



City of Sebastopol

CITY OF SEBASTOPOL CITY COUNCIL

AGENDA ITEM REPORT FOR MEETING OF: October 7, 2025

=====

**To:** Honorable Mayor and City Councilmembers  
**From:** Ana Kwong – Administrative Services Director  
**Subject:** Resolution authorizing MuniServices, LLC to Audit Sales Tax Receipts for the new Measure U Local Transaction and Use Tax and approving a related amendment to Agreement with MuniServices, LLC. Muniservices, LLC has a contract to audit the reports on the City’s sales tax collections from the CDTFA. With the recent passage of the Sebastopol Measure U, the City must authorize MuniServices to view confidential sales tax information and amend the contract with MuniServices to include the receipts for the new 1/2 cent transaction and use tax, which became effective April 1, 2025.

=====

**RECOMMENDATIONS:**

Staff recommends that the City Council adopt a resolution authorizing MuniServices, LLC to Audit Sales Tax Receipts for the new Measure U Local Transaction and Use Tax and approve a related amendment to the Agreement with MuniServices, LLC.

**EXECUTIVE SUMMARY:**

Staff recommends that the City Council adopt a resolution authorizing MuniServices, LLC to audit sales tax receipts for the newly approved Measure U Local Transaction and Use Tax. This action is necessary to ensure proper oversight and compliance with the California Department of Tax and Fee Administration (CDTFA) requirements. The resolution corrects a technical error in the naming of the City’s sales tax consultant and approves an amendment to the existing contract with MuniServices to include auditing of the new ½ cent sales tax, which becomes operative on April 1, 2025. This correction is administrative in nature and does not alter the scope or intent of the original resolution. There is no fiscal impact associated with this item.

**BACKGROUND:**

On November 5, 2024, the majority of Sebastopol voters passed Measure U. On December 10, 2024 the City Council certified the final election results for Measure U. The sales tax became operative on April 1, 2025 and collection of the new ‘transactions and use’ sales tax started on this date..

**DISCUSSION:**

Transactions and use tax (commonly referred to as sales tax) data is generally confidential. However, the City Council may adopt a resolution authorizing specific City staff and the City’s consultant, MuniServices, LLC, to examine the confidential transactions and use tax records of the CDTFA pertaining to the sales tax collected for the City pursuant to Revenue and Taxation Code section 7056.

When the City of Sebastopol adopted Resolution Number 6632-2024, authorizing the examination of sales or transactions and use tax records, the name of our sales tax consultant was listed incorrectly in Section 3. The resolution identified the consultant as Avenu Insights and Analytics, LLC (doing business as MuniServices). However,



City of Sebastopol

this naming format does not align with the legal business name required by the California Department of Tax and Fee Administration (CDTFA).

#### **STAFF ANALYSIS:**

The new resolution is substantially the same as the Resolution Number 6632-2024, with the major difference being the use of the correct legal name for MuniServices, LLC.

The correct legal name is MuniServices, LLC, which does business as Avenu Insights & Analytics, LLC and/or Neumo. For CDTFA purposes, all documentation must reflect MuniServices, LLC as the primary legal entity. Although this may appear to be a minor technical discrepancy, the CDTFA has made it clear that they will not release sales tax data to MuniServices until both the resolution and the contract amendment are corrected to reflect the proper legal name.

To resolve this, the City must revise both the resolution and the contract amendment to reflect the accurate legal name. This is considered a non-substantive technical correction—it does not alter the intent or scope of the resolution, but simply ensures compliance with CDTFA requirements.

#### **BUDGET COMMITTEE REVIEW**

This item is routine and has not been reviewed or discussed by the Budget Committee.

#### **CITY COUNCIL GOALS/PRIORITIES/ AND OR GENERAL PLAN CONSISTENCY:**

This agenda item represents the City Council's goals/priorities as follows:

Goal 5 – Long Term Financial Sustainability

This agenda item represents the City Council General Plan Consistency (if applicable): Not Applicable

#### **FISCAL IMPACT:**

There's no fiscal impact in approving this item.

#### **COMMUNITY OUTREACH:**

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date. The City has also used social media to promote and advertise the City Council Meeting Agenda Items.

As of the writing of this agenda item report, the City has not received any public comment. However, if staff receive public comment from interested parties following the publication and distribution of this agenda item report, such comments will be provided to the City Council as supplemental materials before or at the meeting.

