
  - 2. Opening and recovery – Local events; tourism/hospitality, retail opportunities, Public Works/infrastructure investments, Chamber & business support programs, Planning & Building processes; housing; resiliency/sustainability, tax/fee deferrals, and potential opportunities
- e. Update on Sonoma County Homeless Emergency Response – No report.
- f. Update on Measure P and Cannabis Permits – Finance Director Holmes reported the month of October reflected payments made by one business who is catching up on dues owed. City Manager Kelley reported staff is working with a new dispensary applicant.  
Public Comment - None.
- g. Update on Pension Liability legislation, financing tool and other – City Manager Kelley acknowledged the report from CalPERS fiscal year returns, cost impacts and path forward included in the packet.  
Public Comment - None.
- h. Utility User Tax Measure – No report. At the request of Vice Chair Wolter the subcommittee agreed to remove this item.
- i. Local Preference Policy

**7. Future Agenda Items (subject to change):**

- a. Discuss options for funding street improvements and paving

Vice Chair Wolter requested adding an item on the potential to bond to the recently passed Measure DD, "Go Sonoma Act" transportation extension tax.

Vice Chair Wolter would like a report out on the progress of OpenGov as a standing item.

Chair Bagby shared concerns raised on Facebook regarding the water bill closing date versus the due date and asked if it could be addressed on a future meeting. Finance Director Holmes clarified that a bill is due upon receipt but is not past due until 45 days.

8. **Pending Items:** None.
9. **Good of the Order:** Finance Director Holmes reported the audit is being finalized and OpenGov has begun the process on the workforce program and business license program first. Ms. Holmes also confirmed that she has inquired about adding a section on the form where an applicant can choose whether or not they wish for their information to be automatically forwarded to the Cloverdale Chamber of Commerce.
10. **Adjournment:** The meeting adjourned at 3:17 p.m. to the next meeting on Tuesday, January 5, 2021 at 1:00 pm. or alternate date/time as requested via teleconference.



**Office of the Finance Director**

**Memorandum**

To: Finance Administration and Police Subcommittee  
From: Susie Holmes  
CC: David Kelley, City Manager  
Date: December 29, 2020  
Re: Business License Administration

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**Recommendation:**

The Finance Director is recommending that the City Council consider an agreement with HdL for business license administration.

**Background/Summary:**

The City currently has approximately 750 business licenses. The FY 2020/21 budget identifies revenue budget of \$60,000. However, the revenue does not cover the cost of in-house administration of the business license program. Based on the table below, the estimated annual cost for administering business licenses is \$61,480. This cost estimate does not include any building/planning or public works staff costs involved in reviewing business license applications.

Time/Materials	Annual Cost
Software	\$ 3,200
Finance Director Time	12,480
Accountant Tech Time	37,856
Accounting Asst II	4,524
Finance/HR Analyst	2,520
Forms & Mailings	900
<b>Business License Administration Cost</b>	<b>\$ 61,480</b>

HdL has provided the attached scope of work and cost proposal for business license administration. HdL's Business License Tax Administration Service provides a turnkey approach for local governments that need assistance with administering business license taxes. Their team of experts can manage all or parts of the business tax operations conducted by the City which could enable the city to reduce internal

costs and gain efficiencies. According to HdL's scope of work and cost proposal, they would charge \$15 for processing each business licensee application. The estimated annual cost of processing 750 applications is \$11,250.

HdL would require that planning/building and public works staff sign off on certain business licenses. HdL would route the business licenses to the appropriate city staff to ensure compliance with zoning and building codes and new storm water regulations. For instance, Senate Bill (SB) 205 requires that that the City also obtain additional information, including SIC number and ensuring that that a stormwater permit.

Additionally, HdL's business license administration services include the following: new account processing, renewal processing, on-line filing and payment processing, delinquent account processing, payment posting/processing and offer a business support center with a toll-free number.

