

MEMORANDUM OF UNDERSTANDING  
BETWEEN THE CITIES OF BELLEVUE, BELLINGHAM, EVERETT, SEATTLE AND TACOMA  
REGARDING DEVELOPMENT, IMPLEMENTATION AND OVERSIGHT OF AN ONLINE  
MULTI-CITY BUSINESS LICENSE AND TAX PORTAL

1. **Memorandum of Understanding**. This Memorandum of Understanding Regarding Development, Implementation, and Oversight of an Online Multi-City Business License and Tax Portal (“MOU”) between the Cities of Bellevue, Bellingham, Everett, Seattle and Tacoma (collectively, the “Parties”) sets forth the commitments of the Parties.
  
2. **Background and Recitals**
  - 2.1. Cities in Washington State are authorized by state law to issue local business licenses and to collect a variety of local taxes; and
  - 2.2. Since early 2011, the Parties have been collaborating on the development of a single online multi-city business license and tax portal (“the Multi-City Portal”), in order to respond to the requests of the business community for an easier, more efficient way to apply for business licenses and file local business and occupation tax returns.
  - 2.3. The purpose of the Multi-City Portal project is to create an online portal where what is currently a ministerial tax collection and business licensing function can be collectively administered, and to facilitate “one-stop” tax payment or business license applications for businesses operating in multiple participating cities. Businesses will be able to register online one time for all participating cities; file information online once each payment period (including payment information); and then, business and occupation taxes due to each participating city will be calculated and paid automatically. Similarly, business licenses can be secured in multiple participating cities by a single online application.
  - 2.4. The Parties have earlier executed a “Project Memorandum of Understanding” addressing cooperative goals and funding for work on the project for the period from June 1- December 31, 2012 (the “Initial MOU”).
  - 2.5. Since entering in to the Initial MOU, the Parties have agreed upon the mission, vision, goals, guiding principles, technical requirements and common taxonomy for the Multi-City Portal, and have considered a range of operating and governance structures.
  - 2.6. The Parties have sought input and advice from legislators, state agencies, taxpayers, and other cities in the development of the Multi-City Portal and intend to continue this outreach as the project continues.
  - 2.7. While the Parties are working to implement the Multi-City Portal for their own city operations, it is a goal of the project that additional cities could join the group in the future and utilize the portal to administer their business license and tax functions. It is further a goal that the Multi-City Portal has the future capacity to process other local taxes in addition to city business and occupation taxes.
  - 2.8. The Parties have reached agreement on a project timeline and milestones with the goal of having the Multi-City Portal online and operational in the second calendar quarter of 2014.

- 2.9. The City of Seattle has funded work on the project to date, and has provided lead staffing support. The City of Seattle is willing to continue to take primary responsibility for funding the next phase of effort as further described in this MOU.
  - 2.10. The Cities of Bellevue, Bellingham, Everett and Tacoma have provided staff support and engagement in the development of the project to date, and are similarly committed to providing staff support in the next phase of effort.
  - 2.11. The Parties wish to memorialize their progress to date and confirm their work plan in support of the Multi-City Portal by executing this MOU.
- 3. Purpose and Scope.** The purpose of this Memorandum of Understanding is to promote organized cooperation and lay out the framework for moving ahead to implement the Multi-City Portal. This MOU provides a framework for the Parties to continue to coordinate their collective efforts in the preparation, development, implementation and oversight of the Multi-City Portal. It is anticipated that this MOU will be replaced by a binding interlocal agreement among the Parties executed in the third calendar quarter of 2013; provided that no Party is obligated to enter into negotiations for nor to execute any future interlocal agreement.
- 4. Mission Statement.** The Parties adopt the following mission statement for the Multi-City Portal project: *To build and support a locally-controlled business license and tax portal that is business and service focused, simple and cost effective.*
- 5. Guiding Principles.** The Parties adopt the following guiding principles to help direct their collective action in developing, implementing and overseeing the Multi-City Portal:
- 5.1. Local Control: We respect and preserve local jurisdictions' authority to set local tax policies.
  - 5.2. Integrity: We are honest, truthful and straightforward.
  - 5.3. Accountability: We are responsible for our actions and decisions, good stewards of public funds and transparent in our work.
  - 5.4. Flexibility/ Adaptability: We nimbly respond to a changing business, technology and policy environment.
  - 5.5. Security: We safeguard the information we handle and ensure it is under the control of legitimate users.
  - 5.6. Accessibility: Our work and our people are easy-to-reach, customer-oriented and responsive.
- 6. Project Goals and Outcomes.** The Parties endorse the following goals and outcomes for the Multi-City Portal project:
- 6.1. Seamless, transparent, user-friendly, efficient experience for business taxpayers.
  - 6.2. Easy and timely access for taxpayers to knowledgeable staff at each city in case of questions.
  - 6.3. Error-free data collection, transmittal, and tax payment allocation.
  - 6.4. Local control of tax policy decisions.
  - 6.5. Local control of tax collection oversight.
  - 6.6. Accountability of individual city participants for the accuracy and timeliness of information they provide to the Multi-City Portal operation, and for their customer service responses.

