



## Azavar Proposal

# Madison Heights, Michigan

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## Proposal Details

**Company Name:** Azavar Audit Solutions, Inc. DBA Azavar Government Solutions

**Company Address:** 55 East Jackson Boulevard, Suite 2100, Chicago, Illinois 60604

### Created by:

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[www.azavar.com](http://www.azavar.com)

[www.localgov.org](http://www.localgov.org)

### Prepared for:

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Madison Heights, Michigan

# Table of Contents

## **Azavar Proposal**

### **Proposal Details**

#### **Table of Contents**

#### **Executive Summary**

#### **Prior Experience & Qualifications**

Helping local governments manage and maximize revenue for more than 25 years.

##### **Our Commitment**

Solid Footing

Comprehensive Approach

Always Fine-Tuning

Wise Counsel

#### **Project Team**

##### **Azavar's Proposed Team**

Jason Perry, President

Specific role for the Madison Heights, Michigan:

Audrey Dziemiela, Vice President, Product & Customer Success

Specific role for the Madison Heights, Michigan:

Danny Song, Senior Analyst & Product Owner

Mordecai Benson, Senior Analyst & Product Owner

Tom Fagan, Market Executive, Midwest

#### **References**

#### **Management Overview and Approach**

Initial Tasks

Work Plan Approach for Cable Franchise Fees

#### **Fee Proposal**

#### **Summary**

#### **Case Studies**



## Executive Summary

Azavar is honored to submit our proposal for our fully managed revenue management services. We are eager to collaborate with your team to develop and implement a robust local initiative that enhances revenue management and ensures comprehensive compliance and efficient tax administration and business registration. Our primary objective is to optimize the capture of all due taxes, thereby increasing the municipality's revenue potential and enabling the provision of consistent, reliable services to the community.

For over a quarter of a century, Azavar® has partnered with local governments to fortify revenue streams, boost compliance rates, and streamline tax administration and business registration processes. Our integrated approach combines various disciplines to provide a tailored, full-spectrum solution for local revenue management.

- As seasoned professionals in local tax audits, Azavar has successfully conducted **thousands of audits for hundreds of municipalities, securing over \$500 million** in refunds, credits, savings, and future revenues for communities across the United States. Our expertise spans a diverse range of remittance issues including, but not limited to, food and beverage, use and sales, franchise, hotel-motel, short-term rental, utility, and assorted local fees and taxes.
- Localgov, our proprietary online platform for **tax administration, licensing, and business compliance** management, addresses the ongoing challenges associated with tax payment, registration, collection, reporting, and customer service. This user-friendly platform and program facilitates accurate and expedient tax payments directly to local governments, fostering more streamlined remittance processes and greater transparency in data, which reduces the necessity for future revenue audits. Localgov also helps to manage your end-to-end registration processes. From compliance education and renewal campaigns, to complex approval workflows and certificate issuance, we make navigating compliance challenges effortless.
- We also provide a fully managed **turn-key short-term rental (STR) compliance** and monitoring program. Our customers utilize our extensive support system for any requirement; we provide data and evidence from historical online listings and provide access to booking revenue insights to accurately identify the amount of tax owed.
- Furthermore, Azavar offers a comprehensive **suite of professional services** to meet the evolving needs of local governments. This includes a concierge-style customer service team for government customers and businesses, access to legal counsel, ordinance development experts, and more. Leveraging strategic partnerships, our expert consultants bring over 100 years of collective experience in auditing both regulated and deregulated utilities for local governments.

We look forward to the possibility of partnering with your local government to achieve your financial, compliance, and service delivery goals.

Sincerely,  
Jason Perry, President



## Prior Experience & Qualifications

### Helping local governments manage and maximize revenue for more than 25 years.

Why? Because, like all entrepreneurs, he identified a market challenge and believed he could help.

A technologist by training, Jason is the son of a hardworking midwestern city manager. He'd listen to his father wax on about the challenges of providing excellent constituent service while managing a growing community of increasing complexity. As suburban and exurban communities boomed, legacy government systems couldn't keep up and municipal coffers lost out on critical revenues at a time when service needs were expanding dramatically.

Jason saw the fantastic potential that modern technology might offer municipalities. Unlike other start-ups at the time, Azavar brought more than just a flashy dot-com approach to its customers' needs. Governments need—and deserve —gravitas, understanding, and accountability. As the needs of municipalities have changed, we've evolved our business to tackle those requirements, such as adding a full revenue-analysis arm in 2006 and a streamlined tax-remittance platform in 2016.

#### For more than 25 years, Azavar has provided just that.

- Smart sensibility combined with limitless creativity.
- The counsel of experts in partnership with tailor-made solutions.
- Caring consultation plus always-evolving products.