Other Supporting Factors:

For the past three years, there has been new legislation (senate bills and assembly bills) that require additional information to be included or limit the information that can be listed on the business license application. These are laws that HdL has full awareness of and has assisted cities maintain compliance with the new legislation.

The Finance Department has not been fully staffed since April. Utilizing HdL for Business license Administration would reduce some administrative staff time associated with processing (printing, copying and mailing) the business license applications and enable staff to focus on core duties and responsibilities.



### Business License Administration Cost Analysis

Time/Materials	Annual Cost
Software	\$ 3,200
Finance Director Time	12,480
Accountant Tech Time	37,856
Accounting Asst II	4,524
Finance/HR Analyst	2,520
Forms & Mailings	900
<b>Total City Cost to Administer Business License</b>	<b>\$ 61,480</b>

Total cost to outsource Business Licence  
Administration to HdL **11,250**  
based on 750 accounts @ \$15 each

# City of Cloverdale, CA

BUSINESS LICENSE SERVICES

TRANSIENT OCCUPANCY TAX SERVICES

December 15, 2020

**HdL**  Companies

SUBMITTED BY  
HdL Companies  
120 S. State College Blvd., Suite 200  
Brea, CA 92821  
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CONTACT  
George Bonnin  
T: 714-879-5000  
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Dear Susie,

Thank you for the opportunity to present this revised proposal for HdL's Business License Tax and TOT services. Please be advised that we maintain a busy implementation schedule throughout the year. Your position in the implementation schedule will be determined when a signed agreement is received.

This proposal is valid until February 28, 2021.

Should you have any questions, please contact me at 888.861.0220 or by email at [gbonnin@hdlcompanies.com](mailto:gbonnin@hdlcompanies.com).

### Transient Occupancy Tax Services

Service	Compensation
<b>Option 1</b> - Transient Occupancy Tax Administration <i>(Includes Audits, the Preferred Solution)</i>	\$750.00 per prop/per year - monthly filer + CPI \$650.00 per prop/per year - quarterly filer + CPI
<b>Option 2</b> - Transient Occupancy Tax – <i>Audits only</i>	\$1,500.00 per audit

### Business License Tax Services

Service	Compensation
Business Licenses Administration Services	\$15.00 per account/per year + CPI
Discovery/Audit Services	35% of all collected revenues

#### OPTION 1 - Transient Occupancy Tax Administration (Includes Audits)

Continued monitoring of TOT reporting is paramount to increasing compliance and mitigating errors that may otherwise lead to long and drawn out battles for collections. HdL offers a full administration program that, in addition to providing monthly monitoring of each TOT return, also removes the burden of administration from the City.

Through HdL's TOT Administration Program, the City would benefit from streamlined return processing, online reporting, and increased revenues while the lodging/marine charter community can see such benefits as online filing and payment options, dedicated customer service, and consistent monitoring of returns designed to identify errors before huge penalty and interest accruals.

**Tax Registration Database Management** – HdL will transfer the City's existing databases as they relate to UTOT into HdL's internal administration tools. HdL will maintain the data and provide reports to the City.

**Return Processing** – HdL will process TOT filings within 5 days of submission. Accounts will receive all applicable forms necessary to complete the renewal process.

**New Account Processing** – HdL will process any new registrations for lodging/marine charter establishments which are new or have changed ownership.

**Payment Posting / Processing** – HdL will process all payments made for new and existing lodging/marine charter providers. Accounts will be updated with payment information and revenues will be remitted to the City net HdL's fees on no less than a monthly basis.

**Customer Support Center** – HdL will provide lodging/marine charter providers with multiple support options for registering, filing returns, making payments and for general inquiries. A toll-free number will be provided to businesses in order to access one of our tax specialists Monday-Friday 8:00am to 5:00pm Pacific. Providers will also have access to support via, e-mail, fax, and via the Support Center On-Line.

**On-Line Filing & Payment Processing** – With input from the City, HdL creates a custom web site and domain for taxpayers to submit online forms, returns, and payments along with other customer support related items.

