

Small Cities Get Big Help from a TML Business Service Partner

By **Brian Gordon**, CPA, Director of Operations for Texas, MuniServices, LLC; and **Ted Kamel**, Texas Project Manager, MuniServices, LLC

TML Business Service Partner MuniServices, LLC, is increasingly sought out to assist smaller Texas cities by offering specialized solutions to promote, enhance, and protect precious revenue streams.

City of Palestine

The City of Palestine is tucked away in the east Texas county of Anderson and is home to bed and breakfasts, restored Victorian homes, yards and parks filled with magnolia and dogwood trees, the Texas State Railroad, museums, and numerous attractions. With a population of approximately 18,000, Palestine is a terrific smaller community to live in and to visit.

Susan Cottle-Leonard oversees the City of Palestine's Convention and Visitors Bureau. When Ms. Cottle-Leonard accepted the position nearly five years ago, the city had a significant compliance issue with many hotel and motel properties not appropriately remitting their hotel occupancy tax (HOT) to the city as required by law. One property alone owed the city nearly \$45,000 in unpaid HOT taxes, and for a city with a population of 18,000, the unremitted tax owed represented a large portion of the city tourism budget.

Ms. Cottle-Leonard, along with Palestine City Manager Dale Brown and the city council, sought a solution to improve compliance and the payment of existing liabilities, as well as a long-term plan to ensure receipt of future HOT revenues. Mr. Brown has a long-term working relationship with TML and was aware of the strong reputation of the TML Business Service Partners program. TML recommended that the city seek assistance from revenue enhancement and financial services partner MuniServices. The city, in collaboration with MuniServices, identified key elements in order to establish a long-term and sustainable solution that would address both the immediate need and future compliance. "Compliance improved during the first year, and by the third year, the city recognized all local lodging properties current in HOT payments," said Cottle-Leonard.

City of Graham

The City of Graham is located in Young County, approximately 100 miles northwest of Fort Worth. The rugged, yet refined western heritage is obvious in this community that has wide downtown streets, a vibrant shopping district, and graceful old homes. Oil and gas industry workers mingle



with ranchers, bankers, and financial executives in this community of approximately 9,000.

The city needed assistance in projecting future sales tax revenues. The city's sales tax revenue is heavily influenced by the oil and gas industry, so providing accurate sales tax data that will allow the city to monitor revenue trends is a critical need.

The city contracted with MuniServices to provide its Sales Tax Analysis and Reporting Service (STARS), which includes detailed, specific analysis of the city's sales tax composition, changes, and performance. "STARS provides detailed information that is very helpful in the analysis of sales tax revenue by individual businesses, as well as projecting future sales tax revenues," said Graham City Manager Larry Fields. With a very unique mix of businesses, the STARS service and the sales tax forecast provide the city with valuable insight into how all of it comes together and allows the city to make decisions with accurate and timely information.

City of Mount Vernon

The City of Mount Vernon is situated north of I-30 in Franklin County and is home to numerous antique shops, restaurants, and a picturesque town square. Approximately 15,000 people call this charming city home.

The city needed help in understanding the ups and downs in their sales tax revenue. Large variations and

movements made forecasting future sales tax revenue problematic, especially with mixed retail throughout the city. The city contracted for the STARS reporting service and was able to see the components in the sales tax numbers very easily and quickly, reducing the amount of staff time required for analysis. One of the most significant aspects of the sales tax program for Mount Vernon was receiving help in understanding and working with large ups and downs in their sales tax income. City Manager Lee Elliott said, "Our sales tax cash flow and, more importantly for budgeting, our forecasts are easier and more accurate."

City of Windcrest

The City of Windcrest is a suburban community situated in the northeast corner of Bexar County with approximately 5,100 residents. The citizens enjoy a unique small-town atmosphere while being in close proximity to the second largest city in Texas. The city boasts almost 200 retail businesses with a broad mix of services, yet in the current market, it has not been immune from the economic roller coaster ride associated with the larger cities nearby and across the state.

