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**CITY OF PORT LAVACA**

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**CITY COUNCIL MEETING: MAY 11, 2026**

**AGENDA ITEM \_\_\_\_\_**

**DATE:** APRIL 14, 2026

**TO:** THE HONORABLE MAYOR AND CITY COUNCIL MEMBERS

**FROM:** BRITTNEY HOGAN, FINANCE DIRECTOR

**SUBJECT:** CONSIDER APPROVAL OF PROFESSIONAL SERVICES CONTRACT WITH AZAVAR FOR FRANCHISE FEE COMPLIANCE AND UTILITY PAYABLES

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**BACKGROUND:**

The City's last Franchise Fee compliance audit and comprehensive review of utility payables was completed in 2016. Given the length of time since that review, there is a significant opportunity to identify uncollected or underreported revenues and ensure all agreements remain current and aligned with today's regulatory and economic environment.

Azavar, a Texas Municipal League (TML)-recommended firm and the City's current provider for Sales Tax Analytics, specializes in uncovering revenue discrepancies and strengthening municipal revenue streams. Conducting this compliance review will help ensure the City is capturing all eligible revenue while also improving the accuracy of revenue projections for future budget cycles.

**FINANCIAL IMPLICATIONS:**

Azavar will be paid on a contingency basis only for the compliance review. The firm will conduct the compliance review at no cost unless discrepancies are identified. If no payment errors are found, the City incurs no fee. For any verified findings that the City elects to implement, Azavar will be compensated at a rate of thirty-nine (39) percent of the resulting new revenues, cost savings, or recovered funds.

**RECOMMENDATION:**

Approve the professional services contract attached.