**Compliance Monitoring & Lodging Provider Audits** – HdL will ensure accurate filings of UTOT returns by consistently monitoring returns and comparing with data obtained from the identification phase. This can include listing calendar data, average occupancy, and average room rates. HdL will also provide compliance audits as mutually agreed to by the City and HdL, ensuring all providers are audited at least once every three years.

**Annual Reporting** – In addition to standard monthly reports, HdL will continue to provide the City with annual analysis reports designed to provide key insights on the lodging/marine charter communities and the reporting details of each provider.

**Reporting** - HdL Offers a variety of hardcopy, electronic, and online reports designed to facilitate the City's administration of UTOT as well as provide valuable information for budget forecasting. HdL's reporting contains a wealth of knowledge compiled from interactions with taxpayers, City information, HdL proprietary databases, as well as industry leading providers such of travel related data such as Smith Travel and PKF-HR. HdL will work with the City during implementation to identify the standard and custom reports required by the City as well as establish the frequency of the delivery.

## **OPTION 2 - Transient Occupancy Tax - Audits Only**

HdL's phased approach starts with a detailed analysis of all of the lodging providers registered with the City. A preliminary report of the analysis is reviewed with the City and used for planning of specifics in the following phase. The Transient Occupancy Tax Audit Program will include:

### ***Phase 1 – Transient Occupancy Tax Analysis***

**Ordinance and Filing Procedure Review** – Analysis of Transient Occupancy tax ordinances and City procedures are conducted to identify possible deficiencies or other administration related issues. Recommendations are made by the audit team for items such as to best practices, form design, and potential ordinance modifications to insure the most effective policies and controls. Specifically, HdL will:

- Review City's ordinance to identify possible deficiencies, areas subject to legal challenge, or missing provisions such as successor liability;
- Review City's procedures in applying the ordinance to identify potential challenges based on administration of the ordinance;
- Compare City's key ordinance provisions to ordinances of cities of comparable size and demographics;
- Provide a written report to the City identifying provisions of the City ordinance that may warrant further review;
- Meet with the City to discuss the findings and report, as well as select provisions or administrative recommendations for further review; and
- Recommend changes to the City's ordinance or administrative procedures, including additional language to cover identified issues, potential loopholes, and improper procedures that could result in an *Equal Protection* or *Due Process* claim.

### Analysis Report and Compliance Review –

HdL’s audit team will obtain and conduct a review of the most recent 48 months of transient occupancy tax filings. In order to verify and augment the data, the audit team will compile a variety of supplemental information on each property, including number of rooms, occupancy rate, physical condition, and business dynamics. Data is then further scrutinized in order to identify unusual or suspicious reporting and/or other variables that indicate cause for further review. Information and findings are documented in the analysis report for review with the City. Key components of this process include:

- Obtain and analyze lodging provider return information in the possession of the City initially for the prior four (4) year period (most recent 48 months);
- Conduct unobtrusive collection of a variety of information on each property, including number of rooms, occupancy rate, physical condition, and business dynamics;
- Provide a report to the City on trend analysis to include projections for gross rent revenue and occupancy rates, and other information conducive to assessment of visitation;
- Perform discovery services designed to identify and locate lodging providers not properly registered with the City and not appearing on the City rolls as Tax remitters;
- Analyze lodging provider return information from the past four (4) year period (most recent 48 months) in order to identify unusual or suspicious reporting and/or activities that warrant further review; and
- Provide a detailed report to the City identifying and recommending lodging providers who require additional investigation or examination to determine their compliance with the City’s ordinance.

Analysis Review – Upon completion of the analysis report, meetings are scheduled with the city to review the results as well as identify lodging providers who require additional investigation under phase 2 of the program.

### **Phase 2 – Lodging Provider Audits**

Audit Notification & Scheduling – Lodging providers selected by HdL and approved by the City are sent a letter and scheduled for a Compliance Analysis Audit. Every effort is made to promote a positive taxpayer experience. Businesses will be reminded of the documents required for the audit that were discussed in webinars and previous communications. Lodging providers are afforded the opportunity to schedule flexible appointment times by contacting the Business Support Center or visiting our online support center.

