

RFQ 8725
Scope of Work
DELINQUENT TAX COLLECTION SERVICES

Purpose

The City is seeking a professional services contract with a professional law firm to perform the collection of delinquent property taxes as authorized by Texas Law. Section 6.30 of the Texas Tax Code (the "Code") authorizes a taxing unit to Contract with a private attorney for the collection of delinquent taxes and to pay compensation for the services rendered under such Contract in an amount not to exceed 20% of the amount of delinquent tax, penalty, and interest collected. Sections 33.07, 33.08 and 33.11 of the Code allow a taxing unit to add an additional penalty to the tax liability if the taxing unit has contracted with a private attorney for the collection of delinquent taxes pursuant to Section 6.30 of the Code. Various statutory provisions allow for the recovery of attorney's fees in litigation to recover amounts due to the City.

The City of Denton contracts with Denton County for the collection of property taxes. Annual property taxes are billed at the beginning of October and due by the end of January in the following year. Taxes become delinquent on February 1, and penalty and interest are assessed based on Texas State Law. Taxing jurisdictions, like the City can contract with an external attorney for the collection of delinquent taxes, beginning on July 1 of the year of delinquency. An additional 20% collection fee is added beginning July 1, if the taxing entity has contracted with an external Attorney, for collection services.

The following is provided as an historical representation of the # of delinquent accounts and the dollar value of those accounts.

Tax Year	# of Delinquent Accounts	\$ Value
2018	1,607	\$894,194
2019	1,611	\$725,679
2020	2,053	\$908,349

Specifications

Each proposal must clearly cover all items listed in the specifications and supply complete responses to all items mentioned. Additional information may be included and clearly identified in the table of contents to make all information easily referenced.

Tax collection attorneys will be responsible for the following duties and services:

1. Preparing monthly and quarterly performance reports in addition to County prepared reports for the City indicating the progress of tax collections. The monthly progress reports prepared by the firm shall contain, at a minimum, the following information:
 - a. Number and types of communication with delinquent taxpayers
 - b. Summary of all delinquent accounts collected

- c. Detailed list of suits filed
 - d. Detailed list of judgments rendered
 - e. Number of warrants issued/served
 - f. Detailed list of bankruptcies and status of those properties
 - g. Detailed list of properties submitted to Courts for auction, with date submitted and most recent status
 - h. Number of properties sold
 - i. Detailed list of properties sold or reverting to taxing entity because of non-sale
 - j. Detailed list of properties submitted to courts for auction, with date submitted and most recent status.
 - k. Number of properties sold; and
 - l. Detailed list of properties sold or reverting to taxing entity because of non-sale.
2. Preparing and sending notices to delinquent taxpayers as may be required by law or as may be advisable for the purpose of expediting collections.
 3. Bringing lawsuits against delinquent taxpayers to foreclose tax liens and otherwise facilitate collection of delinquent debt.
 4. Filing of delinquent property tax claims related to bankruptcy and other judicial proceedings.
 5. Advising the City on legal issues that arise in the process of delinquent tax collection. This includes legal support, advice, written opinions, and research upon request.
 6. Providing such additional services as the Denton City Council or the City staff may deem advisable to expedite the collection of delinquent taxes.
 7. Providing all supplies, postage, and court filing fees and all other costs necessary to collect delinquent property taxes.
 8. Intervening in delinquent tax suits filed by other taxing entities involving property on which City taxes are outstanding.

Minimum Qualifications

The following minimum requirements must be demonstrated in order for the submission to be **considered responsive** to the City of Denton. Any submission received, which is determined to not meet these mandatory requirements shall be immediately disqualified and rejected as non-responsive.

- A demonstrated competence in providing Delinquent Tax Collection Services.
- Three (3) references from governmental entities for the services requested. The City prefers references from municipalities of similar size.

- Licensed by the State Bar of Texas as a licensed attorney to perform legal services and possess a satisfactory record of integrity and ethics.
- The responding individual or business must be registered in the State of Texas, or the County of Denton, to provide the products or services required in the solicitation, and the individual or business must have all licensure required by the State to provide any services required under this contact.

The firm must have an established history of expertise in the delinquent tax collection field and agree to the following performance requirements.

- a. The law firm selected to provide delinquent tax collection services will be required to collect a minimum of 60% of the current year delinquent taxes due to the City of Denton. For the purpose of this calculation, current year delinquent taxes are defined as the ad valorem taxes that are delinquent as of July 1st for the current tax year. The sixty percent (60%) collection percentage will be determined as of June 30th, of each year following the July 1st date in which the accounts are turned over to the delinquent tax collection law firm. The collection rate will be adjusted for any accounts that have been deleted from the roll by either the Denton County Appraisal District or a Court of competent jurisdiction. The firm must demonstrate in its statement of qualifications an established history of maintaining a collection rate of at least 60% of the current year delinquent taxes due.
- b. The law firm selected to provide tax collection services will be required to collect a minimum of 30% of the prior year delinquent taxes due to the City of Denton. For the purpose of this calculation, prior year delinquent taxes are defined as the ad valorem taxes that are delinquent as of July 1st for all tax years except the current tax year. The thirty percent (30%) collection percentage will be determined as of June 30th, of each year following the July 1st date in which the accounts are turned over to the delinquent tax collection law firm. The collection rate will be adjusted for any accounts that have been deleted from the roll by either the Denton County Appraisal District or a Court of competent jurisdiction. The firm must demonstrate in its proposal an established history of maintaining a collection rate of at least 30% of the prior year delinquent taxes due.

Evaluation Criteria

Collection Records 35%

Collection records based on verifiable data that indicate the overall work picture of the firm on behalf existing clients. Please submit collection data for three clients that are comparable to the City.

Experience 40%

Capability of the firm in the areas of legal personnel, support personnel, data processing, technology capabilities, report readability, and a spectrum of services to be offered, and overall reputation.

- a. Description of firm size, history, and other pertinent information, including identification and resumes of all key personnel, consultants and subcontractors who will participate if a contract is offered by the City.
- b. Collection process overview including a specific work plan for collecting delinquent accounts in simplified form.
- c. Taxpayer notification program.
- d. Procedures for selecting accounts for litigation.
- e. Policies and practices related to partial payments or payment agreements or other arrangements with the taxpayer.
- f. Procedures and experience in tax warrants, and collection of judgments by execution and sale.
- g. Other tax-related services that the firm provides.

Clarity of the Proposal and soundness of the approach 25%

Demonstrated understanding of the scope of work and suggested approach through the overall proposal response and interview process.

Submittal Procedure

In addition to the proposal the following documents are required

- a. Sample of monthly and quarterly performance reports
- b. Collection procedures
- c. Collection records spreadsheet template and applicable backup
- d. Resumes of key personnel

Fee

All fees related to this contract will be paid by the delinquent taxpayer according to state law guidelines.

Contract Term

It is the intention of the City of Denton to award a contract for a three (3) year period. At the sole option of the City of Denton, the Contract may be further extended as needed, not to exceed a total of twelve (12) months.