The result? Smarter cities with stronger finances, responsive leaders, and contented citizens.

Our services include auditing municipal taxes and franchises, users, provider taxpayers, hotel/motel taxpayers, sales taxpayers, and costs (electric, natural gas, telecommunications, water, waste, etc.). Current communities served vary in size from populations as small as 500 to as large as 5.2 million that include multiple providers, franchisees, facilities, and services. Azavar has returned over \$500 million to local government clients in refunds, credits, savings, and future revenues through its audits of utilities and users.

## Our Commitment

### Solid Footing

We've been serving local governments for more than 25 years. And we only look forward to growing our future in partnership with local governments of all sizes.

### Comprehensive Approach

Azavar is proud to center our customers when developing our products and services. We examine the needs of local governments from all angles.

### Always Fine-Tuning

We're always watching trends, seeing what's new. And we respond with offerings that will help local governments improve the quality of life for residents.

### Wise Counsel

We are privileged to offer thoughtful consultation and exceptional care to our customers, from civic leaders to taxpayer constituents. All in a day's work.

## Project Team

Azavar Audit Solutions' team comes from a diverse background including public administration, finance, law, and information technology. Our proprietary auditing software platform, operated by our trained staff, is designed to identify errors, and allows us to pursue maximum recoveries for our clients.

The unique background of our staff and consultants enables us to develop creative solutions to challenges that arise during the audit process and our combined knowledge helps produce great financial results for our clients. The project manager for this project will be Danny Song. All primary consultants planned for this project are as follows:

## Azavar's Proposed Team

### Jason Perry, President

Jason Perry is the President and Founder of Azavar and has been the driving force of Azavar's audit program since its inception, improving methodologies and developing our proprietary audit analysis software. Jason spearheaded the development of Azavar's tax administration and compliance platform, Localgov, a cloud-based system that tracks local government tax and fee compliance with detailed reports.

Jason leads the Azavar Government Solutions team of consultants, analysts, auditors, and field analysts. For more than 25 years, Jason has led Azavar project teams to successfully complete projects for large organizations that include multiple sites and facilities, consultants, and stages, and complex requirements.



### Specific role for the Madison Heights, Michigan:

- Provide leadership for the entire team regarding the contract.
- Work directly with City Auditor and personnel to ensure the company is exceeding expectations with the Scope of Service and deliverables of the contract.
- Ensure the highest level of client services to the City and the business community.

### Audrey Dziemiela, Vice President, Product & Customer Success

Audrey Dziemiela is the head of customer success and product adoption at Azavar and Localgov. Audrey continuously aligns the company on customer priorities and ensures the software product roadmap maps to customer needs and timelines. She is responsible for the ultimate success and satisfaction of all customers during the Localgov onboarding process and throughout the program lifecycle. She has extensive experience with strategic constituent communications, marketing, sales, and customer experience design. At Azavar and Localgov, she has optimized the onboarding experience and trained staff to provide excellent service.



Audrey holds a Bachelor of Science in Business Administration from Southern New

Hampshire University and studied Communication and Media Studies at Loyola University of Chicago. She holds professional certificates in Business Analysis Foundations and Inbound Marketing.

**Specific role for the Madison Heights, Michigan:**

- Work with the City to prepare a customized project management plan with Localgov staff accountabilities and expected outcomes.
- Coordinate all contracting and administrative needs for the City.
- Oversee the success of City onboarding and implementation of the Localgov software, ensuring all teams are aligned and delivering services as laid out in the City scope of services.
- Responsible for City satisfaction with our products and services.

**Danny Song, Senior Analyst & Product Owner**

Danny Song is a Senior Analyst and has been with Azavar for more than three years. Danny has more than four years of experience in data analysis and data reporting. He maintains all utility audits for the company and helps manage the lodging tax compliance program which includes communications with client and high-level providers across multiple states. Danny is the lead on local government revenue forecasting projects using regression analysis techniques and has experience implementing software systems for Northwestern Medicine. In this role, he led software training and managed reporting the data progress to stakeholders.



Danny holds a Bachelor of Science degree in Economics and Mathematics and is proficient with various analytical tools including R and Sisense, wrangling large data sets into useful visualization and data model.

**Mordecai Benson, Senior Analyst & Product Owner**

Mordecai Benson, is a Senior Analyst and Product Owner with more than five years at Azavar. He brings extensive experience in data analysis, reporting, and management of locally administered tax audits. His expertise in sales tax informs his role in developing Azavar's Localgov Insights & Analytics application, leveraging tools like Tableau and Power BI.