Compliance Analysis & Audit – The HdL audit team reviews the books and records of the lodging provider to determine compliance with transient occupancy tax regulations. HdL validates taxable gross rents, exemptions, bank statements, daily/monthly summaries, and other relevant information for determining compliance. Supporting documentation for relevant items such as exemptions will also be documented for accuracy.

Audit & Compliance Report – Upon completion of the audit and analysis, and prior to additional actions, a compliance report is generated and reviewed with the City. The report indicates specific results of the reviews and recommended actions. Documentation will be included with the report to assist the City and HdL in determining next steps.

Deficiency and Commendation Notification – Upon final review with the City, businesses that are found to have deficiencies are notified of the findings as well as payment and appeal processes. Appointments are also scheduled to review the findings and educate taxpayers on proper filing procedures designed to prevent future errors and deficiencies. Lodging Providers found to be in compliant, are sent a commendation letter thanking them for their cooperation and compliance.

Invoicing & Collections – Lodging providers found to be underreporting are invoiced through the standard City approved collections process. Taxpayers will have access to all of the services provided including the Business Support Center and online support systems. Balances are collected and remitted along with supporting documentation to the City through approved remittance processes.

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## **OPTIONAL SERVICES**

### **HdL Business License Tax Administration Services**

HdL offers robust solutions for managing compliance of municipal Business License Taxes and its related functions. HdL is ever mindful of the important role that customer service plays in the successful implementation of a compliance and revenue collection program. Therefore, HdL will make every effort to ensure that all communications with the City's business community is kept at a professional level maintaining a careful balance between compliance, revenue collection, tactfulness, sensitivity and taxpayer education.

The Business License Tax Administration Service provides a turnkey approach for local governments that need assistance with administering business license taxes. Our team of experts can manage all or parts of the business tax operations conducted by the City. When combined with the Compliance Management services, the City receives the benefit of increased revenues and superior customer service, while reducing internal costs and gaining efficiencies.

#### **Business License Tax Administration**

HdL will transfer the City's existing databases as they relate to business license tax into HdL's internal administration tools. HdL will maintain the data and provide access to or copies of data or reports at the City's request. While access to online systems will be available for the City to use at their discretion, the City will not be required to use or maintain any software in house for managing the business license registry.

**Renewal Processing** – Send active business license accounts a renewal notice within 45 days of the renewal period ending. Accounts will receive all applicable forms necessary to complete the renewal process.

**New Account Processing** – HdL will process any new business license applications and complete the new account registration process in a timely fashion. HdL will also facilitate intra-city departmental approvals such as zoning, code compliance, fire inspection, and other regulatory related functions.

**Delinquent Account Processing** – HdL will endeavor to collect delinquent accounts through a series of City approved processing methods. This will include at minimum two follow up delinquent notice and up to two telephone calls. Delinquent accounts will be collected with full penalties as allowed by the Municipal code or through current City practices. Accounts that remain delinquent will be processed through the City approved processes established in HdL's collections component of the Compliance Management Program.

**On-Line Filing & Payment Processing** – HdL registers a City approved domain name which will serve as the starting point for all web-based activities. This City specific site is designed to look and feel like the City's own web pages and ensures a level of continuity between the business community, the City, and HdL.

With *HdL Flex File*, businesses can choose to file their new business registration as well as renew their license and make payments via our on-line filing portal. In addition to filing and paying for taxes, businesses can obtain copies of applications, general support and FAQs, schedule appointments and request copies of their tax registration all with the click of a button. Our on-line services underscore HdL's commitment to excellence in customer service and education by continually improving the registration and payment experience for the business community.