#### **RESTATED RECOMMENDATION:**

Staff recommends that the City Council adopt a resolution authorizing MuniServices, LLC to Audit Sales Tax Receipts for the new Measure U Local Transaction and Use Tax and approving a related amendment to Agreement with MuniServices, LLC.

#### **CITY COUNCIL OPTIONS:**



City of Sebastopol

None

**ATTACHMENTS:**

- 1. Resolution
- 2. Muni Services Contract Amendment

**APPROVALS:**

Department Head Approval: Approval Date: 9/8/2025

CEQA Determination (Planning): Approval Date: 9/8/2025

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines.

Administrative Services (Financial): Approval Date: 9/8/2025

Costs authorized in City Approved Budget: ☐ Yes ☐ No ☒ N/A

Account Code (if applicable) \_\_\_\_\_

City Attorney Approval Approval Date: 9/30/25

City Manager Approval: Approval Date: 9/30/25

## Resolution Number: XXXX-2024

**A Resolution of the City Council of the City of Sebastopol Authorizing  
Examination of Sales or Transactions and Use Tax Records**

**WHEREAS**, pursuant to Ordinance Numbers 1152, and Revenue and Taxation Code section 7270 , the City of Sebastopol (City) entered into a contract with the California Department of Tax and Fee Administration (Department) to perform all functions incident to the administration and collection of transaction and use taxes; and

**WHEREAS**, the City Council of the City of Sebastopol deems it desirable and necessary for authorized officers, employees and representatives of the City to examine confidential sales or transactions and use tax records of the Department pertaining to sales or transactions and use taxes collected by the Department for the City pursuant to that contract; and

**WHEREAS**, Section 7056 of the California Revenue and Taxation Code sets forth certain requirements and conditions for the disclosure of Department records, and Section 7056.5 of the California Revenue and Taxation Code establishes criminal penalties for the unlawful disclosure of information contained in, or derived from, the sales or transactions and use tax records of the Department;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SEBASTOPOL HEREBY RESOLVES AS FOLLOWS:**

**Section 1.** That the City Manager, Assistant City Manager/City Clerk, and Administrative Services Director, or other officer or employee of the City designated in writing by the City Manager to the California Department of Tax and Fee Administration is hereby appointed to represent the City with authority to examine sales or transactions and use tax records of the Department pertaining to sales or transactions and use taxes collected for the City by the Department pursuant to the contract between the City and the Department.

**Section 2.** The information obtained by examination of Department records shall be used only for purposes related to the collection of City sales or transactions and use taxes] by the Department pursuant to that contract, and for purposes related to the following governmental functions of the City:

- (a) Budget Revenue Forecasting
- (b) Economic Development management

The information obtained by examination of Department records shall be used only for those governmental functions of the City listed above.

**Section 3.** That MuniServices, LLC (doing business as doing business as Avenu Insights & Analytics, LLC and/or Neumo) is hereby designated to examine the sales or transactions and use tax records of the Department pertaining to sales or transactions and use taxes collected for the City by the Department. The person or entity designated by this section meets all of the following conditions, which are also included in the contract between the City and the MuniServices, LLC (doing business as Avenu Insights & Analytics, LLC and/or Neumo):

- a) has an existing contract with the City to examine those sales or transactions and use tax records;
- b) is required by that contract to disclose information contained in, or derived from, those sales or transactions and use tax records only to the officer or employee authorized under Section 1 of this resolution to examine the information.

- c) is prohibited by that contract from performing consulting services for a retailer during the term of that contract;
- d) is prohibited by that contract from retaining the information contained in, or derived from those sales or transactions and use tax records, after that contract has expired.

**BE IT FURTHER RESOLVED** that the information obtained by examination of Department records shall be used only for purposes related to the collection of City sales or transactions and use taxes by the Department pursuant to the contract between the City and the Department and for those purposes relating to the governmental functions of the City listed in section 2 of this resolution.

**Section 4.** That this resolution supercedes all prior resolutions of the City Council of the City of Sebastopol adopted pursuant to subdivision (b) of Revenue and Taxation Code section 7056.

PASSED AND ADOPTED, by the CITY COUNCIL of THE CITY OF SEBASTOPOL, COUNTY OF SONOMA, of the STATE OF CALIFORNIA on this 7<sup>th</sup> day of October, 2025.

