



Buncombe County Government

January 2, 2018

Memo to: Board of Commissioners

From: Jennifer Pike, Tax Collection Director, and Timothy Love, Inter-governmental Relations Director, *TL*
via George Wood, Interim County Manager *GW*

Re: Recommendation on Tax Collection Agreement with the City of Asheville

As you are aware, the County provides tax billing and collection services for the City of Asheville and other municipalities. Per your direction, staff have engaged with the City of Asheville to review the existing agreement which had been in place for 10+ years. During the June 19, 2018 Board of Commissioners meeting, the Board approved staff's recommendation to approve a one-year modification agreement and continue work on a longer term agreement with the City of Asheville.

Buncombe County staff have worked closely with the City of Asheville and are requesting Board of Commissioner approval for a three-year tax collection agreement effective July 1, 2019. At the January 8, 2019 City Council meeting, the City of Asheville will vote on this agreement and, based on recommendation by the City's Finance Committee, this agreement will be approved.

Please see the below sections for an overview of the services provided, proposed agreement, and proposed next steps.

Overview of County Services Provided

Under our existing agreement, the County Tax Collector is appointed as the Tax Collector for the City of Asheville. In this role, the County is responsible for billing and collection services for real estate, business personal, personal property taxes, and taxes related to motor vehicles. These activities include, but are not limited to, issuance of a consolidated City and County tax collection bill, collection of City and County taxes through mail, online and in-person methods, and execution of actions for delinquent taxes. In 2018, the County issued 42,000 City property tax bills and achieved a 99.94% collection rate for City tax bills.

Overview of the Proposed Agreement

City and County staff have worked closely to develop an agreement that meets the needs of both entities. Below are key elements of the proposed agreement.

- **Scope:** All existing collection and billing activities with terms for additional billing activities, if executed
- **Term:** Three (3) years effective July 1, 2019
- **Rate:** Flat rate fee with a 2.5% annual escalation rate (Y1: \$815K, Y2: \$835K, Y3: \$856K)
- **Additional Activities:**
 - "Gap Billing": Related to motor vehicle billing and would result in no additional fees.
 - "Special Assessments": Related to potential Special Assessment taxes and, if executed, would generate additional one-time and recurring costs.

Recommendation

Our recommendation is to authorize the County Manager to execute the Tax Collection Agreement with the City of Asheville. County staff have worked closely with the City to design an agreement that establishes an equitable fee-for-service and ensures that quality tax collection services will continue to be provided. In addition, County staff are planning to begin discussions on the remaining tax collection agreements with the Towns of Black Mountain, Montreat, and Woodfin. If you have any questions, or if I can be of any further assistance, please do not hesitate to contact Jennifer or Tim.

A resolution for the County Manager to execute the Tax Collection Agreement is attached.