**Payment Posting/Processing** – HdL will process all payments received in an expedited manner. License accounts will be updated daily with payment information and revenues to be disbursed to the City net applicable fees at an interval to be agreed to during the project planning phase. Disbursements typically occur monthly but

can be remitted as often as weekly depending on volumes and City needs. HdL's payment acceptance process accepts the following payment types:

- ✓ Check / Money Order /Cashier's Check
- ✓ E-Check
- ✓ Debit Cards
- ✓ Credit Cards (Visa, Mastercard, Discover, & American Express)
- ✓ Check by Phone

HdL currently utilizes multiple payment gateway providers for on-line payment acceptance. HdL will work with the City to determine which provider, rate structures, and card types meet the City's needs. HdL can also utilize the same provider and process used by the City's current on-line functionality.

**Business Support Center** – HdL will provide businesses with multiple support options for registering, renewing, making payments and for general inquiries. A toll-free number will be provided to businesses in order to access one of our license specialists Monday-Friday 8:00am to 5:00pm Pacific. Businesses will also have access to support via, e-mail, fax, and via the Business Support Center On-Line. HdL constantly monitors quality control points to ensure courteous customer service, minimal hold times under 2 minutes, and the return of voice messages the same business day.

### **Business License Tax - Revenue Discovery**

**Enriched Data Portfolio / Lead Identification** – Utilizing data provided by the City, as well as the HdL Enriched Data Portfolio (EDP), HdL's team builds an enhanced listing of entities subjected to licensure or taxation including, but not limited to, those businesses physically located in the City, itinerant businesses, and entities participating in the sharing economy such as short-term rentals (STRs), drive sharing services and others. These entities are electronically matched to the existing files of the City using advanced data matching algorithms, allowing HdL staff to identify which entities are compliant and which entities require follow up.

**Field Surveys** – Experienced field crews, equipped with the most advanced tools available (mobile mapping/GPS systems, tablet computers pre-loaded with various City and state-wide databases, etc.) may canvass commercial areas of the City to develop and enhance the leads identified in the EDP. Field Surveys provide additional inventories of active businesses as well as to provide on-site verifications of data culled from other sources.

**Exception Resolution** – Records are reviewed by our skilled team members, filtering out records that may lead to erroneous contacts. This extra step allows staff to find additional revenues not otherwise identifiable through electronic means and assists in reducing potential complaints levied at City staff and management from pursuit of false positives.

**Compliance Communication and Outreach** – Upon exception resolution, HdL staff initiates contact with the identified entities through a series of City approved communication methods. HdL makes every effort to simplify the process for taxpayers and utilizes a variety of mediums for communication including mail, telephone, email and web-site access. Potential non-compliant entities are notified of their options to comply or dispute their non-compliant status. Initial notification packets include everything a business needs to become compliant and multiple methods of resolving their accounts.

**Business Support Center** – HdL operates a business support and service center where the business community can access expert staff during normal business hours. Businesses calling our toll free line can expect minimal hold times along with access to a variety of options which include filing support, payment options, resolution of specific tax issues and other services designed to reduce the burden of registering and filing taxes. Our team of experts, including our resident Certified Revenue Officers (CRO), implements a business friendly and education centric approach to supporting the business community in all aspects of the management and compliance process.

**Business Support Center ~Online** – Businesses are encouraged to take advantage of the range of services available on-line, 24 hours a day, seven days a week. With *HdL Flex File*, businesses can choose to file their new business registration as well as make payments via our on-line filing portal. In addition to filing and paying for taxes, businesses can obtain copies of applications, general support and FAQs, schedule appointments and request copies of their tax registration all with the click of a button. Our on-line services underscore HdL's commitment to excellence in customer service and education by continually improving the registration and payment experience for the business community.

**Document Submission / Processing** – Whether the taxpayer chooses to respond by mail, email or our online filing website, each application submission is reviewed for completion and accuracy prior to processing. Any additional documentation needed to complete the approval of a submission, such as a home occupation permit, can also be requested or forwarded to other City departments either as a pre-requisite or as a courtesy to the business. All submissions are filed and stored electronically and made available to the City via standard reporting processes or upon request.