Mordecai holds a Bachelor of Science in Economics and an MBA, and is proficient with financial data tools such as SAP, Oracle, and Bloomberg Terminal. His comprehensive skill set makes him a valuable asset to the Azavar team, driving innovation and excellence in his field.

**Tom Fagan, Market Executive, Midwest**

Tom Fagan has been helping local governments maximize revenue and restore compliance at record efficiency for more than seven years with Azavar. In that time, Tom has worked with more than 300 communities to identify revenue streams that can be improved through compliance audits and our Localgov software to increase revenues and streamline tax administration. In his previous position, he served as Billing and Contracts

Supervisor for over 15 years leading a team of 20 individuals with a responsibility of over six million dollars in annual revenue.

Mr. Fagan hold a Bachelor of Arts degree in Communication and Theater from the University of Illinois at Chicago. He currently serves as the Chairman of the Board for the Chicago Southland Chamber of Commerce representing Azavar Government Solutions.





## References

Customer Name	Contact Person/Title	Phone	Email	Population
City of Lake Forest, California	Kevin Shirah, Finance Director	(949) 461-3564	kshirah@lakeforestca.gov	83K
City of Chino Hills, California	Christa Buhagiar, Finance Director	(909) 364-2640	finance@chinohills.org	80K
Village of Bloomingdale, Illinois	Gary Szott, Finance Director	(630) 671-5631	szottg@vil.bloomington.il.us	22K
City of College Place	Michael Rizzitiello, City Administrator	(509) 520-9091	mrizzitiello@gmail.com	9K
Village of East Peoria, Illinois	Jeff Becker, Finance Director	(309) 698-4715	jeffbecker@villageofeastpeoria.com	23K
Village of Plainfield, Illinois	Traci Pleckham, Director of Management Services	(815) 439-2924	tleckham@goplainfield.com	39K
Village of Peoria Heights, Illinois	Dustin Sutton, Village Administrator	(815) 439-2924	dsutton@heightsPD.com	6K
Town of Normal, Illinois	Andrew Huhn, Director of Finance	(309) 454-9516	ahuhn@normal.org	54K
City of Joliet, Illinois	Jim Ghedotte, Finance Director	(815) 724-3900	jghedotte@jolietcity.org	148K
City of Maryland Heights, Missouri	Cathy Malawy, Finance Director	(314) 738-2223	cmalawy@marylandheights.com	27K
City of Kingsville, Texas	Deborah Balli, Finance Director	(361) 595-8033	dballi@cityofkingsville.com	25K

# Management Overview and Approach

## Initial Tasks

1. Contact City's staff and obtain documentation required to kick-off the project.
2. Review applicable federal, state, and local regulations and agreements to gain a full understanding of the financial obligations to the City, including the basis for and the determination of taxes and franchise fees.
3. Prepare initial data requests to the City and audited entities requesting information related to the review period. During the project, if needed, prepare additional data requests, and submit to the entities.
4. Identify and formally address any non-disclosure agreement issues that may arise with a franchisee regarding availability and confidentiality of data necessary to effectively complete the review.

## Work Plan Approach for Cable Franchise Fees

### ***Review Franchisee's Calculation of Cable Fees***

1. Inspect billing and receipt records used to substantiate Cable Fees due from customers. Summarize the franchise and PEG fee information for the review period and note any inconsistencies.
2. Review financial data of gross revenues to verify that they were reported in accordance with the definition of gross revenues set forth in Illinois, including:
  - a. Comparisons of reported revenues by type over the entire review period;
  - b. Determine if the franchisee reported amounts received from Cable Fees, PEG fees, late fees, and returned check fees; and,
  - c. Review and analyze read histories to identify errors in billing and revenues processes.
3. Review payments to the City, supporting data and recalculate the Cable Fees for the review period.
4. Develop a spreadsheet model that includes the following calculations:
  - a. Summarize revenues recorded on source documents provided by the franchisee. Include comparison.
  - b. Independently calculate the Cable Fees that should be reported to the City.
  - c. Calculate, in parallel columns, the gross revenues reported to the City vs. the gross revenues calculated Azavar, by category of revenues.
  - d. Calculate under/overpayment of Cable Fees by category of revenues.
  - e. Calculate interest charges on under/over payment of Cable Fees and any possible penalties or late filing assessments.
5. On a test basis, reconcile gross revenues submitted as supporting documentation with the franchise fee payments to revenues recorded on the audited financial statements or equivalent reporting information.
6. Identify each revenue type or source that the franchisee did not include in the determination of Cable Fees remitted to the City for the review period from failure to report or include as a City address.
7. Ensure that gross revenues recorded on the general ledger are properly included in the franchise and PEG fee payments in accordance with the franchise agreement.
8. Note whether the franchisee has substantively fulfilled its financial obligations regarding its franchise agreement with the City and determine that it adheres to the general parameters of the franchise agreement.

