



## City of Tacoma

## City Council Action Memorandum

**TO:** Elizabeth Pauli, City Manager  
**FROM:** Jenni Barrett, Tax & License Operations Manager  
Andy Cherullo, Finance Director  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution – Amendment to Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement  
**DATE:** May 4, 2021

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### SUMMARY AND PURPOSE:

The Finance Department is requesting approval authorizing an amendment to the Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement (ILA) (FileLocal) to modify the method for allocating Agency costs among the Original Principal Cities (Bellevue, Everett, Seattle and Tacoma) for the years 2022 – 2024. The ILA requires that any changes to the contribution responsibilities of Principal cities must be approved by the legislative authorities of all Principals. Approval of the resolution allows extending the allocation method that was used in years 2014-2021 through 2024 and will ensure equitable allocation of Agency costs among the Original Principal Cities.

### BACKGROUND:

The Washington Multi-City Business License and Tax Portal Agency (FileLocal) was originally established under an ILA by and between the cities of Bellevue, Everett, Seattle, and Tacoma, dated March 1, 2014.

The ILA provides that, for the years 2014-2018, the allocation of Agency costs among the Original Principals shall generally be based on 2012 transaction counts of each Original Principal as set forth in Exhibit A to the ILA. In 2017, the ILA was amended that continued the allocation of Agency costs based on 2012 transaction counts for years 2018-2021. The ILA provides that, beginning in 2022 and afterward, Agency costs shall be allocated among the Original Principals based on the actual number of transactions processed through the Portal for each city.

Due to various, city-specific, factors in the Original Principal Cities associated with implementation of FileLocal, the FileLocal Board determined that converting to the use of actual transaction counts as the basis for allocating Agency costs beginning in 2022 would be inequitable, and continuing to use historical transaction counts of the Original Principals for an additional three years, through 2024, would be a preferable way to allocate Agency costs.

### COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

No customer engagement was conducted as the allocation method of the Agency costs does not directly affect FileLocal customers. However, the smaller Original Principal cities will be impacted with an increase in agency fees if the allocation is adjusted from the historical transaction costs currently being used.

### 2025 STRATEGIC PRIORITIES:

#### Equity and Accessibility:

Extending the current allocation of agency fees based on historical cost, will provide a more equitable distribution of fees between the Principal Cities and reduce the financial impact to the smaller cities for the next three years.

**Economy/Workforce:** *Equity Index Score:* Very Low Opportunity  
Increase positive public perception related to the Tacoma economy.



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The resolution will allow equitable allocation of FileLocal Agency fees between the Original Principal cities, which has little to no impact to Tacoma citizens.

#### ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
Do not approve the Resolution.		Unequitable distributions of Agency costs will affect other Principal Cities with more significant impacts to the smaller cities costs.

#### EVALUATION AND FOLLOW UP:

Staff will update Council as requested or needed.

#### STAFF/SPONSOR RECOMMENDATION:

Staff has reviewed the resolution and agrees the allocation method is the most equitable. Staff recommends the Council approve the resolution.

#### FISCAL IMPACT:

The City's share of the Agency costs in 2021 is \$116,633 and was part of the approved budget. The City's estimated share of the Agency costs for 2022, assuming no additional cities join the Agency, are projected to be \$111,109.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
0010 - General Fund	106550	5412170	\$227,742
<b>TOTAL</b>			<b>\$227,742</b>



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**What Funding is being used to support the expense? General Fund.**

**Are the expenditures and revenues planned and budgeted in this biennium's current budget?**  
**YES**

**Are there financial costs or other impacts of not implementing the legislation?**  
**No**

**Will the legislation have an ongoing/recurring fiscal impact?**  
**YES**

**Will the legislation change the City's FTE/personnel counts?**  
**No**

**ATTACHMENTS:**  
FileLocal ILA Resolution