**Invoicing** – Once an application is approved, invoices are forwarded to the taxpayer indicating detailed tax calculations and balances owed. Taxpayers are provided the opportunity to pay their balances via mail, online, or over the phone services. Taxpayers will also have continued access to our Business Support Center for any questions or disputes arising from the invoice process.

**Registry Update** – Upon collection of all requirements which may include the payment, application and/or other documentation, HdL will prepare a Registry Update package to include payment as well as copies of all taxpayer correspondence and other relevant information. Data in the City registry file stored in the HdL Prime Software Suite is updated daily with packages from the Compliance Management Services. Once completed, the business will be processed through the standard processes approved through the HdL Operations Management Component.

### **Business License Tax – Audits**

**Analysis & Selection** – Audit candidates are selected using a variety of selection methodologies developed by our audit team using decades of business license tax audit experience. Preliminary analysis reports on each business selected are shared with the City prior to moving through the audit phases.

**Audit Notification & Scheduling** – Businesses selected by HdL and approved by the City are sent a letter notifying them of a scheduled Compliance Analysis Audit. Every effort is made to promote a positive experience for the taxpayer. A detailed description of the requirements and relevant documentation required for the audit is provided to the business 2 weeks in advance of the proposed audit date. If the business is unable meet the audit date selected by the City all efforts to reschedule the audit to a more accommodating date will be made. Businesses are also afforded the opportunity to schedule flexible appointment times by contacting the Business Support Center or visiting our online support center.

**Compliance Analysis & Audit** – The HdL audit team will audit the financial records of the business to determine compliance with business tax regulations. HdL validates taxing variables such as gross receipts and other relevant information for determining compliance. In addition to identifying underreporting issues, the HdL Audit Program will also focus on other compliance related issues such as assuring correct classifications, multiple location allocation, apportionment issues, and identifying business to business relationships that may create tax liability for 3<sup>rd</sup> parties.

**Audit & Compliance Report** – Upon completion of the audit and analysis, and prior to additional actions, a compliance report will be generated and reviewed with the City. The report will indicate specific results of the review and recommended future actions. Documentation that substantiates the findings in the report will be included with the report to assist the City and HdL in determining next step of the process.

**Deficiency and Commendation Notification** – Upon final review of the audit and analysis report businesses that are found to have deficiencies will be notified of the findings as well as the payment and appeal processes.



HdL will also work with businesses found to be deficient to explain the current findings and educate taxpayers on proper future filing procedures so as to prevent future errors and deficiencies. Businesses found to be in compliance, will be sent a commendation letter thanking them for their compliance.

**Invoicing & Collections** – Business found to be underreporting are invoiced through the standard City approved collections process. Balances are collected and remitted along with supporting documentation to the City through the approved remittance processes.