9. Verify that the accounting methodologies and procedures used by the franchisee accurately identified revenues subject to Cable Fees within the City during the review period, investigate any inconsistencies and provide recommendations, if applicable, and franchisee, as specified in the franchise agreement, have:
  - a. Identified the appropriate source of revenue on which the City's franchisee and PEG fee collections will be based upon (revenues);
  - b. Applied the appropriate franchise and PEG fee calculations as specified in the franchise agreement; and,
  - c. Retained supporting documentation such as customer billing and receipt records to substantiate franchise and PEG fee base.
10. Review the growth of the franchisee and perform an analysis that confirms that the revenue growth of the franchisee is similar to the growth of the revenues reported to the City in the franchise and PEG fee payments.

***Calculate and Report Dollar Amount of Franchise and PEG Fee Underpayments***

11. Develop a spreadsheet model that includes the following calculations:
  - a. Summarize revenues recorded on source documents provided by the franchisee; and,
  - b. Independently calculate the Cable Fees under/over reported to the City for the review period.
12. Calculate under/overpayment of Cable Fees by category of revenues.
13. Calculate interest charges and any other applicable fees on under/over payment of Cable Fees.

***Prepare and Submit Draft and Final Reports to the City***

14. Submit draft report to the City for review and comments. The draft report will include the following:
  - a. A table that compares, in parallel columns, the revenues reported to the City as compared to amounts calculated by Azavar;
  - b. Explanation of findings, including any noncompliance items noted during the review. Specifically identifying the areas and nature of noncompliance including recommended corrective actions;
  - c. Supporting tables that summarize the findings by year;
  - d. Calculation of under/overpayment of Cable Fees plus any required penalties and interest; and,
  - e. Recommendations for based on the findings.
15. Based on comments provided by the City, finalize, and submit final report to the City.

***Recovery of Unpaid Cable Fees***

16. Work collaboratively with the franchisee and the City to formulate solutions for noted issues and recovery of unpaid Cable Fees.

**Deliverables**

- Submit final report to the City, which includes supporting schedules, that summarizes the findings with a detailed explanation of payment discrepancies and recoveries including any restitution of unpaid franchise fees.

## Fee Proposal

Azavar proposes to provide the Madison Heights a comprehensive audit program inclusive of all audits contemplated by the City in Professional Services to Audit City Revenues.

Azavar is compensated on a contingent fee, performance basis.

1. For all audits where the Madison Heights receives no refunds or additional revenues and/or does not implement any cost savings recommendations made by Azavar, the City will not owe anything to Azavar. Azavar requires no up-front payments or deposits.
2. For all future cost savings or revenue enhancements associated with error corrections or recommendations made by Azavar and authorized by the City, Azavar will receive 37%% of the cost savings or revenue enhancement as realized by the over a 36-month period following the implementation of the same. This rate is a discounted rate available only when all audit services requested herein are bundled as part of a comprehensive audit program from Azavar. All costs savings and revenue enhancements will be approved by the City and documented to the City's satisfaction prior to any billing by Azavar. The City is free to accept or reject any recommendations.
3. For all refunds or credits not requiring collection action, Azavar will receive 37%% of the funds or consideration received by the City and payable only after the City has received the funds. Azavar works with the City's providers to secure the refunds, credits, or past due funds. In the event collection action is required to return funds to the City, Azavar will receive 50% of the funds or consideration received by the City and payable only after the City has received the funds.

## Summary

Azavar's proposal for a comprehensive audit program is the best option for the Madison Heights because of the audit accurateness and speed produced by our methodology and exclusive software tools. Value is brought to the City by our audit expertise as delivered by our Expert Consultants Group, and the maximum recoveries and refunds that may be produced for the City as represented by our positive reputation among local governments nationwide, built on our success for maximum recoveries in the past.

## Case Studies

- **Springfield, Illinois: City to collect \$980K from Comcast for underpayment of franchise fees:** [Read the official article here.](#)
- **How Normal, Illinois Added \$60,000 Annually to its Bottom Line:** [Read the full Normal, Illinois case study on our website.](#)
- **Discover How One Address Audit Netted Maryland Heights, Missouri More Than \$80K Per Year:** [Read the full Maryland Heights case study here.](#)
- **How O'Fallon, Illinois Recovered \$250K Annually From Missing Utility Taxes:** [Read the full O'Fallon, Illinois case study here.](#)
- **How Woodridge, Illinois Boosted Revenues by More Than \$1 Million:** [Read the full Woodridge, Illinois case study here.](#)