STAFF REPORT
7/8/2026

TO:	Honorable Mayor and City Council Members
FROM:	Gustavo J. Romo, City Manager
PREPARED BY:	Lincoln G. Bogard, Finance Director
SUBJECT:	Approval of a Three-Year Master Services Agreement with Neumo Group, LLC for Business License Administration and Short-Term Rental Compliance Services, Procured Under the OMNIA Partners Cooperative Purchasing Agreement

STAFF RECOMMENDATION:

Staff recommends that the City Council authorize the City Manager, or designee, to execute a three-year Master Services Agreement (Contract No. IC-4056) with Neumo Group, LLC ("Neumo") for Business License Administration and Short-Term Rental Compliance services, procured under the OMNIA Partners cooperative purchasing agreement, in substantially the form attached as Exhibit A, for a total not-to-exceed contract amount of $98,527.94 over the three-year Initial Term, plus applicable per-unit and processing fees as further described in the Fiscal Impact section below.

EXECUTIVE SUMMARY:

The City currently contracts with Neumo for sales tax consulting services. To address gaps in the City's Short-Term Rental ("STR") compliance program and the absence of a dedicated Business License administration solution, staff conducted demonstrations with three vendors – Deckard, HdL, and Neumo. Following these demonstrations and subsequent reference checks, staff determined that Neumo was the only vendor able to meet the City's needs for both Business License and Short-Term Rental services. The proposed three-year agreement is offered to the City under the OMNIA Partners cooperative purchasing agreement, with pricing further reduced below the established cooperative rate. Staff recommends Council approval of the agreement with Neumo.

BACKGROUND:

The City has an existing relationship with Neumo, which currently provides the City with sales tax consulting services. The City's current Short-Term Rental ("STR") compliance vendor is Deckard. While Deckard has provided STR services to the City, the vendor has been extremely unresponsive after repeatedly promising delivery of a new client portal, and the City has not received the upgraded functionality previously committed to by Deckard. In addition, the City does not currently have a dedicated automated solution for Business License administration.

To address these gaps, staff conducted product demonstrations with three vendors capable of providing Business License and/or Short-Term Rental compliance services: Deckard, HdL, and Neumo. As part of this process, staff also performed reference checks on each vendor.

DISCUSSION/ANALYSIS:

The vendor evaluation process found that Deckard does not offer a Business License administration solution, and would therefore only be able to address a portion of the City's needs. Reference checks conducted on HdL revealed that the vendor has been problematic for other agencies, raising concerns about service reliability and performance. Neumo was the only vendor of the three that demonstrated a solution meeting the City's needs for both Business License administration and Short-Term Rental compliance, and offered staff confidence based on the City's existing working relationship with Neumo through its sales tax consulting engagement.

Neumo participates in the OMNIA Partners cooperative purchasing agreement, a national cooperative contract that has been competitively solicited and is available for use by California public agencies, including the City of Coachella, in compliance with applicable competitive procurement requirements. Utilizing this cooperative agreement allows the City to bypass an independent formal solicitation process while still ensuring competitively established pricing and terms. The pricing offered to the City under the proposed agreement is further reduced below the standard OMNIA Partners cooperative rate, providing the City with additional cost savings beyond what is already available through the cooperative contract.

The proposed agreement consists of two Statements of Work: SOW #1, covering Short-Term Rental compliance, monitoring, and a registration/tax collection portal; and SOW #2, covering Business License Administration services, including renewal notifications, payment collection, and license issuance. The agreement has an Initial Term of three years, commencing on the Go-Live Date of July 31, 2026 and ending July 30, 2029, with automatic one-year renewals thereafter absent ninety (90) days' written notice of non-renewal.

STAFF RECOMMENDATION:

1. Approve the Master Services Agreement with Neumo Group, LLC, and authorize the City Manager to execute the agreement utilizing the OMNIA Partners cooperative purchasing agreement.

ALTERNATIVES:

2. Approve the Master Services Agreement with Neumo with modifications to specific terms, and direct staff to return with a revised agreement reflecting those changes.
3. Direct staff to conduct an independent formal solicitation rather than proceed under the OMNIA Partners cooperative agreement, delaying implementation of Business License and Short-Term Rental compliance improvements.

4. Take no action and continue operating without a Business License administration solution and with the current, unresponsive Short-Term Rental vendor, Deckard.

FISCAL IMPACT:

The proposed agreement includes subscription fees for Short-Term Rental compliance services, one-time implementation/setup fees, and per-unit fees for Business License Administration services, as summarized below:

Fee Description	Year 1	Year 2	Year 3
STR Subscription Fee (Code AMD-0028)	$26,215.00	$27,001.45	$27,811.49
STR Setup Fee, one-time (Code AMD-0039)	$2,500.00	–	–
Business License Setup Fee, one-time (Code AMD-0026)	$15,000.00	–	–
Annual Subtotal	**$43,715.00**	**$27,001.45**	**$27,811.49**

The total not-to-exceed cost over the three-year Initial Term, including one-time setup fees, is $98,527.94. In addition, the agreement includes unit-based fees under SOW #2 for Business License Administration: $20.00 per business license notice mailed (Code AMD-0026) and $5.00 per copy of a business license application, both of which will vary with transaction volume and are recoverable, in whole or in part, through business license fees collected from license holders. Unit-based fees are escalated by five percent (5%) annually on the anniversary of the Effective Date. Subscription fees beyond the third year are subject to an automatic 3% annual increase, compounded, as set forth in the agreement. Funding for this agreement is available within the General Fund operating budget, with related Business License and Transient Occupancy Tax/Short-Term Rental revenue offsetting a portion of the ongoing cost of these services.

ATTACHMENT(S):

1. Presentation
2. Contract Request