

## MEMORANDUM

**TO:** Claire Powell, City Manager

**FROM:** David Erb, Director of Finance

**DATE:** July 21, 2025

**SUBJECT:** **Approval of Agreements for Ad Valorem Tax and Assessment Billing and Collection Services Between the City of Lewisville and Denton County for Fiscal Year 2026; and Authorization for the City Manager, or Her Designee, to Execute the Agreements.**

### **BACKGROUND**

The City of Lewisville currently contracts with the Denton County Tax Assessor's Office to provide billing and collection services for the City's ad valorem property taxes, as well as assessments for the Josey Lane and Lakeside Crossing Public Improvement Districts (PIDs). These services are provided under existing interlocal agreements. The City began utilizing the Assessor's services for ad valorem tax collection in Fiscal Year 1998, recognizing the cost-effectiveness compared to in-house processing. The Josey Lane PID assessments were added in 2016, followed by the Lakeside Crossing PID in 2025. Due to an increase in the per-parcel fee, updated agreements are now necessary. These agreements include provisions for automatic annual renewal unless explicitly terminated by either party.

### **ANALYSIS**

The contract rates for the new agreements have increased from the prior year due to rising service delivery costs. This marks the first rate adjustment since 2018, with the rate increasing from \$1.00 to \$1.41 per parcel. In Fiscal Year 2025, the City was charged \$1.00 per parcel for properties on the tax roll, totaling \$42,041 (covering City and Josey Lane parcels only). Under the new rate, the projected cost for property tax billing and collection is \$59,278. Even with the increase, outsourcing this service to Denton County continues to be a cost-effective solution. The City incurs no direct billing from Denton County for the assessment billing and collection of Lakeside Crossing parcels. These costs are funded through administrative trust accounts established at the time the Lakeside Crossing bonds were issued.

Budget allocations for these services have been proposed in the Finance Department's General Fund and the Josey Lane PID Administration Fund for Fiscal Year 2026. The City continues to achieve a current tax collection rate exceeding 99%, which is consistent with or better than rates achieved when the City managed collections internally.

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**CITY STAFF'S RECOMMENDATION**

That the City Council approve the agreements and authorize the City Manager, or her designee, to execute the agreements as set forth in the caption above.