

Memorandum

REPORT TO: City Commission

FROM: Melissa Hodnett, Finance Director

SUBJECT: Authorize the City Manager to Sign an Amendment to the Professional Services Agreement with Baker Tilly for Municipal Advisory Services Related to Fire Station 2 Tax Credit

MEETING DATE: August 5, 2025

AGENDA ITEM TYPE: Agreement - Vendor/Contract

RECOMMENDATION: Approve the authorization of the City Manager to sign an amendment to the professional services agreement with Baker Tilly for municipal advisory services.

STRATEGIC PLAN: 7.5. Funding and Delivery of City Services: Use equitable and sustainable sources of funding for appropriate City services, and deliver them in a lean and efficient manner.

BACKGROUND: The Inflation Reduction Act passed in August 2022 included a Clean Energy Investment Tax Credit program. The City has completed a solar project as part of the Fire Station 2 construction that qualifies for a tax credit under this program. To receive the credit the City is required to file federal form 990-T with the Internal Revenue Service. To ensure compliance with tax filing requirements of form 990-T as well as other federal tax forms that may be applicable to the project the City has engaged Baker Tilly tax services. Baker Tilly has been previously contracted to provide advisory services for the City. This engagement letter for tax compliance services for calendar year 2024 is an amendment to the advisory contract signed in March 2025.

UNRESOLVED ISSUES: None.

ALTERNATIVES: The City could elect to file form 990-T directly with the IRS. Due to the highly technical requirements of the program preparing form 990-T internally increases the City's risk of non-compliance and potential IRS audit.

FISCAL EFFECTS: Tax filing and compliances services for 2024 includes a filing fee of \$4,500 for the 990-T and an additional \$500 each for forms 3468, 8911, and 8936, as applicable. The credit for this solar project is estimated at \$40,000. The filing and compliance services fee will be offset by the credit once received.

Attachments:

Baker Tilly Appendix E_Tax Filing & Compliance Services
2024_Solar Project - Fire Station 2.pdf

Report compiled on: July 7, 2025