LIVERMORE
CALIFORNIA

CITY COUNCIL STAFF REPORT **ITEM NO. 6.13**

DATE: September 14, 2026

TO: Honorable Mayor and City Council

FROM: Kristen Hilton, Acting Administrative Services Director

SUBJECT: Resolution authorizing the execution of an agreement with Monarch Technologies, Inc for business license and tobacco retail license services in an amount not to exceed $460,000, plus up to $1,000,000 for all accounts in the aggregate for discovery and audit services.

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution authorizing the City Manager to execute an agreement with Monarch Technologies, Inc (Monarch) for business license and tobacco retail license services in an amount not-to-exceed $460,000 for administration services and up to $1,000,000 in the aggregate for all accounts for discovery and audit services, limited to $250,000 per account, for a term of three years with two one-year renewal options.

SUMMARY

The City outsourced business license and tobacco retail license administration beginning in 2020. This agreement will allow the City to continue to outsource those services to Monarch Technologies, Inc for a term of three years.

DISCUSSION

The business license and tobacco retail license programs are an important customer service touch point with the City's business community and yield vital information and revenues. Business license tax provides roughly $10 million of General Fund revenue annually. The tobacco retail license program encourages responsible tobacco retailing and discourages violations of tobacco related laws, especially those that prohibit sale of tobacco products to minors. Monarch is anticipated to (1) improve customer service through use of the latest technologies and best practices, (2) increase revenues through business-friendly education and compliance practices, and (3) reduce the cost of business license administration due to economies of scale.

The business license and tobacco retail license services that Monarch provides fall into two categories. The first category is administration services. Services in this category include new account, renewal, and payment processing. Businesses have access to Monarch license specialists via phone, email, mail, and

an online business support center. Licenses are valid for one calendar year, requiring a compact three-month annual renewal process. Currently, the cyclical nature of the renewal process makes staffing difficult and negatively impacts customer service. Monarch's business support center is staffed with multiple license specialists who will be able to absorb this peak renewal period while continuing to provide high quality customer service. This category of work will cost $15,000 for a one-time registration portal setup fee, and annual platform maintenance fee of $5,000, plus $15 per new registration or renewal account, subject to an annual hard cap of $145,000 per contract year, regardless of volume. There is an option for two 1-year renewals with an annual price increase of 5% at the beginning of each term.

The second service category is discovery and audit services which will provide an opportunity to increase license revenue. Discovery services are designed to identify entities subject to licensure/taxation that are not currently registered or otherwise non-compliant. Audit services are designed to identify businesses that are registered but not properly reporting or paying the correct amounts. Monarch's service is designed to increase revenues and compliance while maintaining a business-friendly education focused approach. The cost for discovery and audit services is 35% of any revenue received by City because of discovery and audit services until the Consultant has been paid $250,000 per account and $1,000,000 for all accounts in the aggregate. These services require written authorization from the Administrative Services Director prior to being initiated for any particular account in order for Monarch to be entitled to payment for these services to ensure City oversight of any discovery or audit services.

FISCAL AND ADMINISTRATIVE IMPACTS

The proposed not-to-exceed contract amount over a three-year term for license administration services is $460,000 and represents the fee of $15 per account. This cost accounts for the current level of approximately 8,000 licenses plus new licenses anticipated to be generated. License administration services provided include database management, business support center and processing of renewals, new accounts, and payments. Since the fee is based on the number of licenses processed each month, expenditures will rise/fall in line with revenues providing better matching of license revenue and expenditures by period throughout the fiscal year.

The proposed annual administration services cost of $145,000 is offset by savings of in-house expenditures including wages/benefits, software, postage and supplies. Monarch provides database management so maintenance of license software will not be a City responsibility. In addition, the discovery and audit services will provide an opportunity for increased revenue. This service is on a contingency fee basis with a cap of $250,000 per account and $1,000,000 for all accounts in the aggregate.

COMMUNITY PILLAR

5: A City That Works

GOAL

17: Ensure effective use of public resources.

ATTACHMENTS

1. Resolution
2. Exhibit A - Professional Services Agreement with Monarch Technologies, Inc.

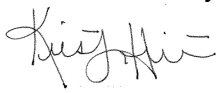
Prepared by: Martin Wong
Accounting Supervisor

Approved by:



Marianna A. Burch
City Manager

Fiscal Review by:



Kristen Hilton
Acting Administrative Services Director