

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Tax Department

AGENDA DATE: June 25, 2013

CONTACT PERSON NAME AND PHONE NUMBER: David Childs, Ph.D.; Tax Assessor Collector, 541-4598 DWC

DISTRICT(S) AFFECTED: All

SUBJECT:

Discussion on the Amended and Restated Contract for Consolidated Tax Collection between the City of El Paso and participating entities for which the City collects ad valorem taxes.

BACKGROUND / DISCUSSION:

The Property Tax Collection Interlocal Agreement with participating entities was originally drafted in 1983 and has not been updated in the past 30 years.

Over the past few months the Agreement has been reviewed, and a few minor updates to the Agreement will be proposed for approval by the participating entities.

PRIOR COUNCIL ACTION:

Approval by City Council in Fiscal Year 1983/1984.

City Council approved Interlocal Agreements with each of the current 35 participating entities.

AMOUNT AND SOURCE OF FUNDING:

N/A

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

Information copy to appropriate Deputy City Manager

AMENDED AND RESTATED PROPERTY TAX COLLECTION

INTERLOCAL AGREEMENT

The Property Tax Collection Interlocal Agreement with participating entities was originally drafted in 1983 and has not been updated in the past 30 years.

Over the past few months the Agreement has been reviewed by the Tax Office, the City Attorney's Office and the Tax Advisory Committee. As a result of this review, a few minor updates to the Agreement are being proposed for approval by the participating entities. The proposed updates are:

- 1) Updated Participating Entity Names (Page 1): El Paso County Water Authority is now Horizon Regional M.U.D.;
- 2) State Law Updates (Page 2): The threshold for the value of a refund that must be approved by the Governing Body has been increased from \$500 to \$2,500;
- 3) Uniform Fee Structure (Page 2): Most participating entities have been paying for tax collection services on an operating costs-per-tax account fee structure, but four entities have been paying a percent- of -tax levy fee. The updated contract will place all participating entities on the same operating costs-per-tax account fee structure;
- 4) Updated Payment Format (Page 4): Traditionally all entities (except the County) have paid for tax collection services with one annual payment even though the original contract had called for monthly payments. The updated contract will reflect accepted practice and call for payments to be made annually except for the County's monthly payment approach;
- 5) Tax Advisory Committee (Page 4): The 1983 contract called for a Tax Advisory Committee to be composed of volunteer members who were appointed by the participating entities to serve 1-year terms. The Tax Advisory Committee itself has recommended that appointment terms be increased to 4-year staggered terms in order to create increased stability, experience and knowledge on the Committee.

It is recommended that the City Council adopt the Amended and Restated Contract for Consolidated Tax Collection.

WHEREAS, the Legislature of the State of Texas has enacted certain legislation empowering political subdivisions of the state to enter into contracts for the consolidated effort of assessing and collecting property taxes; and

WHEREAS, such consolidated effort in the assessment and collection of taxes is beneficial to both the City and the Entities, as well as to the general public; and

WHEREAS, the City and the Entities have entered into a contract for the City's collection of property taxes on behalf of each Entity ("Prior Contract") prior to the date of this Amended and Restated Contract; and

WHEREAS, the City and Entities desire to amend the Prior Contract to amend certain terms and conditions of such consolidated tax collection.

WITNESSETH:

NOW, THEREFORE, it is mutually agreed as follows:

1) SCOPE OF SERVICES. The parties agree that the City will, pursuant to the Property Tax Code, act as Assessor Collector for each Entity and determine the total assessed value and taxable value of the property taxable by the Entity, except that the County Tax Assessor Collector will continue to perform the assessing functions for the County. The parties further agree that the City will collect all taxes for the Entities on all properties within their boundaries. It is agreed that the City Tax Assessor Collector has authority to make refunds for the Entities as appropriate under Section 31.11 and Section 42.43 of the Texas Property Tax Code provided that all refunds in excess of \$2,500 must have the approval of City Council and that each Entity will be notified of any refund for the Entity.

2) SERVICE COSTS. For the services set forth above, participating entities agree that they will pay to the City a Cost-Per- Parcel share of the City Tax Office's budget that is dedicated to

provide property tax collection services to the participating Entities. The City Tax Office budget will be determined and approved by the governing body of the City of El Paso. The Cost- Per- Parcel of each Entity will be calculated annually by dividing the City Tax Office budget for property tax collections by the total number of property tax accounts of the participating Entities as determined by the El Paso Central Appraisal District. Each participating Entity will be responsible for paying each year the Cost-Per-Parcel multiplied by the total number of parcels of that participating Entity.

