



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 21

**Agenda Date:** December 7, 2023

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Collection of Delinquent Property Taxes

**SUMMARY:**

This Ordinance authorizes a contract with the law firm of Linebarger Goggan Blair & Sampson, LLP for delinquent property tax collection services for an initial five year term beginning January 1, 2024 and ending December 31, 2028, with one (1) five year renewal option upon City Council approval for an estimated total cost of \$15,000,000.00. Funding for the estimated \$1.5 Million annually is available from the General Fund and Debt Service Funds. It is estimated that this contract will generate approximately \$10 Million in delinquent property tax and penalty and interest annually.

**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 Texas Property Tax Code (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 April 17, 2023, a Request for Proposals (RFP) was released for the Collection of Delinquent Property Taxes. The RFP was advertised in the Express-News, TVSA channel, the City's Bidding & Contracting Opportunities website, the San Antonio e-Procurement System and an email notification was released to a list of potential Respondents. On June 1, 2023, one proposal was received in response to the RFP. The proposal was reviewed on July 5, 2023 by an Evaluation Committee which included representatives from the City Manager's Office, the Office of Management & Budget, and the Finance Department. The proposal was evaluated on Experience, Background, and Qualifications, Proposed Plan, and Price schedule. After committee review and evaluation, Linebarger Goggan Blair & Sampson, LLP was recommended for award by the evaluation committee based on consensus scoring.

This contract will be awarded in compliance with the Small Business Economic Development Advocacy (SBEDA) Program. However, since only one response was deemed eligible for evaluation via consensus scoring Linebarger Goggan Blair & Sampson, LLP did not receive evaluation preference points.

The Local Preference Program and the Veteran-Owned Small Business Preference Program were applicable to this solicitation; however, since only one response was deemed eligible for evaluation, the programs were not scored. Rather, the evaluation committee reviewed and scored the proposal via consensus evaluation.

Linebarger Goggan Blair & Sampson, LLP has provided services to the City for the collection of delinquent property taxes since 1995. Since this time, they have met or exceeded the terms and requirements of the contract.

**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 to not authorize the new contract. However, this could negatively impact the collection of delinquent property tax revenues.

**FISCAL IMPACT:**

This Ordinance authorizes a contract with the law firm of Linebarger Goggan Blair & Sampson, LLP for delinquent property tax collection services for an initial five-year term beginning January 1, 2024 and ending December 31, 2028, with one (1) five year renewal option upon City Council approval for an estimated total cost of \$15,000,000.00. Funding for the estimated \$1.5 Million annually is available from the General Fund and Debt Service Funds. It is estimated that this contract will generate approximately \$10 Million in delinquent property tax and penalty and interest annually.

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, Linebarger Goggan Blair & Sampson, LLP 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, Linebarger Goggan Blair & Sampson, LLP will also provide up to \$100,000.00 for any shortfall.

**RECOMMENDATION:**

Staff recommends approval of this ordinance authorizing a contract with Linebarger Goggan Blair & Sampson, LLP for the collection of delinquent property taxes.

This contract is procured by means of Request for Proposal and a Contracts Disclosure Form is required.