Measure P Excise Tax Deposits As of 12/30/2020

Deposit Month	Tax	Penalties & Fees	Annual Permits
October, 2018	\$ -	\$ -	
November, 2018	\$ 1,180.00	\$ -	
December, 2018	\$ 77.76	\$ -	
January, 2019	\$ 26,429.26	\$ 5,545.50	
February, 2019	\$ 19,628.38	\$ 1,332.55	
March, 2019	\$ 334.50	\$ 182.37	
April, 2019	\$ 7,986.88	\$ -	\$ 25,910.50
May, 2019	\$ 10,105.52	\$ -	
June, 2019	\$ 7,342.25	\$ -	
July, 2019	\$ 10,889.39	\$ -	
August, 2019	\$ 8,792.58	\$ -	
September, 2019	\$ 35,372.00	\$ 8,440.00	10,044.00
October, 2019	\$ 33,925.01	\$ 8,509.00	
November, 2019	\$ 15,543.65	\$ -	
December, 2019	\$ 10,508.38	\$ -	
January, 2020	\$ 10,062.06	\$ 10,154.32	
February, 2020	\$ 12,078.82	\$ -	
March, 2020	\$ 11,466.37	\$ -	
April, 2020	\$ 63,508.62	\$ 12,145.00	
May, 2020	\$ 20,457.30	\$ 11,036.87	12,955.00
June, 2020	\$ 87,514.21	\$ 32,158.75	15,866.13
July, 2020	28,634.79	\$ -	
August, 2020	13,587.51	\$ -	
September, 2020	10,544.00	\$ -	
October, 2020	112,635.95	\$ -	
November, 2020	13,599.92	\$ -	
December, 2020	52,341.09	\$ -	
January, 2021	-	\$ -	
February, 2021	-	\$ -	
March, 2021	-		
April, 2021	-		
May, 2021	-		
June, 2021			
<b>YTD Totals</b>	<b>231,343.26</b>	<b>-</b>	<b>-</b>
<b>TOTALS</b>	<b>\$ 624,546.20</b>	<b>\$ 89,504.36</b>	<b>\$ 64,775.63</b>
<b>GRAND TOTAL</b>			<b>\$ 778,826.19</b>
<b>YTD Gross Revenue</b>	<b>5,140,961.33</b>		
<b>Prior Years TOTAL Gross Revenue</b>	<b>\$ 13,878,804.51</b>		
<b>Known Past Due Amounts</b>	<b>\$ 38,448.54</b>		

Payors: BZL; Cloverdale Delivers; Old River Road, Red Door Remedies; Seed2Soul

**From:** Sydney Winkler <swinkler@opengov.com>  
**Sent:** Thursday, December 10, 2020 1:18:34 PM  
**To:** David Kelley <dkelley@ci.cloverdale.ca.us>  
**Cc:** Kevin Thompson <kthompson@ci.cloverdale.ca.us>; Susie Holmes <sholmes@ci.cloverdale.ca.us>; Shannon Peterson <speterson@ci.cloverdale.ca.us>; Ariana Tuckey <atuckey@opengov.com>; Andrew Kercado <akercado@opengov.com>; Nicole Fetsch <nicole.fetsch@opengov.com>; David Reeves <dreeves@opengov.com>; Rebecca Han <rhan@opengov.com>  
**Subject:** Cloverdale/OpenGov - Project Update

Hi David,

Here is a high-level project update on both the Budget + Planning and PLC deployments - let me know if you were looking for any additional information!

- Overall Status:
  - **On track** for Budget + Planning Deployment
    - Aiming for Budget + Workforce go-live in mid-February
    - Aiming for Online Budget Book go-live by end of April
  - **On track** for Permitting, Licensing, and Code Enforcement Deployment
    - Aiming for go-live in mid-February
- Key Accomplishments:
  - Signed off on the Chart of Accounts on Nov 16
  - Kicked off Financial Integration on Dec 9
  - Began Configuration of Workforce Plan
  - Began Configuration on Building Permit, Business License, and Encroachment Permit
- Project Timeline: (see below with green line representing where we are now)

Months	Notes	Oct - 2020				Nov - 2020					Dec - 2020				Jan - 2021				Feb - 2021				Mar - 2021					Apr - 2021			
		Wk 1	Wk 2	Wk 3	Wk 4	Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 1	Wk 2	Wk 3	Wk 4	Wk 1	Wk 2	Wk 3	Wk 4	Wk 1	Wk 2	Wk 3	Wk 4	Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 1	Wk 2	Wk 3	Wk 4
<b>B&amp;P Configuration</b>																															
Kickoff and Planning	1 week																														
Chart of Accounts	1 month																														
Operating Budget + Workforce Planning	3 months																														
Financial Integration	3 months																														
Reporting + Transparency Platform	3 months																														
Budget Training	2 weeks																														
Online Budget Book	4.5 weeks																														
<b>PLC Configuration</b>																															
PLC System Configuration	3 months																														
Document Migration	3 months																														
ArcGIS Integration	1 month																														
Master Address Table Import	1 month																														
AutoFill Interfaces	1 month																														
Administrator Training	1 week																														
End User Training	2 weeks																														

Thanks,  
Sydney

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