



Cheryl E. Johnson, PCC
Assessor and Collector of Taxes
Galveston County Courthouse, 722 Moody, Galveston, Texas 77550
Toll Free (877) 766-2284 Fax (409) 766-2479
galcotax@co.galveston.tx.us



September 12, 2018

Ms. Allena J. Portis, CPA
Director of Finance
City of League City
300 West Walker Street .
League City, Texas 77573
Sent via electronic mail to: Allena.Portis@leaguecitytx.gov

Re: Collection Services for
Public Improvement Districts

Dear Ms. Portis:

Thank you for contacting my office regarding the possibility of extending our current partnership of property tax assessment and collection services to include collection of Public Improvement Districts (PID) #1, #2, #3 and #5. As you know, consolidation of services is a fiscally sound decision and provide many benefits as well.

The following summarizes information provided by you and obtained from the Galveston Central Appraisal District:

<u>PID #</u>	<u>Year Created</u>	<u>Total Parcels per GCAD</u>	<u>Parcels Currently Billed</u>	<u># Past Due Accts</u>
P01	1997	384	413	6
P02	1999	636	354	5
P03	2000	439	261	1
P05	2005	180	171	2

The annual collection fee is estimated to be \$0.256/parcel billed or \$306.94 per year for the four PIDs listed above. This fee assumes the following:

1. Assessment is billed once per year and appears on the GCTO Consolidated Tax Statement as an additional entity with no special handling required
2. League City allows payment to follow existing statutorily authorized property tax payment options (quarter and half pay), that delinquent accounts accrue the same penalty and interest and property taxes and that delinquent amounts may be included along with taxes when an installment payment agreement is established.
3. City will provide an excel spreadsheet that includes the GCAD "short" account number and assessment amount due by October 1 each year.

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The City has requested that all payment history be obtained and loaded into GCTO's ACT system. An additional one time conversion fee for ACT services (\$2,500) and estimated GCTO Personnel overtime (not to exceed \$2,500) to insure proper loading and balancing of all records will also be due and payable when billed.

I prepared an Interlocal Agreement that more fully defines our partnership but would appreciate a simpler format or this letter to serve as our agreement if allowable. Statute, it appears, may require a more formal agreement thus I have included the draft Interlocal would encourage the City Attorney to prepare something less cumbersome. The draft I prepared has not been reviewed by the County Legal Department.

We are prepared to move forward with the 2018 tax statement if it is possible for the City to notify its current provider and provide some form of agreement in the interim that would acknowledge our understanding while more formal documents are prepared for approval by the County Commissioners and City Council if deemed necessary.

A second option would be for us to bill separately this year but this may cause some confusion (although no more than exists with two separate assessments currently). The additional cost of a separate billing is estimated to be \$1.00 per parcel which includes postage. We would attempt, using the spreadsheet, to identify multiple owners to reduce the cost.

If you have questions, please do not hesitate to contact me at 1-409-765-3277 or 1-409-392-5457. Thank you for allowing me an opportunity to offer this partnership opportunity. I would be more than happy to meet with you or Council at any time to discuss this further.

Sincerely,

A handwritten signature in black ink that reads "Cheryl E. Johnson". The signature is written in a cursive, flowing style.

Cheryl E. Johnson

Enclosure: Draft Interlocal Agreement

INTERLOCAL COLLECTION AGREEMENT

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS**
COUNTY OF GALVESTON §

Agreement is made and entered into by, between and among the County of Galveston (County), acting by and through its County Commissioners' Court, the City of League City (Taxing Entity), acting by and through its governing body and Galveston County Tax Assessor Collector, Cheryl E. Johnson (Assessor Collector) for collection of Public Improvement District assessments on property located within the Taxing Entity's jurisdictional boundaries.

RECITALS

WHEREAS, County and Taxing Entity are political subdivisions of the State of Texas, organized and existing under the laws of the State of Texas; and,

WHEREAS; Assessor Collector is an elected public official charged with the responsibility of the assessment and collection of certain property taxes levied by certain taxing authorities within the boundaries of Galveston County; and

WHEREAS, as set forth in §372.0175, a municipality may contract with the governing body of another taxing unit to perform the duties of the municipality relating to collection of special assessments; and

WHEREAS, County and Taxing Entity each levy a tax against property located in the taxing jurisdictions of both; and,

WHEREAS, the parties find that coordination of the collection of a special assessment taxes on property located in the geographic boundaries of both County and Taxing Entity would be expedient, cost effective and mutually beneficial and would promote governmental efficiency;

NOW, THEREFORE, as authorized by the Local Government Code §372.175 and Government Code Chapter 791, the parties hereto enter into this Agreement in accordance with the terms and for the purposes and considerations herein expressed.

SERVICES TO BE PERFORMED

Assessor Collector will be responsible for assessing a special assessment on properties located in Public Improvement Districts of the Taxing Entity known as PID League City No. 1, PID League City No. 2, PID League City No. 3 and PID Park on Clear Creek as provided each October 1 by the Taxing Entity and include same on the consolidated tax statement that will be sent to each property owner who owns property located within County and PID boundaries on or before October 20th of each calendar year, or as soon thereafter as practicable. Such consolidated tax statements shall also

include taxes owed to any other participating taxing entity that, in Assessor Collector's opinion, should be included on such statement.

Assessor Collector shall use all available resources as provided by County to collect such assessment prior to the taxes becoming delinquent.

Assessor Collector may prepare and deliver separate tax bills for Taxing Entity Special Assessments if it has not provided the assessment rate by October 15th. If Taxing Entity has not provided the assessment by such date, and if separate bills are prepared and delivered, Taxing Entity shall pay the additional costs incurred by Assessor Collector in preparing and mailing these separate bills.

