



Mendocino County

Legislation Text

File #: 17-0163, **Version:** 1

To: Board of Supervisors

From: Executive Office and Treasurer-Tax Collector

Meeting Date: March 21, 2017

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Item Type: Consent Agenda

Time Allocated for Item: N/A

Agenda Title:

Approval of Amendment to Agreement 15-056 with Thomson Reuters/Aumentum in the Amount of \$83,240 for the Acquisition of County-Wide Property Tax Software System - Addition of the Cannabis Related Tax and Licensing Collection Program; Authorize the Chief Executive Officer or her/his designee to Execute any and all Documents in Relation to the Transaction; and Authorize the Chief Executive Officer or her/his designee to Sign Any Future Amendments to the Agreement That Do Not Alter the Fiscal Aspect of the Thomson Reuters/Aumentum Master Agreement for Licensed Software, Hardware, and Services

Recommended Action/Motion:

Approve Amendment to Agreement 15-056 with Thomson Reuters/Aumentum in the Amount of \$83,240, for a new total Agreement amount of \$1,787,669, for the acquisition of County-wide property tax software system - addition of the cannabis related tax and licensing collection program; authorize the Chief Executive Officer or her/his designee to execute any and all documents in relation to the transaction; and authorize the Chief Executive Officer or her/his designee to sign any future amendments to the Agreement that do not alter the fiscal aspect of the Thomson Reuters/Aumentum Master Agreement for licensed software, hardware, and services.

Previous Board/Board Committee Actions:

In June 2013, the Board adopted the 2013-2017 County of Mendocino Capital Improvement Plan (CIP)/Facility Needs Assessment which includes the replacement of the County's County-Wide Property Tax Software System. A total of \$1,000,000 has been added over the last two fiscal years, with the remaining contract cost to be added as part of the FY 2015-16 Recommended Budget. Additionally, updates have been presented to the Board regarding the progress associated with the replacement of the property tax system during the FY 2014-15 Recommended Budget and Final Budget's. On June 9, 2015, the Board of Supervisors approved an agreement with Thomson Reuters/Aumentum in the Amount of \$1,701,429 for the Acquisition of County-Wide Property Tax Software System.

Summary of Request:

BACKGROUND ON STATE AND LOCAL REGULATIONS REGARDING CANNABIS:

- On October 9, 2015, Governor Brown signed three bills into legislation - AB-243, AB-266, and SB-643; the enactment of these bills created the statewide licensing and regulatory framework for medical marijuana.

- Mandated throughout the bills are requirements for local licensing and permitting;
- Per SB-643, counties were authorized to impose a tax upon specified cannabis-related activities, if approved by the electorate. On November 8, 2016, the voters of Mendocino County approved Measure AI, thereby imposing a cannabis business tax on commercial cannabis businesses;
 - In addition, on November 8, 2016, the voters of the State of California approved Proposition 64, thereby legalizing the recreational use of marijuana, as defined in the Adult Use of Marijuana Act; and
 - The County is currently in the process of final adoption of a Cultivation Ordinance, as well as drafting an ordinance for the licensing of medical cannabis facilities.

TAXING AND LICENSING RESPONSIBILITY: The Mendocino County Treasurer-Tax Collector will be tasked with the responsibilities of collecting and enforcing all cannabis-related taxes and licenses, as mandated above. As this Board is aware, it is imperative that technical resources be made available to properly track all cannabis-related revenues.

BACKGROUND ON AGREEMENT FOR PROPERTY TAX SYSTEM: On June 9, 2015, an agreement with Manatron, Inc., a Thomson Reuters Business, was adopted by the Board, to provide software, hardware, and services for a new property tax system. The agreement also included the purchase of the Business Revenue Module, to be utilized in the management of revenue collections in the areas of business licenses, transient occupancy taxes, and Business Improvement District assessments. The property tax system is slated to be implemented first, with the Business Revenue Module to follow thereafter. Unfortunately, due to demands placed upon the vendor, it is anticipated this entire project will not be completed for a minimum of three years.

RECOMMENDED SOLUTION: After much discussion, Thomson Reuters has agreed to dedicate staff immediately to implement a new Cannabis Business Revenue Module. This will enable Thomson Reuters to be at the forefront of creating a financial tracking system for California cannabis-related taxes and licenses, as well as serve the needs of Mendocino County. Staffing for this project will not be dependent on the property tax system implementation, but will instead utilize staff experienced with implementing the stand-alone Business Revenue Module in the City and County of San Francisco; this module is currently being utilized by the City and County of San Francisco for financial tracking of business licenses based on gross receipts, transient occupancy taxes, and tourism assessments. The Cannabis Business Revenue Module will be converted to the new property tax system upon completion of the original project. This module can be added to the aforementioned existing agreement as an addendum.

The Board of Supervisors has previously appropriated funding in the IT Reserve (BU 0717) for the total project cost of \$1,701,429. Due to the large amount of funding currently appropriated and the several years needed to complete the full project, the Executive Office is recommending the additional funding for the proposed module be addressed at a later time. It should also be noted that the ongoing maintenance obligation associated with the software system will be approximately \$2,690 starting in year one and \$3,028 in year five.

Alternative Action/Motion:

Do not approve agreement and provide alternate direction to staff.

Supplemental Information Available Online at: N/A

Fiscal Impact:

Source of Funding: IT Reserve BU 0717

Current F/Y Cost: \$83,240 (one time) \$2,690
(first year maintenance)

Budgeted in Current F/Y: Yes

Annual Recurring Cost:
\$2,690-\$3,028 maintenance

Supervisory District: All

Vote Requirement: Majority

Agreement/Resolution/Ordinance Approved by County Counsel: Yes

CEO Liaison: Alan D. Flora, Assistant CEO

CEO Review: Yes

Comments: