

**MEMORANDUM  
FINANCE DEPARTMENT**

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**TO:** Thomas Thomas  
**SUBJECT:** MidAmerican Energy Release and Settlement Agreement

**Number:** 021-16  
**Date:** 06-14-16

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In September 2014, the City entered into a Contingent Fee Professional Services Agreement for the purpose of a Municipal Audit Program with Azavar Audit Solutions.

The audit revealed that from January 2011 through October 2015, MidAmerican Energy Company failed to collect municipal utility taxes in the amount of \$20,266.15. Azavar found five addresses being wrongly coded and also determined that tax was not being collected on certain categories of revenues.

With the back taxes, statutory interest and penalties, the total due the City is \$27,518.52. MidAmerican has agreed to pay 100% of the taxes and has asked that the City waive a portion of the penalties and interest totaling \$1,188.35. If the City agrees to do so, it will recover \$26,330.17 of the total taxes, interest and penalties it could assess which is a 96% recovery.

According to Azavar and their attorney, this agreement is a favorable proposal based on agreements with other utilities on behalf of other communities.

**Recommendation:**

Staff recommends that City Council authorize the City Manager to execute the Release and Settlement Agreement.

**Submitted by:** Stephanie Masson, Finance Director

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**Approved by:** Thomas Thomas, City Manager