



Legislation Text

File #: 2019-1114, Version: 1

Report to Mayor and City Council

Tuesday, January 14, 2020

Consent

SUBJECT:

CONSIDER APPROVAL OF AMENDMENT NO. 1 TO AN AGREEMENT WITH BRI CONSULTING GROUP, INC. TO PROVIDE AUDIT SERVICES FOR THE OIL INDUSTRY BUSINESS LICENSE TAX (CITY COUNCIL)

I. SUMMARY

Staff is seeking City Council approval to amend the contract with BRI Consulting to extend the term of agreement, revise the scope of work, and increase the total compensation for the audit by \$105,000.

II. RECOMMENDATION

Take the following actions:

1. APPROVE Amendment No. 1 to Agreement for Contract Services by and between the City of Carson and BRI Consulting. to increase the contract sum by \$105,000 to provide audit services of the oil business tax for both Equilon and Kinder Morgan and address disagreement between the City and taxpayers regarding the proper apportionment of Gross Receipts and application of the Oil Business License Tax.
2. AUTHORIZE the Mayor to execute the amendment following approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE any other action the City Council deems appropriate.

IV. BACKGROUND

The City's voters approved the new Oil Industry Business License tax in November 2017. The tax is 0.25% of gross receipts subject to the tax. Gross receipts information is self-

reported by each business paying the tax; and the City has the right to audit business records (CMC§63516A).

In July 3, 2018 the City Council approved a one year agreement with BRI Consulting to provide audits of the gross receipts reported by Phillips 66 and Marathon refineries for the period of December 2017 through June 2018 (7 months of data). The budget for each audit is \$70,000 for a total not-to-exceed price of \$140,000. The amendment will allow the BRI Consulting to perform the same scope of work for Equillon and Kinder Morgan and allow BRI to address disagreement between the City and taxpayers regarding the proper apportionment of Gross receipts and application of the Oil Business License Tax.

The audits are expected to be completed by June 30, 2020. Gross receipts information are confidential. To date, the City has collected oil industry tax revenue totaling \$4.2 million for Fiscal year 2018-2019. If an audit reveals an underpayment of 2% or greater, the taxpayer shall reimburse the City for the full reasonable costs incurred in conducting the audit, including all legal fees (CMC§63516B).

V. FISCAL IMPACT

There is no additional funding requested at this time. The total appropriation is available within the Finance Department budget of the General Fund.

VI. EXHIBITS

1. BRI Consulting amendment. (Pgs. 3-8)

- 1.

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