I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by City of Sebastopol City Council following a roll call vote:

**VOTE:**

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED: \_\_\_\_\_  
Mayor Stephen Zollman

ATTEST: \_\_\_\_\_  
Mary Gourley, Interim City Manager/City Clerk, MMC

APPROVED AS TO FORM: \_\_\_\_\_  
Alex Mog, City Attorney

**AMENDMENT NO. 3 TO AGREEMENT BETWEEN  
CITY OF SEBASTOPOL AND MUNISERVICES, LLC**

**THIS AMENDMENT No. 3** (the “Amendment”) is made as of October 7, 2025 entered into between City of Sebastopol, a municipal corporation (“City”) and MuniServices, LLC, dba Neumo and/or Avenu MuniServices a Delaware limited liability company (“MuniServices” or “CONSULTANT”), (collectively the “Parties”).

The City and MuniServices agree as follows:

**WHEREAS**, the City and MuniServices, entered into a Consultant Services Agreement, on or about May 14, 1998 (hereinafter “Agreement”); which was subsequently amended through “Amendment No. 1” on June 6, 2019 and “Amendment No. 2” on August 1, 2023;

**WHEREAS**, on November 5, 2024, the voters of the City of Sebastopol approved the adoption of a Measure U Local Sales Tax (“District Tax”), to support the City’s General Fund. The ½ cent Measure U sales tax increase went into effect on April 1, 2025;

**WHEREAS**, section 7056 of the California Revenue and Taxation Code imposes conditions on the access to information related to the collection of sales, transaction, and use tax by the Agency;

**NOW THEREFORE**, in order to satisfy the requirements of section 7056, the parties hereby amend the Agreement as follows:

- I. MuniServices will provide the City with District Tax Audit Services and District Tax Analytic and Reporting Services per the terms of the Agreement.
- II. Section 6 is hereby added to the Agreement to read as follows:

**6. Confidentiality Requirements** Section 7056 of the State of California Revenue and Taxation code specifically limits the disclosure of confidential taxpayer information contained in the records of the California Department of Tax and Fee Administration. This section specifies the conditions under which a CITY may authorize persons other than CITY officers and employees to examine State Sales, Use and Transactions Tax records.

The following conditions specified in Section 7056 (b), (1) of the State of California Revenue and Taxation Code are hereby made part of this agreement.

1. CONSULTANT is authorized by this Agreement to examine sales, use or transactions and use tax records of the Department of Tax and Fee Administration provided to CITY pursuant to contract under the Bradley-Burns Uniform Sales and Use Tax Law.
2. CONSULTANT is required to disclose information contained in, or derived from, those sales, use or transactions and use tax records only to an officer or employee of the CITY who is authorized by resolution to examine the information.

3. CONSULTANT is prohibited from performing consulting services for a retailer, as defined in California Revenue & Taxation Code Section 6015, during the term of this Agreement.

4. CONSULTANT is prohibited from retaining the information contained in, or derived from those sales or transactions and use tax records, after this Agreement has expired. Information obtained by examination of Department of Tax and Fee Administration records shall be used only for purposes related to collection of local sales and use tax or for other governmental functions of the CITY as set forth by resolution adopted pursuant to Section 7056 (b) of the Revenue and Taxation Code. The resolution shall designate the CONSULTANT as a person, authorized to examine sales and use tax records and certify that this Agreement meets the requirements set forth above and in Section 7056 (b), (1) of the Revenue and Taxation Code.

- III. The City and MuniServices agree that although the scope of work generically refers to “sales and use tax” those references are meant to include “sales, transaction, and use tax” as part of the scope of work, including but not limited to any transaction and use taxes adopted after the effective date of the Agreement.
- IV. The Parties agree that Agreement is applicable to all Sales, Transaction and Use Tax Ordinances currently enacted in the City and which may become enacted while the Agreement is in effect.
- V. Except as herein modified, all other provisions of the Agreement, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.
- VI. In case of a conflict between the terms of this Amendment and the terms of the Agreement, the terms of this Amendment shall strictly prevail.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their duly authorized representatives as of the date set forth above.

CITY OF SEBASTOPOL

MUNISERVICES, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Sabrina Stover  
Chief Financial Officer

Title: \_\_\_\_\_