- 6.7. No single city “owns” the Multi-City Portal—it is a shared effort.
  - 6.8. Design and operation of the Multi-City Portal shall reflect a balance between the interests of information technology staff and finance/treasury staff in the development of the Portal capacities and operating rules.
  - 6.9. Design and operation of the Multi-City Portal shall ensure compliance with all legal requirements, including but not limited to record keeping, privacy and security, public records and audit requirements.
  - 6.10. The Multi-City Portal will be able to accommodate additional city partners, and over time, will be able to process additional types of local taxes.
  - 6.11. Maximize use of Multi-City Portal by taxpayers so that local operations do not need to replicate the portal’s activities.
  - 6.12. Maximize compatibility with city back-end systems.
  - 6.13. Coordinate with State Department of Revenue.
  - 6.14. Make administration and implementation cost effective for cities.
- 7. Project Plan and Milestones.** Attachment A to this MOU sets forth the outline of the project plan and the key milestones and estimated completion dates for each milestone. The key project components in the next twelve to eighteen months are described below (January 2013-June 2014).
- 7.1. **Communications Strategy.** A consultant team has been engaged by Seattle to provide communications strategy; their work will continue.
  - 7.2. **Vendor RFP Development.** A consultant has been engaged by Seattle to develop the Request for Proposals (RFP) for selecting a vendor to develop the software and other architecture required to establish the Multi-City Portal; the consultant’s work will be completed by May 2013 and will be guided by input from the Parties. The RFP will include a proposed sample vendor contract.
  - 7.3. **Project Management.** A project manager has been engaged by Seattle to provide day-to-day oversight of the work of the selected vendor and other necessary aspects of project implementation. This project manager will report to the City of Seattle staff lead for the project, Jamie Carnell, Senior Tax Policy Advisor with the Dept. of Finance and Administrative Services. The project manager will be supported by Information Technology staff from each of the Parties.
  - 7.4. **Vendor Selection.** All Parties will have representatives serving on a committee to review RFP responses and make final recommendation on the vendor selection. The criteria and decision-making process for the vendor selection will be developed by the Parties as part of the RFP process and will be described in the RFP.
  - 7.5. **Vendor Contract Negotiation.** Based on the response of the selected vendor, a final contract will be negotiated; a legal team will be engaged by Seattle for this process.
  - 7.6. **Governance Development and Drafting of Interlocal Agreement.** The body of work to develop an interlocal agreement pursuant to RCW Ch. 39.34 has begun. Additional work will be necessary to select a governance model and then facilitate and draft an agreement amongst the parties. Work will include developing the governance structure, and identifying how the Multi-City Portal will be implemented, governed and administered by the Parties,

including but not limited to provisions for leadership selection, staff direction, risk management, performance metrics, dispute resolution and funding mechanisms, as well as other provisions consistent with RCW Ch. 39.34. The agreement will specify generally the level of service to be provided by the Multi-City Portal and the administrators of the Portal, as well as the general responsibilities of those cities utilizing the Portal to process tax payments or business license applications. In order to complete this work a consulting group will be hired by Seattle.