On or before April 20 of each year during which this Amended and Restated Contract is effective, the City will submit to each participating Entity a preliminary estimate of the Costs-Per- Parcel for the services for the following budget year. The parties agree that the consolidated effort is to their mutual benefit and to the benefit of their respective taxpayers, and also agree that the calculation of payments set forth above provides for reasonable and adequate consideration for services performed under this Amended and Restated Contract. The parties further recognize that the County Tax Assessor Collector has certain constitutional duties and functions which cannot be abrogated by contract to the City. In return for performing those necessary functions, the City agrees during the County's participation in the consolidated tax effort to reimburse to the County on a monthly basis, within 30 days after being invoiced by the County, the indirect costs and personnel costs incurred by the County Tax Assessor Collector in performance of those constitutional duties and functions. The City's costs covered by the payments set forth above shall include, but shall not be limited to, such costs as salaries, normal travel expenditures for tax purposes, education, licenses or other fees required by the State of Texas, appropriate supplies and other items necessary for the appropriate and efficient performance of the City's duties herein.

In addition to payments set forth above, each Entity expressly agrees:

- (a) To pay the cost of reprocessing and mailing tax notices if the Entity incurs a rollback or other modification of its tax rate; and
- (b) To pay such actual costs as may be incurred by City in preparation and mailing of separate tax statements if City shall determine that such separate tax statements are necessary because Entity has failed to adopt its tax rate by October 15 of the tax year in question and thereby caused an unreasonable delay in the preparation of consolidated tax statements; and
- (c) That City shall retain any and all revenues received for the preparation and issuance of tax certificates.

The Entities, (except the County), agree to pay their respective Cost-Per-Parcel on an annual basis, within 30 days of receipt of invoice from the City. The County agrees to pay its respective share of the service costs on a monthly basis, within 30 days of receipt of invoice from the City. Such invoices shall not exceed the costs established in this Section 2.

3) ADVISORY COMMITTEE. An Advisory Committee (“Committee”) of non-elected officials formed by contract dated August 28, 1984 as amended shall continue to review all costs and make recommendations for an annual budget and monitor the general performance of the tax collection process. An annual notice of the meeting of the Committee shall be sent by the City to all participating Entities by February 1 of each year.

The Committee is to be composed of eight (8) members: one (1) member appointed by the Mayor of the City, one (1) member appointed by the County Judge, one (1) member appointed by City Council, one (1) member appointed by County Commissioners Court, one (1) member

appointed by the El Paso Independent School District, one (1) member appointed by Ysleta Independent School District, and two (2) members appointed jointly by the other Entities which are a party to this agreement. In addition, the City Tax Collector and the County Tax Assessor Collector shall serve as ex-officio members of this Committee without power to vote and shall not be counted for purposes of determining a quorum. The members shall serve four-year staggered terms, and may be reappointed. The representatives of Ysleta ISD, El Paso ISD, the County Judge and the Mayor shall serve on one staggered four-year cycle and the other representatives shall serve on the alternate cycle. The Committee shall elect its chairperson, meet regularly, and submit reports and recommendations to the City and the Entities. This Committee shall be advisory only, and nothing herein shall be construed to result in delegation of any decision making authority to the Committee by any of the parties. In the event any Entity specifically referenced in this paragraph shall decline to join or shall terminate while the consolidated effort continues, its appointment shall lapse. In the event an Entity not specifically referenced in this paragraph shall decline to join or terminate while the consolidated effort continues, any appointment by such Entity shall resign and a successor shall be appointed by the remaining Entities not specifically referenced in this paragraph.

4) REPORTS. The City shall provide to the Entities computer reports as provided in Attachment "A."

5) TAX NOTICES AND STATEMENTS. Tax notices and statements will be mailed in a form complying with requirements of the laws of the State of Texas, on all property accounts of the Entities by the City in an accurate and timely manner, and no later than October 15 of each year, as provided by law. Each Entity shall submit its tax rate to the City no later than September 15 of each year; provided that if required by law, the City or County has officially calculated the Entity's effective tax rate at least 15 days prior to that date (Independent School Districts will calculate their

own effective tax rates as required by law). If an Entity's tax rate has not been set by the Entity by-October 1, the Entity shall advise the City whether the mailing of statements or notices shall be delayed. If there is a delay in the mailing of the statements or notices occasioned by the conduct of any Entity, the Entity shall pay the actual cost incurred resulting from the delay, including the cost, if any, of mailing separate statements. Any delay desired by the City in mailing its own property account notices shall not be cause to delay the requirement for mailing the Entities' notices by October 15 without written permission from the Entity. Any delay in the time schedule set forth above occasioned by the Central Appraisal District shall extend each respective date by an equivalent length of time.

