



# City of Killeen

## Legislation Text

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**File #:** RS-23-131, **Version:** 1

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Consider a memorandum/resolution authorizing the award of RFP 23-17, for Hotel Occupancy Tax Collection and Short-Term Rental Compliance Services to Avenu, in the amount of \$135,000 for FY24.

**DATE:** August 15, 2023

**TO:** Kent Cagle, City Manager

**FROM:** Judith Tangalin, Executive Director of Finance

**SUBJECT:** Award RFP 23-17 for Hotel Occupancy Tax Collection and Short-Term Rental Compliance Services

### **BACKGROUND AND FINDINGS:**

On April 11, 2023, the City Council approved for the amendment of Chapter 31 in the Code of Ordinance of the City of Killeen. The ordinance effective date is October 1, 2023. The approved changes pertain to the City's zoning regulations, specifically allowing for short-term rentals. The City of Killeen is estimated to have around 400-800 short-term rentals (STRs).

Presently, the City has engaged Avenu to handle hotel occupancy tax administration services for 42 hotels. However, in order to include the short-term rentals (STRs) under one agreement, it was necessary to initiate an advertising process for proposals.

On June 12, 2023, the City began advertising a Request for Proposals (RFP) for hotel occupancy tax collections and short-term rental compliance services. We received one response from Avenu Insights & Analytics, LLC. Staff evaluated the response based off of the criteria outlined in the RFP. Avenu has an impressive track record of 33 years in providing hotel occupancy administration and auditing services, and they have been serving the city in this capacity since 2016. Furthermore, Avenu holds a substantial presence in Texas, boasting 286 active contracts.

Avenu offers a comprehensive range of services that encompass hotel occupancy tax administration, hotel occupancy tax auditing, hotel occupancy tax discovery and recovery, and short-term rental services. The short-term rental services package consists of the following components: monitoring and identification, registration and compliance, tax portal, payment processing, permitting, tax collection and remittance, discovery and recovery, community outreach, reporting, and compliance auditing (5% of properties). By offering this extensive package of services, Avenu aims to streamline the management of short-term rentals and optimize hotel occupancy tax revenue for the City.

The initial term of this agreement shall be for a period of three years (3) with the option to renew at the end of the initial term for two (2) successive one (1) year terms.

**THE ALTERNATIVES CONSIDERED:**

1. Reject Avenu proposal and re-advertise the RFP.
2. Authorize the award of RFP 23-17 for Hotel Occupancy Tax Collection and Short-Term Rental Compliance Services to Avenu in the amount of \$135,000 for FY24.

**Which alternative is recommended? Why?**

Option number 2, to authorize the award of RFP 23-17 for Hotel Occupancy Tax Collection and Short-Term Rental Compliance Services to Avenu, is recommended. With over 30 years of experience and 5 years of experience working with the City of Killeen, Avenu is the best selection to continue servicing the City's hotel occupancy tax administration and implementing the STRs.

**CONFORMITY TO CITY POLICY:**

This item conforms to local and state policies.

**FINANCIAL IMPACT:**

**What is the amount of the expenditure in the current fiscal year? For future years?**

	Cost	FY2024	FY2025	FY2026	FY2027	FY2028
HOT:						
Administration	\$175 per property	\$7,350	\$7,350	\$7,350	\$7,350	\$7,350
Auditing	\$2,000 - per prop	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Discovery/Recovery	45% Conting. Fee	\$6,400	\$6,400	\$6,400	\$6,400	\$6,400
STR Services	\$255 per property	\$117,250	\$123,113	\$129,268	\$135,732	\$142,518
Total		\$135,000	\$140,863	\$147,018	\$153,482	\$160,268

**Is this a one-time or recurring expenditure?**

Recurring expenditure

**Is this expenditure budgeted?**

Yes, funds are included in the Hotel Occupancy Tax Fund in the FY 2024 Proposed Budget and subsequent budgets will be allocated appropriately.

**If not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

Yes, upon approval of the FY 2024 Proposed Budget.

**RECOMMENDATION:**

City Council authorize the award RFP 23-17 for Hotel Occupancy Tax Collection and Short-Term Rental Compliance Services to Avenu in the amount of \$135,000 for FY24 and authorize the City Manager, or designee, to execute any and all contracts and change orders within the amounts set by State and Local Law.

**DEPARTMENTAL CLEARANCES:**

Finance

Legal

**ATTACHED SUPPORTING DOCUMENTS:**

Agreement

Certificate of Interest Parties

RFP Submission