



Administrative Services

To: Mayor and Town Council

From: Robert Scott, Executive Director of Administrative Services

Through: Ronald K. Patterson, Interim Town Manager

Re: MuniServices Agreements

Town Council Meeting – January 10, 2023

Agenda Item:

Consider and act upon authorizing the Interim Town Manager to execute a one-year renewal of two Consultant Services Agreements between Avenu Analytics/MuniServices, LLC, and the Town of Prosper, Texas, related to sales tax consulting for the Town's two Special Purpose Districts Investment Advisory services.

Description of Agenda Item:

Sales tax levies in Texas are a maximum of 8^{1/4} cents consisting of 6 ¼ cent for the state and 2 cents for the local government. All sales tax is collected by the Texas Comptroller of Public Accounts with the local portion remitted to the appropriate local government less a 2% service charge. With the myriad of sales tax jurisdictions within the state, post offices serving more than one town and sales taxpayers determining where the taxes are owed, it is not unusual for the local portion to be allocated to the wrong jurisdiction. As a result, most municipalities employ one of several sales tax consultants to audit their payments received for completeness paying a contingency fee for identifying any additional sales tax revenue that the comptroller subsequently reallocates to the jurisdiction.

The Town initially contracted with MuniServices, LLC for these services in 2014. This contract has been renewed multiple times and now expires January 13, 2024. Following the successful passage of the Crime and Fire Control and Prevention Districts, the Town entered additional contracts for each district for a term of four years. These two contracts are now up for renewal. All three contracts were executed via "Manager Memo" as they did not at the time reach the threshold for council approval.

With the growth of both the Town and its sales tax base it is now quite likely that the 30% contingent fee may generate a payment in excess of the \$25,000 threshold for council approval and this did in fact occur in September of 2022. The Town also wants to consolidate its three contracts into a single consulting contract. Therefore, staff is requesting renewal of the two special purpose contracts through January 13, 2024 the same as the other contract for the Town and Economic Development Corporation. Prior to expiration of all three contracts, the Town will seek requests for proposal for a single contract all taxing jurisdictions.

Budget Impact:

The contingent fee is 30% of any additional sales tax paid to the Town's Special Purpose Districts as a result of the Consultant's findings. Any payment to the consultant is made only after the Comptroller remits the additional taxes to the Town.

Legal Obligations and Review:

Terrence Welch of Brown & Hofmeister, L.L.P., has reviewed and approved the Professional Services Agreement as to form and legality.

Attached Documents:

1. Proposed Consultant Services Agreements

Town Staff Recommendation:

Town staff recommends that the Town Council authorize the Interim Town Manager to execute a Consultant Services Agreement(s) between Avenu Analytics/MuniServices LLC, and the Town of Prosper, Texas, related to Sales Tax Consulting Services for a period of approximately one year expiring January 13, 2024.

Proposed Motion:

I move to authorize the Interim Town Manager to execute a Consultant Services Agreement(s) between Avenu Analytics/MuniServices LLC, and the Town of Prosper, Texas, related to Sales Tax Consulting Services for a period of approximately one year expiring January 13, 2024.