- 7.7. **Coordination with Department of Revenue.** Outreach and coordination with the State Department of Revenue will continue, with the goal that the Multi-City Portal can be accessed by a link on the state's tax portal, and vice versa, and that registration information on either site will transfer to the other. This work will be led by the project manager.
- 7.8. **Development of Data Sharing Agreements.** Each Party and the State Department of Revenue providing data to the Multi-City Portal, or having access to information on the Portal, will be required to enter into a data sharing agreement with the agency that operates the Multi-City Portal. These standardized agreements will be separate and in addition to the governance agreement. The terms of the agreements will be developed in 2013; they will need to be signed by any city or state agency using the Multi-City Portal to process tax payments or business license applications.
- 7.9. **Development of Service Level Agreements.** While general terms about service level and other requirements for cities participating in the Multi-City Portal will be set forth in the governance agreement, a more specific service level agreement will be necessary, in a form that can be easily updated as technology evolves. Like the data sharing agreements, these will be standardized agreements develop in 2013 and will need to be signed by any city or state agency using the Multi-City Portal to process tax payments or business license applications.
- 7.10. **Multi-City Portal Set-up, Content and Business Rule Configuration.** The Parties will need to reach agreement on how the Multi-City Portal will be set-up and maintained, how it will be accessed and how content will be updated. These agreements will need to be confirmed in writing and included in the data sharing and service level agreements as appropriate.
- 7.11. **Multi-City Portal Systems Testing.** Once the vendor has developed the Multi-City Portal software and the hardware is available, the Parties may participate in testing of the systems, on terms and conditions mutually agreed by the Parties.
- 7.12. **Other Items.** Depending on the final configuration of the Multi-City Portal operation, additional work, facilities and contracts may be required in addition to those described in this Section 7. At this time, the nature and funding required for these is unknown.
- 7.13. **Collaborative, Consensus-Based Decision-Making.** The Parties will use collaborative, consensus-based decision processes to accomplish the work plan described in this Section 7 and **Attachment A**. In the event the Parties cannot reach consensus, decisions will be made by voting, in which each Party will have an equal voice and vote.

## **8. Project Funding.**

- 8.1. With respect to funding for activities occurring in 2013 as described in **Attachment A**, the Parties have agreed that the City of Seattle will pay for all out-of-pocket costs until the

governance interlocal agreement is in effect, at which point the terms of that agreement will apply with respect to cost sharing and contribution towards these 2013 costs and other start-up costs, if any. It is acknowledged that no party has an obligation to reimburse Seattle for any costs in the event that no interlocal agreement or other agreement is developed or executed, nor shall a party that does not further participate in the Multi-City Portal project have any liability to or responsibility for such costs.

**9. Other Provisions.**

- 9.1. This MOU is not binding and imposes no enforceable obligations upon the Parties. The MOU is not intended to restrict the authority of any Party to act independently. If a situation arises when Parties cannot reach a decision by consensus, any Party may make its own decision within its jurisdiction.
- 9.2. Any Party may withdraw from this MOU following notice, given to the other parties no less than thirty (30) days prior to withdrawal.
- 9.3. This MOU may be modified by written agreement of the Parties.
- 9.4. This MOU is effective as between signatories upon signature by Seattle and any other Party. The MOU may be signed in counterparts and deemed one integrated MOU.
- 9.5. Upon agreement of a majority of the original signatory Parties, additional cities may sign this MOU at any time after it becomes effective.
- 9.6. This MOU shall remain in effect through calendar year 2014, unless earlier terminated or extended.
- 9.7. Any agreements between Parties that are inconsistent with this MOU will take precedence over this MOU.

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**SIGNATURE PAGE**

**The City of Seattle**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**City of Tacoma**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Tacoma City Attorney

**City of Bellevue**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**City of Everett**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**City of Bellingham**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Attachment A: MULTI-CITY ONLINE LICENSE AND TAX PORTAL PROJECT PLAN AND MILESTONES**  
*(asterisked items are completed)*

#	Milestone	Estimated Completion Date
1	Outreach to State Department of Revenue and Other Key Stakeholders, including business community, other Cities	Ongoing
2	Secure consultant team to provide strategic communications and outreach support	January 2012*
3	Secure consultant to develop Portal technical requirements and quality control	April 2012*
4	Secure consultant to assist with governance options	September 2012*
5	Approve Functional and Technical Requirements Reports	October 2012*
6	Secure consultant to develop Request for Proposal (RFP)	October 2012*
7	Secure consultant to serve as project manager	October 2012*
8	Informational website launched	November 2012*
9	Select legal team to negotiate vendor contract	November 2012
10	Sign second MOU governing work in 2013 and 2014	December 2012
11	Issue RFP seeking vendor to develop software and operating architecture for Multi-City Portal	January 2013
12	Select Preferred Governance Model	January 2013
13	Vendor RFP responses due	February 2013
14	Select Vendor (all cities participate)	April 2013
15	Sign contract with Vendor (Seattle) and commence Multi-City Portal Development	June 2013
16	Complete development of governance agreement	June 2013
17	Execute interlocal agreement establishing Multi-City Portal and defining governance, financing and operating structures	September 2013
18	Assign vendor contract(s) as appropriate given governance decisions	September 2013
19	Complete development of service level agreements	December 2013
20	Complete development of data sharing agreements	December 2013
21	Complete agreements on terms of Multi-City Portal content, maintenance, workflow and business rule configuration	December 2013
22	Commence portal testing	First Quarter 2014
23	Portal goes "live"	Second Quarter 2014