



Finance Committee
1st Floor Conference Room Area 'B'
100 W California Ave.
Ridgecrest, CA 93555
(3rd Monday each month)

AGENDA
Monday, March 16, 2020
Meeting – 5:00 p.m.

Committee Members – Council Member Hayman, Mayor Breedon

1. CALL TO ORDER

2. ROLL CALL

Present:

Staff:

3. APPROVAL OF AGENDA

4. APPROVAL OF MINUTES –February 20, 2020

5. PUBLIC COMMENT (Items Not on the Agenda)

6. DISCUSSION AND OTHER ACTION ITEMS

- A. Compensation Study Update
- B. Business License Compliance Audit
- C. Transient Occupancy Tax Services Audit
- D. CAFR Review

7. COMMITTEE MEMBER COMMENTS

8. SUPPORT STAFF COMMENTS

9. FUTURE AGENDA ITEMS Detailed 2nd QTR Budget Reports

10. NEXT MEETING April 20 ,2020

11. ADJOURNMENT



Finance Committee
1st Floor Conference Room Area 'B'
100 W California Ave.
Ridgecrest, CA 93555
(3rd Monday each month)

AGENDA

Thursday, February 20, 2020

Meeting – 5:00 p.m.

Committee Members – Council Member Hayman, Mayor Breeden

1. **CALL TO ORDER** 5:25pm

2. **ROLL CALL**

Present: Mayor Breeden, Council Member Hayman

Staff: Cheri Freese, Lovette Alligood

3. **APPROVAL OF AGENDA** So moved by Mayor Breeden, 2nd by Council Member Hayman

4. **APPROVAL OF MINUTES** –January 16, 2020 So moved by Mayor Breeden, 2nd by Council Member Hayman

5. **PUBLIC COMMENT (Items Not on the Agenda)** No Comment

6. **DISCUSSION AND OTHER ACTION ITEMS**

- A. Compensation Study Update- Discussed setting benchmarks for job titles
- B. Budget Update
- C. CAFR Update
- D. 2nd Quarter budget review- Over view of 2nd QTR budget numbers

7. **COMMITTEE MEMBER COMMENTS**

8. **SUPPORT STAFF COMMENTS** No Comment

9. **FUTURE AGENDA ITEMS** - Detailed 2nd QTR budget reports
CAFR discussion

10. **NEXT MEETING** March 16, 2020

11. **ADJOURNMENT** 6:37pm

City of Ridgecrest
Proposed Benchmark Classifications
February 2020

Classification Title	Benchmark
Account Clerk I	
Account Clerk II	X
Accountant	X
Accounting Supervisor	X
Administrative Analyst I	
Administrative Analyst II	X
Administrative Secretary - Confidential	X
Animal Control Officer	X
Animal Control Supervisor	X
Assistant Finance Director	
Assistant Planning Technician	
Assistant Public Works Director/City Engineer	X
Associate Planning Technician	X
Chief of Police	X
Chief Plant Operator	X
City Clerk	X
City Manager	X
Community & Economic Development Manager	X
Community Service Officer	X
Cultural Affairs Coordinator II	X
Director of Community Development	X
Director of Finance	X
Director of Parks and Recreation	X
Director of Public Works	X
Human Resources Administrator	X
Information Systems Specialist	X
Information Technology Manager	X
Junior Accountant	
Kennel Attendant	X
Maintenance Worker I	
Maintenance Worker II	X
Maintenance Worker III	
P/T PACT Coordinator	
P/T Planning Technician	
P/T Transit Driver	X
Parks Maintenance Supervisor	X

City of Ridgecrest
Proposed Benchmark Classifications
February 2020

Classification Title	Benchmark
Payroll Technician I	
Payroll Technician II	X
Police Captain	X
Police Clerk II	X
Police Dispatch	X
Police Officer	X
Police Sergeant	X
Property Evidence Clerk	X
Public Works Supervisor	X
Recreation Leader I	
Recreation Leader II	X
Recreation Leader III	
Recreation Supervisor	X
Senior Secretary-Police	X
Traffic Engineer	X
Transit Dispatcher	
Transit Road Safety/Driver Trainer	X
Transit Services Coordinator	X
Wastewater Operator I	
Wastewater Operator II	X
Wastewater Operator III	
Wastewater Trainee	

Total Number of Benchmarks 42

Classification Title	Benchmark
Account Clerk I	
Account Clerk II	X
Accountant	
Accounting Supervisor	X
Administrative Analyst I	
Administrative Analyst II	X
Administrative Secretary - Confidential	
Animal Control Officer	X
Animal Control Supervisor	X
Assistant Finance Director	
Assistant Planning Technician	
Assistant PW Director/City Engineer	X
Associate Planning Technician	
Chief of Police	X
Chief Plant Operator	X
City Clerk	X
City Manager	X
Code Enforcement Officer	X
Community & Economic Development Manager	
Community Development Technician	X
Community Service Officer	X
Cultural Affairs Coordinator II	X
Director of Community Development	X
Director of Finance	X
Director of Park and Recreation	X
Director of Public Works	X
Engineer I	
Engineer II	X
Fleet Mechanic II	X
Human Resources Administrator	X
Information Systems Specialist	X
Information Technology Manager	X
Junior Accountant	X
Kennel Attendant	X
Maintenance Worker I	
Maintenance Worker II	X
Maintenance Worker III	
P/T PACT Coordinator	X
P/T Planning Technician	
P/T Transit Driver	
Parks Maintenance Supervisor	X
Payroll Technician I	
Payroll Technician II	X

