



City of San Antonio

Agenda Memorandum

File Number:18-5914

Agenda Item Number: 21.

Agenda Date: 11/1/2018

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-Wide

SUBJECT:

Renewal of Contract for the Collection of Delinquent Property Taxes

SUMMARY:

An ordinance authorizing a renewal of contract for the collection of delinquent property taxes with Linebarger Goggan Blair & Sampson, LLP for a five year term beginning January 1, 2019 and ending December 31, 2023.

BACKGROUND INFORMATION:

The City contracts with qualified law firms for the collection of delinquent property taxes. 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 and was distributed to four (4) firms. On October 2, 2013, one (1) firm submitted a proposal in response to the

RFP. Linebarger Goggan Blair & Sampson, LLP (“LGB&S”) was recommended to City Council for consideration and approved on December 5, 2013.

The term of the contract with LGB&S for the Collection of Delinquent Property Taxes expires on December 31, 2018 and includes the provision for one (1) five (5) year renewal term at the City’s option upon City Council approval. LBG&S has been under contract with the City for the collection of delinquent property taxes Since January 1, 1995 and has met or exceeded the terms of the contract for this time period.

ISSUE:

City Council action is required to authorize the renewal of this 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 renewal of the contract, however, this would potentially decrease delinquent property tax revenue collection.

FISCAL IMPACT:

This ordinance authorizes a renewal of a contract for the collection of delinquent property taxes with Linebarger Goggan Blair & Sampson, LLP for a five year term beginning January 1, 2019 and ending December 31, 2023. Property Tax Code, Section 33.07 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. Under the current contract, LGB&S is required to 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 is required to provide up to \$100,000 for any shortfall between the amount actually collected and the collection goal of 98.5% of the tax levy. LGB&S is compensated up to 15% of the gross amount of all delinquent taxes, penalty and interest collected. Funding for this contract is included in the FY 2019 Adopted General Fund Budget.

RECOMMENDATION:

Staff recommends approval of an ordinance authorizing the renewal of the contract with Linebarger Goggan Blair & Sampson, LLP for the Collection of Delinquent Property Taxes.