STAFF REPORT

Council Meeting Date: June 14, 2022

Subject: Addendum to the Tax Collection Agreement with Buncombe County to revise provisions related to deposit of funds.

Staff Resource(s): Tony McDowell, Finance Director

Action Requested: Adoption of a resolution authorizing the City Manager to execute an Addendum to the 2019 Tax Collections Agreement with Buncombe County to change the method of electronic funds deposit.

Background:

- Buncombe County has billed and collected City property taxes, including the City's fee charged for motor vehicles licenses, for many years.
- In 2019, Buncombe County and the City of Asheville entered into an updated agreement for the County to continue billing and collecting property taxes under a revised fee structure.
- The 2019 agreement provided for a three-year extension of the agreement and delegated approval of that extension to the City and County Managers.
- Approval of the three-year extension by the Managers has occurred and will become effective on July 1, 2022.
- As a part of the extension, the County has requested a change in the method that electronic funds are deposited with the City.
- Historically funds have been deposited in the City's North Carolina Capital Management Trust (NCCMT) account.
- The County, for efficiency reasons, has requested that funds be deposited into the City's main operating account instead of into the NCCMT account, which follows the County's normal process for issuing payments.
- The City Finance Department supports this change and requests Council approval of the attached Addendum.
- The Buncombe County Board of Commissioners approved the Addendum at their June 7, 2022,meeting.

Council Goal(s):

- A Financially Resilient City

Pro(s):

- Allows the City to continue receiving tax revenue proceeds from the County utilizing an efficient and mutually agreed upon electronic funds deposit method.

Con(s):

- None

Fiscal Impact:

- There is no direct fiscal impact to approving this Addendum.
- Under the terms of the agreement, the City will pay the County a flat fee of $877,666 in fiscal year 2023 for tax collection services.

- The fee for these services increases annually with an automatic annual escalation rate of 2.5% for each successive fiscal year of the agreement

Suggested Motion:

- Motion to adopt resolution authorizing the City Manager to execute an Addendum to the 2019 Tax Collections Agreement with Buncombe County to change the method of electronic funds deposit.

Attachment(s)

- Resolution
- Addendum to Collection Agreement

RESOLUTION NO. 22-____

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A ADDENDUM TO THE 2019 TAX AGREEMENT WITH BUNOMBE COUNTY TO CHANGE THE METHOD OF ELECTRONINC FUNDS DEPOSIT

WHEREAS, the City of Asheville has authority pursuant to N.C. Gen. Stat. § 160A-461 to enter into contracts or agreements with other units of local government in order to execute any undertaking; and

WHEREAS, on January 8, 2019 the City entered into an agreement with Buncombe County to bill and collect real estate, business personal, personal property taxes, including the City's fee charged for motor vehicles licensed within the City, any taxes related to motor vehicles, and any lien for special assessments made and confirmed by the City; and

WHEREAS, this Agreement requires Buncombe County to deposit tax collections to which the City is entitled into the City's North Carolina Capital Management Trust Account (herein "NCCMT") by weekly electronic transfer on Mondays for the preceding week's receipts; and

WHEREAS, the parties desire to modify this provision and to enter into this Addendum to the Collection Agreement such that future deposits will be made into an account identified by the City Finance Director by weekly electronic transfer for the preceding week's receipts.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

That paragraph 8 of the Agreement is deleted and replaced with the following:

That the portion of tax collections to which the City is entitled shall be paid to the City by electronic transfer into an account identified by the City Finance Director by weekly electronic transfer for the preceding week's receipts. The City Finance Director may request to change the account to which such weekly deposits are made by the County by giving thirty (30) days advance notice. Buncombe County will make reasonable efforts to accommodate such a request.