If a property owner is entitled to a refund, County and Assessor-Collector are authorized to make the refund on collected accounts on Taxing Entity's behalf and withhold the amount of the refund from current collections.

Assessor Collector shall provide, upon request, a report showing receipt of all taxes, penalties and interest paid by parcel number.

Assessor Collector shall provide Taxing Entity a monthly report reflecting the total amount of current and delinquent taxes, penalties and interest collected within each PID by tax year on Taxing Entity's behalf.

PAYMENT & COST OF SERVICES

Pursuant to §372.018(b) of the Local Government Code, the parties agree that Assessor Collector is entitled to a reasonable fee for the services performed under this Agreement, not to exceed the actual costs incurred by County. Accordingly, Taxing Entity agrees to pay the fees as specified below.

A per parcel rate for the collection, posting, balancing, reporting, and distribution of current and delinquent assessments, an annual amount not to exceed \$1 per parcel during year 1 and for future years an annual amount not to exceed \$0.256 per parcel which, when applied to the current number of parcels of 1,199 equates to \$306.94. An additional one-time conversion fee of \$2,500.00 payable to Appraisal & Collection Technologies, LLC plus a separate GCTO personnel overtime costs not to exceed \$2,500.00 will be due and payable upon completion of conversion and balancing of all records.

Appropriate sums are payable to the Assessor Collector, as follows:

- Total amount shall be due and payable at the conclusion of the January payment cycle or no later than March 1.
- The annual payment shall be automatically adjusted each year to reflect the actual parcel count as of the most assessment billing roll for the tax year.

Other Costs for Services

On occasion, the need for additional services may arise. In an effort to limit costs for all entities, Assessor Collector agrees to perform additional services on an as requested basis. Savings that may result with multiple entity participation will be distributed equally between participating entities.

All expenses incurred by Assessor Collector in issuing Taxing Entity refunds on overpayment or erroneous payment caused by errors on the part of Taxing Entity shall be included as a charge against Taxing Entity. The Assessor Collector will issue an itemized billing of such expenses and shall receive a timely reimbursement from Taxing Entity. Expenses incurred by Assessor Collector shall be available for review by Entity upon request.

REMITTANCE OF COLLECTIONS

All assessment rolls, billing, accounting and collection activities performed by Assessor Collector for Taxing Entity shall be the same as and included with County activities performed by Assessor Collector. Collections of Taxing Entity shall be remitted daily to Taxing Entity, upon validation of receipt and availability of funds for distribution from the County depository.

All delinquent assessments, penalties and interest for Taxing Entity collected by Taxing Entity's delinquent tax attorneys after July 1 of the first year such taxes are delinquent and all delinquent taxes, penalties and interest for prior years shall be credited in full to Taxing Entity upon request of the property owner or if payable to the Taxing Entity. In the event that the property owner makes no such request, delinquent taxes, penalties, and interest remitted shall be credited proportionately, as billed, to all taxing jurisdictions in the County.

TERMS OF AGREEMENT

This Agreement shall be commence on October 1, 2018 and shall automatically renew annually unless notification of termination is sent by September 1st prior to the next scheduled renewal. Notwithstanding the foregoing, collection services to be provided by Assessor Collector shall begin with the 2018 tax year.

This Agreement will be automatically renewed on an annual basis unless either party to this Agreement chooses to cancel this Agreement for an upcoming renewal term by giving the other party notice of such cancellation by June 1st of each year.

Tax Assessor Collector shall provide Taxing Entity with notice by April 1 of each year of any increase in the per parcel price for services provided.

In the event this Agreement is not renewed the parties shall together expeditiously to enable Taxing Entity to obtain such information it requires to do so to re-establish its own collection efforts or to enable another entity to collect the assessments on its behalf. Taxing Entity agrees to reimburse County its actual cost for transferring this information upon receipt of an invoice from Assessor Collector.

MISCELLANEOUS PROVISIONS

Upon request, Assessor Collector shall provide a computer printout of the annual special assessment roll of Taxing Entity showing all current and delinquent assessments owing by parcel number.

Upon request, Assessor Collector shall furnish a monthly report showing the total amount of tax, penalty and interest due on delinquent parcels by parcel number.

Upon request, Assessor Collector shall provide Taxing Entity with its best estimate of current, delinquent, and total collection rates for the current or an upcoming year.

Assessor Collector shall provide or make available for inspection any other information it has which affects the collection of Taxing Entity's taxes upon the request of Taxing Entity for the purpose of administration, auditing, reporting or any such legitimate business purpose.

Taxing Entity shall not make any claim for damages against Galveston County, its elected and appointed officials and employees as a result of any mistake or error in tax collection efforts for Taxing entity save and except for any acts of fraud, theft or malfeasance.

DELINQUENT TAX ATTORNEY

Taxing Entity retains the exclusive authority to hire its own legal counsel to represent it to enforce collection of delinquent assessments. The County and/or Assessor-Collector shall cooperate with the delinquent collection attorney so designated, and shall deduct from the monies to be tendered to the Taxing Entity such fees as are earned by said attorney pursuant to said contract.

This Interlocal Tax Collector Agreement is signed and made effective this ____ day of _____, 2018.

County of Galveston

City of League City

Mark Henry, County Judge

Pat Hallisey, Mayor

Attest:

Attest:

Dwight Sullivan, County Clerk

Diana Stapp, City Secretary

Cheryl E. Johnson, PCC

Nghiem V. Doan, City Attorney