6) METHOD OF COLLECTION. To the extent financially feasible the City shall use the most advanced and efficient methods available for the collection of taxes during the term of this contract. The procedures will be submitted to the Committee for review and recommendations. During participation by the County such procedures shall include a provision for acceptance of payments at the County Tax office and substations. Any documented shortages and/or overages in such payments to the County Tax Office will be audited and made whole by the County Tax Offices, with the approval of the City Tax Office and the City Internal Auditor. The City will not reimburse the County for personnel or other costs incurred by the County in accepting such payments. Further, regardless of where payments are received, no Tax Certificates shall be issued, except by the City Tax Office.

7) DISTRIBUTION OF FUNDS. Funds will be accounted for and distributed weekly to the Entities, except during the peak period of December 15 thru January 31, during which time funds collected will be distributed no less than Monday, Wednesday and Friday of each week. The Entities will be responsible for making special arrangements whenever their normal working hours

would not allow such a schedule. The funds to be accounted for will be designated as funds out of the current year of collection or for delinquent collection.

8) COLLECTION OF DELINQUENT TAXES. The City shall collect delinquent taxes for the Entities and agrees to collect all penalties, interest, and attorney's fees authorized under Texas law and all interest, penalties, and fees collected shall be forwarded to the Entities on a timely basis by electronic means or otherwise. The procedure for the collection of delinquent taxes shall be reviewed by the Committee. The City reserves the right to contract, as provided under Section 6.30 of the Texas Property Tax Code, with an attorney to collect taxes for any Entity having complied with Section 33.07 of the Texas Property Tax Code.

9) INDEMNITY. The Entities agree, to the extent allowed by law, to indemnify and hold harmless the City for any and all claims, liabilities, and expenses incurred as a result on any Entity's breach or nonperformance of this contract and its obligations or for the negligence of any officer, agent or employee of any Entity. The City agrees, to the extent allowed by law, to indemnify or hold harmless the Entities for any and all claims, liabilities, and expenses incurred as a result of City's breach or nonperformance of this contract and its obligations or for the negligence of any officer, agent, or employee of the City. In the event any such liability occurs, all parties agree to comply with Constitutional and Statutory requirements for the satisfaction of debts.

10) EFFECTIVE DATE. The parties agree that the commitment of each Entity one to the other is consideration for the promise to participate of each Entity to amend the 1986 contract as set forth in this Amended and Restated Agreement. The terms of the Amended and Restated Contract will become effective as to all signatories at such time as it is signed by the City following the execution of the Entities (the "Restated Effective Date").

11) RENEWAL AND TERMINATION. This contract shall be in effect for one year following the Restated Effective Date until August 31 of the first following calendar year, and shall be automatically renewed thereafter on a year to year basis and remain in effect until terminated by mutual consent of the parties or by effective written notice of any party. Notice of termination by any Entity received by the City on or before May 10 shall constitute effective notice of termination as to such Entity only, as of the following August 31. Notice of termination by the City received by one or more Entities before May 31 shall constitute effective notice as to such Entity or Entities only as of the following August 31. The parties agree to cooperate in the process of providing or allowing access to all necessary records, data, or other information necessary for the Entities to continue the collection of taxes in another manner. The Entities shall reimburse the City for any additional costs incurred by the City in providing them with this information.

12) NOTICE. Notice to parties under this contract shall be sent by certified mail, return receipt requested, to those persons identified in Attachment "B" attached hereto and incorporated herein for all purposes and to such persons as may be identified for purposes of notice by Entities which have joined in the agreement by counterpart and may not be represented in Attachment "B."

13) SEVERABILITY. If any part of this agreement is held to be illegal, such part shall be deemed severable and the remaining parts shall nevertheless be binding.

14) ENTIRE AGREEMENT. This agreement constitutes the entire agreement between the parties and any prior understandings, written or oral agreements between them are merged into this agreement.

15) INSPECTION OF RECORDS. The City shall supply to all Entities a copy of the independent annual audit of the City Tax Collector. The fiscal records of the City made and kept

pursuant to this agreement are available for inspection by the Entities at times mutually convenient to the City and an Entity. Any cost of such inspection shall be borne by the Entity.

16) EXECUTION. This agreement may be executed jointly or in counterpart and the authorized signature upon a counterpart of any Entity whether or not named above creates the same binding commitment between the parties as if the Entity had jointly executed this document if the counterpart is duly executed by the City.

[Signature Page to follow]

WITNESS our hands this _____ day of _____, 2013.

CITY OF EL PASO

Oscar Leeser
Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Sol M. Cortez
Assistant City Attorney

David Childs
City Tax Assessor Collector

ATTEST:

By: _____

By: _____

ATTACHMENT A

THE FOLLOWING REPORTS WILL BE AVAILABLE ON A DAILY BASIS:

1. **DISTRIBUTION REPORTS:**
Based on each taxing entity's pro-rata share of the taxes due, a distribution of the entity's taxes collected will be produced. A detailed listing of each payment and descriptive information about the parcel and the taxes paid can also be generated upon request.