The City of Windcrest contracted with MuniServices to assist with hotel tax and sales tax issues and has seen positive results from the efforts. These efforts have built a stronger

revenue base for the city and should continue to provide benefits going forward for many years. "In these trying economic times, MuniServices has been a good revenue enhancement partner for the city. We have realized additional revenue we would not have otherwise, and those revenues will help the city going forward," said Mayor Rick Bruns.

City of Stephenville

The City of Stephenville is known as the "Cowboy Capital of the World" and recently was named the "UFO Capital of Texas." This diverse community in Erath County depends on the dairy industry, manufacturing, education, and retail endeavors in its business mix. Stephenville, home to Tarleton State University, has a population of approximately 17,000.

Mark A. Kaiser, city administrator for the City of Stephenville, faced similar issues as those in the other cities. The city council and staff needed a level of assurance as they were working with businesses while being good stewards of the taxpayer dollars and providing a business-friendly economic environment. The City of Stephenville contracted with MuniServices in 2007 for its HOT and STARS services and has seen results. Kaiser reports, "Both programs have been very successful and provided useful information as we look forward to prospering and growing in Stephenville."

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Small Cities' Corner

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The Solutions

Smaller cities in Texas have benefited from the firm's solutions, including MuniServices Hotel Occupancy Tax (HOT) Revenue Services, the Sales Tax Analysis and Reporting Service (STARS), and the Sales Tax Capture and Leakage Analysis Service.

Hotel Occupancy Tax (HOT) Revenue Services

HOT Revenue Services offer an effective approach for generating the revenue and information needed to better promote your city's hospitality. Designed to minimize costs to the city, the program will also reduce inconvenience to local hotels while providing the city and convention bureau with information on the performance of the local hospitality industry. The HOT Revenue Services include:

- Expert lodging tax analysis to identify trends and to identify and locate lodging providers not properly registered
- Legal and administrative review of a city's HOT ordinance and procedures
- Field auditing to verify accuracy of filed HOT returns

- Tax and hospitality training for both city officials and lodging providers

Sales Tax Analysis and Reporting Service (STARS)

STARS is an effective approach for monitoring sales tax revenue and gives a clear forecast of future sales tax revenue streams. STARS will provide the city with a means to prepare more detailed and accurate economic and budgeting forecasts and can be used to further assist the city with economic development planning. MuniServices' STARS program includes:

- Graphical presentation of a city's sales tax business demographics
- Rolling benchmark year and quarterly comparisons of businesses generating sales tax
- Rolling benchmark year sales tax revenue forecast
- Ability to follow specific geographic areas for sales tax rebate or planning purposes
- Quarterly report in paper and electronic form

Sales Tax Capture and Leakage Analysis

The Sales Tax Capture and Leakage Analysis Service helps cities identify areas for economic growth and monitor long-term self-sufficiency. The personalized analysis will show the extent to which your city's sales tax economic base satisfies the purchasing needs of your residents. Each analysis report is available on a quarterly basis and includes:

- An analysis of sales tax revenue
- Economic strengths and weaknesses in the local economic base
- Priority rankings by targeted industry clusters
- Concise and easy-to-read report complete with graphs and charts

Because MuniServices shares the same mission as TML and its member cities, the firm is able to step in as a trusted partner. Since becoming a TML Business Services Partner in 2004, MuniServices has helped approximately 65 Texas municipalities. The MuniServices commitment is to provide creative and customized services to help each unique city with the increasing challenge to sustain revenue streams.

Brian Gordon, CPA, serves as MuniServices' Director of Operations for Texas and has more than 24 years of experience serving local governments in Texas. Ted Kamel is a former Texas legislator and serves as MuniServices' Texas Project Manager, providing expertise in the hospitality promotion business and in local and state government at all levels. Mr. Gordon can be reached at 800-800-8181, extension 6975, or brian.gordon@muniservices.com. ★

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