That each and every other of the terms and conditions of the Agreement remain in full force and effect except as modified herein

Read, approved and adopted this 14th day of June, 2022.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

ADDENDUM TO COLLECTION AGREEMENT

This Addendum to Collections Agreement made and entered into effective as of the 1st day of July, 2022 by and between County of Buncombe, a political subdivision of the State of North Carolina (hereinafter sometimes "County") and the City of Asheville, a North Carolina Municipal Corporation (hereinafter sometimes referred to as “City”);

Witnesseth:

W**hereas**, effective January 8, 2019 the County and City entered into an Agreement for County to bill and collect real estate, business personal, personal property taxes, including the City’s fee charged for motor vehicles licensed within the City, any taxes related to motor vehicles, and any lien for special assessments made and confirmed by the City;

Whereas, this Agreement requires County to deposit tax collections to which the City is entitled into the Town's North Carolina Capital Management Trust Account (herein "NCCMT") by weekly electronic transfer on Mondays for the preceding week's receipts;

Whereas, the County desires to modify this provision and the City desires to accommodate this requests; and

Whereas, County and City desire to enter into this Addendum to Collection Agreement.

Now Therefore, in consideration of the mutual covenants of the parties hereto and for the purposes aforesaid, it is hereby agreed between the County and City as follows:

That paragraph 8 of the Agreement is deleted and replaced with the following:

> That the portion of tax collections to which the City is entitled shall be paid to the City by electronic transfer into an account identified by the City Finance Director by weekly electronic transfer for the preceding week's receipts. The City Finance Director may request to change the account to which such weekly deposits are made by the County by giving thirty (30) days advance notice. The County will make reasonable efforts to accommodate such a request.

That each and every other of the terms and conditions of the Agreement remain in full force and effect except as modified herein.

[Signature Pages Follow]

SIGNATURE PAGE 1 OF 2 TO AGREEMENT BETWEEN BUNCOMBE COUNTY AND THE CITY OF ASHEVILLE

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their corporate names by their duly authorized officers, all by authority of their governing bodies of each of their taxing units duly adopted, this the day and year first above written.

BUNCOMBE COUNTY

By: _____
Avril Pender, Buncombe County Manager

ATTEST:

_____
Lamar Joyner, Clerk to the Board

STATE OF NORTH CAROLINA

COUNTY OF BUNCOMBE

I, _____, Notary Public for said County and State, has personal knowledge of the identity of Lamar Joyner, and hereby certifies that said Lamar Joyner, Clerk to the Board, personally appeared before me this day and acknowledged that he is Clerk to the Board of Commissioners of County of Buncombe and that Avril Pender is the Buncombe County Manager, and that by authority duly given and as the act of the County of Buncombe, the foregoing instrument was signed in its name by said County Manager, sealed with its official seal, and voluntarily attested to by himself as its Clerk as the act and deed of the County of Buncombe, all by authority duly given by its governing body.

Witness my hand and notarial seal, this the ____ day of _____, 2022.

_____

Notary Public
Printed Name: _____
My Commission Expires: _____

SIGNATURE PAGE 2 OF 2 TO AGREEMENT BETWEEN BUNCOMBE COUNTY AND THE CITY OF ASHEVILLE

CITY OF ASHEVILLE

BY: _____
Debra Campbell, City Manager

ATTEST:

_____
Magdalen Burleson, City Clerk

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

I, _____, a Notary Public in and for the aforesaid County and State, do hereby certify that Magdalen Burleson, City Clerk, personally came before me this day and duly acknowledged that she is the duly appointed City Clerk of the City of Asheville, and that Debra Campbell, City Manager of the City of Asheville, and that by authority duly given and as the act of the City of Asheville, the foregoing instrument was signed in its name by said City Manager, sealed with its official seal, and voluntarily attested to by herself as its Clerk as the act and deed of the City of Asheville, all by authority duly given by its governing body

WITNESS my hand and Notarial Seal, this the ____ day of _____, 2022.

_____
Notary Public
Printed Name: _____
My Commission Expires: _____

This instrument has been preaudited
in the manner required by The Local
Government Budget and Fiscal Control Act

_____
Name:
Finance Officer