



City of San Antonio

Agenda Memorandum

File Number: 13-1073

Agenda Item Number: 34.

Agenda Date: 12/5/2013

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Contract for the Collection of Delinquent Property Taxes

SUMMARY:

An ordinance authorizing a contract for the collection of delinquent property taxes with the law firms of Linebarger Goggan Blair & Sampson, LLP and Escamilla & Poneck, LLP (“LGB&S”) for an initial five year term beginning January 1, 2014 and ending December 31, 2018, with up to one (1) five year renewal term at the City’s option upon City Council approval.

BACKGROUND INFORMATION:

The City contracts with qualified law firms for the collection of delinquent property taxes. Although the City recognizes that there are many organizations that have expertise in the field of delinquent collections, state law requires contracts which are funded from an additional penalty levied under the authority of Section 33.07 of the Texas Property Tax Code (“Tax Code”) are limited to the services of private attorneys (Section 6.30 of the Tax Code). For this reason, the City limits its acceptance of proposals to those submitted by law firms.

The firm under contract assumes complete responsibility for the collection of delinquent property taxes under the authority of the City Charter, the Tax Code, and subject to the rules and guidelines issued by the Texas Comptroller of Public Accounts. Services provided include calculation of penalties, interest and fees using data received from the Bexar County Tax Assessor-Collector, mailing notices, providing a customer service center, filing lawsuits and bankruptcy claims as required, and seizure and sale of property.

On September 1, 2013, the City released a Request for Proposal (“RFP”) for the Collection of Delinquent Property Taxes. The RFP was published in the San Antonio Express News and posted on the City website on September 1, 2013. On September 3, 2013, the RFP was emailed to four (4) law firms. On October 2, 2013, one (1) law firm submitted a proposal in response to the RFP.

The Selection Committee consisted of Ben Gorzell, Jr., Chief Financial Officer; Troy Elliott, Director of Finance; Maria D. Villagomez, Director of Management & Budget; Margaret U. Villegas, Assistant Finance Director; Tina Murillo, Tax Assessor/Collector Administrator; and Mike Martinez, Collections Manager. After review of the proposal, the Selection Committee recommends the firm of LGB&S to provide services for the collection of delinquent property taxes.

Since January 1, 1995 LBG&S has been under contract with the City for the collection of delinquent property taxes. LGB&S has met or exceeded the terms of the contract for this time period.

ISSUE:

City Council action is required to authorize the current contract. This contract is consistent with the City’s policy and previous actions to employ law firms to assist the City in its collection of delinquent property taxes.

ALTERNATIVES:

The City has the option not to authorize the new contract. However, this would potentially decrease delinquent property tax revenues.

FISCAL IMPACT:

There is no cost to the City because fees for delinquent property tax collection are paid from the penalties collected on tax payments. The Tax Code authorizes a taxing unit to impose an additional penalty on taxes, penalty and interest that remain delinquent on July 1st of the year in which they become delinquent if the taxing unit has contracted with an attorney. The additional penalty may not exceed the amount of the compensation specified in the contract, which is fifteen percent (15%). Under the proposed contract, LGB&S will maintain a collection goal of 98.5% of tax levy collected within one year of being referred to the firm for collection. As security for the guarantee, LGB&S will also provide up to \$100,000 for any shortfall.

RECOMMENDATION:

Staff recommends approval of an ordinance authorizing an agreement with Linebarger Goggan Blair & Sampson, LLP and Escamilla & Poneck, LLP to provide a contract for the collection of delinquent property taxes.