Police Captain	X
Police Clerk II	X
Police Dispatch	X
Police Officer	X
Police Sergeant	X
Property Evidence Clerk	X
Public Works Supervisor	X
Recreation Leader I - P/T	X
Recreation Leader II - P/T	X
Recreation Leader III - P/T	
Recreation Supervisor	
Senior Secretary - Police	
Traffic Engineer	
Transit Dispatcher	X
Transit Driver	X
Transit Road Safety/Driver Trainer	X
Transit Services Coordinator	X
Wastewater Operator I	
Wastewater Operator II	X
Wastewater Operator III	
Wastewater Trainee	

Total Number of Benchmarks

43

City of Ridgecrest, CA

HdL Tax and Fee Professional services

- Business License Administration Services
- Transient Occupancy Tax Services

March 10, 2020

HdL  Companies

SUBMITTED BY
HdL Companies
120 S. State College Blvd., Suite 200
Brea, CA 92821
hdlcompanies.com

CONTACT
George Bonnin
T: 714-879-5000
E: gbonnin@hdlcompanies.com

Dear Cheri,

Thank you for the opportunity to present this proposal for HdL's Tax and Fee Professional Services:

- Business License Tax Administration (includes Compliance)
- Transient Occupancy Tax 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 May 31, 2020.

Should you have any questions, please contact me at 888.861.0220 or by email at gbonnin@hdlcompanies.com.

Business License Tax Administration Services

Service	Compensation
Business License Administration Services	\$15.00 per account/per year + CPI
Business License Tax Compliance	
<ul style="list-style-type: none">• Option 1 – Concurrent with business License administration services	Discovery – 35% All revenue collected Audits – 35% All revenue collected
<ul style="list-style-type: none">• Option 2 – Stand-alone compliance	Discovery – 40% All revenue collected Audits – 40% All revenue collected

General Scope of Work

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 (Includes Revenue Discovery/Audits)

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 3rd 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 to prevent future errors and deficiencies. Businesses found to comply, 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.

City of Ridgecrest, CA

TRANSIENT OCCUPANCY TAX SERVICES

March 10, 2020

HdL  Companies

SUBMITTED BY
HdL Companies
120 S. State College Blvd., Suite 200
Brea, CA 92821
hdlcompanies.com

CONTACT
George Bonnin
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E: gbonnin@hdlcompanies.com

Dear Cheri,

Thank you for the opportunity to present this proposal for HdL's Tax and Fee Professional Services:

- Transient Occupancy Tax 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 May 31, 2020.

Should you have any questions, please contact me at 888.861.0220 or by email at gbonnin@hdlcompanies.com.

Transient Occupancy Tax Administration Services

Transient Occupancy Tax Services	
Administration (With Audits)	\$800.00/property/month + CPI (Monthly Filers) \$700.00/property/month + CPI (Quarterly Filers)
Audits Only	\$2,000.00/Property

General Scope of Work

Tax Registration Database Management – HdL will transfer the City's existing databases as they relate to TOT 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 TOT registrations for lodging establishments that change hand or newly offered properties.

Payment Posting / Processing – HdL will process all payments made for new and existing lodging 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 providers with multiple support options for registering, filing returns, making payments and for general inquiries. Lodging providers will be able to access one of our tax specialists Monday-Friday 8:00am to 5:00pm Pacific via phone, email, fax, and the online support center.

On-Line Filing & Payment Processing – HdL will provide a website for lodging providers to make payments online.

Compliance Monitoring – HdL will ensure accurate filings of TOT returns by consistently monitoring returns and providing compliance audits as mutually agreed to by the City and HdL.

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

HdL's Transient Occupancy Tax Audit Service employs a business-friendly approach which educates hoteliers in transient occupancy tax regulations and filing procedures, ensures compliance, and maximizes agency revenues. The process incorporates the following:

Ordinance and Filing Procedure Review – Analysis of Transient Occupancy Tax ordinances and agency 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.

Analysis Report – HdL's audit team will obtain and conduct a review of the most recent 36 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 Agency.

Analysis Review – Upon completion of the analysis report, meetings are scheduled with the agency to review the results as well as identify and recommend lodging providers who require additional investigation or examination to determine their compliance with the Agency's ordinance.

Audit Notification & Scheduling – Lodging providers selected by HdL and approved by the Agency for an audit are sent a letter and scheduled for a Compliance Analysis Audit. Every effort is made to promote a positive experience for the taxpayer. Lodging providers 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 Agency. The report indicates specific results of the reviews and recommended actions. Documentation will be included with the report to assist the Agency and HdL in determining next steps.

Deficiency and Commendation Notification – Upon final review with the Agency, lodging providers 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 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 Agency approved collections process identical to the procedures approved for other Programs. Balances are collected and remitted along with supporting documentation to the Agency through approved remittance