THE FOLLOWING REPORTS WILL BE AVAILABLE ON A MONTHLY BASIS:

1. **ACCOUNTS RECEIVABLE SUMMARY REPORT:** The A/R Summary Report summarizes all of the tax collection activity for a particular period.
2. **AUDITOR'S TRANSACTION SUMMARY:** The Auditor's Transaction Summary lists the types of transactions processed in the tax collection system with the total number of transactions and total amount of money for each taxing entity.
3. **LEVY CHANGES REPORT:** All transactions listed in the tax collection system that cause an increase or decrease in the amount of the original levy are detailed in this report.
4. **DAILY DEPOSIT RECAP REPORT:** This report covers batches which have distribution dates within a selected period.
5. **TOTALS BY TAX YEAR BY ENTITY REPORT:** This report prints a summary of balance of accounts by year as of the date the report is run.
6. **LEGAL TRANSACTIONS BY ENTITY:** This report provides information on how much is owed to individual entities and the amounts owed on accounts with legal codes.

THE FOLLOWING REPORTS ARE OPTIONAL AND AVAILABLE UPON REQUEST:

1. **ACCOUNTS RECEIVABLE REGISTER:** The Accounts Receivable Register lists all accounts in the tax collection system. This report is generated on a quarterly basis.

ATTACHMENT A

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REPORTS AVAILABLE UPON REQUEST (Continued):

2. **TAX ROLL:** A tax roll which lists the property for each taxing entity including calculations of taxes calculated and exemptions are deducted to determine the taxes due will be made available to each taxing entity.

A taxing entity summary showing assessment data, tax date and exemption data can be generated upon request.

3. **DELINQUENT TAX ROLL:** The Delinquent Tax Roll lists all accounts that have become delinquent.
4. **LEGAL EXCEPTION REPORT:** If an account has a repayment agreement for delinquent monies, it is subject to review on a periodic basis. This report lists any account that does not show the appropriate payment has been made as per the agreement.

ATTACHMENT B
TAXING ENTITY OFFICIALS

Joyce Wilson
City Manager
City of El Paso
P.O. Box 1890
El Paso, Texas 79950-1890
(915) 541-4844

Veronica Escobar
County Judge
County of El Paso
500 E. Overland
El Paso, Texas 79999
(915) 546-2047

Dr. William Serrata
President
El Paso Community College
P.O. Box 20500
El Paso, Texas 79998
(915) 775-6044

Vernon L. Butler
Interim Superintendent
El Paso Independent School District
P.O. Box 20100
El Paso, Texas 79998-0100
(915) 779-3781

Benny Davis
President
Horizon Regional Municipal Utility District
1539 Pawling
El Paso, Texas 79927
(915) 852-3917

Ron Haugen
Superintendent
Anthony Independent School District
P.O. Drawer B
Anthony, Texas 88021
886-6500, ext. 6501

Mario Aguirre
President
El Paso Water Control & Improvement District #4 (Fabens)
P.O. Box 3880
Fabens, Texas 79838-3880
764-2212

Bill Adler
President
El Paso County Emergency Services District #2
P.O. Box 744
Clint, Texas 79849
851-3138

Dr. Jose Espinoza
Superintendent
Socorro Independent School District
P.O. Box 27400
El Paso, Texas 79926
937-0013

Poncho Garcia
Superintendent
Fabens Independent School District
P.O. Box 697
Fabens, Texas 79838
764-2025

Marvin McLellan
President
**El Paso County Emergency Services
District #1**
14151 Nunda Ave.
El Paso, Texas 79927
(915) 852-3204

Frank Wood
President
Hacienda Del Norte Water District
13931 Sagebrush RR3
El Paso, Texas 79936
(915) 592-5888

Tracy Yellen
Board Chair
**El Paso County Hospital District
University Medical Center of El Paso
fka R.E. Thomason General Hospital**
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El Paso, Texas 79905
(915) 544-1200

Sylvia Hopp
Superintendent
San Elizario Independent School District
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San Elizario, Texas 79848
(915) 872-3939

Dale Reinhart
Mayor
Town of Clint
P.O. Box 350
Clint, Texas 79836
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Luis Ortega
President
Paseo del Este MUD No. 10
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Bob Ayoub
President
El Paso Downtown Management District
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Dr. Edward Gabaldon
Superintendent
Clint Independent School District
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(915) 926-4000

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Annette Brigham
Interim Superintendent
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Dr. Michael Zolkoski
Superintendent
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Jesus Ruiz
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Madeleine Praino
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Village of Vinton
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Jose Luis Soria
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Peter Sellers
President
**Paseo del Este MUD No. 11 (formerly El Paso
County Municipal Utility District #2)**
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Lorraine Huit, President
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Tom Hansen, President,
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